

AMANAHRAYA ■ REIT

Synergistic Strength

Annual Report 2015



SYNERGISTIC STRENGTH

The theme, Synergistic Strength, is inspired by the synergy that is derived from our highly diversified portfolio of properties. As such, the cover features several of our prestigious properties that have become renowned landmarks.

The diversity of our portfolio of properties also gives us tremendous stability and strength. Bold and striking, the cover design mirrors our confidence as we advance into a vibrant future.

Retail

- Selayang Mall



Industrial

- AIC Factory
- SilverBird Factory
- Gurun Automotive Warehouse



Hospitality

- Holiday Villa, Alor Setar
- Holiday Villa, Langkawi



Office

- Block A & B, South City Plaza
- Wisma AmanahRaya, Jalan Ampang
- Wisma Amanah Raya Berhad, Jalan Semantan
- Dana 13, Dana 1 Commercial Centre
- Wisma Comcorp



Higher Education Building

- SEGi College
- SEGi University



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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 8, Wisma AmanahRaya II
No. 21, Jalan Melaka
50100 Kuala Lumpur
Tel : 03 2078 0898
Fax : 03 2026 6446

BOARD OF DIRECTORS OF THE MANAGER

Independent Non-Executive Directors

Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak (Chairman)

Dato' Abdul Mutalib Mohamed Razak
(Resigned on 31 January 2016)

Haji Zulkifly Sulaiman

Dato' Anthony @ Firdaus Bujang

Non-Independent Non-Executive Directors

Datuk Johar Che Mat

Dato' Haji Che Pee Samsudin

Ahmad Suhaimi Endut

Dato' Abd Rahman Md Khalid
(Appointed on 1 July 2015)

COMPANY SECRETARIES OF THE MANAGER

Leong Shiak Wan (f)

See Siew Cheng (f)
(Resigned on 28 August 2015)

Jerry Jesudian Joseph Alexander

Norhaslinda Samin

INVESTMENT COMMITTEE

Mahadzir Azizan (Chairman)

Syed Elias Abd. Rahman Alhabshi

Vasanth Kumar Tharmalingam

Datuk Johar Che Mat



AUDIT COMMITTEE

Dato' Haji Che Pee Samsuddin
(Chairman)

Dato' Abdul Mutalib Mohamed Razak
(Resigned on 31 January 2016)

Haji Zulkifly Sulaiman

MANAGEMENT TEAM

Adenan Md Yusof
(Chief Operating Officer/
Principal Officer)
(Resigned on 6 June 2015)

Noorbaizura Hermeyney
(Head, Real Estate Investment)
(Appointed as Acting Principal Officer
on 6 June 2015)
(Appointed as Chief Operating Officer
on 7 January 2016)

Johana Rosli
(Head, Legal and Compliance)
(Resigned on 26 August 2015)

Hasrol Nizam Mohd Hasbi
(Head, Property Management)

Isyam Bin Ishak (Accountant)

Jerry Jesudian Joseph Alexander
(Joint Company Secretary)

PROPERTY MANAGERS

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

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

REGISTRAR AND TRANSFER OFFICE

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

TRUSTEE

CIMB Islamic Trustee Berhad
13th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : 03 2261 8888
Fax : 03-2261 9887

PRINCIPAL FINANCIER OF THE FUND

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

AUDITOR

Messrs KPMG
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

- Holiday Villa, Alor Setar
- Holiday Villa, Langkawi
- SEGi College, Subang Jaya
- SEGi University, Kota Damansara
- Block A & B, South City Plaza, Seri Kembangan
- Wisma AmanahRaya, Jalan Ampang
- Wisma Amanah Raya Berhad, Jalan Semantan
- AIC Factory, Shah Alam
- SilverBird Factory, Shah Alam
- Gurun Automotive Warehouse, Gurun
- Dana 13, Dana 1 Commercial Centre, Petaling Jaya
- Selayang Mall, Selayang
- Wisma Comcorp, 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 2015, the portfolio of AmanahRaya REIT includes 13 properties with a total asset value of RM1.101 billion.

ABOUT AMANAHRAYA -REIT MANAGERS SDN BHD

AmanahRaya-REIT Managers Sdn Bhd ("Manager"), license No: CMSL/A0309/2013, a wholly owned subsidiary of Amanah Raya Berhad is the manager of AmanahRaya REIT. The Manager was formed on 8 May 2009 and took over the management of AmanahRaya REIT from the former Manager

i.e. AmanahRaya-JMF Asset Management Sdn Bhd (presently known as AmanahRaya Investment Management Sdn Bhd) on 7 September 2009 upon registration of the Second Supplemental Deed of AmanahRaya REIT dated 27 August 2009 with the Securities Commission. As at 31 December 2015, 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 activity is to manage and administer AmanahRaya REIT on behalf of the unitholders 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 guidelines 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 unitholders.



SALIENT FEATURES OF AMANAHRAYA REIT

Fund Category	Real Estate Investment Trust
Fund Type	Income and Growth
Duration of Fund/ Termination Date	The earlier of: <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Management expense ratio Total returns Average annual return Distribution yield Net asset value (NAV)
Distribution Policy	<ul style="list-style-type: none"> 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 at least once every 3 years by the registered independent valuers.
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	<ul style="list-style-type: none"> RM0.895 - retail RM0.94 - institutional

ASSET UNDER MANAGEMENT

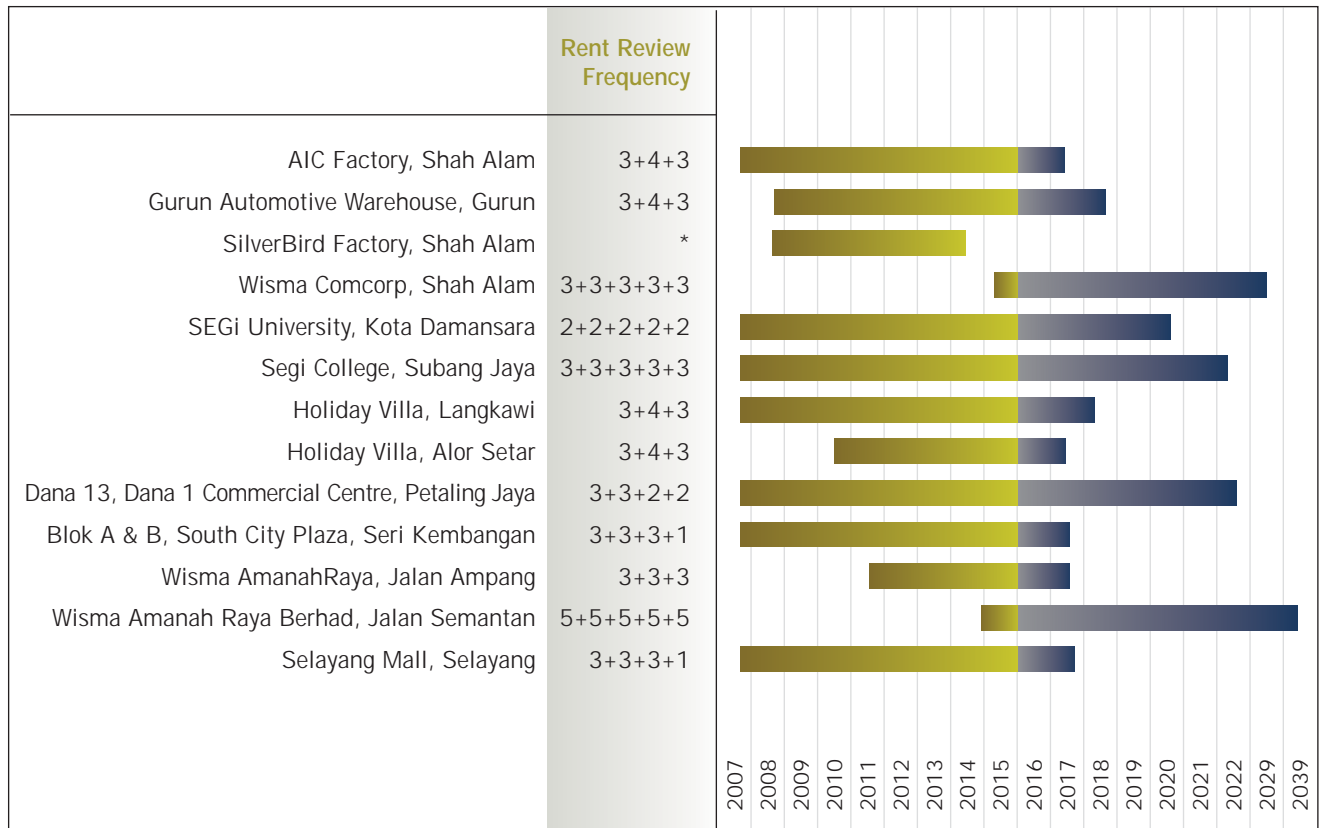
Real Estate(s)	Location	Type of Building	Cost of Acquisition (Asset & Enhancement) (RM'000)	Appreciation in Value (RM'000)	Occupancy	Unexpired Lease / Tenancy Period (approximate)	Investment in Real Estate Value (RM'000)	Value over Total Asset Value (%)
Hospitality								
Holiday Villa Alor Setar	Alor Setar, Kedah	Hotel	31,000	4,900	100%	0.50 yrs	35,900	3.26%
Holiday Villa Langkawi	Langkawi, Kedah	Resort Hotel	57,161	23,759	100%	0.50 yrs	80,920	7.35%
Higher Education Building								
SEGi College, Subang Jaya	Subang Jaya, Selangor	Higher Education Building	52,500	13,000	100%	5.40 yrs	65,500	5.95%
SEGi University, Kota Damansara	Petaling Jaya, Selangor	Higher Education Building	145,000	25,000	100%	2.00 yrs	170,000	15.44%
Office Building								
Block A & B, South City Plaza	Seri Kembangan, Selangor	Office Building	18,300	7,700	100%	0.60 yrs	26,000	2.36%
Wisma Amanah Raya	Jalan Ampang, Kuala Lumpur	Office Building	69,690	8,310	100%	0.60 yrs	78,000	7.08%
Wisma Amanah Raya Berhad	Damansara Heights, Kuala Lumpur	Office Building	53,000	19,000	100%	23.7 yrs	72,000	6.54%
Dana 13, Dana 1 Commercial Centre	Ara Damansara, Petaling Jaya, Selangor	Office Building	99,120	10,880	100%	3.70 yrs	110,000	9.99%
Wisma Comcorp	Shah Alam, Selangor	Office Building	30,000	4,000	100%	13.90 yrs	34,000	3.09%
Industrial								
AIC Factory	Shah Alam, Selangor	Industrial Factory	19,200	4,800	100%	0.70 yrs	24,000	2.18%
SilverBird Factory	Shah Alam, Selangor	Industrial Complex	92,000	3,000	100%	Vacant	95,000	8.63%
Gurun Automotive Warehouse	Gurun, Kedah	Industrial Warehouse	23,970	3,530	100%	1.90 yrs	27,500	2.50%
Retail								
Selayang Mall	Selayang, Selangor	Retail	129,835	14,165	100%	0.90 yrs	144,000	13.07%
Real Estate Related Assets							962,820	87.42%
Cash and security deposits							134,992	12.26%
Others (Trade and Other Receivables)							3,561	0.32%
Total Asset Value (RM'000)							1,101,373	100.00%

FINANCIAL HIGHLIGHTS

SNAPSHOT OF AMANAHRAYA REIT AS AT 31 DECEMBER 2015

TOTAL ASSET VALUE	SECTOR	TOTAL NO OF PROPERTIES
RM1.101 BILLION	OFFICE, INSTITUTIONAL (EDUCATION), INDUSTRIAL, HOSPITALITY AND RETAIL	13 PROPERTIES
TOTAL UNITS ISSUED	MARKET CAPITALIZATION	TRADING VOLUME (UNITS) (OCT-DEC 2015)
573,219,858	RM498,701,276	80,497
NET ASSET VALUE ("NAV") PER UNIT	GEARING RATIO	HIGHEST PRICE (2015)
1.189	33.07%	RM0.93 PER UNIT
LOWEST PRICE (2015)	PRICE AS AT 31 DECEMBER 2015	DPU (ACTUAL) FOR 2015
RM0.79 PER UNIT	RM0.87 PER UNIT	6.3054 SEN PER UNIT
TOTAL NUMBER OF UNITHOLDERS	SUBSTANTIAL UNITHOLDERS	
4,297	AMANAH RAYA BERHAD FOR KUMPULAN WANG BERSAMA (62.31%) PERBADANAN KEMAJUAN NEGERI SELANGOR (5.65%)	

a) Well Structured Lease Profile

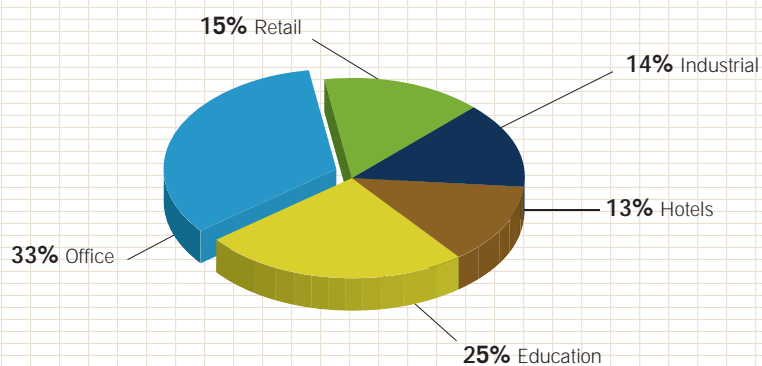


Remaining Lease
 Lease Completed

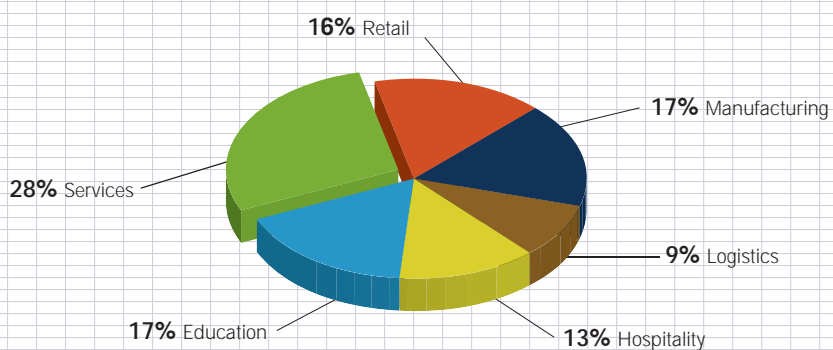
* No lease agreement executed by the parties since the expiry of lease in August 2013.

PROPERTY PORTFOLIO (CONTINUED)

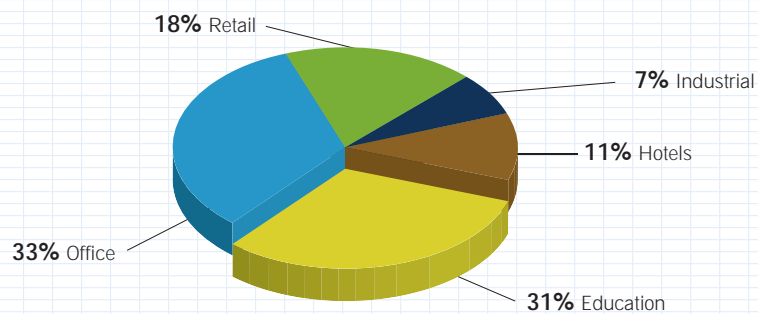
b) Asset Value Based on Property Sector



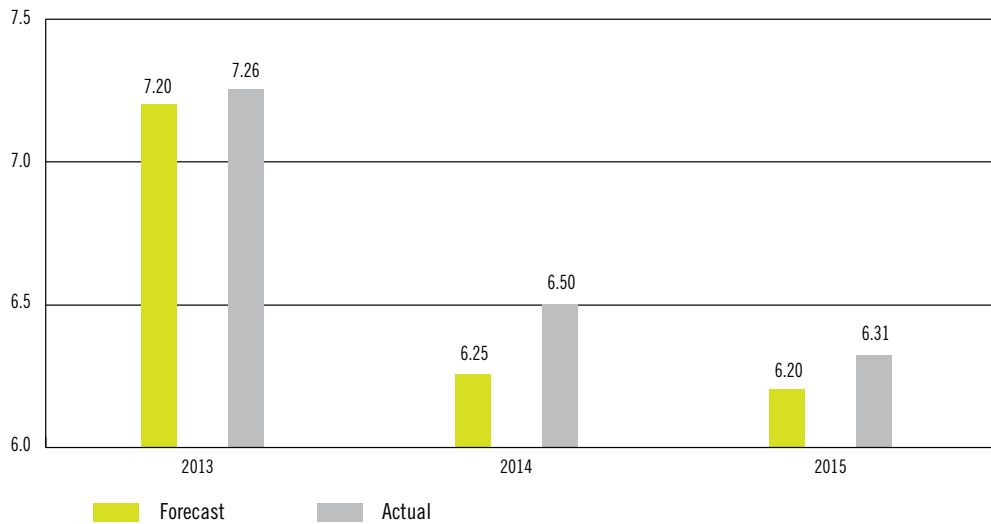
c) Usage of Lettable Area by Lessee's Business Sector



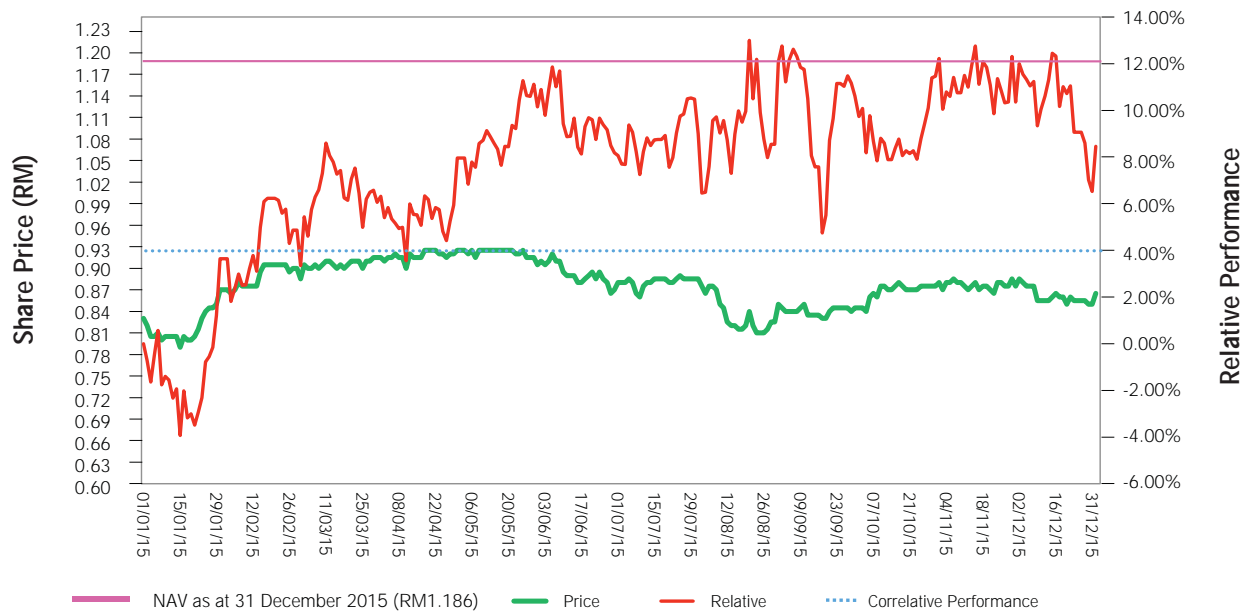
d) Gross Income on Property Sector for 2015



e) Distribution Per Unit (sen)

