



# Growing Value

ANNUAL REPORT 2011

**AMANAHRAYA ■ REIT**



## GROWING VALUE

Like a skilled farmer carefully picking healthy seeds that he will plant, nurture and cultivate to deliver the best possible harvest, AmanahRaya-REIT Managers Sdn Bhd (ARRM) too continues to expertly select and manage the many properties within its asset portfolio, skilfully growing their value while delivering high returns to unitholders.

Whether they are the assets in our hospitality, higher education, office building, industrial or retail clusters, we continue to sow the seeds of success by purposefully enhancing the value of these existing assets. In doing so, we are leveraging on our core values which call for us to be Responsible and Effective, to maintain Integrity and to be Trustworthy. As ARRM sets its sights on growing the value of the AmanahRaya Real Estate Investment Trust ('AmanahRaya REIT') portfolio to RM1.5 billion over the next three years, we will inject high-yielding new assets into our asset portfolio and grow their value.

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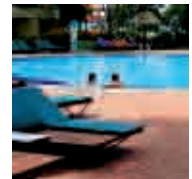
## Office Building

Block A & B, South City Plaza  
Wisma AmanahRaya  
Wisma Amanah Raya Berhad  
Wisma UEP  
Dana 13, Dana 1 Commercial Centre



## Hospitality

Holiday Villa, Alor Setar  
Holiday Villa, Langkawi



## Higher Education Building

SEGI College, Subang Jaya  
SEGI University College, Kota Damansara



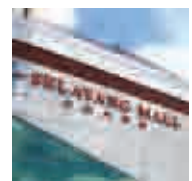
## Industrial

Permanis Factory  
Kontena Nasional Distribution Centre 11  
AIC Factory  
Silver Bird Factory  
Gurun Automotive Warehouse



## Retail

Selayang Mall



# 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 7388  
Fax : 03 2078 8187

## PRINCIPAL PLACE OF BUSINESS

Level 8, Wisma TAS  
No.21, Jalan Melaka  
50100 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  
Shahrol Anuar bin Sarman  
Datuk Johar bin Che Mat (Appointed on 23/08/2011)  
Che Pee bin Samsudin (Appointed on 23/08/2011)  
Sharizad binti Juma'at (Resigned on 23/08/2011)  
Alina binti Hashim (Resigned on 23/08/2011)  
Abas bin Abd Jalil (Resigned on 23/08/2011)

## COMPANY SECRETARIES OF THE MANAGER

Leong Shiak Wan (f)  
See Siew Cheng (f)  
Jerry Jesudian a/l Joseph Alexander  
Norhaslinda binti Samin

## INDEPENDENT INVESTMENT COMMITTEE

Mahadzir bin Azizan (Appointed as Chairman on 01/01/2012)  
Datuk Yahya bin Ya'acob (Resigned as Chairman on 01/01/2012)  
Tuan Syed Elias bin Abd. Rahman Alhabshi  
Vasantha Kumar Tharmalingam (Appointed on 11/02/2011)  
Datuk Johar bin Che Mat (Appointed on 01/01/2012)  
Tengku Dato' Seri Hasmuiddin bin Tengku Othman (Resigned on 01/01/2012)

## AUDIT COMMITTEE

Datin Aminah binti Pit Abd Raman (*Chairperson*)  
Datuk Syed Hussian bin Syed Junid  
Che Pee bin Samsudin (Appointed on 23/08/2011)  
Alina binti Hashim (Resigned on 23/08/2011)

## MANAGEMENT TEAM

Adenan bin Md Yusof  
(*Chief Operating Officer / Principal Officer*)

Azmanira binti Ariff  
(*Head, Legal and Compliance*)

Yusri bin Abdul Manaf  
(*Head, Property Management*)

Noorbaizura binti Hermeyney  
(*Head, Real Estate Investment*)

Zaffarin bin Haji Zanal  
(*Group Chief Risk Officer*)

Kusuma Dewi binti Abdul Aziz  
(*Accountant*)



#### PROPERTY MANAGERS

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

I.M. Global Property Consultants (001639648-V)  
No. 47-2, Tingkat 2  
Wisma IMG, Jalan 3/76D  
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 FINANCIER OF THE FUND

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

#### AUDITOR

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 Board on 26 February 2007)



Hospitality

Higher  
Education

Office  
Building

Industrial

Retail

# Diversified *Growth*

With the well-diversified hospitality, higher education, office building, industrial and retail sector properties within our AmanahRaya REIT portfolio, we are the most diversified REIT in the market. It is this diversity that makes us more resilient as our risks are spread out over several sectors in the event of the downfall of one sector. Through ensuring long term leasing arrangements, pre-determined rental increments and other measures to safeguard ourselves, we are effectively securing cash flows and mitigating our risk.

# Property Profile

- Holiday Villa, Alor Setar
- Holiday Villa, Langkawi
- SEGi College, Subang Jaya
- SEGi University College, Kota Damansara
- Block A & B South City Plaza, Seri Kembangan
- Wisma AmanahRaya, Jalan Ampang
- Wisma Amanah Raya Berhad, Jalan Semantan
- Wisma UEP, Subang Jaya
- Dana13, Dana 1 Commercial Centre, Petaling Jaya
- Permanis Factory, Bangi
- Kontena Nasional Distribution Centre 11, Port Klang
- AIC Factory, Shah Alam
- Silver Bird Factory, Shah Alam
- Gurun Automotive Warehouse, Gurun
- Selayang Mall, Selayang





# About AmanahRaya REIT

AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT”) was established on 10 October 2006 pursuant to the Deed between the Manager, AmanahRaya-REIT Managers Sdn Bhd and CIMB Trustee Berhad (“Trustee”). It was listed on the Main Board of Bursa Malaysia on 26 February 2007 as a real estate investment fund. As at 31 December 2011, the portfolio of AmanahRaya REIT consists of 15 properties with a total book value of RM1.04 billion. The portfolio is well diversified comprising properties from hospitality, higher education, office building, industrial and retail sectors.

The investment objective of AmanahRaya REIT is to provide strong and sustainable return to the unitholders from real estate investment. The main focus of its real estate investment is the growth potential in terms of rental yield and capital values of the properties over a long term period.

Performance of AmanahRaya REIT is assessed based on the following standards:

- (a) Management expense ratio (“MER”)
- (b) Total returns
- (c) Distribution yield
- (d) Net asset value

## **ABOUT AMANAHRAYA-REIT MANAGERS SDN BHD**

AmanahRaya-REIT Managers Sdn Bhd (“ARRM”), a wholly owned subsidiary of Amanah Raya Berhad is the manager of AmanahRaya REIT. 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 2011, 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. Its primary activity is to manage and administer AmanahRaya REIT on behalf of the unitholders in accordance with the Trust Deed dated 10 October 2006 and guidelines issued by the Securities Commission and Bursa Malaysia. ARRM’s main role is to ensure good and sustainable return to AmanahRaya REIT unitholders.



# Property Portfolio

## AMANAHRAYA REAL ESTATE INVESTMENT TRUST INVESTMENT PORTFOLIO FUND'S INVESTMENTS (as at 31 December 2011)

	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)
<b>Hospitality</b>	Holiday Villa Alor Setar	Alor Setar, Kedah	Hotel	31,000	4,000	100%	4.50 yrs	35,000	3.36%
	Holiday Villa Langkawi	Langkawi, Kedah	Resort Hotel	55,000	3,800	100%	4.50 yrs	58,800	5.65%
<b>Higher Education Building</b>	SEGi College, Subang Jaya	Subang Jaya, Selangor	Higher Education Building	52,500	2,600	100%	9.50 yrs	55,100	5.30%
	SEGi University College, Kota Damansara	Petaling Jaya, Selangor	Higher Education Building	145,000	9,000	100%	6.00 yrs	154,000	14.80%
<b>Office Building</b>	Block A & B, SouthCity Plaza	Seri Kembangan, Selangor	Office Building	18,300	1,800	100%	4.30 yrs	20,100	1.93%
	Wisma AmanahRaya	Jalan Ampang, Kuala Lumpur	Office Building	68,000	6,700	100%	0.70 yrs	74,700	7.18%
	Wisma Amanah Raya Berhad	Damansara Heights Kuala Lumpur	Office Building	53,000	10,900	100%	3.00 yrs	63,900	6.14%
	Wisma UEP	Subang Jaya, Selangor	Office Building	35,500	3,500	30%	3.00 yrs	39,000	3.75%
	Dana13, Dana 1 Commercial Centre	Ara Damansara, Petaling Jaya, Selangor	Office Building	99,120	9,800	100%	8.30 yrs	108,800	10.46%
<b>Industrial</b>	Permanis Factory	Bandar Baru Bangi, Selangor	Industrial Factory	27,550*	950	100%	9.50 yrs	28,500	2.74%
	Kontena Nasional Distribution Centre 11	Port Klang, Selangor	Industrial Warehouse	28,500	2,160	100%	7.50 yrs	30,660	2.95%
	AIC Factory	Shah Alam, Selangor	Industrial Factory	19,200	2,050	100%	4.30 yrs	21,250	2.04%
	Silver Bird Factory	Shah Alam, Selangor	Industrial Complex	92,000	6,000	100%	4.20 yrs	98,000	9.42%
	Gurun Automotive Warehouse	Gurun, Kedah	Industrial Warehouse	23,970	980	100%	6.00 yrs	24,950	2.40%
<b>Retail</b>	Selayang Mall	Selayang, Selangor	Retail Mall	128,165	4,000	100%	5.00 yrs	132,000	12.69%

Real Estate-Related Assets	944,760	90.80%
Cash and security deposits	92,281	8.87%
Others (Trade and Other Receivables)	3,432	0.33%
Total Asset Value (RM'000) (b)	1,040,473	100.00%

\* Inclusive of upgrading works undertaken on the property

# Key Investment Highlights of AmanahRaya REIT Property Portfolio

## Diversified Portfolio of Properties

AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT”) is known for its diversified portfolio with properties from various different sectors. Currently, AmanahRaya REIT has 15 properties from hospitality, higher education, office building, industrial and retail sectors. This diversification offers flexibility to its investment strategies and provides market strength in facing economic turbulence and market uncertainty.

## Long Term Lease Arrangements

All AmanahRaya REIT properties, except Wisma UEP, are leased for a minimum of six (6) years to a maximum of fifteen (15) years. The long lease-maturity profile of its portfolio underpins the stable rental income of AmanahRaya REIT. Rental rates for the entire lease period are pre-determined and will gradually increase at every rent review period.

## Security Deposits

AmanahRaya REIT’s rental and lease obligations are backed by security deposits averaging more than one (1) year in the form of cash and bank guarantee. This higher-than-industry-average level of security mitigates the tenant-default risk.

## “Triple Net” Lease

Most of AmanahRaya REIT’s assets have “triple net” lease arrangements whereby the lessee/tenant is fully responsible for regular maintenance during the lease tenure.

## Reputable Lessees/ Tenants

Majority of the lessee/tenant of AmanahRaya REIT are public listed companies with good reputation and strong financial standing.

## Corporate Governance

All investment decisions of AmanahRaya REIT are reviewed and deliberated by the Investment Committee which consists of independent members with the right mix of desired investment skills, experience and expertise.

## Distribution Policy

With the approval of the Trustee on or before the distribution date for each distribution period, distribution of at least 90% (or such other percentage as determined by the Manager of AmanahRaya REIT in its absolute discretion) of the distributable income of AmanahRaya REIT will be made, provided always that the 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 the unitholders.

# Financial Highlights of AmanahRaya REIT

Snapshot of AmanahRaya REIT as at 31 December 2011

**Total Asset Value**  
RM1.04 billion

**Sectors**  
Hospitality, Higher Education,  
Office Building, Industrial  
and Retail Sectors

**Total no of Properties**  
15 properties

**Total Units Issued**  
573,219,858

**Market Capitalization**  
RM521,630,071

**Average 3 month Trading Volume (units) (Oct-Dec 2011)**  
183,739

**Net Asset Value ("NAV") per unit**  
RM1.0496

**Gearing Ratio**  
34.91%

**Highest Price (2011)**  
RM0.97 per unit  
*(17 February & 5 May 2011)*

**Lowest Price (2011)**  
RM0.85 per unit  
*(26 September 2011)*

**Price as at 31 December 2011**  
RM0.91 per unit

**DPU for 2011**  
7.2213 sen per unit

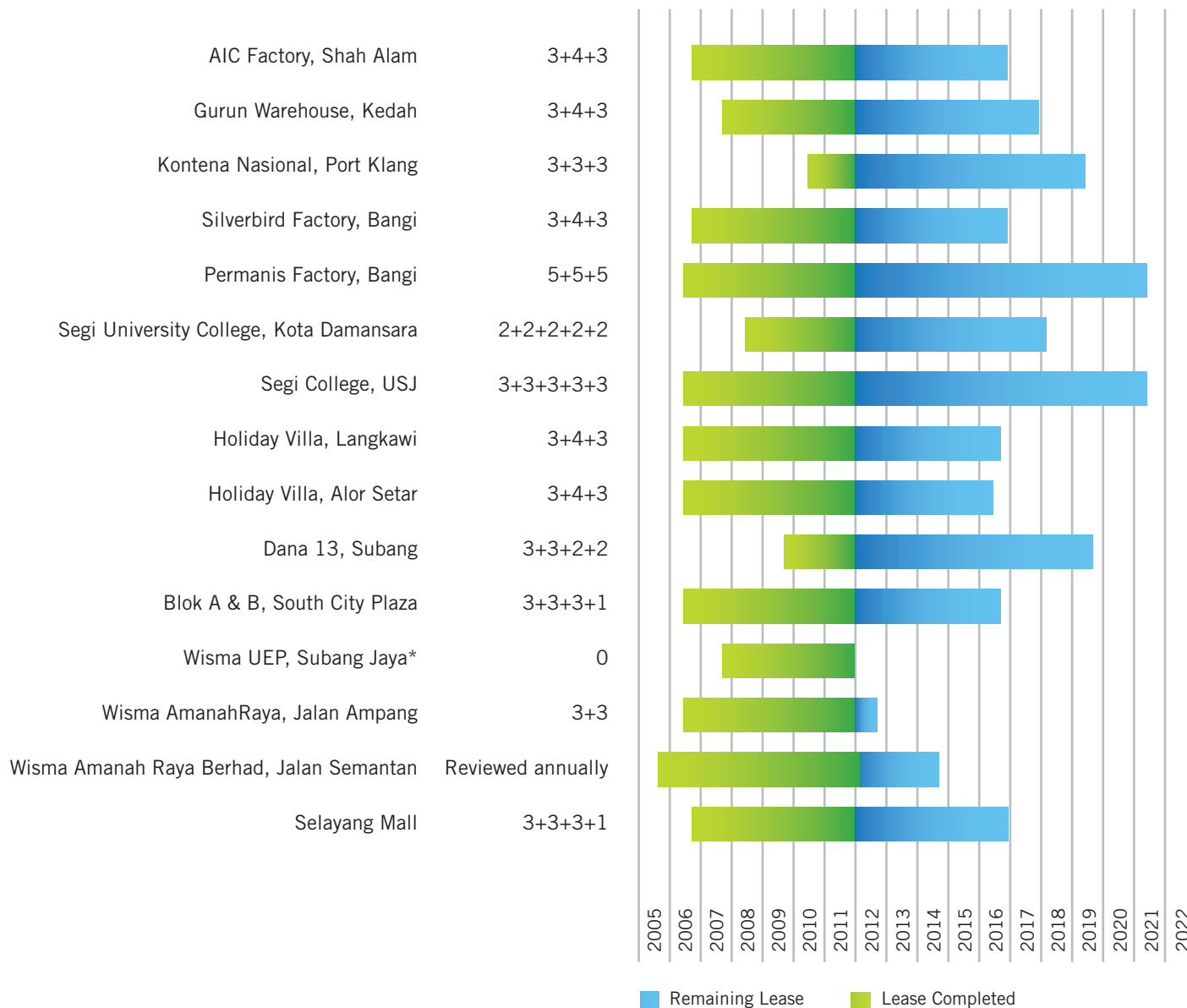
**Total Number of Unitholders**  
2,809

**Substantial Unitholders**  
Kumpulan Wang Bersama (58.32%)  
Perbadanan Kemajuan Negeri Selangor (5.65%)

# Property Portfolio

## Well Structured Lease Profile

### Rent Review Frequency



\* Tenancy of Sime UEP Development Sdn Berhad as the master lessee of Wisma UEP has expired on 31/8/2011

# Property Portfolio

3.0 Asset Value Based on Property Sector



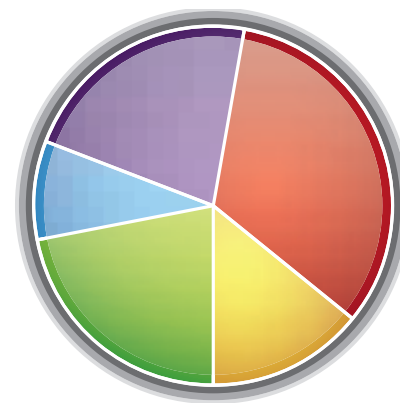
- 22% Industrial
- 10% Hotel
- 22% Education
- 32% Office
- 14% Retail

