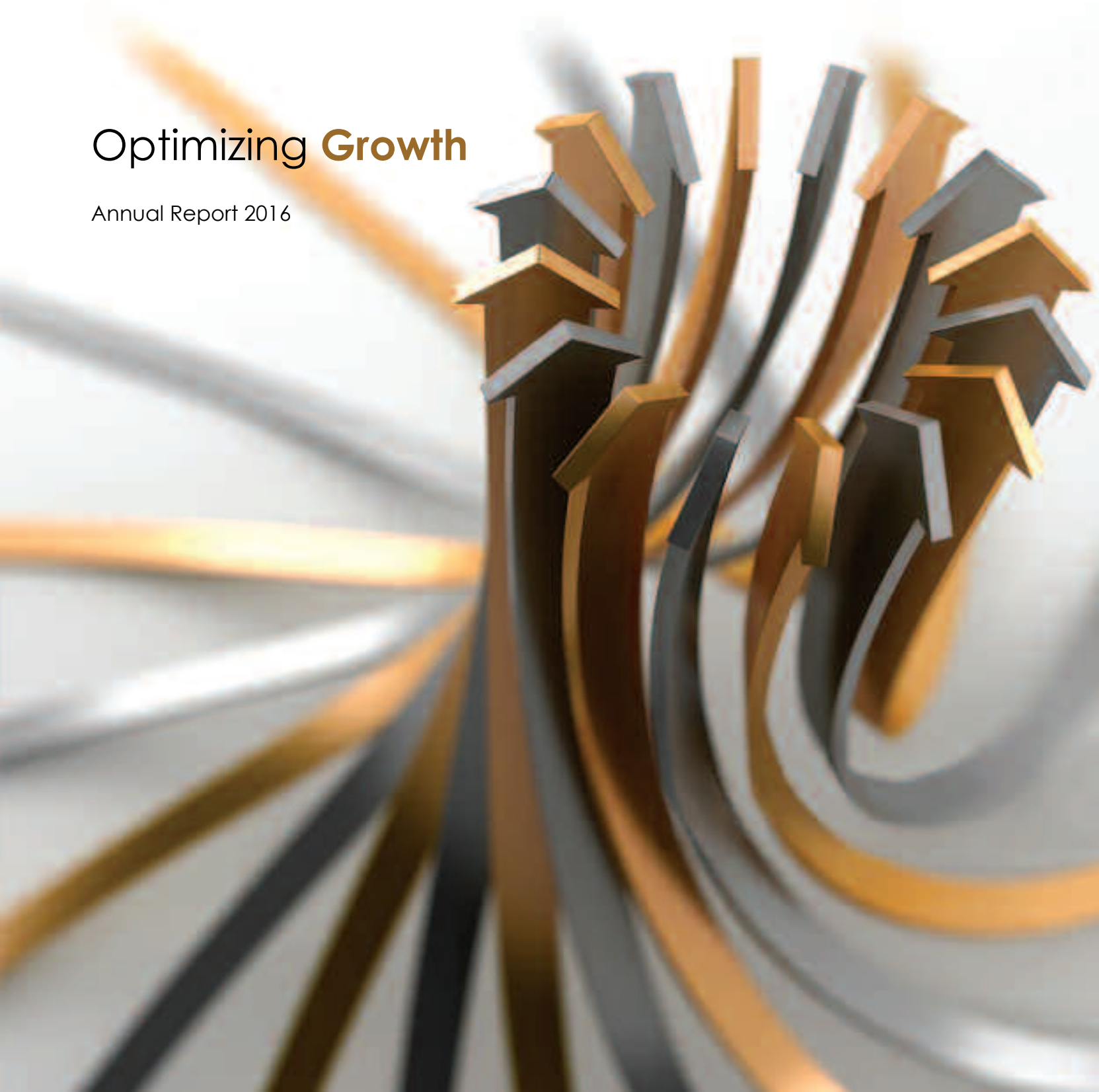


AMANAHRAYA ■ REIT

Optimizing **Growth**

Annual Report 2016



We are focused on Optimizing Growth of ARREIT's portfolio to ensure that we shall be able to create accretive value of investment to all Investors.

The commitment moving forward is to optimise the Manager's performance through well planned income and portfolio growth.

➤ RETAIL

- Selayang Mall

➤ INDUSTRIAL

- AIC Factory, Shah Alam
- SilverBird Factory, Shah Alam
- Gurun Automotive Warehouse
- Deluge Factory, Johor

➤ HOSPITALITY

- Holiday Villa, Alor Setar
- Holiday Villa, Langkawi

➤ OFFICE

- Toshiba, TEC, Glenmarie
- Block A & B, South City Plaza
- Dana 13, Dana 1 Commercial Centre, Ara Damansara
- Wisma Comcorp, Glenmarie
- Contraves, Cyberjaya

➤ HIGHER EDUCATION BUILDING

- SEGi College, Subang
- SEGi University, Kota Damansara
- HELP University, Jalan Semantan





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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 2, Wisma AmanahRaya
No 2, Jalan Ampang
50508 Kuala Lumpur
Tel : 03 2078 0898
Fax : 03 2026 6446

BOARD OF DIRECTORS OF THE MANAGER

Independent Non-Executive Directors

Dato' Sri Ikmal Hisham Abdul Aziz (Chairman)
(Appointed on 19 January 2017)

Dato' Anthony @ Firdauz Bujang

Mahadzir Azizan
(Appointed on 5 April 2016)

Tan Sri Dato' Ahmad Fuzi Abdul Razak
(Resigned on 31 December 2016)

Tuan Haji Zulkifly Sulaiman
(Resigned on 19 January 2017)

Non-Independent Non-Executive Directors

Dato' Che Pee Samsudin

Ahmad Suhaimi Endut

Dato' Abdul Rahman Md Khalid
(Resigned on 4 May 2016)

Datuk Johar Che Mat
(Resigned on 1 August 2016)

Adenan Md Yusof
(Appointed on 30 September 2016)

COMPANY SECRETARIES OF THE MANAGER

Leong Shiak Wan (f)

Jerry Jesudian Joseph Alexander

Norhaslinda Samin
(Resigned on 24 November 2016)

INVESTMENT COMMITTEE

Mahadzir Azizan (Chairman)

Syed Elias Abd. Rahman Alhabshi

Vasanth Kumar Tharmalingam

Datuk Johar Che Mat
(Resigned on 1 August 2016)





AUDIT COMMITTEE

Mahadzir Azizan (Chairman)
(Appointed on 5 April 2016)
(Redesignated as Chairman on 19 January 2017)

Dato' Haji Che Pee Samsuddin
(Redesignated as Member on 19 January 2017)

Tuan Haji Zulkifly Sulaiman
(Resigned on 19 January 2017)

MANAGEMENT TEAM

Noorbaizura Hermeyney
Chief Operating Officer
(Appointed on 7 January 2016)

Kusuma Dewi Abd Aziz
Head of Investment
(Appointed on 1 June 2016)

Isyam Bin Ishak
Accountant

Jerry Jesudian Joseph Alexander
Joint Company Secretary

Premjit Singh Kolwant Singh
Head of Legal & Compliance
(Appointed on 1 July 2016)

Mahathir Mohamad Supian
Acting Head of Property Management
(Appointed on 1 December 2016)

Hasrol Nizam Mohd Hasbi
Head, Property Management
(Resigned on 3 November 2016)

PROPERTY MANAGERS

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

Nawawi Tie Leung Property Consultants Sdn
Bhd (579078-V)
(formerly known as DTZ Nawawi Tie Leung
Property Consultants Sdn Bhd)
Suite 34.01, Level 34
Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur

Hartamas Asset Management Sdn Bhd
(Company No. 905055-U)
Unit 13-08, Level 13,
Block A, Menara Prima, Jalan PJU 1/37,
Dataran Prima, 47301 Petaling Jaya,
Selangor

Operon Asset Advisory Sdn Bhd (1030148-U)
901-2, Level 9, Tower 1
Wisma Amfirst, Jalan
SS7/15, Jalan Stadium,
47301 Petaling Jaya, Selangor

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 Islamic Trustee Berhad
Level 13, Menara CIMB,
Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur.
Tel: 03 2261 8888
Fax: 03 2261 9894

FINANCIERS

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

Public Bank Berhad (6463-H)
Ground Floor Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur

AUDITOR

Messrs KPMG PLT
Level 10, KPMG Tower
8 First Avenue Bandar Utama
47800 Petaling Jaya Selangor

BURSA MALAYSIA STOCK CODE

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

PROPERTY PROFILE



1. CONTRAVES, CYBERJAYA
2. DELUGE FACTORY, NUSAJAYA
3. TOSHIBA TEC MALAYSIA, SHAH ALAM
4. WISMA COMCORP, SHAH ALAM
5. SEGI UNIVERSITY, KOTA DAMANSARA
6. SEGI COLLEGE, SUBANG JAYA
7. HELP UNIVERSITY, JALAN SEMANTAN
8. SELAYANG MALL, SELAYANG
9. HOLIDAY VILLA, ALOR SETAR
10. HOLIDAY VILLA, LANGKAWI
11. DANA 13, DANA 1 COMMERCIAL CENTRE, ARA DAMANSARA
12. BLOCK A & B, SOUTH CITY PLAZA, SERI KEMBANGAN
13. SILVERBIRD FACTORY, SHAH ALAM
14. GURUN AUTOMOTIVE WAREHOUSE, GURUN
15. AIC FACTORY, SHAH ALAM



ABOUT AMANAHRAYA-REIT

AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT") was established on 10 October 2006 pursuant to the Trust Deed dated 10 October 2006 between the Manager, AmanahRaya-REIT Managers Sdn Bhd ("Manager") and the Trustee, CIMB Islamic Trustee Berhad ("Trustee"). It is classified as a real estate investment fund and was listed on the Main Board of Bursa Malaysia Securities Berhad on 26 February 2007. As at 31 December 2016, the portfolio of AmanahRaya REIT includes 15 properties with a total assets value of RM1.040 billion.

ABOUT AMANAHRAYA-REIT MANAGERS SDN BHD

AmanahRaya-REIT Managers Sdn Bhd ("Manager"), license No: CMSL/A0309/2013) a wholly owned subsidiary of AmanahRaya Berhad. The Manager was formed on 8 May 2009 and took over the management of AmanahRaya REIT from the former Manager. AmanahRaya - JMF Asset Management Sdn Bhd (presently known as AmanahRaya Investment Management Sdn Bhd), on 27 August 2009. As at 31 December 2016, the authorised share capital of the Manager is RM5 million and the paid-up share capital is RM1.5 million.

The Manager is principally responsible for the management of AmanahRaya REIT's investment strategies to meet its investment objectives. Its primary investment objective is to provide and administer AmanahRaya REIT on behalf of the unit holders in accordance with the Trust Deed dated 10 October 2006 (as supplemented by the Supplemental Trust Deed dated 4 January 2007 and the Second Supplemental Deed dated 27 August 2009) and Guideline issued by the Securities Commission and Bursa Malaysia Securities Berhad. The Manager's main role is to ensure stable and sustainable return to AmanahRaya REIT unit holders.

SALIENT FEATURES OF AMANAHRAYA REIT

Fund Category

Real Estate Investment Trust

Fund Type

Income and Growth

**Duration of Fund/
Termination Date**

The earlier of:

- the occurrence of any termination events set out under the provisions of the Trust Deed
- 80 years after 20 October 2006 or until such further period as the law may permit.

Approved Fund Size

573,219,858

Investment Objective

To provide unitholders with stable and growth potential returns over a long term period.

Investment Policy

- Long term lease arrangements averaging 6 years
- Security deposit averaging 1 year in the form of cash and/or bank guarantee
- Preferably 'triple net' lease arrangements

Performance Benchmark

- Management expense ratio
- Total returns
- Average annual return
- Distribution yield
- Net asset value (NAV)

Distribution Policy

- Quarterly income distribution
- Distribution of at least 95% (or such other percentage as determined by the Manager in its absolute discretion)

Revaluation Policy

The investment properties shall be revalued annually by registered independent values.

Financial Year End

31 December

Listing

Main Market of Bursa Malaysia Securities Berhad

Stock Name

ARREIT

Stock Code

5127

Date of Listing

26 February 2007

Initial Public Offering Price

- RM0.895 - retail
- RM0.94 - institutional

ASSET UNDER MANAGEMENT

7

AmanahRaya REIT

Real Estate(s)	Location	Type of Building	Cost of Acquisition (Asset & Enhancement) (RM '000)	Appreciation in Value (RM '000)	Occupancy	Unexpired Lease/ Tenancy Period (approximate)	Investment in Real Estate Value* (RM '000)	Value over Total Asset Value (%)
Hospitality								
Holiday Villa Alor Setar	Alor Setar, Kedah	Hotel	31,000	4,900	100%	1.47 yrs	35,900	3.45%
Holiday Villa Langkawi	Langkawi, Kedah	Resort Hotel	57,161	23,839	100%	9.53 yrs	81,000	7.79%
Higher Education Building								
SEGi College, Subang Jaya	Subang Jaya, Selangor	Higher Education Building	52,500	14,000	100%	4.40 yrs	66,500	6.39%
SEGi University College, Kota Damansara	Petaling Jaya, Selangor	Higher Education Building	145,000	29,000	100%	1.00 yr	174,000	16.73%
HELP University, Jalan Semantan	Damansara Heights, Kuala Lumpur	Office Building	53,000	19,000	100%	22.68 yrs	72,000	6.92%
Office Building								
Block A & B, South City *	Plaza Seri Kembangan, Selangor	Office Building	18,300	-2,300	50%	1.75 yrs	16,000	1.54%
Toshiba TEC	Glenmarie, Shah Alam	Office Building	32,000	-	100%	5.39 yrs	32,000	3.08%
Wisma Comcorp	Glenmarie, Shah Alam	Office Building	30,000	5,500	100%	12.90 yrs	35,500	3.41%
Dana13, Dana 1 Commercial Centre	Ara Damansara, Petaling Jaya, Selangor	Office Building	99,120	10,880	100%	2.67 yrs	110,000	10.57%
Contraves	Cyberjaya, Selangor	Office Building	40,000	-	100%	4.25 yrs	40,000	3.85%
Industrial								
Deluge Factory	Nusajaya, Johor	Industrial Factory	24,000	1,000	100%	5.61 yrs	25,000	2.40%
AIC Factory	Shah Alam, Selangor	Industrial Factory	19,200	10,800	59%	2.70 yrs	30,000	2.88%
Silver Bird Factory	Shah Alam, Selangor	Industrial Complex	92,000	10,000	-	-	102,000	9.80%
Gurun Automotive Warehouse	Gurun, Kedah	Industrial Warehouse	23,970	-3,970	100%	1.00 yr	20,000	1.92%
Retail								
Selayang Mall	Selayang, Selangor	Retail Mall	129,835	16,665	100%	0.5 yr	146,500	14.08%
Real Estate-Related Assets							986,400	94.82%
Cash and security deposits							44,122	4.24%
Others (Trade and Other Receivables)							9,771	0.94%
Total Asset Value (RM'000) (b)							1,040,293	100.00%

* Tenancy Agreement of Block B, South City Plaza between CIMB Islamic Trustee Berhad (being Trustee for ARREIT) and Paramount Vintage Sdn Bhd has yet to be finalised.

FINANCIAL HIGHLIGHTS

Snapshot Of Amanahraya Reit As At 31 December 2016

Total Asset Value

➤ **RM1.040
BILLION**

Sector

➤ **OFFICE, EDUCATION, INDUSTRIAL,
HOSPITALITY AND RETAIL**

Total Units Issued

➤ **573,219,858**

Gearing Ratio

➤ **30.29%**

Total No Of Properties

➤ **15 PROPERTIES**

Net Asset Value ("Nav") Per Unit

➤ **1.197**

Price As At 31 December 2016

➤ **RM0.92
PER UNIT**

Trading Volume (Units) (Oct-Dec 2016)T

➤ **127,185**

Lowest Price (2016)

➤ **RM0.86
PER UNIT**

Highest Price (2016)

➤ **RM0.97
PER UNIT**

DPU (Actual) For 2016

➤ **5.899 SEN
PER UNIT**

Total Number Of Unitholders

➤ **4,304**

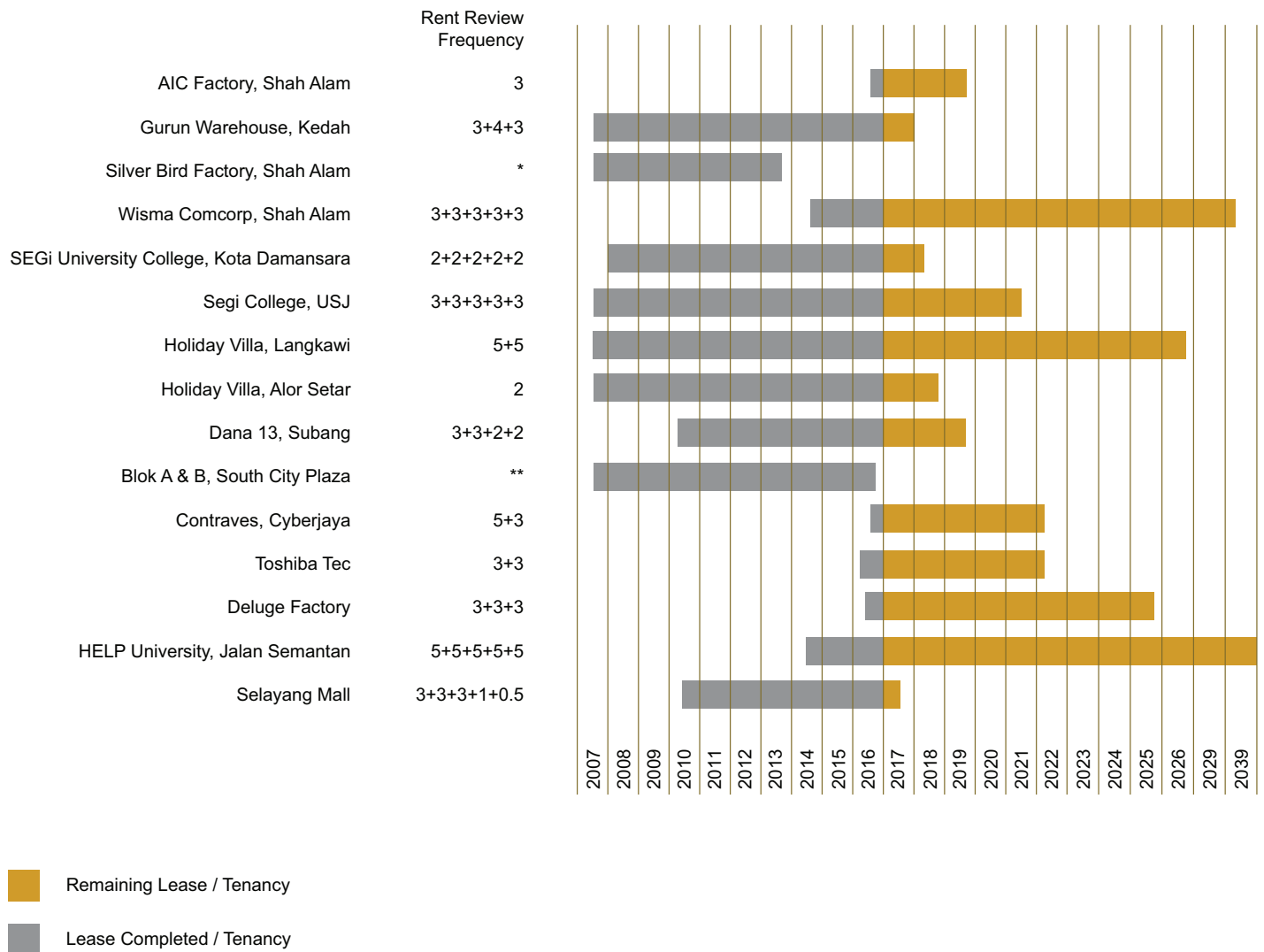
Market Capitalization

➤ **RM527,362,269**

Substantial Unitholders

➤ **AMANAH RAYA BERHAD FOR KUMPULAN WANG
BERSAMA (62.31%)
PERBADANAN KEMAJUAN NEGERI SELANGOR (5.65%)**

a) Well Structured Lease Profile



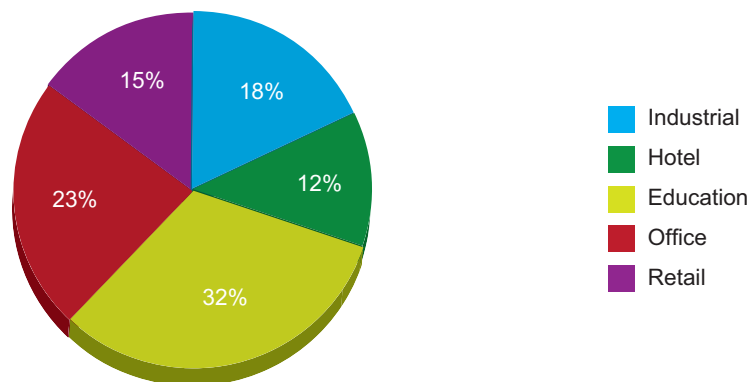
* No lease agreement executed by the parties since the expiry of lease in August 2013.

** Block A is currently vacant whilst Block B is occupied by Paramount Vintage Sdn Bhd however, the tenancy agreement has not been finalised yet.

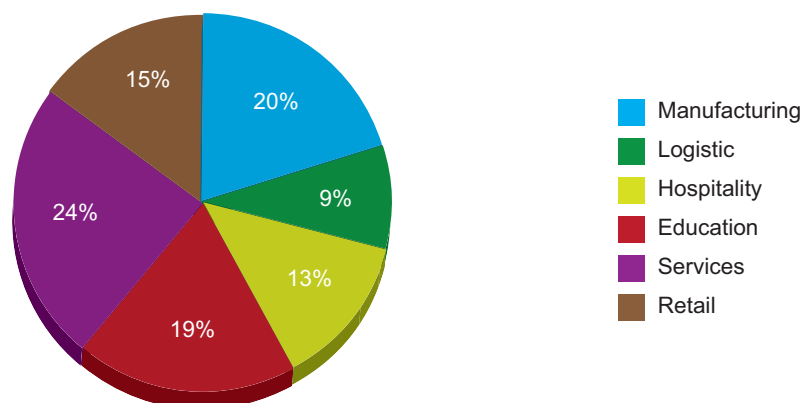
PROPERTY PORTFOLIO

(Cont'd)

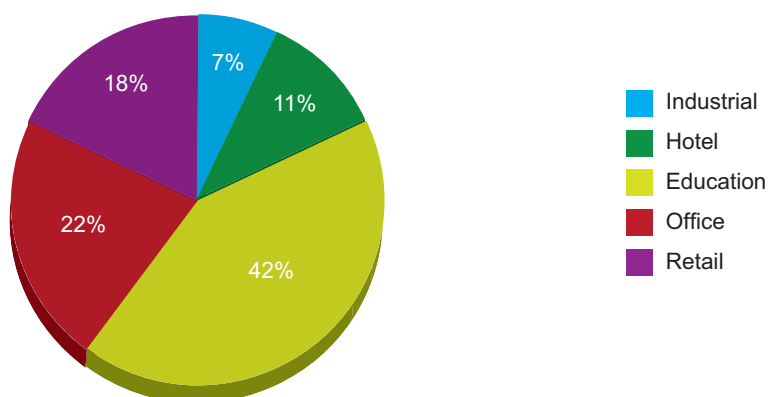
b) Asset Value Based on Property Sector



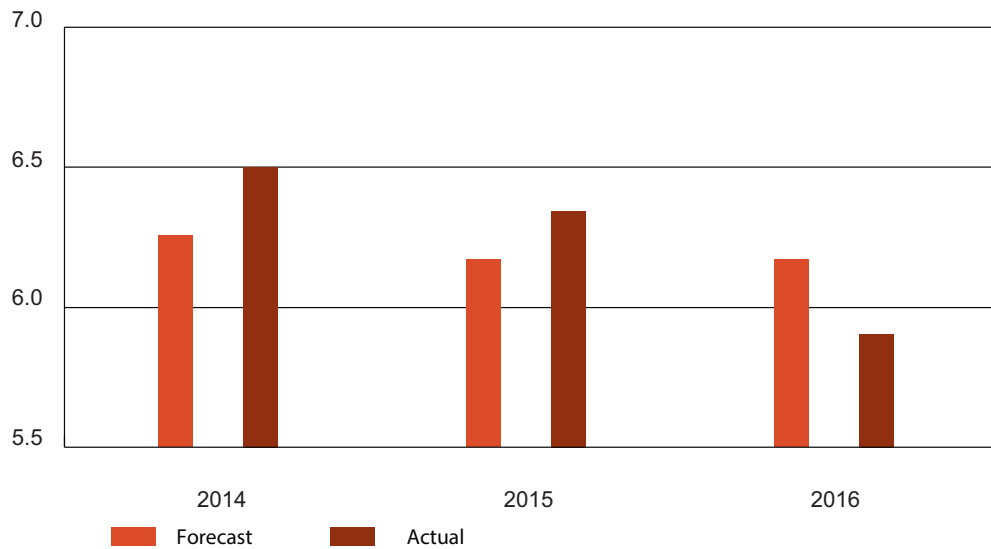
c) Usage of Lettable Area by Lessee's Business Sector