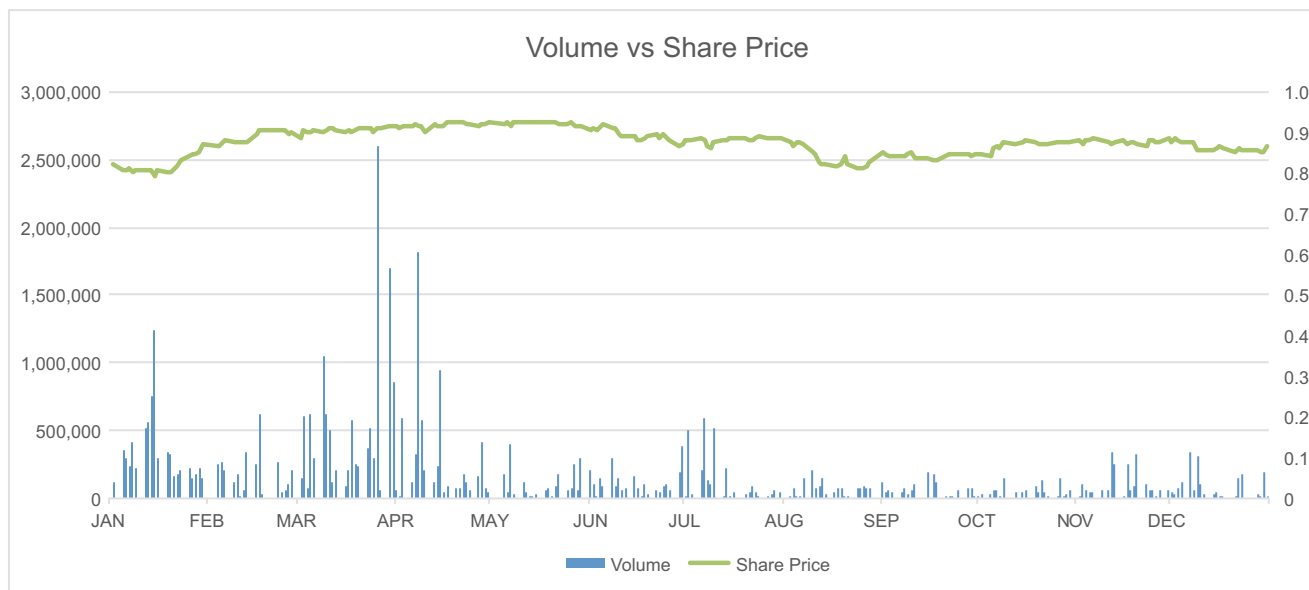


f) AmanahRaya REIT Share Price Performance vs KLCI as at 31 December 2015



PROPERTY PORTFOLIO (CONTINUED)

g) AmanahRaya REIT Volume and Share Price Analysis for 2015



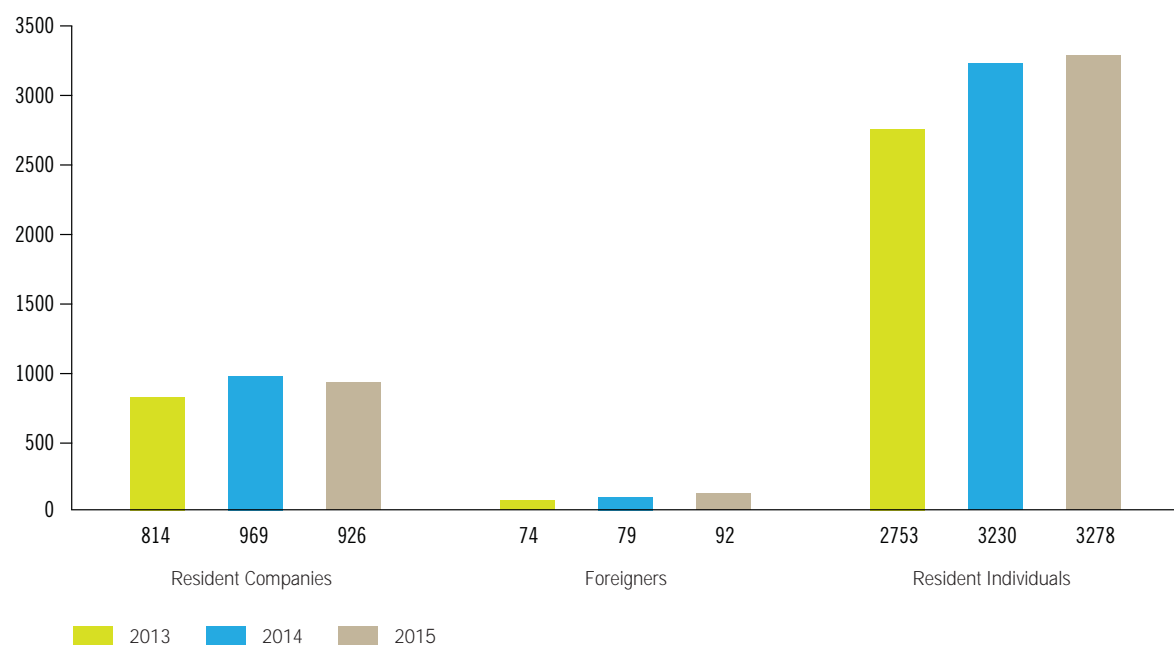
h) AmanahRaya REIT: Top Ten Tenants



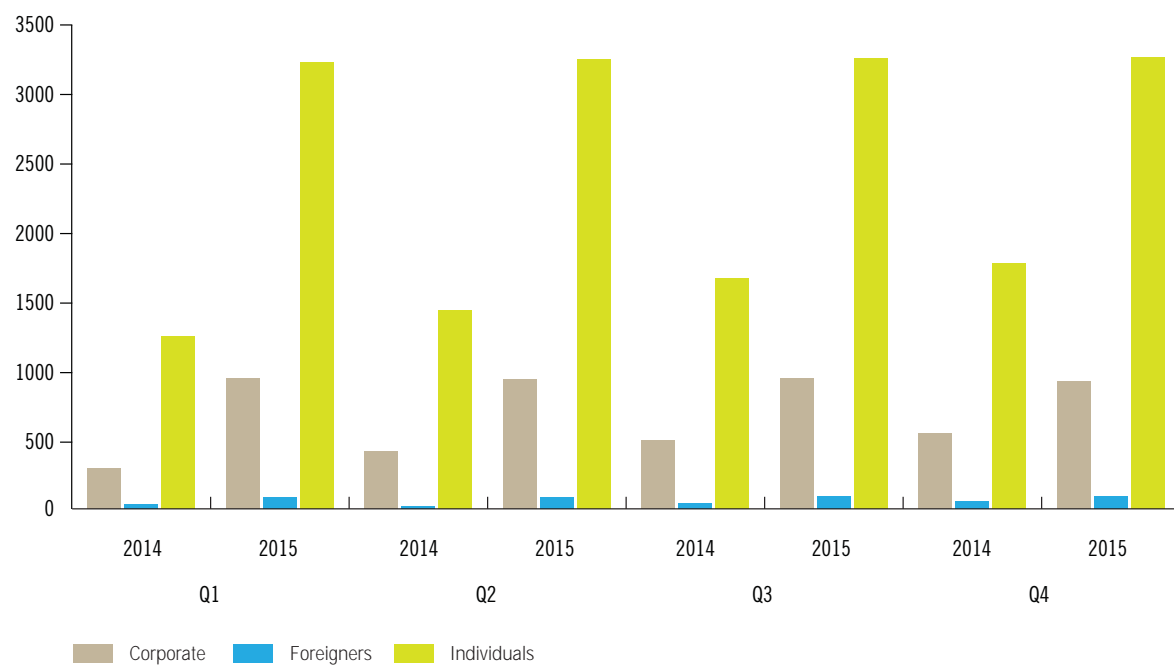
Notes:-

- 1) Lease Agreement with HELP University has commenced on 3 Sept 2014
- 2) Lease Agreement with Comintel Sdn Bhd has commenced on 26 Nov 2014

i) AmanahRaya REIT of Unitholders



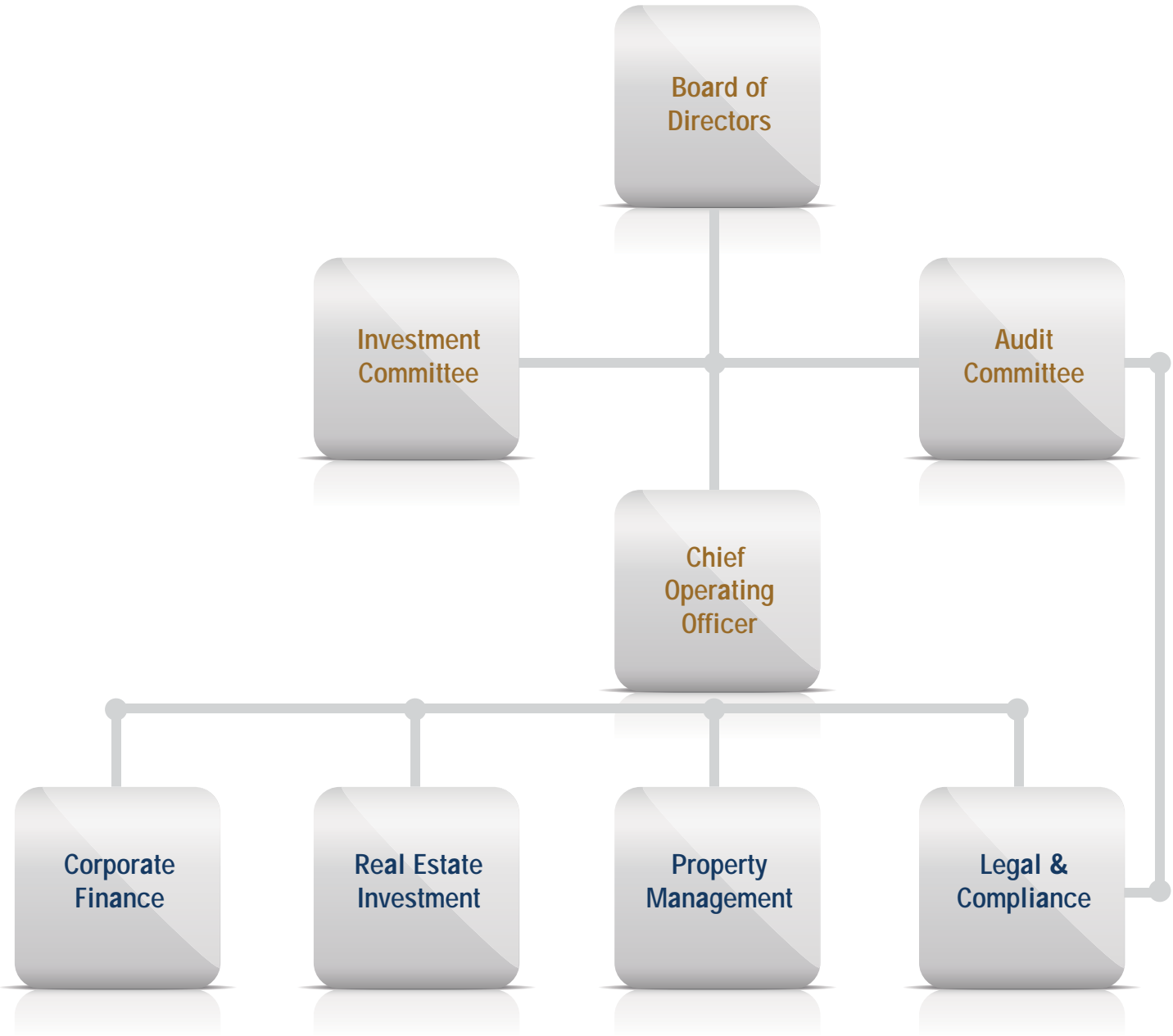
j) AmanahRaya REIT Quarterly Movement of Unitholders



AMANAHRAYA REIT STRUCTURE



ORGANISATION CHART



OVERVIEW OF 13 PROPERTIES UNDER AMANAHRAYA REIT





OVERVIEW OF 13 PROPERTIES

UNDER AMANAHRAYA REIT

HOLIDAY VILLA

Alor Setar

Address

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

Location

The property is located within the Central Business District of Alor Setar 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 20 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease period

Approximately 92 years

Lease period

10 years commencing from June 2006

Gross Floor Area

150,000 sq.ft.

Net lettable area

Not applicable

Existing use

A hotel under the brand name of Hotel Holiday Villa

Date of acquisition

26th February 2007

Cost of acquisition

RM31,000,000.00

Valuation as at December 2015

RM35,900,000.00

Valuer

Hakimi & Associate Sdn Bhd

Carrying Amount

RM35,900,000.00

Master Lessee

Alor Setar Holiday Villa Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM188,582.00

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

OVERVIEW OF 13 PROPERTIES UNDER AMANAHRAYA REIT (CONTINUED)

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 24 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

10 years commencing from July 2006

Total Land Area

427,676 sq.ft.

Gross Floor Area

176,590 sq.ft.

Net lettable area

Not Applicable

Existing use

A hotel under the brand name of Hotel Holiday Villa

Parking spaces

55 parking bays

Date of acquisition

26th February 2007

Cost of acquisition

RM55,000,000.00

Valuation as at December 2015

RM80,920,000.00

Valuer

Hakimi & Associate Sdn Bhd

Carrying Amount

RM80,920,000.00

Master Lessee

Langkawi Holiday Villa Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM347,191.00

Property Manager

Malik & Kamaruzaman
Management Sdn Bhd

Property

OVERVIEW OF 13 PROPERTIES

UNDER AMANAHRAYA REIT (CONTINUED)

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

Higher education building

Description

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

Age of property

Approximately 9 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

15 years commencing from May 2006

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

RM52,500,000.00

Valuation as at December 2015

RM65,500,000.00

Valuer

First Pacific Valuers Property Consultants Sdn Bhd

Carrying Amount

RM65,500,000.00

Master Lessee

SEG International Berhad

Occupancy rates

100%

Net rental (per month)

RM330,050.00

Next Rent Review

May 2018

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

OVERVIEW OF 13 PROPERTIES UNDER AMANAHRAYA REIT (CONTINUED)

BLOCK A & B, SOUTH CITY PLAZA Seri Kembangan

Address

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

Location

The property is located within a commercial development known as South City Plaza which comprises of retail complex, office block and hotel cum service apartments. 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

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

Age of property

Approximately 10 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease period

78 years

Lease period

10 years commencing from August 2006

Gross Floor Area

72,505 sq.ft.

Net lettable area

66,606 sq.ft.

Existing use

Block A is a higher learning centre known as SEGi College 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

RM18,300,000.00

Valuation as at November 2015

RM26,000,000.00

Valuer

Rahim & Co International Property Consultants Sdn Bhd

Carrying Amount

RM26,000,000.00

Master Lessee

SEG International Berhad

Occupancy rates

100%

Net rental (per month)

RM130,500.00

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

OVERVIEW OF 13 PROPERTIES

UNDER AMANAHRAYA REIT (CONTINUED)

WISMA AMANAHRAYA

Jalan Ampang

Address

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

Location

The property is located within the Central Business District of Kuala Lumpur. Notable commercial buildings within the area are Bank Muamalat, HSBC Bank, OCBC Bank, CIMB Bank and AIA Insurance.



Title details

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

Property type

Office building

Description

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

Age of property

Approximately 49 years

Tenure

Leasehold for 99 years

Unexpired lease period

50 years

Lease period

3 years commencing from August 2013

Total Land Area

27,229 sq.ft.

Gross Floor Area

235,000 sq.ft.

Net lettable area

166,902 sq.ft.

Existing use

Office building

Parking spaces

66 parking bays

Date of acquisition

26th February 2007

Cost of acquisition

RM68,000,000.00

Valuation as at May 2015

RM76,000,000.00

Valuer

Jones Lang Wootton

Carrying Amount

RM78,000,000.00

Master Lessee

Amanah Raya Berhad

Occupancy rates

100%

Net rental (per month)

RM584,157.00

Property Manager

Malik Kamaruzaman Property Management Sdn Bhd

* On 23 June 2015, AmanahRaya REIT has entered into Sale & Purchase Agreement to dispose Wisma Amanahraya to Annex Sentral Sdn Bhd. The transaction was completed on 27 January 2016.

OVERVIEW OF 13 PROPERTIES UNDER AMANAH RAYA REIT (CONTINUED)

WISMA AMANAH RAYA BERHAD Jalan Semantan

Address

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

Location

Wisma Amanah Raya Berhad is located 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 16 years

Tenure

Leasehold for 99 years

Unexpired lease period

57 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

RM53,000,000.00

Valuation as at December 2015

RM72,000,000.00

Valuer

Hakimi & Associate Sdn Bhd

Carrying Amount

RM72,000,000.00

Master Lessee

Help University Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM450,749.00

Next Rent Review

September 2019

Property Manager

Malik & Kamaruzaman
Management Sdn Bhd

Property

OVERVIEW OF 13 PROPERTIES

UNDER AMANAHRAYA REIT (CONTINUED)

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 23 years

Tenure

Leasehold for 99 years

Unexpired lease remaining period

79 years

Lease period

10 years commencing from September 2006

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

RM19,200,000.00

Valuation as at December 2015

RM24,000,000.00

Valuer

Rahim & Co International Property Consultants Sdn Bhd

Carrying Amount

RM24,000,000.00

Master Lessee

Globaltec Formation Berhad

Occupancy rates

100%

Net rental (per month)

RM126,667.00

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 13 PROPERTIES UNDER AMANAHRAYA REIT (CONTINUED)

SILVERBIRD FACTORY Shah Alam

Address

SilverBird 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 Electrics Glass (M) Sdn Bhd, Panasonic, JVC Malaysia, DHL and TNT Logistics (M) Sdn Bhd.

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



Title details

Lot No. 62048, held under Title No. GRN 285748, Pekan Baru Hicom, District of Petaling, State of Selangor

Property type

Industrial Complex

Description

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

Age of property

Approximately 22 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

No lease agreement executed upon expiry of the lease in August 2013

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

RM92,000,000.00

Valuation as at December 2015

RM95,000,000.00

Valuer

Jones Lang Wootton

Carrying Amount

RM95,000,000.00

Master Lessee

Untenanted

Occupancy rates

Untenanted

Net rental (per month)

Nil

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 13 PROPERTIES

UNDER AMANAHRAYA REIT (CONTINUED)

GURUN AUTOMOTIVE WAREHOUSE

Gurun

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 8 years

Tenure

Leasehold for 60 years

Unexpired lease period

55 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

RM23,970,000.00

Valuation as at December 2015

RM27,500,000.00

Valuer

C H Williams Talhar & Wong Sdn Bhd

Carrying Amount

RM27,500,000.00

Master Lessee

Teras Globalmas Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM179,775.00

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 13 PROPERTIES UNDER AMANAHRAYA REIT (CONTINUED)

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.

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



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 9 years

Tenure

Leasehold for 99 years

Unexpired lease period

87 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 college campus under the brandname of SEGi College

Parking spaces

334 car parking bays and 1,031 motorcycle parking bays

Date of acquisition

28th December 2007

Cost of acquisition

RM145,000,000.00

Valuation as at December 2015

RM170,000,000.00

Valuer

First Pacific Valuers Property Consultants Sdn Bhd

Carrying Amount

RM170,000,000.00

Master Lessee

SEG International Bhd

Occupancy rates

100%

Net rental (per month)

RM1,123,750.00

Next Rent Review

January 2016

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 13 PROPERTIES

UNDER AMANAHRAYA REIT (CONTINUED)

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 19 years

Tenure

Leasehold for 99 years

Unexpired lease period

64 years

Lease period

10 years commencing from December 2006

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

RM128,165,000.00

Valuation as at December 2015

RM144,000,000.00

Valuer

First Pacific Valuers Property Consultants Sdn Bhd

Carrying Amount

RM144,000,000.00

Master Lessee

Seal Incorporated Berhad

Occupancy rates

100%

Net rental (per month)

RM847,042.00

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 13 PROPERTIES UNDER AMANAHRAYA REIT (CONTINUED)

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 6 years

Tenure

Leasehold for 99 years

Unexpired lease period

82 years

Lease period

10 years commencing from September 2009

Gross Floor Area

333,438.60 sq.ft.

Net lettable area

268,850 sq.ft.

