

AMANAHRAYA ■ REIT

AMANAHRAYA REAL ESTATE INVESTMENT TRUST

www.amanahrayareit.com.my

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

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

Tel : 603 2078 0898
Fax : 603 2026 6322

annual report 2014

Shaping a
Sustainable Future
annual report 2014

Shaping a Sustainable Future

AmanahRaya-REIT Managers Sdn. Bhd. (ARRM) continues to shape a sustainable future for the unitholders by applying several proven strategies that firmly grew the value of the properties within AmanahRaya Real Estate Investment Trust (AmanahRaya REIT). Through leveraging on the strengths as the most diversified REIT in the market encompassing the hospitality, higher education, office building, industrial and retail sectors, we succeed in spreading our value. By implementing long-term leasing arrangements, applying pre-determined rental increments and putting in place other safeguards, we ensure strong cash flows of AmanahRaya REIT. Moving forward, ARRM will continue to tap incisive financial management skills, professional insights and experience to bolster the net worth and market position of AmanahRaya REIT while delivering sustainable value to our unit holders.

RETAIL

Selayang Mall



INDUSTRIAL

Kontena Nasional Distribution Centre 11
AIC Factory
Silver Bird 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

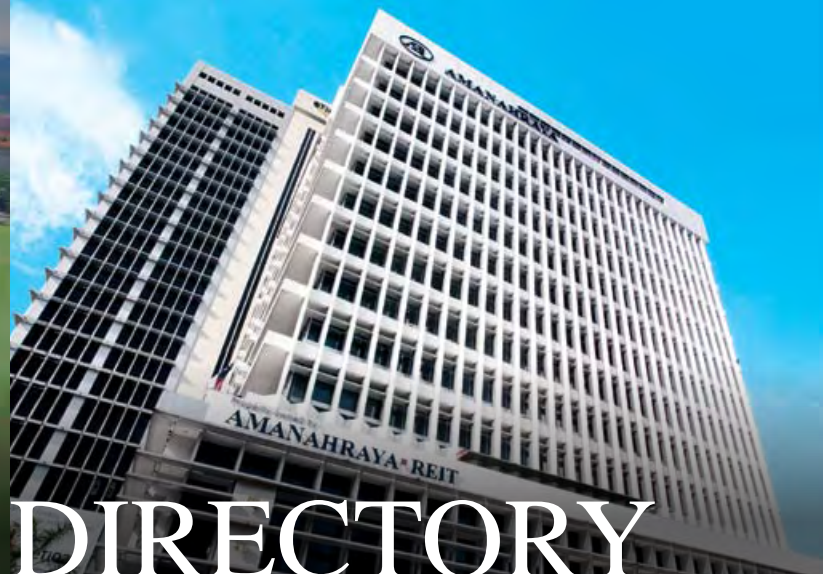
HIGHER EDUCATION BUILDING

SEGi College
SEGi University

CONTENTS

02	Corporate Directory	40	AmanahRaya REIT Investment Committee Members
04	Property Profile	42	Statement of Corporate Governance
05	About AmanahRaya REIT	48	Statement On Risk Management and Internal Control
06	Salient Features of AmanahRaya REIT	50	Corporate Calender
07	Asset Under Management	52	Profile of the Chief Operating Officer
08	Financial Highlights of AmanahRaya REIT	53	The Management Team
09	Property Portfolio	54	Manager's Report
14	AmanahRaya REIT Structure	63	Property Market Overview
15	Organisation Chart	73	Statutory Financial Statements
16	Overview of 14 Properties Under AmanahRaya REIT	117	Unitholders Statistics
32	Profile of the Board of Directors	118	Analysis of Unit Holdings
37	Chairman's Statement	119	Additional Disclosure





CORPORATE DIRECTORY

MANAGER

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

MANAGER'S REGISTERED OFFICE

Level 11, Wisma AmanahRaya
No. 2, Jalan Ampang
50508 Kuala Lumpur
Tel: 03 2055 7388
Fax: 03 2078 8187

PRINCIPAL PLACE OF BUSINESS

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

BOARD OF DIRECTORS OF THE MANAGER

Independent Non-Executive Directors

Tan Sri Dato' Ahmad Fuzi Abdul Razak
(Chairman)
Dato' Abdul Mutalib Mohamed Razak
Haji Zulkifly Sulaiman
Dato' Anthony @ Firdaus Bujang
(Appointed on 26 May 2014)

Non-Independent Non-Executive Directors

Datuk Johar Che Mat
Dato' Haji Che Pee Samsudin
Datuk Ahmad Badri Mohd Zahir
(Resigned on 30 September 2014)
Ahmad Suhaimi Endut
(Appointed on 20 October 2014)

COMPANY SECRETARIES OF THE MANAGER

Leong Shiak Wan (f)
See Siew Cheng (f)
Jerry Jesudian Joseph Alexander
Norhaslinda Samin

INVESTMENT COMMITTEE

Mahadzir Azizan
(Chairman)
Datuk Yahya Ya'acob
(Demised on 11 October 2014)
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
Haji Zulkifly Sulaiman



MANAGEMENT TEAM

Adenan Md Yusof
(Chief Operating Officer/Principal Officer)
 Noorbaizura Hermeyney
(Head, Real Estate Investment)
 Johana Rosli
(Head, Legal and Compliance)
 Hasrol Nizam Mohd Hasbi
(Head, Property Management)
 Kusuma Dewi Abdul Aziz
(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 (167913-M)
 Level 13, 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
- Kontena Nasional Distribution Centre 11, Port Klang
- AIC Factory, Shah Alam
- Silver Bird 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 2014, the portfolio of AmanahRaya REIT includes 14 properties with a total asset value of RM1.077 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 2014, 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 (RM '000)	Appreciation in Value (RM '000)	Occupancy	Unexpired Lease / Tenancy Period (approximate)	Investment in Real Estate Value (RM '000)	Percentage of Total Asset Value (%)
Hospitality								
Holiday Villa Alor Setar	Alor Setar, Kedah	Hotel	31,000	4,900	100%	1.5 yrs	35,900	3.33%
Holiday Villa Langkawi	Langkawi, Kedah	Resort Hotel	55,000	23,540	100%	1.5 yrs	78,540	7.29%
Higher Education Building								
SEGi College, Subang Jaya	Subang Jaya, Selangor	Higher Education Building	52,500	11,500	100%	6.4 yrs	64,000	5.94%
SEGi University, Kota Damansara	Petaling Jaya, Selangor	Higher Education Building	145,000	25,000	100%	3.0 yrs	170,000	15.78%
Office Building								
Block A & B, South City Plaza	Seri Kembangan, Selangor	Office Building	18,300	7,700	100%	1.6 yrs	26,000	2.41%
Wisma AmanahRaya	Jalan Ampang, Kuala Lumpur	Office Building	68,000	10,000	100%	1.6 yrs	78,000	7.24%
Wisma Amanah Raya Berhad	Damansara Heights, Kuala Lumpur	Office Building	53,000	17,130	100% ¹	24.7 yrs	70,130	6.51%
Dana 13, Dana 1 Commercial Centre	Ara Damansara, Petaling Jaya, Selangor	Office Building	99,120	10,880	100%	4.7 yrs	110,000	10.21%
Wisma Comcorp	Shah Alam, Selangor	Office Building	30,000	–	100%	14.9 yrs	30,000	2.78%
Industrial								
Kontena Nasional Distribution Centre 11	Port Klang, Selangor	Industrial Warehouse	28,500	5,500	100%	– ²	34,000	3.16%
AIG Factory	Shah Alam, Selangor	Industrial Factory	19,200	4,800	100%	1.7 yrs	24,000	2.23%
Silver Bird Factory	Shah Alam, Selangor	Industrial Complex	92,000	(12,000)	Vacant ³	–	80,000	7.43%
Gurun Automotive Warehouse	Gurun, Kedah	Industrial Warehouse	23,970	3,530	100%	2.9 yrs	27,500	2.55%
Retail								
Selayang Mall	Selayang, Selangor	Retail Mall	128,165	15,835	100%	1.9 yrs	144,000	13.37%
Cash and security deposits							103,650	9.62%
Others (Trade and Other Receivables)							1,577	0.15%
Total Asset Value (RM'000)							1,077,297	100.00%

¹ Lease with Help University Sdn Bhd commenced in September 2014.

² A conditional sale and purchase agreement was entered between CIMB Islamic Trustee Berhad and Noble Perspective Sdn Bhd on 9 December 2014 for disposal of the property.

³ No lease agreement executed by the party since the expiry of lease in August 2013.