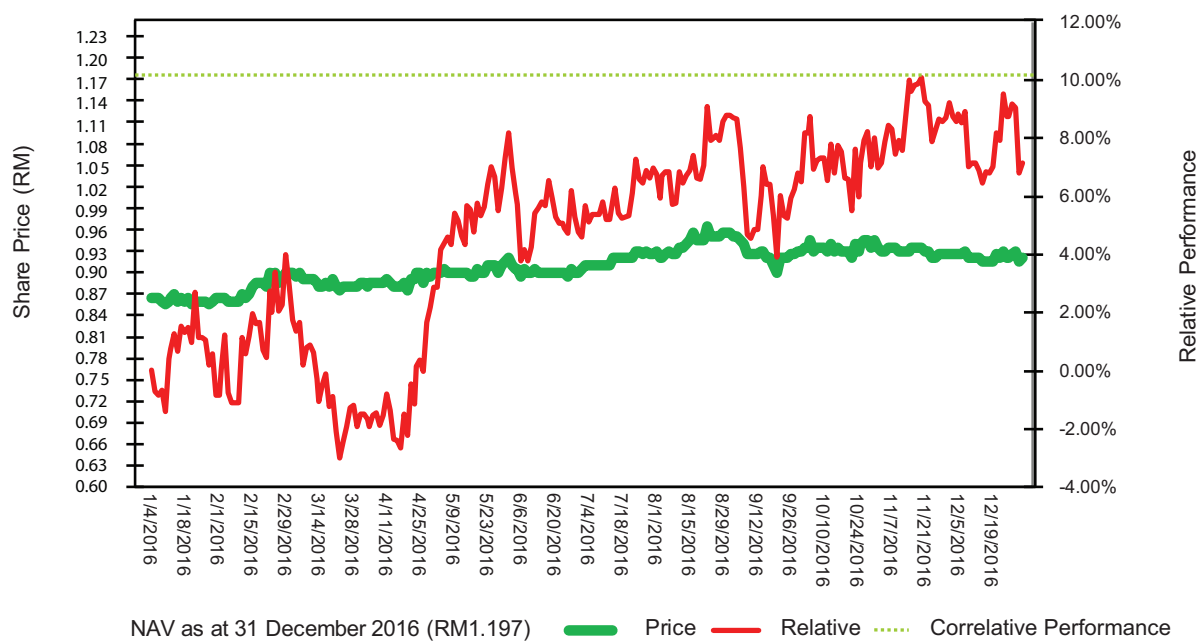
d) Gross Income on Property Sector for 2015



e) Distribution Per Unit (sen)



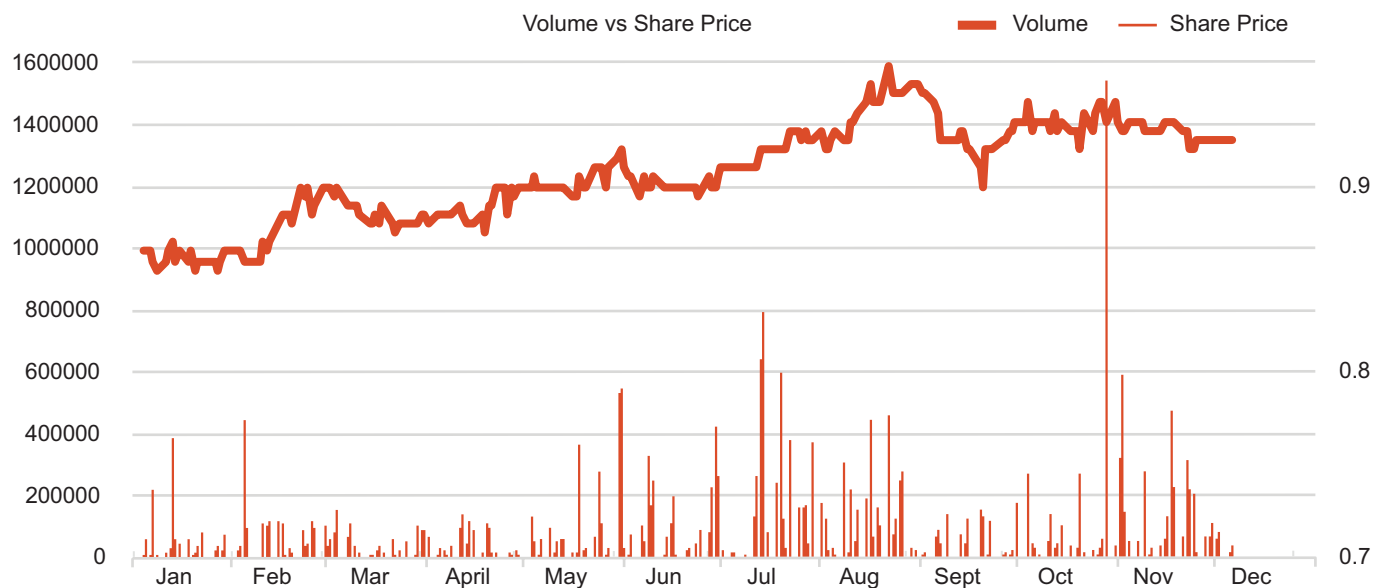
f) AmanahRaya REIT Share Price Performance vs KLCI as at 31 December 2016



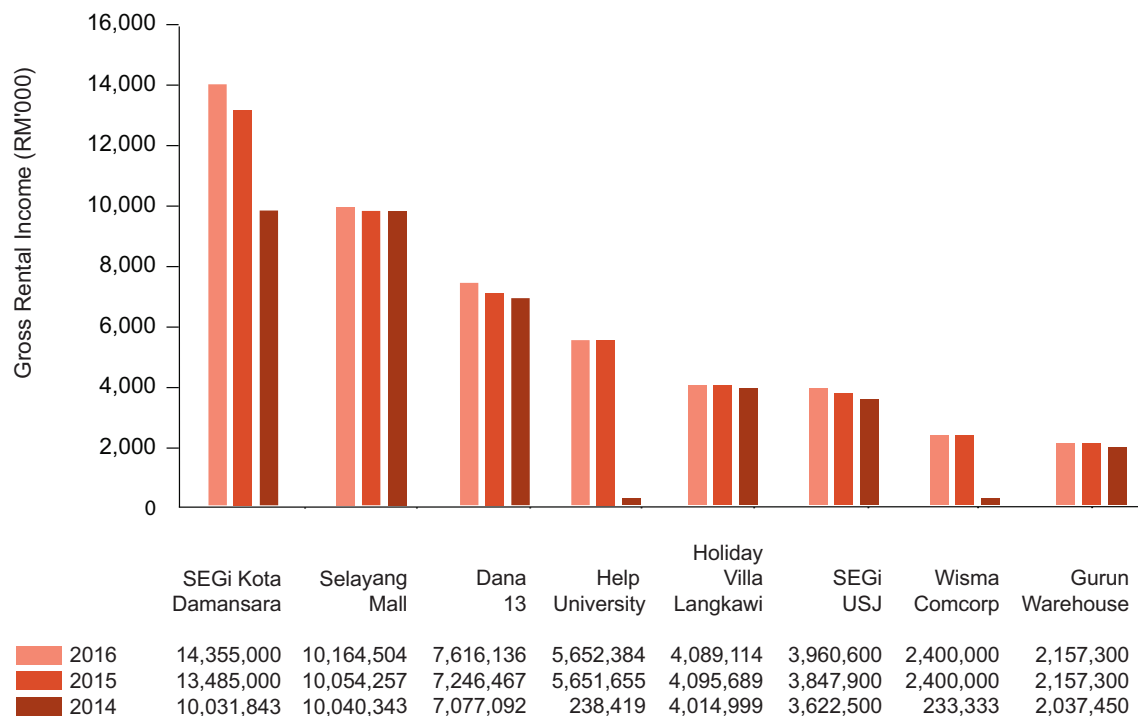
PROPERTY PORTFOLIO

(Cont'd)

g) AmanahRaya REIT Volume and Share Price Analysis for 2016



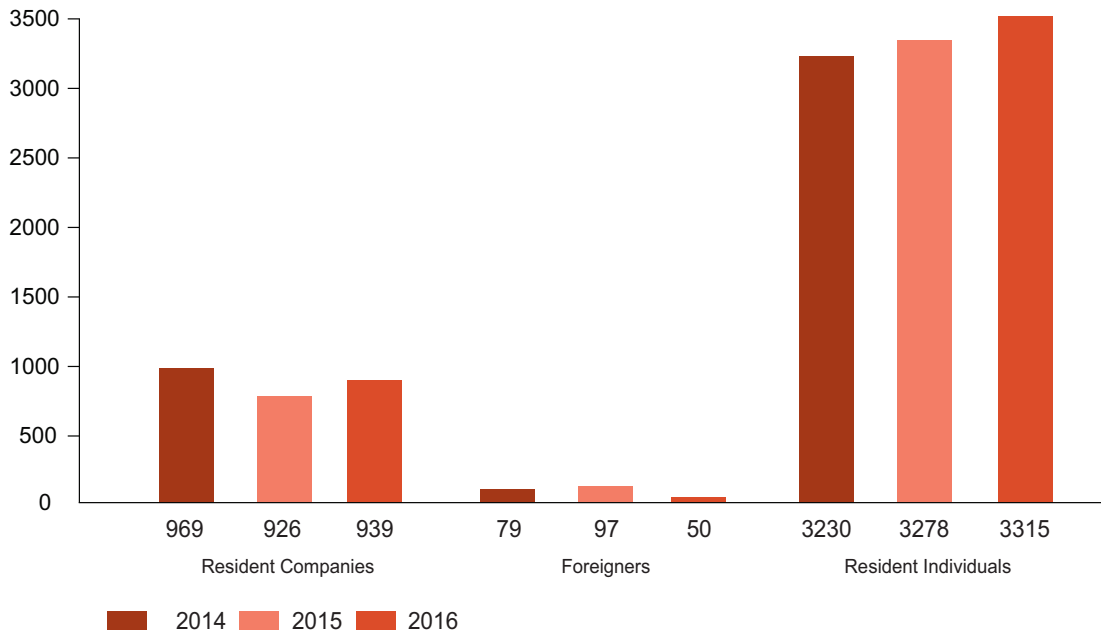
h) AmanahRaya REIT Top Tenants



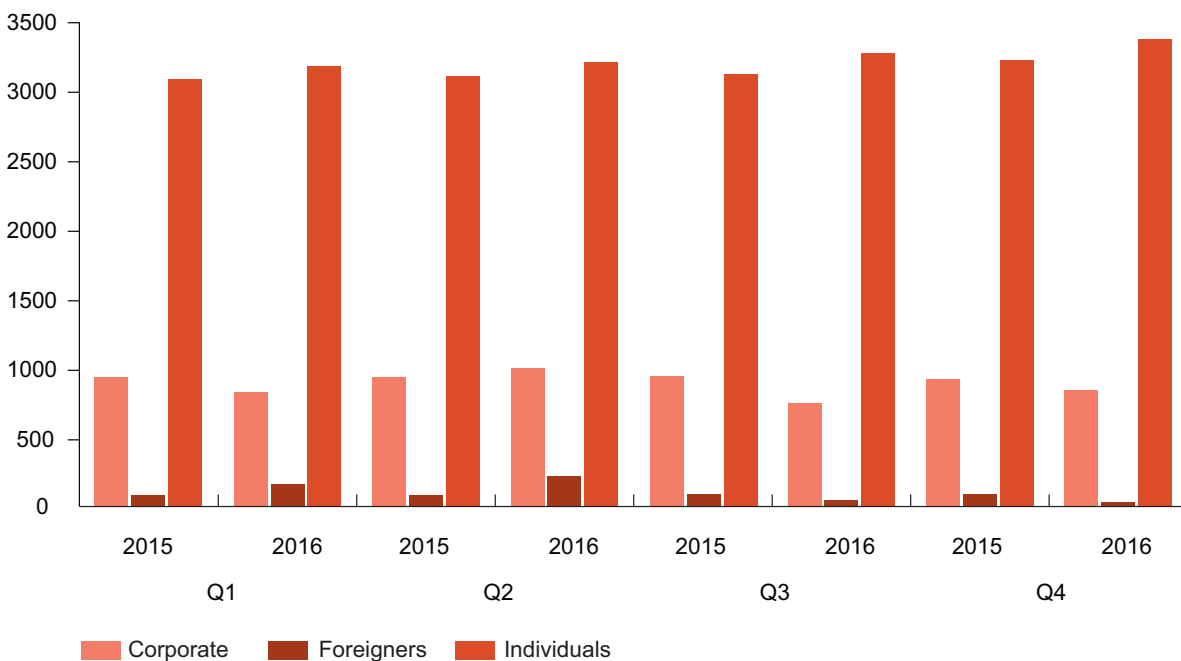
Notes:-

- 1) Lease Agreement for HELP University has commenced on 3 Sept 2014
- 2) Lease Agreement for Wisma Comcorp has commenced on 26 Nov 2014

i) AmanahRaya REIT Unitholders



j) AmanahRaya REIT Quarterly Movement of Unitholders



AMANAHRAYA REIT STRUCTURE

Unitholders as at 31 December 2016

Kumpulan Wang Bersama	62.31%
Foreign Institution	0.84%
Local Institution	15.25%
Retail	21.60%

AMANAHRAYA ■ REIT

AmanahRaya REIT Managers Sdn Bhd

Property Managers

- Malik & Kamaruzaman Property Sdn Bhd
- Nawawi Tie Lieung Property Consultant Sdn Bhd
- Hartamas Asset Management Sdn Bhd
- Operon Asset Advisory Sdn Bhd

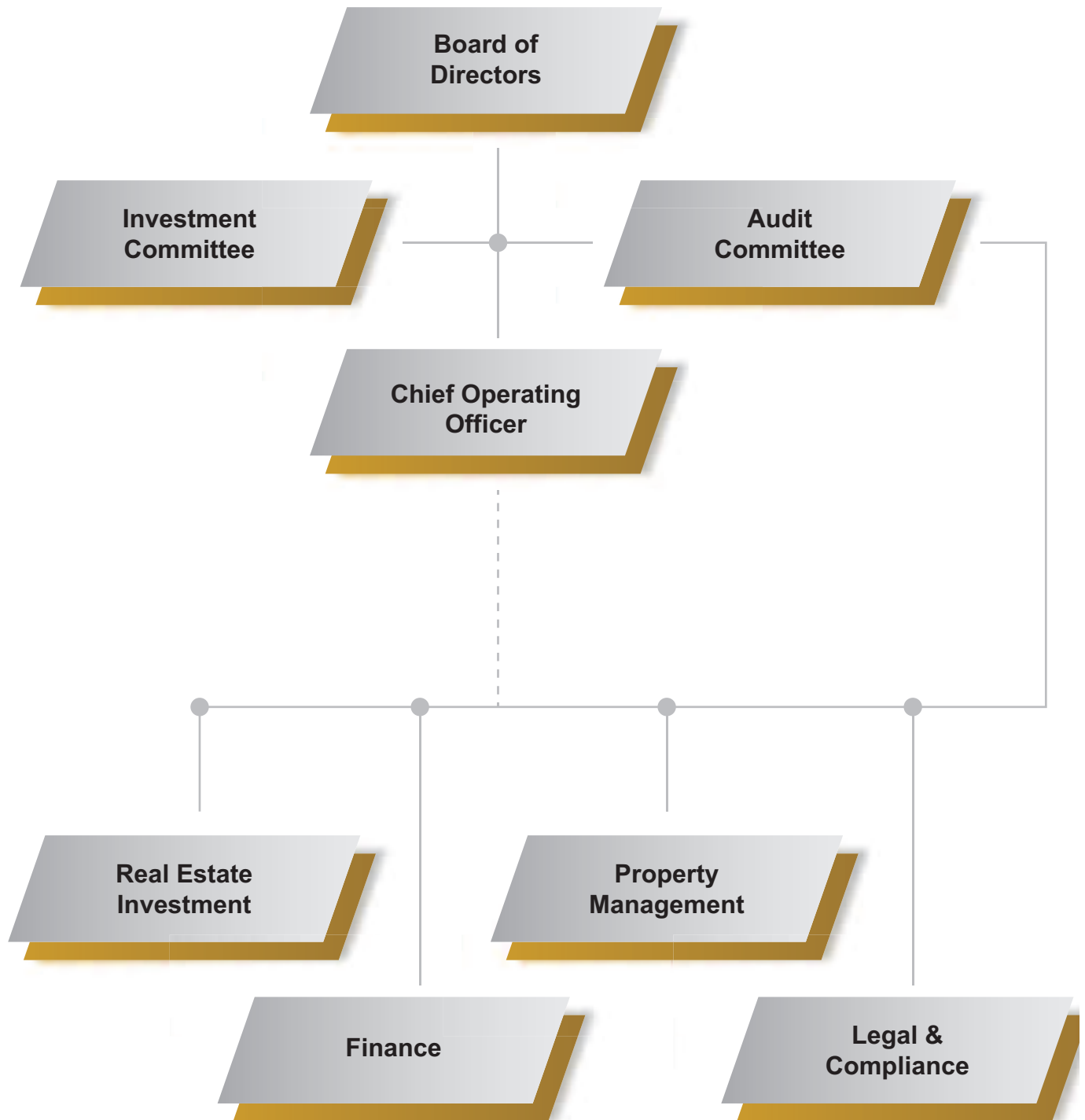
Trustee

CIMB Islamic Trustee Berhad

ORGANISATION CHART

15

AmanahRaya REIT



OVERVIEW OF 15 PROPERTIES



OVERVIEW OF 15 PROPERTIES

17

AmanahRaya REIT



OVERVIEW OF 15 PROPERTIES

(cont'd)



CONTRAVES BUILDING CYBERJAYA

Address

Block 3502, Enterprise Building 2 (EB2),
Jalan Teknokrat 5, Cyber 5,
63000 Cyberjaya, Selangor.

Location

The property is located within Cyber 5 in Cyberjaya, Selangor. Cyberjaya is located about 35 kilometres to the south-west of Kuala Lumpur city centre and about 5 kilometres to the north east of Putrajaya.

Title details

Lot No. PT 12072 held under Title No. HSD 7061, Mukim of Dengkil, District of Sepang, State of Selangor.

Property type

Office building

Description

A four storey purpose-built office building with one (1) basement level

Age of property

Approximately 16 years

Tenure

Freehold

Tenancy period

2.3+3 years commencing from December 2016

Total Land Area

89,470 sq.ft.

Gross Built-up Area

93,804 sq.ft.

Net lettable area

75,014 sq.ft.

Existing use

Office Building

Parking spaces

113 numbers covered car park on the basement level and 64 numbers uncovered car parks on the ground floor.

Date of acquisition

16th June 2016

Cost of acquisition

RM40,000,000

Valuation as at December 2016

RM40,000,000

Valuer

Jones Lang Wootton

Carrying Amount

RM40,000,000

Master Lessee

Contraves Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM314,500

Next Rent Review

2018

Property Manager

Operon Asset Advisory Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(cont'd)

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AmanahRaya REIT



DELUGE FACTORY NUSAJAYA

Address

No. 11, Jalan Bioteknologi 3,
Kawasan Perindustrian SILC,
79200 Nusajaya, Johor.

Location

The property is located within (SILC) Southern Industries and Logistic Clusters Industrial Park in Nusajaya, Johor. Nusajaya is located about 30 kilometres to the south-west of Johor Bahru city centre and about 4 kilometres to the north of Gelang Patah town centre.

Title details

Lot PTD 6861 held under Title No. HSD 479596, Mukim of Jelutong, District of Johor Bahru, State of Johor.

Property type

Industrial Factory

Description

A single storey factory annexed with three storey office building

Age of property

Approximately 5 years

Tenure

Freehold

Unexpired lease

Not Applicable

Lease period

6+3 years commencing from August 2016

Total Land Area

130,724 sq.ft.

Gross Built-up Area

106,882 sq.ft.

Net lettable area

62,474 sq ft.

Existing use

Factory

Parking spaces

Available within the compound of the property.

Date of acquisition

20th April 2016

Cost of acquisition

RM24,000,000

Valuation as at December 2016

RM25,000,000

Valuer

First Pacific Valuers Property Consultants

Carrying Amount

RM25,000,000

Master Lessee

Pipeline Distribution (M) Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM135,000

Property Manager

Hartamas Asset Management Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)



TOSHIBA TEC SHAH ALAM

Address

No. 4, Jalan Saudagar U1/16,
Hicom Glenmarie,
40150 Shah Alam,
Selangor Darul Ehsan.

Location

The property is located within HICOM Glenmarie Industrial Park in Shah Alam, Selangor. HICOM Glenmarie Industrial Park is located about 4 kilometres to the north-west of Subang Jaya town centre and about 14 kilometres to the south-west of Petaling Jaya city centre.

Title details

Lot 61725 held under Title No. GRN 215122, Town of Glenmarie, District of Petaling, State of Selangor

Property type

Office building

Description

A four storey office building cum warehouse

Age of property

Approximately 12 years

Tenure

Freehold

Tenancy period

3+3 years commencing from May 2016

Total Land Area

67,371 sq.ft.

Gross Built-up Area

76,186 sq.ft.

Net lettable area

62,474 sq ft.

Existing use

Office

Parking spaces

Available within the compound of the property.

Date of acquisition

25th March 2016

Cost of acquisition

RM32,000,000

Valuation as at December 2016

RM32,000,000

Valuer

First Pacific Valuers Property Consultants

Carrying Amount

RM32,000,000

Master Lessee

Toshiba Tec Malaysia Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM173,333

Property Manager

Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)

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AmanahRaya REIT



WISMA COMCORP SHAH ALAM

Address

No. 37, Jalan Pelukis U1/46, Section U1,
Temasya Industrial Park,
Glenmarie, 40150 Shah Alam,
Selangor Darul Ehsan.

Location

The property is located within Temasya Industrial Park in Glenmarie, Shah Alam. Glenmarie is located about 1.5 kilometres to the north-west of Subang Jaya town centre and about 8 kilometres to the east of Shah Alam city centre.

Title details

Lot 52802 held under Title No. GRN 86648,
Town of Glenmarie, District of Petaling, State
of Selangor

Property type

Office building

Description

A free standing five (5) storey workshop cum
office building with a single level basement car
park

Age of property

Approximately 11 years

Tenure

Freehold

Lease period

15 years commencing from November 2014

Total Land Area

55,090 sq.ft.

Gross Built-up Area

116,473 sq.ft.

Existing use

Workshop cum office

Parking spaces

65 parking bays provided in the basement and
within the compound of the site

Date of acquisition

23rd April 2014

Cost of acquisition

RM30,000,000

Valuation as at December 2016

RM35,500,000

Valuer

First Pacific Valuers Property Consultants

Carrying Amount

RM35,500,000

Master Lessee

Comintel Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM200,000

Next Rent Review

November 2017

Property Manager

Malik & Kamaruzaman Property Management
Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)



SEGI UNIVERSITY KOTA DAMANSARA

Address

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

Location

SEGi University 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.

Title details

H.S. (D) 255765, P.T. 12171, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor

Property type

Institutional building

Description

An institutional complex comprising of 1 block of 7-storey administrative building and one block of 5-storey academic building

Age of property

Approximately 10 years

Tenure

Leasehold for 99 years

Unexpired lease

86 years

Lease period

10 years commencing from January 2008

Land Area

425,146 sq.ft.

Gross Floor Area

577,031 sq.ft.

Net lettable area

337,710 sq.ft.

Existing use

A university campus under the brand name of SEGi University

Parking spaces

334 car parking bays and 1,031 motorcycle parking bays

Date of acquisition

28th December 2007

Cost of acquisition

RM145,000,000

Valuation as at December 2016

RM174,000,000

Valuer

First Pacific Valuers Property Consultants

Carrying Amount

RM174,000,000

Master Lessee

SEG International Bhd

Occupancy rates

100%

Net rental (per month)

RM1,196,250

Property Manager

Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)

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AmanahRaya REIT



SEGI COLLEGE SUBANG JAYA

Address

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

Location

It is located within the Commercial Business Districts of Subang Jaya in USJ 1. Subang Jaya is an integrated mixed development, comprising residential, commercial and industrial developments located about 15 kilometres to south-west of Kuala Lumpur city centre.

Title details

Geran 313189, Lot No. 13, Pekan Subang Jaya, District of Petaling, State of Selangor

Property type

Institutional building

Description

A 12-storey purpose-built commercial building with 3 basement car park levels

Age of property

Approximately 10 years

Tenure

Freehold

Lease period

14.5 years commencing from February 2007

Land Area

61,042 sq.ft.

Gross Floor Area

280,575 sq.ft.

Net lettable area

131,387 sq.ft.

Existing use

A higher learning institution and training centre under the brand name 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

Valuation as at December 2016

RM66,500,000

Valuer

First Pacific Valuers Property Consultants

Carrying Amount

RM66,500,000

Master Lessee

SEG International Berhad

Occupancy rates

100%

Net rental (per month)

RM330,050

Next Rent Review

May 2018

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)



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 located within Dana 1 Commercial Centre, a newly completed commercial development which comprises of 152 units of two to five storey shop offices and a 13 storey stratified office building with basement car park level as well as a serviced apartment block, about 35 kilometres south-west of Kuala Lumpur city centre.

Title details

Developed on the Parent Lot 59214, Mukim of Damansara, District of Petaling, State of Selangor, 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 7 years

Tenure

Leasehold for 99 years

Unexpired lease

81 years

Lease period

9.5 years commencing from May 2010

Gross Floor Area

333,439 sq.ft

Net lettable area

268,850 sq.ft

Existing use

Office Block with MSC status

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

Valuation as at December 2016

RM110,000,000

Valuer

Jones Lang Wootton

Carrying Amount

RM110,000,000

Master Lessee

Symphony House Bhd

Occupancy rates

100%

Net rental (per month)

RM645,240

Next Rent Review

September 2017

Property Manager

Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)

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AmanahRaya REIT



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.

Generally, the neighbourhood comprises of a mixture of residential and commercial developments. Prominent landmarks in the neighbourhood 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, Place of Batu 8 Jalan Ipoh, District of Gombak, Selangor

Property type

Shopping Mall

Description

4-storey retail space with 6-storey car park

Age of property

Approximately 20 years

Tenure

Leasehold for 99 years

Unexpired lease

63 years

Lease period

7.5 years commencing from May 2010

Land Area

175,742 sq.ft.