Existing use

Office Block 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

RM99,120,000.00

Valuation as at December 2015

RM110,000,000.00

Valuer

Rahim & Co International Property Consultants Sdn Bhd

Carrying Amount

RM110,000,000.00

Master Lessee

Symphony House Bhd

Occupancy rates

100%

Net rental (per month)

RM645,240.00

Next Rent Review

September 2017

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd

OVERVIEW OF 13 PROPERTIES

UNDER AMANAHRAYA REIT (CONTINUED)

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.

Notable buildings within the vicinity are Sime-Darby Auto Hyundai, AGC International, Smart Digital, Euromobil Audi Showroom, Mazda Showroom – Bermaz Motor Trading, Peugeot Showroom – Nasim Sdn Bhd, GME Chemical (M) Sdn Bhd, Nusa Otomobil Corporation Sdn Bhd and HZN Cars Sdn Bhd.



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 10 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

15 years commencing from November 2014

Total Land Area

55,090 sq.ft.

Gross Built-up Area

116,473 sq.ft.

Net lettable area

Not Applicable

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

RM30,000,000.00

Valuation as at December 2015

RM34,000,000.00

Valuer

First Pacific Valuers Property Consultants Sdn Bhd

Carrying Amount

RM34,000,000.00

Master Lessee

Comintel Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM200,000.00

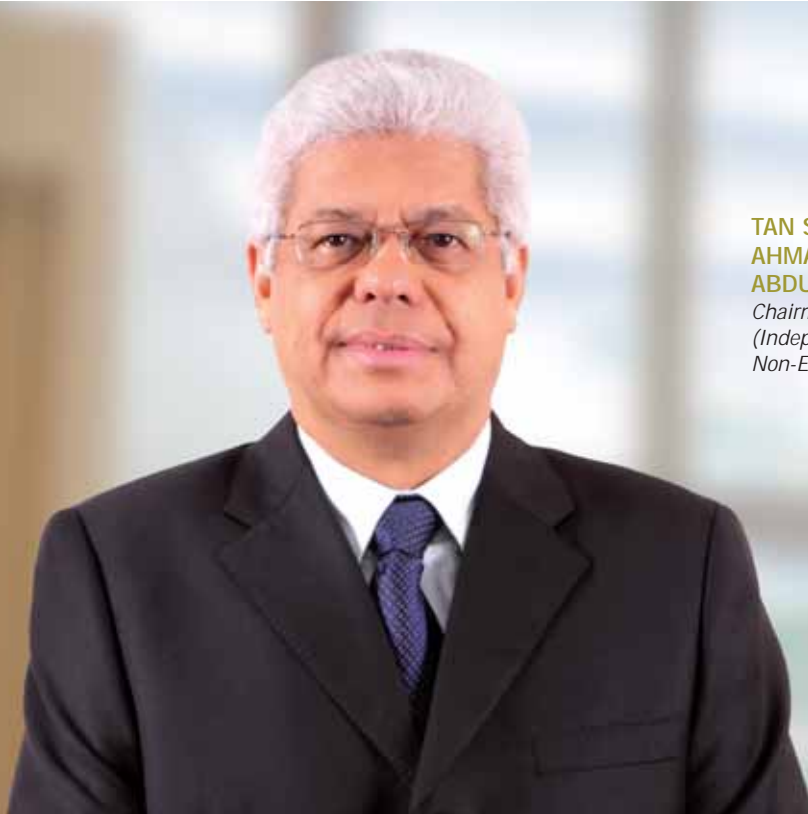
Next Rent Review

November 2017

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

PROFILE OF THE BOARD OF DIRECTORS



**TAN SRI DATO'
AHMAD FUZI HAJI
ABDUL RAZAK**
*Chairman
(Independent,
Non-Executive)*

Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak ("Tan Sri Ahmad Fuzi"), a Malaysian, aged 66 was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 8 May 2009. He was previously the Secretary-General of the Ministry of Foreign Affairs Malaysia. He joined the Malaysian Diplomatic and Administrative Service in 1972, and served in various capacities at the Ministry of Foreign Affairs, mainly in the Political Division, and at the Malaysian Missions abroad in Moscow, the Hague, Canberra, Washington and Dhaka.

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

Tan Sri Fuzi is currently, Secretary-General of the World Islamic Economic Forum Foundation (WIEF) and Chairman of Amanahraya-Reit Managers Sdn Bhd; Seremban Engineering Berhad; Theatre Management Associates Sdn Bhd; Optima Capital Sdn Bhd; Sofgen (Malaysia) Sdn Bhd, ACE Holdings Sdn Bhd and IMAN Research Consulting Sdn Bhd.

Tan Sri Fuzi is also a member of the Board of Directors of Maybank Islamic Bhd; Maybank Islamic Asset Management Sdn Bhd; Puncak Niaga Holdings Berhad; Management Development Institute of Singapore (MDIS) Malaysia Sdn Bhd; MDIS Unicampus Malaysia Sdn Bhd; Alstar Solutions Sdn Bhd; Lejadi Medimax Sdn Bhd and WEROS Technology Sdn Bhd. He is also Advisor, Xadarcorp Sdn Bhd.

Tan Sri Fuzi is also a Distinguished Fellow, Institute of Strategic and International Studies (ISIS) and Institute of Diplomacy and Foreign Relations; Deputy Chairman, Malaysian Member Committee of the Council for Security Cooperation in the Asia Pacific (CSCAP Malaysia); Member, Board of Trustee, MERCY Malaysia, Perdana Global Peace Foundation (PGPF) and F3 Strategies Bhd; Member, Institute of Advanced Islamic Studies (IAIS) and Advisor, Asia Pacific Entrepreneurship Award (APEA), Malaysia-Myanmar Chamber of Commerce and High School Bukit Mertajam Alumni Malaysia.

In recognition of his service to the nation, he was awarded the AMN (1979), the JSM (1999), the DSPN (1999), the DMPN (2002) the PSM (2003) and the DSLJ (Brunei Darussalam 2014).

PROFILE OF THE BOARD OF DIRECTORS

(CONTINUED)



HAJI ZULKIFLY SULAIMAN
(Independent, Non-Executive)

Haji Zulkifly Sulaiman ("Haji Zulkifly"), a Malaysian aged 62, was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 23 April 2013. He is also a member of the Audit Committee.

Haji Zulkifly holds an Economics degree from University of Malaya. has also attended the University of Pennsylvania Wharton Business School, Advance Management Programme (AMP) in 2006.

He has over 32 years of extensive experience in the financial services industry, holding Senior Management positions in UMBC, Phileo Allied Bank and Maybank Berhad. His experience covers corporate/commercial lending, insurance and retail banking business.

In 2006/2007, he was also the Group CEO/Director Maybank Fortis Berhad, the insurance subsidiary of Maybank Berhad. At the same time he also sits on the Board of Maybank Life Insurance and Maybank General Insurance.

He has also served as Maybank Berhad's representative on the Board of Governors of the Financial Planning Association of Malaysia including its Vice President in 2007/2008.

Between 2009 and 2013 Haji Zulkifly also served as Board Member and Chairman of the Internal Audit Committee of Prudential Al-Wara Islamic Asset Management Company.

Haji Zulkifly also sits on the Board of ARB Group of Companies.



DATO' ANTHONY @ FIRDAUZ BUJANG
(Independent, Non-Executive)

Dato' Anthony @ Firdauz Bujang ("Dato' Anthony"), a Malaysian, aged 56, 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 carrier 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.

PROFILE OF THE BOARD OF DIRECTORS (CONTINUED)



DATO' ABDUL MUTALIB MOHAMED RAZAK

(Independent, Non-Executive)

(Resigned with effect from 31 January 2016)

Dato' Abdul Mutalib Mohamed Razak ("Dato' Abdul Mutalib"), a Malaysian, aged 72, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 8 May 2009 as an Independent and Non-Executive Director. He is also a member of the Audit Committee.

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

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

Dato' Abdul Mutalib retired as Board Member of MARDEC Berhad and the New Straits Times Press (M) Berhad and as President of Tribunal for Consumer Claims Malaysia in 2012.

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

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



DATO' ABD RAHMAN MD KHALID

(Non-Independent, Non-Executive)

Dato' Abd Rahman Md Khalid ("Dato' Abd Rahman"), a Malaysian, aged 59, was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 1 July 2015 as Non-Independent and Non-Executive Director.

Dato' Abd Rahman started his career with Maybank Group in 1978 as junior officer in Human Resource Department. He was then promoted to senior officer in 1984 under Domestic Banking Division, Credit Supervision of Maybank Group. He was an assistant manager of Head Credit, Shah Alam branch from 1989 until 1991.

Subsequently, he was given the role as the Manager of Head Credit of Supervision Northern Region of Maybank Group until 1994 where Dato' Abd Rahman was then being promoted as the Director of Credit/Marketing for its subsidiary in Indonesia under PT Maybank Nusa International and eventually appointed as the President Director (CEO) from 1998 to 2000.

After which, he was posted back to Malaysia and was appointed as the Regional Manager of the largest Region of Selangor/Negeri Sembilan, where his roles were to assist the branch managers in developing and executing business plan and strategy in achieving the branches growth and profitability. In 2002, he was appointed as Senior Manager/Vice President and Head of Multi National Business Corporate Banking of Maybank Group until June 2004.

Dato' Abd Rahman was made Vice President/Credit Approving Manager from July 2004 to June 2005. He was promoted as Head of the Group Credit Evaluation Department as Senior Vice President from July 2005 until May 2010. Dato' Abd Rahman was appointed as the Group Chief Credit Officer of Maybank Group in 2010 where his key role was to formulate and implement credit management framework and strategy in order to improve the credit quality for Maybank Group and to support the realization of Maybank Group's vision and mission.

After his long term service with Maybank Group, Dato' Abd Rahman retired in February 2013. With his strong personal achievements, he was being appointed to the Board of Bank Pembangunan Malaysia Berhad and its subsidiaries in October 2013 and was later appointed as Group Managing Director of Amanah Raya Berhad in April 2014 where he is currently managing and administering the company business, planning and monitoring the business of Amanah Raya Berhad.

Dato' Abd Rahman holds a Diploma in Business from Mara Institute of Technology and during his working career had attended numerous advanced management and banking programs conducted locally and abroad.

PROFILE OF THE BOARD OF DIRECTORS

(CONTINUED)



DATUK JOHAR CHE MAT
(Non-Independent, Non-Executive)

Datuk Johar Che Mat ("Datuk Johar"), a Malaysian aged 63 was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 23 August 2011. He is also currently a Director of Amanah Raya Berhad since August 2010. He serves as the Chairman of Board Risk & Integrity Management Committee; a member of Nomination & Remuneration Committee, Audit & Review Committee and Investment Committee. He is also a director of several subsidiaries of Amanah Raya Berhad.

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

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

He was previously a Board member of Aseambankers and Etiqa Insurance which are subsidiaries of Maybank and Proton Holdings Berhad. At present, he is a Board member of Agrobank, Edra Global Energy Bhd and Rural Capital Sdn Bhd.



DATO' CHE PEE SAMSUDIN
(Non-Independent, Non-Executive)

Dato' Che Pee Samsudin ("Dato' Che Pee"), a Malaysian aged 58 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 is also a Fellow of Chartered Institute of Management Accountants (CIMA), Fellow of Certified Practicing Accountant (CPA Australia) and Member of Chartered Institute of Public Finance and Accountancy (CIPFA).

He began his career as an Administrative Officer in Bank Negara Malaysia in 1981, before being offered to serve the Accountant General's Department of Malaysia (AGD). Started as an accountant in AGD Kuala Lumpur, he was then transferred to the Jabatan Agama Islam Wilayah Persekutuan Kuala Lumpur before being appointed as the Senior Treasury Accountant in AGD Perlis. He has also worked in the Accounting Development Division in AGD, Treasury Budget Division and he was then seconded to the Langkawi Development Authority (LADA). His experience in accountant in an agency of the Ministry of Finance has allowed him to be seconded to Institut Kefahaman Islam Malaysia for 6 years, before serving at the Economic Planning Unit in the Prime Minister's Department for two years. Dato' Haji Che Pee was subsequently appointed as State Treasurer of Kedah from 2001 to 2010.

His appointment as the Director of Central Operation and Agency Services Division (BPOPA) in 2010 was the best platform that showcased his excellent leadership qualities. In addition, he also sits on a number of boards such as Kumpulan Wang Amanah Pecen, Inland Revenue Board of Malaysia, the Malaysian Accounting Standards Board (MASB), Public Sector Home Financing Board, Chairman of Public Sector Accounting Committee, and MIA.

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

PROFILE OF THE BOARD OF DIRECTORS (CONTINUED)



AHMAD SUHAIMI ENDUT
(Non-Independent, Non-Executive)

Ahmad Suhaimi Endut ("Ahmad Suhaimi"), a Malaysian, aged 48 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 the University of Missouri St. Louis, United States of America. He also obtained a Master of Business Administration (MBA) from the University of Sheffield, United Kingdom.

He began his career with a private company in 1992 before joining the Diplomatic and Administrative Services in 1995 as an Assistant Director of Industries Division in the Ministry of International Trade and Industry (MITI). He continued his services with the Ministry of Finance in 2003 and held various positions in several departments / divisions including Accountant General Department, Strategic Financial Management Division, Office of the Secretary General of Treasury, Investment, MOF (Inc.) and the Privatization Division, Secretariat to the Tax review Panel and Housing Loan Division. He is currently the Deputy Under secretary of the Government Investment Companies Division, Ministry of Finance.

He presently sits on the Board of Port Tanjung Pelepas Sdn Bhd and Syarikat Perumahan Pegawai Kerajaan Sdn Bhd and Amanah Raya 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 10 years.

Attendance at Board of Director's Meetings

The Board currently comprises of seven (7) directors, of which three (3) are Independent Non-Executive and four (4) are Non-Independent Non-Executive.

During the financial year, the Board met eleven (11) times, six (6) 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
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	11	10
Dato' Abdul Mutalib Mohamed Razak (Resigned with effect from 31 January 2016)	11	10
Datuk Johar Che Mat	11	9
Dato' Che Pee Samsudin	11	9
Haji Zulkifly Sulaiman	11	10
Dato' Anthony @ Firdauz Bujang	11	10
Ahmad Suhaimi Endut	11	8
Dato' Abd Rahman Md Khalid (Appointed with effect from 1 July 2015)	5	5



On behalf of the Board of Directors of AmanahRaya-Reit Managers Sdn. Bhd. ("ARRM"), the Manager of AmanahRaya Real Estate Investment Trust ("ARREIT"), I am delighted to present the Annual Report and Audited Financial Statement for the year ended 31 December 2015

For the year 2015, I am pleased to report that ARREIT has delivered an improved and steady financial performance amidst increasingly challenging economic climate and softening property market conditions.

At ARRM, the Board remains committed to ensure sustainable performance, supported by good governance, effective engagement with stakeholders, adherence to compliance requirements and sound operational strengths. We believe that all these form the key elements to underpin the long-term growth of ARREIT.

CHAIRMAN'S STATEMENT

TAN SRI DATO' AHMAD FUZI
ABDUL RAZAK
Chairman

Property Market Overview

Malaysia's economy continued to witness a healthy growth in 2015 with overall gross domestic product of 4.5%, as affirmed by Bank Negara Malaysia ("BNM"), driven by domestic demand as against weak net export. Both the private and public sectors remain as the anchor of growth for the Malaysian economy.



2015 also saw Malaysia facing various challenges with some levels of uncertainties brought about by the weakening of the Ringgit, rising inflation rate and decreasing trend in crude oil prices.

For the financial year under review, the overall property market condition has softened. However, it remained stable despite the large supplies entering the market especially for retail and office sectors. The office sector saw a relatively slower growth and continued to be resilient with demands for newer office buildings which are strategically located. The retail sector went through a challenging time due to oversupply with many new malls entering the market. The situation consequently placed some downward pressure on the rental rate. Nevertheless, the overall occupancy rate remained healthy at an average of 90% (source DTZ Nawawi Tie Leung Property Market Overview).

The industrial sector has witnessed a moderate trend. In light of the lesser transactions shown in recent years, the trend is expected to remain steady during

the year, although average value is expected to be slightly higher. Nevertheless, the Manager believes that this sector will stabilize even in years to come as at this juncture there is no oversupply situation. The yield has also stabilized over the last few years.

Portfolio Focus – Well Diversified, Spreading Risks

2015 was a positive year for ARREIT. In its continued effort to ensure sustainable returns, the Manager was proactive in keeping its portfolio relevant and adaptable to the increasingly challenging economic and environmental landscape.

In June 2015, the Manager divested one of its office buildings known as Wisma Amanahraya that was acquired way back in 2007, to its related entity, Annex Sentral Sdn Bhd for RM78 million. The disposal has led ARREIT to garner realized gain of RM8.31 million based on the acquisition price of RM68 million. The Manager also ensured that the property was disposed of at a higher price than its current market value of only RM76 million.



Following the acquisition of Wisma Comcorp which was completed in December 2014 and the new lease agreement entered into with HELP University, ARREIT recorded a higher revenue by 12% as compared to the preceding financial year. This resulted in the overall bottom line of ARREIT to improve by approximately 15% as compared to the last financial year.

CHAIRMAN'S STATEMENT

(CONTINUED)

For SilverBird Factory, since we have initiated the legal proceedings, ARREIT has succeeded in winning the case both at the High Court and Court of Appeal. SilverBird (now known as High-5 Conglomerate Berhad), however has decided to pursue their appeal to the Federal Court, which the date of hearing has been fixed on 30 May 2016. Simultaneously, the Management is currently exploring all available options to be taken upon the repossession of the SilverBird Factory.

Also, in 2015, the Manager has successfully renewed the company's existing term loan for another 5 years. The cost of borrowings is expected to remain approximately the same unless there are further revisions in the overnight policy rate by BNM. The Manager is also actively seeking for new investments to boost the portfolio value of ARREIT whilst simultaneously generating higher income for ARREIT. Several new acquisitions of assets, located in the Central and Southern Region of Malaysia, are being finalized. These new investments are expected to generate at least 6.5% net yield per annum.

Simultaneously, noting that the weighted average lease expiry is reducing, the Management has commenced negotiations with the respective lessees to secure the renewal of rentals. They have so far indicated a positive indication to continue with the existing arrangement with many actually expressing their interest in writing to further extend the lease period.

Taking into consideration the challenges faced in 2015, the Manager anticipates the economic and industry headwinds to remain challenging in 2016, especially with the concerning trend in crude oil prices. Amidst these challenges, ARRM is confident that we would be able to weather these obstacles and to respond with agility so as to ensure that unitholders will be able to continue to enjoy sustainable returns in the years to come.

Performance & Distributions

During the year under review, the Manager declared DPU of 6.31 sen which was marginally lower than the preceding financial year. Rental revenue for 2015 was higher by 12% to RM61.6 million as compared to RM55.20 million in the previous year. The higher rental revenue was contributed by rental income generated from Wisma Comcorp and Wisma Amanahraya.

The reason for the lower DPU being declared despite profit augmenting by approximately 15% was because back in 2014, the Manager decided to declare an additional amount of distribution derived from the realized gain recognized from disposals of Wisma UEP and Permanis Factory.

Operating costs increased by 18% mainly due to the overall increase in prices as a result of implementing GST in April 2015. The gearing ratio marginally reduced to 33% from 34% in 2014 and NAV as at 31 December 2015 was RM681.54 million or RM1.19 sen per unit which is an increase of approximately 4% as compared to the NAV recorded in the year 2014.



CHAIRMAN'S STATEMENT (CONTINUED)



Looking Ahead

The year 2016 is expected to be tougher not just for ARREIT but also the overall property market in Malaysia. However, although we are expected to face a difficult climate with many uncertainties, we believe that there will still be more opportunities for us to explore to stimulate growth in our portfolio.

With new acquisitions expected to be completed in the near future, coupled with several lease renewals, we expect to sustain distributing DPU of at least 6 sen per unit. We are also expecting to declare some of the realized gain from recent disposals for the benefit of the unitholders. Also in the pipeline are plans to undertake a few major asset enhancement initiatives as part of our continuous effort to preserve and enhance the value of properties under ARREIT.