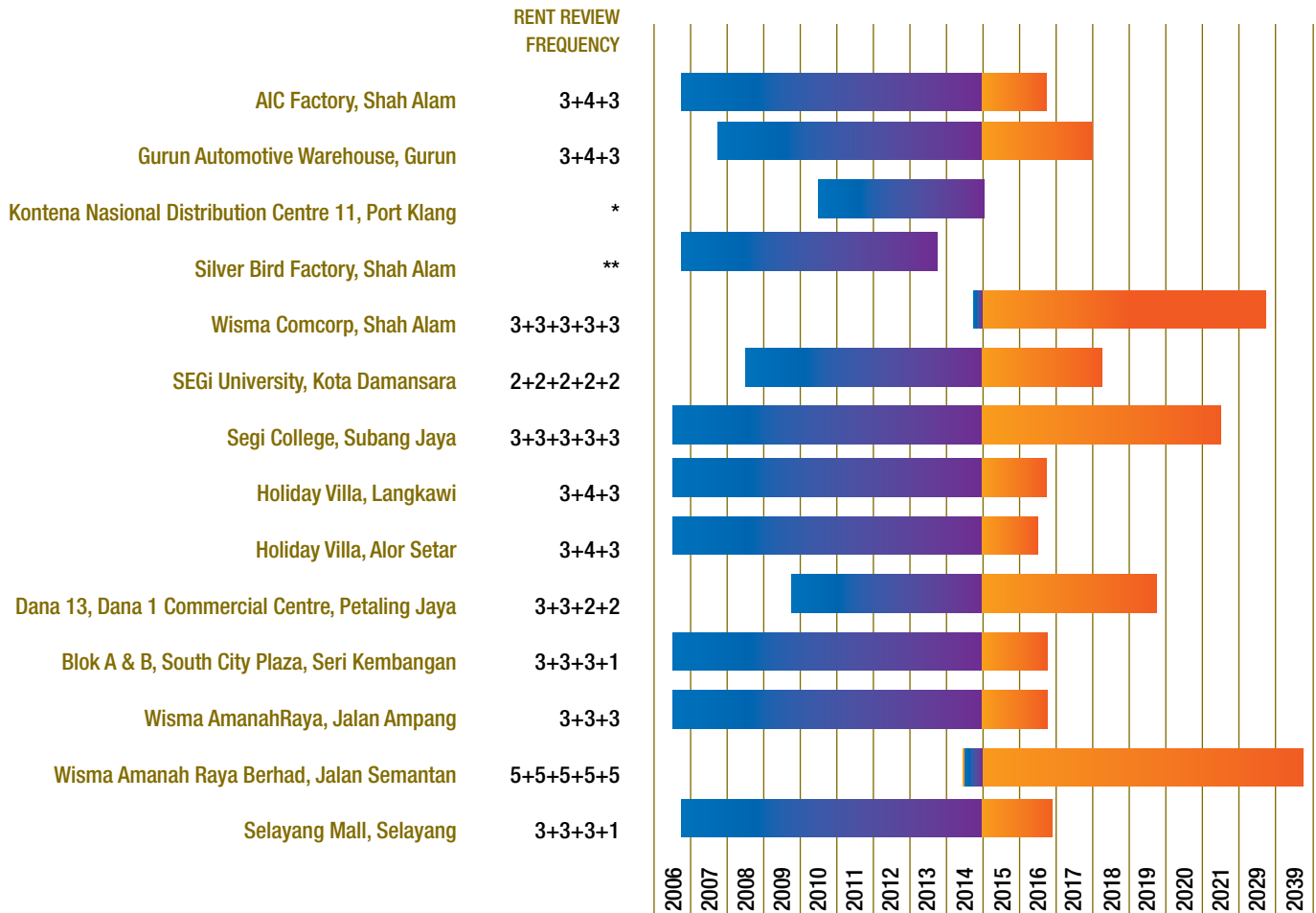
FINANCIAL HIGHLIGHTS

SNAPSHOT OF AMANAHRAYA REIT AS AT 31 DECEMBER 2014

Total Asset Value	RM1.077 billion
Sector	Office, Institutional (Education), Industrial, Hospitality and Retail
Total no of Properties	14 properties
Total Units Issued	573,219,858
Market Capitalization	RM475,772,482
Average 3 month Trading Volume (units) (Oct-Dec 2014)	271,548
Net Asset Value (“NAV”) per unit	1.148
Gearing Ratio	33.80%
Highest Price (2014)	RM1.01 per unit
Lowest Price (2014)	RM0.77 per unit
Price as at 31 December 2014	RM0.83 per unit
DPU (actual) for 2014	6.500 sen per unit
Total Number of Unitholders	4,278
Substantial Unitholders	Amanah Raya Berhad for Kumpulan Wang Bersama (62.31%) Perbadanan Kemajuan Negeri Selangor (5.65%)

PROPERTY PORTFOLIO

a) Well Structured Lease Profile

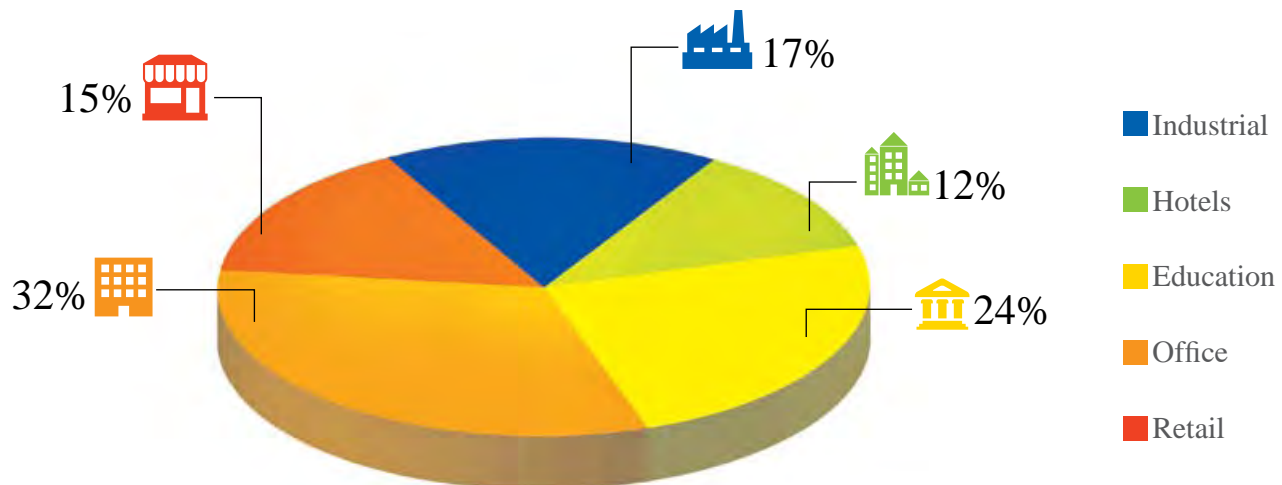


* A conditional sale and purchase agreement was entered between CIMB Islamic Trustee Berhad and Noble Perspective Sdn Bhd on 9 December 2014 for disposal of the Property.

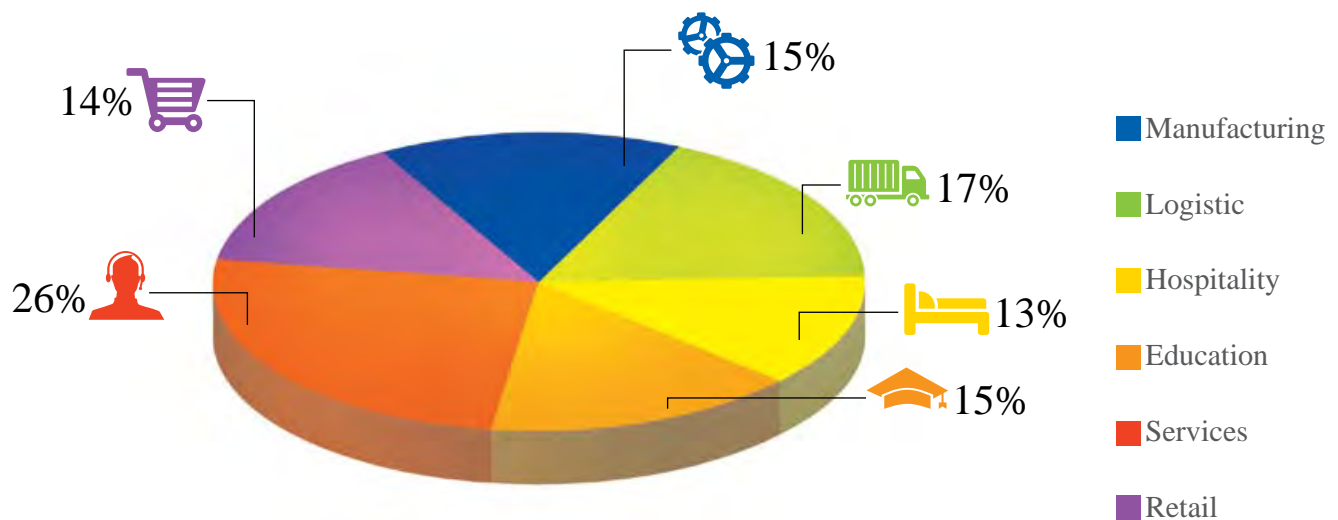
** No lease agreement executed by the parties since the expiry of lease in August 2013.