Gross Floor Area

861,530 sq.ft

Net lettable area

380,032 sq.ft

Existing use

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

Valuation as at December 2016

RM 146,500,000

Valuer

First Pacific Valuers Property Consultants

Carrying Amount

RM146,500,000

Master Lessee

Seal Incorporated Berhad

Occupancy rates

100%

Net rental (per month)

RM847,042

Property Manager

Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)



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 where several government and commercial buildings are located, including Majlis Bandaraya Alor Setar, Bangunan KWSP, Bangunan Simpanan Nasional, Menara Sentosa and Universiti Tun Abdul Razak.

Alor Setar is the capital city of Kedah and one of the region's oldest cities. It is a distribution center for manufacturing and agricultural products such as rice. Alor Setar is also the royal town of the Kedah State.

Title details

Held under Master Title H.S. (D) 21920, P.T. 6282, H.S. (D) 21921, P.T. 6283, H.S. (D) 21922, P.T. 6284, all in Town of Alor Setar, District of Kota Setar, State of Kedah Darul Aman

Property type

Hotel

Description

A 21-storey 4-star hotel with 156-rooms with sub-basement level within a development also known as City Plaza

Age of property

Approximately 21 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease

Approximately 91 years

Tenancy period

11.5 years commencing from February 2007

Gross Floor Area

150,000 sq.ft

Existing use

A hotel under the brand name of Holiday Villa

Date of acquisition

26th February 2007

Cost of acquisition

RM31,000,000

Valuation as at December 2016

RM35,900,000

Valuer

Nawawi Tie Leung Property Consultants

Carrying Amount

RM35,900,000

Master Lessee

Alor Setar Holiday Villa Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM142,083

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)

27

AmanahRaya REIT



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 known as Pantai Tengah. Along the same stretch are other notable hotel resorts including Langkawi Beach Resort, Sunset Beach Resort, Moonlight Bay Resort, Tanjung Mali Beach Resort and Pelangi Beach Resort. Langkawi International Airport is located 6 km to the north of the property.

Langkawi is one of the premier tourist destinations in Malaysia mainly due to its duty free zone status, beautiful beaches and historical sites.

Title details

H.S. (M) 286, P.T. 344, Mukim of Kedawang,
H.S. (M) 667, P.T. 107, Town of Padang Mat
Sirat, H.S. (M) 668, P.T. 108, Town of Padang
Mat Sirat, all in District of Langkawi, Kedah
Darul Aman

Property type

Resort Hotel

Description

A purpose-built 4-star resort hotel with 238-
rooms and swimming pool and spa facilities

Age of property

Approximately 25 years

Tenure

Freehold

Lease period

19.5 years commencing from February 2007

Total Land Area

427,676 sq.ft.

Gross Floor Area

176,590 sq.ft.

Existing use

A hotel under the brand name of Holiday Villa

Parking spaces

55 parking bays

Date of acquisition

26th February 2007

Cost of acquisition

RM55,000,000

Valuation as at December 2016

RM81,000,000

Valuer

Nawawi Tie Leung Property Consultants

Carrying Amount

RM81,000,000

Master Lessee

Langkawi Holiday Villa Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM333,441

Property Manager

Malik & Kamaruzaman Property Management
Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)



HELP UNIVERSITY JALAN SEMANTAN

Address

HELP University,
No. 15, Jalan Sri Semantan 1,
Damansara Heights, 50490
Kuala Lumpur

Location

HELP University is located in the commercial corner of Damansara Heights 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

H.S. (D) 83465, P.T. 6 and P.N. 46441, Lot 36622, both in Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur

Property type

Office building

Description

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

Age of property

Approximately 17 years

Tenure

Leasehold for 99 years

Unexpired lease

56 years

Lease period

25 years commencing from September 2014

Total Land Area

35,387 sq.ft.

Gross Floor Area

170,000 sq.ft.

Net lettable area

125,227 sq.ft.

Existing use

A higher learning institution and training centre under the brandname of Help University

Parking spaces

261 parking bays

Date of acquisition

26 February 2007

Cost of acquisition

RM53,000,000

Valuation as at December 2016

RM72,000,000

Valuer

Jones Lang Wootton

Carrying Amount

RM72,000,000

Master Lessee

Help University Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM450,749

Next Rent Review

September 2019

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)

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AmanahRaya REIT



BLOCK A & B, SOUTH CITY PLAZA SERI KEMBANGAN

Address

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

Location

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

The most prominent development within the neighbourhood is the Mines Resort City.

Title details

P.T. No. 520 held under Title No. H.S. (D) 226742, Pekan of Serdang, District of Petaling, State of Selangor

Property type

Office building

Description

A two (2) blocks (Block A and Block B) of 5 ½-storey purpose-built commercial buildings

Age of property

Approximately 11 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease

77 years

Lease period

2+1 years commencing from October 2016 (Block B)

Gross Floor Area

72,505 sq. ft.

Net lettable area

66,606 sq.ft.

Existing use

Block A is currently vacant and Block B is currently used as an office

Parking spaces

The property 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

Valuation as at November 2016

RM16,000,000

Valuer

Nawawi Tie Leung Property Consultants

Carrying Amount

RM16,000,000

Master Lessee

Block A – Vacant

Block B – Paramount Vintage Sdn Bhd

* Subject to finalisation of the tenancy Agreement

Occupancy rates

50%

Net rental (per month)

RM48,514.55

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)



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 in the industrial zone of section 21, Shah Alam. The immediate surrounding comprises of prominent factories and warehouses such as Nippon Electronics 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 23 years

Tenure

Freehold

Total Land Area

638,687 sq.ft.

Gross Built Up Area

274,238 sq.ft.

Existing use

Industrial Complex

Parking spaces

Available within the compound of the property

Date of acquisition

28th December 2007

Cost of acquisition

RM92,000,000

Valuation as at December 2016

RM102,000,000

Valuer

Jones Lang Wootton

Carrying Amount

RM102,000,000

Occupancy rates

Untenanted

Nil rental (per month)

Nil

Property Manager

Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)

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AmanahRaya REIT



Address

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

Location

The warehouse is located within the Gurun Industrial Estate. Among the prominent companies in the area are 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. P.T. 633 held under Title No. H.S. (D) 115340, Town of Gurun, District of Kuala Muda, State of Kedah Darul Aman

Property type

Industrial Warehouse

Description

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

Age of property

Approximately 9 years

Tenure

Leasehold for 60 years

Unexpired lease

54 years

Lease period

10 years commencing from December 2007

Land Area

659,058 sq. ft.

Gross Built-up Area

214,450 sq. ft.

Existing use

Warehouse storing motor parts

Parking spaces

Available within the compound of the property

Date of acquisition

28th December 2007

Cost of acquisition

RM23,970,000

Valuation as at December 2016

RM20,000,000

Valuer

Nawawi Tie Leung Property Consultants

Carrying Amount

RM20,000,000

Master Lessee

Teras Globalmas Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM179,775

Property Manager

Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 15 PROPERTIES

(Cont'd)



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 in the industrial zone of Section 16 of Shah Alam. Shah Alam is the capital city of Selangor State and located about 30 kilometres to the south-west of Kuala Lumpur city centre.

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

Title details

Lot No. P.T. 611 held under H.S. (D) No. 97328, Seksyen 16 and Lot No. P.T. 612 held under H.S. (D) No. 97329, both 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 24 years

Tenure

Leasehold for 99 years

Unexpired lease

78 years

Tenancy period

3 years commencing from September 2016

Total Land Area

206,854 sq.ft.

Gross Built Up Area

130,252 sq.ft.

Existing use

A factory manufacturing electronic products and auto parts

Parking spaces

Available within the compound of the property

Date of acquisition

28th December 2007

Cost of acquisition

RM19,200,000

Valuation as at December 2016

RM30,000,000

Valuer

Jones Lang Wootton

Carrying Amount

RM30,000,000

Master Lessee

Lot 1 – Vacant since September 2016
Lot 3 – Autov Systems Sdn Bhd

Occupancy rates

59%

Net rental (per month)

RM67,079

Property Manager

Nawawi Tie Leung Property Consultants Sdn Bhd



PROFILE OF THE BOARD OF DIRECTORS

PROFILE OF THE BOARD OF DIRECTORS

(Cont'd)



**YB DATO' SRI IKMAL HISHAM
BIN ABDUL AZIZ**

CHAIRMAN (INDEPENDENT, NON-EXECUTIVE)

YB Dato' Sri Ikmal Hisham bin Abdul Aziz Malaysian, aged 52 was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 19 January 2017. He graduated from the University of Tennessee, USA with a Bachelor of Science in Civil Engineering. YB Dato' Sri Ikmal Hisham is currently the Chairman of MARA Incorporated Sdn Bhd, a subsidiary of MARA and member of the Companies Commission of Malaysia. He is also the Managing Director of Noble Twin (M) Sdn Bhd and TJM Sdn Bhd. Previously, he acted as an independent Director of Taiping Super Berhad and OSK Property Holdings Berhad, and the Chairman of Audit Committee of OSK Property Holdings Bhd for more than

four (4) years. He was also previously a Director of Lembaga Kemajuan Kelantan Selatan (KESEDAR).

YB Dato' Sri Ikmal Hisham is currently the Member of Parliament for Tanah Merah since 2013.

PROFILE OF THE BOARD OF DIRECTORS

(Cont'd)

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AmanahRaya REIT



**ADENAN BIN
MD YUSOF**

(NON-INDEPENDENT,
NON-EXECUTIVE)

Encik Adenan bin Md Yusof a Malaysian, aged 53, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 30 September 2016.

Upon obtaining his Bachelor of Architecture from Illinois Institute of Technology Chicago, Illinois, USA, Encik Adenan worked for two of the largest architectural practice in the United States. During his tenure at Harry Weese and Associates as well as Lohan Associates, he gained valuable experience in the development of various building types from residential to 5 star hotels and office buildings. Thereafter, in 1993, he joined KLCC Berhad and worked on the prestigious Petronas Twin Towers project.

Encik Adenan later joined Amanah Capital Partners Berhad in 1995 and was responsible in overseeing all property investments under Amanah Capital Group. Subsequently, in

2003, Encik Adenan moved to KUB Malaysia Berhad as General Manager and was later seconded to KUB Realty Sdn. Bhd, the property arm of KUB.

In 2008, Encik Adenan joined Terengganu Incorporated as the Group General Manager to head its property investment division and was tasked in drafting a strategic plan for its property investment. Prior to his return to Amanah Raya Berhad, he was the Senior Vice President of Special Projects at UDA Holdings Berhad.

Encik Adenan also holds a Capital Market Services Representative's License since July 2013 and was the Vice Chairman of the Malaysian REIT Managers Association and a member of its Regulatory Committee.

Encik Adenan is currently the Group Managing Director of Amanah Raya Berhad since 2016.

Dato' Che Pee Samsudin, a Malaysian aged 60 was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 23 August 2011 as Non-Independent and Non-Executive Director. He is also a Director of Amanah Raya Berhad since March 2011.

Dato' Che Pee holds a Bachelor Honours Degree in Accounting and is a member of Chartered Account (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.

Dato' Che Pee is presently the Accountant General of Malaysia.



**DATO' CHE PEE
SAMSUDIN**

(NON-INDEPENDENT,
NON-EXECUTIVE)

PROFILE OF THE BOARD OF DIRECTORS

(Cont'd)



**DATO' ANTHONY @
FIRDAUZ BUJANG**
(INDEPENDENT,
NON-EXECUTIVE)

Dato' Anthony @ Firdauz Bujang, a Malaysian, aged 58, was appointed to the Board of Directors of AmanahRaya-REIT Managers Sdn Bhd on 26 May 2014. Dato' Anthony holds a Degree in Economics, Business Administration from University of Malaya.

He started his career in 1983 as an Accountant in Bank Utama Malaysia Berhad, Kuching Branch. Subsequently, he joined Shell Malaysia Bhd, Sarawak in year 1988 and held various positions such as Secretary and Advisor to Major Tender Board and Head of General Contracts, Commercial Services. He continued his career with Shell Gabon, Republic of Gabon and West Africa as Head, Strategy and Planning, Commercial Services

Unit in 1994 for a period of 2 years. In 1996, he joined Eastbourne Services Sdn Bhd as chief executive officer. He then joined TV3 in 2000 and has served in various capacities including director of operations during his tenure there. Subsequently, he was appointed as chief executive officer of NTV7 in 2008.

He is currently an Executive Director and Group Chief Executive Officer of Petra Energy Berhad. Prior to joining Petra Energy Berhad in 2012, he was the Group CEO of NSTP Bhd.

He sits on the board of One Medicare Sdn Bhd, Amanah Raya Berhad and all subsidiaries and associate company of Petra Energy Berhad.

Ahmad Suhaimi Endut, a Malaysian, aged 49 was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 20 October 2014 as Non-Independent and Non-Executive Director.

Ahmad Suhaimi holds a Bachelor of Science in Business Administration from University of Missouri St. Louis, United States of America. He is also a Master holder in Business Administration from University, of Sheffield, United Kingdom.

He began his career in January 1995 as a Deputy Director of Industry Division in the Ministry of International Trade and Industry of Malaysia before joining Accountant General Department of Malaysia under the Ministry of Finance of Malaysia as Deputy Secretary in

October 2003. He has extensive working experience in the Ministry of Finance, Malaysia which has spanned over 20 years as he held various positions in several departments/divisions including Strategic Financial Management Division in January 2004, General Secretary of Treasury Division in August 2004, Investment, Minister of Finance (Incorporated) & Privatization Division in March 2007, Tax Review Panel in April 2011 and Housing Loan Division in April 2014. He is currently the Deputy Secretary in Corporate Governance, Government Investment Division, Ministry of Finance.

He presently sits on the Board of Port Tanjung Pelepas Sdn Bhd, Syarikat Perumahan Pegawai Kerajaan Sdn Bhd and Malaysia Rail Link Sdn Bhd.



**AHMAD SUHAIMI
ENDUT**
(NON-INDEPENDENT,
NON-EXECUTIVE)

PROFILE OF THE BOARD OF DIRECTORS

(Cont'd)

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AmanahRaya REIT



**MAHADZIR
BIN AZIZAN**
(INDEPENDENT,
NON-EXECUTIVE)

Encik Mahadzir bin Azizan, a Malaysian, aged 68, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 5 April 2016.

He is a Barrister-at-Law from the Honourable Society of Lincoln's Inn, London, United Kingdom and was called to the English Bar in 1978.

Encik Mahadzir has more than 25 years of experience in corporate legal matters and 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) and Island & Peninsular Berhad, the property arm of Permodalan Nasional Berhad (PNB) for 24 years. Whilst in the private sector, he also served as Ahli Majlis MARA, director of Amanah Raya Berhad and Tabung Haji group of companies as well as various other directorships in government-linked companies.

He also sits on the Board of ECM Libra Financial Group Berhad, Libra Invest Berhad, Syarikat Takaful Malaysia Berhad and RCE Capital Berhad.

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 ten (10) years other than traffic offences, if any.

Attendance at Board of Director's Meetings

The Board currently comprises of six (6) directors, of which three (3) are Independent Non- Executive and three (3) are Non-Independent Non Executive .

During the financial year, the Board met six (6) times, two (2) of which were special board meetings. 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
Dato' Sri Ikmal Hisham bin Abdul Aziz (Appointed with effect from 19 January 2017)	-	-
Adenan bin Md Yusof (Appointed with effect from 30 September 2016)	1	1
Tan Sri Dato' Ahmad Fuzi bin Abdul Razak (Resigned with effect from 31 December 2016)	6	6
Datuk Johar bin Che Mat (Resigned with effect from 1 August 2016)	4	4
Dato' Che Pee bin Samsudin	6	5
Dato' Abd Rahman bin Md Khalid (Resigned with effect from 4 May 2016)	3	2
Tuan Haji Zulkifly bin Sulaiman (Resigned with effect from 19 January 2017)	6	5
Dato' Anthony @ Firdauz Bin Bujang	6	5
Ahmad Suhaimi Bin Endut	6	5
Mahadzir bin Azizan (Appointed with effect from 5 April 2016)	5	5

AMANAHRAYA REIT INVESTMENT COMMITTEE MEMBERS



Mahadzir Azizan
(Chairman)

Mahadzir Azizan, a Malaysian, aged 68, 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. Subsequently, he ventured into the private sector and served Malaysian International Shipping Corporation (MISC) as Assistant Company Secretary & Legal Adviser. He then was a Director of Corporate Affairs, Island & Peninsular Berhad; the property arm of Permodalan Nasional Berhad (PNB) for 23 years.

Mahadzir currently serves on the Board of ECM Libra Financial Group Berhad, Libra Invest Berhad, Syarikat Takaful Malaysia Berhad and RCE Capital Berhad.

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



Vasantha Kumar Tharmalingam

Vasantha Kumar Tharmalingam, a Malaysian aged 68 was appointed as an Independent Investment Committee Member on 11 February 2011.

Kumar has been a key fixture in the Malaysian and regional real estate industry for more than four decades.

Armed with a BSc Real Estate degree from the University of London (FRICS), he began his career in 1973 as a Property Consultant to two major banks in the country, i.e. Malayan Banking Berhad and United Asian Bank (UAB), while also acting as Project Director of UAB's Corporate Headquarters.

In 1980, he established a partnership with United Kingdom-based DTZ in Malaysia and in 1986, he established the First Malaysian Property Trust (FMPT) and stayed on as Asset Manager.

From 1991 to 1998, he was the Executive Director of Taiping Consolidated Berhad (TCB) and built the JW Marriott Hotel, Starhill Shopping Centre and Sentul Raya Phase I, a joint venture mixed development between TCB and Malayan Railway (KTM Berhad).

From 1998 to 2009, he was the Managing Partner of Hall Chadwick Asia, specialising in the rehabilitation of property asset companies. In 2010, he became the Chief Executive Officer of Malaysia Property Incorporated (MPI) under the Prime Minister's Department to pursue Foreign-Direct-Investment into Malaysian Real Estate from the Asia Pacific region. During this time, he was also an independent Director of Sime Darby Berhad, Aseana Properties of Vietnam and Sunway Berhad as well as being on the Investment Advisory Committee of the Public Trustee (Amanah Raya). In addition to the above, he was the President of FIABCI Prix D'Excellence Awards based in Paris for 10 years and President of FIABCI Malaysia for 4 years.

Currently, he is a Senior Advisor to AREA Managers, a private fund developing gated industrial estates in Malaysia

AMANAHRAYA REIT INVESTMENT COMMITTEE MEMBERS

(Cont'd)

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AmanahRaya REIT



Syed Elias Abd. Rahman Alhabshi

Syed Elias Abd. Rahman Alhabshi, a Malaysian, aged 73, was appointed as an Independent Investment Committee Member on 30 July 2008.

As a seasoned banker, Syed 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, a member of the Investment Panel for Lembaga Tabung Haji and Chairman/Senior Advisor of Threadneedle Asset Management Malaysia Berhad.

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

Conflict of Interest

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

Convictions for Offences

None of the Directors have been convicted for offences within the past ten (10) years other than traffic offences, if any.

Attendance at Investment Committee Meetings

The Investment Committee currently comprises of three (3) Independent members.

During the financial year, the Investment Committee met three (3) 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
Mahadzir Azizan (Chairperson)	3	3
Syed Elias Abd. Rahman Alhabshi	3	3
Vasanth Kumar Tharmalingam	3	3
Datuk Johar Che Mat (Resigned with effect from 1 August 2016)	3	2

STATEMENT ON CORPORATE GOVERNANCE

Effective corporate governance has always been a priority to the Board of Directors of AmanahRaya-REIT Managers Sdn. Bhd. (“ARRM” or “the Manager”) as the Manager of AmanahRaya REIT. We are committed towards ensuring that a high standard of corporate governance is practised throughout the company for the best interest of our unitholders.

In ensuring the implementation and operation of proper corporate governance, ARRM is guided by the measures recommended by the Securities Commission’s Guidelines on Real Estate Investment Trusts (“REIT Guidelines”), the Malaysian Code on Corporate Governance (Revised 2012), the Capital Markets & Services Act 2007 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

THE MANAGER OF AMANAHRAYA REIT

AmanahRaya REIT is managed by ARRM. All Directors and employees of the Manager are remunerated by the Manager and not by AmanahRaya REIT. The Manager’s primary role is to ensure good and sustainable return to the unitholders by managing the properties under AmanahRaya REIT’s portfolio in accordance with AmanahRaya REIT’s Deed and the REIT Guidelines.

Other main functions of the Manager are as follows:

- developing business plans as well as strategic and investment policies for AmanahRaya REIT;
- providing recommendations on the acquisition, divestment and/or enhancement of AmanahRaya REIT’s assets to the Trustee;
- monitoring compliance with all applicable legislations, rules and guidelines as well as AmanahRaya REIT’s Deed;
- ensuring appropriate record keeping;
- formulating proper risk management policies;
- supervising and overseeing the appointed Property Managers on the management of AmanahRaya REIT’s properties; and
- formulating plans for equity and debt financing for AmanahRaya REIT’s capital requirements as well as managing its finances.

DIRECTORS OF THE MANAGER

The Board

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

The responsibilities of the Board, at minimum, include:

- setting up the objectives and goals of the Manager and AmanahRaya REIT;
- formulating and reviewing the adequacy of corporate policies and strategies, including but not limited to policies on investments, internal controls, investor relations and accounting;
- overseeing and evaluating the conduct of the Manager’s activities;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals and major capital expenditure in accordance with established policies and procedures; and
- ensuring proper succession planning is in place, including appointing, training and reviewing the remuneration and compensation for key personnel of the Manager, where appropriate.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

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AmanahRaya REIT

Board Balance

The Board currently has six (6) members, consisting of three (3) Independent Non-Executive directors and three (3) Non-Independent Non-Executive directors. This is in compliance with the requirement of at least one-third of the Board is independent. The Manager's Articles of Association provides that the number of directors shall be not less than two (2) and not more than nine (9).

The Chairman leads the Board and is responsible for the vision and strategic direction of the Manager. The composition of the Board is reviewed regularly to ensure that it has an appropriate mix of experience and expertise.

The roles of Chairman and Chief Operating Officer are separate with clear segregation of roles and responsibilities to ensure balance of power and authority. Whilst the Chairman navigates the Board and ensures that members of the Board work hand in hand with the management and encourages constructive relationship between the directors and management, the Chief Operating Officer holds the responsibility of executing the agreed business policies and directions set by the Board as well as making operational decisions in managing AmanahRaya REIT.

Board Meetings

Board meetings are scheduled regularly at least once every quarter. Special Board meetings are also held to discuss urgent issues, as and when necessary. Throughout 2016, six (6) Board meetings were held, two (2) of which were Special Board meetings.

Access to and Supply of Information and Advice

Board members are supplied with information in a timely manner. Notices and meeting agenda together with the relevant board papers are usually circulated 1 week prior to the scheduled Board meeting. The papers provide among others, financial and corporate information, significant operational, financial and corporate issues, performance of AmanahRaya REIT and management's recommendations and proposals.

All directors have access to the advices and services of the Audit Committee, Legal & Compliance Department, Group Internal Audit Department, Company Secretary as well as to external independent professional advisers whenever deemed necessary, at the expense of the Manager.

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.

The selection of candidates is assessed considering various factors including the objectives of AmanahRaya REIT and the Manager and the relevant experience and expertise of the candidates as well as their potential contributions.

Reviews on the performance of the Board members are done informally. The renewal or replacement of Board members do not necessarily reflect their level of contributions, but will most of the times be determined by the need to align and structure the Board in accordance with the goals and directions of AmanahRaya REIT and its business.

Directors are regularly updated on developments and changes in the operating environment including revisions to accounting standards as well as laws and regulations affecting AmanahRaya REIT and/or the Manager.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

Directors' Training

The Directors attended various talks and lecture series organised by regulators and professional bodies to enhance their knowledge and expertise as well as to keep abreast with the relevant changes of the industry, corporate governance, laws and regulations and business environment.

All the Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia Securities Berhad for directors of a listed issuer.

Training programmes, conferences and forums attended by the Directors for the financial year ended 31 December 2016 were as follows amongst others:-

- i) Capital Market Directors Programme - Securities Industry Development Corporation (SIDB).
- ii) MOF Executive Talk – Peranan Jawatankuasa Audit Syarikat dalam Memastikan Amalan Tadbir Urus Korporat - Ministry of Finance (MOF).
- iii) Audit Committee Conference 2016 - Malaysian Institute of Accountants (MIA).
- iv) Seminar on the Role of the Chairman & Independent Directors' - Malaysian Institute of Corporate Governance (MICG).
- v) Seminar on the Companies Act 2016 - Wolters Kluwer Executive Events in Collaboration with Azmi & Associates.

Committees under the Board

The Board has set up the following committees to assist the Directors in discharging their duties. The committees are:

- The Audit Committee; and
- The Investment Committee.

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 2012). The AC consists of two (2) Non-Executive Directors, with one (1) Independent Director and one (1) Non-Independent Director.