4.0 Usage of Lettable Area by Lessee's Business Sector



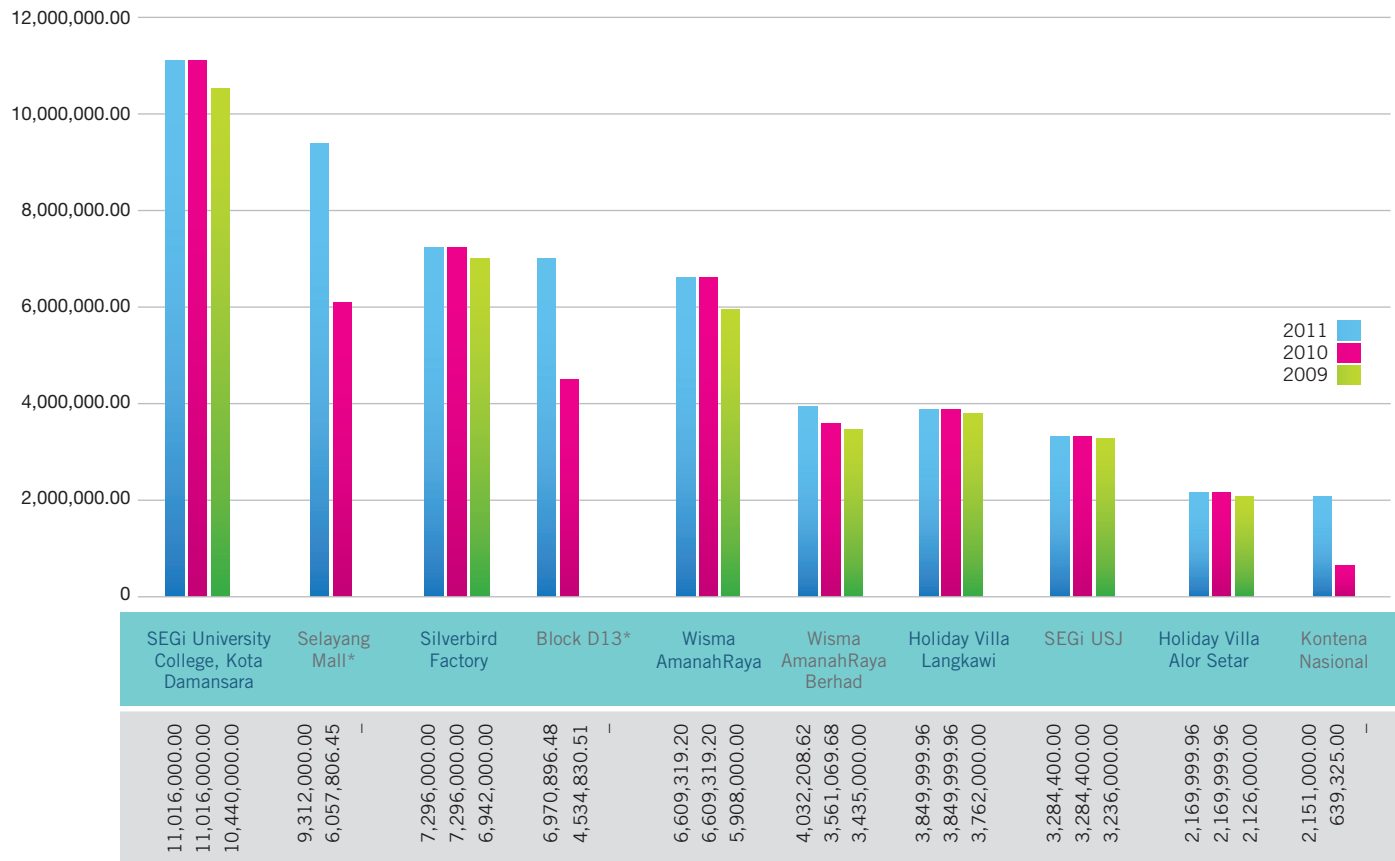
- 23% Manufacturing
- 16% Logistic
- 12% Hospitality
- 14% Education
- 19% Services
- 13% Retail
- 3% Property

5.0 Gross Income Based on Property Sector

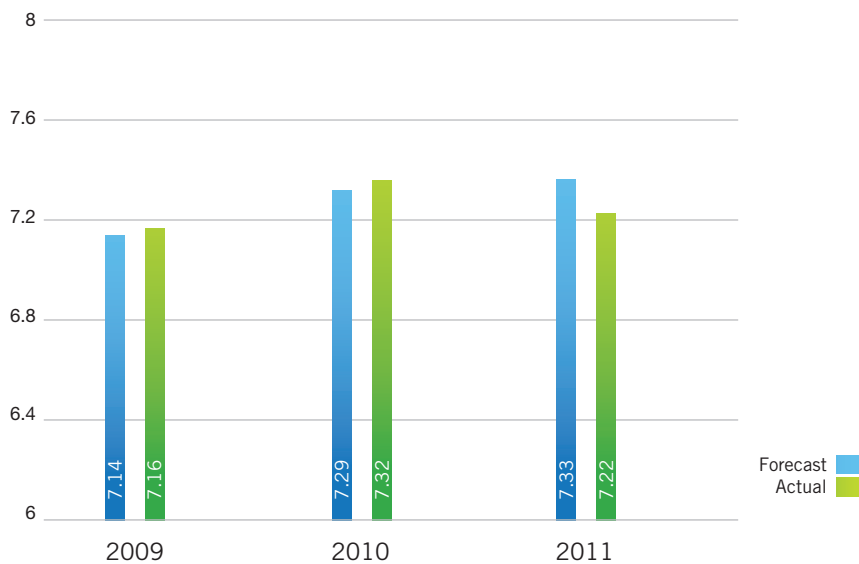


- 22% Industrial
- 9% Hotels
- 22% Education
- 33% Office
- 14% Retail

## 6.0 AmanahRaya REIT: Top Ten Tenants

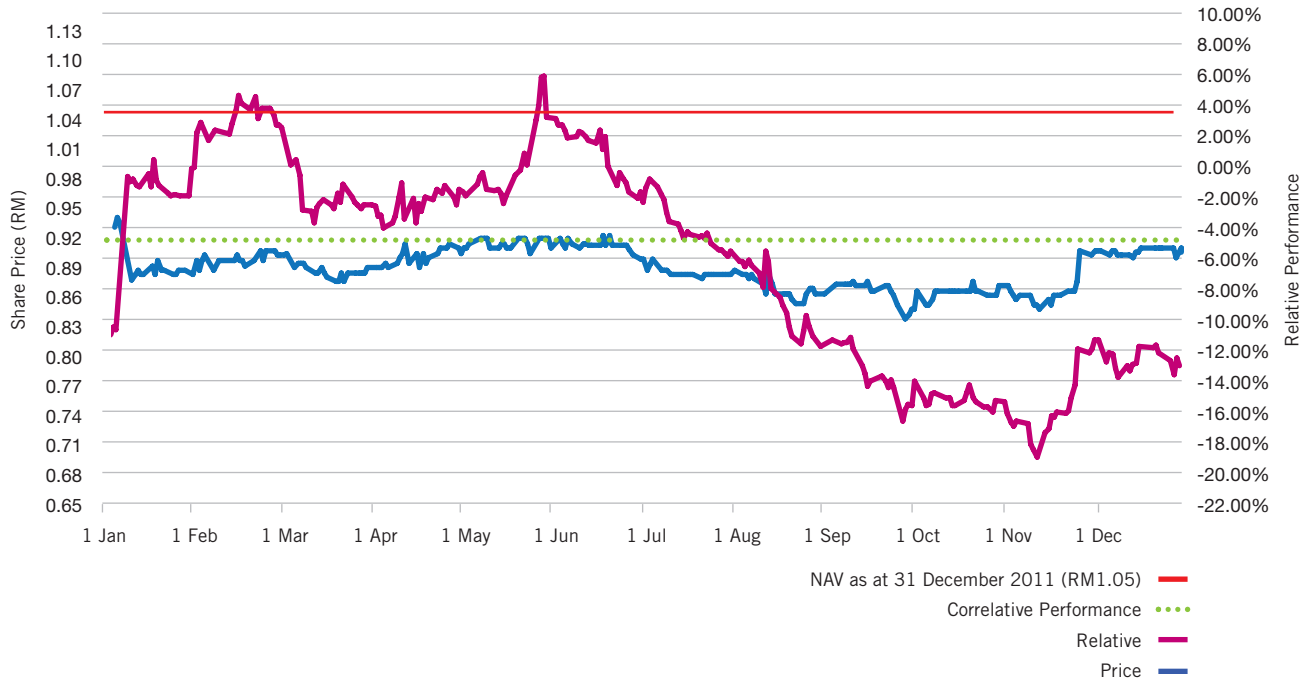


## 7.0 Distribution Per Unit (sen)

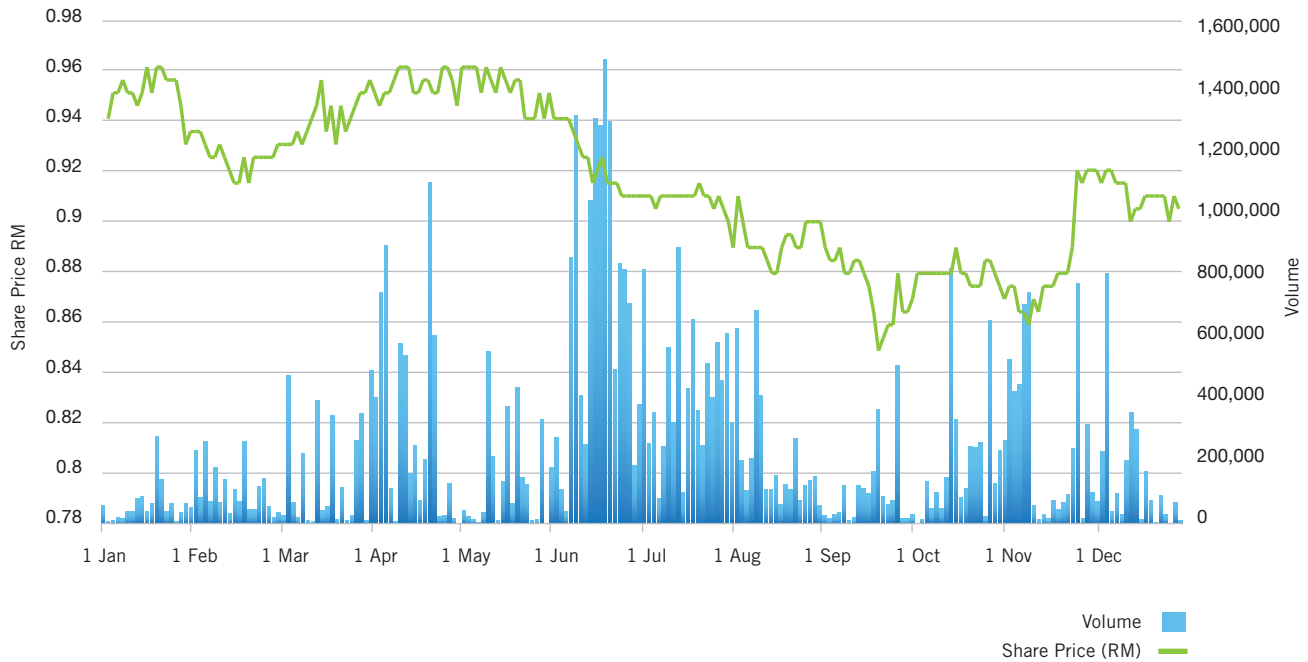


# Property Portfolio

## AmanahRaya REIT Volume and Share Price Analysis for 2011

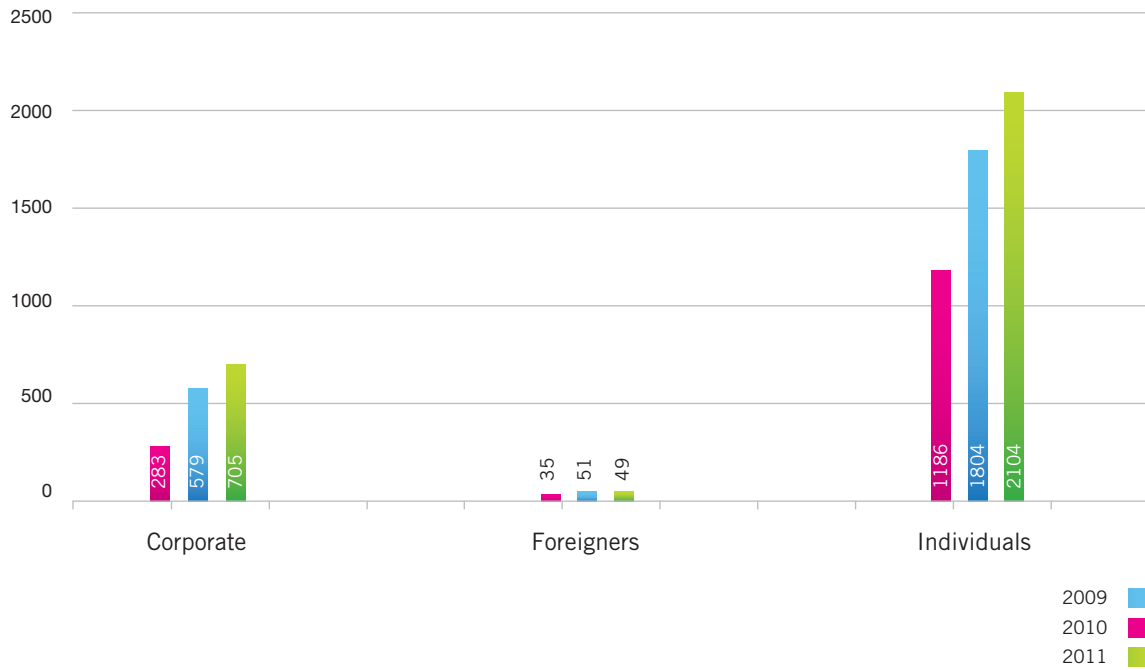


## AmanahRaya REIT Share Price Performance vs KLCI as at 31 December 2011

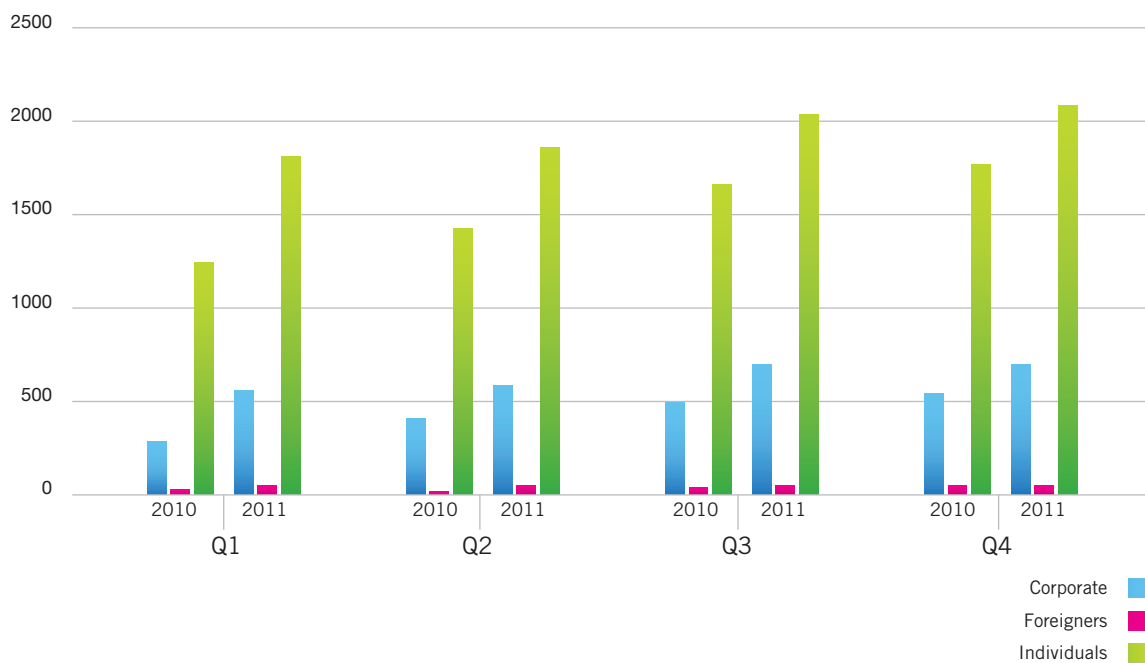




## 8.0 AmanahRaya REIT Yearly Movement of Unitholders



## AmanahRaya REIT Quarterly Movement of Unitholders



# Overview of 15 Properties Under 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 wherein several government & commercial buildings are located nearby amongst others are Majlis Bandaraya Alor Setar building, Bangunan KWSP, Bangunan Bank Simpanan Nasional, Menara Sentosa and University Tun Abdul Razak building.