PROPERTY PORTFOLIO (CONT'D)

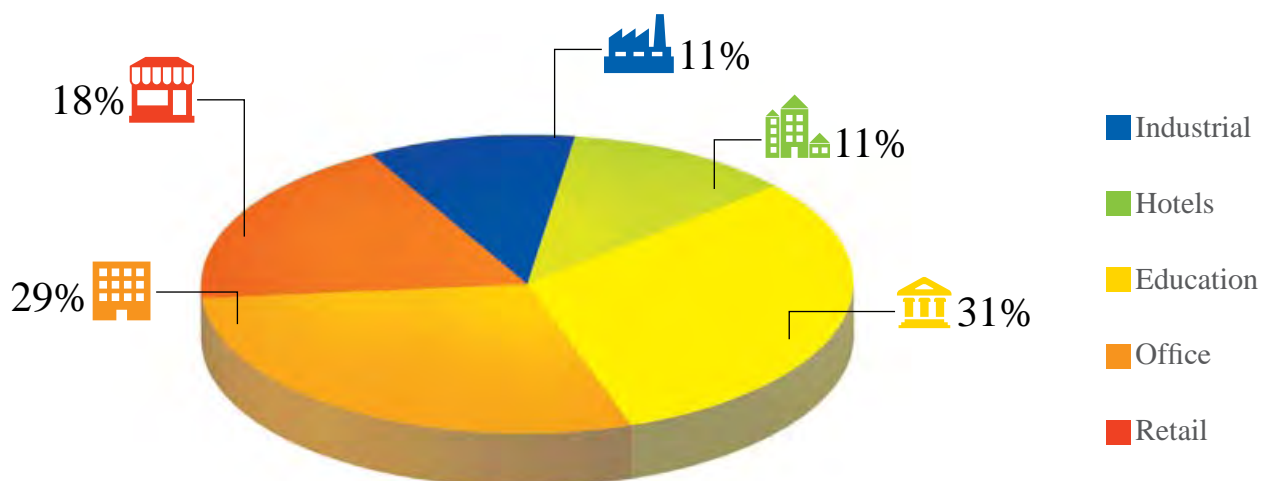
b) Asset Value Based on Property Sector



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

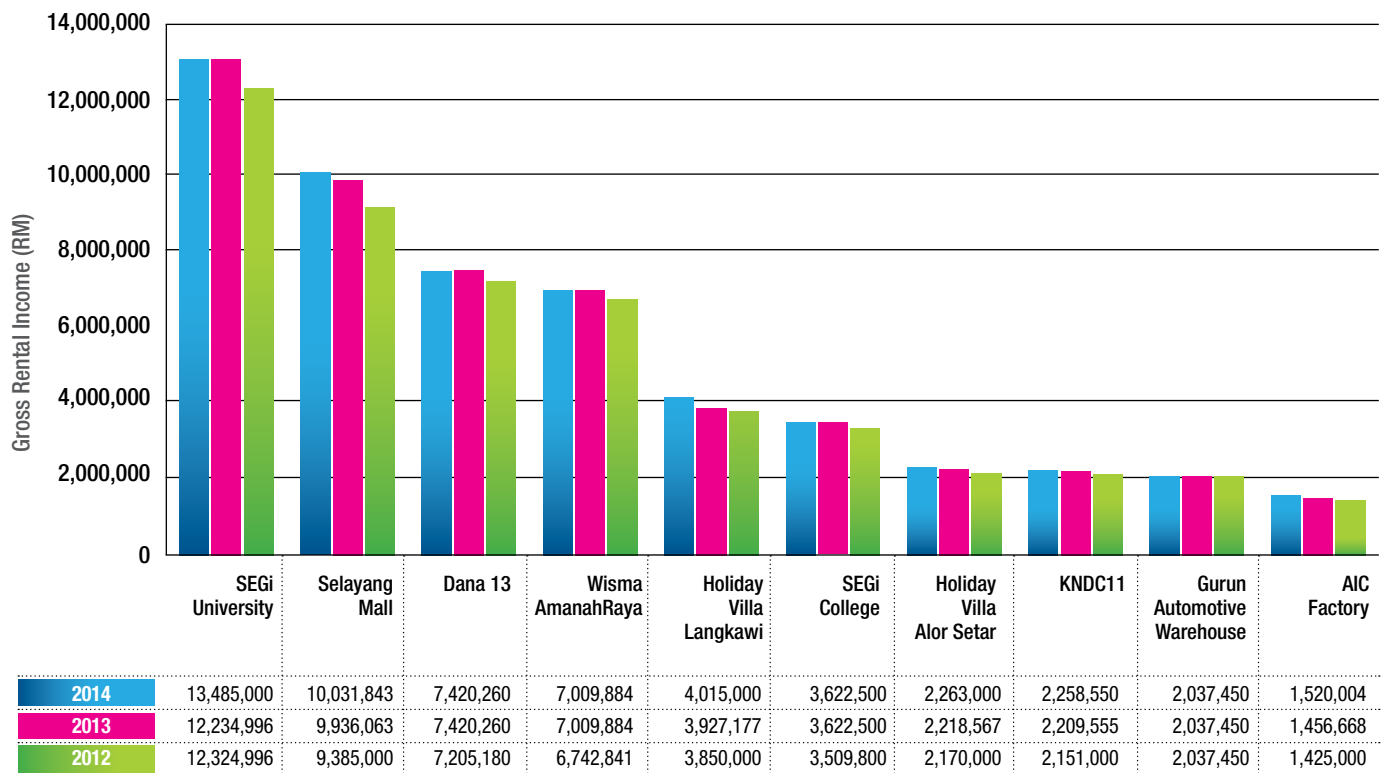


d) Gross Income on Property Sector for 2014

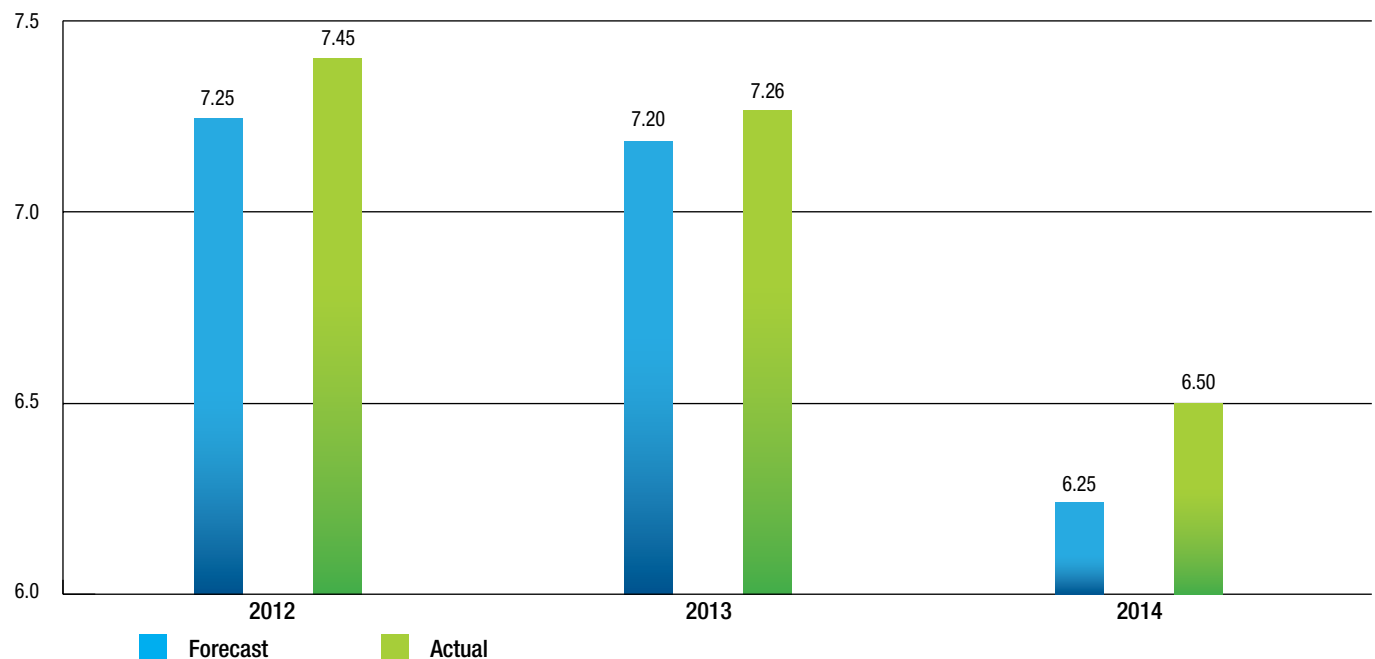


PROPERTY PORTFOLIO (CONT'D)