The AC operates based on a set of terms of reference outlining its scope of authority which includes:

- Reviewing all internal and external reports on the operations of AmanahRaya REIT and the Manager as well as the portfolio under management and ensuring compliance with all relevant laws and regulations;
- Initiating investigation in respect of activities within its terms of reference and to seek for information it requires from the management and/or any employee;
- Obtaining external legal or other independent professional advice, opinion and/or reports and to secure the attendance of external parties with relevant experience and expertise as and when necessary;
- Reviewing, together with external auditors, the audit plan, scope of the audit and areas of audit for AmanahRaya REIT and the Manager;
- Discussing and highlighting any problems arising from the audit exercise and/or any other matters raised by external auditors;
- Reviewing external auditors' letters and reports and response from the management;
- Reviewing the audit report prepared by external auditors;
- Making appropriate recommendations to the Board on matters concerning resignations, dismissals and replacements of external auditors;
- Reviewing and reporting the adequacy of the scope, functions and resources of the internal audit function and authorizing it to carry out the audit works;
- Reviewing all financial results and financial statements and all portfolios under management;
- Reviewing and highlighting any related-party transactions;

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

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AmanahRaya REIT

- Ensuring that the policy, strategy and operations of AmanahRaya REIT and the Manager are in compliance with all relevant laws and regulations; and
- Performing any other operational functions as may be agreed by the Board.

Meetings and Attendance

The AC meetings are scheduled at least once every quarter. 4 AC meetings were held throughout 2016. The details of attendance of the AC members are as follows:

Name of Committee Member	Number of Meetings Attended
Mahadzir Azizan (Chairperson) (Appointed with effect from 5 April 2016) (Redesignated as Chairman on 19 January 2017)	3
Dato' Che Pee bin Samsudin (Redesignated as Member on 19 January 2017)	4
Haji Zulkifly Sulaiman (Resigned with effect from 19 January 2017)	4

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 banking and property. At present, the IC has three (3) independent members.

The duties and responsibilities of the IC are outlined in its terms of reference, which includes:

- Reviewing, deliberating and deciding on any investments to be made by AmanahRaya REIT as recommended by the management;
- Reviewing, assessing and deciding on the escalation of proposals relating to asset acquisition, disposal and fund raising exercises to be undertaken by AmanahRaya REIT to the Board and Trustee for final approval;
- Reviewing and deliberating the following reports;
 - Property Market and Outlook Report
 - AmanahRaya REIT's Performance Report
- Ensuring that AmanahRaya REIT is managed in accordance with:-
 - its investment objectives;
 - its Deed;
 - its Prospectus;
 - the REIT Guidelines and other securities laws; and
 - the internal investment restrictions and policies.
- Recommending to the Board the appropriate strategies to achieve the objectives of AmanahRaya REIT in accordance with its investment policies;
- Ensuring that the selected strategies are properly and efficiently implemented by the management;
- Actively monitoring, measuring and evaluating the performance of the Manager; and
- Carrying out other duties as may be determined from time to time by the Board.

The IC meetings are scheduled at least once every quarter and 3 IC meetings were held throughout 2016.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible in ensuring that proper maintenance of accounting records for AmanahRaya REIT and appropriate accounting policies had been consistently applied. The Board is assisted by the AC in overseeing AmanahRaya REIT's financial reporting processes and the quality thereof.

Internal Control

The Board has an 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 External Auditors

An External Auditor, independent of the Manager and the Trustee has been appointed for AmanahRaya REIT. The appointment has been nominated by the Manager and approved by the Trustee. The remuneration of the Auditor is approved by the Trustee.

Via the AC, the Board maintains an active, transparent and professional relationship with the External Auditor.

Compliance Officer

The Manager has a dedicated compliance officer working towards ensuring compliance with all legislation, rules and guidelines issued by the Securities Commission and Bursa Malaysia Securities Berhad as well as the 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 with the REIT Guidelines, the Deed and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 or 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;
- 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; and
- all real estate investment and divestment transactions must be consented by the Trustee, consistent with the investment objective and strategy of AmanahRaya REIT and transacted at a price which is in accordance to the relevant guidelines.

RISK ASSESSMENT AND MANAGEMENT OF BUSINESS RISK

Effective risk management is an integral part of the Manager's strategic plan. The Manager operates within overall guidelines and specific parameters set by the Board. The risk management framework adopted by the Manager allows it to continuously identify, evaluate, mitigate and monitor risks affecting AmanahRaya REIT and the Manager.

The risk management process is integrated in the day-to-day operations of the Manager, allowing a more practical and hands on approach in identifying mitigating strategies.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

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AmanahRaya REIT

COMMUNICATION WITH UNITHOLDERS

The Board acknowledges the importance of regular communication with unitholders and investors via annual reports, circulars, and quarterly financial reports. The Manager has made various announcements that are released to Bursa Malaysia Securities Berhad via Bursa LINK during the period, through which unitholders and investors are able to obtain an overview of AmanahRaya REIT's performance and operations. An investor relations page is also systematically maintained in AmanahRaya REIT's website, allowing the unitholders to keep abreast with the development of AmanahRaya REIT at all times. Additionally, the Chief Operating Officer regularly meets up with analysts, institutional unitholders and investors to provide insights on significant development of AmanahRaya REIT and its strategies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ON INTERNAL CONTROL

Being a Real Estate Investment Trust, AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT") is not subjected to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Nevertheless, the Board of Directors ("the Board") of AmanahRaya REIT Managers Sdn. Bhd., the management company of AmanahRaya REIT ("the Manager"), has voluntarily opted to include this Statement on Internal Control to demonstrate its commitment in maintaining a sound and effective system of internal control.

THE BOARD'S RESPONSIBILITY

The Board, is responsible for ensuring the adequacy and integrity of the overall internal control systems and policies. Strong emphasis has been given by the Board in maintaining a sound system of internal control and effective risk management practices.

Notwithstanding the above, the Board also acknowledges that a sound system of internal control can mitigate but not eliminate the risk of failure in achieving the identified business objectives. It is therefore pertinent to note that the adopted system of internal control should be able to provide reasonable protection against material losses but not absolute shield against the same.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Manager has established, among others, the following systems of internal control to protect the interest of the unitholders:

- An operational manual has been established to outline the structure and framework in managing the overall operations of the Manager. The operational manual includes inter-alia policies and procedures on acquisition and disposal of properties, property management processes, financial and operational reporting as well as continuing listing and compliance obligations. The operational manual is subject to periodical review and will be updated as and when necessary;
- Authority limits have been specified for the operations of AmanahRaya REIT including but not limited to approvals on investments and divestments, banking facilities, capital and operating expenditure as well as engagement of services from external parties. Approvals from the Trustee and the Board are required for matters of certain threshold limits whereas those which do not exceed the threshold limits are delegated to other Board committees or the Chief Operating Officer to facilitate operational efficiency. A set of other authorised personnel have also been identified to approve and release payments for transactions with prior approval in accordance with the authority limits;
- The Manager has adopted a group wide Integrity Plan and Code of Business Ethics towards recognizing and resolving ethical issues that may be encountered in conducting its daily operations. The Code of Business Ethics addresses among others, issues on conflict of interest, whistle blowing policy, ethics and responsibility to stakeholders;
- An Enterprise Risk Management Policy which sets out the approaches and expectations in relation to risk management has also been adopted by the Manager. Via the policy, the Board recognizes that risk management is an integral part of good management and corporate governance practice. The policy has been in place for the year under review and up to date of approval of this statement;
- Internal Audit services are outsourced to the Manager's holding company, Amanah Raya Berhad. The cost incurred by the Manager for the outsourced Internal Audit Function in respect of the financial year ended 2016 amounted to RM9,460. Finding obtained from internal audit activities are reported directly to the Audit Committee ("AC") and are independent from the management team of the Manager;
- Scheduled regular meetings of the Board, AC and Investment Committee ("IC") with representation from the management provide the key to systematic monitoring of AmanahRaya REIT's activities and for identifying, evaluating and managing the significant risks faced by AmanahRaya REIT. The Chief Operating Officer is entrusted to manage the daily operations of the Manager and AmanahRaya REIT and holds the responsibility of leading the respective heads of departments towards achieving the identified objectives;
- In order to maintain quality and efficiency, the Manager's personnel across all functions are given the opportunity to attend relevant trainings. A systematic staff performance appraisal mechanism has also been adopted to ensure adequate and sufficient rewards are awarded to well deserving personnel;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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AmanahRaya REIT

- The AC conducts reviews on issues relating to the effectiveness of the internal control system raised by internal and external auditors, regulatory authorities and the management. Where a weakness on internal control mechanism is identified, the AC shall ensure that appropriate remedial action is taken by the management;
- The IC reviews and scrutinizes all investment, divestment and fund raising proposals recommended by the management. The reviewing process includes identification of risks involved in such activities towards ensuring that AmanahRaya REIT is managed in accordance with its objectives. The IC also holds the responsibility of actively monitoring the performance of the Manager and AmanahRaya REIT;
- All recommendations endorsed by the AC and IC shall be presented for review and approval by the Board.

CONCLUSION

Based on the above, the Board is of the view that the internal control system adopted by the Manager is adequate and sufficient to ensure good corporate governance for AmanahRaya REIT. Assurance had been received from the Chief Operating Officer that the risk management and internal control system of the Manager in relation to managing the operations of AmanahRaya REIT, is operating adequately and effectively, in all material aspects, based on the risk management and internal control system set in place by the Manager.

CORPORATE CALENDAR 2016



APRIL

The Annual General Meeting of AmanahRaya-REIT ("AGM") was held on 13 April 2016 at Nexus 1, Level 3a Connexion @ Nexus Bangsar South City No. 7 Jalan Kerinchi 59200 Kuala Lumpur. During the Agm, the Management present the achievement of Amanahraya-Reit for the year of 2015 to all the Unitholders.



DECEMBER

On 19 December 2016, Kenedix Japan via its subsidiary, KDA Capital Malaysia Sdn Bhd acquired units and shares ARREIT and ARRM of 15 % and 49 % respectively.

This event reflects a new milestone for both ARREIT and ARRM as they will be a new co-sponsor for the Fund. Both ARN and KDA Capital being the Joint Sponsor of the Fund will be focusing to strengthen ARREIT's position in the market thus simultaneously creating better values and returns for all unitholders.

Moving forward, the Manager will continue to emphasis on optimizing growth via internal or external injections. The Manager will also be strategizing to implement better capital management approaches.

NEW ACQUISITIONS

April 2016 [Deluge Factory, Nusajaya]

On 20 April 2016, CIMB Islamic Trustee Berhad as Trustee of ARREIT has entered into a Sale and Purchase Agreement with Pipeline Distribution (M) Sdn. Bhd to acquire the Property for a purchase price of RM24,000,000.00 .



APRIL

March 2016 [Toshiba TEC, Malaysia, Shah Alam]

On March 2016, CIMB Islamic Trustee Berhad as Trustee of ARREIT has entered into a Sale and Purchase Agreement with Vila Armada Sdn. Bhd to acquire the Property for a purchase price of RM32,000,000.00 .



MARCH

June 2016 [Contraves, Cyberjaya]

On 16 June 2016, CIMB Islamic Trustee Berhad") as Trustee of ARREIT has entered into a Sale and Purchase Agreement with Cyberview Sdn Bhd (Company No. 405553-T) and Setia Haruman Sdn Bhd. (Company No. 425145-U) to acquire the Property (as defined hereafter) for a purchase price of RM40,000,000.00.



JUNE

PROFILE OF THE CHIEF OPERATING OFFICER



NOORBAIZURA HERMEYNEY
CHIEF OPERATING OFFICER

Profile of COO

Noorbaizura, a Malaysian, aged 37, joined AmanahRaya-REIT Managers Sdn Bhd ("ARRM") in December 2011. Noorbaizura was previously the Head of Investment Department of AmanahRaya-REIT Managers Sdn Bhd ("ARRM") whereby in June 2015, she was appointed as the Acting Principal Officer of ARRM upon the resignation of the previous Chief Operating Officer. She currently holds the Capital Market Services Representative's License under the Capital Markets and Services Act 2007 since June 2015.

On 7 January 2016, she was promoted and formally appointed as the Chief Operating Officer of ARRM. Noorbaizura is in principal responsible for all day to day operational matters including finance, legal and compliance, and other related functions of ARRM. In 2014 she has successfully led the managers to secure 25 year lease agreement with HELP University and she was also responsible in acquiring new investment for AmanahRaya REIT. She has also been invited as key speakers in several seminars and conferences for private and government related organizations. Noorbaizura is also vital in capital management roles of ARRM, where she was responsible in securing refinancing facility amounting to RM334 million for AmanahRaya REIT back in December 2015.

PROFILE OF THE CHIEF OPERATING OFFICER

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AmanahRaya REIT



For the financial year under review, the management team of ARRM has also successfully injected three new assets amounted to RM96 million with an average net yield of 6.75%. This new investments are expected to generate net rental revenue of RM 6.48 milion per annum.

Noorbaizura graduated with a Bachelor of Accountancy (Hons) from University Teknologi Mara in 2002. Subsequently in August 2003, she completed her Association of Chartered Certified Accountants ("ACCA") examinations. Noorbaizura always had keen interest in the real estate sector, having involved and garnered experience in this industry since the starting of her career.

Prior to joining ARRM, she was attached with Naza Group in which her last designation was Corporate Finance & Business Development Manager. She was primarily involved in various investment activities focusing on diversified sectors including automotive, real estate, parking management, education as well as food and beverage.

She started her career as an audit associate in Ernst & Young where she spent approximately 4 years with the firm in which her last designation was as Assistant Manager. During her tenure at Ernst & Young, she was primarily in charge of statutory audits in various industries

that include investment properties, construction, property development, telecommunication, manufacturing, and water concessionaries.

In early 2008, Noorbaizura joined KLCC Property Holdings Berhad, which is the listed property arm of PETRONAS Group. In KLCC, she was one of the integral personnel responsible in setting up the inaugural risk management framework for the Group and she was also part of the team engaged on Investor Relation matters. Noorbaizura was also tasked to monitor and oversee the performances of all hotels, retail and facility management companies under the Group's portfolio. She was also primarily involved in developing the budget and business plans for a few subsidiaries in KLCC Group.

Moving Foward Strategy

With the recent signing of Shareholders agreement between AmanahRaya Berhad and KDA Capital Malaysia Sdn Bhd, the management is positive that AmanahRaya REIT will continue to be able to provide sustainable return and also the management is eager to layout new strategies to ensure growth in asset portfolio and simultaneously rental revenue.

The management is serious to ensure there is stability of growth which will be carried out through external and internal growth strategies. Simultaneously the management also will strengthen its capital management strategies to facilitate the growth strategies and also to ensure any risk of overleveraging is properly managed.

The Management is setting and implementing strategies to increase its portfolio size to at least RM1.5 billion to RM2 billion within the next 3 year. At the same time, anticipating the softening property market environment, the management is also looking to strengthen its leasing capacity to ensure risk of vacancies shall be properly managed.

THE MANAGEMENT TEAM



FROM LEFT TO RIGHT:

MAHATHIR MOHAMAD SUPIAN
(Acting Head of Property Management)

ISYAM ISHAK
(Accountant)

PREMJIT SINGH
(Head of Legal & Compliance)

JERRY JESUDIAN A/L JOSEPH ALEXANDER
(Joint Company Secretary)

KUSUMA DEWI ABD AZIZ
(Head of Investment)

The Board of Directors of AmanahRaya-REIT Managers Sdn Bhd ("ARRM" or the "Manager"), the Manager of AmanahRaya Real Estate Investment Trust ("the Fund or AmanahRaya REIT") is pleased to present the Annual Report of AmanahRaya REIT and the audited financial statements of AmanahRaya REIT for the financial year ended 31 December 2016.

AMANAHRAYA-REIT MANAGERS SDN. BHD.

ARRM is the Manager of AmanahRaya REIT and acts in accordance with the Trust Deed dated 10 October 2006 (as supplemented by the Supplemental Deed dated 4 January 2007 and the Second Supplemental Deed dated 27 August 2009) (collectively be referred to as the "Deed") and guidelines imposed by the Securities Commission and Bursa Malaysia Securities Berhad ("Bursa Securities"). ARRM is also the holder of Capital Markets Services Licence, with its director and chief operating officer holding the Capital Markets Services Representative's Licence under the Capital Markets and Services Act 2007. As the Manager, ARRM primary responsibility is to deliver stable, steady and sustainable returns to the unitholders of AmanahRaya REIT.

AMANAHRAYA REIT

AmanahRaya REIT was established on 10 October 2006 pursuant to the Deed between the Manager and CIMB Islamic Trustee Berhad ("Trustee"). AmanahRaya REIT is classified as a real estate investment fund and was listed on the main board of Bursa Securities on 26 February 2007.

AMANAHRAYA REIT INVESTMENT OBJECTIVE

The primary objectives of AmanahRaya REIT is to invest in properties that fulfil the following criteria:

1. Yield accretive
2. Value accretive (Capital appreciation)
3. Able to continuously generate sustainable return to the unitholders

INVESTMENT STRATEGIES AND POLICIES

The Manager's investment strategy is to acquire properties that are able to provide strong, continuous and sustainable returns with stable growth potential in terms of rental yield and capital values.

The Manager adopts a stringent policy in assessing properties. Prior to presenting any acquisition proposals to the Investment Committee and Board of Directors ("Board") for their endorsement, the Manager will conduct a thorough analysis which include site visit, financial analysis, preliminary technical and legal 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 within established Central Business District, industrial zones, highly populated areas as well as accessibility to and from major roads, highways and public transportation systems such as LRT, buses, etc.

b. Price and Rental Yield

The main criteria of investment are the rental yields in relation to the value. In general, the Manager will be looking at net rental yields of more than 6% depending on the quality or condition of the property being considered, location and type of properties. The Manager will focus on acquisitions that are able to deliver accretive yields and capital growth thus enabling the Manager to translate it into strong and sustainable returns to the unitholders.

MANAGER'S REPORT

(Cont'd)

c. Quality Assets

The Manager strives towards acquiring high quality properties. The properties being acquired must be in good tenantable condition. Technical due diligence exercise, which include examining the condition of mechanical and electrical equipment and structural components will be conducted by the Manager's appointed consultants prior to completing any acquisitions. All properties acquired must also be in compliance with the requirement and guidelines set by relevant authorities.

d. Diversified Portfolio

The strength of AmanahRaya REIT's is the diversity of its portfolio. Diversification allows the Manager to cushion the impact of any adverse condition in a particular sector or locality. AmanahRaya REIT will continue to diversify its portfolio but will focus more on three main commercial sectors namely industrial, retail and office.

e. Covenant Strength

Covenant strength which mainly focuses on tenant profiling is important to mitigate the risk of rental default especially on single tenancy arrangement. In addition, the Manager will conduct a due diligence exercise on the financial strength of the prospective tenants and its operation. To date, the tenants of AmanahRaya REIT are mostly consist of multi-nationals and public listed companies.

AmanahRaya REIT Financial Performance

For the Year of 2016, the financial highlights were as follows:

- Recorded a decrease in rental revenue from RM61.61 million in the previous year to RM57.39 million for the year 2016. The decrease was mainly due to loss of income as a result of the disposal of Wisma AmanahRaya Jalan Ampang which was completed on 27 January 2016.
- The decline in rental revenue was mitigated by interest savings as a result of full redemption of loan from Affin Bank Berhad for Wisma AmanahRaya Jalan Ampang of RM78 million. On top of that, a sum of RM30 million has been made to partially redeem the term loan with Affin Bank Berhad.
- The decrease has also further mitigated by rental revenue recognized from new investment which were completed in Q3 and Q4 of 2016.
- As a result of the above mentioned, the net realised income for distribution has decreased to RM35.33 million as compared to RM36.62 million recognised in the previous financial year.
- Distribution per unit ("DPU") for 2016 was 5.899 sen.
- The Manager also conducted revaluation exercise on all properties under AmanahRaya REIT portfolio to fulfil the requirement set by the Financial Reporting Standard.
- Following the revaluation exercise, total investment properties at 31 December 2016 increased to RM986.4 million from RM884.82 million in 2015. This amount is including acquisition and disposal of properties in 2016.
- The total asset decreased from RM1.10 billion in 2015 to RM1.04 billion for the year 2016. The decrease in total assets was mainly attributed to disposal of Wisma AmanahRaya Jalan Ampang at RM78 million which was completed on 27 January 2016.
- Gearing decreased to 30.29% in 2016 from 33.07% in 2015 due to partial repayment of loan from Affin Bank Berhad for amount RM108 million during the year.

MANAGER'S REPORT (Cont'd)

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AmanahRaya REIT

The operational and investment highlights for the year 2016 were as follows:

- Disposal of Wisma AmanahRaya Jalan Ampang to Annex Sentral Sdn Bhd was completed on 27 January 2016.
- Completed the acquisition of four storey office-cum-warehouse known as Toshiba Warehouse, Glenmarie Shah Alam on 20 May 2016. The tenancy of the said property with Toshiba TEC (Malaysia) Sdn Bhd commenced on the same day. The value of the transaction is RM32 million with net yield of 6.5%.
- Completed the acquisition of a single storey factory annexed with three storey office building known as Deluge Factory, Nusajaya on 11 August 2016. The lease of the said property with Pipeline Distribution (M) Sdn Bhd commenced on the same day. The value of the transaction is RM24 million with net yield of 6.75%.
- Completed the acquisition of a four-storey purpose-built office building with one basement level car park known as Contraves Building, Cyberjaya on 30 December 2016. The tenancy of the said property with Contraves Sdn Bhd commenced on the same day. The value of the transaction is RM40 million with expected net yield of 7.19%.
- The refurbishment of cooling tower and piping system at HELP University has commenced on 1 March 2016. This is to warrant the efficiency of the building air-conditioning system, hence, preventing major breakdown that may disrupt HELP University's operation. The project is expected to complete by February 2017. Total cost incurred for this purpose is approximately RM800,000.
- Refurbishment of 38 unit of washrooms at Help University to accommodate increased frequency of usage has commenced on 27 July 2016. The project is expected to complete by March 2017. The total cost incurred for this refurbishment work is RM1.25 million.
- Refurbishment of 89 units of washrooms in the guest rooms at Holiday Villa Langkawi has commenced on 1 May 2016 and was completed on 31 December 2016. The refurbishment was necessary to preserve the property's value and most importantly to maintain attractiveness and competitiveness with other hotels in Langkawi. The cost of this refurbishment is approximately RM1 million.
- Refurbishment of lobby area at Holiday Villa Langkawi has commenced on 21 November 2016 and is expected to complete in February 2017. The refurbishment gives the hotel's lobby a fresher and improved look. The project costs approximately RM675,000.

FINANCIAL REVIEW

Review of Performance

	2016	2015	2014	2013	2012
Total Asset Value (RM)	1,040,293,296	1,101,373,044	1,077,296,710	1,010,203,315	1,045,756,129
Total Net Asset Value (RM)	686,061,728	681,539,846	657,951,197	587,596,171	606,782,914
Units in Circulation (units)	573,219,858	573,219,858	573,219,858	573,219,858	573,219,858
Net Asset Value Per unit (RM)	1.197	1.189	1.148	1.025	1.050
Highest Net Asset Value Per Unit (RM)	1.197	1.189	1.148	1.059	1.050
Lowest Net Asset Value Per Unit (RM)	1.187	1.140	1.018	1.024	0.475
Market Value per unit (RM) as at 31 December	0.92	0.87	0.83	1.00	0.92
Highest Traded Price for the Twelve Months Period (RM)	0.97	0.93	1.01	1.04	0.98
Lowest Traded Price for the Twelve Months Period (RM)	0.86	0.79	0.77	0.91	0.90

MANAGER'S REPORT

(Cont'd)

Results of AmanahRaya REIT's Performance

	2016	2015	2014	2013	2012
Total Gross Rental Income	57,385,743	61,607,065	55,232,076	64,268,575	66,914,896
Total Property Expenses	(4,083,964)	(3,805,673)	(3,233,930)	(2,082,602)	(2,687,577)
Net Rental Income	53,301,779	57,801,392	51,998,146	62,185,973	64,227,319
Interest and Other Income	2,083,066	3,137,275	3,307,289	2,023,552	964,197
Total Non-Property Expenses	(20,051,654)	(24,315,689)	(23,372,873)	(21,959,359)	(21,804,904)
Realised Earnings Before Taxation	35,333,189	36,622,978	31,932,562	42,250,166	43,386,612
Changes in Fair Value of Investment Properties	5,207,986	23,059,600	75,316,699	(18,000,000)	3,500,000
Earnings Before Taxation	40,541,175	59,682,578	107,249,261	24,250,166	46,886,612
Taxation*	NIL	NIL	NIL	NIL	NIL
Earnings After Taxation	40,541,175	59,682,578	107,249,261	24,250,166	46,886,612
Earnings Per Unit (EPU) after Taxation (sen)					
(Realised + Unrealised)	7.07	10.41	18.71	4.23	8.18
EPU Yield (%) (Based on Closing Market Price)	7.68	11.97	22.54	4.23	8.89
Distribution Per Unit (DPU) (sen)	5.899	6.305	6.500	7.265	7.449
Distribution Yield (%)	6.41	7.25	7.83	7.26	8.10
MER (%)	1.07	1.08	0.97	0.85	0.80
Annual Total Return (%)**	6.46	7.24	7.22	7.83	9.10

* AmanahRaya REIT 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 AmanahRaya REIT is largely determined by market factors. Therefore past performance is not necessarily indicative of future performance and that unit prices and investment returns may fluctuate

FUND'S PERFORMANCE

In 2016, AmanahRaya REIT recorded a total income of RM40.54 million against RM59.68 million in the previous year. The decrease was mainly contributed by the decrease in fair value of the investment properties amounting to RM23.06 million following a revaluation exercise on 2015 compared to only RM5.21 million revaluation surplus recognised during the year under review. In terms of realised income, the Trust has recorded RM57.39 million, a decrease of 7% as compared to the previous year. The decrease was mainly due to the disposal of Wisma AmanahRaya Jalan Ampang on 27 January 2016. The fund expenses decreased by 16% to RM24.14 million from RM28.12 million recorded in the previous financial year mainly due to interest savings from part settlement of loan amounting to RM108 million. Consequently, the overall net realised income for distribution decreased to RM35.33 million from RM 36.62 million previously.