Moving Forward

As Manager of ARRM, we will continue to relentlessly pursue to acquire yield and value accretive assets in the long term. This is also intended to cushion the impact of lower dividend yields. We believe the opportunity to acquire such properties is more promising moving forward as rental rates and capital values consolidate and stabilize. At the same time, we will continue with our strategy to increase the fund size of ARREIT to RM1.5 billion in the next few years.

Changes in the Boardroom and Investment Committee

On 1 July 2015, Yang Berbahagia Dato' Abd Rahman Md Khalid who is currently the Group Managing Director of Amanah Raya Berhad and also a board member of Bank Pembangunan Malaysia Berhad was appointed as the new board member of

ARRM. On behalf of the Board, we welcome him on board and look forward to his positive contribution to ARREIT.

On the other hand, on 31 January 2016, Yang Berbahagia Dato' Abdul Mutalib Mohamed Razak has resigned from the Board to allow him to focus on other ventures. The board would like to thank him for his contribution.

Appreciation

As Chairman, I wish to take this opportunity to express my sincere appreciation to the board members, Investment Committee Members and the Management for their dedication, commitment and most valuable contribution and, most importantly, for continuously delivering positive results to our unitholders amidst all the challenges.

We wish also to assure unitholders that ARREIT's focus would remain unchanged as we are committed to deliver value for our unitholders and stakeholders despite various challenges faced. Such focus would continue to remain as our top priority.

Last but not least, I wish to extend my sincere appreciation to all unitholders, stakeholders, employees and business associates for their continuous support and confidence shown towards ARREIT throughout the year.

Tan Sri Dato' Ahmad Fuzi Abdul Razak
Chairman

AMANAHRAYA REIT INVESTMENT COMMITTEE MEMBERS



MAHADZIR AZIZAN (Chairman)

Mahadzir Azizan, a Malaysian, aged 66, 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, ECM Libra Investment Bank Berhad, Libra Invest Berhad and Syarikat Takaful Malaysia Berhad.

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

SYED ELIAS ABD. RAHMAN ALHABSHI

Syed Elias Abd. Rahman Alhabshi, a Malaysian, aged 72, 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 UOB Kay Hian (Malaysia) Sdn Bhd, 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.

VASANTHA KUMAR THARMALINGAM

Vasantha Kumar Tharmalingam, a Malaysian aged 69 was appointed as an Independent Investment Committee Member on 11 February 2011.

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

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

From 2009 to end of 2012 Kumar was the Chief Executive Officer of Malaysia Property Incorporated (MPI) which is a Government of Malaysia initiative under the Economic Planning Unit (EPU) tasked to promote Malaysia as

AMANAHRAYA REIT INVESTMENT COMMITTEE MEMBERS (CONTINUED)

property investment destination and to induce Foreign Direct Investment (FDI) specifically into Malaysian real estate. From 2013 to 2014 he joined Sunway Berhad as an Executive Director. He is currently the Senior Advisor to AREA Management Sdn Bhd, a private equity funds developing gated industrial projects in Malaysia. He is also advisor to Crescent Wealth Superannuation Fund in Sydney, Australia.

DATUK JOHAR CHE MAT

Datuk Johar Che Mat, a Malaysian aged 63 was appointed as Non-Independent Investment Committee Member on 1 January 2012. He is also currently a Director of Amanah Raya Berhad since August 2010. He serves as the Chairman of Board Risk & Integrity Management Committee; a member of Nomination & Remuneration Committee, Audit & Review Committee and Investment Committee. He is also a director of several subsidiaries of Amanah Raya Berhad.

Datuk Johar was previously the Chief Operating Officer of Malayan Banking Berhad Group. He was responsible for strategic and operational activities in Banking Operations,

Information Technology, Business Process Improvement, Service Level Management, Property & Security, Custody Services and Maybank Trustees Berhad.

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

He was previously a Board member of Aseambankers and Etiqa Insurance which are subsidiaries of Maybank and Proton Holdings Berhad. At present, he is a Board member of Agrobank, Edra Global Energy Bhd and Rural Capital Sdn Bhd.

Conflict of Interest

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

Convictions for Offences

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

Attendance at Investment Committee Meetings

The Investment Committee currently comprises of four (4) Members of which one (1) is Non-Independent member and three (3) are 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 Members' tenure in office	Number of meetings attended by Members
Mahadzir Azizan	3	3
Syed Elias Abd. Rahman Alhabshi	3	3
Vasanth Kumar Tharmalingam	3	3
Datuk Johar Che Mat	3	3

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

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

- ensuring proper succession planning is in place, including appointing, training and reviewing the remuneration and compensation for key personnel of the Manager, where appropriate.

Board Balance

The Board currently has seven (7) members, consisting of three (3) Independent Non-Executive directors and four (4) 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 2015, eleven (11) Board meetings were held, six (6) 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

(CONTINUED)

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.

During the financial year ended 31 December 2015, the Directors have attended the trainings as indicated below:

Names of Directors	Trainings Attended
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	<ul style="list-style-type: none"> - Cordoba Roundtable, University Headquarters, Rectorado Cordoba Spain held on 23 March 2015 by World Islamic Economic Foundation ("WIEF") - 11th World Islamic Economic Forum "Building Resilience for Equitable Growth" held on 3 – 5 November 2015 by WIEF - Cordoba Roundtable University Headquarters, Rectorado Cordoba Spain held on 23 March 2015 by WIEF - FEA Rules Training Program held on 14 April 2015 by Bank Negara Malaysia - AFF Roundtable held on 26 May 2015 by WIEF - International Conference on Rohingyas held on 12 June 2015 by PGPF - International CSR Summit 2015 held on 19 June 2015 - Capital Market Directors Program held on 29 June-3 July 2015 by Securities Commission - Board Chairman Series Part 2 Leadership Excellence from the Chair held 27 July 2015 on by Bursa Malaysia - Roundtable Intercontinental Hotel, Phnom Penh, Cambodia held on 4 August 2015 by WIEF - 2nd Graduates Entrepreneurship Training held on 5 August 2015 by WIEF - Maximising Board Effectiveness Through A Strong Risk Oversight Role Beyond Financial Performance held on 10 August 2015 - AMLATFPUAA 2011: The Law & Compliance held on 1 September 2015 - Malaysian Financial Reporting Standards (MFRS) Made Simple For Directors & Senior Management held on 4 September 2015 - Reshaping The Board's Expectations In Evaluating & Executing Overseas Investments held on 6 October 2015 - The Role of Media In Countering Religious Extremism Pusat Kreatif Kanak-kanak Tuanku Bainun held on 30 October 2015 by IMAN-Habibie Centre Roundtable - 11th World Islamic Economic Forum held on 3-5 November 2015 - Refresher Program on AMLATFPUAA held on 4 December 2015 by Maybank
Dato' Abdul Mutalib Mohamed Razak	<ul style="list-style-type: none"> - CG Breakfast Series – How to Maximise Internal Audit held on 9 September 2015 by Bursa Malaysia - 11th World Islamic Economic Forum "Building Resilience for Equitable Growth" held on 3 – 5 November 2015 by WIEF
Haji Zulkifly Sulaiman	<ul style="list-style-type: none"> - CG Breakfast Series – "How to Maximise Internal Audit" held on September 2015 by Bursa Securities Malaysia Berhad - 11th World Islamic Economic Forum "Building Resilience for Equitable Growth" held on 3 – 5 November 2015 by WIEF - The inside story of the Annual Report : What Directors Must Know on 24 June 2015 by Bursatra Sdn. Bhd.

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

Names of Directors	Trainings Attended
Datuk Johar Che Mat	<ul style="list-style-type: none"> - Implementation of the Goods and Services Tax ("GST") held on 26 March 2015 by AgroBank - Forum Institusi Perbankan Islam: "Jihad Ekonomi Dalam Pelaksanaan Perbankan Islam: Perspektif Baru" held on 30 June 2015 by Bank Negara - Training on Basel II and III held on 28 May 2015 by AgroBank
Dato' Haji Che Pee Samsudin	<ul style="list-style-type: none"> - National Public Accounting Conference (NAPSAC) Johor held on 25-26 August 2015 by Accountant General Department of Malaysia - Asia Public Sector Accounting and Reporting Conference, Kuala Lumpur held on 14 September 2015 by Accountant General Department of Malaysia - Forum dan Wadah Perkhidmatan Digital Kerajaan held on 8 October 2015 by Ministry of Federal Territories - Go Green Programme, Perak held on 9-11 October 2015 by Accountant General Department of Malaysia - 58th Public Service Games and 7th Joint Seminar Programme for Malaysia and Singapore Public Sector Leaders, Sarawak held on 16 – 18 October 2015 by Prime Minister's Office of Malaysia - 90th Confederation of Asia Pacific Accountant Conference (CAPA), Seoul Korea held on 27 – 30 October 2015 by Confederation of Asian and Pacific Accountants - 2015 CENSOF Global Conference, India held on 18 – 20 November 2015 by CENSOF
Dato' Anthony @ Firdauz Bujang	<ul style="list-style-type: none"> - 2015 KPI Alignment Session held on 20 January 2015 by Petra - Health Awareness Drive 2015 held on 3 March 2015 by Petra - LHDN & Zakat Customer Day 2015 held on 7 April 2015 by Petra - Health Talk 1 – Ergonomics held on 27 May 2015 by Petra - PEB's Strategic Meeting 2016 held on 19 October 2015 by Petra - Sustainable Brands Kuala Lumpur Conference 12 & 13 October 2015 by Zenith Consulting Services Sdn Bhd - PEB Townhall 2015 – Quarter 4 held on 27 November 2015 by Petra - Malaysian Financial Reporting Standard (MFRS) – Made Simple for Director & Management held on 4 September 2015 by Bursatra Sdn Bhd
Ahmad Suhaimi Endut	<ul style="list-style-type: none"> - International Directors Summit 2015 'Inculcating Innovation, Catalysing Growth Through Public-Private Partnerships' held on 2-3 March 2015 by Malaysian Directors Academy (MINDA) - Senior Leadership Programme: Dialogue Leadership held on 6-9 April 2015 by Razak School Of Government (RSOG) - Advanced Leadership and Management Programme held on 31 July-28 August 2015 by Jabatan Perkhidmatan Awam Malaysia (JPA) - Senior Leadership Programme: Dialogue Leadership held on 1-4 September 2015 by Razak School Of Government (RSOG) - 11th World Islamic Economic Forum held on 3-5 November 2015 by World Islamic Economic Forum Foundation

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Names of Directors	Trainings Attended
Dato' Abd Rahman Md Khalid	<ul style="list-style-type: none"> - 7th Annual Corporate Governance Summit 2015 by Asean World Summit Sdn Bhd - World Capital Markets Symposium WCMS 2015 by Securities Commission Malaysia (SC) - 11th World Islamic Economic Forum 2015 (Building Resilience for Equitable Growth) 2015 by World Islamic Economic Forum Foundation (WIEF) - Understanding the Essentials of Goods and Services Tax (GST) in Malaysia 2015 by Bursatra Sdn Bhd - Malaysian Financial of Reading Financial Statement for Non-Financial Professionals 2015 by Bursatra Sdn Bhd - Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP) 2015 by Bursatra Sdn Bhd - Global Reits Mortgage Reits & IPO2015 IABT by Advancement in Business Training

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;

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

- 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;
- 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 2015. The details of attendance of the AC members are as follows:

Name of Committee Member	Number of Meetings Attended
Dato' Che Pee Samsudin (Chairperson)	4
Dato' Abdul Mutalib Mohamed Razak (Resigned with effect from 31 January 2016)	4
Haji Zulkifly Sulaiman	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 4 members of which three (3) are Independent members and one (1) Non-Independent member.

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.

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

- 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 three (3) IC meetings were held throughout 2015.

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.

STATEMENT ON CORPORATE GOVERNANCE

(CONTINUED)

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.

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 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 of 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 in 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.

THE BOARD'S RESPONSIBILITY

The Board is responsible in 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 the 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 2015 amounted to RM6,888. Findings obtained from internal audit activities are reported directly to the Audit Committee ("AC") and are independent from the management team of the Manager;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

- 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;
- The AC conducts reviews on issues relating to the adequacy and effectiveness of the risk management and 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 scrutinises 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 risk management and 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 2015



The Annual General Meeting of Amanahraya-Reit ("AGM") was held on 30 April 2015 at Holiday Villa Subang. During the AGM, the Management of the manager had taken the liberty to present the achievement of Amanahraya-Reit for the year 2014 to all the Unitholders of Amanahraya-Reit.

April

March



Wisma AmanahRaya Jalan Ampang underwent refurbishment of 6 Lift. The project started In March 2015 and was completed in December 2015.

September



The Extraordinary General Meeting of Amanahraya-Reit ("EGM") was Held On Nexus 1, Level 3a, Connexion @ Nexus, Bangsar South City, No. 7, Jalan Kerinchi, 59200 Kuala Lumpur on Thursday, 17 September 2015. During the EGM, the Management of the Manager presented the Proposed Disposal one of the property; Wisma AmanahRaya Jalan Ampang to Annex Sentral Sdn Bhd for a disposal consideration of RM78 Million

PROFILE OF THE CHIEF OPERATING OFFICER

**NOORBAIZURA
HERMEYNEY**
Chief Operating
Officer



Noorbaizura, a Malaysian, aged 36, 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. During her tenure in ARRM she has successfully led to securing 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.

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.

Family Relationship with any Director and/or Substantial Unitholder

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

Conflict of Interest

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

Convictions for Offences

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

Training

During the financial year ended 31 December 2015, the Chief Operating Officer has attended the training as indicated below:

1. Global REIT’s, Mortgage REIT’s and IPO’s held on 17 December 2015 by IABT Advanced in Business Trainings Sdn Bhd.
2. 2016 Budget and Its Impact on Capital Market held on 2 December 2015 by CHK Consultancy Sdn Bhd.

THE MANAGEMENT TEAM



From left to right:

ISYAM ISHAK
(Accountant)

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

HASROL NIZAM HASBI
(Head, Property Management)

MANAGER'S REPORT

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 Amanah Raya REIT and the audited financial statements of AmanahRaya REIT for the financial year ended 31 December 2015.

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 main objective of AmanahRaya REIT is to invest in properties that are yield and value accretive over a sustainable period of time.

INVESTMENT STRATEGIES AND POLICIES

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

The Manager adopts a stringent policy in assessing properties. Prior to presenting it to the Investment Committee and Board of Directors ("Board") for 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 with established CBD, industrial zones or populated areas, target catchment and accessibility to and from major roads, highways and public transportation systems.

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, 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.

c. Quality Assets

The Manager strives towards acquiring quality properties. The properties should be in good tenable condition. Technical due diligence exercise, which include examining the condition of mechanical and electrical equipments and structural components will be conducted by the Manager's appointed consultants prior to completing any acquisitions. All buildings 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 be focusing more on three main conventional 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 mostly consist of multi-nationals and public listed companies.

MANAGER'S REPORT

(CONTINUED)

For the Year of 2015, the financial highlights were as follows:

- Recorded an increase in rental revenue from RM55.23 million in the previous year to RM61.61 million for the year 2015.

The increase was mainly due to the additional rental income recognized from Wisma ARB, Jalan Semantan and Wisma Comcorp. The Manager managed to secure a 25 year lease arrangement with HELP University Sdn Bhd ("HELP University") for Wisma ARB, Jalan Semantan and simultaneously, Wisma Comcorp was a new building acquired by the Manager, which is currently generating annual rental revenue of RM2.4 million.

- As a result of the above mentioned, the net realised income for distribution has increased to RM38.46 million as compared to RM31.93 million recognized in the previous financial year
- Distribution per unit ("DPU") for 2015 was 6.3054 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 assets increased to RM1.10 billion from RM1.08 billion in 2014.

The increase in total assets was mainly attributable to the revaluation surplus recognized from SilverBird Factory.

- Gearing decreased to 33.07% in 2015 from 33.80% in 2014.

The operational highlights for the year 2015 were as follows:

- Completed the acquisition of Wisma Comcorp for RM30.0 million on 26 November 2014. The lease of the said property with Comintel Sdn Bhd commenced on the same day which has eventually resulted to the increase in rental revenue for the year 2015.
- Sealed a long term lease with Help University to take up the entire space at Wisma ARB, Jalan Semantan. The lease commenced on 3 September 2014. After taking into consideration the rent free period, rental income derived from Wisma ARB has contributed to the growth of AmanahRaya REIT's total revenue in 2015. The Fund began to enjoy the rental income since January 2015.
- Sale and Purchase Agreement for the disposal of Wisma Amanahraya Jalan Ampang was signed on 23 June 2015 at disposal consideration of RM78.0 million, which has led AmanahRaya REIT to realize gross gain of RM10 million. The transaction was completed on 27 January 2016.

MANAGER'S REPORT

(CONTINUED)

Review of Performance

	2015	2014	2013	2012	2011
Total Asset Value (RM)	1,101,373,044	1,077,296,710	1,010,203,315	1,045,756,129	1,040,472,590
Total Net Asset Value (RM)	681,539,846	657,951,197	587,596,171	606,782,914	601,636,025
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)	1.189	1.148	1.025	1.050	0.9916
Highest Net Asset Value Per Unit (RM)	1.189	1.148	1.059	1.050	1.000
Lowest Net Asset Value Per Unit (RM)	1.140	1.018	1.024	0.475	0.9716
Market Value per unit (RM) as at 31 December	0.87	0.83	1.00	0.92	0.911
Highest Traded Price for the Twelve Months Period (RM)	0.93	1.01	1.04	0.98	0.977
Lowest Traded Price for the Twelve Months Period (RM)	0.79	0.77	0.91	0.90	0.855

Results of AmanahRaya REIT's Performance

	2015	2014	2013	2012	2011
Total Gross Rental Income	61,607,065	55,232,076	64,268,575	66,914,896	65,305,820
Total Property Expenses	(3,805,673)	(3,233,930)	(2,082,602)	(2,687,577)	(1,981,268)
Net Rental Income	57,801,392	51,998,146	62,185,973	64,227,319	63,324,552
Interest and Other Income	3,137,275	3,307,289	2,023,552	964,197	834,684
Total Non-Property Expenses	(24,315,689)	(23,372,873)	(21,959,359)	(21,804,904)	(21,629,917)
Realised Earnings Before Taxation	36,622,978	31,932,562	42,250,166	43,386,612	42,529,319
Changes in Fair Value of Investment Properties	23,059,600	75,316,699	(18,000,000)	3,500,000	31,143,000
Earnings Before Taxation	59,682,578	107,249,261	24,250,166	46,886,612	73,672,319
Taxation*	NIL	NIL	NIL	NIL	NIL
Earnings After Taxation	59,682,578	107,249,261	24,250,166	46,886,612	73,672,319
Earnings Per Unit (EPU) after Taxation (sen)					
(Realised + Unrealised)	10.41	18.71	4.23	8.18	12.85
EPU Yield (%) (Based on Closing Market Price)	11.97	22.54	4.23	8.89	14.12
Distribution Per Unit (DPU) (sen)	6.300	6.500	7.265	7.449	7.221
Distribution Yield (%)	7.25	7.83	7.26	8.10	7.94
MER (%)	1.08	0.97	0.85	0.80	0.70
Annual Total Return (%)**	7.24	7.22	7.83	9.10	12.11

* 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

MANAGER'S REPORT

(CONTINUED)

FUND'S PERFORMANCE

In 2015, AmanahRaya REIT recorded a total income of RM59.68 million against RM107.25 million in the previous year. The decrease was mainly contributed by the higher increase in fair value of the investment properties amounting to RM75.32 million following a revaluation exercise on 2014 compared to only RM23.06 million revaluation surplus recognized during the year under review. In terms of realised income, the Trust has recorded RM61.61 million, an increase of 12% as compared to the previous year. The increase was mainly due to the additional rental income recognized from Wisma ARB, Jalan Semantan and Wisma Comcorp. The fund expenses increased by 4% to RM24.32 million from only RM23.37 million recorded in the previous financial year mainly due to Asset Enhancement Initiatives ("AEI") carried out during the year under review. Consequently, the overall net realised income for distribution increased to RM38.46 million from RM31.93 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
1.400	1.590	1.507	1.808	6.305

For 2015, AmanahRaya REIT distributed in total an income distribution of RM38.41 million or 6.31 sen, a slight drop from 2014 income distribution of 6.50 sen. Despite recording a higher net profit, AmanahRaya REIT declared lower distribution because in the previous financial year, the distributions included amount declared from realized gain arising from previous disposals i.e. Wisma UEP and Permanis Factory.