e) AmanahRaya REIT: Top Ten Tenants

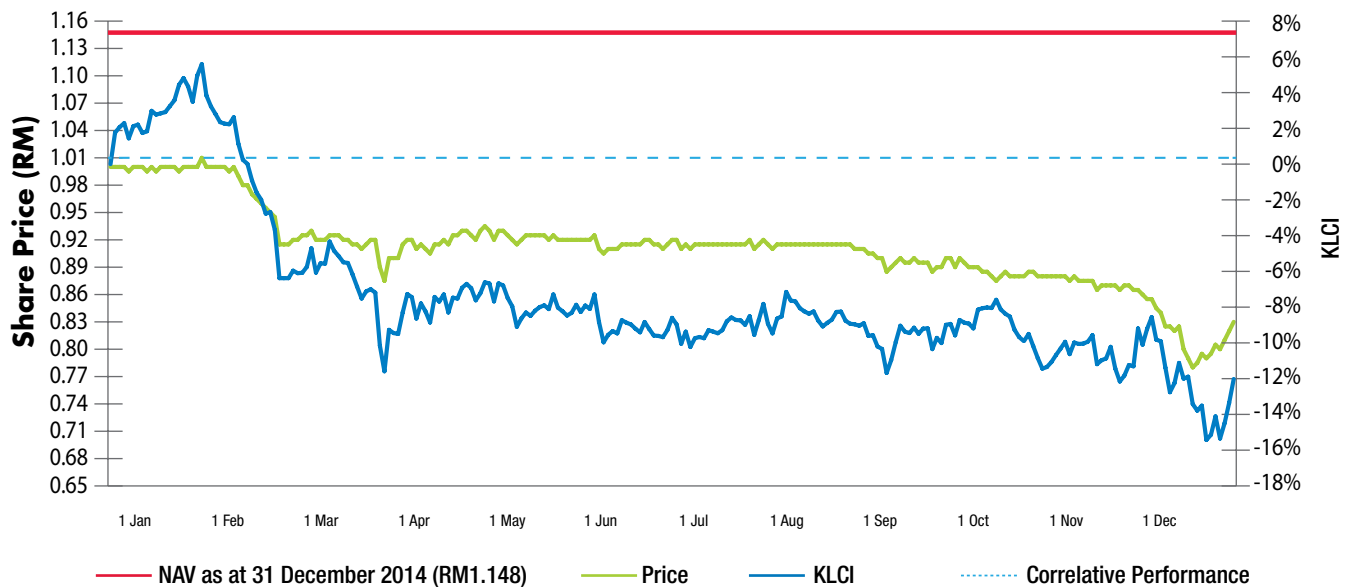


f) Distribution Per Unit (sen)

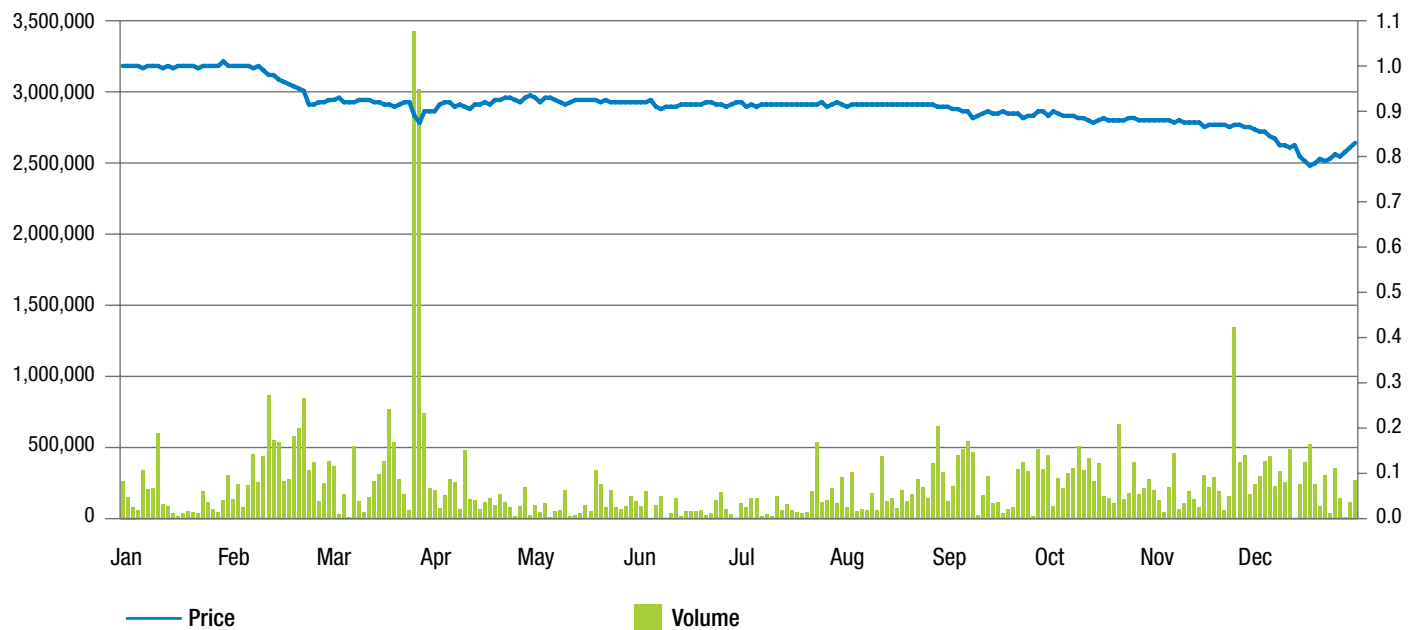


PROPERTY PORTFOLIO (CONT'D)