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

Held under Master Title H.S.(D) 21046, PT 3193, Town of Alor Setar, District of Kota Setar, State of Kedah Darul Aman

## Property type

Hotel

## Description

A commercial property comprising a 4-star hotel with 156-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

Leasehold for 99-years

## Unexpired lease period (14/12/2107)

Approximately 96 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

## Date of acquisition

26th February 2007

## Cost of acquisition

RM31,000,000.00

## Valuation as at November 2011

RM35,000,000.00

## Valuer

DTZ Nawawi Tie Leung

## Net Book Value

RM35,000,000.00

## Master Lessee

Alor Setar Holiday Villa Sdn Bhd

## Occupancy rates

100%

## Net rental (per month)

RM180,833.33

## Next Rent Review

June 2012

## 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 beach stretch which the locality is known as Pantai Tengah. Along the same stretch are other good hotel resorts which include 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.

Langkawi Island is one of premier tourist destination in Malaysia due to its status being a duty free zone apart from the wonderful beaches and historical sites it offers to tourist. Due to the heavy tourist arrivals and international events held, Langkawi Airport has been upgraded to an international airport.

### Title details

Lot No. 2504, Mukim of Kedawang, P.T. 107 & P.T. 108, both in 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 20 years

### Tenure

Freehold

### Unexpired lease period

Not Applicable

### Lease period

10 years commencing from July 2006

### Gross Floor Area

176,590 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 2011

RM58,800,000.00

### Valuer

DTZ Nawawi Tie Leung

### Net Book Value

RM58,800,000.00

### Master Lessee

Langkawi Holiday Villa Sdn Bhd

### Occupancy Rate

100%

### Net rental (per month)

RM320,833.33

### Next Rent Review

July 2012

### 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 comprises of residential, commercial and industrial developments which is mainly developed by 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 which is an integrated development comprises of 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 education building

## Description

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

## Age of property

Approximately 5 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 and 400 motorcycle parking bays

## Date of acquisition

26th February 2007

## Cost of acquisition

RM52,500,000.00

## Valuation as at December 2011

RM55,100,000.00

## Valuer

Raine & Horne

## Net Book Value

RM55,100,000.00

## 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 are 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 education building

## Description

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

## Age of property

Approximately 5 years

## Tenure

Leasehold for 99 years

## Unexpired lease period

Approximately 91 years

## Lease period

10 years commencing from January 2008

## Gross Floor Area

577,031 sq.ft.

## Net lettable area

337,710 sq.ft

## Existing use

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

## Parking spaces

344 car parking bays and 1,031 motorcycle parking bays

## Date of acquisition

28th December 2007

## Cost of acquisition

RM145,000,000.00

## Valuation as at November 2011

RM154,000,000.00

## Valuer

Raine & Horne

## Net Book Value

RM154,000,000.00

## Master Lessee

SEG International Bhd

## Occupancy Rate

100%

## Net rental (per month)

RM918,000.00

## Next Rent Review

January 2012

## Property Manager

IM Global Property Consultants



# Block A & B South City Plaza *Seri Kembangan*

## Address

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

## Location

The property is located within a commercial development known as South City Plaza which comprises of retail complex, office block and hotel cum service apartments. It is located within the locality known as Seri Kembangan which comprises of mixed development made up of mainly residential supported by several sections of commercial developments. Seri Kembangan is 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

P.T. No. 520 held under Title No. H.S.(D) 226742, Pekan Serdang, 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 office 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

82 years

## Lease period

10 years commencing from June 2006

## Gross Floor Area

72,505 sq. ft.

## Net lettable area

66,605 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 for nature environment products – 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 2011

RM20,100,000.00

## Valuer

Raine & Horne

## Net Book Value

RM20,100,000.00

## 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, 50450 Kuala Lumpur

## Location

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

Close proximity to the property is the Light Railway Transit (LRT) station which connect the locality to other major areas such as Kuala Lumpur City Centre (KLCC) and Kuala Lumpur Central Station (centre of all public transport for Klang Valley). Within the immediate vicinity of the property are also several heritage buildings which include Bangunan Sultan Abdul Samad, High Court building, 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 45 years

## Tenure

Leasehold for 99 years

## Unexpired lease period

54 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

66 parking bays

## Date of acquisition

26th February 2007

## Cost of acquisition

RM68,000,000.00

## Valuation as at November 2011

RM74,700,000.00

## Valuer

CH Williams Talhar & Wong

## Net Book Value

RM74,700,000.00

## 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 P.N. 46441, Lot Nos P.T. 6 & 36622, 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

61 years

## Lease period

9 years commencing from November 2005

## Gross Floor 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

26th February 2007

## Cost of acquisition

RM53,000,000.00

## Valuation as at November 2011

RM63,900,000.00

## Valuer

CH Williams Talhar & Wong

## Net Book Value

RM63,900,000.00

## Master Lessee

CIMB Investment Bank Berhad

## Occupancy Rate

100%

## Net rental (per month)

RM336,017.40

## Next Rent Review

November 2012

## 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 one of Commercial Business District of Subang Jaya under section USJ 10 of Subang Jaya. Subang Jaya is an integrated mixed development comprises of residential, commercial and industrial developments which is mainly developed by 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

### Gross Floor Area

198,499 sq. ft.

### Net lettable area

90,541 sq.ft.

### Parking spaces

178 parking bays

### Date of acquisition

26th February 2007

### Cost of acquisition

RM35,500,000.00

### Valuation as at November 2011

RM39,000,000.00

### Valuer

CH Williams Talhar & Wong

### Net Book Value

RM39,000,000.00

### Occupancy Rate

100% until 31 August 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 as 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 2 years

## Tenure

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

## Unexpired lease period

86 years

## Lease period

10 years commencing from September 2009

## Gross Floor Area

333,438.60 sq.ft

## Net lettable area

268,850 sq.ft

## 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

RM99,120,000.00

## Valuation as at November 2011

RM108,800,000.00

## Valuer

Raine & Horne

## Net Book Value

RM108,800,000.00

## Master Lessee

Symphony House Berhad

## Occupancy Rate

100%

## Net rental (per month)

RM591,470.00

## Next Rent Review

September 2012

## Property Manager

IM Global Property Consultants



## 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 comprises of 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

### Age of property

Approximately 23 years

### Tenure

Leasehold for 99 years

### Unexpired lease period (9/2/2089)

78 years

### Lease period

15 years commencing from June 2006

### Gross Built Up Area

262,607 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 December 2011

RM28,500,000.00

### Valuer

Knight Frank

### Net Book Value

RM28,500,000.00

### Master Lessee

C.I. Holdings Berhad

### Occupancy Rate

100%

### Net rental (per month)

RM162,750.67

### 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 Distribution Centre 11 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 Ayamas, Nichiden Seimitsu (M) Sdn Bhd, Scott & English Electronics Sdn Bhd, Behn Meyer & Co. (M) Sdn Bhd and Johann Frieght.

## Title details

Lot No. PT 799 held under Title No. H.S.D 128214 and Lot No. PT 21596 held under Title No. H.S(M) 19795, District of Klang, State of Selangor

## Property type

Industrial Warehouse

## Description

Warehouse Complex comprising 13 units of single-storey warehouses and 2 units of guard house

## Age of property

Approximately 33 years

## Tenure

Lot No. PT 799 – Leasehold for 60 years  
Lot No. PT 21596 – Leasehold for 99 years

## Unexpired lease period

Lot No. PT 799 – approximately 56 years  
Lot No. PT 21596 – approximately 78 years

## Lease period

9 years commencing from June 2010

## Gross Built Up Area

247,840 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 2011

RM30,660,000.00

## Valuer

Hakimi & Associates Sdn Bhd

## Net Book Value

RM30,660,000.00

## 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. Shah Alam is a mixed development mainly developed by PKNS, a state-government owned developer. Shah Alam the capital city of Selangor State 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 double storey factory and a single storey factory with canteen and a guard house

### Age of property

Approximately 19 years

### Tenure

Leasehold for 99 years

### Unexpired lease period

83 years

### Lease period

10 years commencing from September 2006

### Gross Built Up Area

130,252 sq.ft.

### Existing use

A factory manufacturing electronic products mainly flat screen TV

### 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 2011

RM21,250,000.00

### Valuer

Hakimi & Associates Sdn Bhd

### Net Book Value

RM21,250,000.00

### 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 which comprises prominent industrial premises of 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. 62048, held under Title No. GRN 285748, Pekan Baru Hicom, 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

274,238 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 2011

RM98,000,000.00

### Valuer

Raine & Horne

### Net Book Value

RM98,000,000.00

### Master Lessee

Silver Bird Group 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 which is a new heavy industrial estate accommodating the premises of 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. PT 633 held under Title No. H.S.D 115340 Bandar 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 99 years

## Unexpired lease period

93 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 automotive 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 2011

RM24,950,000.00

## Valuer

Hakimi & Associates Sdn Bhd

## Net Book Value

RM24,950,000.00

## 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 Shopping 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 held under Title No. PM 11660, Town of Selayang, District of Gombak, Selangor Darul Ehsan

### Property type

Shopping Complex

### Description

4 storey retail space, 6 storey car park & a roof level car park

### Age of property

Approximately 15 years

### Tenure

Leasehold for 99 years

### Unexpired lease period

68 years

### Lease period

10 years commencing from December 2006

### Gross Floor Area

861,530 sq.ft

### Net lettable area

380,032 sq.ft

### 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

RM128,165,000.00

### Valuation as at November 2011

RM132,000,000.00

### Valuer

Knight Frank

### Net Book Value

RM132,000,000.00

### Master Lessee

Seal Incorporated Berhad

### Occupancy Rate

100%

### Net rental (per month)

RM776,000.00

### Next Rent Review

January 2012

### Property Manager

IM Global Property Consultants



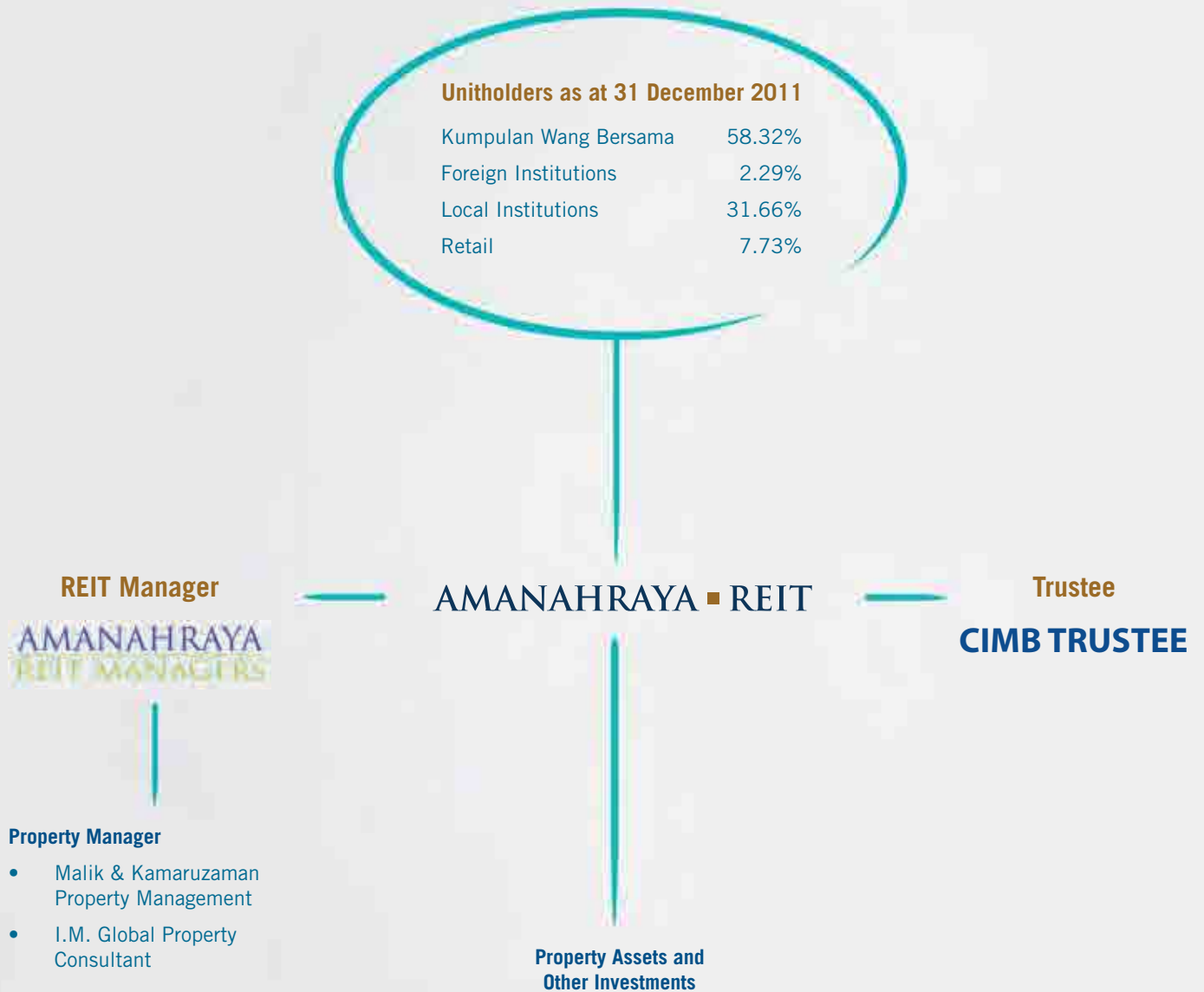
STRONG AND SUSTAINABLE GROWTH

STRONG FUNDAMENTALS

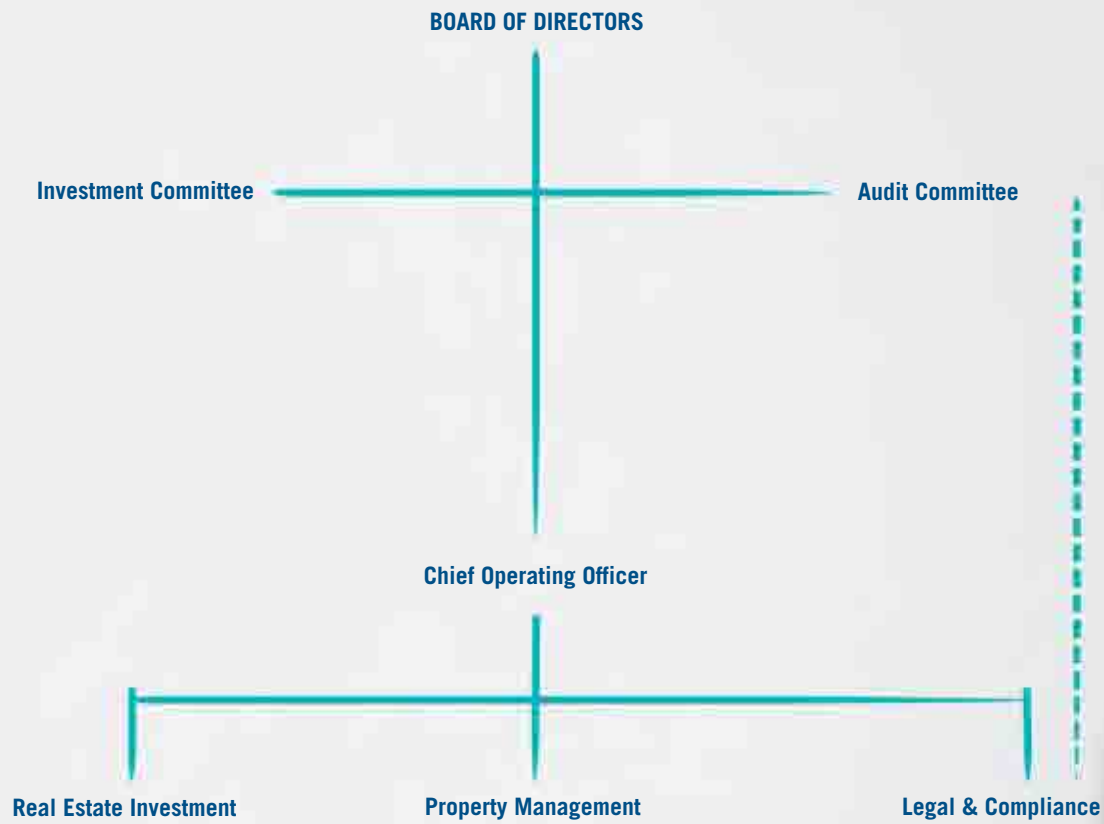
# Sustainable *Growth*

As we set our sights on growing our portfolio to RM1.5 billion over the next three years, we will continue to introduce all the proper elements to ensure stellar growth. We will leverage on strong fundamentals and core values that call for us to be highly Responsible and Effective, to maintain absolute Integrity and to be absolutely Trustworthy. We will also inject astute financial management, expert insights and strong market experience to further cultivate growth. Only then can we expect our portfolio and reputation to achieve strong and sustainable growth.