INCOME DISTRIBUTION

During the period under review, AmanahRaya REIT made the following income distributions:

First Interim	Second Interim	Third Interim	Fourth Final	Total
1.5643	1.4863	1.4245	1.4243	5.899

MANAGER'S REPORT (Cont'd)

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AmanahRaya REIT

For 2016, AmanahRaya REIT distributed in total an income distribution of RM33.82 million or 5.90 sen, a slight drop from 2015 income distribution of 6.31 sen. The fourth and final income distribution of RM8.16 million has been declared at 1.42 sen per unit payable on 31 March 2017. Analysis of income distribution:

	2016	2015	2014	2013	2012
Income distribution per unit (sen)					
- First interim income distribution	1.5643	1.400	1.700	1.884	1.811
- Second interim income distribution	1.4863	1.590	1.300	1.830	1.800
- Third interim income distribution	1.4245	1.507	1.700	1.815	1.789
- Proposed Fourth and final income distribution	1.4243	1.808	1.800	1.736	2.049
	5.899	6.305	6.500	7.265	7.449

NET ASSET VALUE

Net Asset Value (NAV) as at 31 December 2016 is RM1.197 per unit.
The net asset value of AmanahRaya REIT since 2012 was analysed as follows:

	2016	2015	2014	2013	2012
Total net asset value ("NAV") RM:					
- before provision for income distributions	1.197	1.189	1.148	1.025	1.131
- after provision for income distributions	1.183	1.156	1.130	1.008	1.077

UNITS IN ISSUE

As at 31 December 2016, the total number of units issued is 573,219,858.

GEARING

As at 31 December 2016, AmanahRaya REIT's total debt is RM315.15 million with gearing ratio of 30.29%.

	2016	2015	2014	2013	2012
Gearing ratio (%)	30.29	33.07	33.80	36.02	34.76

RELATED PERFORMANCE INDICATORS AND BENCHMARKS

	2016	2015	2014	2013	2012
Total return (%)*	6.46	7.24	7.22	7.83	9.10
Asset Portfolio Turnover (times)**	0.03	0.05	0.05	0.12	-

* Total returns is calculated based on the actual gross income distribution and the net change in the weighted average market price for the financial year, over the weighted average market price of the AmanahRaya 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 2016 to the average net asset value for the financial year calculated on a daily basis.

MANAGER'S REPORT

(Cont'd)

BENCHMARK RELEVANT TO AMANAHRAYA REIT

	2016	2015	2014	2013	2012
Management Expense Ratio ("MER") %*	1.07	1.08	0.97	0.85	0.80

* 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

For the financial year under review, AmanahRaya REIT managed to complete the acquisition of three (3) properties namely:

1. Toshiba Warehouse- located in a prime industrial area of Glenmarie, Shah Alam. At the acquisition price of RM32 million, the Manager was able to secure a six-years tenancy with Toshiba TEC (Malaysia) Sdn Bhd with initial net yield of 6.5%.
2. Deluge Factory – located in Nusajaya's flagship Southern Industrial and Logistics Clusters (SiLC), Johor. The acquisition which is valued at RM24 million has an initial net yield of 6.75% p.a. The lease is fixed at 6+3 years.
3. Contraves Building – located in Cyberjaya which is currently occupied by Contraves Sdn Bhd. The acquisition price was RM40 million, with remaining tenancy period of 2.3+3 years. The initial yield is approximately 7.19%.

The first two acquisitions were internally funded by utilising proceeds from previous disposals. On the other hand, Contraves acquisition was financed via external borrowing from Public Bank Berhad with interest rate similar to the existing borrowing from Affin Bank Berhad. These acquisitions are yield accretive and will contribute positively towards AmanahRaya REIT's DPU in years to come.

Property Management

a. Property Expenses

Under the existing triple net lease arrangement, the responsibility of maintaining and up keeping of the property lies with the lessee. Regardless, being building owners, the Fund is also responsible to preserve the values of all properties and this is carried through planned and scheduled Asset Enhancement Initiatives (AEI) activities. Periodical and scheduled inspections are carried out on quarterly basis by the appointed Property Managers.

In 2016, total property expenses were recorded at approximately RM4.08 million which mainly included statutory payments (quit rent and assessment), insurances, general repairs, maintenance and refurbishments.

b. Enhancing Property Values

Through planned AEI activities, the value of properties are enhanced. In 2016, these major refurbishment projects were undertaken by the Fund with a total cost of RM3.05 million.

- a. Refurbishment of 3 units of cooling tower and its piping system at HELP University
- b. Refurbishment of 38 unit of washrooms at HELP University
- c. Refurbishment of 89 units of washrooms in the guest rooms at Holiday Villa Langkawi
- d. Refurbishment of hotel lobby at Holiday Villa Langkawi

Rental Review

During the financial year under review, rental of the following properties recorded upward revision:

No.	Property	Previous Monthly Rental (RM)	Current Monthly Rental (RM)	% Increase	Date Of Review
1.	SEGi University	1,123,750	1,196,250	6.45	Mar 2016

Tenancy / Lease Renewals

During the financial year under review, rental of the tenancy / lease for the following properties were renewed:

1. Holiday Villa Langkawi
2. Holiday Villa Alor Setar
3. Lot 3, Wisma AIC, Shah Alam

The net yield for all of the abovementioned properties were maintained at approximately 7% per annum with an exception of Holiday Villa Alor Setar. Holiday Villa Alor Setar has suffered approximately 28% reduction in yield due to significant drop in occupancy rate. At the same time, the management is in the midst of finalising tenancy with a new tenant for Block B, South City Plaza and in negotiation for the lease renewal for Selayang Mall.

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 2016, AmanahRaya REIT has achieved a debt level of 30.29% of the total asset level as compared to 33.07% in the previous year.

MATERIAL LITIGATION

On 30 May 2016, the Federal Court in its judgment upheld the decision of the Court of Appeal in favour of AmanahRaya REIT. On 4 July 2016, AmanahRaya-REIT Managers Sdn Bhd in the presence of the Court Bailiffs successfully repossessed the Silver Bird Complex at Lot 72, Persiaran Jubli Perak, Seksyen 21, 40000 Shah Alam, Selangor Darul Ehsan.

MANAGER'S REMUNERATION

Pursuant to the Deed, the Manager is entitled to receive from AmanahRaya REIT a base fee (exclusive of GST, if any) of up to a maximum of 1.0% per annum of the net asset value of AmanahRaya REIT calculated on a daily basis. During the financial year, the Manager received a total fee amounting to RM5.08 million calculated at an average of 0.75% of net asset value of AmanahRaya REIT payable monthly. With effect from 1 December 2016, the Manager's fee was increased to 0.85% p.a.

SIGNIFICANT EVENTS OCCURED DURING THE YEAR

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

1. The disposal of Wisma AmanahRaya Jalan Ampang to Annex Sentral Sdn Bhd at a disposal price of RM78 million was completed on 27 January 2016.
2. On 20 May 2016, acquisition of four storey office-cum-warehouse know as Toshiba Warehouse, Glenmarie, Shah Alam has completed. The value of the transaction is RM32 million.
3. On 4 July 2016, AmanahRaya REIT Managers Sdn Bhd in the presence of the Court Bailiffs successfully repossessed the Silver Bird Complex at Lot 72, Persiaran Jubli Perak, Seksyen 21, 40000 Shah Alam, Selangor Darul Ehsan.
4. The acquisition of a single storey factory annexed with three storey office building known as Deluge Factory, Johor Bahru was completed on 11 August 2016. The value of the transaction is RM24 million.

MANAGER'S REPORT

(Cont'd)

5. On 19 December 2016, the Manager ARRM, namely Amanah Raya Berhad ("ARB") had on 19 December 2016 entered into the following agreements with KDA Capital Malaysia Sdn Bhd ("KDA Capital"):
 - (a) Share Sale Agreement between ARB and KDA Capital in respect of the proposed disposal by ARB of 735,000 ordinary shares of RM1.00 each in ARRM equivalent to 49% shareholdings in ARRM to KDA Capital for a cash consideration of RM5,145,000 only;
 - (b) Shareholders Agreement between ARB and KDA Capital to regulate the relationship between ARB and KDA Capital as shareholders of ARRM; and
 - (c) REIT Unit Sale Agreement between ARB and KDA Capital in respect of the proposed purchase of 85,982,979 REIT units representing 15% of AmanahRaya REIT's units from ARB by KDA Capital at RM1.00 per REIT unit equivalent to RM85,982,979 by way of Direct Business Transaction subject to the approval of Bursa Malaysia Securities Berhad.

The completion of this agreement is subject to Securities Commission's approval.
6. On 30 December 2016, the acquisition of a four-storey purpose-built office building with one basement level car park known as Contraves Building, Cyberjaya was completed. The value of the transaction is RM40 million.
7. The value of investment properties has increased from RM884.8 million in 2015 to RM986.4 million following the acquisitions and revaluation during the year. Total acquisition is RM97 million while revaluation contributed to an increase of RM4.6 million to the portfolio.
8. Asset enhancement exercises were conducted on two (2) properties listed below with a total cost of RM3.05 million:
 - (a) Wisma AmanahRaya, Jalan Semantan
 - (b) Holiday Villa Langkawi
9. Renewal of lease and tenancy were completed for the following properties:
 - (a) Holiday Villa Langkawi
 - (b) Holiday Villa Alor Setar
 - (c) Lot 3, Wisma AIC
10. The fund has made payment of RM108 million to Affin Bank Berhad as part payment of existing term loans.
11. ARREIT has entered into a refinancing agreement with Affin Berhad for 5 years for amount RM256.2 million.
12. ARREIT has also entered into a new term loan facility with Public Bank Berhad amounting to RM33.92 million to finance the purchase of Contraves Building, Cyberjaya for a tenure of 5+2 years.

MOVING FORWARD

Acquisition

The Manager will continue to focus on expanding the portfolio through acquisitions. Acquisition is necessary to ensure growth in terms of dividend and capital values. The challenge is to find properties that are able to provide accretive yields to AmanahRaya REIT.

Leasing

The Manager will also focus on finding new tenants for vacant properties such as Silver Bird Factory and others.

Financial Performance

The future pose a challenge for AmanahRaya REIT as overall property market is expected to soften. In view of the softer market, the Manager is expected to deliver DPU in the region of 6.0 sen per unit. In order to cushion the impact of lower DPU, acquisition is necessary and it will be the main focus of the Manager in 2017.

Capital Management

The Manager will seek to adopt a more flexible and efficient financing strategy while minimizing the borrowing cost and gearing ratio.

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 AmanahRaya REIT.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves or provisions during the financial year ended 31 December 2016 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. Any charge on the assets of AmanahRaya REIT which arisen since the end of the financial year which secures the liability of any other person, except as disclosed in Note 4 to the financial statement;
- b. Any contingent liability of AmanahRaya REIT which has arisen since the end of 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 auditor, Messrs KPMG PLT, has 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 Board of Directors.

Dato' Seri Ikmal Hisham bin Abdul Aziz
Kuala Lumpur
20 February 2017

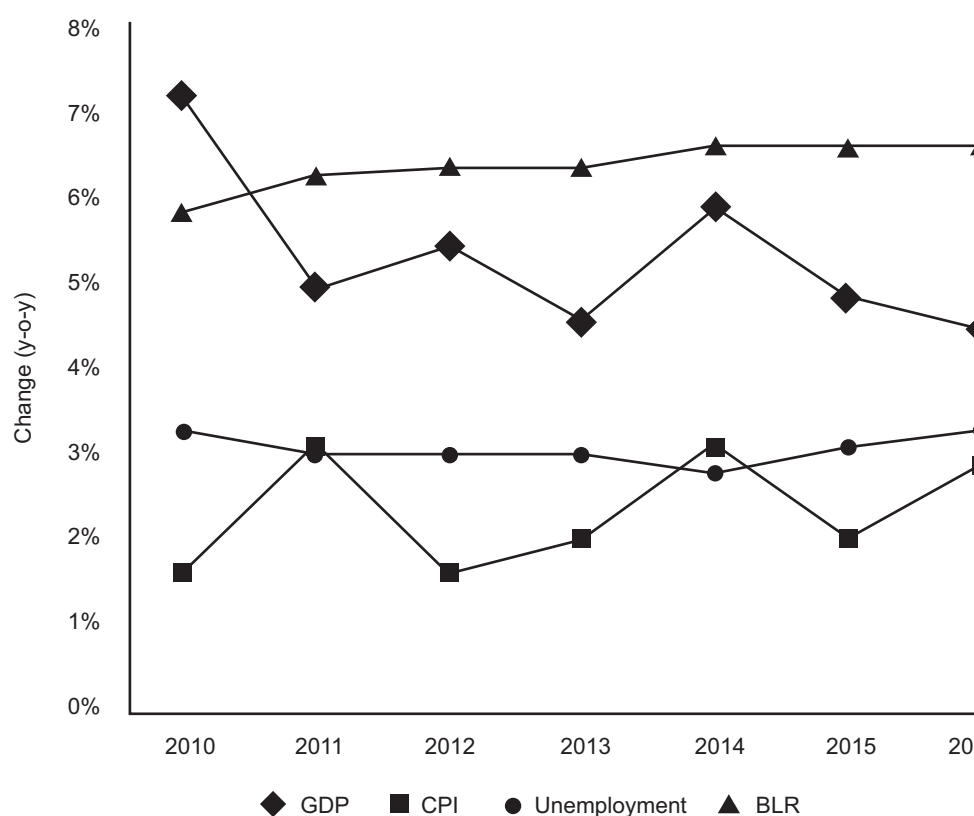
PROPERTY MARKET OVERVIEW

1 ECONOMY

Modest growth of 5% in gross domestic product (GDP) was recorded for 2015 as compared to 6.0% growth in 2014. The first quarter of 2016 recorded lower growth of 4.2%, before decreasing further to 4.0% in Q2. The estimated GDP growth for 2016 is approximately between 4 - 4.5%, marking the lowest economic growth since the Global Financial Crisis of 2008. This has prompted the Central Bank of Malaysia (BNM) to reduce the interest rate by 0.25 basis points to 3.0% in July 2016. This reduction in interest rate is the first since year 2009, implemented with the objective to spur stronger economic growth.

The World Bank's new economic analysis forecasts Malaysia's GDP to grow even slower beyond 2015 with 4.2% in 2016, and 4.3% in 2017. Apart from continued adjustment to fiscal consolidation, decreasing private consumption is also identified to be one of the main factors for the growth moderation.

Figure 1 : Key Economic Growth Indicators, 2010 - 2016



Source: Department of Statistics, Bank Negara Malaysia

The performance is significantly supported by consumption spending in the private sector, especially in the first half of the year before the implementation of goods and services tax (GST) in April 2015. The latter half of 2015 witnessed slower demand domestically, and higher external demand. Nonetheless, consumption growth in the public sector prevailed at 4.3% (2014: 4.4%) while private sector recorded growth at 6.0% (2014: 7.0%).

Growth in private investment moderated to 6.4% (2014: 11.0%) due to cautious business sentiments noted coupled with global economic slowdown. On the other hand, public investment improved with smaller reduction recorded, which is attributed to higher capital spending and lower discretionary spending by the government and public corporations, by way of various cost cutting measures. From contraction of 4.7% in 2014, public investment registered contraction of only 1.0% in 2015.

PROPERTY MARKET OVERVIEW (Cont'd)

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AmanahRaya REIT

After the consumer's sentiment index (CSI) fell to its historical low in Q4 2015 – to 63.8 point, the first half of 2016 saw improvements as the CSI climbed to 78.5. H2 2016, however, is expected to be a challenging time with the depreciating ringgit, and Q3 has already showed a slight decline to 73.5.

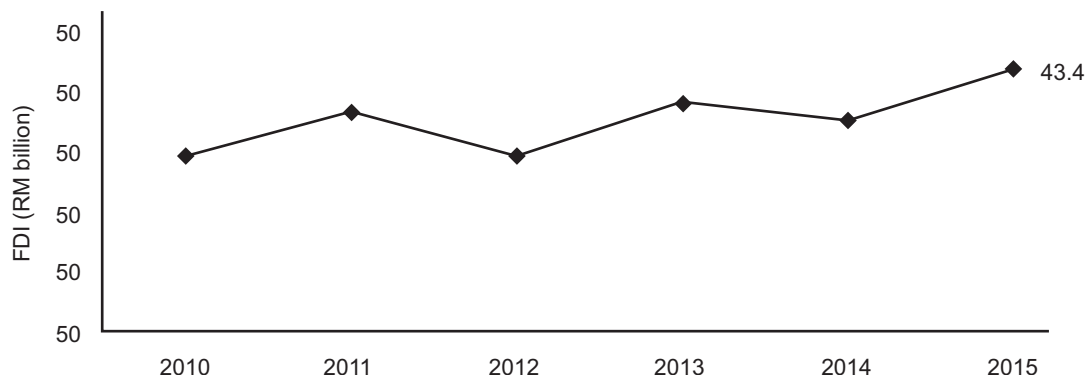
Ringgit has indeed been showing bleak performance throughout the year. Ringgit's value depreciate against almost all major currencies in Q3 2016 – 3% against the US dollar, 3.9% against euro, 5.5% against Australian dollar, and 4.2% against Japanese yen, to name a few. Regional wise, Philippine peso is the only currency that ringgit did not depreciate against in the last quarter.

Economists mostly identify the main factors for ringgit's depreciation to be external, while BNM also added that there were shifts in investors' sentiment. The world is seeing an increase in populist sentiments which impact economies globally. Donald Trump's election is expected to further affect the Asian market primarily due to his foreign policies.

The Consumer Price Index (CPI), the main index used to measure inflation, stands out in Q1 as the inflation rate increase as high as 4.2% in February, the highest since 2008. The increase, however eased in Q2 and Q3, respectively with 1.9% and 1.4%, indicating a cooler situation year-on-year. Going into socioeconomics, BNM noted that the inflation rate is higher amongst the urban poor – the low- and middle-income groups living in developed areas such as Kuala Lumpur and Penang.

The Department of Statistics published their report of foreign direct investment (FDI) in October 2016 stating Malaysia managed to attract RM43.4 billion (USD 9.7 billion) inflow in 2015.

Figure 2 : Malaysia's Historical FDI Inflow (USD billion)



Source: Department of Statistics Malaysia, Malaysian Investment Development Authority

The highest foreign investment in 2015, amounting to RM8.4 billion (USD2 bil) came from China. The government is set to further strengthen the country's ties with China, thus expecting higher investment this year and beyond. The overall FDI is also expected to be stronger this year. The first half of 2016 has already reached RM28.2 billion. In addition, the approved foreign investment for H1 2016 is equivalent to 83.3% of 2015's total approved foreign investment.

PROPERTY MARKET OVERVIEW

(Cont'd)

2 OFFICE SECTOR

In 2016, about 3-million sq ft of new office space was completed up to Q3. This brings the total office space in Kuala Lumpur to 78.5-million sq ft. The latest completion is JKG Tower (NLA: 396,820 sq ft) located at Jalan Raja Laut.

Table 1 : Newly completed buildings

Building name	Location	Quarter completed	Nett lettable area (sq ft)
Damansara City	Damansara CBD	1	780,000
KL Trillion	Jalan Tun Razak	1	305,000
Menara Bangkok Bank	Jalan Ampang	1	475,000
The Vertical	Bangsar South	2	1,500,000
JKG Tower	Jalan Raja Laut	4	396,820

Source: Nawawi Tie Leung Research

Throughout the last few years, several office buildings were converted for other usages. The latest re-adaptation is Menara ING, where it was being partially converted into a hotel. The hotel, known as Hotel Inn Express at Jalan Raja Chulan, opens its door in Q2 2016. The former Wisma MBSB building located off Jalan Tun Perak is also currently under renovation where it will also be converted into a hotel. Conversion of building usage is one of the typical measures taken by owners of older buildings which are strategically located. This is part of their business plan to embrace and endure the challenging climate faced by building owners especially for office market sector.

Average gross rental for office in the central areas is RM6.03 per sq ft, and for offices at decentralized areas is RM4.25 per sq ft. Rental is relatively stable but continued to be under pressure as owners have to compete to secure for new tenants in the current slow business environment. After taking a dip in the beginning of 2016, office buildings' occupancy has temporarily recovered. The average occupancy rate of office buildings in KL currently stands at 80.5%.

In the coming year, about 4-million sq ft of office space is scheduled to enter into the property market and this will most likely dampens further market recovery. However, looking at the current market condition, some of the completions of these new supplies of buildings are expected to be further delayed.

Table 2: Occupancy and Rental Rates of Selected PBOs

No	Name of Building	Location	Asking Rental Rate (RM psf)	Occupancy Rate (%)
1	Menara Citibank	Jalan Ampang	7.50	93
2	Menara Maxis	Jalan Ampang	8.00 - 12.50	93
3	Wisma Selangor Dredging	Jalan Ampang	6.50	96
4	Sunway Tower	Jalan Ampang	4.50	27
5	Menara Safuan	Jalan Ampang	3.50 - 4.00	90
6	Bangunan Am Finance	Jalan Ampang	5.50 - 6.00	98
7	Menara IMC	Jalan Ampang	7.00	90
8	Plaza OSK	Jalan Ampang	6.00	97
9	Menara Great Eastern	Jalan Ampang	5.00 - 5.50	95
10	Vista Tower	Jalan Tun Razak	7.50 - 9.00	78
11	The ICON	Jalan Tun Razak	6.50	91
12	GTower	Jalan Tun Razak	8.50	82
13	Subang Hi-Tech	Subang Jaya	3.00 - 3.50	95
14	Wisma Consplant 1	Subang Jaya	4.50	90
15	Wisma Consplant 2	Subang Jaya	4.50	90
16	Wisma UEP	Subang Jaya	3.50 - 4.00	90
17	Menara Summit	Subang Jaya	3.00 - 3.50	88
18	First Subang	Subang Jaya	6.50 - 7.00	97
19	Menara Manulife	Damansara Height	4.00 - 4.50	99

PROPERTY MARKET OVERVIEW

(Cont'd)

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AmanahRaya REIT

No	Name of Building	Location	Asking Rental Rate (RM psf)	Occupancy Rate (%)
20	Menara Millenium	Damansara Height	6.00	97
21	Menara HP	Damansara Height	4.30	71
22	Bangunan Malaysia RE	Damansara Height	5.00 - 5.50	100
23	Wisma E&C	Damansara Height	4.00 - 4.50	94
24	Wisma Chase Perdana	Damansara Height	3.50 - 4.00	98
25	Plaza Damansara A	Damansara Height	3.00 - 3.50	90
26	Wisma UOA Damansara I	Damansara Height	4.20 - 4.50	95
27	Wisma UOA Damansara II	Damansara Height	4.90 - 5.80	86
28	Mines Waterfront Biz Park	Seri Kembangan	3.50 - 4.00	95
29	Mines 2	Seri Kembangan	4.50 - 5.00	88

Source: NTL Research

Average capital value of office buildings is maintained at RM933 per sq ft in 2016. The limited transactions throughout the year indicated a market with modest sale activities, yet the transactions recorded are of lower than the average value of RM933 per sq ft.

In Q1 of 2016, Tropicana Corp Bhd's Dijaya Plaza (NLA: 156,488 sq ft) at Jalan Tun Razak was sold to Kenanga Investment Bank for RM140 million, equivalent to RM895 per sq ft. Kumpulan Wang Persaraan (KWP) acquired Cap Square Tower (NLA: 601,574 sq ft) at Jalan Munshi Abdullah in October 2016, where Germany-based Union Investment Real Estate GMBH sold the tower for RM511 million, i.e. RM849 per sq ft to KWP with 6% nett guaranteed rental return for three years. Other notable office building transactions, as shown in the table below, are Contraves building at Cyberjaya, being sold to Amanah Raya REIT, and Iconic Office at Empire City Damansara, sold to MyEG.

Table 3: Office Building Transactions

Building	Date	Transacted Price	Price Rate
Dijaya Plaza	Q1 2016	RM 140 million	RM 895 psf
Iconic Office	Q1 2016	RM 155 million	RM 559 psf
Contraves	Q3 2016	RM 40 million	RM 533 psf
Cap Square Tower	Q4 2016	RM 511 million	RM 849 psf

Source: NTL Research

Given the slow and challenging economic environment, and the significant incoming supply in the pipeline, the office market is expected to be soft throughout the next few years. Pressure will continue to build up on rental rates to decline, whilst capital value will be correspondingly affected as well, especially with the expected upcycle in interest rate over 2017 triggered by US' Federal Reserve System. The Oil and Gas sector – the key sector that had in the recent past accounted for a major demand of prime office space in the city centre – will need to recover before we can see a strong improvement in the office market. Given the current oil industry projection, this is not expected to happen too soon. As such the office sector is likely to go through a period of lengthy consolidation with more new launches expected from projects such as Tun Razak Exchange (TRX), Bandar Malaysia, and Bukit Bintang City Centre (BBCC).