g) AmanahRaya REIT Share Price Performance vs KLCI as at 31 December 2014

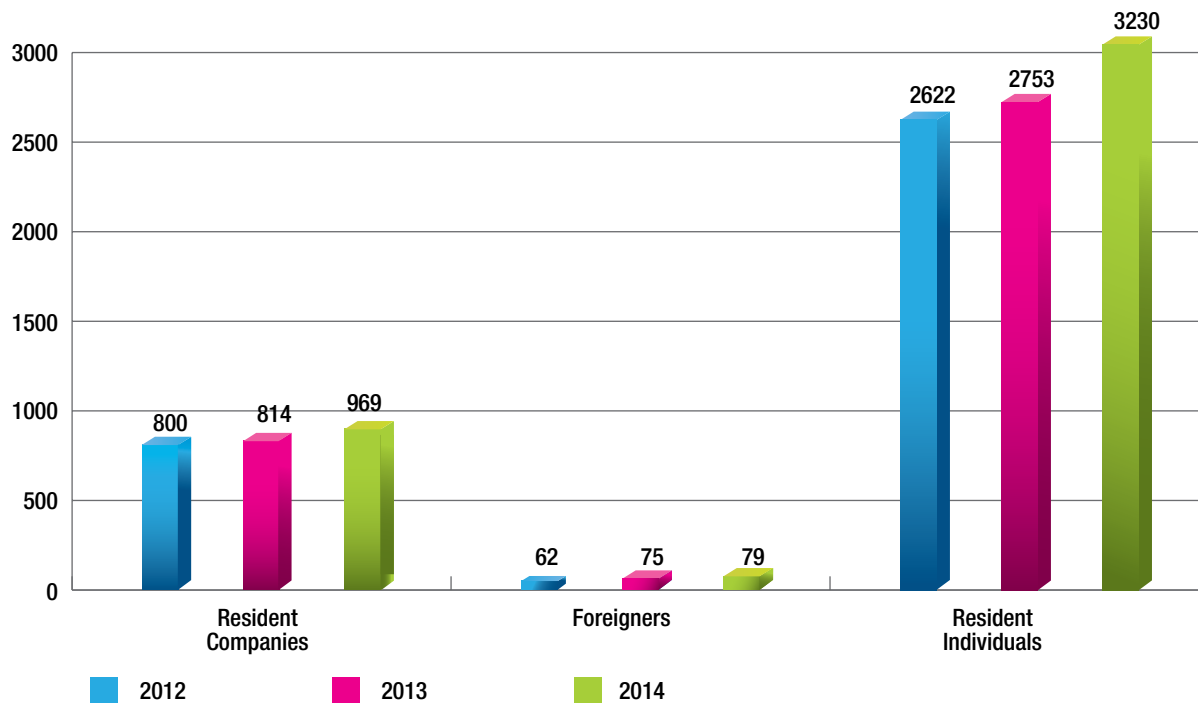


h) AmanahRaya REIT Volume and Share Price Analysis for 2014

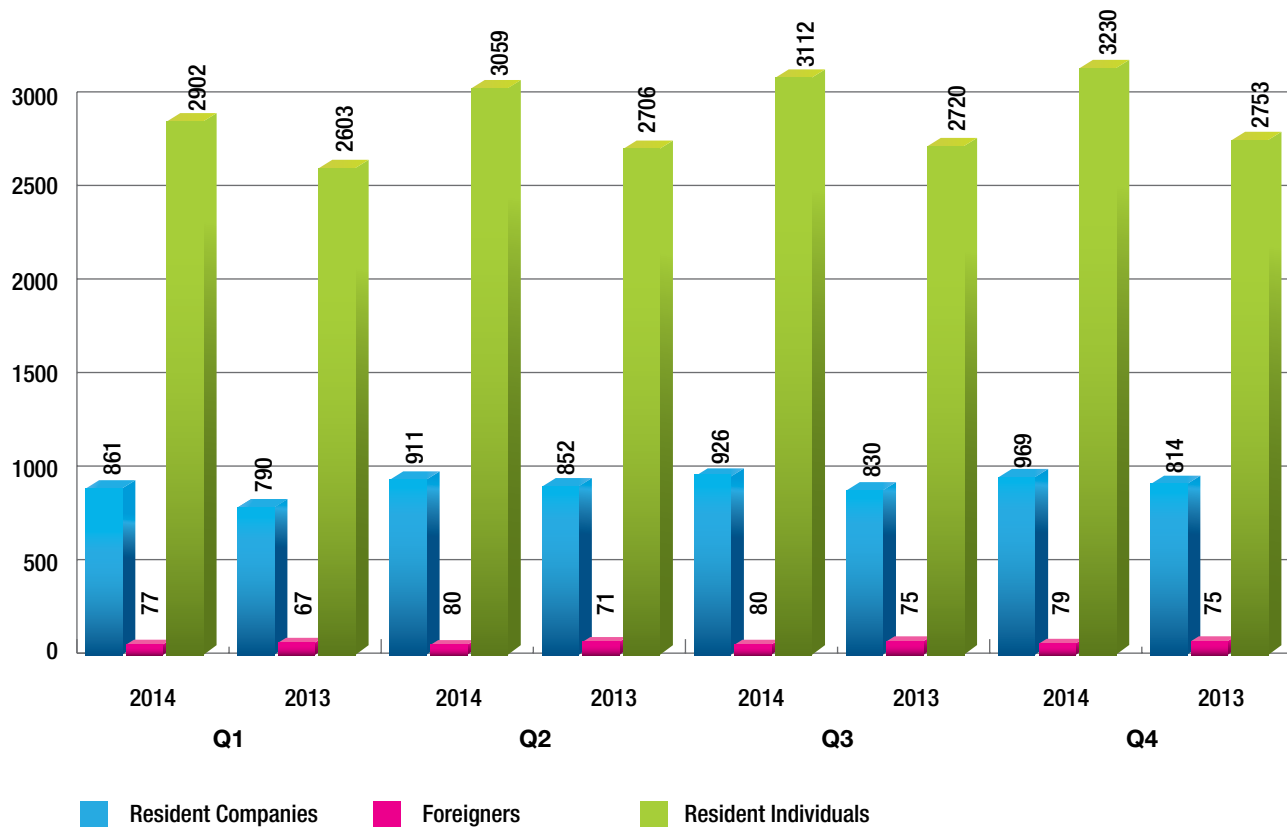


PROPERTY PORTFOLIO (CONT'D)

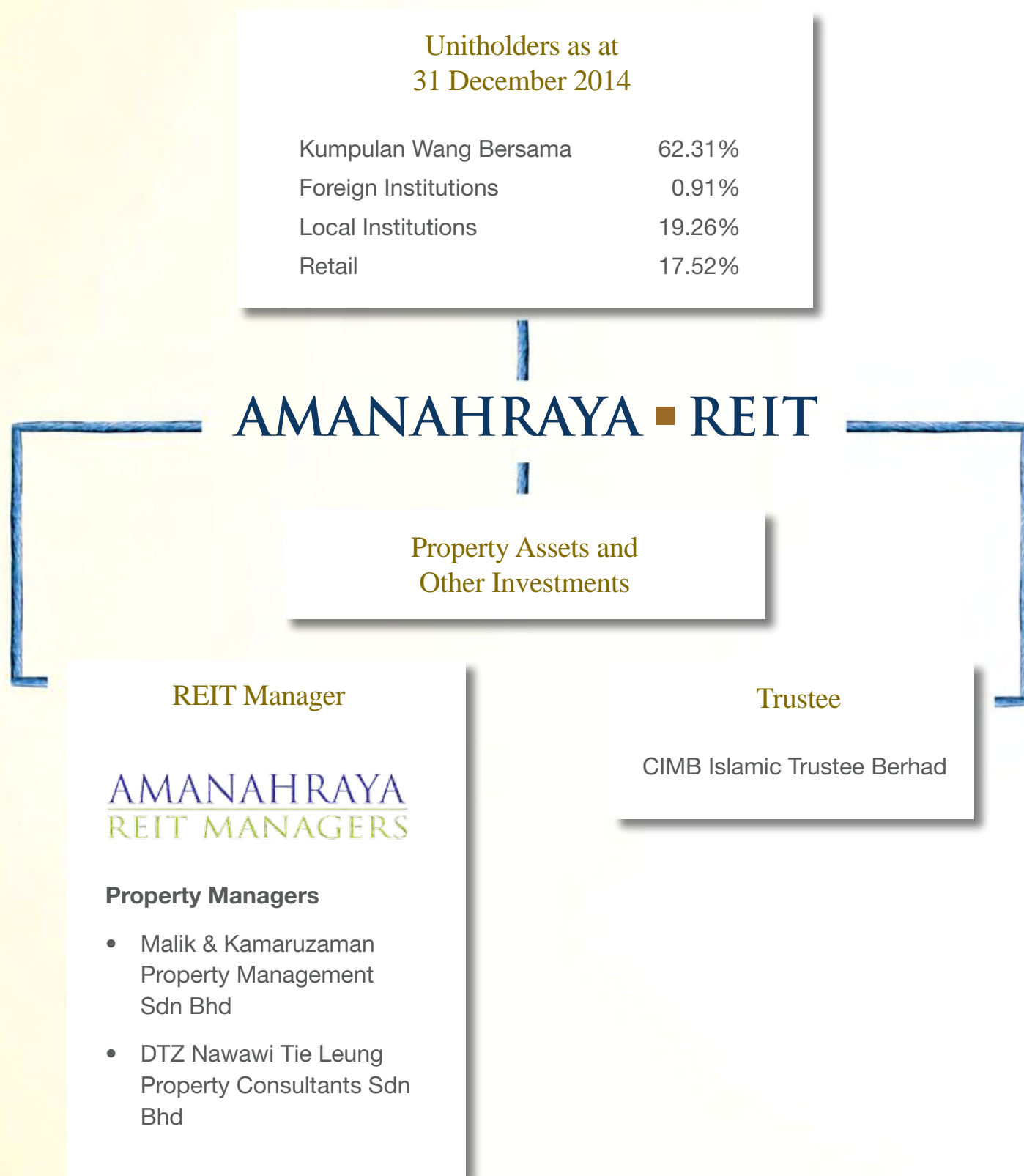
i) AmanahRaya REIT Yearly Movement of Unitholders



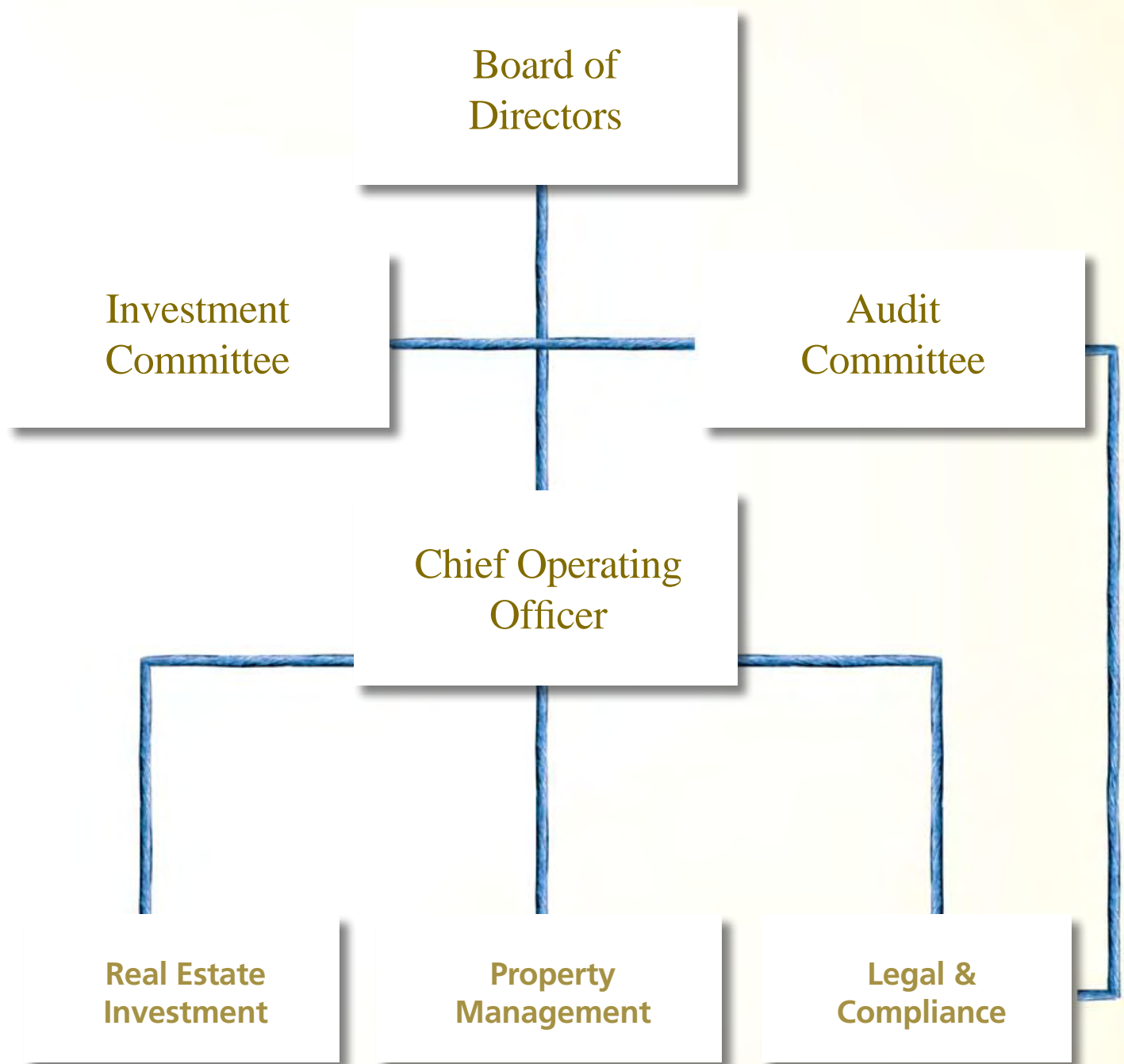
j) AmanahRaya REIT Quarterly Movement of Unitholders