The fourth and final income distribution of RM10.37 million has been declared at 1.81 sen per unit payable on 01 April 2016. Analysis of income distribution:

	2015	2014	2013	2012	2011
Income distribution per unit (sen)					
- First interim income distribution	1.400	1.700	1.884	1.811	1.812
- Second interim income distribution	1.590	1.300	1.830	1.800	1.807
- Third interim income distribution	1.507	1.700	1.815	1.789	1.720
- Proposed Fourth and final income distribution	1.808	1.800	1.736	2.049	1.882
	6.305	6.500	7.265	7.449	7.221

NET ASSET VALUE

Net Asset Value (NAV) as at 31 December 2015 is RM1.1890 per unit.
The net asset value of AmanahRaya REIT since 2011 was analysed as follows:

	2015	2014	2013	2012	2011
Total net asset value ("NAV") RM:					
- before provision for income distributions	1.189	1.148	1.025	1.131	1.120
- after provision for income distributions	1.156	1.130	1.008	1.077	1.048

MANAGER'S REPORT

(CONTINUED)

UNITS IN ISSUE

As at 31 December 2015, the total number of units issued is 573,219,858.

GEARING

As at 31 December 2015, AmanahRaya REIT's total debt is RM364,230,000 with gearing ratio at 33.07%

	2015	2014	2013	2012	2011
Gearing ratio (%)	33.07	33.80	36.02	34.76	34.91

RELATED PERFORMANCE INDICATORS AND BENCHMARKS

	2015	2014	2013	2012	2011
Total return (%)*	7.24	7.22	7.83	9.10	12.11
Asset Portfolio Turnover (times)**	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 2015 to the average net asset value for the financial year calculated on a daily basis.

BENCHMARK RELEVANT TO AMANAHRAYA REIT

	2015	2014	2013	2012	2011
Management Expense Ratio ("MER") %*	1.08	0.97	0.85	0.80	0.70

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

CORPORATE PROPOSAL AND DEVELOPMENT

Acquisition

In the previous financial year, AmanahRaya REIT managed to complete the acquisition of Wisma Comcorp at RM30 million. The acquisition was based on a sale and leaseback arrangement with Comintel Sdn Bhd for 15 years with initial yield of 8% stepping up every 3 years. The acquisition has contributed positively towards AmanahRaya REIT's DPU in the year under review.

The Manager is currently in the midst of finalizing and completing the due diligence exercises to acquire three new assets in the Central and Southern Region of Malaysia. These assets are expected to generate a net yield of at least 6.5%. These new acquisitions will cost approximately RM96 million.

MANAGER'S REPORT

(CONTINUED)

Property Management

a. Property Expenses

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

In 2015, total property expenses were recorded approximately at RM3.81 million which mainly included statutory payments (quit rents and assessments), general repairs, maintenance and refurbishments.

b. Enhancing Property Values

1. Wisma AmanahRaya, Jalan Ampang

In August 2014, letter of award to Otis Elevators to install 6 units of entirely new lifts to the building was issued at the cost of approximately RM2.1 million. The exercise was necessary as the current lifts system was already beyond its expected age and has recorded frequent faulty incidence. The work has commenced at the end of 2014. The installation was fully completed on 5 February 2016.

2. Wisma AIC, Shah Alam

The Manager had carried out rectification work to the parapet wall, damaged gutters together with installation of torch membrane to the water tank rooftop. The amount incurred for this planned refurbishment is approximately RM139,000.

3. Wisma Comcorp, Shah Alam

Due to frequent water leaks and seepages especially after heavy downpour, the Manager has decided to install a new torch membrane at the roof of the building. The work was completed in June 2015 at the cost of about RM126,000.

4. Symphony House, Dana 13, Ara Damansara

Due to normal wear and tear, the Manager has decided to replace the floor tiling at selected areas for all floors at Dana 13. The exercise has been completed at the cost of RM115,000.

Rental Review

During the 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 USJ	319,987.50	330,050.00	9.33	May 2015
2.	South City Plaza	127,200.00	130,500.00	8.75	Aug 2015
3.	Dana 13	655,456.30	645,240.00	4.35	Sept 2015
4.	Selayang Mall	886,943.95	847,042.00	1.23	Dec 2015

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 2015, AmanahRaya REIT has achieved a debt level of 33.07% of the total asset level as compared to 33.80% in the previous year.

MANAGER'S REPORT

(CONTINUED)

MATERIAL LITIGATION

On 17 October 2014, High-5 Conglomerate Berhad (formerly known as SilverBird Group Berhad) ("High-5"), as the 2nd Plaintiff together with Standard Confectionary Sdn Bhd ("1st Plaintiff") filed a Writ of Summons and Statement of Claim on 17 October 2014 where Trustee is the 2nd Defendant in the said suit. In its Statement of Claim, both Plaintiffs pray for the following orders:

- (a) A declaration that the title of Trustee to SilverBird Factory and the Statutory Lease in favour of High-5 are defeasible by virtue of the National Land Code 1965;
- (b) An order that the all the transfers and leaseback arrangements between the parties be all declared null and void and be set aside;
- (c) A declaration that the sale and leaseback arrangement between the 1st Plaintiff, High-5 and 1st Defendant, respectively, is fraudulent and illegal and against public policy;
- (d) A consequential order that the Register of Land Titles be directed to cancel all the transfers and the Statutory Lease;
- (e) General, aggravated and punitive damages against Dato' Tan Han Kook and Dato' Ahmad Rodzi Pawanteh;
- (f) Such further and other orders as the Court deems fit.

On 28 November 2014, the Trustee filed a Defence and Counterclaim. In its Defence, the Trustee seek for an order that the action taken by the Plaintiffs to be dismissed on a solicitor-client basis or costs without prejudice to the Trustee's rights to file an application to strike out the Writ of Summons and Statement of Claim.

In its Counterclaim, the Trustee has sought for the following orders:

- (a) Payment of the outstanding rental of RM608,000 per month and double rental from 16 August 2013 until delivery of vacant possession of SilverBird Factory to the Trustee;
- (b) Interest at the rate of 5% p.a. from the date the lease rental and/or the double rental becomes due and payable until the date of full and final settlement;
- (c) A declaration that High-5 and/or any persons claiming to have derived their rights from High-5 who are in occupation of Silver Bird Factory without the Trustee's consent are in wrongful occupation of SilverBird Factory;
- (d) An order to deliver vacant possession of SilverBird Factory to the Trustee within seven (7) days from the date of the service of the Order;
- (e) An order to remove their belongings from SilverBird Factory within seven (7) days from the date of the service of the Order;
- (f) An order that the Trustee be allowed to place security guards at SilverBird Factory immediately upon the Order;
- (g) In the event of a failure to obey the Order herein, an order that the Trustee be given leave to re-enter SilverBird Factory without prejudice to the Trustee's right to apply for writ of possession;
- (h) Costs on a solicitor-client basis or costs;
- (i) General damages to be assessed; and
- (j) Such further and other relief (s) as the Court deems fit and just.

The Court Hearing for the above suit was fixed on 29 June 2015. On the same day, the High Court of Kuala Lumpur has delivered its judgment and has granted Orders in favor of Amanahraya REIT.

However on 3 July 2015, High-5 has appealed to the above judgment and consequently, hearing date for Court of Appeal was set on 30 November 2015. As the Manager has predicted, the judgment passed by the Court of Appeal was also in favor of AmanahRaya REIT.

However, High-5 has again appealed the said decision for the matter to be further considered at the Federal Court. The hearing date has been fixed on 30 May 2016.

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 RM4.95 million calculated at 0.75% of net asset value of AmanahRaya REIT payable monthly.

MANAGER'S REPORT

(CONTINUED)

SIGNIFICANT EVENTS OCCURED DURING THE YEAR

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

1. Revaluation exercise was conducted on all properties under AmanahRaya REIT's portfolio in December 2015. Following the revaluation exercise, total value increased to RM1.10 billion from RM1.08 billion previously.
2. On 25 August 2015, AmanahRaya REIT received the balance disposal consideration for Kontena Nasional Berhad.
3. On 23 June 2015, CIMB Islamic Trustee Berhad, the trustee of AmanahRaya REIT entered into a Sale and Purchase Agreement with Annex Sentral Sdn Bhd in respect of the disposal of Wisma Amanahraya Jalan Ampang at a disposal price of RM78 million.
4. Asset enhancement exercises were conducted on four (4) properties under AmanahRaya REIT portfolio as listed below:
 - (a) Wisma AmanahRaya, Jalan Ampang
 - (b) Wisma AIC, Shah Alam
 - (c) Wisma Comcorp, Glenmarie
 - (d) Dana 13, Petaling Jaya

The total cost incurred in the year under review was RM2.49 million.

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. As mentioned previously, the Manager is targeting to finalized three new acquisitions of assets amounting to RM96 million. These assets are strategically located in the Central and Southern Region of Malaysia. These assets are expected to generate net yield of at least 6.5% per annum.

Assets Enhancement Initiatives ("AEI")

The Manager endeavours to ensure that we will preserve the values of all properties acquired. Preservation and enhancement of values can be done through planned and scheduled AEI activities. We are in the midst of finalizing a few plans for AEI in 2016 for Selayang Mall, Wisma ARB, Jalan Semantan, Wisma AIC, Shah Alam and Holiday Villa Hotels both in Langkawi and Alor Setar.

Financial Performance

Moving forward 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 at least 6.2 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 2016.

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.

MANAGER'S REPORT

(CONTINUED)

RESERVES AND PROVISIONS

There were no material transfers to and from reserves or provisions during the financial year ended 31 December 2015 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 to:

- 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, 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.

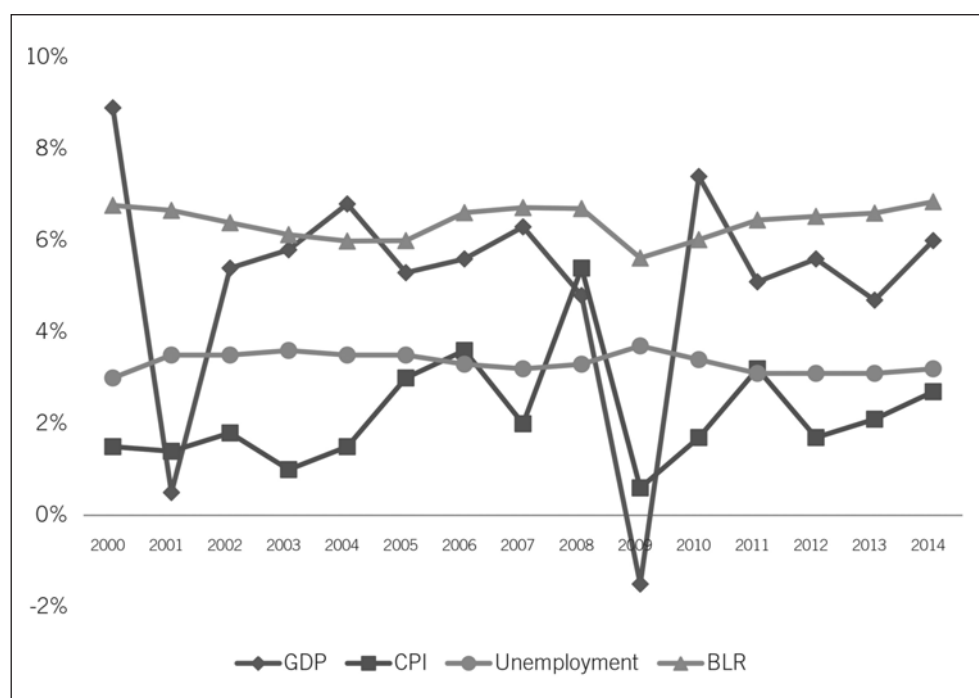
Tan Sri Dato' Ahmad Fuzi Bin Abdul Razak
Kuala Lumpur
19 February 2016

1 ECONOMY

The economy continued to see healthy growth in 2015 with the Gross Domestic Product (GDP) increased by 5.6% in the 1Q 2015, and 4.9% in Q2. The third quarter then saw a more moderate growth of 4.7%. This latest growth is noted to be the slowest quarterly expansion for the last two years. GDP for the year 2015 is expected to be around 4.5% to 5.5%.

Figure 1 : Key Economic Growth Indicators, 2000 - 2014

Key Economic Indicators for Years 2000 - 2014



Source:
Department of Statistics,
Bank Negara Malaysia

Bank Negara Malaysia (BNM) noted that the growth continued to be driven by domestic demand which prevailed against the weak net export. The private sector, as it maintained to see strong performance quarter by quarter, remained to be the anchor of growth. The public sector, on the other hand, recorded slower growth, with public investment contracted 8.0% in Q2, before recovering to 1.8% increase in Q3.

While clouded with uncertainties, 4Q 2015 may record higher growth. It is worth to note that although domestic demand continues to see healthy growth, consumer sentiment has plummeted to the lowest point on record by 3Q 2015 at 70.2.

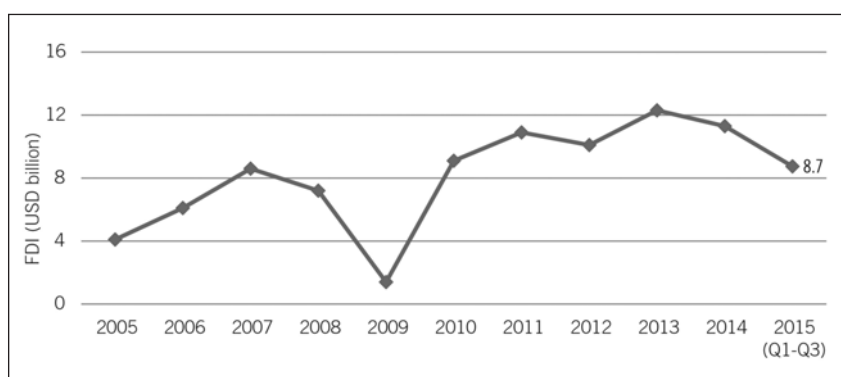
Ringgit has been on a gradual decline against several major currencies during the first half of 2015. Between Q2 and Q3, the value of ringgit dropped around 20%; a drop of 17.9% was reported against US Dollar, 18.0% against Euro, and 20.2% against Japanese Yen. Notwithstanding, going towards the end of the year, the depreciation of ringgit has softened. Holding onto optimism, the current trend of ringgit is expected, at best, to maintain for a while.

The latest performance of ringgit can be attributed to several external as well internal factors. The anticipation for the US to increase interest rates continues throughout the year, with recent report stating its likelihood to be on December. China affected the whole region with its decision to devalue Yuan in its move to prop its economy. The significant drop in crude oil price since 2014, due to, in essence, the imbalance of supply and demand, has hit Malaysia fiercely as a net oil exporter. The implementation of the Goods & Services Tax (GST) has evidently caused plunge in consumer confidence.

The inflation rate, as measured by the annual change in the Consumer Price Index (CPI), saw marginal 0.7% increase in Q1 in light of the drop in crude oil price indicated by the decline in prices in the transport category. Expectedly, Q2 saw increase in inflation. The implementation of GST in that quarter (1st April) is one of the main reasons for CPI to increase 2.2%. The third quarter saw an even higher increase with 3.0%. BNM cited shortage in supply of food and non-alcoholic beverages due to adverse weather during Q3. Furthermore, as oil price normalizes, the transport category continues to affect the overall inflation.

Slight inflow moderation was recorded on Foreign Direct Investment (FDI) for 2014.

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



Source:
Department of Statistics Malaysia

While 2013 saw the country's record high of USD12.3 billion FDI, 2014 was nonetheless robust with USD11.3 billion. The mining sector accounts to 35.7% of the FDI, followed by financial services at 28.4%.

The first 3 quarters of 2015 have seen continual healthy FDI with Q1 recorded RM9.9 billion, and Q2 with RM12.5 billion. While lower than last year's (3Q 2014: RM7.7 billion), 3Q 2015 is nevertheless healthy with RM4.7 billion FDI. The investment growth in the first half of the year was primarily due to the aftermath of the plunge of crude oil price last year. On the other hand, Q3 was lower compared to last year attributed mainly to investor confidence in the market due to the aforementioned challenges.

The East Asian countries continue to be the main sources of the country's FDI including Japan, Hong Kong, China, South Korea and Taiwan with RM7.4 billion direct investment.

2 OFFICE SECTOR

Out of the 5-million sq. ft. of new office supply anticipated to come to Kuala Lumpur market in 2015, 3.4 million has been completed thus far. Menara Centara, at Jalan Tunku Abdul Rahman, was structurally completed around 1Q 2015, and is expected to offer about 200,000 sq. ft. of office space. In addition, the market saw the completion of 4 more buildings, including Q Sentral, located next to KL Sentral, which brings large supply of office space amounting to 1.4 million sq. ft. The total office supply in Kuala Lumpur now stands at 73.4 million sq. ft.

Notwithstanding, due especially to the aforementioned completed 3.4-million sq. ft., average occupancy rate has recorded a marginal moderation to 82% from 83% last year.

Table 1 : Major movement(s) recorded in 2015

Occupier	Location	Date	Space
DKSH Holdings	The Ascent	May 2015	120,000 sq. ft.

Source: DTZ Consulting & Research, December 2015

PROPERTY MARKET OVERVIEW

(CONTINUED)

Over the next few years, about 9-million sq. ft. of office space, on top of the aforementioned remaining 2 million sq. ft., is expected to be injected to the Kuala Lumpur market, with KL Eco City and The Vertical – both located at the Kerinchi area along Federal Highway – bringing the largest supply.

Average rental rate continues to be generally stagnant for the year, hovering around RM6.25 psf for those at prime areas, as the market continues to be tenant-favoured. Offices at secondary areas maintained around RM4.25 psf.

The challenges faced by the economy in recent times in turn caused some disturbance on the employment side. Numerous major companies were reported to proceed to ease their burdens by implementing measures including non-renewals of contracts, hiring-freezes, as well as employee layoffs. Thus, although occupancy rate recorded marginal growth, rental rate will have to stay attractive to tenants.

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	6.50 - 7.00	95
2	Menara Maxis	Jalan Ampang	8.00 - 12.50	95
3	Wisma Selangor Dredging	Jalan Ampang	6.00 - 7.80	96
4	Sunway Tower	Jalan Ampang	5.00 - 5.50	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	8.00 - 8.50	99
8	Plaza OSK	Jalan Ampang	5.00 - 6.00	100
9	Menara Great Eastern	Jalan Ampang	5.00 - 5.50	95
10	Vista Tower	Jalan Tun Razak	7.50 - 9.00	77
11	The ICON	Jalan Tun Razak	5.50 - 6.00	91
12	GTower	Jalan Tun Razak	8.00 - 8.50	93
13	Subang Hi-Tech	Subang Jaya	3.00 - 3.50	95
14	Wisma Consplant 1	Subang Jaya	3.50 - 4.00	90
15	Wisma Consplant 2	Subang Jaya	3.50 - 4.00	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
20	Menara Millenium	Damansara Height	4.50 - 5.00	99
21	Menara HP	Damansara Height	4.50 - 5.00	90
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	Damansara Height	3.00 - 3.50	90
26	Wisma UOA Damansara I	Damansara Height	4.50 - 5.00	100
27	Wisma UOA Damansara II	Damansara Height	4.50 - 5.00	100
28	Mines Waterfront Biz Park	Seri Kembangan	3.50 - 4.00	95
29	Mines 2	Seri Kembangan	4.50 - 5.00	88

Source: DTZ Consulting & Research

Furthermore, 2015 also see marginal increase in capital value of office buildings. While office spaces offered for rent are of abundant, those up for sale are limited. The few transactions, especially of Menara ING in 4Q 2014 at RM825 psf., have called for fresh general valuations of several buildings in Kuala Lumpur. Recent transactions of office buildings' in Klang Valley for 2015 is listed below.