3 RETAIL

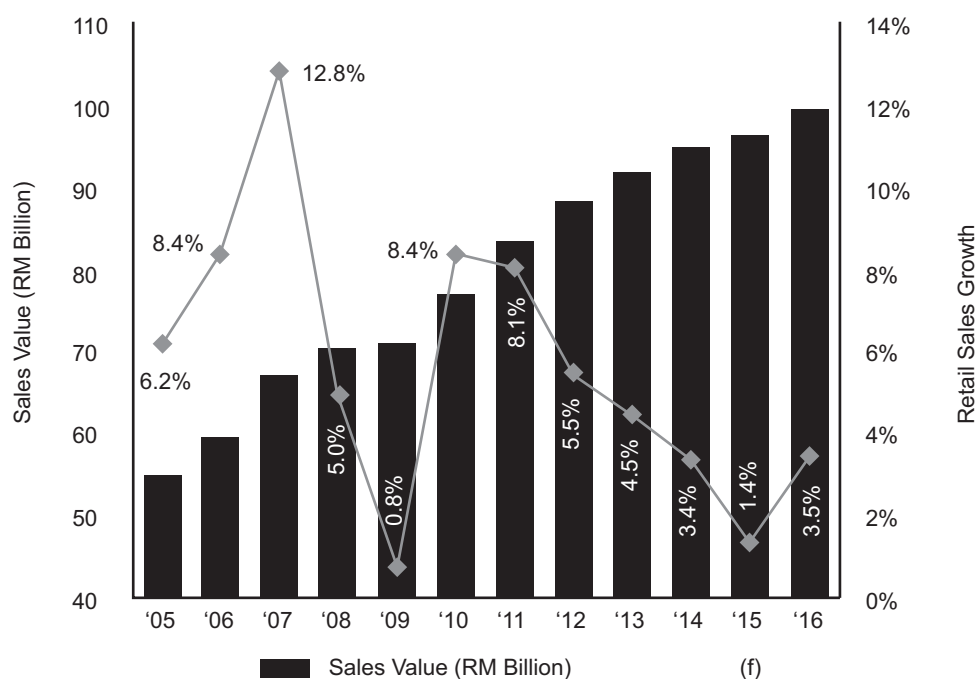
The retail sector took a significant beating in 2015, when the retail sales grew at the rate of 1.4% – the slowest growth noted since 2001, apart from the slow growth noted in the last economic crisis of 2009. The declining trend shown is mainly due to the implementation of GST which has adversely affected consumer's spending. It has come to realisation that the industry can no longer be heavily dependent on holiday and festive seasons to boost consumer's spending as the trend has indicated otherwise in recent years. Similarly, the depreciating Ringgit has led to cost of importing goods to increase thus leading to increase in retail prices. This is further compounded with high job retrenchment rate since last year particularly for Finance and Oil & Gas sectors which the market has witnessed significant consolidation.

The first quarter of 2016 recorded a dip of 4.4% in retail sales. Specialty store was the only retail sub-sector that recorded growth (1.6%) for Q1, while the department store sub-sector recorded the biggest decline in sales of 15.0%. Growth of 7.5% was recorded in Q2. This yearly growth is in relation to the huge decline recorded in Q2 2015, where the negative growth in the sector (-11.9%) was the worst since 1999.

PROPERTY MARKET OVERVIEW

(Cont'd)

Figure 3: Historical Retail Sales Performance



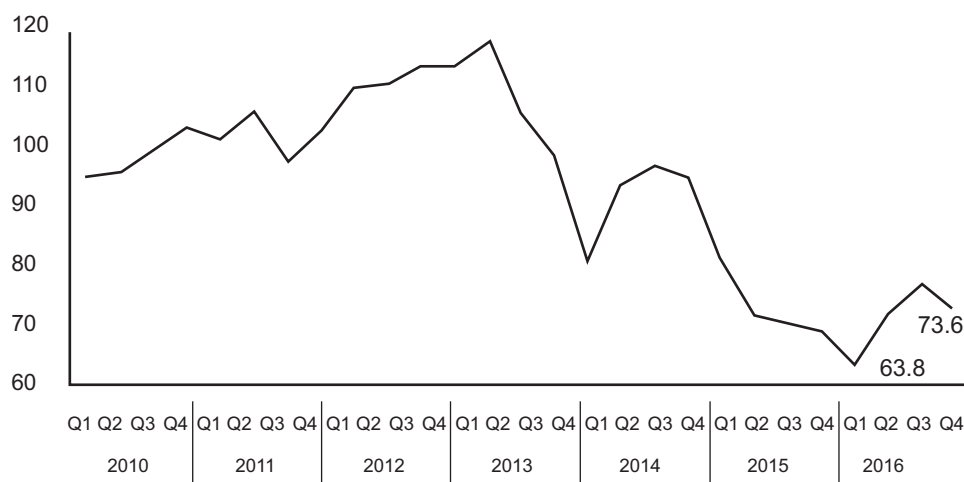
Source: NTL Research, Retail Group Malaysia

Industry players remained optimistic yet cautious as the sector's performance remained modest in Q3. Members of the Malaysia Retail Association (MRA) revised their projection for third quarter's performance to 5.9% from the previously projected 5.0%. Retail Group Malaysia (RGM) remains hopeful maintaining its overall 2016 retail sale growth at 3.5%.

Minimum Wage Order 2016 took effect on July 2016, increasing the minimum wage across the country as announced in Budget 2016 last year. Workers in West Malaysia will earn RM1,000 as their minimum wage, while the figure set for East Malaysia is RM800. Budget 2017, as announced in October 2016, further indicates uncertainty to the retail sector. [2]

The Consumer Sentiment Index (CSI) as reported by Malaysian Institute Economic Research (MIER) showed a slightly improved sentiment in 2016. Sentiment showed recovery after it dipped to 63.8 in Q4 of 2015, the lowest index recorded in history. Q2 of 2016 has recorded the highest index of the year thus far with 78.5. Despite the challenging climate, especially from the effects of GST and continuous depreciation in Ringgit during the year, the impact shown is significantly lower this year.

Figure 4: Consumer Sentiment Index



Source: MIER

The year has seen no reduction in retail space as no closure has been recorded although Ampang Park Shopping Centre was earlier expected to be closed and demolished this year. The high court has extended the interim suspension of the demolition to 20th of October, allowing the mall to continue its operation. Earlier this year, Ampang Park traders failed to formalize an unanimous decision in order to halt the full acquisition of the mall by the government for a proposed MRT station. The building is to be demolished in order to facilitate the construction of 5-storey underground interchange station under the Mass Rapid Transit – Sg Buloh–Serdang–Putrajaya (MRT-SSP) project.

Approximately 2.25 million sq ft of retail space came into the Kuala Lumpur market in 2016, while other parts of Klang Valley recorded an addition of 1.4-million sq ft of new retail space. Two prime malls were opened in Q4, which were Pavilion Elite (NLA: 250,000 sq ft), the extension of existing Pavilion KL opened in late November, and Sunway Velocity Mall (NLA: 1 million sq ft), which are located between Jalan Cheras and Jalan Peel, opened in early December.

Other new retail space in Kuala Lumpur consists of hypermarkets, and secondary/ neighbourhood malls. M3 Mall at Taman Melati, Gombak, opened its door in March, providing 300,000 sq ft of retail space to its immediate catchment – among others – M3 Residency; while in April, the market saw the opening of Glo Damansara (NLA: 360,000 sq ft) at Jalan Damansara. Subsequently in Q2, LuLu Group International, the largest hypermarket chain in the Middle East, opened Lulu Hypermarket (NLA: 250,000 sq ft) at Jalan Munshi Abdullah in June. Lulu Hypermarket is part of the refurbished mall previously known as Cap Square Mall. Giant Group opens a new outlet in Setapak, supplying the area with 88,254 sq ft of hypermarket convenience.

Currently the average occupancy rate of malls in Kuala Lumpur maintains at around 90%. However, due to the large supply of malls, with more expected in the pipeline, coupled with the slow economic growth, occupancy rate is expected to decrease in the coming years due to the inability of new malls to lease up new spaces rapidly and enjoy sustainable turnovers within foreseeable future.

Pavilion REIT announced in December 29th 2015 of its acquisition of Intermark Mall (NLA: 200,000 sq ft) at Jalan Tun Razak at RM700 per sqft whilst Damen Mall in USJ was also acquired by the same fund for RM488m, which was equivalent to RM1,159 per sqft. No other significant transaction of malls were recorded throughout 2016.

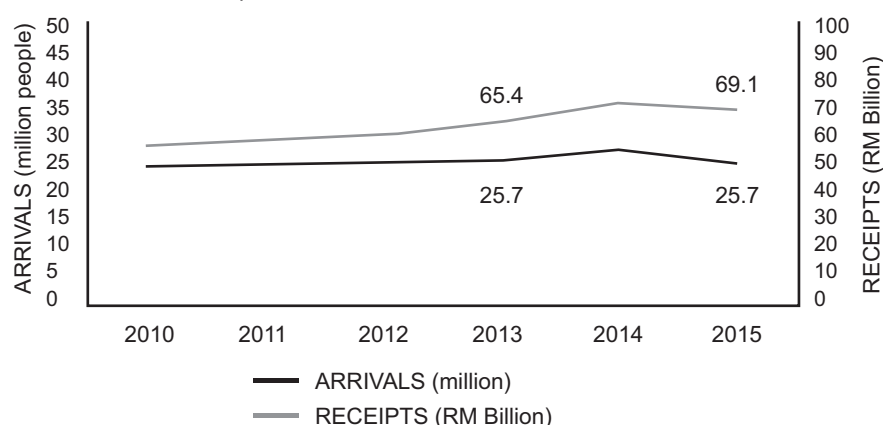
PROPERTY MARKET OVERVIEW

(Cont'd)

4 TOURISM & HOTEL

Malaysia's tourism performance recorded a major decline in 2015. Foreign arrivals and receipt dropped to 6.2% and 4.0% respectively. The Ministry of Tourism attributed this to the after effect of Visit Malaysia Year in 2014, which tapered off after a major campaign. However, record has shown that, save for the year 2003 where South-East Asia dealt with the outbreak of SARS, Malaysia's tourism performance has always been on a consistent uptrend since 1998,. Furthermore, 2015's performance in the number of arrivals is only equivalent to 2013's number of 25.7- million arrivals, far below the previously targeted 29.0 million. Nonetheless, despite the stagnant number of arrivals, receipt in 2015 stands at RM69.1 billion which is a 5.5% increase from 2013. The depreciation of Ringgit is identified as one of the main reasons for the increase in receipt. In addition, the average occupancy rate of hotels throughout the country dropped to 69.0% last year, from 69.7% in 2014.

Figure 5: Tourist Arrivals & Receipts



Source: Tourism Malaysia

The decline in performance is particularly attributed to the huge drop of more than 1 million tourists from Singapore. The second biggest drop is from the Australian tourist (-84,380), followed by Brunei (-79,555), Japan (-69,537), and the Philippines (-63,621). The appreciation of Singapore Dollar (SGD) last year offers Singaporeans the chance to travel to other countries rather than Malaysia. The significant drop prompted the tourism ministry to increase its effort in attracting more Singaporean tourists. The ministry introduced a train shuttle service connecting JB Sentral in Johor and Woodlands in Singapore. The KTM-operated train runs at least 7 times per day and has the fare of RM5.00 or SGD5.00.

For 2016 so far, tourist arrival to the country has seen improvement despite the hot weather primarily during the first half of the year. Up to August, the total arrival increased 3.8% against the same period last year. Strong growth is particularly recorded with tourists from China – exceeding the 1.4-million mark, compared to 1.1-million last year – as well as Singapore signalling recovery as more than 8.7-million arrivals were recorded, against 8.5-million in the same period last year. Other significant improvements are mostly from neighbouring countries such as Indonesia, Brunei, and Thailand.

Kuala Lumpur recorded a decline of 20% in tourist arrivals and hotel occupancy in 2015. The initial target of 15-million arrivals set earlier in the year fell short as only 11-million arrivals were achieved. For 2016, Kuala Lumpur is targeting 12-million arrivals. Average room rate has also declined about 5% - 10% in several hotels. Hotel operators in the city centres have different expectations for the coming years, however many expressed relief when the City Hall (DBKL) announces a freeze on applications of new hotel license to the city since Q1 in the light of high pending new constructions. Foreign tourists typically make up 2/3 of the total tourists in Kuala Lumpur.

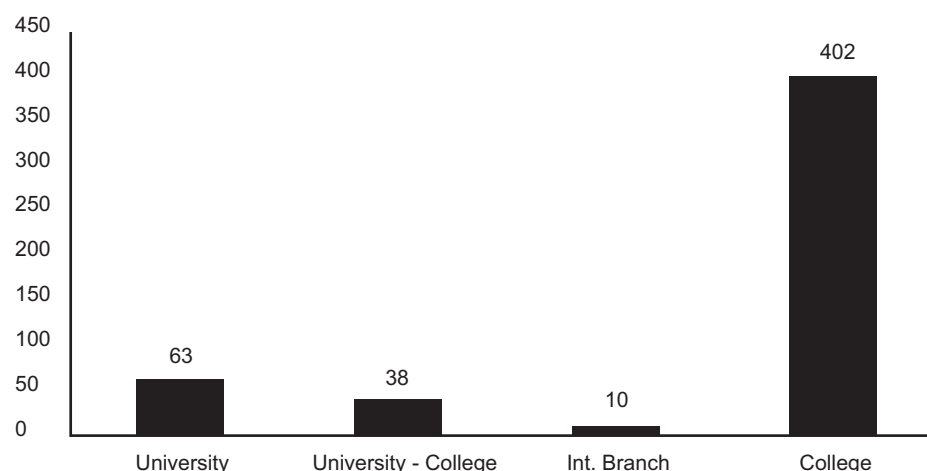
The tourist arrival to Kedah continues to increase. In 2015, more than 3.62 million arrivals were recorded for the state. Langkawi, being a highly prominent tourism destination in the country, accounted as the major contributor to the tourism industry in Kedah. Tourist receipt reached RM5.6-billion in 2015, from RM5.2-billion in the previous year. Hotel occupancy is also reported to be stable and consistent with about 75% to 95 % average occupancy in Langkawi.

Kedah has launched a Discover Kedah 2016 Year, aiming at 5 million arrivals and RM5.87 billion receipt. In May, the state also launched Langkawi Tourism Blueprint 2016 – 2020 setting the guideline and planning for the state's tourism sector. The receipt target is very likely to be achieved given the current performance trend, coupled with Kedah's effort in capturing high-spending tourist, especially with the new development of several 4- to 5-star hotels. The St. Regis Langkawi, opened in Q2, is expected to set the benchmark of luxury accommodation in the area. Parkroyal Langkawi is planned to be completed around the end of 2017, and to have the prime beachfront of Langkawi's most popular beach, Pantai Tengah.

5 TERTIARY EDUCATION

As the moratorium imposed last year was extended, the year has seen no additional higher education institution (HEI) being set up. The objective of the freeze on setting up new higher education institution is to control the in-take of new students, especially with regards to private institutions enrolling foreign student; as well as focusing on improving the quality of graduates in general which has been criticized by the private sector for several years. Alongside the 20 public universities, the number of private higher education institutions, including their branch campuses, is as follows.

Figure 6: Number of Private Higher Education Institutions



Source: Ministry of Higher Education

The overall number of new students continued to increase in 2015, contributed by the increase in Private Higher Educational Institutions (IPTS), despite new enrolment to Public Higher Educational Institutions (IPTA) declined[3].

Table 4 : Total Number of Tertiary Students in Malaysia

No. of Students	Year	Entries	Enrolment	Graduates
Public University (IPTA)	2013	178,418	560,359	126,027
	2014	184,541	565,271	133,666
	2015	168,127	540,638	122,454
Private University (IPTS)	2013	134,420	484,963	94,528
	2014	206,897	550,811	127,664
	2015	292,217	580,928	134,374
Polytechnic	2013	31,319	89,503	25,853
	2014	34,298	92,181	23,181
	2015	37,971	96,069	25,388
Community College	2013	29,052	21,468	27,485
	2014	12,103	17,985	6,483
	2015	12,839	18,529	7,578
TOTAL	2013	373,209	1,156,293	273,893
	2014	437,839	1,226,248	290,994
	2015	511,154	1,236,164	289,794

Source: Ministry of Higher Education

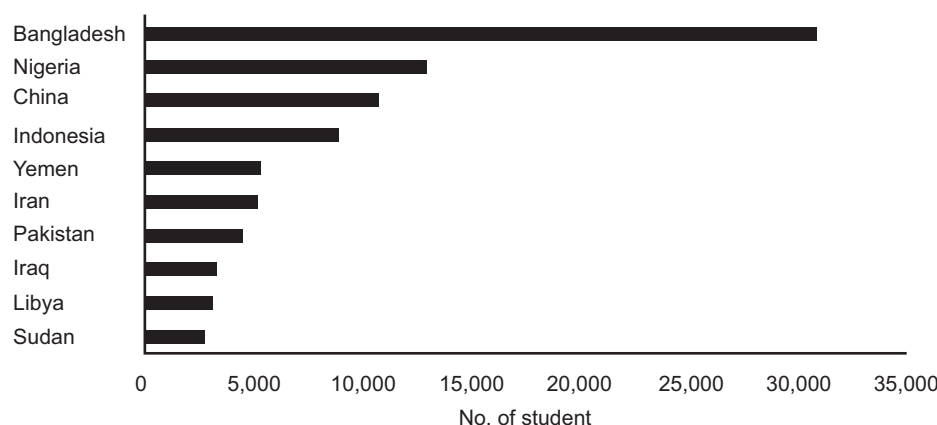
PROPERTY MARKET OVERVIEW

(Cont'd)

Universiti Teknologi Mara (UiTM) particularly recorded the biggest drop of almost 14,000 intakes, particularly in the female students. No statement has been given by the university on the reason for this drop.

Lesser foreign student entered IPTS last year, as the number declined 5.7%, while an increase (2.4%) was recorded in IPTA. A total of 120,398 foreign students are currently studying in Malaysia, with Bangladeshis making up the largest number at 30,829, more than twice higher than the second highest foreign students which are the Nigerians (12,947 students).

Figure 7: Highest Number of Foreign Students by Nationality (IPTS)



Source: Ministry of Higher Education

On the other hand, Malaysians studying abroad total up to 86,570 students in 2015, a 9.1% increase from 2014's 79,302. United Kingdom houses the largest group of Malaysian students at 3,671, followed by USA (2,197), and Jordan (2,107).

Malaysia currently houses 10 prominent international universities branch campuses, 3 of which were opened this year. University of Reading/Henley Business School were opened in Iskandar, Johor in February, while Asia School of Business, operated under collaboration between BNM and MIT-Sloan, was opened in September. Malaysia also houses the largest number of universities' branch campuses from the Great Britain in the world. In addition, Xiamen University in Sepang is China's first ever university campus opened oversea.

The moratorium that was imposed on new medical courses expired in April this year. The five-year freeze was implemented in 2011 due to the pending glut of medical graduates. It has been revealed by the Ministry of Health that Malaysia's current 1:633 doctor to population ratio is far below the standard ratio of 1:400 targeted earlier by the government to be achieved by 2020. In order to achieve this target, at least 5,466 doctors need to be produced each year for the next 5 years. In 2014, 3,967 new doctors were registered for new houseman-ship.

Under Budget 2017, a slightly lower allocation was announced for the Ministry of Higher Education (MOHE) i.e. from RM251 million previously to RM250 million, while the Ministry of Education (MOE) is allocated RM194 million from RM388 million in the previous Budget due to tightening of the budget. Public universities continue to see lower allocations.

6 INDUSTRIAL

The manufacturing sector shows continuous growth as the sector grew 4.2% in Q3 (Q2 : 4.1%), with Electrical, Electronic & Optical products (6.6%) and Petroleum, Chemical, Rubber & Plastic products (4.7%) as the main contributors. Similarly, the construction sector has also indicates healthy growth of 7.9% in Q3 (Q2 : 8.8%). Civil engineering continued to be one the main contributors to the sector's performance.

A total of 4,640 new industrial units came into the market thus far in 2016, with Selangor and Johor housing the most units. Industrial developments in Selangor increased steadily in 2016. Terraced factories were developed the most, having 1,047 units built, mostly in Hulu Langat and Klang. Semi-detached factories were mostly built in the Petaling area. Kedah recorded limited new units as 88 terraced and 20 semi-detached factories were built throughout the year until the third quarter.

PROPERTY MARKET OVERVIEW

(Cont'd)

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AmanahRaya REIT

Table 5 : Selected transactions of relevant industrial properties

No	District	Location	Type	Date	Price (RM psf)
1	Damansara	Subang Light Ind. Park	Terraced	April '16	367
2	Damansara	Sunway Damansara	Terraced	April '16	835
3	Shah Alam	Section 16	Detached	June '15	173
4	Shah Alam	Section 22	Detached	July '16	135
5	Klang	Bukit Kemuning	Terraced	January '16	285
6	Klang	Bukit Kemuning	Semi-Detached	August '16	360
7	Sungai Petani	Lorong Saga	Semi-Detached	March '16	113
8	Sungai Petani	Jalan Waja 5	Semi-Detached	February '16	100

Source: NTL Research, Valuation and Property Services Department

No significant changes of prices were recorded for the industrial industries.

Table 6 : Rental rates of relevant industrial properties

No	Address	Rental Rate (RM psf /mth)
1	Sec. 16, Shah Alam	1.30 – 1.70
2	Sec. 26, Shah Alam	1.50 – 1.80
3	Glenmarie, Shah Alam	1.60 – 1.80
4	Sg. Petani, Kedah	0.30 – 0.50

Source: NTL Research

The economic downturn also causes the industrial property sector to continue to see moderate transactions this year. However, the sector is affected lesser than other sector due to its traditionally more modest transaction activities.

2017 OUTLOOK

Malaysia's economic outlook remains resilient, according to the latest World Bank's review, which estimated growth in 2016 at 4.2% and projected at 4.3% in 2017, citing private consumption driving economic growth, with low unemployment and government income support measures. However, issues on political uncertainties affect consumer spending.

Private investment growth is expected to moderate as FDI and domestic investment sentiment slow, with commodity prices and global export remains subdued. Uncertainties on the rebalancing of the Chinese economy will create risks on trade, as well as changes in TPPT with the election of incoming President Trump.

The property market having experienced rapid growth in the last 5 years in both supply and pricing is expected to see general oversupply across the various sectors and this will take time to consolidate in the coming years. Whilst new launches are expected to see a decline, it will take some time for excesses to work its way before a strong recovery can be expected.



STATUTORY FINANCIAL STATEMENTS



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STATEMENT BY THE MANAGER

In the opinion of the Directors of the Manager, the financial statements set out on pages 80 to 111 are drawn up in accordance with the provisions of the Trust Deed dated 10 October 2006 (as varied by the Supplemental Trust Deed dated 4 January 2007, the Novation Agreement dated 27 August 2009 and the Second Supplemental Trust Deed dated 27 August 2009) (collectively be referred to as "the Trust Deed"), Securities Commission's Guidelines on Real Estate Investment Trusts, the Listing Requirements of Bursa Malaysia Securities Berhad, the Rules of the Depository and taxation laws and rulings, and Malaysian Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of AmanahRaya Real Estate Investment Trust at 31 December 2016 and of its financial performance and cash flows for the financial year ended on that date.

In the opinion of the Directors of the Manager, the information set out in the statement of changes in net asset value and Note 9.3 to the financial statements has been compiled in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

For and on behalf of the Manager,
AmanahRaya-REIT Managers Sdn. Bhd.,
Signed in accordance with a resolution of the Directors of the Manager:



.....
Dato' Sri Ikmal Hisham Bin Abdul Aziz

Kuala Lumpur,

Date: 20 February 2017

STATUTORY DECLARATION

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AmanahRaya REIT

I, Noorbaizura Hermeyney, the officer of the Manager, primarily responsible for the financial management of AmanahRaya Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 80 to 111, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Noorbaizura Hermeyney, (I/C No. 800306-10-5354), in Kuala Lumpur on 20 February 2017.



.....
Noorbaizura Hermeyney

Before me:



Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur.
Tel: 019-6680745

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AMANAHRAYA REAL ESTATE INVESTMENT TRUST

(Established in Malaysia)

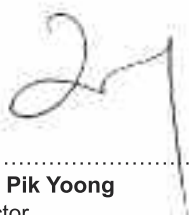
We, CIMB Islamic Trustee Berhad, have acted as Trustee of AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "the Trust") for the financial year ended 31 December 2016. In our opinion and to the best of our knowledge:

- (a) AmanahRaya-REIT Managers Sdn. Bhd. ("the Manager") has managed AmanahRaya REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Trust Deed dated 10 October 2006 (as varied by the Supplemental Trust Deed dated 4 January 2007, the Novation Agreement dated 27 August 2009 and the Second Supplemental Trust Deed dated 27 August 2009) (collectively be referred to as "the Trust Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year ended 31 December 2016; and
- (b) the procedures and processes employed by the Manager to value and price the units of AmanahRaya REIT are adequate and that such valuation/pricing is carried out in accordance with the Trust Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2016 are in line with and are reflective of the objectives of AmanahRaya REIT. Four distributions have been declared for the financial year ended 31 December 2016 as follows:

- 1) 1st interim income distribution of 1.564 sen per unit paid on 1 July 2016;
- 2) 2nd interim income distribution of 1.486 sen per unit paid on 7 October 2016;
- 3) 3rd interim income distribution of 1.425 sen per unit paid on 6 January 2017; and
- 4) Final income distribution of 1.424 sen per unit payable on 31 March 2017.

For and on behalf of the Trustee,
CIMB Islamic Trustee Berhad
(Company No.: 167913 M)



.....
Liew Pik Yoong
Director

Kuala Lumpur,

Date: 20 February 2017

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AMANAHRAYA REAL ESTATE INVESTMENT TRUST

(Established in Malaysia)

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AmanahRaya REIT

Opinion

We have audited the financial statements of AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT"), which comprise the statement of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, changes in net asset value and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 80 to 111.

In our opinion, the financial statements give a true and fair view of the financial position of AmanahRaya REIT as of 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of AmanahRaya REIT in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of AmanahRaya REIT for the current financial year. These matters were addressed in the context of our audit of the financial statements of AmanahRaya REIT as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

Refer to Note 4 to the financial statement.

The key audit matter

AmanahRaya REIT owns a portfolio of 15 investment properties comprising office/industrial buildings, hotels, campuses and a shopping complex located in Malaysia. Investment properties represent the single largest category of assets on the statement of financial position, at RM986,400,000 as at 31 December 2016.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied i.e. a small change in the assumptions can have a significant impact to the valuation. This is a key audit matter as some of the key assumptions are based on unobservable inputs and hence, significant judgement is required to evaluate the unobservable inputs.