AMANAHRAYA REIT STRUCTURE



ORGANISATION CHART



OVERVIEW OF 14 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 19 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease period

Approximately 93 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 July 2014

RM35,900,000.00

Valuer

Hakimi & Associate Sdn Bhd

Net Book Value

RM35,900,000.00

Master Lessee

Alor Setar Holiday Villa Sdn Bhd

Occupancy rate

100%

Net rental (per month)

RM188,583.33

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd



HOLIDAY VILLA

Langkawi

Address

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

Location

The property is located along one of the most popular beach 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 23 years

Tenure of Master Title

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 November 2014

RM78,540,000.00

Valuer

Hakimi & Associate Sdn Bhd

Net Book Value

RM78,540,000.00

Master Lessee

Langkawi Holiday Villa Sdn Bhd

Occupancy rate

100%

Net rental (per month)

RM334,583.33

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd



SEGI COLLEGE

Subang Jaya

Address

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

Location

It is located within 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 8 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 November 2014

RM64,000,000.00

Valuer

First Pacific Valuers Property Consultants Sdn Bhd

Net Book Value

RM64,000,000.00

Master Lessee

SEG International Berhad

Occupancy rate

100%

Net rental (per month)

RM301,875.00

Next Rent Review

May 2015

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd



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 9 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease period

79 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 2014

RM26,000,000.00

Valuer

Rahim & Co Chartered Surveyors Sdn Bhd

Net Book Value

RM26,000,000.00

Master Lessee

SEG International Berhad

Occupancy rate

100%

Net rental (per month)

RM120,000.00

Next Rent Review

August 2015

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd



WISMA AMANAH RAYA

Jalan Ampang

Address

Wisma Amanah Raya, 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 48 years

Tenure

Leasehold for 99 years

Unexpired lease period

51 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 July 2014

RM78,000,000.00

Valuer

Hakimi & Associate Sdn Bhd

Net Book Value

RM78,000,000.00

Master Lessee

Amanah Raya Berhad

Occupancy rate

100%

Net rental (per month)

RM584,157.00

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd



WISMA AMANAH RAYA BERHAD

Jalan Semantan

Address

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

Location

Wisma Amanah Raya Berhad is located 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 15 years

Tenure

Leasehold for 99 years

Unexpired lease period

58 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

26th February 2007

Cost of acquisition

RM53,000,000.00

Valuation as at July 2014

RM70,130,000.00

Valuer

Hakimi & Associate Sdn Bhd

Net Book Value

RM70,130,000.00

Master Lessee

Help University Sdn Bhd

Occupancy rate

100%

Net rental (per month)

RM450,749.10

Next Rent Review

September 2019

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd



KONTENA NASIONAL DISTRIBUTION CENTRE 11

Port Klang

Address

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

Location

Kontena Nasional Distribution Centre 11 is located within an industrial area known as North Klang Straits Industrial Area, Port Klang. The area is located approximately about 15 kilometres from Klang town centre.

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

Title details

Lot No. P.T. 799 held under Title No. H.S. (D) 128214 Seksyen 21, Town of Port Swettenham, and Lot No. P.T. 21596 held under Title No. H.S. (M) 19795, Mukim of Klang, Place of Pelabuhan, both in District of Klang, State of Selangor

Property type

Industrial Warehouse

Description

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

Age of property

Approximately 36 years

Tenure

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

Unexpired lease period

Lot No. PT 799 – approximately 53 years
Lot No. PT 21596 – approximately 75 years

Lease period

9 years commencing from June 2010

Total Land Area

588,701 sq.ft.

Gross Built Up Area

247,840 sq.ft.

Existing use

A bonded warehouse

Parking spaces

Available within the compound of the property

Date of acquisition

28th December 2007

Cost of acquisition

RM28,500,000.00

Valuation as at November 2014

RM33,000,000.00

Valuer

C H Williams Talhar & Wong Sdn Bhd

Net Book Value

RM34,000,000.00

Master Lessee

Kontena Nasional Berhad

Occupancy rate

100%

Date of Disposal

9th December 2014*

Disposal Price

RM34,000,000.00

Vendor

Noble Perspective Sdn Bhd

Net Gain on Disposal

RM1,000,000

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd

* The sale and purchase agreement dated 9 December 2014 has yet to be completed.



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 22 years

Tenure

Leasehold for 99 years

Unexpired lease remaining period

80 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 November 2014

RM24,000,000.00

Valuer

Rahim & Co Chartered Surveyors Sdn Bhd

Net Book Value

RM24,000,000.00

Master Lessee

Globaltec Formation Berhad

Occupancy rate

100%

Net rental (per month)

RM126,666.67

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd



SILVER BIRD FACTORY

Shah Alam

Address

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

Location

SilverBird Complex is located in the industrial zone of section 21, Shah Alam. The immediate surrounding comprises of prominent factories and warehouses such as Nippon 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 21 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 October 2013

RM80,000,000.00

Valuer

Jones Lang Wootton

Net Book Value

RM80,000,000.00

Master Lessee

Untenanted

Occupancy rate

Untenanted

Net rental (per month)

Nil

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd



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 7 years

Tenure

Leasehold for 60 years

Unexpired lease period

56 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 November 2014

RM27,500,000.00

Valuer

C H Williams Talhar & Wong Sdn Bhd

Net Book Value

RM27,500,000.00

Master Lessee

Teras Globalmas Sdn Bhd

Occupancy rate

100%

Net rental (per month)

RM179,775.00

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd



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 8 years

Tenure

Leasehold for 99 years

Unexpired lease period

88 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 November 2014

RM170,000,000.00

Valuer

First Pacific Valuers Property Consultants Sdn Bhd

Net Book Value

RM170,000,000.00

Master Lessee

SEG International Berhad

Occupancy rate

100%

Net rental (per month)

RM1,123,750.00

Next Rent Review

January 2016

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd



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 18 years

Tenure

Leasehold for 99 years

Unexpired lease period

65 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 November 2014

RM 144,000,000.00

Valuer

First Pacific Valuers Property Consultants Sdn Bhd

Net Book Value

RM144,000,000.00

Master Lessee

Seal Incorporated Berhad

Occupancy rate

100%

Net rental (per month)

RM836,072.92

Next Rent Review

January 2015

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd



DANA 13, 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 5 years

Tenure

Leasehold for 99 years

Unexpired lease period

83 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 November 2014

RM110,000,000.00

Valuer

Rahim & Co Chartered Surveyors Sdn Bhd

Net Book Value

RM110,000,000.00

Master Lessee

Symphony House Berhad

Occupancy rate

100%

Net rental (per month)

RM618,355.00

Next Rent Review

September 2015

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd



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 9 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 2013

RM30,000,000.00

Valuer

First Pacific Valuers Property Consultants Sdn Bhd

Net Book Value

RM30,000,000.00

Master Lessee

Comintel Sdn Bhd

Occupancy rate

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 ABD RAZAK

Chairman

(Independent, Non-Executive)

Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak, a Malaysian, aged 65, 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 Ahmad Fuzi is currently, Secretary-General of the World Islamic Economic Forum Foundation (WIEF) and Chairman Director of Amanahraya-REIT Managers Sdn Bhd; Seremban Engineering Berhad; Ranhill Energy and Resources Bhd; Theatre Management Associates Sdn Bhd; Optima Capital Sdn Bhd; Sofgen (Malaysia) Sdn Bhd and ACE Holdings Sdn Bhd and ACE Asset Management Bhd.

Tan Sri Ahmad 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 as well as Advisor, Xadarcorp Sdn Bhd.

Tan Sri Ahmad Fuzi is currently 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 (CONT'D)



DATO' ABDUL MUTALIB MOHAMED RAZAK

(Independent, Non-Executive)

Dato' Abdul Mutalib Mohamed Razak, a Malaysian, aged 71, was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 8 May 2009 as an Independent and Non-Executive Director.

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 Synchronsound Studio Sdn Bhd (Hot.FM).

Dato' Abdul Mutalib retired as Board Member of MARDEC Berhad and the New Straits Times Press (M) Berhad and President of Tribunal for Consumer Claims Malaysia in 2011.

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.



HAJI ZULKIFLY SULAIMAN

(Independent, Non-Executive)

Haji Zulkifly Sulaiman, a Malaysian, aged 61, 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. He 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 position in UMBC, Phileo Allied Bank and Maybank Berhad. His experience covers corporate/commercial lending 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 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 Audit Committee of Prudential Al-Wara Islamic Asset Management Company.