Table 3: Office Building Transactions

Buildings	Price (RM million)	Price (RM psf)
Quill 10	27.30	156
Plaza Pekeliling	28.28	196
Menara Raja Laut	220.00	553
Empire City Block N	155.35	650
Wisma AmanahRaya	78.00	507
Menara Pandan Block C	33.00	185
Menara Pandan Block D	33.00	213

Source: DTZ Consulting & Research

The office sector prevailed and remained strong despite the large supply of office space coming to the market, on top of having several major companies restructuring and having lesser or no increase in staffs. As the economy and the market continue to adjust to the current situation, the office sector is expected to remain robust.

3 RETAIL

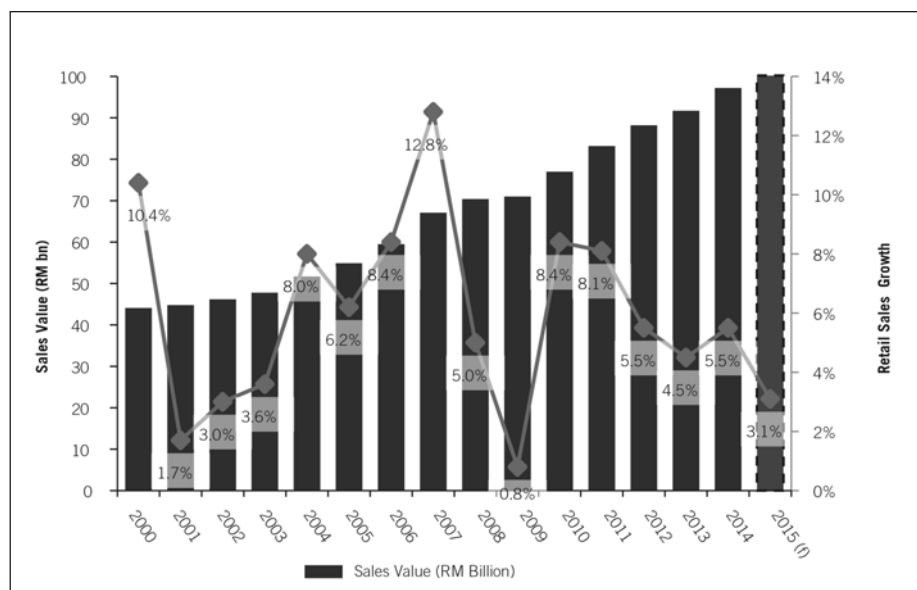
The first quarter of 2015 saw a healthy growth of 4.6% in retail sales, as reported by Retail Group Malaysia (RGM), a relatively good development due to the contraction of sales in 4Q 2014 (-0.8%) which brought the overall retail sales of 2014 to 5.5%, slightly low from previously expected at 6.0%. Moreover, this performance exceeded RGM's previous forecast of 3.8%, although short of Malaysian Retailers Association's (MRA) forecast of 5.8%.

Though the retail sector previously expected higher consumer spending in conjunction with holiday seasons and festivals as well as consumers wanting to spend before the implementation of Goods and Services Tax (GST) in 2Q 2015, the sector has nevertheless been in a cautious mode especially since the end of 2014 and early 2015 with retailers continue to boost effort in order to achieve higher sales with promotions and discounts, while consumers adopting the wait-and-see approach.

PROPERTY MARKET OVERVIEW

(CONTINUED)

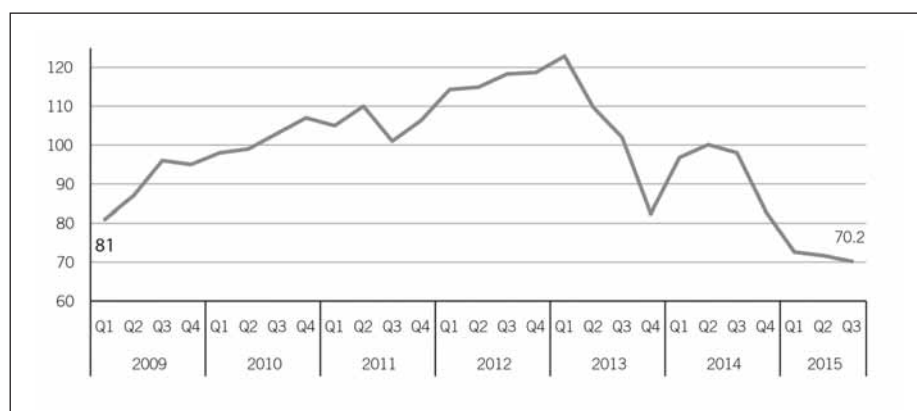
Figure 3: Historical Retail Sales Performance



Economists noted that it is the softening value of ringgit as one of the main factors that are affecting consumer sentiment and spending mood.

The challenging time for the retail sector is attributed mainly to the decline in consumer sentiment, which in turn, is caused by the current economic uncertainties. Consumer sentiment has been in a downward trend since early 2014, where Malaysian Institute of Economic Research (MIER), reported the Consumer Sentiment Index to touch the 100-point mark (Q2: 100.1-point), before it fell to 83.0 in 4Q 2014.

Figure 4: Consumer Sentiment Index



As shown above, by 3Q 2015, the index is at 70.2, the lowest level ever on record. The research institute made remarks on financial expectations to be better, and consumers' conscious cautiousness on increasing price of goods lessening, as the anticipated challenging time is at present, and expectations have been met.

The 36-years old shopping mall BB Plaza (NLA: 300,000 sq. ft.) at Bukit Bintang was closed in 1Q 2015 to make way for the development of MRT, while the renovated Sunway Putra Mall (NLA: 620,000 sq. ft.) at Jalan Putra, was opened in 2Q 2015 after it was closed in 2013. Other new addition of retail supply in 2015 include Jakel Mall (a textile mall taking the former CapSquare Mall's place), and the home-ware and furniture store IKEA at Jalan Cochrane, Cheras. Retail space in Kuala Lumpur now stands at 25.3 million sq. ft.

Despite the ever challenging time for retail sales as well as the increasing supply of retail space, the average occupancy rate of malls in Kuala Lumpur prevails and maintains healthy throughout 2014 and 2015 thus far, hovering above the 90% mark.

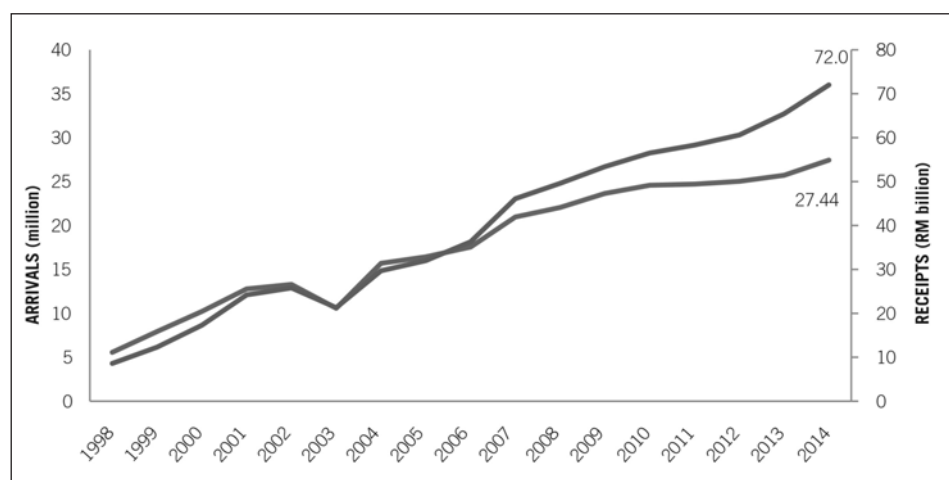
Notable transactions of Klang Valley retail malls in 2015 include the acquisition of Tropicana City Mall by CapitaMalls Malaysia REIT for RM540 million (together with Tropicana City Office Tower), and Da:mén Mall (yet to be opened) in USJ acquired by Pavilion REIT for RM488 million.

4 TOURISM & HOTEL

Malaysia received 27.4 million tourists last year, a 6% increase from 2013. Tourist receipt has also recorded stronger growth to RM72-billion, 10% higher than the previous year. Tourism Malaysia had previously targeted 28.0-million arrivals and RM76 billion receipts for 2014. Although short of achieving said target, the growth rate for arrivals is seen healthy and is on track to achieve the long term goal as laid out in Malaysia Tourism Transformation Plan (MTTP) 2020 i.e. achieving 36 million tourist arrivals by year 2020. The MTTP target for receipt at RM168 billion, on the other hand, is in need of a higher growth rate than 10%.

Figure 5: Tourist Arrivals & Receipts

Notwithstanding, the number of domestic visitors has also increased in 2014 to 169.3 million, up 10% from 2013, and its



Source:
Tourism Malaysia

expenditure saw an even higher increase of 17% to RM55.5 billion, attributed mostly to shopping. The industry has noted domestic tourism to strengthen due to the more difficult time to travel overseas. Thus, going forward, Tourism Malaysia is going all out to promote domestic tourism with Mita Tourism Fair 2016, a major campaign for domestic tourism that is expected to be launched early next year.

Number of international tourist saw a decline of 9.4% in the first half of 2015 i.e. from 14 million to 12.5 million. Receipts were recorded at RM33.8 billion for 1H 2015. The government is targeting RM89.0-billion receipts for this year and 29.4 million arrivals.

PROPERTY MARKET OVERVIEW

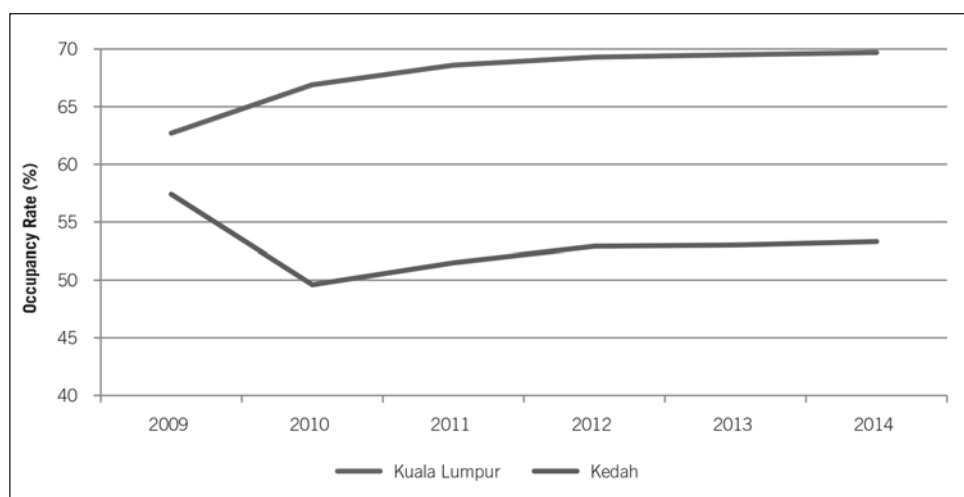
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Taking into consideration the events during the second half of 2015 including incidents involving tourists, and the haze caused by illegal plantation fire in Indonesia, the prospect of international tourism is of uncertain.

In 2014, tourist arrivals in Kedah saw an increase from 3.5 million in 2013 to 3.8 million. Langkawi, the state's dominant tourist destination continued to record a healthy growth i.e. from 3.4 million in 2013, to 3.6 million last year.

Kedah is targeting to achieve 5 million tourist arrivals in 2016. In its effort, the state's main tourism campaign Discover Kedah 2016 with the tagline "Kedah, Malaysia: Where It All Began" is to kick-off early next year, primarily targeting tourist from neighbouring countries. The campaign, among others, is to highlight the existence of the oldest civilization in South-East Asia located in Kedah.

Figure 6: Hotel Average Occupancy Rate



Source:
Tourism Malaysia

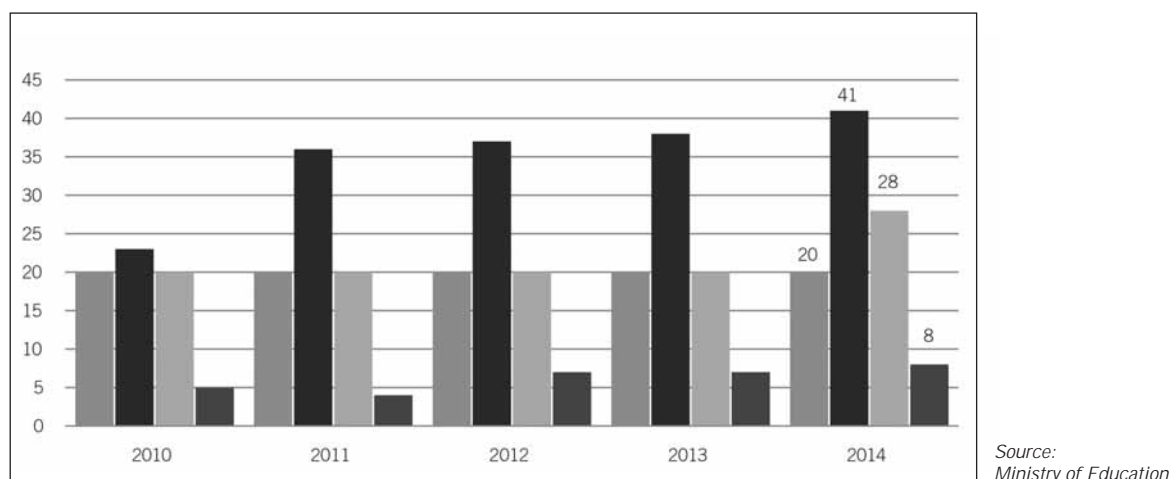
5 EDUCATION

A moratorium was imposed in 2013, freezing the setting up of new Private Higher Educational Institutions (IPTS) with its high number cited as the main reason. The government is set to focus on the quality on IPTS and its produce, instead of quantity. A high number of IPTS may pose challenge to its establishments financially and subsequently to its quality.

Penang Institute, a Penang-based think tank in Kuala Lumpur, confirms these risks when it reported that based on its study on data provided by the Companies Commission of Malaysia (SSM) and the Ministry of Education (MOE), 45% of IPTS had insufficient assets to cover their current liabilities, and higher percentage of IPTS graduates (than IPTA) i.e. at 27% were unemployed 6 months after they graduated. The moratorium hence was a necessary move.

The increase of IPTS recorded in 2014, thus, is identified as the setting up approved before the moratorium was imposed. Indeed, the increase seen in 2014 is the highest increase in the last 5 years.

Figure 7: Number of Higher Education Institutions



The Public Higher Educational Institutions (IPTA), on the other hand, sees no addition in number.

Table 4 : Total Number of Tertiary Students in Malaysia

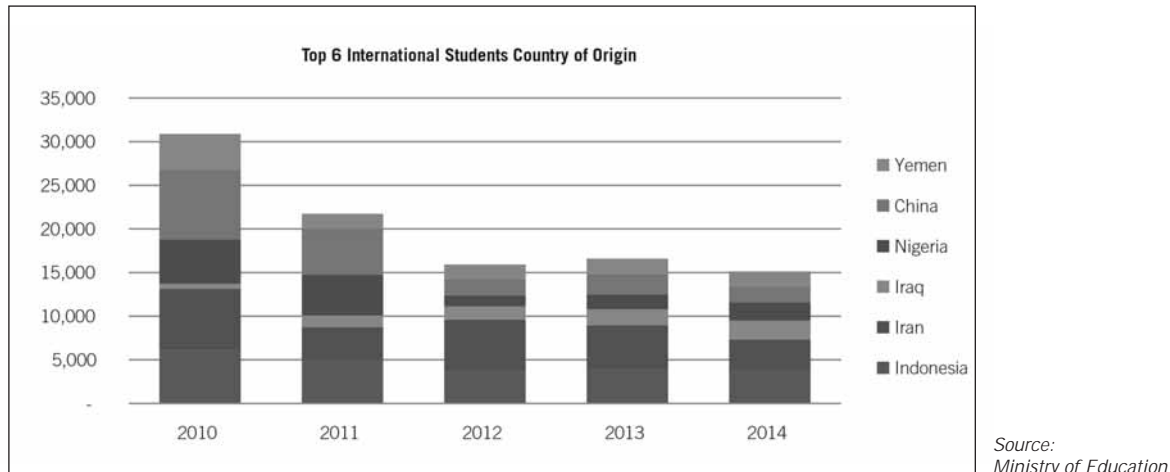
No. of Students	Year	Entries	Enrolment	Graduates
Public University (IPTA)	2012	180,558	521,793	113,239
	2013	178,418	560,359	126,027
	2014	184,541	565,271	133,666
Private University (IPTS)	2012	157,899	454,616	107,288
	2013	134,420	484,963	94,528
	2014	206,897	550,811	127,664
Polytechnic	2012	38,172	92,148	27,286
	2013	31,319	89,503	25,853
	2014	34,298	92,181	23,181
Community College	2012	24,236	22,380	23,470
	2013	29,052	21,468	27,485
	2014	12,103	17,985	6,483
TOTAL	2012	400,865	1,090,937	271,283
	2013	373,209	1,156,293	273,893
	2014	437,839	1,226,248	290,994

About 70,000 more students were recorded last year, from the year before. The highest entries were observed to be for IPTS, befitting with the private institutes increase in number, while entries to Community College were less than half of 2013's. In light of the government's efforts on improving quality (and controlling quantity) of IPTS and its graduates, such as late last year's cut of student loan PTPTN of 15% for IPTS applicants, this high increase in IPTS new entries may not be repeated in 2015.

PROPERTY MARKET OVERVIEW

(CONTINUED)

Figure 8: Highest Number of Foreign Students by Nationality (IPTS)



The Higher Education Sector Blueprint (HEB) 2015-2025 was laid out in 1Q 2015. It is expected to give the higher education sector, more so the IPTA, a major boost. The lesser involvement of IPTS in the HEB may affect some of the IPTS especially in addition to last year's cut of student loan PTPTN of 15% for IPTS (5% to IPTA).

In the 2016 Budget, the education sector saw an allocation of RM13.378 billion, slightly lower than the previous year's allocation of RM15.785 billion. The lesser allocation is in line with the government's objective in the HEB to have IPTs to be fully self-funded.

6 INDUSTRIAL

The services and manufacturing sectors remain to be the main driver of the overall growth of the Malaysian economy. Malaysia Investment Development Authority (MIDA) reported that foreign investment on petroleum products, the largest capital investment proposed, lessened this year, while RM10 billion was pumped into the natural gas sector. In total, RM49.5 billion was allocated for approved investment, spread throughout the 388 approved investment projects.

Total stock of industrial properties for the country in 2015 recorded a healthy increase with the highest new supply being at Pahang and Selangor. For Selangor, Gombak saw the highest increase (670 units) with gradual increase of terraced industrial buildings. As of 1Q 2015, the total stock in Malaysia amounts to 97,794 units, up from 95,655 units the same time last year.

Based on the latest available transaction data from the Valuation And Property Services Department (JPPH), the number of industrial transactions in Selangor and Kuala Lumpur saw a significant drop last year to 1,508 transactions as recorded by the Valuation and Property Services Department (JPPH), from more than 2,500 the previous year. Selected transactions at relevant locations are shown below.