How the matter was addressed in our audit

We assessed the processes of AmanahRaya REIT Managers Sdn. Bhd. ("the Manager") for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We evaluated the qualifications and competence of the external valuers based on their membership of recognised professional body. We also examined the terms of engagement of the valuers entered into with AmanahRaya REIT to determine whether there were any matters that might have affected the valuers' objectivity or placed limitations on their scope of work.

We assessed the appropriateness of the valuation methodologies used by considering their respective merits based on the occupancy status and/or condition of each property. We tested the appropriateness of the projected cash flows used in the valuation to supporting leases agreements and title deeds. We challenged the capitalisation rates used in the valuation by comparing them against historical rates and available industry data. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AMANAHRAYA REAL ESTATE INVESTMENT TRUST

(Established in Malaysia) (Cont'd)

Other Information

The Manager is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditors' report thereon) which we obtained prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements of AmanahRaya REIT

The Manager is responsible for the preparation of the financial statements of AmanahRaya REIT so as to give a true and fair view in accordance with the Trust Deed dated 10 October 2006, the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of AmanahRaya REIT that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of AmanahRaya REIT, the Manager is responsible for assessing AmanahRaya REIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate AmanahRaya REIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AmanahRaya REIT's financial reporting process.

Auditors' Responsibilities for the Audit of Financial Statement of AmanahRaya REIT

Our objectives are to obtain reasonable assurance about whether the financial statements of AmanahRaya REIT as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements of AmanahRaya REIT.

As part of an audit in accordance with approved standards on auditing in Malaysia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of AmanahRaya REIT, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AmanahRaya REIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of AmanahRaya REIT or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AmanahRaya REIT to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AMANAHRAYA REAL ESTATE INVESTMENT TRUST (Established in Malaysia) (Cont'd)

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AmanahRaya REIT

- Evaluate the overall presentation, structure and content of the financial statements of AmanahRaya REIT, including the disclosures, and whether the financial statements of AmanahRaya REIT represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

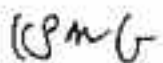
We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of AmanahRaya REIT of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

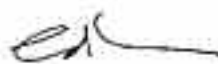
Report on Other Legal and Regulatory Requirements

Our audit was made for the purpose of forming an opinion on the financial statements of AmanahRaya REIT taken as a whole. The information on the breakdown of realised and unrealised profits or losses included in the statement of changes in Net Asset Value and Note 9.3 to the financial statements of AmanahRaya REIT have been compiled by the Manager as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

This report is made solely to the unitholders of AmanahRaya REIT and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants



Abdullah Abu Samah
Chartered Accountant
Approval Number: 2013/06/18(J)

Petaling Jaya,

Date : 20 February 2017

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	2016 RM	2015 RM
Assets			
Non-current assets			
Investment properties	4	986,400,000	884,820,000
		986,400,000	884,820,000
Current assets			
Trade and other receivables	5	9,771,227	3,560,712
Security deposits in trust accounts	6	23,830,594	35,964,840
Cash and cash equivalents	7	20,291,475	99,027,492
		53,893,296	138,553,044
Asset classified as held for sale	8	-	78,000,000
		53,893,296	216,553,044
Total current assets		53,893,296	216,553,044
Total assets		1,040,293,296	1,101,373,044
Financed by:			
Unitholders' fund			
Unitholders' capital		519,685,915	519,685,915
Distributable income		166,375,813	161,853,931
		686,061,728	681,539,846
Total unitholders' funds	9	686,061,728	681,539,846
Non-current liabilities			
Borrowings	10	290,150,000	364,230,000
Trade and other payables	11	14,120,960	29,966,565
		304,270,960	394,196,565
Total non-current liabilities		304,270,960	394,196,565
Current liabilities			
Borrowings	10	25,000,000	-
Trade and other payables	11	24,960,608	25,636,633
		49,960,608	25,636,633
Total current liabilities		49,960,608	25,636,633
Total liabilities		354,231,568	419,833,198
Total unitholders' funds and liabilities		1,040,293,296	1,101,373,044
Net asset value ("NAV")		686,061,728	681,539,846
Number of units in circulation		573,219,858	573,219,858
NAV per unit (RM)			
- Before income distribution		1.197	1.189
- After income distribution		1.183	1.156

The notes on pages 85 to 111 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

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AmanahRaya REIT

	Note	2016 RM	2015 RM
Gross revenue			
Rental income			
- Realised		57,385,743	61,607,065
- Unrealised (in relation to unbilled lease income receivable)		247,255	331,032
		57,632,998	61,938,097
Property operating expenses	12	(4,083,964)	(3,805,673)
Net rental income		53,549,034	58,132,424
Interest income		1,585,321	2,650,771
Other income		497,745	486,504
Changes in fair value of investment properties			
- As per valuation	4	5,207,986	23,059,600
- Unbilled lease income receivable		(247,255)	(331,032)
Net property and investment income		60,592,831	83,998,267
Manager's fees		(5,075,147)	(4,950,464)
Trustee's fees		(367,940)	(363,034)
Auditors' fees			
- Audit		(105,000)	(105,000)
- Other services		(10,000)	(10,000)
Tax agent's fees		(10,000)	(10,000)
Administrative expenses		(1,228,187)	(1,717,897)
Borrowing costs		(13,255,382)	(17,159,294)
Total trust expenses		(20,051,656)	(24,315,689)
Income before taxation		40,541,175	59,682,578
Income tax expense	13	-	-
Net income for the year attributable to unitholders		40,541,175	59,682,578
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year attributable to unitholders		40,541,175	59,682,578
Net income for the year is made up as follows:			
Realised		35,333,189	36,622,978
Unrealised			
- Unrealised rental income (in relation to unbilled lease income receivable)		247,255	331,032
- Change in fair value of investment properties			
- As per valuation		5,207,986	23,059,600
- Unbilled lease income receivable		(247,255)	(331,032)
		5,207,986	23,059,600
		40,541,175	59,682,578
Earnings per unit (sen)			
- Before Manager's fees	14	7.958	11.275
- After Manager's fee	14	7.073	10.412

The notes on pages 85 to 111 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016 (Cont'd)

	Note	2016 RM	2015 RM
Net income distribution*			
- First interim income distribution of 1.600 sen per unit paid on 1 July 2016 (2015: 1.400 sen per unit paid on 7 July 2015)		8,967,906	8,022,887
- Second interim income distribution of 1.500 sen per unit paid on 7 October 2016 (2015: 1.600 sen per unit paid on 16 October 2015)		8,520,032	9,114,196
- Third interim income distribution of 1.400 sen per unit paid on 6 January 2017 (2015: 1.500 sen per unit paid on 8 January 2016)		8,165,231	8,638,995
- Proposed final income distribution of 1.400 sen per unit payable on 31 March 2017 (2015: 1.800 sen per unit paid on 1 April 2016)		8,164,441	10,366,124
	15	33,817,610	36,142,202
Income distribution per unit (sen)*	15		
- First interim income distribution		1.600	1.400
- Second interim income distribution		1.500	1.600
- Third interim income distribution		1.400	1.500
- Proposed final income distribution		1.400	1.800
* Withholding tax will be deducted for distributions made for the following categories of unitholders:			
		Withholding tax rate	2015
		2016	
Resident corporate		Nil [^]	Nil [^]
Resident non-corporate		10%	10%
Non-resident individual		10%	10%
Non-resident corporate		24%	25%
Non-resident institutional		10%	10%

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

STATEMENT OF CHANGES IN NET ASSET VALUE

for the year ended 31 December 2016

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AmanahRaya REIT

		Distributable	Non-distributable	
	Unitholders' capital RM	Realised income RM	Unrealised income RM	Total unitholders' funds RM
At 1 January 2015	519,685,915	17,443,583	120,821,699	657,951,197
Net income for the year	-	36,622,978	23,059,600	59,682,578
Realisation of unrealised income upon disposal of investment property	-	1,838,018	(1,838,018)	-
Total comprehensive income for the year	-	38,460,996	21,221,582	59,682,578
Unitholders' transactions				
Distributions to unitholders:				
- 2015 interim	-	(25,776,078)	-	(25,776,078)
- 2014 final	-	(10,317,851)	-	(10,317,851)
Decrease in net assets resulting from unitholders' transactions	-	(36,093,929)	-	(36,093,929)
At 31 December 2015/ 1 January 2016	519,685,915	19,810,650	142,043,281	681,539,846
Net income for the year	-	35,333,189	5,207,986	40,541,175
Realisation of unrealised income upon disposal of investment property	-	8,309,600	(8,309,600)	-
Total comprehensive income for the year	-	43,642,789	(3,101,614)	40,541,175
Unitholders' transactions				
Distributions to unitholders:				
- 2016 interim	-	(25,653,169)	-	(25,653,169)
- 2015 final	-	(10,366,124)	-	(10,366,124)
Decrease in net assets resulting from unitholders' transactions	-	(36,019,293)	-	(36,019,293)
At 31 December 2016	519,685,915	27,434,146	138,941,667	686,061,728

The notes on pages 85 to 111 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Note	2016 RM	2015 RM
Cash flows from operating activities			
Net income before taxation		40,541,175	59,682,578
<i>Adjustments for:</i>			
Borrowing costs		13,255,382	17,159,294
Interest income		(1,585,321)	(2,650,771)
Changes in fair value of investment properties (net of unbilled lease income receivable)	4	(5,207,986)	(23,059,600)
Operating income before changes in working capital		47,003,250	51,131,501
Changes in working capital:			
Trade and other receivables		5,989,150	6,301,077
Trade and other payables		563,169	(9,672,933)
Net cash generated from operating activities		53,555,569	47,759,645
Cash flows from investing activities			
Interest received		1,519,900	2,337,849
Proceeds from disposal of investment properties		78,000,000	34,000,000
Acquisition of investment property	4	(96,372,014)	-
Enhancement of investment properties	4	-	(1,690,400)
Net cash (used in)/ generated from investing activities		(16,852,114)	34,647,449
Cash flows from financing activities			
Distributions paid to unitholders		(27,854,062)	(27,454,934)
Interest paid		(13,505,410)	(15,637,672)
Drawdown of term loan		33,920,000	-
Repayment of term loan		(108,000,000)	-
Net cash used in financing activities		(115,439,472)	(43,092,606)
Net (decrease)/increase in cash and cash equivalents		(78,736,017)	39,314,488
Cash and cash equivalents at 1 January	7	99,027,492	59,713,004
Cash and cash equivalents at 31 December	7	20,291,475	99,027,492

The notes on pages 85 to 111 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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AmanahRaya REIT

1. General

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

Registered office

Level 11, Wisma AmanahRaya
No. 2, Jalan Ampang
50508 Kuala Lumpur

Principal place of business

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

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

AmanahRaya REIT has entered into several service agreements in relation to the management of AmanahRaya REIT and its property operations. The fee structures of these services are as follows:

(a) Property management fees

The Property Managers, Malik Kamaruzaman Property Management Sdn. Bhd., Nawawi Tie Leung Property Consultants Sdn. Bhd., Hartamas Asset Management Sdn. Bhd. and Operon Asset Advisory Sdn. Bhd. are entitled to property management fees in respect of the management of the investment properties owned by AmanahRaya REIT as provided in the Trust Deed. The fees are determined by a guaranteed scale based on the gross annual rental income as provided in the provisions of the revised Valuers, Appraisers and Estate Agents Act, 1981. The property management fees are payable monthly in arrears with permissible discounts.

(b) Manager’s fees

Pursuant to the Trust Deed, the Manager is entitled to receive a fee of up to a maximum of 1.0% per annum of the Net Asset Value of AmanahRaya REIT. The Manager’s fee is payable in arrears, calculated and accrued daily. However, the Manager has only been charging at the rate of 0.75% from January to November 2016 and at the rate of 0.85% from December 2016 (January to December 2015: 0.75%) per annum of the Net Asset Value.

(c) Trustee’s fees

Pursuant to the Deed, the Trustee is entitled to receive a fee of up to a maximum of 0.1% per annum of the NAV of the Trust. The Trustee’s fee is payable in arrears, calculated and accrued daily. However, the Trustee has only been charging at the rate of 0.055% (2015: 0.055%) per annum of the Net Asset Value.

The financial statements were approved by the Board of Directors of the Manager on 20 February 2017.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. Basis of preparation

(a) Statement of compliance

The financial statements of AmanahRaya REIT have been prepared in accordance with the provisions of the Trust Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and generally accepted accounting principles in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The following are accounting standards, amendments and interpretations of the MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by AmanahRaya REIT:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

AmanahRaya REIT plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017, except for amendments to MFRS 12 which is not applicable to AmanahRaya REIT.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for amendments to IC Interpretation 22, MFRS 1, MFRS 2, MFRS 4 and MFRS 128 which are not applicable to AmanahRaya REIT.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the AmanahRaya REIT except as mentioned below:

(i) MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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AmanahRaya REIT

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

AmanahRaya REIT is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

AmanahRaya REIT is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AmanahRaya REIT is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except as otherwise stated in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is AmanahRaya REIT functional currency.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than disclosed in the Note 4 - valuation of investment properties.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, AmanahRaya REIT becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

AmanahRaya REIT categorises financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 3(f)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Fair value through profit or loss category comprises financial liabilities that are derivatives financial liabilities that are specifically designated into this category upon initial recognition.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(b) Investment property

Investment property carried at fair value

Investment properties are properties which are owned under a freehold interest or held under a leasehold interest to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values AmanahRaya REIT's investment properties portfolio every year.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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AmanahRaya REIT

3. Significant accounting policies (continued)

(c) Leased assets

(i) Finance lease

Leases in terms of which AmanahRaya REIT assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where AmanahRaya REIT does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

(d) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with AmanahRaya REIT's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

(f) Impairment

(i) Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

3. Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for investment property that is measured at fair value and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(g) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(h) Provisions

A provision is recognised if, as a result of a past event, AmanahRaya REIT has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issuing expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Units

Units are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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AmanahRaya REIT

3. Significant accounting policies (continued)

(j) Revenue

(i) Rental income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight line basis.

(ii) Car park rental income

Car park rental income is derived from renting the investment properties' car park spaces to car park operators and is recognised on an accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(iii) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(k) Expenses

(i) Property operating expenses

Property operating expenses consist of property management fees, quit rent, assessment, and other outgoings in relation to investment properties where such expenses are the responsibility of AmanahRaya REIT.

Property management fees are recognised on an accrual basis.

(ii) Manager's and Trustee's fees

The Manager's and Trustee's fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1(b) and Note 1 (c), respectively.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3(b), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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3. Significant accounting policies (continued)

(m) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, AmanahRaya REIT uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that AmanahRaya REIT can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

AmanahRaya REIT recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. Investment properties

	Notes	2016 RM	2015 RM
Land and building at fair value			
At 1 January		884,820,000	938,070,000
Acquisition		96,372,014	-
Enhancement		-	1,690,400
Changes in fair value		5,207,986	23,059,600
Reclassified as asset held for sale	8	-	(78,000,000)
At 31 December		986,400,000	884,820,000

4. Investment properties (continued)

Item	Description of property	Tenure of land	Term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2016 %	Fair value as at 31.12.2016 RM	Cost as at 31.12.2016 RM	Percentage of fair value to Net Asset Value as at 31.12.2016 %
(1)	Holiday Villa Alor Setar #	Leasehold	99 years expiring 2107	Alor Setar	Hotel	100	35,900,000	31,000,000	5.23
(2)	Holiday Villa Langkawi	Freehold	Not applicable	Pulau Langkawi	Resort hotel	100	81,000,000	57,161,319	11.81
(3)	SEGi College	Freehold	Not applicable	Subang Jaya	College	100	66,500,000	52,500,000	9.69
(4)	SEGi University College **	Leasehold	99 years expiring 2108	Damansara	College/ Campus	100	174,000,000	145,000,000	25.36
(5)	Block A & B, # South City Plaza	Leasehold	99 years expiring 2093	Seri Kembangan	Office (BlockB)	50	16,000,000	18,300,000	2.33
(6)	Silver Bird Factory *	Freehold	Not applicable	Shah Alam	Industrial complex	-	102,000,000	92,000,000	14.87
(7)	Dana 13 **	Leasehold	99 years expiring 2097	Petaling Jaya	Office	100	110,000,000	99,120,000	16.03
(8)	HELP University	Leasehold	99 years expiring 2072	Kuala Lumpur	Office	100	72,000,000	53,000,000	10.49
(9)	AIC Factory *	Leasehold	99 years expiring 2094	Shah Alam	Industrial factory	59	30,000,000	19,200,000	4.37
(10)	Gurun Automotive Warehouse	Leasehold	99 years expiring 2065	Gurun	Industrial warehouse	100	20,000,000	23,970,000	2.92
(11)	Selayang Mall*	Leasehold	99 years expiring 2079	Selatan Utama	Shopping complex	100	146,500,000	129,835,000	21.35
(12)	Wisma Comcorp	Freehold	Not applicable	Shah Alam	Office	100	35,500,000	30,000,000	5.17
(13)	Deluge Factory	Freehold	Not applicable	Nusa Jaya	Industrial factory	100	25,000,000	24,111,510	3.64
(14)	Toshiba TEC	Freehold	Not applicable	Shah Alam	Office	100	32,000,000	32,142,972	4.66
(15)	Contraves*	Freehold	Not applicable	Cyberjaya	Office	100	40,000,000	40,117,532	5.83
Investment properties							986,400,000	847,458,333	

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4. Investment properties (continued)

Item	Description of property	Tenure of land	Term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2015 %	Fair value as at 31.12.2015 RM	Cost as at 31.12.2015 RM	Percentage of fair value to Net Asset Value as at 31.12.2015 %
(1)	Holiday Villa Alor Setar #	Leasehold	99 years expiring 2107	Alor Setar	Hotel	100	35,900,000	31,000,000	5.27
(2)	Holiday Villa Langkawi	Freehold	Not applicable	Pulau Langkawi	Resort hotel	100	80,920,000	57,161,319	11.87
(3)	SEGi College	Freehold	Not applicable	Subang Jaya	College	100	65,500,000	52,500,000	9.61
(4)	SEGi University College *#	Leasehold	99 years expiring 2108	Kota Damansara	College/Campus	100	170,000,000	145,000,000	24.94
(5)	Block A & B, South City Plaza #	Leasehold	99 years expiring 2093	Seri Kembangan	Office (BlockB)	100	26,000,000	18,300,000	3.82
(6)	Silver Bird Factory *	Freehold	Not applicable	Shah Alam	Industrial complex	-	95,000,000	92,000,000	13.94
(7)	Dana 13 *#	Leasehold	99 years expiring 2097	Petaling Jaya	Office	100	110,000,000	99,120,000	16.14
(8)	Wisma AmanahRaya *	Leasehold	99 years expiring 2065	Kuala Lumpur	Office	100	78,000,000	69,690,400	11.44
(9)	HELP University	Leasehold	99 years expiring 2072	Kuala Lumpur	Office	100	72,000,000	53,000,000	10.56
(10)	AIC Factory *	Leasehold	99 years expiring 2094	Shah Alam	Industrial factory	100	24,000,000	19,200,000	3.52
(11)	Gurun Automotive Warehouse	Leasehold	99 years expiring 2065	Gurun	Industrial warehouse	100	27,500,000	23,970,000	4.04
(12)	Selayang Mall*	Leasehold	99 years expiring 2079	Selatan Utama	Shopping complex	100	144,000,000	129,835,000	21.13
(13)	Wisma Comcorp	Freehold	Not applicable	Shah Alam	Office	100	34,000,000	30,000,000	4.99
Investment property classified as asset held for sale (Note 8)							962,820,000	820,776,719	
							(78,000,000)	(69,690,400)	
Investment properties							884,820,000	751,086,319	

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

The title deeds of all properties of AmanahRaya REIT are registered under the name of the Trustee, except for these properties, which are pending the issuance of separate individual titles.

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AmanahRaya REIT

4. Investment properties (continued)

The fair value of the investment properties as at 31 December 2016 were derived from the Directors of the Manager's assessment based on values obtained from latest valuations conducted by independent firms of professional valuers as shown below. The properties were valued by the following appointed valuers adopting suitable valuation approaches depending on the type of properties.

Item	Description of property	Valuer	Method of valuation	Date of valuation
(1)	Holiday Villa Alor Setar	Nawawi Tie Leung Property Consultants Sdn. Bhd.	Comparison	14 November 2016
(2)	Holiday Villa Langkawi	Nawawi Tie Leung Property Consultants Sdn. Bhd.	Comparison	15 November 2016
(3)	SEGi College	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	31 October 2016
(4)	SEGi University College	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	04 November 2016
(5)	Block A & B, South City Plaza	Nawawi Tie Leung Property Consultants Sdn. Bhd.	Investment	10 November 2016
(6)	Silver Bird Factory	Jones Lang Wootton, Malaysia.	Cost	08 November 2016
(7)	Dana 13	Jones Lang Wootton, Malaysia.	Investment	24 November 2016
(8)	HELP University	Jones Lang Wootton, Malaysia.	Investment	15 November 2016
(9)	AIC Factory	Jones Lang Wootton, Malaysia.	Investment	22 November 2016
(10)	Gurun Automotive Warehouse	Nawawi Tie Leung Property Consultants Sdn. Bhd.	Investment	14 November 2016
(11)	Selayang Mall	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	27 October 2016
(12)	Wisma Comcorp	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	25 October 2016
(13)	Deluge Factory	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	09 November 2016
(14)	Toshiba	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	27 October 2016
(15)	Contraves	Jones Lang Wootton, Malaysia	Investment	14 January 2016

The fair value of the investment properties as at 31 December 2015 were derived from the Directors of the Manager's assessment based on values obtained from latest valuations conducted by independent firms of professional valuers as shown below. The properties were valued by the following appointed valuers adopting suitable valuation approaches depending on the type of properties.

Item	Description of property	Valuer	Method of valuation	Date of valuation
(1)	Holiday Villa Alor Setar	Hakimi & Associates Sdn. Bhd.	Comparison	15 December 2015
(2)	Holiday Villa Langkawi	Hakimi & Associates Sdn. Bhd.	Comparison	15 December 2015
(3)	SEGi College	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	10 December 2015
(4)	SEGi University College	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	10 December 2015
(5)	Block A & B, South City Plaza	Rahim & Co.	Investment	27 December 2015
(6)	Silver Bird Factory	Jones Lang Wootton, Malaysia.	Comparison	08 December 2015
(7)	Dana 13	Rahim & Co.	Investment	10 December 2015
(8)	HELP University	Hakimi & Associates Sdn. Bhd.	Comparison	15 December 2015
(9)	Wisma AmanahRaya	Jones Lang Wootton, Malaysia.	Comparison	28 May 2015
(10)	AIC Factory	Rahim & Co	Investment	10 December 2015
(11)	Gurun Automotive Warehouse	C.H. Williams Talhar & Wong Sdn. Bhd.	Comparison	03 December 2015
(12)	Selayang Mall	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	10 December 2015
(13)	Wisma Comcorp	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	10 December 2015

The following are recognised in profit or loss in respect of investment properties:

	Notes	2016 RM	2015 RM
Rental income			
- Realised		57,385,743	61,607,065
- Unrealised (in relation to unbilled lease income receivable)		247,255	331,032
Property operating expenses	12	57,632,998 (4,083,964)	61,938,097 (3,805,673)
Net property income		53,549,034	58,132,424

NOTES TO THE FINANCIAL STATEMENTS

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4. Investment properties (continued)

4.1 Fair value information

Fair value of investment properties are categorised as follows:

	2016 Level 3 RM	2015 Level 3 RM
Land and buildings	986,400,000	884,820,000

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	2016 Level 3 RM	2015 Level 3 RM
At 1 January	884,820,000	938,070,000
Acquisition	96,372,014	-
Enhancement	-	1,690,400
Gains and losses recognised in profit or loss change in fair value	5,207,986	23,059,600
Reclassified as asset held for sale	-	(78,000,000)
At 31 December	986,400,000	884,820,000

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>The investment method considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process.</p> <p>Capitalisation relates income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure.</p>	<ul style="list-style-type: none"> Risk-adjusted capitalisation rates ranging from 5.75% - 7.00% (2015: 5.75% - 7.00%). Risk-adjusted discount rate ranging from 6.25% - 7.50% (2015: 6.23% - 7.00%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Risk-adjusted capitalisation rates were lower (higher); Risk-adjusted discount rates were lower (higher).

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AmanahRaya REIT

4. Investment properties (continued)

4.1 Fair value information (continued)

Level 3 fair value (continued)

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>The comparison method considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, the property being valued is compared with sales of similar properties that have been transacted in the open market.</p> <p>Listing and offering may also be considered. Valuation under this method may be significantly affected by the timing and the characteristics (such as location, accessibility, design, size and condition) of the property transactions used for comparison.</p>	<ul style="list-style-type: none"> • The occupancy rates are 100% (2015: 100%). • Adjusted land value ranging from RM239 per sq. ft. – RM442 per sq. ft. (2015: RM239 per sq. ft. – RM442 per sq. ft.). • Weighted average value: RM341 per sq. ft. (2015: RM341 per sq. ft.). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • Average occupancy rate was higher (lower); • Adjusted land value per square foot was higher (lower); • Weighted average value per square foot was higher (lower).
<p>The cost method considers the summation of the value components of the land and cost of building. The value components of land are estimated based on location, plot size, accessibility and other relevant factors. The cost of building is determined based on current estimates of size, reconstruction cost less depreciation or replacement cost less depreciation, obsolescence and existing physical condition of the building. The reconstruction or replacement cost of building is derived from estimates or current market prices for materials, labour and present construction techniques. Valuation under this method may be significantly affected by the location of the property and the market prices for materials and labour.</p>	<ul style="list-style-type: none"> • Land value at RM130 per sq. ft. (2015: RM110 per sq. ft.). • Replacement cost ranging from RM70 per sq. ft. – RM160 per sq. ft. (2015: RM70 per sq. ft. – RM160 per sq. ft.). • Depreciation rates at 2% (2015: 2%) per annum. 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • Land value per square foot was higher (lower); • Replacement cost per square foot was higher (lower); • Depreciation rates were lower (higher).