# Corporate Structure



# Organisational Chart



# Board of **Directors**





*From left to right:*

Tan Sri Dato' Ahmad Fuzi Abdul Razak  
Dato' Abdul Mutalib Mohamed Razak  
Datuk Syed Hussian Syed Junid  
Dato' Ahmad Rodzi Pawanteh

Datin Aminah Pit Abd Raman  
Datuk Johar Che Mat  
Encik Shahrol Anuwar Sarman  
Tuan Haji Che Pee Samsudin

# Profile of the Board of Directors



## Tan Sri Dato' Ahmad Fuzi bin Abdul Razak

*(Independent, Non-Executive)*

Tan Sri Dato' Ahmad Fuzi bin Haji 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. He joined the Malaysian Diplomatic and Administrative Service in 1972, and served in various capacities at the Ministry of Foreign Affairs, mainly in the Political Division, and at the Malaysian Missions abroad in Moscow, the Hague, Canberra, Washington and Dhaka. He also served as the Director General, Institute of Diplomacy and Foreign Relations.

Tan Sri Ahmad Fuzi is currently, Secretary-General of the World Islamic Economic Forum Foundation (WIEF); Chairman, Seremban Engineering Berhad; Chairman, Worldvest Energy Sdn Bhd; Chairman Theatre Management Associates Sdn Bhd, Chairman, The Guide To Malaysia Series; Chairman Optima Capital Sdn Bhd; Non-Executive Chairman, Sofgen (Malaysia); Non-Executive Chairman, Xadacorp Sdn Bhd; Deputy Chairman, Group Chairman; Ace Holdings Sdn Bhd, Asian-Development & Investment Bank (Labuan); Independent Non-Executive Director, Puncak Niaga Holdings Berhad; Non-Executive Director, Management Development Institute of Singapore and Member, Board of Trustees, F3 Strategies Berhad; Non-Executive Director; Maybank Islamic Berhad.

Tan Sri Ahmad Fuzi is currently 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; Member, Institute of Advanced Islamic Studies (IAIS); Member, Advisory Board, Asia Pacific Entrepreneurship Award (APEA); 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

*Member  
(Non-Independent, Non-Executive)*

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Dato' Ahmad Rodzi Pawanteh, a Malaysian, aged 56, is the Group Managing Director and Chief Executive Officer of Amanah Raya Berhad since July 2004.

He has earlier pursued a professional banking career with the Bank of America NT&SA and Amanah-Chase Merchant Bank Berhad, gaining wide exposure in international banking and project finance. Subsequently, he held Directorship positions in companies related to the power transmission, food and beverage and pharmaceutical industries.

He obtained an MBA in General Management from Southern Cross University, Australia and an MBA in Banking & Finance from the University of Hull, UK. Earlier, he earned a Bachelor of Economics (Hons) - Accounting from University of Malaya and a Bachelor of Laws (Hons) from the University of Wolverhampton, UK. He also holds a Professional Diploma in Marketing, a Member of the Chartered Institute of Marketing, UK and is a Registered Financial Planner of the Malaysian Financial Planning Council.

## Datuk Syed Hussian bin Syed Junid

*Member  
(Independent, Non-Executive)*

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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 Business Operations & Sales Support Asia, Western Digital Sdn Bhd.

Datuk Syed Hussian is also a Director and Chairman of the Audit Committee of Efficient E-Solutions Bhd and a Director of AWC Bhd, both of which are public listed companies. At Media Prima Berhad, Datuk Syed Hussian sits on the Boards of 8tv, Channel 9 and Primeworks Studios Sdn Bhd.

Datuk Syed Hussian has 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 MARA Institute of Technology in 1982.



From left to right  
Dato' Ahmad Rodzi bin Pawanteh  
Datuk Syed Hussian bin Syed Junid

## Profile of the Board of Directors



From left to right  
Dato' Abdul Mutalib bin Mohamed Razak  
Datin Aminah binti Pit Abd Raman

### Dato' Abdul Mutalib bin Mohamed Razak

*Member  
(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 as the 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 retired as Board Member of MARDEC Berhad and The New Straits Times Press (M) Berhad and as President of Tribunal for Consumer Claims Malaysia last year.

Presently he sits as Director/Chairman of KL Airport Services Sdn Bhd (KLAS)(a subsidiary of DRB-Hicom Berhad) and TH Properties Sdn. Bhd. (a subsidiary of Tabung Haji).

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

*Member  
(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. Previously she served the Ministry of Finance, Ministry of Trade and Industry and Economic Planning Unit, Prime Minister's Department.

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 1995 to March 2002 as the General Manager for Economics and Islamic Banking Division.

Datin Aminah was a Director of Amanah Raya Berhad and currently serves as 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) and the Malaysian Institute of Integrity.

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

## Datuk Johar bin Che Mat

*Member*

*(Non-Independent, Non-Executive)*

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Datuk Johar bin Che Mat, a Malaysian aged 59 was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 23 August 2011. He is also currently a Director of Amanah Raya Berhad since August 2010, the Chairman of Audit Review Committee and Board Risk Management Committee and a member of Nomination and Remuneration Committee and Investment Committee of Amanah Raya Berhad.

Datuk Johar was previously the Chief Operating Officer of Maybank Group. He was responsible for strategic and operational activities in Banking Operations, Information Technology, Business Process Improvement, Service Level Management, Property & Security, Custody Services and Mayban Trustees Berhad.

He briefly served Federal Government after graduating from University of Malaya in 1975 with a Bachelor of Economics before joining Maybank. Since then, he has served in various capacities in banking operations and strategic innovation, including as the Head of Retail Financial Services and managing the Retail Banking portfolio which encompasses frontend activities at branches. His portfolio covers Transactional Banking (Operations), Retail Finance, Retail Marketing, Sales Management Private Banking, Retail Programme Management, Share Trading, e-Channels, Maybank Group Call Centre and Mayban Unit Trust Berhad.

Prior to that, Datuk Johar was the Head of Enterprise Banking (Corporate/Commercial) where he was in charge of Corporate, Commercial and Bumiputra unit. At present, he is a Board member of Bank Pertanian and Proton Group.

## Shahrol Anuwar bin Sarman

*Member*

*(Non-Independent, Non-Executive)*

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Shahrol Anuwar bin Sarman, a Malaysian, aged 39, 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 the 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 the 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 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 Principal Assistant Secretary of Administration and Finance Division at the Chief Minister's Department, Melaka from 2006 to 2007.

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

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



From left to right  
Datuk Johar bin Che Mat  
Shahrol Anuwar bin Sarman

## Profile of the Board of Directors



Tuan Haji Che Pee bin Samsudin

### Tuan Haji Che Pee bin Samsudin

*Member  
(Non-Independent, Non-Executive)*

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Haji Che Pee bin Samsudin, a Malaysian aged 53 was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 23 August 2011. He is also a Director of Amanah Raya Berhad since March 2011.

Che Pee holds a Bachelor Honours Degree in Accounting and is a Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA). He began his career as an Accountant in the government sector since 1982. His extensive experience includes serving at various government divisions including Ministry of Finance, Langkawi Development Authority (LADA), Malaysian Institute of Islamic Understanding (IKIM), Economic Planning Unit in Prime Minister's Department and Perbendaharaan State of Kedah as the State Treasurer for nine years.

Che Pee is presently the Director of Central Operation and Agency Service Division in Accountant General Department of Malaysia, Putrajaya.

#### 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 eight (8) Directors, of which three (3) are independent non-executive and five (5) are non-independent non-executive.

During the financial year, the Board met five (5) times. The number of meetings attended by each Director is as follows:

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	5	5
Dato' Abdul Mutalib bin Mohamed Razak	5	5
Datuk Syed Hussian bin Syed Junid	5	5
Datin Aminah binti Pit Abd Raman	5	4
Dato' Ahmad Rodzi bin Pawanteh	5	3
Encik Shahrol Anuar bin Sarman	5	5
Puan Sharizad binti Juma'at (resigned with effect from 23 August 2011)	3	3
Puan Alina binti Hashim (resigned with effect from 23 August 2011)	3	3
Encik Abas bin Abdul Jalil (resigned with effect from 23 August 2011)	3	3
Datuk Johar bin Che Mat (appointed on 23 August 2011)	2	1
Tuan Haji Che Pee bin Samsudin (appointed on 23 August 2011)	2	1



A BOUNTIFUL HARVEST



# Purposeful *Growth*

Our commitment to enhancing the AmanahRaya REIT portfolio is akin to the commitment of an expert gardener tending to his garden. From implementing strong corporate governance measures and undertaking activities to enhance unitholders' value, our people have purposefully set about to deliver strong returns in a credible manner. As we skilfully cultivate our asset portfolio and grow it beyond the existing 15 properties we have today, our stakeholders can look forward to the promise of an outstanding and bountiful harvest.

# 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 2011.





**TAN SRI DATO' AHMAD FUZI  
BIN ABDUL RAZAK**  
*Chairman*

# Message from the Chairman



## OVERVIEW

The year under review was a very challenging year for the Malaysian economy. In 2010, the Malaysian economy grew by 7.2%. However, Malaysia recorded a downward economic growth of 4.9% in the first quarter and 4.0% in the second quarter of 2011. The slower growth was due to the unfavourable conditions and uncertainties in the global economy. With inflation rate rising, unemployment rate at the highest level in the US and Europe and debt crisis affecting several European countries exacerbated by natural disasters in Japan, the global economy is currently facing turbulence. To cushion the impact of the unfavourable external economic situation, the Government had announced the implementation of several high impact projects under the ETP to strengthen domestic demand. On average the Malaysian economy is anticipated to grow albeit at a slower rate of between 5.0 to 6.0% in 2011.

In 2011 the property market was in a consolidation mode. The office sector recorded a downward pressure in terms of occupancy and rental rate due to an oversupply situation especially in the Klang Valley. The occupancy rate of office buildings in the Klang Valley in 2011 was averaging around 85-90% compared to 90-95% recorded last year. The retail sector continued to remain strong due to the increase in tourist arrivals and consumer spending. Other sectors remain stable.

With regards to REIT, and on a positive note, the Government has in the 2012 budget, extended the concessionary tax rate of 10% on dividends of individuals and non-corporate institutional investors in Malaysian REITs by another five years until 31 Dec 2016. This augurs well with our effort to promote REITs to domestic and foreign investors.

## OPERATIONS REVIEW

In 2011, despite the turbulence in the global economy which in many ways affected the Malaysian economy, AmanahRaya REIT was resilient towards the adverse market conditions and has continued to perform well. All properties except for Wisma UEP recorded a 100% occupancy rate. Following the exit of Sime UEP Properties Berhad as the master lessee of Wisma UEP in July 2011, the building occupancy rate dropped to only 30%. However, the Management managed to secure a prospective buyer and a sale and purchase agreement is expected to be signed within the Second Quarter of 2012. Rental collection has been outstanding with no default recorded.

The year under review also saw AmanahRaya REIT embarking on several asset enhancement exercises in respect of the properties under its portfolio. Selayang Mall, Silver Bird Factory, Permais Factory and KDNC 11 have been identified to undergo some form of refurbishment and expansion. In fact, the work has started on all four properties and completion is anticipated by the third quarter of 2012. The acquisition of PKNS properties was mutually aborted by both parties due to unforeseen circumstances and may be revisited in the future when conditions are more favourable.

## FINANCIAL PERFORMANCE

During the year under review, AmanahRaya REIT managed to distribute distribution per unit (DPU) of 7.22 sen as compared to 7.32 sen recorded in the previous year. Total asset value has increased by 4% to RM 1.04 billion surpassing the RM 1.0 billion mark following the revaluation exercise



on all properties under AmanahRaya REIT portfolio in 2011. Revenue increased by 9.6% from RM59.5 million to RM 65.3 million and net income increased by 10% from RM57.7 million to RM63.3 million. Gearing level reduced from 36.4% in 2010 to 34.9% in 2011.

## OUTLOOK

2012 is expected to be more challenging than 2011 in view of the weakening global economy and uncertainties ahead. The fear of the “double dip” recession in the US and Europe is also increasing. Investors are more cautious. Here, the investors are hoping that the Government is able to implement projects under the ETP program to soften the impact of the slowdown in the global economy. In terms of the property market, it is expected to consolidate further. Office and retail sectors are expected to record slower growth. However, in any downturn situation, there will always be opportunities.

The challenge for ARRM is to find the right opportunities. ARRM will continue with its effort to grow AmanahRaya REIT in terms of its value and market capitalization. The Manager is hoping to increase the asset size of AmanahRaya REIT by another RM200 million in 2012 to about RM1.2 billion. The increase is important so as to improve returns to the unitholders.

## CHANGE IN THE BOARDROOM

In September 2011, there was a change in the Boardroom of ARRM. Two new directors were appointed and at the same time three directors resigned. The two new directors are Y. Bhg. Dato' Johar bin Che Mat and Tuan Haji Che Pee bin Samsudin. Y. Bhg. Dato Johar is a familiar figure in the banking industry where he was formerly holding the position of Chief Operating Officer at Maybank Group and currently sits on the Board of Bank Pertanian Malaysia Berhad and Proton Group. Tuan Haji Che Pee has vast experience in accounting and finance. He is presently the Director of Bahagian Perkhidmatan Operasi Pusat dan Agensi in Jabatan Akauntan Negara Malaysia, Putrajaya. Both Datuk

Johar and Tuan Haji Che Pee also sit on the Board of Amanah Raya Berhad. The three directors who resigned from ARRM Board were Puan Sharizad Jumaat, Puan Alina Hashim and En. Abas Jalil.

## APPRECIATION

As Chairman, I wish to take this opportunity to express my gratitude to the Board Members, Investment Committee Members and especially the Management for their commitment in ensuring strong returns to the unitholders despite the volatility in the economy.

I also wish to record my appreciation to the unitholders and business partners of AmanahRaya REIT for their continued support and confidence throughout the year and to Puan Sharizad, Puan Alina and En. Abas for their contribution to AmanahRaya REIT as Board members.

Moving forward, AmanahRaya REIT will continue in its endeavour towards providing strong and sustainable returns to unitholders by focusing on enhancing its assets and acquiring quality assets with strong growth potential.



# 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 (Hons) 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, Philippines.

## Tengku Dato' Seri Hasmuddin Tengku Othman

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

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

He is also a member of Task Force on Islamic Finance Committee for Labuan IBFC and Member of Jawatankuasa Pemantauan dan Pengawasan Syarikat Jaminan Pembiayaan Perniagaan Berhad.

Tengku Dato' Seri Hasmuddin Tengku Othman holds a Bachelor of Laws (Hons) from University of Malaya and is currently a principal Partner in Messrs Hisham, Sobri & Kadir. Having practiced law for over 25 years, he gained extensive background and experience in 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.

## 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 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 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, Libra Invest Berhad and Syarikat Takaful Malaysia Berhad. 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 including Bank Bumiputra Malaysia Berhad, ASEAN Finance Corporation, Merrill Lynch & Co. and Hong Leong Group.

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

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

## Vasantha Kumar Tharmalingam

Vasantha Kumar Tharmalingam, a Malaysian aged 63, was appointed as an Independent Investment Committee Member on 11 February 2011.

Kumar graduated from the College of Estate Management, London School of Economics with a B.Sc in Real Estate from University of London. He is a Fellow of the Royal Institution of Chartered Surveyors, Fellow of the Institution of Surveyors Malaysia (ISM) and registered as a Real Estate Valuer and Property Consultant with the Board of Valuers in Malaysia.

He established the First Malaysian Property Trust (FMPT), a joint venture between the Bank of Commerce and Austwide, Australia in 1987. Subsequently he left in 1990 to establish the MBF Unit Trust. From 1992 to 1998 he was Executive Director of Taiping Consolidated Berhad (TCB) and was part of the team building the J.W. Marriott Hotel and Starhill Shopping Centre in Kuala Lumpur and originated Sentul Raya for the company, a joint venture with KTM Berhad to develop 270 acres of an inner city brown field project. In 1998 he left TCB and became Chairman of Hall Chadwick Asia Sdn. Bhd. which specializes in the origination of property assets for Pension Funds, Private Equity Funds and Real Estate Investment Trusts (REITs).

Kumar is currently the Chief Executive Officer of Malaysia Property Incorporated (MPI) which is a Government of Malaysia initiative under the Economic Planning Unit (EPU) tasked to promote Malaysia as property investment destination and to induce Foreign Direct Investment (FDI) specifically into Malaysian real estate. He is also the Chairman of the Investment Committee for Aseana Properties Limited, a London AIMs listed Malaysian conglomerate which has property investment, construction and development in Vietnam and Malaysia. Kumar is an independent Director on the Board of Sime Darby Property Berhad.

### 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 Meetings

The Investment Committee currently comprises of five (5) Members of which all are independent and non-executive.