Table 5 : Selected Transactions of Industrial Properties within ARREIT Locality

No	Location	Scheme	Type	Date	Price (RM psf.)
1	Shah Alam	Sec. 16, Shah Alam	Terraced	Jun-15	208.33
2	Shah Alam	Sec. 16, Shah Alam	Detached	Jan-15	135.22
3	Shah Alam	Sec. 16, Shah Alam	Detached	Jan-15	84.64
4	Shah Alam	Sec. 22, Shah Alam	Semi-Detached	Apr-15	199.09
5	Shah Alam	Sec. 26, Shah Alam	Terraced	Mar-15	523.99
6	Shah Alam	Sec. 26, Shah Alam	Terraced	Feb-15	346.15
7	Sg. Petani	Kwsn Per. Sg Petani	Detached	May-11	22.96
8	Sg. Petani	Kwsn Miel Sg Lalang	Detached	Aug-11	42.58
9	Sg. Petani	Kwsn Miel Sg Lalang	Detached	Jun-11	40.08

Source: Valuation And Property Services Department

Table 6 : Rental rates of selected industrial properties within ARREIT locality

Address	Asking Rent (RM/month)	Build-up Area (sq. ft.)	Rental Rate (RM/month)
Sec. 16 Shah Alam	53,518	35,679	1.50
Sec. 26 Shah Alam	39,000	30,000	1.30
Sec. 26 Shah Alam	45,000	26,000	1.73
Sec. 26 Shah Alam	24,000	12,000	2.00

Source: DTZ Consulting & Research, December 2015

The industrial property sector has also seen moderation. In light of the lesser transactions in 2014, it is also expected to be the same for this year, although average value is expected to be slightly higher.

PROPERTY MARKET OVERVIEW

(CONTINUED)

2016 OUTLOOK

In recent years, especially due to the cooling measures imposed by the government, the property market has seen more moderate activities, most notably in the residential sector. Nevertheless, the office sector has seen modest increase in value especially for buildings in prime areas with MSC status, although rental has seen marginal growth to stagnancy, for both offices in primary and secondary area.

The retail sector continues to see new supply coming in. The prime malls are likely to attract visitors better, while neighbourhood malls will have the advantage of being served by the nearby residents. Without such strong advantages, it won't be long until certain malls to face a big risk of low visitors as these malls will start cannibalizing on each other.

After achieving tremendous tourism performance last year, 2015 may not see the same robust growth as the major campaign Visit Malaysia Year 2014 has ended. The year may see the tourism industry to having a break, which can be a good preparation time to plan subsequent campaign in 2016 or 2017. Kedah, in fact, is launching its major tourism campaign in 2016. In light of this, industry players have to plan and coordinate well in order to assure supply, especially in terms of space of accommodations, is adequate in quality and quantity to meet the anticipated demand, as this was one of the major concerns for Kedah tourism in recent years.

The industrial sector has not seen major changes throughout the years. Nevertheless, economic activities involved especially the manufacturing sector continues to be robust, thus ensuring the health of the industrial sector.

Improving buyers', as well as investors', confidence in the overall economy including the property market is essential. The sentiment is no doubt to be significantly affected by the challenging economic times. The change in the value of ringgit plays a big role on people's confidence, with Yuan devaluation and US Federal Reserve's looming decision to increase interest rates being the main deciding factors. Although various sectors can still rely on the domestic market to drive its activities, going forward, foreign investors' confidence is crucial especially in the longer term, if we are to achieve the high-income nation status by 2020.

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 81 to 117 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 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 2015 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:



Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak

Kuala Lumpur,
Date: 19 February 2016

STATUTORY DECLARATION

I, **Norbaizura 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 81 to 117, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur on 19 February 2016.



Norbaizura Hermeyney

Before me:



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") for the financial year ended 31 December 2015. 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 Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws during the financial year ended 31 December 2015; 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 Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2015 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 2015 as follows:

- 1) 1st interim income distribution of 1.400 sen per unit paid on 7 July 2015;
- 2) 2nd interim income distribution of 1.590 sen per unit paid on 16 October 2015;
- 3) 3rd interim income distribution of 1.507 sen per unit paid on 8 January 2016; and
- 4) Final income distribution of 1.808 sen per unit payable on 1 April 2016.

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



Lee Kooi Yoke
Chief Operating Officer

Kuala Lumpur,

Date: 19 February 2016

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

(ESTABLISHED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "the Trust"), which comprise the statement of financial position as at 31 December 2015, 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 81 to 117.

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

The Directors of AmanahRaya-REIT Managers Sdn. Bhd. are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AMANAHRAYA REAL ESTATE INVESTMENT TRUST (CONTINUED) (ESTABLISHED IN MALAYSIA)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AmanahRaya REIT as of 31 December 2015 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.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information on the breakdown of realised and unrealised income included in the statement of changes in net asset value and Note 9.3 to the financial statements has been compiled by AmanahRaya REIT as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not a required part of the financial statements. 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 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 and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the Unitholders of AmanahRaya REIT, in accordance with 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 Deed") between AmanahRaya-REIT Managers Sdn. Bhd. ("the Manager") and CIMB Islamic Trustee Berhad ("the Trustee") and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Abdullah Abu Samah
Chartered Accountant
Approval Number: 2013/06/16(J)

Petaling Jaya,

Date: 19 February 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Assets			
Non-current assets			
Investment properties	4	884,820,000	938,070,000
		<hr/> 884,820,000	<hr/> 938,070,000
Current assets			
Trade and other receivables	5	3,560,712	1,576,963
Security deposits in trust accounts	6	35,964,840	43,936,743
Cash and cash equivalents	7	99,027,492	59,713,004
		<hr/> 138,553,044	<hr/> 105,226,710
Asset classified as held for sale	8	78,000,000	34,000,000
		<hr/> 216,553,044	<hr/> 139,226,710
Total assets		<hr/> 1,101,373,044	<hr/> 1,077,296,710
Financed by:			
Unitholders' fund			
Unitholders' capital	9	519,685,915	519,685,915
Distributable income		161,853,931	138,265,282
		<hr/> 681,539,846	<hr/> 657,951,197
Non-current liabilities			
Borrowings	10	364,230,000	-
Trade and other payables	11	29,966,565	38,570,521
		<hr/> 394,196,565	<hr/> 38,570,521
Current liabilities			
Borrowings	10	-	364,146,837
Trade and other payables	11	25,636,633	16,628,155
		<hr/> 25,636,633	<hr/> 380,774,992
Total current liabilities		<hr/> 25,636,633	<hr/> 380,774,992
Total liabilities		<hr/> 419,833,198	<hr/> 419,345,513
Total unitholders' funds and liabilities		<hr/> 1,101,373,044	<hr/> 1,077,296,710
Net asset value ("NAV")		<hr/> 681,539,846	<hr/> 657,951,197
Number of units in circulation		<hr/> 573,219,858	<hr/> 573,219,858
NAV per unit (RM)			
- Before income distribution		1.189	1.148
- After income distribution		1.156	1.130

The notes on pages 87 to 117 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Gross revenue			
Rental income			
- Realised		61,607,065	55,232,076
- Unrealised (in relation to unbilled lease income receivable)		331,032	1,941,582
		<hr/>	<hr/>
Property operating expenses	12	61,938,097 (3,805,673)	57,173,658 (3,233,930)
		<hr/>	<hr/>
Net rental income		58,132,424	53,939,728
Interest income		2,650,771	3,307,289
Other income		486,504	-
Changes in fair value of investment properties			
- As per valuation	4	23,059,600	75,316,699
- Unbilled lease income receivable		(331,032)	(1,941,582)
		<hr/>	<hr/>
Net property and investment income		83,998,267	130,622,134
		<hr/>	<hr/>
Manager's fees		(4,950,464)	(4,493,860)
Trustee's fees		(363,034)	(329,550)
Auditors' fees			
- Audit		(105,000)	(105,000)
- Other services		(10,000)	(10,000)
Tax agent's fees		(10,000)	(8,500)
Administrative expenses		(1,717,897)	(1,427,001)
Borrowing costs	13	(17,159,294)	(16,954,853)
Impairment loss on trade receivables		-	(44,109)
		<hr/>	<hr/>
Total trust expenses		(24,315,689)	(23,372,873)
		<hr/>	<hr/>
Income before taxation		59,682,578	107,249,261
Income tax expense	14	-	-
		<hr/>	<hr/>
Net income for the year attributable to unitholders		59,682,578	107,249,261
Other comprehensive income, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to unitholders		59,682,578	107,249,261
		<hr/>	<hr/>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	Note	2015 RM	2014 RM
Net income for the year is made up as follows:			
Realised		36,622,978	31,932,562
Unrealised			
- Unrealised rental income (in relation to unbilled lease income receivable)		331,032	1,941,582
- Change in fair value of investment properties			
- As per valuation		23,059,600	75,316,699
- Unbilled lease income receivable		(331,032)	(1,941,582)
		23,059,600	75,316,699
		59,682,578	107,249,261
Earnings per unit (sen)			
- Before Manager's fees	15	11.275	19.494
- After Manager's fee	15	10.412	18.710
Net income distribution*			
- First interim income distribution of 1.400 sen per unit paid on 7 July 2015 (2014: 1.700 sen per unit paid on 8 July 2014)		8,022,887	9,746,011
- Second interim income distribution of 1.590 sen per unit paid on 16 October 2015 (2014: 1.300 sen per unit paid on 9 October 2014)		9,114,196	7,451,837
- Third interim income distribution of 1.507 sen per unit paid on 8 January 2016 (2014: 1.700 sen per unit paid on 29 December 2014)		8,638,995	9,744,717
- Proposed final income distribution of 1.808 sen per unit payable on 1 April 2016 (2014: 1.800 sen per unit paid on 26 March 2015)		10,366,124	10,317,851
	16	36,142,202	37,260,416

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	Note	2015 RM	2014 RM
Income distribution per unit (sen)*	16		
- First interim income distribution		1.400	1.700
- Second interim income distribution		1.590	1.300
- Third interim income distribution		1.507	1.700
- Proposed final income distribution		1.808	1.800

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

	Withholding tax rate	
	2015	2014
Resident corporate	Nil^	Nil^
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	25%#	25%
Non-resident institutional	10%	10%

^ No withholding tax; taxed at prevailing tax rate.

Commencing in year 2016, withholding tax rate for non-resident corporate will be reduced to 24%.

The notes on pages 87 to 117 are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE YEAR ENDED 31 DECEMBER 2015

		Distributable	Non-distributable	
	Unitholders' capital RM	Realised income RM	Unrealised income RM	Total unitholders' funds RM
At 1 January 2014	519,685,915	22,405,256	45,505,000	587,596,171
Net income for the year	-	31,932,562	75,316,699	107,249,261
Total comprehensive income for the year	-	31,932,562	75,316,699	107,249,261
Unitholders' transactions				
Distributions to unitholders:				
- 2014 interim	-	(26,942,565)	-	(26,942,565)
- 2013 final	-	(9,951,670)	-	(9,951,670)
Decrease in net assets resulting from unitholders' transactions	-	(36,894,235)	-	(36,894,235)
At 31 December 2014/ 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	519,685,915	19,810,650	142,043,281	681,539,846

The notes on pages 87 to 117 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Net income before taxation		59,682,578	107,249,261
Adjustments for:			
Borrowing costs	13	17,159,294	16,954,853
Interest income		(2,650,771)	(3,307,289)
Changes in fair value of investment properties (net of unbilled lease income receivable)		(23,059,600)	(75,316,699)
Operating income before changes in working capital		51,131,501	45,580,126
Changes in working capital:			
Trade and other receivables		6,301,077	36,953,414
Trade and other payables		(9,672,933)	4,970,994
Net cash from operating activities		47,759,645	87,504,534
Cash flows from investing activities			
Interest received		2,337,849	3,307,289
Proceeds from disposal of investment properties		34,000,000	-
Acquisition of investment property		-	(30,000,000)
Enhancement of investment properties		(1,690,400)	(2,161,319)
Net cash from/(used in) investing activities		34,647,449	(28,854,030)
Cash flows from financing activities			
Distributions paid to unitholders		(27,454,934)	(36,133,741)
Interest paid		(15,637,672)	(16,659,463)
Net cash used in financing activities		(43,092,606)	(52,793,204)
Net increase in cash and cash equivalents		39,314,488	5,857,300
Cash and cash equivalents at 1 January	7	59,713,004	53,855,704
Cash and cash equivalents at 31 December	7	99,027,492	59,713,004

The notes on pages 87 to 117 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 Deed") between AmanahRaya-REIT Managers Sdn. Bhd. ("the Manager") and CIMB Islamic Trustee Berhad ("the Trustee"). The Deed is regulated by the Securities Commission's Guidelines on Real Estate Investment Trusts, the Listing Requirements of Bursa Malaysia Securities Berhad, the Rules of the Depository and taxation laws and rulings. AmanahRaya REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provision of Clause 26 of the Trust Deed dated 10 October 2006. AmanahRaya REIT is listed on the Main Market of Bursa Malaysia Securities Berhad.

Registered office

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

Principal place of business

Level 8, Wisma AmanahRaya II
No. 21 Jalan Melaka
50100 Kuala Lumpur

AmanahRaya REIT is principally engaged in the investment 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. and DTZ Nawawi Tie Leung Property Consultants, are entitled to property management fees in respect of the management of the investment properties owned by AmanahRaya REIT as provided in the Trust Deed. The fees are determined by a guaranteed scale based on the gross annual rental income as provided in the provisions of the revised Valuers, Appraisers and Estate Agents Act, 1981. The property management fees are payable monthly in arrears with permissible discounts.

(b) Manager's fees

Pursuant to the Deed, the Manager is entitled to receive a fee of up to a maximum of 1.0% per annum of the Net Asset Value of AmanahRaya REIT. The Manager's fee is payable in arrears, calculated and accrued daily. However, the Manager has only been charging at the rate of 0.75% (2014: 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% (2014: 0.055%) per annum of the Net Asset Value.

The financial statements were approved by the Board of Directors of the Manager on 19 February 2016.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. Basis of preparation

(a) Statement of compliance

The financial statements of AmanahRaya REIT have been prepared in accordance with the provisions of the Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts, the Securities Commission's Guidelines for Islamic 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 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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*

MFRSs, Interpretations and amendments effective for 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 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for amendments to MFRS 10, MFRS 11 and MFRS 127 which are not applicable to AmanahRaya REIT.
- from the annual period beginning on 1 January 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of 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*.

The adoption of MFRS 15 will result in a change in accounting policy. AmanahRaya REIT is currently assessing the financial impact of adopting 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.

The adoption of MFRS 9 will result in a change in accounting policy. AmanahRaya REIT is currently assessing the financial impact of adopting MFRS 9.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

(ii) Financial instrument categories and subsequent measurement

AmanahRaya REIT categorise 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. Significant accounting policies (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. Significant accounting policies (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. Significant accounting policies (continued)

(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) Issue 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.

(j) Revenue

(i) Rental income

Rental income from investment property is recognized 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. Significant accounting policies (continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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 recognised transfer between levels or the fair value hierarchy of the date of the event or change in circumstances that caused the transfers.

4. Investment properties

	Note	2015 RM	2014 RM
Land and building at fair value			
At 1 January		938,070,000	864,591,982
Acquisition		-	30,000,000
Enhancement		1,690,400	2,161,319
Changes in fair value		23,059,600	75,316,699
Reclassified as asset held for sale	8	(78,000,000)	(34,000,000)
At 31 December		884,820,000	938,070,000

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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 (Block A)	100	26,000,000	18,300,000	3.82
(6)	SilverBird 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)	Wisma AmanahRaya Berhad *	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	60 years expiring 2065	Gurun	Industrial warehouse	100	27,500,000	23,970,000	4.04
(12)	Selayang Mall*	Leasehold	99 years expiring 2079	Selayang 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	
Investment properties							884,820,000	751,086,319	

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

4. Investment properties (continued)

Item	Description of property	Tenure of land	Term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2014 %	Fair value as at 31.12.2014 RM	Cost as at 31.12.2014 RM	Percentage of fair value to Net Asset Value as at 31.12.2014 %
(1)	Holiday Villa Alor Setar #	Leasehold	99 years expiring 2107	Alor Setar	Hotel	100	35,900,000	31,000,000	5.46
(2)	Holiday Villa Langkawi	Freehold	Not applicable	Pulau Langkawi	Resort hotel	100	78,540,000	57,161,319	11.94
(3)	SEGi College	Freehold	Not applicable	Subang Jaya	College	100	64,000,000	52,500,000	9.73
(4)	SEGi University College **	Leasehold	99 years expiring 2108	Kota Damansara	College/Campus	100	170,000,000	145,000,000	25.84
(5)	Block A & B, South City Plaza #	Leasehold	99 years expiring 2093	Seri Kembangan	Office (Block A)	100	26,000,000	18,300,000	3.95
(6)	SilverBird Factory *	Freehold	Not applicable	Shah Alam	Industrial complex	-	80,000,000	92,000,000	12.16
(7)	Dana 13 **	Leasehold	99 years expiring 2097	Petaling Jaya	Office	100	110,000,000	99,120,000	16.72
(8)	Wisma AmanahRaya *	Leasehold	99 years expiring 2065	Kuala Lumpur	Office	100	78,000,000	68,000,000	11.85
(9)	Wisma AmanahRaya Berhad *	Leasehold	99 years expiring 2072	Kuala Lumpur	Office	100	70,130,000	53,000,000	10.66
(10)	AIC Factory *	Leasehold	99 years expiring 2094	Shah Alam	Industrial factory	100	24,000,000	19,200,000	3.65
(11)	Gurun Automotive Warehouse	Leasehold	60 years expiring 2065	Gurun	Industrial warehouse	100	27,500,000	23,970,000	4.18
(12)	Kontena Nasional Distribution Centre 11	Leasehold (Land A) (Land B)	60 years expiring 2067 99 years expiring 2089	Port Klang	Bonded warehouse	100	34,000,000	32,161,982	5.17
(13)	Selayang Mall *	Leasehold	99 years expiring 2079	Selayang Utama	Shopping complex	100	144,000,000	129,835,000	21.89
(14)	Wisma Comcorp	Freehold	Not applicable	Shah Alam	Office	100	30,000,000	30,000,000	4.56
Investment property classified as asset held for sale							972,070,000 (34,000,000)	851,248,301 (32,161,982)	
Investment properties							938,070,000	819,086,319	

* 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

4. Investment properties (continued)

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)	SilverBird Factory	Jones Lang Wootton, Malaysia.	Comparison	08 December 2015
(7)	Dana 13	Rahim & Co.	Investment	10 December 2015
(8)	Wisma AmanahRaya	Hakimi & Associates Sdn. Bhd.	Comparison	15 December 2015
(9)	Wisma AmanahRaya Berhad	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 fair value of the investment properties as at 31 December 2014 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	16 July 2014
(2)	Holiday Villa Langkawi	Hakimi & Associates Sdn. Bhd.	Comparison	17 November 2014
(3)	SEGi College	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	04 November 2014
(4)	SEGi University College	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	04 November 2014
(5)	Block A & B, South City Plaza	Rahim & Co.	Investment	14 November 2014
(6)	SilverBird Factory	Jones Lang Wootton, Malaysia.	Cost	16 October 2013
(7)	Dana 13	Rahim & Co.	Investment	14 November 2014
(8)	Wisma AmanahRaya	Hakimi & Associates Sdn. Bhd.	Comparison	16 July 2014
(9)	Wisma AmanahRaya Berhad	Hakimi & Associates Sdn. Bhd.	Comparison	14 July 2014
(10)	AIC Factory	Rahim & Co.	Investment	14 November 2014
(11)	Gurun Automotive Warehouse	C.H. Williams Talhar & Wong Sdn. Bhd.	Cost	14 November 2014
(12)	Kontena Nasional Distribution Centre 11	C.H. Williams Talhar & Wong Sdn. Bhd.	Investment	14 November 2014
(13)	Selayang Mall	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	04 November 2014
(14)	Wisma Comcorp	First Pacific Valuers Property Consultants Sdn. Bhd.	Investment	26 December 2013

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

4. Investment properties (continued)

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

	Note	2015 RM	2014 RM
Rental income			
- Realised		61,607,065	55,232,076
- Unrealised (in relation to unbilled lease income receivable)		331,032	1,941,582
		<hr/>	<hr/>
Property operating expenses	12	61,938,097 (3,805,673)	57,173,658 (3,233,930)
		<hr/>	<hr/>
Net property income		58,132,424	53,939,728
		<hr/>	<hr/>

4.1 Fair value information

Fair value of investment properties are categorised as follows:

	2015 Level 3 RM	2014 Level 3 RM
Land and buildings	884,820,000	938,070,000
	<hr/>	<hr/>

Level 3 fair value

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

	2015 RM	2014 RM
At 1 January	938,070,000	864,591,982
Acquisition	-	30,000,000
Enhancement	1,690,400	2,161,319
Gains and losses recognised in profit or loss change in fair value	23,059,600	75,316,699
Reclassified as asset held for sale	(78,000,000)	(34,000,000)
	<hr/>	<hr/>
At 31 December	884,820,000	938,070,000
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

4. Investment properties (continued)

4.1 Fair value information (continued)

Level 3 fair value (continued)

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% (2014: 5.75% - 7.50%). Risk-adjusted discount rate ranging from 6.23% - 7.00% (2014: 6.00% - 7.50%). 	<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).
<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% (2014: 60% - 76%). Adjusted land value ranging from RM399 per sq. ft. - RM575 per sq. ft. (2014: RM399 per sq. ft. - RM560 per sq. ft.). Weighted average value: RM459 per sq. ft. (2014: RM454 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).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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
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.	<ul style="list-style-type: none"> Land value ranging from RM8 per sq. ft. (2014: RM8 per sq.ft.), RM95 per sq.ft. - RM110 per sq. ft. (2014: RM84 per sq.ft. - RM90 per sq.ft.) and RM225 per sq.ft. - RM360 per sq.ft. (2014: RM225 per sq. ft. - RM360 per sq. ft.). Replacement cost ranging from RM40 per sq. ft. - RM180 per sq.ft. (2014: RM40 per sq. ft. - RM180 per sq.ft.). Depreciation rates ranging from 2% - 15% (2014: 2% - 18%) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

5. Trade and other receivables

	Note	2015 RM	2014 RM
Trade			
Trade receivable	5.1	1,800	389,166
Non-trade			
Other receivables		1,845,936	758,987
Deposits		1,662,976	382,977
Prepayment		50,000	45,833
		3,558,912	1,187,797
		3,560,712	1,576,963

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 (2014: 7 days to 30 days).