Valuation process applied by AmanahRaya REIT for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Highest and best use

AmanahRaya REIT's current use of the properties on its own are the highest and best use as there are no other factors to suggest that a different use would maximise the value of the properties.

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5. Trade and other receivables

	Notes	2016 RM	2015 RM
Trade			
Trade receivable	5.1	178,787	1,800
Non-trade			
Other receivables		8,656,511	1,845,936
Deposits		534,674	1,662,976
Prepayment		401,255	50,000
		<hr/> 9,592,440	<hr/> 3,558,912
		<hr/> 9,771,227	<hr/> 3,560,712

5.1 Trade receivables

Trade receivables are non-interest bearing and the normal credit terms granted by AmanahRaya REIT ranged from 7 days to 30 days (2015: 7 days to 30 days).

6. Security deposits in trust accounts

	Notes	2016 RM	2015 RM
Security deposits placed with ITA-ARB	6.1	23,830,594	35,964,840

6.1 Security deposits placed with ITA-ARB

Security deposits received from the lessees together with their accrued interest are placed with the Institutional Trust Account of Amanah Raya Berhad ("ITA-ARB"). The interest rates of the security deposits placed with ITA-ARB is at 3.75% (2015: 3.75%) per annum. Pursuant to the lease agreements, lessees are entitled to the interest earned from the security deposits placed with ITA-ARB.

AmanahRaya REIT has the right to deduct from the security deposits in the event of arrears in rental payment within the stipulated period in the lease agreement from the due date of the rental payment or early termination by the lessees.

7. Cash and cash equivalents

	Notes	2016 RM	2015 RM
Cash and bank balances		230,195	73,722
Deposits placed with licensed financial institutions	7.1	20,061,280	98,953,770
		<hr/> 20,291,475	<hr/> 99,027,492

7.1 Deposits placed with licensed financial institutions

The deposits are placed with licensed financial institutions at interest rates ranging from 3.30% to 3.60% (2015: 3.30% to 4.10%) per annum.

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AmanahRaya REIT

8. Asset classified as held for sale

On 23 June 2015, AmanahRaya REIT entered into a sale and purchase agreement for the disposal of an investment property, Wisma Amanahraya Jalan Ampang for a total consideration of RM78,000,000. Accordingly, it was classified as asset held for sale in the financial statements for the previous financial year ended 31 December 2015.

As at 31 December 2015, Wisma Amanahraya Jalan Ampang had a carrying value of RM78,000,000 (Note 4). The carrying value of Wisma Amanahraya Jalan Ampang was the same as its fair value before being reclassified to current asset.

The disposal of Wisma Amanahraya Jalan Ampang was completed on 27 January 2016.

9. Total unitholders' fund

9.1 Unitholders' capital

	Number of units 2016	2016 RM	Number of units 2015	2015 RM
Authorised:	573,219,858	573,219,858	573,219,858	573,219,858
Issued and fully paid	573,219,858	519,685,915	573,219,858	519,685,915

9.2 Unitholdings of related parties

As at 31 December 2016, the Manager and Directors of the Manager did not hold any units in AmanahRaya REIT. However, parties related to the holding company of the Manager held units in AmanahRaya REIT as follows:

	Number of units held	Percentage of total units %	Market value
Direct unitholdings in AmanahRaya REIT of the parties related to the holding company of the Manager			
2016			
AmanahRaya Berhad	357,169,358	62.31	328,595,809
AmanahRaya Capital Sdn. Bhd.	2,032,600	0.35	1,869,992
	359,201,958	62.66	330,465,801
2015			
AmanahRaya Berhad	357,169,358	62.31	308,951,495
AmanahRaya Capital Sdn. Bhd.	2,032,600	0.35	1,758,199
	359,201,958	62.66	310,709,694

The market value is determined by using the closing market price of AmanahRaya REIT as at 31 December 2016 of RM0.92 (2015: RM0.87) per unit.

NOTES TO THE FINANCIAL STATEMENTS

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9. Total unitholders' fund (continued)

9.3 Breakdown of realised and unrealised net income

The breakdown of the distributable income of AmanahRaya REIT as at 31 December 2016, into realised and unrealised net income, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2016 RM	2015 RM
Total distributable income of AmanahRaya REIT		
- Realised	27,434,146	19,810,650
- Unrealised	138,941,667	142,043,281
	<hr/>	<hr/>
	166,375,813	161,853,931

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The unrealised income relates to the cumulative fair value adjustment to the investment properties (Note 4) and unbilled lease income receivable.

10. Borrowings

	Notes	2016 RM	2015 RM
Non-current			
Term loan I	10.1	85,000,000	85,000,000
Term loan II	10.1	111,230,000	111,230,000
Term loan III	10.1	60,000,000	168,000,000
Term loan IV	10.2	33,920,000	-
		<hr/>	<hr/>
		290,150,000	364,230,000
Current			
Revolving Credit	10.3	25,000,000	-
		<hr/>	<hr/>
		25,000,000	-
		<hr/>	<hr/>
		315,150,000	364,230,000

The term loans are secured by way of first legal charge on investment properties amounting to RM674,500,000 (2015: RM693,000,000), as disclosed in Note 4 to the financial statements.

Borrowing costs are payable in arrears on a monthly basis.

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AmanahRaya REIT

10. Borrowings (continued)

10.1 Term loans I, II and III

Term loans I, II and III bear interest based on Cost of Funds ("CoF") plus 0.5% (2015: CoF plus 0.5%) per annum and are each repayable on 7 May 2020.

10.2 Term loan IV

Term loan IV bears interest based on CoF plus 0.5% per annum and is repayable on 22 December 2021.

10.3 Revolving Credit

Revolving Credit bear interest based on CoF plus 0.5% per annum, have a tenure of 1, 3 and 6 months, and are repayable subject to rollover at the Bank's discretion upon maturity.

11. Trade and other payables

	Notes	2016 RM	2015 RM
Non-current			
Non-trade			
Tenants' deposits	11.1	14,120,960	29,966,565
Current			
Trade			
Trade payable	11.2	1,228,327	1,910,675
Non-trade			
Tenants' deposits	11.1	4,786,782	304,024
Other payables and accrued expenses	11.3	18,945,499	23,421,934
		24,960,608	25,636,633
		39,081,568	55,603,198

NOTES TO THE FINANCIAL STATEMENTS

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11. Trade and other payables (continued)

11.1 Tenants' deposits

Included in tenant deposits are refundable deposits of RM17,352,417 (2015: RM29,941,833) received from lessees for tenancy contracts with tenure of one (1) to twenty-five (25) years which are placed with ITA-ARB as disclosed in Note 6 to the financial statements.

Since the inception of AmanahRaya REIT, the Manager has received rental deposits from tenants by way of bank guarantee as follows:

Tenants	Property	Amount RM	Remarks
SEG International Berhad	SEGi College	11,881,800	Equivalent to three (3) years' rental
SEG International Berhad	SEGi University College	28,710,000	Equivalent to two (2) years' rental
Pipeline Distribution (M) Sdn Bhd	Deluge Factory	810,000	Equivalent to six (6) months' rental
Symphony House Berhad	Dana 13	7,742,880	Equivalent to one (1) year's rental
HELP University Sdn Bhd	Wisma Amanah Raya Berhad	1,352,247	Equivalent to three (3) months' rental
Comintel Sdn. Bhd.	Wisma Comcorp	2,400,000	Equivalent to one (1) year's rental
Seal Incorporated	Selayang Mall	1,694,084	Equivalent to two (2) months' rental
Total		54,591,011	

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

11.2 Trade payables

Included in trade payables are amounts owing to the Manager amounting to RM522,926 (2015: RM959,925) which are unsecured, interest-free and payable on demand. The normal trade credit term granted to AmanahRaya REIT is 30 days (2015: 30 days).

11.3 Other payables and accrued expenses

Included in other payables and accrued expenses is interest of RM6,478,178 (2015: RM6,023,007) generated from security deposits placed with ITA-ARB and a financial institution as disclosed in Note 6 to the financial statements.

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AmanahRaya REIT

12. Property operating expenses

	2016 RM	2015 RM
Assessment and quit rent	739,507	1,461,371
Service contracts and maintenance	1,847,081	654,752
Property management fees	468,516	537,232
Insurance	152,717	173,067
Other operating expenses	876,143	979,251
	<hr/> 4,083,964	<hr/> 3,805,673

13. Income tax expense

	2016 RM	2015 RM
Current tax expense	-	-
Reconciliation of tax expense		
Income before taxation	<hr/> 40,541,175	<hr/> 59,682,578
Income tax using Malaysian tax rate at 24% (2015: 25%)	9,729,882	14,920,645
Non-deductible expenses	542,574	541,023
Effect of interest income not subject to tax	(380,477)	(662,693)
Effect of changes in fair value of investment properties not subject to tax	(1,249,917)	(5,764,900)
Effect of income exempted from tax	(8,642,062)	(9,034,075)
	<hr/> -	<hr/> -

Pursuant to the amendment to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006, which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the Trust is distributed to its unitholders, the total income of the Trust for that year of assessment shall be exempted from tax.

As AmanahRaya REIT has met the abovementioned threshold, its total income for the financial year is exempted from tax.

14. Earnings per unit

The earnings per unit before Manager's fee of 7.958 sen (2015: 11.275 sen) is calculated by dividing the net income after taxation but before deduction of Manager's fees for the financial year of RM45,616,322 (2015: RM64,633,042) by the weighted average number of units in circulation during the financial year of 573,219,858 (2015: 573,219,858).

The earnings per unit after Manager's fee of 7.073 sen (2015: 10.412 sen) is calculated based on the net income after taxation of RM40,541,175 (2015: RM59,682,578) for the financial year and on the weighted average number of units in circulation during the financial year of 573,219,858 (2015: 573,219,858).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

15. Distributions to unitholders

Distributions to unitholders are from the following sources:

	2016 RM	2015 RM
Net realised rental income	57,385,743	61,607,065
Interest income	1,585,321	2,650,771
Other income	497,745	486,504
	59,468,809	64,744,340
Less: Expenses	(24,135,620)	(28,121,362)
Total income available for distribution	35,333,189	36,622,978
Overpayment in prior years	-	(1,879)
Total income available for distribution	35,333,189	36,621,099
Less: Undistributed income	(1,515,579)	(478,897)
	33,817,610	36,142,202
Distribution per unit (sen)	5.900	6.300

16. Portfolio turnover ratio

	2016	2015
Portfolio Turnover Ratio ("PTR") (times)	0.03	0.05

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

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

17. Management expense ratio

	2016	2015
Management expense ratio ("MER") (%)	1.07	1.08

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

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

NOTES TO THE FINANCIAL STATEMENTS

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AmanahRaya REIT

18. Financial instruments

18.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R"); and
- (b) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM	L&R RM
Financial assets		
2016		
Trade and other receivables	9,369,972	9,369,972
Security deposits in trust accounts	23,830,594	23,830,594
Cash and cash equivalents	20,291,475	20,291,475
	<hr/>	<hr/>
	53,492,041	53,492,041
	<hr/>	<hr/>
2015		
Trade and other receivables	3,510,712	3,510,712
Security deposits in trust accounts	35,964,840	35,964,840
Cash and cash equivalents	99,027,492	99,027,492
	<hr/>	<hr/>
	138,503,044	138,503,044
	<hr/>	<hr/>
	Carrying amount RM	FL RM
Financial liabilities		
2016		
Borrowings	315,150,000	315,150,000
Trade and other payables	39,081,568	39,081,568
	<hr/>	<hr/>
	354,231,568	354,231,568
	<hr/>	<hr/>
2015		
Borrowings	364,230,000	364,230,000
Trade and other payables	55,603,198	55,603,198
	<hr/>	<hr/>
	419,833,198	419,833,198
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

18. Financial instruments (continued)

18.2 Net gains and (losses) arising from financial instruments

	2016 RM	2015 RM
Net gains/(losses) on:		
Loans and receivables	1,585,321	2,650,771
Financial liabilities measured at amortised cost	(13,255,382)	(17,159,294)

18.3 Financial risk management

AmanahRaya REIT has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

18.4 Credit risk

Credit risk is the risk of a financial loss to AmanahRaya REIT if a tenant or counterparty to a financial instrument fails to meet its contractual obligations. AmanahRaya REIT's exposure to credit risk arises principally from its receivables from tenants. AmanahRaya REIT performs ongoing credit evaluation of its tenants and generally does not require collateral other than tenants' deposits.

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amount in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. AmanahRaya REIT uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period amounts to RM178,787 (2015: RM1,800) and are secured by tenants' deposits.

Impairment

AmanahRaya REIT maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
2016			
Past due 1 - 30 days	51,425	-	51,425
Past due 31 - 60 days	62,269	-	62,269
Past due more than 120 days	65,093	-	65,093
	178,787	-	178,787
2015			
Past due 1 - 30 days	1,578	-	1,578
Past due 31 - 60 days	222	-	222
	1,800	-	1,800

NOTES TO THE FINANCIAL STATEMENTS

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AmanahRaya REIT

18. Financial instruments (continued)

18.5 Liquidity risk

Liquidity risk is the risk that AmanahRaya REIT will not be able to meet its financial obligations as they fall due. AmanahRaya REIT's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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

Maturity analysis

The table below summarises the maturity profile of AmanahRaya REIT's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM	1 - 5 years RM	More than 5 years RM
2016						
Financial liabilities						
Trade and other payables	39,081,568	-	39,081,568	24,960,608	14,120,960	-
Borrowings	315,150,000	4.60 – 4.65	364,404,100	39,460,745	324,943,355	-
	<u>354,231,568</u>		<u>403,485,668</u>	<u>64,421,353</u>	<u>339,064,315</u>	<u>-</u>
2015						
Financial liabilities						
Trade and other payables	54,164,739	-	54,164,739	24,198,175	29,966,565	-
Borrowings	364,230,000	4.65	440,472,195	18,375,154	422,097,041	-
	<u>418,394,739</u>		<u>494,636,934</u>	<u>42,573,329</u>	<u>452,063,606</u>	<u>-</u>

18.6 Market risk

Market risk is the risk that changes in market prices such as interest rates will affect AmanahRaya REIT's financial position or cash flows.

Interest rate risk

Exposure to interest rate risk

The interest rate profile of AmanahRaya REIT's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year was:

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

18. Financial instruments (continued)

18.6 Market risk (continued)

	2016 RM	2015 RM
Financial asset		
<i>Fixed rate instrument</i>		
Security deposits in trust accounts	23,830,594	35,964,840
Deposits placed with licensed financial institutions	20,061,280	98,953,770
	<hr/> 43,891,874	<hr/> 134,918,610
Financial liabilities		
<i>Floating rate instruments</i>		
Borrowings	315,150,000	364,230,000
	<hr/>	<hr/>

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis

AmanahRaya REIT does not account for any fixed rate financial liabilities at fair value through profit or loss, and AmanahRaya REIT does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) unitholders' funds and post-tax profit or loss by the amounts shown below.

	Profit/(Loss)	
	100 bp increase RM	100 bp decrease RM
2016		
Floating rate instruments	(3,151,500)	3,151,500
	<hr/>	<hr/>
2015		
Floating rate instruments	(3,642,300)	3,642,300
	<hr/>	<hr/>

18.7 Fair value information

The carrying amounts of cash and cash equivalents, security deposits, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

18. Financial instruments (continued)

18.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM		
2016									
Financial liabilities									
Borrowings	-	-	-	-	-	-	309,473,975	309,473,975	315,150,000
Tenants' deposits	-	-	-	-	-	-	18,907,742	18,907,742	18,907,742
							328,381,717	328,381,717	334,057,742
2015									
Financial liabilities									
Borrowings	-	-	-	-	-	-	357,797,102	357,797,102	364,230,000
Tenants' deposits	-	-	-	-	-	-	30,270,589	30,270,589	30,270,589
	-	-	-	-	-	-	388,067,691	388,067,691	394,500,589

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Tenants' deposits	Discounted cash flows using interest rate placed with ITA-ARB at 3.75% (2015: 3.75%) per annum.
Borrowings	Discounted cash flows using interest rate of 4.60% (2015: 4.65%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

NOTES TO THE FINANCIAL STATEMENTS

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19. Capital management

The primary objective of the Manager is to ensure that AmanahRaya REIT would be able to continue as a going concern while maximising the returns to unitholders through a balance of issuance of new units and loan financing. The overall strategy of the Manager remains unchanged from financial year ended 31 December 2015.

The Manager manages the capital structure of AmanahRaya REIT and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Manager may adjust the income distribution to unitholders or issue new units. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2016.

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

The Manager monitors capital using a gearing ratio, which is total borrowings divided by total assets of AmanahRaya REIT pursuant to Securities Commission's Guidelines on Real Estate Investment Trusts.

	2016 RM	2015 RM
Total borrowings	315,150,000	364,230,000
Total assets	1,040,293,296	1,101,373,044
Gearing ratio	30.29%	33.07%

20. Operating leases

Leases whereby AmanahRaya REIT is the Lessor

AmanahRaya REIT leases out its investment properties (Note 4) under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	2016 RM	2015 RM
Not later than one year	19,670,502	50,467,991
Between two to five years	68,553,143	83,944,891
Later than five years	10,643,437	113,540,203
	98,867,082	247,953,085

21. Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS

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AmanahRaya REIT

22. Related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of AmanahRaya REIT either directly or indirectly. The key management personnel include all the Directors of the Manager and the Trustee and certain members of senior management of the Manager and the Trustee.

Significant related party transactions

Related party transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	2016 RM	2015 RM
Rental received and receivable from the holding company of the Manager	489,938	7,009,884
Security deposits from lessees placed with the holding company of the Manager (Note 6)	23,830,594	35,964,840
Manager's fees	5,075,147	4,950,464
Proceeds from disposal of investment property received/receivable from a related company of the Manager	78,000,000	78,000,000

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

23. Significant events during the year

During the previous financial year ended 31 December 2014, a material litigation arose between AmanahRaya REIT and Standard Confectionary Sdn. Bhd. ("Standard Confectionary") and High-5 Conglomerate Berhad ("High-5") on the Silverbird Factory ("the Property") in respect of the declaration to annul AmanahRaya REIT's right to the Property. AmanahRaya REIT filed a defense for this and a counter claim to recover the outstanding rental and vacant possession of the Property.

On 23 June 2015, the High Court struck out the suit by Standard Confectionary and High-5. And on 29 June 2015, the High Court delivered its judgment and granted inter-alia that the Trustee, on behalf of AmanahRaya REIT, be paid the outstanding lease rental and related late payment penalties until delivery of the vacant possession of the Property; that High-5 and/or other parties who are in occupation of the Property without the Trustee's consent are in wrongful occupation of the Property; and that these parties deliver vacant possession of the Property to the Trustee within 21 days from the date of service of the order.

Standard Confectionary and High-5 then filed an appeal to the Court of Appeal against the orders of the High Court. On 30 November 2015, the Court of Appeal dismissed the appeal.

Standard Confectionary and High-5 filed an application to the Federal Court for leave to appeal to the Federal Court against the decision of the Court of Appeal. On 30 May 2016, the Federal Court dismissed the application for leave to appeal.

On 4 July 2016, AmanahRaya-REIT successfully repossessed the Silverbird Factory at Lot 72, Persiaran Jubli Perak, Seksyen 21, 40000 Shah Alam, Selangor Darul Ehsan.

UNITHOLDERS STATISTICS

TOP 30 UNITHOLDERS AS AT 31 DECEMBER 2016

TOTAL UNIT HOLDERS : 4,304

RANKING	UNITHOLDER	NO. OF UNITS	% OF TOTAL ISSUED UNITS
1.	AMANAH RAYA BERHAD (KUMPULAN WANG BERSAMA)	357,169,358	62.31
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR	32,360,000	5.65
3.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD		
	YAYASAN HASANAH (AVR-VCAM)	10,730,700	1.87
4.	CAHYA MATA SARAWAK BERHAD	5,000,000	0.87
5.	CITIGROUP NOMINESS (TEMPATAN) SDN BHD		
	MCIS INSURANCE BERHAD (LIFE PAR FD)	4,022,000	0.70
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD		
	MCIS INSURANCE BERHAD (SHH FD)	3,392,800	0.59
7.	VALUECAP SDN BHD	3,066,400	0.53
8.	HSBC NOMINEES (TEMPATAN) SDN BHD		
	HSBC (M) TRUSTEE BHD FOR RHB SMALL CAP OPPORTUNITY UNIT TRUST	2,695,000	0.47
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD		
	MCIS INSURANCE BERHAD (ANN FD)	2,470,200	0.43
10.	AMANAH RAYA BERHAD		
	AMANAH RAYA CAPITAL SDN BHD	2,032,600	0.35
11.	HLB NOMINEES (TEMPATAN) SDN BHD		
	PLEDGED SECURITIES ACCOUNT FOR LIEW SUN YICK	1,585,000	0.28
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD		
	MOHD ISKANDAR LAU BIN ABDULLAH	1,453,800	0.25
13.	LABUAN REINSURANCE (L) LTD	1,376,500	0.24
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD		
	EXEMPT AN FOR AIA BHD.	1,262,000	0.22
15.	YEO ENG SENG	1,156,800	0.20
16.	TEE KIAM HENG	1,100,000	0.19
17.	MALAYSIAN RATING CORPORATION BERHAD	1,095,000	0.19
18.	SZE SEE CHUEN	1,077,500	0.19
19.	CITIGROUP NOMINEES (ASING) SDN BHD		
	CBHK PBGHK FOR SABLE INVESTMENT CORPORATION	1,063,800	0.19
20.	ANG SIEW SIANG	1,050,000	0.18
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD		
	PLEDGED SECURITIES ACCOUNT FOR PEE SIEW BOON (8057713)	1,030,000	0.18
22.	CHOK SU SANG	1,029,100	0.18
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD		
	PLEDGED SECURITIES ACCOUNT FOR NG CHEE SIONG	1,000,000	0.17
24.	PUA SOON	1,000,000	0.17
25.	SEG EQUITY SDN. BHD.	1,000,000	0.17
26.	STATE INSURANCE BROKERS SD BHD	1,000,000	0.17
27.	LAU BAN YIN	980,000	0.17
28.	AMSEC NOMINEES (TEMPATAN) SDN BHD		
	AMBANK (M) BERHAD FOR YONG VUN JIN (7433-1501)	974,000	0.17
29.	TEW SOON CHIM	963,000	0.17
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD		
	MCIS INSURANCE BERHAD (GRP LIFE FD)	825,000	0.14
TOTAL		444,960,558	77.59

ANALYSIS OF UNITHOLDINGS

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AmanahRaya REIT

Distribution of Unitholders as at 31 December 2016

Unit Class	No. Of Unitholders	%	No. Of Unitholdings	%
Less Than 100	15	0.35	455	0.00
100-1,000	525	12.20	406,145	0.07
1,001-10,000	2,074	48.19	11,909,600	2.08
10,001-100,000	1,395	32.41	48,388,000	8.44
100,001 To Less Than 5% Of Issued Holdings	293	6.81	122,986,300	21.46
5% And Above The Issued Holdings	2	0.05	389,529,358	67.95
Total	4304	100.00	573,219,858	100.00

Classification of Unitholders as at 31 December 2016

Category Of Unitholder	No. Of Holder			No. Of Securities Hold		
	Malaysian		Foreign	Malaysian		Foreign
	Bumiputera	Non-Bumiputera		Bumiputera	Non-Bumiputera	
1) Individual	151	3,164	50	1,331,100	94,493,089	1,767,100
2) Body Corporate						
a. Banks/Finance Companies	4	1	0	362,668,358	507,200	0
b. Investments Trust / Foundation/Charities	0	0	0	0	0	0
c. Other Type of Companies	6	47	1	6,737,000	8,412,011	40,000
3) Government agencies/Institutions*	1	0	0	32,360,000	0	0
4) Nominees	494	350	35	26,297,800	28,767,700	4,838,500
Total	656	3,562	86	429,394,258	132,180,000	6,645,600

ADDITIONAL INFORMATION PURSUANT TO LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL**

There were no proceeds received during the current financial year.

2. SHARE BUY-BACKS DURING THE FINANCIAL YEAR

AmanahRaya REIT did not carry out any share buy-backs exercise during the financial year ended 31 December 2016.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

AmanahRaya REIT did not issue any warrants or convertible securities for the financial year ended 31 December 2016.

4. AMERICAN DEPOSITORY RECEIPTS (ADR)/GLOBAL DEPOSITORY RECEIPT (GDR)

AmanahRaya REIT has not sponsored any ADR/GDR programme during the financial year ended 31 December 2016.

5. SANCTION/PENALTIES

There were no sanctions and/or penalties imposed on AmanahRaya REIT and/or the Manager during the financial year ended 31 December 2016.

6. NON-AUDIT FEES

There is no non-audit fee paid by AmanahRaya REIT to the auditors during the financial year ended 31 December 2016.

7. PROFIT GUARANTEES

There were no profit guarantees given by the Manager during the financial year ended 31 December 2016.

8. MATERIAL CONTRACTS

There were no material contracts which had been entered into by AmanahRaya REIT involving the interest of Directors and major Unitholders, either still subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial period.

www.amanahrayareit.com.my

AmanahRaya-REIT Managers Sdn Bhd (856167-A)
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