During the financial year, the Investment Committee met four (4) 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
Encik Mahadzir bin Azizan (appointed as Chairman with effect from 1 January 2012)	4	4
Datuk Yahya bin Ya'acob (resigned as Chairman with effect from 1 January 2012)	4	4
Tuan Syed Elias bin Abd. Rahman Alhabshi	4	4
Mr. Vasantha Kumar Tharmalingam (appointed with effect from 11 February 2011)	3	3
Datuk Johar bin Che Mat (appointed with effect from 1 January 2012)	—	—
Tengku Dato' Seri Hasmuddin bin Tengku Othman (resigned with effect from 31 December 2011)	4	3

# 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-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 (“Bursa Malaysia”) since 26 February 2007.

On 7 September 2009, AmanahRaya-REIT Managers Sdn Bhd (“ARRM” or “Manager”), a wholly owned 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.

ARRM holds an obligation to act honestly, with due care and diligence, and in the best interest of the unitholders of AmanahRaya REIT. This obligation blends in with the Manager’s responsibility in managing the assets and liabilities of AmanahRaya REIT for the benefit of and towards enhancing returns to the 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 Trust (“REIT Guidelines”), the Malaysian Code on Corporate Governance (Revised 2007) and the Main Market Listing Requirements of Bursa Malaysia.

## THE MANAGER OF AMANAHRAYA REIT

AmanahRaya REIT is externally managed by the Manager. 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 as well as strategic and investment policies for AmanahRaya REIT;
- provide recommendations on the acquisition, divestment or enhancement of assets for AmanahRaya REIT 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 proper risk management policies; and
- supervising the Property Manager.

## 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 eight (8) members, all of which are Non-Executive Directors. Three (3) of the Directors are independent Directors. This is 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 five (5) Board meetings were held throughout 2011.

## 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.

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

### Appointment to the Board

All new nominations are assessed 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. The committees are:

- The Audit Committee; and
- The Investment Committee

### Directors' Training

For the financial year 2011, the Directors attended various talks and lecture series organised by regulators and professional bodies to broaden their knowledge and to keep abreast with the development of the industry and corporate governance.

Both the newly appointed directors have attended the Mandatory Accreditation Programme organised by Bursatra 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 (3) Non-Executive Directors.

Duties and responsibilities of the AC include:

- To review all 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, together with the external auditors, the audit plan, scope of the audit and areas of audit for the Company;
- To 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 concerning resignations, dismissals and replacements of external auditors;
- To review and report the adequacy of the scope, functions and resources of the internal audit function and authorize it to carry out 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 (4) Audit Committee meetings were held in 2011.

### 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 members from various fields including legal, banking and property.

Duties and responsibilities of the IC include:

- To review, deliberate and decide on any investments 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 AmanahRaya REIT before being presented to the Board for final approval;
  - To review and deliberate on the following reports:
    - Property Market and Outlook Report
    - AmanahRaya REIT's Performance Report
- Ensure that AmanahRaya REIT is managed in accordance with:-
- its investment objectives;
  - its Trust Deed;
  - its Prospectus;
  - the Securities Commission's Guidelines on Real Estate Investment Trust and other securities laws; and
  - the internal investment restrictions and policies.

# Statement of Corporate Governance

- To recommend to the Board the appropriate strategies to achieve the objectives 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.

Four (4) Investment Committee meetings were held in 2011.

## 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 the overall responsibility of maintaining a system of internal control that covers financial and operational controls and risk management. The system provides reasonable but not absolute 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.

### Legal and Compliance Department

The Manager has a designated legal and compliance officer working towards ensuring compliance with all legislation, rules and guidelines issued by the SC 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 interests are undertaken 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 arm's length basis and on normal commercial terms which are not more favourable than those extended to third parties/public and are not to the detriment of the minority unitholders;
- 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. Risks are managed with support from the Group Risk Management Department of AmanahRaya, 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 during the period, through which unitholders and investors are able to obtain an overview of AmanahRaya REIT's performance and operation. Additionally, the Chief Operating Officer regularly meets up with analysts, institutional unitholders and investors.



# Corporate Calender



30 July 2011



10 August 2011



22 December 2011

## 30 July 2011

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AmanahRaya REIT participated in the REIT Roadshow programme organized by the Malaysian REIT Managers Association (MRMA) held at Kimanis Ballroom, Hyatt Regency Kinabalu, Sabah. The event, entitled “An Alternative Investment Tool For Your Wealth Creation - REITs” was an effort to promote awareness on REITs to retail investors.

## 10 August 2011

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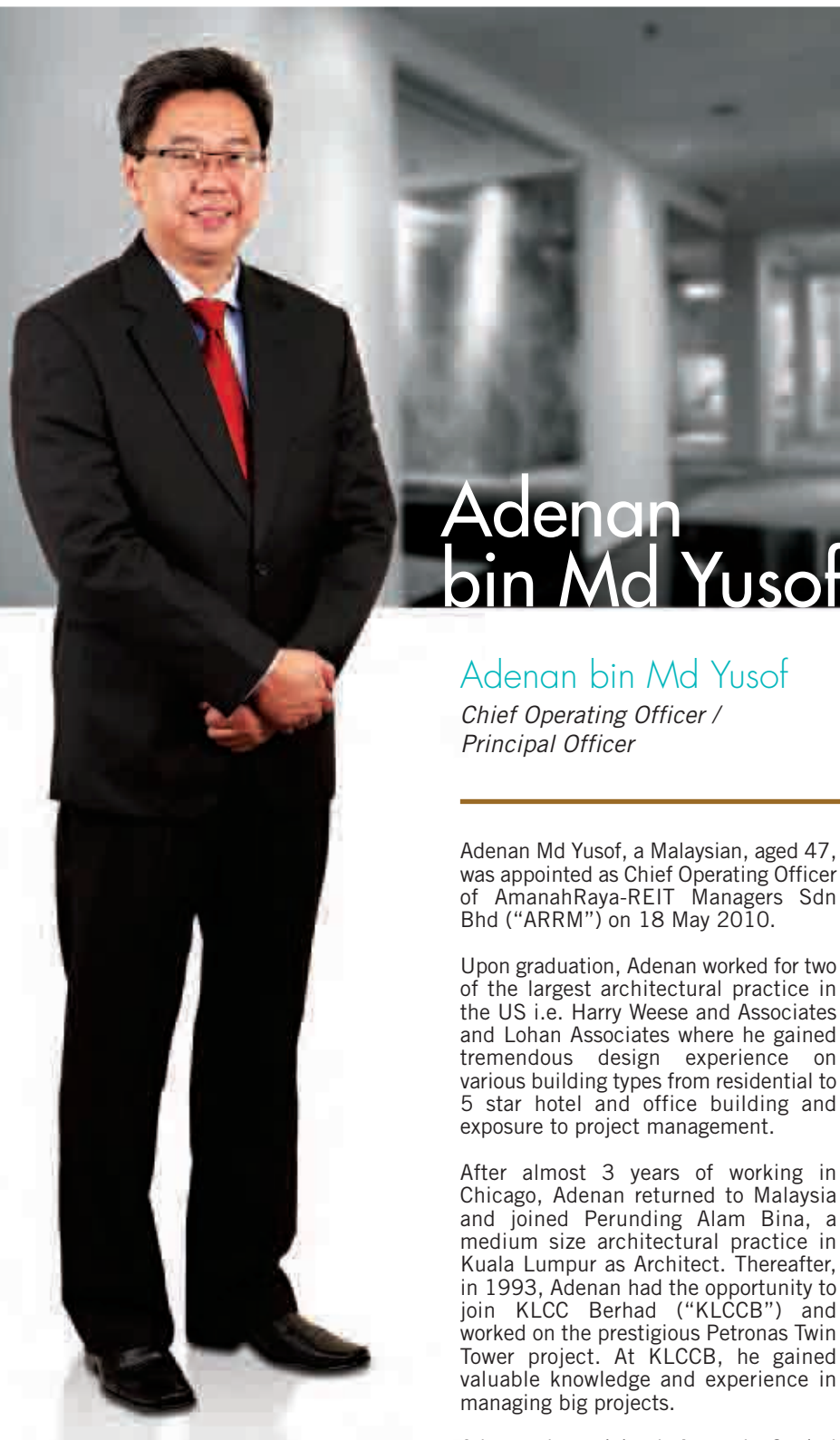
During the month of Ramadhan, ARRM lent a helping hand to 32 orphans and unfortunate children at Pusat Jagaan Baitus Sakinah Wal Mahabbah, Kota Warisan, Sepang. The objective of this event is to aid these children to celebrate the coming Eid.

## 22 December 2011

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University Technology of MARA, UiTM held a professional talk programme and ARRM was invited to deliver the talk to the students and faculty members of the Department of Estate Management. The event was held at UiTM Perak campus. The talk served as a practical method especially to the students in providing them better exposure on what REIT is about and employment opportunities in the Malaysian REIT industry.

# Profile of The Chief Operating Officer



## Adenan bin Md Yusof

### Adenan bin Md Yusof

*Chief Operating Officer /  
Principal Officer*

Adenan 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 worked 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 returned 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 gained 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 to head 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.

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 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.

#### **Family Relationship with any Director and/or Substantial Unitholder**

The Chief Operating Officer of the Manager does not have any family relationship with any Directors or Substantial Unitholders.

#### **Conflict of Interest**

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

#### **Convictions for Offences**

The Chief Operating Officer has not been convicted for offences within the past 10 years.

# The Management Team



From left to right:

Yusri bin Abdul Manaf  
*(Head, Property Management)*

Kusuma Dewi binti Abdul Aziz  
*(Accountant)*

Azmanira binti Ariff  
*(Head, Legal and Compliance)*

Noorbaizura binti Hermeyney  
*(Head, Real Estate Investment)*

Zaffarin bin Haji Zanal  
*(Group Chief Risk Officer)*

# Manager's Report

The Board of Directors of AmanahRaya-REIT Managers Sdn Bhd (“ARRM”), the Manager of AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT”) is pleased to present the Annual Report and the Audited Financial Statements of AmanahRaya REIT for the financial year ended 31 December 2011.

## ARRM

The principal activity of ARRM is to act as the Manager of AmanahRaya REIT in accordance with the Trust Deed (“Deed”) dated 10 October 2006 and guidelines imposed by Securities Commission and Bursa Malaysia. ARRM's main objective is to ensure stable and sustainable return to unitholders of AmanahRaya REIT from real estate investments.

## AMANAH RAYA REIT

AmanahRaya REIT was established on 10 October 2006 pursuant to the Deed between the Manager and CIMB Trustee Berhad (“Trustee”). AmanahRaya REIT is classified as a real estate investment fund and was listed on the Bursa Malaysia on 26 February 2007.

## AMANAH RAYA REIT INVESTMENT OBJECTIVE

The investment objective of AmanahRaya REIT is to provide good and sustainable return to the unitholders from real estate investment. The prime focus of AmanahRaya REIT is the growth potential in terms of rental yield and capital values of the properties over a long term period. As per the Deed, AmanahRaya REIT portfolio consists of properties of diversified sectors.

## INVESTMENT STRATEGIES AND POLICIES

The Manager will continue to diversify its property portfolio and invest in properties with potential growth in terms of rental and capital values in accordance with the Trust Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts and other applicable guidelines imposed by the Securities Commission.

The Manager adopts a stringent process in assessing properties prior to presenting it to the Investment Committee for endorsement. The process includes site visit, financial analysis, technical due-diligence, risk assessment and market study.

The Manager's criteria for investment are as follows:

### a. Location

The location is evaluated based on its proximity to establish CBD/ industrial zones or populated areas with good accessibility to and from major roads, highways and public transportation.

### b. Price and Rental Yield

The main criteria of investment is the rental yield in relation to the value. In general, the Manager will be looking at yields of more than 6% depending on the quality and location of the property. Strong

consideration will be given to the lease tenure, economic environment, tenant profile and market demand. The analysis will focus on ensuring that the acquisition will contribute towards accretive rental yield and capital value to ensure stable and sustainable return to the unitholders.

### c. Building Condition

The property should be in good tenable condition and will be evaluated based on among others, the age of the building, interior and exterior condition, defects (particularly hidden defects), building equipments and systems and structural conditions and compliance with building by laws and local authorities. Engineering due diligence exercise, which include examining the condition of the mechanical and electrical equipment as well as the structural condition will be conducted by the Manager's appointed engineers prior to completing the acquisition.

### d. Diversity in Portfolio

The strength of AmanahRaya REIT's is the diversity of its portfolio. The Manager believes that diversification is important to cushion the impact of any adverse condition in a particular sector or locality.

### e. Tenant/Lessee profile

Tenant profiling plays a significant role in ensuring that the prospective tenants/lessee is capable of paying rentals during the tenancy or lease period. The due diligence exercise on tenant is material especially on single tenancy arrangement. Currently, the tenants of AmanahRaya REIT are mostly public listed companies.

## AMANAHRAYA REIT FINANCIAL PERFORMANCE

For the Financial Year of 2011, despite the volatility in the economy, AmanahRaya REIT has achieved its objective following the proactive and hands on approach of the Manager in managing the portfolio.

The financial highlights for the year 2011 are as follows:

- Net income available for distribution increased to RM41,393,876 during the financial year as compared to RM39,331,076 in the year 2010.
- Increase in total assets to RM1.04 billion from RM998 million in 2010 due to revaluation exercise during the financial year.
- Gearing reduced to 34.91% during the financial year from 36.36% in 2010.
- Distribution per unit (“DPU”) is 7.2213 sen in 2011, from 7.3209 sen in 2010.

The operational highlights for the year 2011 are as follows:

- Revaluation exercise on all properties under AmanahRaya REIT portfolio was carried out in November 2011.
- Asset enhancement exercise was conducted on 4 properties under the portfolio as listed below:
  - Selayang Mall – total replacement of lifts estimated at RM0.9m
  - Silver Bird Factory – expansion work estimated at RM12.0m
  - KDNC 11 – total refurbishment of cold room estimated at RM3.0m
  - Expansion of Permanis Factory estimated at RM12.0m
- The acquisition of 3 properties from Perbadanan Kemajuan Negeri Selangor (“PKNS”) for a total purchase consideration of RM270 million was mutually terminated on 1 December 2011.
- Novation of the lease in Permanis Factory from CI Holdings Berhad to Permanis Sdn Bhd with corporate guarantee from Asahi Group Holdings Ltd of Japan.
- Extension in the lease tenure of Permanis Factory and Silver Bird Factory from 2016 to 2021.

## FINANCIAL REVIEW

### Review of Performance

	2011	2010	2009	2008
Total Net Asset Value (RM)	<b>601,636,025</b>	568,165,061	440,103,776	440,104,122
Units in Circulation (units)	<b>573,219,858</b>	573,219,858	431,553,191	431,553,191
Net Asset Value Per unit (RM)	<b>1.0496</b>	0.9912	1.0198	1.0198
Highest Net Asset Value Per Unit (RM)	<b>1.0496</b>	1.0690	1.0650	1.0198
Lowest Net Asset Value Per Unit (RM)	<b>0.9746</b>	0.9705	1.0198	0.9345
Market Value per unit (RM) as at 31 December	<b>0.91</b>	0.94	0.86	0.73
Highest Traded Price for the Twelve Months Period (RM)	<b>0.97</b>	0.95	0.90	0.99
Lowest Traded Price for the Twelve Months Period (RM)	<b>0.85</b>	0.83	0.68	0.72

# Manager's Report (continued)

## Results of AmanahRaya-REIT's Performance

	2011	2010	2009	2008
Total Gross Rental Income	<b>65,305,820</b>	59,509,971	46,519,068	45,560,808
Total Property Expenses	<b>(1,981,268)</b>	(1,785,571)	(1,716,710)	(1,448,058)
Net Rental Income	<b>63,324,552</b>	57,724,400	44,802,358	44,112,750
Interest and Other Income	<b>834,684</b>	2,607,949	455,510	721,095
Total Non-Property Expenses	<b>(21,629,917)</b>	(18,931,550)	(14,380,556)	(14,579,537)
Earnings Before Taxation	<b>42,529,319</b>	41,400,799	30,877,312	30,254,308
Net appreciation on Fair Value of Investment Properties	<b>31,143,000</b>	–	–	36,812,000
Earnings Before Taxation	<b>74,714,992</b>	41,400,799	30,877,312	67,066,308
Taxation*	<b>NIL</b>	NIL	NIL	NIL
Earnings After Taxation	<b>73,672,319</b>	41,400,799	30,877,312	67,066,308
Earnings Per Unit (EPU) after Taxation (sen) (Realised + Unrealised)	<b>12.8524</b>	7.8962	7.1550	15.5407
EPU Yield (%) (Based on Closing Market Price)	<b>14.12</b>	8.40	8.32	21.29
Distribution Per Unit (DPU) (sen)	<b>7.2213</b>	7.3209	7.1550	7.0105
Distribution Yield (%)	<b>7.94</b>	7.79	8.32	9.60
MER (%)	<b>0.70</b>	0.59	0.38	0.46
Annual Total Return (%)**	<b>12.11</b>	20.59	(10.67)	7.54

\* The Trust distributed at least 90% 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 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 price and investment returns may fluctuate

## FUND'S PERFORMANCE

The manager is pleased to register another good result in 2011. The rental income of the Trust has increased by RM5.8 million or 9.7% to RM65,305,820. Net income for Distribution and Distribution Per Unit were registered at RM41,393,876 or 7.2213 sen per unit.