6. Security deposits in trust accounts

	Note	2015 RM	2014 RM
Security deposits placed with ITA-ARB	6.1	35,964,840	43,936,743

6.1 Security deposits placed with ITA-ARB

Security deposits received from the lessees together with accrued interest are placed with Institutional Trust Account of Amanah Raya Berhad ("ITA-ARB"). The interest rates of the security deposits placed with ITA-ARB is at 3.75% (2014: 3.75%) per annum.

Pursuant to the lease agreements, lessees are entitled to the interest earned from security deposits placed in trust accounts. 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

7. Cash and cash equivalents

	Note	2015 RM	2014 RM
Cash and bank balances	7.1	73,722	2,186,332
Deposits placed with licensed financial institutions		98,953,770	57,526,672
		<u>99,027,492</u>	<u>59,713,004</u>

7.1 Deposits placed with licensed financial institutions

The deposits are placed with licensed financial institutions at interest rates ranging from 3.30% to 4.10% (2014: 3.45% to 4.00%) per annum.

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.

As at 31 December 2015, Wisma AmanahRaya Jalan Ampang has a carrying value of RM78,000,000 (Note 4). The carrying value of Wisma AmanahRaya Jalan Ampang is 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 2015	2015 RM	Number of units 2014	2014 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 2015, 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:

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

9. Total unitholders' fund (continued)

9.2 Unitholdings of related parties (continued)

	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			
2015			
Kumpulan Wang Bersama	357,169,358	62.31	308,951,495
AmanahRaya Capital Sdn. Bhd.	2,032,600	0.35	1,758,199
	<hr/>		
	359,201,958	62.66	310,709,694
	<hr/>		
2014			
Kumpulan Wang Bersama	357,169,358	62.31	296,450,567
AmanahRaya Capital Sdn. Bhd.	2,032,600	0.35	1,687,058
	<hr/>		
	359,201,958	62.66	298,137,625
	<hr/>		

The market value is determined by using the closing market price of AmanahRaya REIT as at 31 December 2015 of RM0.87 (2014: RM0.83) per unit.

9.3 Breakdown of realised and unrealised net income

The breakdown of the distributable income of AmanahRaya REIT as at 31 December 2015, into realised and unrealised net income, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2015 RM	2014 RM
Total distributable income of AmanahRaya REIT		
- Realised	19,810,650	17,443,583
- Unrealised	142,043,281	120,821,699
	<hr/>	
	161,853,931	138,265,282
	<hr/>	

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

10. Borrowings

	Note	2015 RM	2014 RM
Non-current			
Term loan I	10.1	85,000,000	-
Term loan II	10.2	111,230,000	-
Term loan III	10.3	168,000,000	-
		<hr/> 364,230,000	<hr/> -
Current			
Term loan I	10.1	-	85,000,000
Term loan II	10.2	-	111,230,000
Term loan III	10.3	-	168,000,000
Less: Unamortised transaction costs		-	(83,163)
		<hr/> -	<hr/> 364,146,837
		<hr/> 364,230,000	<hr/> 364,146,837

The term loans are secured by way of first legal charge on investment properties amounting to RM693,000,000 (2014: RM676,130,000), as disclosed in Note 4 to the financial statements. The term loan interests are payable in arrears on a monthly basis.

10.1 Term loan I

Term loan I interest is based on Cost of Funds (CoF) plus 0.5% (2014: 4.85%) per annum and is repayable in one lump sum on 7 May 2020.

10.2 Term loan II

Term loan II interest is based on Cost of Funds (CoF) plus 0.5% (2014: 4.55%) per annum and is repayable in one lump sum on 7 May 2020.

10.3 Term loan III

Term loan III interest is based on Cost of Funds (CoF) plus 0.5% (2014: 4.45%) per annum and is repayable in one lump sum on 7 May 2020.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

11. Trade and other payables

	Note	2015 RM	2014 RM
Non-current			
Non-trade			
Tenants' deposits	11.1	29,966,565	38,570,521
Current			
Trade			
Trade payable	11.2	1,910,675	2,332,047
Non-trade			
Tenants' deposits	11.1	304,024	399,994
Other payables and accrued expenses	11.3	23,421,934	13,896,114
		23,725,958	14,296,108
		25,636,633	16,628,155

11.1 Tenants' deposits

Included in tenant deposits are refundable deposits of RM29,941,833 (2014: RM38,639,248) received from lessees for tenancy contracts with tenure of one (1) to twenty-five (25) years. These deposits are placed with ITA-ARB and a financial institution 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	26,970,000	Equivalent to two (2) years' rental
SEG International Berhad	Block A & B, South City Plaza	3,006,000	Equivalent to two (2) years' 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
Total		53,352,927	

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

11. Trade and other payables (continued)

11.1 Tenants' deposits (continued)

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 RM959,925 (2014: RMNil) which are unsecured, interest-free and payable on demand. The normal trade credit term granted to AmanahRaya REIT is 30 days (2014: 30 days).

11.3 Other payables and accrued expenses

Included in other payables and accrued expenses is interest of RM6,023,007 (2014: RM5,297,495) generated from security deposits placed with ITA-ARB and a financial institution as disclosed in Note 6 to the financial statements.

12. Property operating expenses

	2015 RM	2014 RM
Assessment and quit rent	1,461,371	1,548,793
Service contracts and maintenance	654,752	923,308
Property management fees	537,232	526,400
Insurance	173,067	206,791
Other operating expenses	979,251	28,638
	<hr/> 3,805,673	<hr/> 3,233,930

13. Borrowing costs

	2015 RM	2014 RM
Interest expense on term loans	17,076,131	16,659,463
Amortisation of transaction costs	83,163	295,390
	<hr/> 17,159,294	<hr/> 16,954,853

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

14. Income tax expense

	2015 RM	2014 RM
Current tax expense	-	-
Reconciliation of tax expense		
Income before taxation	59,682,578	107,249,261
Income tax using Malaysian tax rate at 25% (2014: 25%)	14,920,645	26,812,315
Non-deductible expenses	541,023	526,138
Effect of interest income not subject to tax	(662,693)	(661,531)
Effect of changes in fair value of investment properties not subject to tax	(5,764,900)	(18,829,175)
Effect of income exempted from tax	(9,034,075)	(7,847,747)
	-	-

Pursuant to the amendment to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006, which was gazette 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.

15. Earnings per unit

The earnings per unit before Manager's fee of 11.275 sen (2014: 19.494 sen) is calculated by dividing the net income after taxation but before deduction of Manager's fees for the financial year of RM64,633,042 (2014: RM111,743,121) by the weighted average number of units in circulation during the financial year of 573,219,858 (2014: 573,219,858).

The earnings per unit after Manager's fee of 10.412 sen (2014: 18.710 sen) is calculated based on the net income after taxation of RM59,682,578 (2014: 107,249,261) for the financial year and on the weighted average number of units in circulation during the financial year of 573,219,858 (2014: 573,219,858).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

16. Distributions to unitholders

Distributions to unitholders are from the following sources:

	2015 RM	2014 RM
Net realised rental income		
- Current year	61,607,065	55,232,076
- Prior year (already subject to tax)	-	5,326,653
Interest income	2,650,771	3,307,289
Other income	486,504	-
	<hr/>	<hr/>
	64,744,340	63,866,018
Less: Expenses	(28,121,362)	(26,606,803)
	<hr/>	<hr/>
Total income available for distribution	36,622,978	37,259,215
(Over)/Underpayment in prior years	(1,879)	1,951
	<hr/>	<hr/>
Total income available for distribution	36,621,099	37,261,166
Less: Undistributed income	(478,897)	(750)
	<hr/>	<hr/>
	36,142,202	37,260,416
	<hr/>	<hr/>
Distribution per unit (sen)	6.300	6.500
	<hr/>	<hr/>

17. Portfolio turnover ratio

	2015 RM	2014 RM
Portfolio Turnover Ratio ("PTR") (times)	0.05	0.05
	<hr/>	<hr/>

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

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

18. Management expense ratio

	2015 RM	2014 RM
Management expense ratio ("MER") (%)	1.08	0.97

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

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

19. Financial instruments

19.1 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		
2015		
Trade and other receivables	3,510,712	3,510,712
Security deposits in Trust accounts and financial institution	35,964,840	35,964,840
Cash and cash equivalents	99,027,492	99,027,492
	138,503,044	138,503,044
2014		
Trade and other receivables	1,531,130	1,531,130
Security deposits in Trust accounts and financial institution	43,936,743	43,936,743
Cash and cash equivalents	59,713,004	59,713,004
	105,180,877	105,180,877

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

19. Financial instruments (continued)

19.1 Categories of financial instruments (continued)

	Carrying amount RM	FL RM
Financial liabilities		
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/>
2014		
Borrowings	364,146,837	364,146,837
Trade and other payables	55,198,676	55,198,676
	<hr/>	<hr/>
	419,345,513	419,345,513
	<hr/>	<hr/>

19.2 Net gains and (losses) arising from financial instruments

	2015 RM	2014 RM
Net losses on:		
Loans and receivables	-	44,109
	<hr/>	<hr/>

19.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

19.4 Credit risk

Credit risk is the risk of a financial loss to AmanahRaya REIT if the tenants 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

19. Financial instruments (continued)

19.4 Credit risk (continued)

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 RM1,800 (2014 : RM389,166) 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
2015			
Past due 1 - 30 days	1,578	-	1,578
Past due 31 - 60 days	222	-	222
	<hr/> 1,800	<hr/> -	<hr/> 1,800
2014			
Past due 1 - 30 days	188,213	-	188,213
Past due 31 - 60 days	188,213	-	188,213
Past due 61 - 90 days	-	-	-
Past due more than 91 days	12,740	-	12,740
	<hr/> 389,166	<hr/> -	<hr/> 389,166

19.5 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

19. Financial instruments (continued)

19.5 Liquidity risk (continued)

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
2015						
Financial liabilities						
Trade and other payables	54,164,739	-	54,164,739	24,198,175	29,966,565	-
Borrowings	365,668,459	4.65	440,472,195	18,375,154	422,097,041	-
	<u>419,833,198</u>		<u>494,636,934</u>	<u>42,573,329</u>	<u>452,063,606</u>	<u>-</u>
2014						
Financial liabilities						
Trade and other payables	55,198,676	-	55,198,676	16,628,155	38,570,521	-
Borrowings	364,146,837	4.45 – 4.85	371,121,998	371,121,998	-	-
	<u>419,345,513</u>		<u>426,320,674</u>	<u>387,750,153</u>	<u>38,570,521</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

19. Financial instruments (continued)

19.6 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:

	2015 RM	2014 RM
Financial asset		
<i>Fixed rate instrument</i>		
Security deposits in trust accounts	35,964,840	43,936,743
Deposits placed with licensed financial institutions	98,953,770	57,526,672
	<hr/> 134,918,610	<hr/> 101,463,415
Financial liabilities		
<i>Fixed rate instruments</i>		
Borrowings	-	364,146,837
	<hr/>	<hr/>
<i>Floating rate instruments</i>		
Borrowings	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
2015		
Floating rate instruments	(3,642,300)	3,642,300
	<hr/>	<hr/>
2014		
Floating rate instruments	-	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

19. Financial instruments (continued)

19.7 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.

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	Total RM		
2015										
Financial liabilities										
Borrowings	-	-	-	-	-	-	364,230,000	364,230,000	364,230,000	364,230,000
Tenants' deposits	-	-	-	-	-	-	30,270,589	30,270,589	30,270,589	30,270,589
	-	-	-	-	-	-	394,500,589	394,500,589	394,500,589	394,500,589
2014										
Financial liabilities										
Tenants' deposits	-	-	-	-	-	-	38,970,515	38,970,515	38,970,515	38,970,515

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% (2014: 3.75%).
Borrowings	Discounted cash flows using interest rate of 4.65% (2014: 4.45% to 4.85%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

20. 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 2014.

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 2014 and 31 December 2015.

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 the Trust.

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.

	2015 RM	2014 RM
Total borrowings	364,230,000	364,146,837
Total assets	1,101,373,044	1,077,296,710
Gearing ratio	33.07%	33.80%

21. 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:

	2015 RM	2014 RM
Not later than one year	50,467,991	54,183,676
Between two to five years	83,944,891	124,682,034
Later than five years	113,540,203	123,271,052
	247,953,085	302,136,762

22. 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

(CONTINUED)

23. 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.

	2015 RM	2014 RM
Rental received and receivable from the holding company of the Manager	7,009,884	7,009,884
Security deposits from lessees placed with the holding company of the Manager (Note 6)	35,964,840	43,936,743
Manager's fees	4,950,464	4,493,860
Cost of investment property receivable from a related company of the Manager	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.

24. 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.

On 23 June 2015, the High Court struck out the suit by Standard Confectionary and High-5.

On 29 June 2015, the High Court has 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 had appealed 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 subsequently filed an application to the Federal Court for leave to appeal to the Federal Court against the decision of the Court of Appeal. The matter has been fixed for case management on 30 May 2016.

The Manager and Trustee of AmanahRaya REIT are of the opinion that no provision is required in respect of the litigation as it is not probable that a future sacrifice of economic benefits will take place.

UNITHOLDERS STATISTICS

TOP 30 UNITHOLDERS AS AT 31 DECEMBER 2015

TOTAL UNITHOLDERS : 4,297

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 (AYR-VCAM)	16,709,100	2.91
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.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD		
	MCIS INSURANCE BERHAD (ANN FD)	2,470,200	0.43
8.	AMANAH RAYA BERHAD		
	AMANAH RAYA CAPITAL SDN BHD	2,032,600	0.35
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD		
	EXEMPT AN FOR AIA BHD	1,728,700	0.30
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD		
	MOHD ISKANDAR LAU BIN ABDULLAH	1,453,800	0.25
11.	LABUAN REINSURANCE (L) LTD	1,376,500	0.24
12.	YEO ENG SENG	1,156,800	0.20
13.	MALAYSIAN RATING CORPORATION BERHAD	1,095,000	0.19
14.	TEE KIAM HENG	1,090,000	0.19
15.	SZE SEE CHUEN	1,077,500	0.19
16.	CITIGROUP NOMINEES (ASING) SDN BHD		
	CBHK PBGHK FOR SABLE INVESTMENT CORPORATION	1,063,800	0.19
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD		
	PLEDGED SECURITIES ACCOUNT FOR PEE SIEW BOON	1,030,000	0.18
18.	ANG SIEW SIANG	1,010,000	0.18
19.	CHOK SU SANG	1,005,900	0.18
20.	AMANAHRAYA TRUSTEE BERHAD		
	AMANAH SAHAM SARAWAK	1,000,000	0.17
21.	HLB NOMINEES (TEMPATAN) SDN BHD		
	PLEDGED SECURITIES ACCOUNT FOR LIEW SUN YICK	1,000,000	0.17
22.	SEG EQUITY SDN BHD	1,000,000	0.17
23.	STATE INSURANCE BOKERS SDN BHD	1,000,000	0.17
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD		
	AMBANK (M) BERHAD FOR YONG YUN JIN	974,000	0.17
25.	TEW SOO CHIM	923,000	0.16
26.	LAU BAN YIN	900,000	0.16
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD		
	MCIS INSURANCE BERHAD (GRP LIFE FD)	825,000	0.14
28.	LIAN MONG YEE @ LIAN MUNG YEE	810,600	0.14
29.	CIMB GROUP NOMINEES (ASING) SDN BHD		
	EXEMPT AN FOR DBS BANK LTD (SFS)	805,000	0.14
30.	KIM GAP YONG	800,000	0.14
TOTAL		446,281,658	77.83

ANALYSIS OF UNITHOLDINGS

Distribution of Unitholders as at 31 December 2015

Unit Class	No. Of Unitholders	%	No. Of Unitholding	%
Less Than 100	12	0.28	355	0.00
100 – 1,000	495	11.52	393,845	0.07
1,001 – 10,000	2,063	48.01	11,901,700	2.08
10,001 – 100,000	1,434	33.37	49,880,700	8.70
100,001 To Less Than 5% Of Issued Holdings	291	6.77	121,513,900	21.20
5% And Above The Issued Holdings	2	0.05	389,529,358	67.95
Total	4,297	100.00	573,219,858	100.00

The units in circulation remained at 573,219,858 during the financial year.

Classification of Unitholders as at 31 December 2015

Category Of Unitholder	No. Of Holders		No. Of Securities Hold			
			Malaysian		Foreign	
	Bumiputra	Non-Bumiputra	Bumiputra	Non-Bumiputra	Bumiputra	Non-Bumiputra
1) Individual	150	3,128	56	1,326,700	97,323,600	2,934,500
2) Body Corporate						
a. Banks/Finance Companies	5	1	0	360,606,658	507,200	0
b. Investments Trust/Foundation/Charities	0	0	0	0	0	0
c. Other Types Of Companies	7	46	1	6,712,100	8,694,900	40,000
3) Government Agencies/Institutions*	1	0	0	32,360,000	0	0
4) Nominees	508	359	35	31,596,900	26,380,200	4,737,100
Total	671	3,534	92	432,602,358	132,905,900	7,711,600

ADDITIONAL DISCLOSURE

ADDITIONAL INFORMATION PURSUANT TO LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds received during the current financial year.

2. SHARE BUY-BACKS DURING THE FINANCIAL YEAR

AmanahRaya REIT did not carry out any share buy-backs exercise during the financial year ended 31 December 2015.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

AmanahRaya REIT did not issue any warrants or convertible securities for the financial year ended 31 December 2015.

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 2015.

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 2015.

6. NON-AUDIT FEES

There is no non-audit fee paid by AmanahRaya REIT to the auditors during the financial year ended 31 December 2015.

7. PROFIT GUARANTEES

There were no profit guarantees given by the Manager during the financial year ended 31 December 2015.

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 2015 or entered into since the end of the previous financial period.

www.amanahrayareit.com.my

AMANAHRAYA-REIT MANAGERS SDN BHD (856167-A)
(The Manager of AmanahRaya Real Estate Investment Trust)

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