Within the Amanah Raya Berhad Group he also sits on the Board and Audit Committee of AmanahRaya Investments Management Sdn Bhd, AmanahRaya Trustees Berhad and also a Board Member of AmanahRaya Investment Bank (Labuan) Ltd.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)



DATO' ANTHONY @ FIRDAUZ BUJANG

(Independent, Non Executive)

Dato' Anthony @ Firdauz Bujang, a Malaysian, aged 55, was appointed to the Board of Directors of AmanahRaya-REIT Managers Sdn. Bhd. on 26 May 2014. Dato' Anthony holds a Degree in Economics, Business Administration from University of Malaya.

He started his career in 1983 as an Accountant in Bank Utama Malaysia Berhad, Kuching Branch. Subsequently, he joined Shell Malaysia Bhd, Sarawak in year 1988 and held various positions such as Secretary and Advisor to Major Tender Board and Head of General Contracts, Commercial Services. He continued his career with Shell Gabon, Republic of Gabon and West Africa as Head, Strategy and Planning, Commercial Services Unit in 1994 for a period of 2 years. In 1996, he joined Eastbourne Services Sdn Bhd as chief executive officer. He then joined TV3 in 2000 and has served in various capacities including director of operations during his tenure there. Subsequently, he was appointed as chief executive officer of NTV7 in 2008.

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



DATUK JOHAR CHE MAT

(Non-Independent, Non-Executive)

Datuk Johar Che Mat, a Malaysian, aged 62, was appointed as Non-Independent Investment Committee member on 1 January 2012. He is currently a Director of AmanahRaya-REIT Managers Sdn. Bhd. and Amanah Raya Berhad as well as the member of ARB's Audit Review Committee and Board Risk Management Committee and a member of Nomination and Remuneration Committee and Investment Committee of Amanah Raya Berhad.

Datuk Johar was previously the Chief Operating Officer of 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 Mayban Trustees Berhad.

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

At present, he is a Board member of Bank Pertanian Malaysia (Agrobank), Edra Global Energy Berhad and Rural Capital Sdn Bhd.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)



DATO' HAJI CHE PEE SAMSUDIN

(Non-Independent, Non-Executive)

Dato' Haji Che Pee Samsudin, a Malaysian, aged 57, 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' Haji Che Pee holds a Bachelor Honours Degree in Accounting and is a member of Chartered Account (CA) of the Malaysian Institute of Accountants (MIA).

He began his career as an Accountant in the government sector since 1982. His extensive experience includes serving at various government divisions including Ministry of Finance, Langkawi Development Authority (LADA), Malaysian Institute of Islamic Understanding (IKIM), Economic Planning Unit in Prime Minister's Department and State of Kedah as the State Treasurer for nine years.

Dato' Haji Che Pee has been appointed as the Accountant-General of Malaysia with effect from 5 January 2015.



AHMAD SUHAIMI ENDUT

(Non-Independent, Non-Executive)

Ahmad Suhaimi Endut, a Malaysian, aged 46, 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 from the University of Sheffield, United Kingdom.

He started his career with a private company in 1992 before joining the Malaysian Diplomatic and Administrative Service in 1995 as an Assistant Director of Industries Division in the Ministry of International Trade and Industry (MITI). He continued his service 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 Privatisation Division, Secretariat to the Tax Review Panel and Housing Loan Division. He is currently the Deputy Secretary of the Government Investment Division, Ministry of Finance.

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

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

Family Relationship with any Director and/or Substantial Unitholder

None of the Directors of the Manager has any family relationship with any other Directors or Substantial Unitholders.

Conflict of Interest

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

Convictions for Offences

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

Attendance at Board of Director's Meetings

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

During the financial year, the Board met seven (7) times, three (3) 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 Abdul Razak	7	7
Dato' Abdul Mutalib Mohamed Razak	7	7
Datuk Johar Che Mat	7	5
Dato' Haji Che Pee Samsudin	7	7
Haji Zulkifly Sulaiman	7	7
Dato' Anthony @ Firdauz Bujang (Appointed with effect from 26 May 2014)	4	3
Ahmad Suhaimi Endut (Appointed with effect from 20 October 2014)	1	1
Datuk Ahmad Badri Mohd Zahir [Resigned on 30 September 2014]	5	4

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of Amanah Raya-REIT Managers Sdn. Bhd., ("ARRM"), the Manager of AmanahRaya Real Estate Investment Trust, ("ARREIT"), it is my pleasure and privilege to present the Annual Report and Audited Financial Statement for the period ended 31 December 2014.

For the year 2014, I am pleased to report that ARREIT delivered a satisfactory financial performance amidst challenging market conditions. Despite these challenges, the Board remained focused in strengthening our operations and improving our margins.

Economic Overview

The Malaysian economy registered a stronger growth in the first half of 2014 fueled by robust exports and domestic demand. In the first and second quarter of 2014, Malaysia recorded a GDP of 6.2 and 6.4 respectively. However, inflation remained a threat to the long term growth of the country. The GDP for the second half of 2014 was expected to be lower in view of the softened sentiment brought about by higher inflation. In July 2014, Bank Negara Malaysia (BNM) cautiously increased the OPR rate by 25 basis points to 3.25% to balance growth and inflationary pressures. The full year GDP for 2014 is anticipated to be between 5.8 - 6.0%.

During the year under review, overall property market remained stable. However, sentiment on the outlook of property market has started to weaken following the implementation of several measures by the government to curb speculation. The office sector remained subdued with rental and capital values stabilising. Occupancy rate for Klang Valley was unchanged: hovering around 80% to 85%. However, the incoming supply of new office space, estimated to be about 9.0 million sq ft. in 2015, has started to put pressure on rental rates moving forward.

In 2014, the retail sector recorded an occupancy rate of around 90%. The sector also faced downward pressure in terms of rental rates and yields caused by the increasing number of new malls. The industrial sector on the other hand

recorded the strongest growth among all sectors following higher export demand. Rental of industrial properties at selected locations, mainly in Shah Alam, recorded an increase of around 20% to 25%.

Operations

The year under review was a challenging year for Malaysian REIT and ARREIT in particular. REITs' activities especially with regard to acquisition were very limited due to the compression in rental yields. Cost of operations has also increased significantly mainly due to the rise in electricity and assessment rates which started at the beginning of the year. Interest rate also increased by 25 basis points to 3.25% in the year 2014. All these factors did not reflect well on ARREIT's bottom lines.

CHAIRMAN'S STATEMENT



On a positive note, in November 2014, we managed to complete the acquisition of Wisma Comcorp, Glenmarie, Shah Alam for a purchase price of RM30 million. With the acquisition, Wisma Comcorp is expected to generate rental revenue of around RM2.4 million beginning next year. In addition, we also managed to secure a long term tenancy for Wisma Amanah Raya Berhad which has been vacant since the beginning of the year. On 29 September 2014, we signed a lease agreement for a period of 25 years with HELP University Sdn Bhd, commencing from 3 September 2014. The agreement allows for rental review of every 5 years.

For the year under review, two rental revisions were recorded, namely for SEGi University and Gurun Automotive Warehouse, with a total increase of RM1.16 million. In terms of occupancy rate, with the exception of Wisma Amanah Raya Berhad and non-payment of rentals for Silver Bird Factory, the rest of the properties under ARREIT's portfolio enjoyed 100% occupancy.



For Silver Bird Factory, the Management has started legal proceeding against High-5 Conglomerate Berhad (formerly known as Silver Bird Group Berhad) to vacate the premises. Our solicitors are of the view that ARREIT is in a strong position to repossess Silver Bird Factory. The Management is now focusing on measures aimed at the repossession of the Silver Bird Factory as well as exploring all available options to be taken upon its successful repossession.

With regard to asset enhancement, the Management has spent about RM3.08 million to improve the properties, mainly, Wisma Amanah Raya Berhad and Holiday Villa Langkawi.

Financial Performance

During the year under review, the Manager managed to distribute DPU of 6.5 sen which was about 10.52% lower than the previous year to its unitholders. Rental revenue for 2014 was lower by 14.07% to RM55.23 million as compared to RM64.27 million in the previous year. The lower rental revenue was mainly due to the non-payment of rental for Silver Bird Factory and the vacancy of Wisma Amanah Raya Berhad.

At the same time, operation costs increased by 55.29% to RM3.23 million mainly due to the increase of maintenance and assessment rates. Gearing ratio reduced to 33.80% and NAV as at 31 December 2014 was RM657.95 million or RM1.148 sen per unit. Nonetheless, the asset value of ARREIT has increased to RM1.077 billion from RM1.010 billion primarily due to the triennial valuation exercise.

Outlook

The year 2015 will be more challenging for ARREIT. With the implementation of GST next year, cost of operation is expected to increase further. With regard to the payment of GST for rental,



the GST will be borne by the lessee. Apart from the expected increase in the cost of operation we anticipate that the overall property market will be softer. However, overall we expect the property market to stabilise further next year and we do not foresee any major oversupply situation that could significantly push the property market downwards.