As at 31 December 2011, the Trust recorded an increase of 6.5% in total income from RM62,117,920 to RM66,140,504. The 2011 total income comprised of rental income of RM65,305,820 and interest and other income of RM834,684.

Total expenses of AmanahRaya REIT increased by 14% from RM20,717,121 to RM23,611,185. However, of the total expenses, only 8.4% was attributed to property expenses as most of the properties under the portfolio were on a triple-net basis except for Wisma Amanah Raya Berhad and Wisma UEP. The major portion of the total expenses was on finance cost at RM16,951,592.

## INCOME DISTRIBUTION

During the financial year ended 31 December 2011, the Trust has paid the first interim income distribution of RM10,386,727 on 19 July 2011 representing 1.8120 sen per unit for the first quarter of 2011, second interim income distribution of RM10,358,639 on 7 October 2011 representing 1.8071 sen per unit for the second quarter of 2011 and third interim income distribution of RM9,859,366 on 19 January 2012 representing 1.7200 sen per unit for the third quarter of 2011.

The fourth and final income distribution of RM10,789,144 has been declared at 1.8822 sen per unit payable on 21 March 2012 for the fourth quarter ended 31 December 2011.

	2011	2010	2009	2008
Income distribution per unit (sen)				
- First interim income distribution	1.8120	1.8597	3.4190	3.5758
- Second interim income distribution	1.8071	1.9997	-	-
- Third interim income distribution	1.7200	1.7874	-	-
- Proposed Fourth and final income distribution	1.8822	1.6741	3.7360	3.4347
	7.2213	7.3209	7.1550	7.0105

The total income distribution for the financial year ended 31 December 2011 totalling RM41,393,876 of which RM833,684 was interest income and tax-exempted. It represents 7.2213 sen per unit or 7.94% dividend yield based on closing price of RM0.91 on 31 December 2011.

#### NET ASSET VALUE

Analysis of net asset value since the date of inception for the financial year ended 31 December 2011 of the Trust is as follows:-

	2011	2010	2009	2008	2007
Net asset value ("NAV") per unit (RM):					
- before income distribution	1.1197	1.0712	1.0884	1.0701	1.0299
- after income distribution	1.0475	1.0026	1.0168	1.0000	1.0052

#### UNITS IN ISSUE

As at 31 December 2011, the total number of units issued is 573,219,858.

#### GEARING

As at 31 December 2011, AmanahRaya REIT's total debt was RM363,260,671, a medium term debt with maturity in 2015.

	2011	2010	2009	2008
Gearing ratio (%)	34.91	36.36	33.82	33.62

#### RELATED PERFORMANCE INDICATORS AND BENCHMARK

	2011	2010	2009	2008
Total return (%)*	12.11	20.59	(10.67)	7.54
Asset Portfolio Turnover (times)**	-	0.43	-	-

\* Total return 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 2011 to the average net asset value for the financial year calculated on a daily basis.

# Manager's Report (continued)

## BENCHMARK RELEVANT TO AMANAHRAYA REIT

	2011	2010	2009	2008
Management Expense Ratio ("MER")*	0.70	0.59	0.38	0.46

\* 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 2011

There is no property acquisition recorded in 2011.

The Manager made an announcement on the acquisition of PKNS properties in which it was mutually terminated in view of the plan to carry out asset enhancements exercise on the properties by PKNS that would affect the market values. A Deed of Mutual Termination was signed between CIMB Trustee as the Trustee for AmanahRaya REIT and PKNS on 1 December 2011.

### Operation Review

Most of AmanahRaya REIT tenancies are structured based on master lessee/triple net arrangement whereby the master lessees would bear all cost of maintenance, authority charges and insurances except for capital expenditures such as replacement of major equipments and enhancement or expansion work. The strategy is mainly geared towards preserving and enhancing the value of the properties as well as achieving sustainable growth in rental income.

In the year 2011,

#### a. Maintenance and Upkeep of Properties

In 2011 total maintenance expenses was at RM1.4 million or 2.2% of total rental received. These expenses is inclusive of refurbishment work costing RM1 million.

#### b. Enhancing Property Values

In the year 2011, four properties underwent asset enhancement exercise:

Selayang Mall – total replacement of 6 units of lift estimated at RM1.0 million  
Silver Bird Factory – expansion work estimated at RM12.0 million  
Permanis Factory – expansion and enhancement work estimated at RM12.0 million  
KDNC11 – total refurbishment of cold rooms estimated at RM3.5million

#### c. Improving the Financial Performance of the Properties

During the financial year, rentals of 2 properties were revised upwards:-

No.	Property	Previous Monthly Rental	Current Monthly Rental	% Increase	Date of Review
1	Wisma Amanah Raya Berhad, Jalan Semantan	307,641	321,004	4.34	November 2011
2	Permanis Factory, Bangi	157,250	162,751	3.50	June 2011



## Capital Management

The Manager has been adopting prudent capital management strategy in managing AmanahRaya REIT portfolio.

In addition to the above, the Manager has complied 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 2011, AmanahRaya REIT has reduced the debt level to 34.91% of the total asset from 36.36% in 2010.

## MANAGER'S REMUNERATION

Pursuant to the Deed dated 10 October 2006, the Manager is entitled to receive from AmanahRaya REIT a base fee of up to a maximum of 1.0% per annum of the net asset value of AmanahRaya REIT calculated on daily basis. During the financial year, the Manager received a total fee amounting to RM3,379,488 calculated at 0.60% of net asset value of AmanahRaya REIT, and payable monthly.

## SIGNIFICANT EVENTS OCCURED DURING THE YEAR

For the year under review, the following events took place:

1. Asset enhancement exercise was conducted on 4 properties under AmanahRaya REIT portfolio as listed below:
  - (a) Selayang Mall – total replacement of lifts estimated at RM0.9m
  - (b) Silver Bird Factory – expansion work estimated at RM12.0m
  - (c) KDNC 11 – total refurbishment of cold room estimated at RM 3.0m
  - (d) Expansion of Permanis Factory estimated at RM 12.0m
2. On 1 December 2011, the Manager has announced on behalf of AmanahRaya REIT, the mutual termination of the proposed acquisition of 3 properties from Perbadanan Kemajuan Negeri Selangor (“PKNS”) for a total purchase consideration of RM270 million. The proposed acquisition was mutually aborted by both parties due to unforeseen circumstances and may be revisited in the future when conditions are more favourable.
3. Following the execution of a Share Sale Agreement between CI Holdings Berhad and Asahi Group Holdings Ltd of Japan, the lease on Permanis Factory was novated from CI Holdings Berhad to Permanis Sdn Bhd with corporate guarantee from Asahi Group Holdings Ltd. This novation is however subject to several conditions precedent.
4. Throughout the year 2011, the manager has managed to secure the extension in the lease tenure of Permanis Factory and SilverBird Factory from 2016 to 2021.
5. On 30 December 2011, the Manager has on behalf of AmanahRaya REIT announced, the completion of the revaluation exercise on all properties under AmanahRaya REIT portfolio. The revaluation was conducted in accordance with the requirements of Securities Commission's Guidelines on Real Estate Investment Trusts which requires revaluation of all the real estates in the fund's investment portfolio to be carried out once every three (3) years. Although the three-year period has not lapsed for KDNC 11, AIC Factory, SilverBird Factory, Gurun Automotive Warehouse and SEGI College, Kota Damansara, the revaluation exercise was still carried out on these properties to enable the next revaluation exercise to be varied out simultaneously for all properties under AmanahRaya REIT portfolio.
6. The Manager had participated in road shows to promote REIT investment in general to the public throughout Malaysia. Subsequent to the road shows, the number of public holding units of AmanahRaya REIT has increased tremendously.
7. As at 31 December 2011, the number of unit holders increased by 18% representing a total of 2,809 unitholders in 2011 compared to total of 2,383 unitholders in 2010.

# Manager's Report (continued)

## MOVING FORWARD

### Asset Enhancement

Moving forward, asset enhancement exercise on 4 properties i.e. Selayang Mall, Silver Bird Factory, Permanis Factory and KDNC11 has commenced and is currently ongoing.

The asset enhancement exercise for Selayang Mall and KDNC 11 was estimated at totalling RM4.25 million.

Silver Bird Factory will be expanded to cater for the business expansion of Silver Bird Group Berhad. The expansion cost was estimated at RM12 million and would be funded through bank borrowings.

The enhancement exercise on Permanis Factory is being carried out by the lessee and negotiation on the funding of the same is currently ongoing.

### Acquisition

With regard to acquisition, the Manager will continue with its plan to increase AmanahRaya REIT total asset value to RM1.5 billion from the current RM1.04 billion in the next 3 years.

### 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 the same as in 2011.

## 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 2011 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 and 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 as 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 states that:

As at the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements of AmanahRaya REIT which would render any misleading amount stated in the financial statements.

The Manager opines:

- a. that 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 in nature; and
- b. that there were no transactions or events of material and unusual in nature that are likely to affect substantially the results of the operations of AmanahRaya REIT arisen during the interval between the end of the financial year under review and the date of this report.

#### **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.



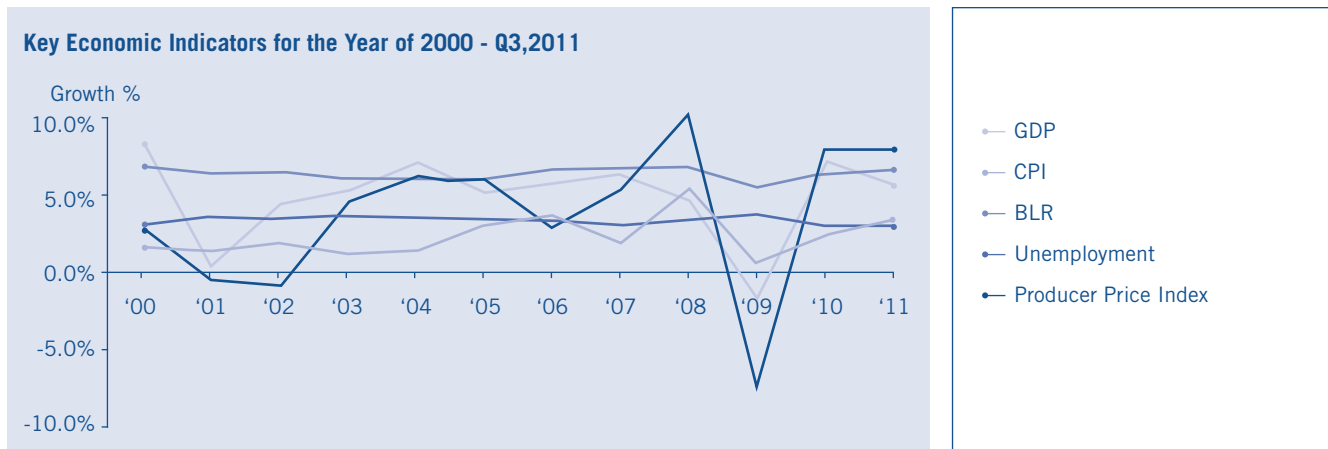
**Tan Sri Dato' Ahmad Fuzi bin Abdul Razak**

Kuala Lumpur  
15 February 2012

## 1. Overview of Malaysian Economy in 2011

The Malaysian economic recovery continued its momentum from last year to the latter half of 2011 where the economy grew at 5.8% in Q3. The first and second quarters of 2011 saw a growth of 4.6% and 4% respectively.

**Chart 1: Key Economic Indicators, 2000 – 3Q 2011**

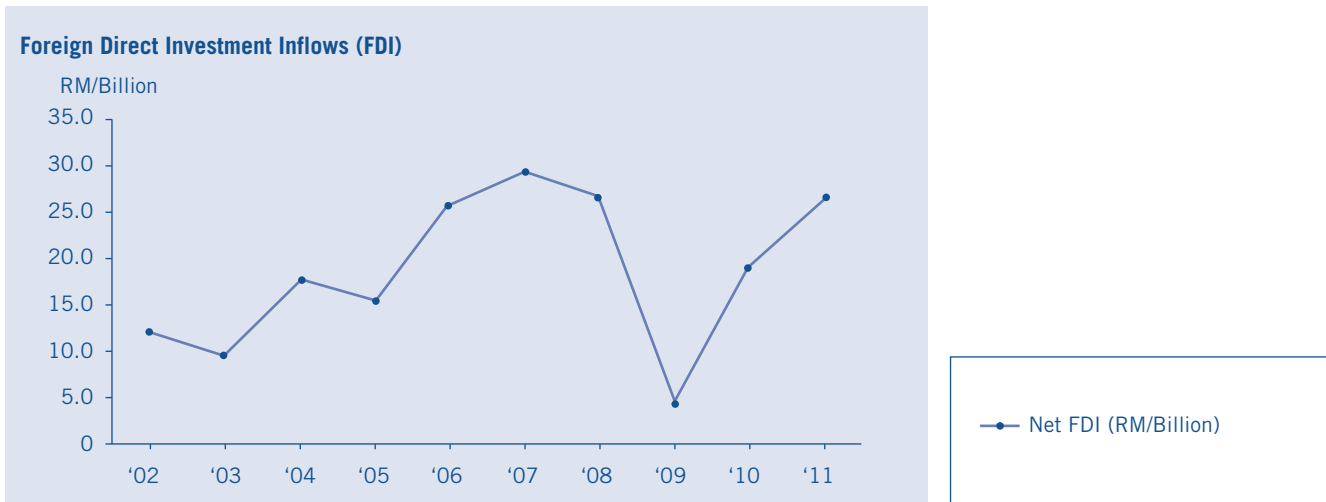


Source: Bank Negara Reports

The overall performance of Malaysian economy in 2010 showed an encouraging growth of 7.2% compared to -1.7% in 2009 year-on-year. The current strong performance is contributed by the sustainable expansion in domestic demand, increase in private sector spending and the recovery in external demand. Bank Negara Malaysia has increased the Base Lending Rate (BLR) from 6.3% in 2010 to the latest revised rate in 1H 2011 at 6.6% which is effective since 11 May 2011.

Net inflows of Foreign Direct Investment (FDI) leapt to RM21.3 billion in the first half of 2011 (1H 2011) compared to RM12.1 billion recorded in the same period for the year 2010 registering an impressive 76% increment from the previous year. The recent announcement made by global management consulting firm, AT Kearney, highlighted that Malaysia's ranking as an attractive foreign direct investment (FDI) destination had jumped from 21st in 2010 to 10th in 2011 (AT Kearney's FDI Confidence Index). The FDI Confidence Index is a regular measure of senior executive sentiment at the world's largest companies. Higher FDIs would assist to cushion any possible impact from the possible challenges in 2012.

**Chart 2: Foreign Direct Investment Inflows**



Source: Bank Negara Report, Department of Statistics

With further liberalization of the financial market by Bank Negara Malaysia, several offshore fund houses and foreign banks have indicated their interests in establishing their presence in the country. This will boost the demand for office space, especially in Kuala Lumpur commercial centers, which is expected to stimulate further interests by secondary services establishments. The interest in Malaysia will be augmented by the multitude transformation programs to create, amongst others, a better business environment on the international stage.

In September 2010, the Malaysian government launched the Economic Transformation Program (ETP) with the prime objective of turning Malaysia into a high income economy by year 2020. In realizing the objective, several National Key Economic Areas (NKEAs) were established which amongst others include Greater Kuala Lumpur, Wholesale and Retail, Tourism, Healthcare and Education.

The NKEAs will inadvertently have high impact on the property sector and this will be done through the various Entry Point Projects or EPP. For instance, the proposed Sungai Buloh – Kajang Mass Rapid Transit (MRT) under Greater Kuala Lumpur's NKEA will fuel growth outside Kuala Lumpur City Centre especially in Sungai Buloh, Kajang and Kota Damansara. The Healthcare NKEA emphasise on improving medical tourism focuses on providing quality care and high-value healthcare experience for outpatient treatments. Incentives are provided to allow local healthcare establishments to compete with similar healthcare services and providers offered by neighbouring countries such as Singapore and Indonesia. Duty-free shopping destination is among the key projects under tourism NKEA. In addition, the government has announced its intention to style Kuala Lumpur City Centre - Bukit Bintang area as a premier shopping precinct in Malaysia by establishing a well-linked integrated pedestrian walkway to connect several shopping malls and hotels situated therein. This will assist in the re-branding of Malaysian shopping experience and to address the increasing concern over issues on public transportation in Malaysia. The proposed pedestrian walkway will link several major shopping centres such as KL Pavilion, Fahrenheit88, Lot 10 and Sungei Wang Plaza.

The implementation of these EPPs is supported and substantiated through the 2012 Budget. About RM6 billion was allocated for the rollout of the ETP. The sum, involving Government expenditure, accounts for 5.5% of the public sector's 8% share or RM109 billion of the total RM2.4 trillion investment to be realized over the next 10 years. To date, 82% of these initiatives have either started operations or commenced, with the remaining 18% in various stages of work-in-progress. More business owners are coming forward to express their commitment in investments that centered mainly in the oil, gas & energy sector, followed by tourism, education, E&E, communication content and infrastructure, healthcare services, agriculture and Greater KL NKEAs. This puts the NKEAs well on track to achieve their 2020 investment and incremental GNI and job targets.

## 2. Retail Sector

'Malaysia Retail Report Q4 2011' by Business Monitor International forecasted total retail sales to grow from RM182.44 billion (US\$51.79 billion) in 2011 to RM279.83 billion (US\$79.44 billion) by 2015. Low unemployment rate, rising disposable incomes and strong tourism industry are key factors behind the forecasted growth. With the population expected to increase to 30 million by 2015, GDP per capita is predicted to rise by 44.7%, from US\$9,686 in 2011 to US\$14,019 in 2015.

As at 3Q 2011, the total Net Lettable Area (NLA) of retail space in Malaysia stood at 117.1 million sq.ft, with 22.8 million sq.ft or 19.5% located in Kuala Lumpur and 27.9 million sq.ft or 23.8% located in Selangor. In 2011, a total of 4.4 million sq.ft of new retail space had been injected into the market. Some of these new stocks are Suria KLCC (Lot C), Kenanga Wholesale City, Southgate in Sungai Besi, Viva Home in Jalan Loke Yew, 1 Shamelin Mall in Cheras and KL Festival City Mall in Taman Danau Kota, to name a few. Meanwhile, new supplies of shopping malls in Selangor are SS2 Mall in Petaling Jaya, Space U8 Shah Alam, Subang Avenue, CITTA Strip Mall in Ara Damansara and The Mines Phase 2 in Seri Kembangan.

Despite the expectation of retail market in Klang Valley to hit oversupply, occupancy rate remains high. For instance, upon opening, Suria KLCC (Lot C) recorded 85% occupancy, Kenanga Wholesale City at 80%, Southgate City at 85%, Viva Home at 92% and KL Festival City Mall at 80%. In Selangor, we noted that some of these malls achieved encouraging occupancy rates, e.g. Jaya One (98%) and Tropicana City Mall (99%).

On average, occupancy rate of shopping malls in Klang Valley in 3Q 2011 was rather stable, averaging at 86.9% in Kuala Lumpur and 85.6% in Selangor. In Selayang, Selangor, the occupancy rate in Selayang slightly declined from 89.6% (1H 2010) to 89.2% (1H 2011). Other malls within 10km radius from Selayang Mall recorded high occupancy rate of between 80.0% (Selayang Capitol) and 100.0% (Giant Batu Caves).

Between 2012 to 2015, the market is expected to witness the additional supply of 12 new complexes to be opened in Kuala Lumpur and Selangor, which will contribute more than 7.5 million sq.ft of retail space, i.e. Nu Sentral Shopping Mall, Sunway Velocity, Damansara City Mall, The Strand Mall, IOI City Mall Putrajaya, Empire City Mall Damansara Perdana and several others.

Rental rates remained relatively stable in 2011. Monthly rental rate in Seri Kembangan and Selayang ranged from RM3.00 psfpm to RM14.00 psfpm and RM1.50 psfpm to RM12.00 psfpm respectively.

In terms of capital value, there were several transactions in 2011 in the Klang Valley as shown in Table 1 below with prices ranging from RM998 psf (The Gardens Mall, Mid Valley) and RM1,136 psf (Capsquare Retail Centre).

**Table 1: Transactions of Selected Retail Centres within Klang Valley in 2011**

Property	NLA (sq ft)	Vendor	Purchaser	Consideration	RM (psf)
The Gardens Mall, Mid Valley	821,887	IGB Corp Bhd	Kriss Assets	RM820 mil	998.00
Capsquare Retail Centre	128,541	Bandaraya Development Bhd	Ambang Sehati Sdn Bhd	RM146 mil	1,136.00

Source: Rahim & Co Research

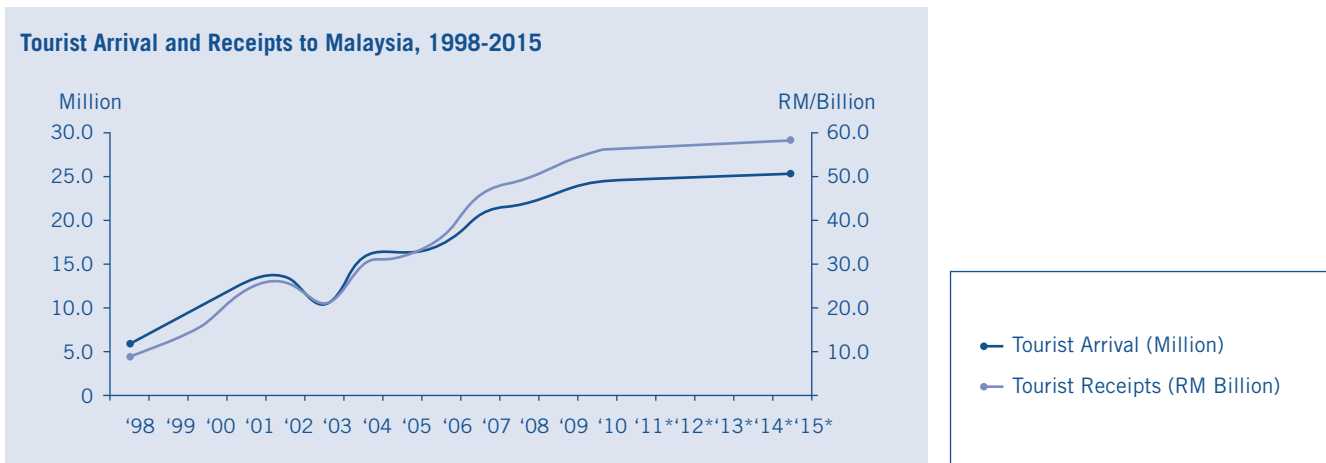
Net yield for retail centers in the Klang Valley is estimated to range from 5.0% to 9.0% in 2012.

Looking ahead, the retail market is expected to remain favourable, backed by improving economy and positive consumers' sentiment. However, competition is expected to intensify due to possible oversupply of retail centres. This cautious sentiment is supported by The Malaysian Retailer Chains Association (MRCA). In December 2011, MRCA had urged developers to carry out extensive research before opening additional shopping malls as retailers have had difficulties in differentiating product offerings due to the excessive supply of shopping malls with the same positioning.

### 3. Hotel Sector

In recent years, international tourism has grown significantly stimulated by initiatives and promotional efforts by the Government as well as private hoteliers. Malaysia is ranked as the 9th most visited country in the world in 2009 and 2010. By 2020, based on the target set by the government for the NKEA-Tourism, Malaysia is expected to receive 36 million tourist arrivals and RM168 billion tourist receipts.

**Chart 3: Tourist Arrival and Receipts, 1998 – 2015**



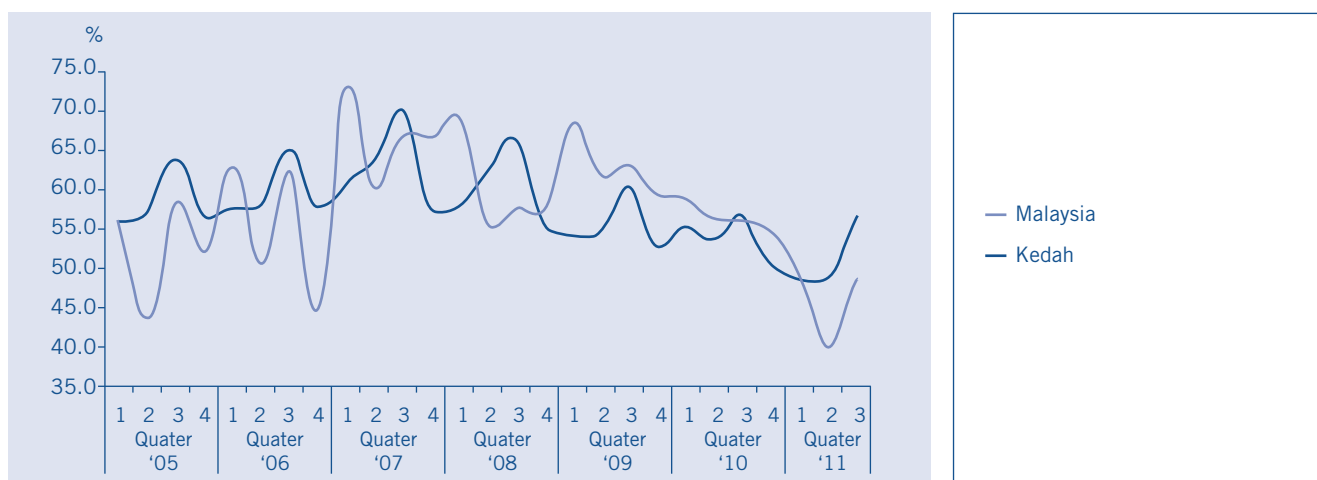
Source: *Tourism Malaysia*

At the end of 2010, majority of the tourists visiting Malaysia were from Singapore and Indonesia. This can be seen from the registered number of tourist arrivals which stood at 13,042,004 and 2,506,509 respectively. Increased accessibility via air travel due to the emergence and strengthening of low-cost airlines and no frills travel packages are key contributors to the growth of this sector. Currently, Singapore's Silk Air, Malaysia Airlines and Air Asia collectively operate more than 30 flights per week between Singapore and Langkawi. This facility provides more opportunity to increase tourist arrivals in Kedah.

Between 1H 2010 and 1H 2011, supply of hotel rooms in Malaysia increased only by 1.3% from 168,980 rooms to 171,130 rooms. During the same period, supply of hotel rooms in Kedah increased by 0.9% from 9,578 rooms to 9,664 rooms.

The trend of occupancy rate in Malaysia as well as Kedah has 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 72.7% in Q1 2007. As of Q3 2011, the overall occupancy rate for Malaysia and Kedah was at 56.7% and 48.3% respectively (Chart 4). In Alor Setar, occupancy rates of selected hotels range from 50% to 56% and in Langkawi, the rates range from 50% to 78% (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 as at Q3 2011**

Hotel	Location	Occupancy Rate as at Q3 2011 (%)
The Regency Hotel	Alor Setar	53%
Hotel Grand Crystal	Alor Setar	50%
Sentosa Regency Hotel	Alor Setar	56%
Andaman Langkawi Resort	Langkawi	55%
The Datai Langkawi Resort	Langkawi	50%
The Westin Langkawi Resort & Spa	Langkawi	78%
Meritus Pelangi Beach Resort & Spa	Langkawi	71%
Four Season Resort	Langkawi	72%
Tanjung Rhu Resort	Langkawi	77%

Source: Rahim & Co Research, MIHR

Based on our findings, the average room rate for 5-star hotels in Langkawi ranges from RM1,400 per night to about RM 9,600 per night. According to the Malaysian Association Hotel as at 1H 2011, the overall average room rate in Langkawi was at RM685, an increase of 25.7% compared to the previous year at RM545. The rate is higher compared to other nearby tourist destinations, such as Batu Ferringhi (RM338) and Georgetown (RM197). Meanwhile, in Alor Setar, room rate for 3-star hotel hovers between RM200 to RM690 per night.

The percentage of foreign tourists visiting Kedah decreased from 1,941,678 tourists in 2009 to 1,168,044 tourists in 2010; registering a 39.8% drop. We believe this is a typical consequence of the recent global financial crisis. Nonetheless, various promotions and campaigns were carried out in order to attract foreign tourists, especially from China, India and Middle East to visit Kedah, particularly Langkawi. The recently launched Langkawi Tourism Blueprint 2011-2015 aims to make the resort island among the world's top 10 island and eco-tourism destination by 2015. It provides a tourism portfolio comprising 14 initiatives designed to cover the three themes of product, infrastructure and enabler.



#### 4. Office Sector

As of Q3 2011, the total supply of office space in purposed-built office (PBO) buildings in the Klang Valley was 100.7 million sq.ft, of which about 74.8 million sq.ft were located in Kuala Lumpur and the remaining 25.9 million sq.ft were in Selangor. Compared to the preceding years, the total supply in Kuala Lumpur and Selangor increased by 2.5% and 3.5% respectively. The year 2011 saw the completion of seven new office buildings supplying a total of 2.34 million sq.ft of office space, namely Capital Square Office Tower 2, Menara Bank Islam, Menara Worldwide, Hampshire Place, One Mont Kiara, Glomac Tower and Dijaya Plaza. All these newly completed buildings have managed to secure tenants since completion with occupancy rates of 98% for Dijaya Plaza, 50% for Menara Bank Islam, 30% for Hampshire Place & Glomac Tower, 35% for One Mont Kiara and 30% for Capital Square Office Tower 2 while Menara Worldwide is still waiting for the approval of its Certificate of Fitness for Occupation (CFO).

Due to the increase in supply, the overall average occupancy rate of PBOs in Kuala Lumpur has declined slightly from 81.2% in 2010 to 79.6% in Q3 2011. As shown in Table 3 below, occupancy rates of selected PBOs within AmanahRaya REIT locality range from 80.0% to almost 100.0%, indicating high demand for office space within these areas.

Stiff competition for tenants is noted due to wider choices available in the market. Landlords have come up with attractive tenancy terms to entice tenants. Rental rate is under pressure due to the increasing supply. Through repositioning of rental prices, despite the increase in space, we noted a slight decline in average rental rate. Rentals were rationalised in order to maintain high occupancy rates. The average rental rate in Kuala Lumpur for Golden Triangle and Central Business District area arrives at RM5.91 psf per month in Q3 2011, compared to RM6.05 psf per month in 2010. Similarly, Petaling Jaya recorded a lower average rental rate at RM3.47psf compared to RM3.74psf in 2010. Within the vicinity of AmanahRaya REIT property area, Table 3 shows the rental rate as at 2011, ranging from minimum of RM3.40 psf to maximum of RM10.50 psf per month.

**Table 3: Occupancy and Rental Rates of Selected PBOs within AmanahRaya REIT Locality as at Q3 2011**

Name of Building	Location	Occupancy Rate (%)	Asking Rental Rate (RM psf)
Menara Citibank	Jalan Ampang	95%	8.50
Menara Maxis	Jalan Ampang	93%	10.50
Wisma Selangor Dredging	Jalan Ampang	98%	6.00
Sunway Tower	Jalan Ampang	90%	6.50
Menara Safuan	Jalan Ampang	90%	6.00
Bangunan Am Finance	Jalan Ampang	95%	6.00
Kenanga International	Jalan Ampang	84%	6.80
Menara IMC	Jalan Ampang	96%	8.50
Plaza OSK	Jalan Ampang	95%	5.50
Menara Great Eastern	Jalan Ampang	90%	5.00
Vista Tower	Jalan Tun Razak	90%	7.50 – 9.50
The ICON	Jalan Tun Razak	90%	7.50
G Tower	Jalan Tun Razak	93%	8.00
Subang Hi-Tech	Subang Jaya	90%	3.80
Wisma Consplant 1	Subang Jaya	90%	4.00
Wisma Consplant 2	Subang Jaya	90%	4.00
Wisma UEP	Subang Jaya	80%	3.50 – 4.00
Menara Summit	Subang Jaya	80%	3.50
First Subang (new building)	Subang Jaya	50%	3.50 – 4.50
Menara Manulife	Damansara Height	100%	4.50
Menara Millenium	Damansara Height	98%	5.00
Menara HP	Damansara Height	93%	5.00
Bangunan Malaysia RE	Damansara Height	100%	3.80 – 4.50
Wisma E&C	Damansara Height	80%	4.40
Wisma Chase Perdana	Damansara Height	84%	3.40 – 3.70
Plaza Damansara A	Damansara Height	90%	3.50
Wisma UOA Damansara I	Damansara Height	100%	5.00
Wisma UOA Damansara II	Damansara Height	100%	5.00
Mines Waterfront Biz Park	Seri Kembangan	90%	3.50 – 3.70
Mines 2 (new building)	Seri Kembangan	50%	4.50

Source: Rahim & Co Research

In terms of average capital value, based on several transactions recorded in 2011, there is an improvement of 6.0% from market average of RM755 psf to RM780 psf. Table 4 shows some of the notable transactions recorded as at Q3 2011.

**Table 4: Selected Transactions of PBOs as at Q3 2011**

Office Building	Tenure	NLA (sq.ft)	Consideration	RM/psf
Dua Sentral	Freehold	430,000	RM232.2 mil	540
Menara Multi-Purpose	Freehold	541,424	RM375 mil	693
Wisma Goldhill, KL	Freehold	270,000	RM174.5 mil	646
The Horizon (Phase 1)	Freehold	46,100	RM36 mil	780

Source: Rahim & Co. Research

In the next five years, an estimated 33.7 million sq.ft of new office space will be completed, of which about 14.4% (4.8 million sq.ft) will be located in the suburbs such as Damansara City 2 in Damansara City Centre, Kiara 163 in Mont Kiara, Office Tower@The Paradigm in Kelana Jaya and Point 92 Office Tower, 8trium, The Altium and Glomac Damansara in Damansara.

The emergence of new supply in suburban areas in the last couple of years is a response to the growing trends, in line with the strong demand for suburban space.

Demand for quality office space outside the city center is expected to be strong in the next few years due to the growing trend of decentralization from the city center to suburbs primarily driven by higher rents and traffic congestion issues in the city centre and fuelled by the vast improvement in suburban accessibility through major highways. We anticipate that the rental rates in Kuala Lumpur will be slightly depressed with an upcoming of about 7 million sq.ft of office space into the existing market by year 2015.

## 5. Industrial Sector

As one of the largest contributors to the Malaysian economy, the manufacturing sector continued to play a major role in the country's economic development. Basic economic activities, in macroeconomic terms, provided by this sector, translates to multiplier effects including increasing demand for real estate especially residential and commercial – despite the activity within the industrial sector itself being relatively small. In 1H 2011, industrial property transactions accounted only 2.4% of the total transaction volume, representing 8.4% of the total transaction values. Compared to 1H 2010, the volume of transactions increased by 12.6% in 1H 2011 from 4,648 transactions to 5,232 transactions. During the same period, value of transactions increased by 23.1% from RM4.40 billion to RM5.42 billion. Such positive trend was also noted in the increase of manufacturing sales value between 1H 2010 and 1H 2011 by 12.9%, which showed a general recovery of the manufacturing sector after a slowdown in 2008.

As at Q3 2011, the total supply of industrial properties in Malaysia was 93,729 units, of which Selangor and Kedah contributed about 36.7% and 3.4% of the total supply respectively. In addition, there were 2,792 units of incoming supply and 1,685 units of planned supply in Selangor, whereas in Kedah, there were 58 units of incoming supply and 3,635 units of planned supply.

**Table 5: Supply of Industrial Properties (units) as at Q3 2011**

Location	Existing Stock	Incoming Supply	Planned Supply
Selangor	34,458	2,792	1,685
Kedah	3,190	58	3,635
Malaysia	93,729	7,825	23,131

Source: Property Market Report

Rental rates of selected industrial properties where AmanahRaya REIT properties are located remained stable due to long term tenancy contracts of a period between five to ten years. Meanwhile, a few industrial properties noted some rental increment between 2010 and 2011. Factory unit in Bandar Baru Bangi registered the highest rental growth between 2010 to 2011 whereby it increased by 11.8% from RM1.52psf to RM1.70psf. In general, asking rental for other industrial properties within AmanahRaya REIT's locality ranged between RM0.67psf (in Telok Gong, Klang) to RM2.30psf (in Bukit Jelutong, Shah Alam).

Industrial areas within the AmanahRaya REIT locality include Shah Alam, Bukit Jelutong, Hicom Glenmarie, Bandar Baru Bangi, Kota Damansara and Klang.

**Table 6: Rental Rates of Industrial Properties within AmanahRaya REIT Locality, 2011**

Area	Property Address	Type of Industrial	B/Up (sq.ft)	Asking Rental (RM/sq.ft), 4Q 2010	Asking Rental (RM/sq.ft), 4Q 2011	% Change
Shah Alam	Bukit Kemuning Section 15	Warehouse	20,000 - 40,000	1.30 - 1.40	1.30 - 1.40	Stable
		Warehouse	13,500 - 18,000	1.11 - 1.40	1.11 - 1.40	Stable
	Bukit Jelutong Temasya Industrial Park Section 27 Hicom Glenmarie	Warehouse	30,000 - 50,000	1.90 - 2.10	1.90 - 2.30	Stable
		Factory	10,000 - 20,000	1.80 - 2.00	1.90 - 2.20	9.5%
		Terraced	4,000 - 6,000	1.20 - 1.30	1.00 - 1.40	7.7%
	Detached	30,000 - 43,000	1.40 - 1.50	1.40 - 1.80	3.4%	
Bangi	Bandar Baru Bangi	Factory	55,000 - 60,000	1.51 - 1.52	1.50 - 1.70	11.8%
	Bandar Baru Bangi	Factory	5,000 - 12,000	1.21 - 1.36	1.21 - 1.40	2.9%
Klang	Telok Gong Telok Gong	Warehouse	52,000 - 68,000	0.73 - 1.00	0.80 - 1.00	Stable
		Factory	56,000 - 65,000	0.67 - 0.80	0.67 - 0.80	Stable

Source: Rahim & Co. Research

Single-storey detached factories subsector dominated the industrial transaction market. Transaction of 1-storey detached factory in Seksyen 3, Kota Damansara marks the highest value at RM522psf while other similar industrial sectors averaged at RM204psf. Some industrial parks with active transaction markets are located at Kota Damansara, Shah Alam, Klang and Kajang.

A 2-storey detached factory in Shah Alam registered the highest selling price rate of all industrial types in the AmanahRaya REIT's locality arriving at RM1,204 psf. A vacant industrial land in Pulau Indah Industrial Park was transacted at RM22 psf. Selected transactions and rental rates for properties within the abovementioned areas is tabulated in the following page.

As more industrial projects related to ETP takes off, the industrial market is likely to sustain the present momentum and have better opportunities in the future.

**Table 7: Transactions of Industrial Properties within AmanahRaya REIT Locality, 2011**

	Description	Mukim	Location	Transaction Date	Vendor	Purchaser	Consideration (RM - Mill)
Damansara	Vacant Lot	Petaling	Kota Damansara	Aug-11	Tamadun Cemerlang Sdn Bhd	Biz-Markas Sdn Bhd	RM12.2 mil (RM70psf)
	3-storey Detached Light Factory	Petaling	Taman Sains Selangor 1, Kota Damansara	Aug-11	Luxor YRM Sdn Bhd	Cyber Business Solution Sdn Bhd	RM18 mil (RM462psf)
	1-storey Detached Factory	Pekan Baru Sg Buloh	Seksyen 3, Kota Damansara	Mar-11	Henikwon Corp. Sdn Bhd	Secret Recipe Manufacturing Sdn Bhd	RM28 mil (RM522psf)
	1½-storey semi-d Factory	Pekan Baru Sg Buloh	Seksyen 3, Kota Damansara	Jan-11	AT Transmissions Sdn Bhd	JAR Hardware Sdn Bhd	RM6 mil (RM1,058psf)
Shah Alam	1½-s semi-d Factory	Bandar Shah Alam	Seksyen 16, Shah Alam	Feb-11	FMC Manufacturing Sdn Bhd	XTRO Tech Sdn Bhd	RM2.4 mil (RM383psf)
	2-s Detached Factory	Bandar Shah Alam	Seksyen 16, Shah Alam	May-11	Hokuriku (M) Sdn Bhd	Greenway Link Sdn Bhd	RM17 mil (RM1,204psf)
	1-s Detached Factory	Bandar Shah Alam	Seksyen 16, Shah Alam	May-11	Inagro Sdn Bhd	Lighting Editions Sdn Bhd	RM7.5mil (RM148psf)
	1-s Detached Factory	Bandar Shah Alam	Seksyen 16, Shah Alam	Jul-11	Boustead Weld Court Sdn Bhd	Intermarco Dev't Sdn Bhd	RM5.5 mil (RM369psf)
	1-s Detached Factory	Pekan Hicom	Sekyen 26, Shah Alam	Jun-11	Polymatech (M) Sdn Bhd	Sunchirin Industries (M) Bhd	RM14.3 mil (RM340.55psf)
Klang	Vacant Industrial land	Kapar	Seri Alam Industrial Park	Jun-11	NPO Land Sdn Bhd	Toyo Ink Group Bhd	RM8.97 mil (RM38psf)
	Vacant Industrial land	Klang	Pulau Indah Industrial Park	Jun-11	Central Spectrum (M) Sdn Bhd	Scientex Bhd	RM12.02 mil (RM22psf)
	1-s Detached Factory	Klang	Kawasan Perindustrian Bdr Sultan Sulaiman	Jan-11	AXIS REIT	Freight Management (M) Sdn Bhd	RM14.5 mil (RM97psf)
	1-s Detached Factory	Klang	Perindustrian Sg Jati	Mar-11	Leadken Industry Sdn Bhd	Top Slings Trading Sdn Bhd	RM15 mil (RM169psf)
Bandar Baru Bangi	1-s Detached Factory	Kajang	Seksyen 14, Bandar Baru Bangi	Apr-11	Hitachi Consumer Products (M) Bangi Sdn Bhd	Talent Team Sdn Bhd	RM20 mil (RM105psf)
	1½-s semi-d Factory	Bandar Baru Bangi	Seksyen 10, Bandar Baru Bangi	Mar-11	Chia Ah Tee	Jusgreat Sdn Bhd	RM3.2 mil (RM322psf)
	1½-s semi-d Factory	Bandar Baru Bangi	Seksyen 10, Bandar Baru Bangi	May-11	Ehsan Plant & Property Sdn Bhd	Ampang Press Sdn Bhd	RM1.65 mil (RM353psf)

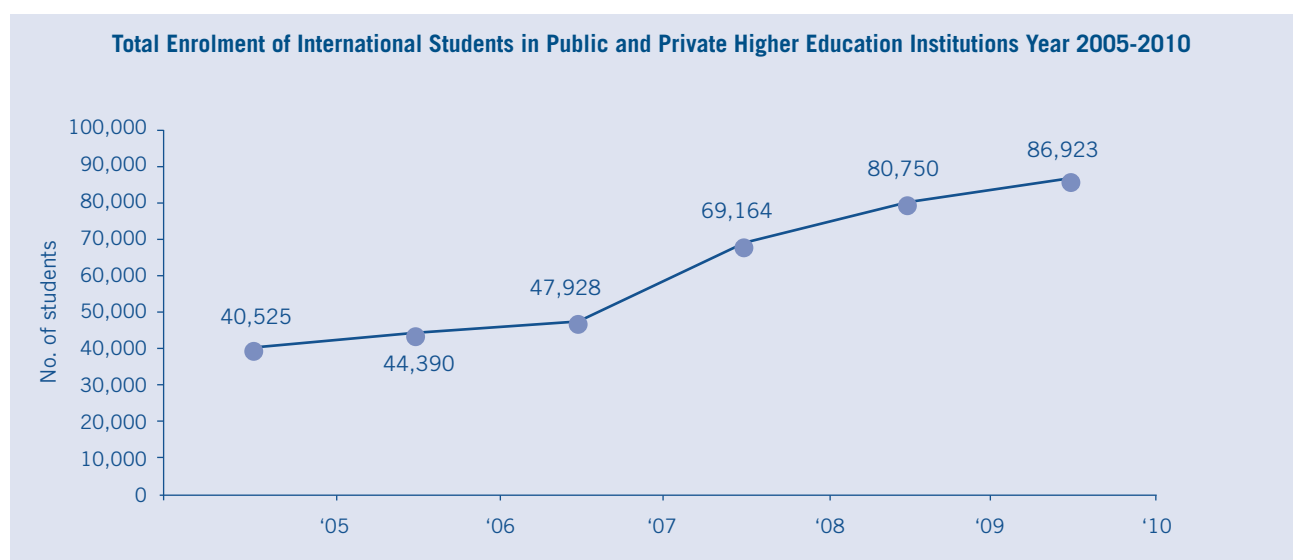
Source: JPPH

## 6. Education Sector

The education industry continues its growth momentum – with the consistent educational promotion expositions organized by both public and private sectors. The number of enrolments overall (for both new entries and existing enrolments) for the country grew by 6.5% in 2010. There were a total of 1.43 million students within this collective category in 2009 which increased to 1.52 million in 2010. It is estimated that more than 1.6 million students are currently enrolled in various programs throughout the country.

Looking at the trend of enrolments of foreign students in private and public Higher Education Institutions (HEIs), the numbers suggest that Malaysia continues to be a popular destination for tertiary education. This directly translates to increased demand for educational spaces which is popularly executed via conversion of office and commercial spaces into educational and training facilities.

**Chart 5: Total Enrolment of International Students in Public and Private Higher Education Institutions in Malaysia**



Source: Ministry of Higher Education

In 2010, there were 86,923 foreign students in various Higher Education Institutions around the country. The 44% jump in foreign students enrolment between 2007 and 2008 was not repeated in 2010; nevertheless, growth was still recorded by 7.6% in recent years – which is still commendable. The surge in the past was probably due to the more open-door treatment to educational system in the country compared to other cities around the world, coupled with a more favourable currency exchange rate.

**Table 8: Total Number of Students Enrolled in Selected Programmes**

### Total Students in Public & Private Higher Education Institutions in Selected Programs

		PhD	Masters	Degree	Others	Total	% Change
Entries	2010	5,663	24,557	137,616	222,699	390,535	2.41%
	2009	4,942	23,922	132,040	220,432	381,336	
Enrolment	2010	21,522	63,714	494,989	553,909	1,134,134	7.94%
	2009	16,947	58,252	470,772	504,755	1,050,726	
Graduates	2010	1,268	12,832	93,007	132,196	239,303	-4.60%
	2009	750	9,941	106,291	133,854	250,836	

Source: Ministry of Higher Education

With the continuing rise in the overall number of total enrolments at HEIs, it is believed that the number of enrolments shall continue to improve in the ensuing year. Whether the increase is a result of longer program timeframe or the productive outcome of other factors, higher number of enrolments is a favourable sign in terms of space requirement for educational institutions.

**Table 9: Distribution of Foreign Students' Origin in IPTS, End 2010**

Ranking	IPTS	Enrolment 2009	Percentage	Ranking	IPTS	Enrolment 2010	Percentage
1	China	7,078	12.1%	1	China	8,046	12.8%
2	Iran	6,930	11.9%	2	Iran	7,009	11.2%
3	Indonesia	6,099	10.5%	3	Indonesia	6,119	9.8%
4	Nigeria	5,398	9.3%	4	Nigeria	5,080	8.1%
5	Yemen	3,382	5.8%	5	Yemen	4,057	6.5%
6	Libyan Arab Jamahiriya	2,831	4.9%	6	Sudan	2,241	3.6%
7	Botswana	1,938	3.3%	7	Botswana	1,909	3.0%
8	Sudan	1,867	3.2%	8	Saudi Arabia	1,584	2.5%
9	Saudi Arabia	1,675	2.9%	9	Bangladesh	1,503	2.4%
10	Bangladesh	1,521	2.6%	10	Korea	1,426	2.3%
	Others	19,575	33.6%		Others	23,731	37.8%
	<b>TOTAL</b>	<b>58,294</b>	<b>100.00%</b>		<b>TOTAL</b>	<b>62,705</b>	<b>100.00%</b>

Source: Ministry of Higher Education

As per the previous years, most of the foreign students enrolled in HEIs come from China and Iran. Collectively, they accounted for almost a quarter of the total foreign students and one may want to continue focusing on new enrolments of foreign students from these countries. It is interesting to note that Korea entered the Top 10 List of Foreign Students Origin in 2010.

## 7. Outlook for 2012

Malaysia's growth in 2012 will be driven mostly by domestic sector as the domestic demand is expected to remain strong due to supportive government policies such as the 10th Malaysia Plan, Economic Transformation Program (ETP) and the 2012 budget. Currently, the domestic demand has increased by 9.0% (estimated) from 5.6% in the previous quarter contributed by the expansion in private sector spending and higher public sector expenditure. Overall, private investment will continue to fuel Malaysia's growth in 2012 where it has reached about RM75 billion during the first three quarters in 2011.

As proven over the years, real estate in prime and established areas should command a rather consistent demand – be it for its capital values as well as rental values. The residential market will continue to see renewed interest in established suburban locations such as in state capitals and major economic cities. The condominium market, especially in the high-end tier, may continue to consolidate but to a smaller extent as the market had gone through a correction phase in 2008/2009.

The office market segment will see the arrival of a new class of Grade-A buildings in Klang Valley. With more than 7.6 million square feet of office space entering the market in 2012, expected rental rates will be under pressure especially in the ultra-prime buildings category. There is a huge opportunity for older buildings to be repositioned just behind these ultra-prime buildings and priced strategically as value-for-space in the coming couple of years. It is expected that refurbishment exercises will be active in the next 24 months to capitalize on this opportunity. By 2015, average rental rates of prime office buildings in Kuala Lumpur is expected to record around RM7.00 psf compared to current rates averaging at RM6.00 psf.

Similarly, a total of more than 7.5 million sq.ft of retail space is expected to enter the market by year 2015. As competition gets stiffer, occupancy and rental rate of newer shopping mall will be softer. We reckon competition will be stiffer as buyers/shoppers have more option to choose from and eventually dilute the profit margin of retailers. A branded and popular anchor tenant will significantly attract high patronage volume coupled with a good tenant mix that encourages the interchange of customers and retail activities. Suburban malls will be more popular if they can offer better variety of goods and services, synergized with a rebranding exercise.

Branding has become increasingly significant in the hospitality segment as people do buy brands. It will become even more important for individual hotel units to develop methods to ensure they can be recognized to establish market penetration. Standing out among the competitors or within an individual community should be a continuing priority for all hotel operators and owners.