Moving Forward

As the Manager, we are actively endeavouring to acquire new properties that are able to provide accretive yields over a long term period. We believe the opportunity to acquire such properties is more promising moving forward as rental rates and capital values consolidate downwards. At the same time, we will continue with our strategy to increase the fund size to RM1.5 billion over the next three years.

Changes in the Boardroom and Investment Committee

On 11 October 2014, we were deeply saddened by the loss of Yang Berbahagia Datuk Yahya Ya'acob, our long serving Investment Committee

Member. On behalf of the Board of Directors and Management, we wish to record our heartfelt condolences to the family of the late Datuk Yahya Ya'acob. He was no doubt a man of great character and integrity whose contribution and services to ARREIT would be long remembered with deep gratitude.

During the year under review, ARRM saw a change in the Boardroom. Yang Berbahagia Dato' Anthony @ Firdauz Bujang was appointed to the Board of Directors on 26 May 2014 who is also currently the chief executive officer of Petra Energy Berhad. Yang Berbahagia Dato' Ahmad Badri Mohd Zahir resigned as Director on 30 September 2014 due to his other Governmental commitments. Replacing him was Yang Berusaha Encik Ahmad Suhaimi Endut who is currently the Deputy Secretary under the Government Investment Division of the Ministry of Finance. On behalf of the Board, we welcome Yang Berbahagia Dato' Anthony and Yang Berusaha Encik Suhaimi Endut on board and look forward to their positive contribution to ARREIT.

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 contribution and most importantly, for their dedication and commitment in continuously delivering positive results to our unitholders despite the many challenges faced. Our special thanks go to Datuk Ahmad Badri Mohd Zahir for his contribution during his tenure as a Member of the Board from 2012-2014.

Last but not least, I wish also to convey our sincere appreciation to our unitholders and business partners 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 65, was appointed as an Independent Investment Committee Member on 27 December 2006.

Mahadzir is a Barrister-at Law from the Honourable Society of Lincoln's Inn, London. After graduation he joined the Judicial and Legal Service of the Malaysia 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).

Mahadzir currently serves on the Boards of ECM Libra Financial Group Berhad, ECM Libra Investment Bank Berhad, Libra Invest Berhad, Syarikat Takaful Malaysia Berhad, RCE Capital Berhad and Asian Healthcare Group Berhad.

SYED ELIAS ABD. RAHMAN ALHABSHI

Syed Elias Abd. Rahman Alhabshi, a Malaysian, aged 71, 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 the Senior Advisor of Threadneedle Investments (S) Pte. Ltd.

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 66 was appointed as an Independent Investment Committee Member on 11 February 2011.

Vasantha 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).

AMANAHRAYA REIT INVESTMENT COMMITTEE MEMBERS (CONT'D)

Vasanth Kumar was from 2010 to 2013 the Chief Executive Officer of Malaysia Property Incorporated (MPI) which is a Government of Malaysia tasked to promote Malaysia as 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.

DATUK JOHAR CHE MAT

Datuk Johar Che Mat, a Malaysian aged 62 was appointed as Non-Independent Investment Committee Member on 1 January 2012. He is also currently a Director of AmanahRaya-REIT Managers Sdn. Bhd. and Amanah Raya Berhad as well as the Chairman of Audit Review Committee and Board Risk Management Committee and a member of Nomination and Remuneration Committee and Investment Committee of Amanah Raya Berhad.

Datuk Johar was previously the Chief Operating Officer of 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 Mayban Trustees Berhad.

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

Prior to that, Datuk Johar was the Head of Enterprise Banking (Corporate/Commercial) where he was in charge of Corporate, Commercial and Bumiputra unit. At present, he is a Board member of Bank Pertanian Malaysia (Agrobank), Edra Global Energy Berhad 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 ten (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 the Members' tenure in office	Number of meetings attended by Members
Mahadzir Azizan	3	3
Datuk Yahya Ya'acob (Demised on 11 October 2014)	3	2
Syed Elias Abd. Rahman Alhabshi	3	3
Vasanth Kumar Tharmalingam	3	2
Datuk Johar Che Mat	3	2

STATEMENT ON CORPORATE GOVERNANCE

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

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

THE MANAGER OF AMANAHRAYA REIT

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

Other main functions of the Manager are as follows:

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

DIRECTORS OF THE MANAGER

The Board

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

The responsibilities of the Board, at minimum, include:

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Board Balance

The Board currently has seven (7) members, consisting of four (4) Independent Non-Executive directors and three (3) Non-Independent Non-Executive directors. This is in compliance with the requirement of at least one-third of the Board is independent. The Manager's Articles of Association provides that the number of directors shall be not less than two (2) and not more than nine (9).

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

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

Board Meetings

Board meetings are scheduled regularly at least once every quarter. Special Board meetings are also held to discuss urgent issues, as and when necessary. Throughout 2014, seven (7) Board meetings were held, three (3) 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 one (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.

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 prescribed by Bursa Malaysia Securities Berhad for directors of a listed issuer.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

During the financial year ended 31 December 2014, the Directors have attended the trainings as indicated below:

Names of Directors	Trainings Attended
Tan Sri Dato' Ahmad Fuzi Abdul Razak	<ul style="list-style-type: none"> - 8th WIEF Roundtable - Transforming Islamic Finance in Turkey: Promise of Growth, Istanbul held on 20 May 2014 by WIFE Foundation. - WIFE-IDB Awqaf Roundtable, Jakarta held on 5 June 2014 by WIFE Foundation. - Singapore International Water Week (SIWW) Water Utilities Forum, Singapore held from 1 - 4 June 2014 by Singapore International Water Week Pte Ltd. - The 10th WIFE- Innovative Partnerships from Economic Growth, Dubai held from 28-30 October 2014 by WIFE Foundation. - Turin Islamic Economic Forum, Italy held from 17-18 November 2014 by Eng. Gianmarco Montanari City Manager Comune. - Personal Talk on GST Awareness held on 24 November 2014 by Seremban Engineering Berhad. - WIFE Pyeongchang Roundtable- Globalising Gangwon, Korea held from 15-16 December 2014 by WIFE Foundation & Gov of Gangwon.
Dato' Abdul Mutalib Mohamed Razak	<ul style="list-style-type: none"> - Advocacy Session on Corporate Disclosure for Directors held on 18 March 2014 by Bursa Malaysia Securities Berhad.
Haji Zulkifly Sulaiman	<ul style="list-style-type: none"> - Independent Directors held on 9 April 2014 by Bursatra Sdn Bhd. - Advocacy Session On Corporate Disclosure For Directors of Listed Issues held on 2 July 2014 by Bursa Malaysia Securities Berhad.
Datuk Johar Che Mat	<ul style="list-style-type: none"> - Government Intervention in Business: Some Public Policy Issues held on 20 March 2014 by Bursatra Sdn. Bhd. - Merger & Acquisitions: Pricing the Deal, Due Diligence and Alternatives to M&A held on 6 May 2014 by CHK Consultancy Sdn Bhd. - Behavioral Corporate Finance on Valuation, Capital Budgeting and Corporate Decision held on 9 July 2014 by CHK Consultancy Sdn Bhd.
Dato' Haji Che Pee Samsudin	<ul style="list-style-type: none"> - Bengkel Pemantapan KPI Strategik 2014 dan Pencapaian KPI Strategik 2013 JANM held from 20 to 21 January 2014 by Accountant General's Department Malaysia. - Bengkel Penyusunan Semula JANM Siri 1/2014 held from 4 to 6 February 2014 by Accountant General's Department Malaysia. - Bengkel Penyusunan Semula JANM Siri 2/2014 held from 12 to 13 February 2014 by Accountant General's Department Malaysia. - Bengkel Penampilan Diri dan Etika Sosial held from 1 to 2 April 2014 by Accountant General's Department Malaysia. - Seminar Thought Leadership 'The Time Is Now' Understanding And Embedding Accounting In The Malaysian Public Sector held on 15 April 2014 by Accountant General's Department Malaysia. - Kursus Chief Financial Officer (CFO) held on 9 June 2014 by Accountant General's Department Malaysia. - 2014 Public Expenditure Management Network In Asia (PEMNA) Plenary Conference held from 11 to 13 June 2014 by Public Expenditure Management Network in Asia (PEMNA). - Kursus Training of Trainers "Speed Reading and Memory Power" held from 17 to 18 August 2014 by Accountant General's Department Malaysia. - Seminar Kemantapan Jati Diri dan Pengukuhan Pasukan held from 31 October to 2 November 2014 by Accountant General's Department Malaysia.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Names of Directors	Trainings Attended
Dato' Anthony @ Firdauz Bujang	<ul style="list-style-type: none"> - PEB Brand Promise Workshop held on 17 February 2014 by Petra Energy Berhad with OVA. - Offshore Technology Conference Asia 2014 held from 15 March to 28 March 2014 by OTC. - GST Briefing & Awareness held on 15 April 2014 by Petra Energy Berhad with BDO. - GST Tea Talk Session with Royal Malaysia Customs Department held on 24 Jun 2014 by Petra Energy Berhad with The Royal Malaysia Customs Department. - SBO TSM Team Building Session held from 25 Jun 2014 to 26 Jun 2014 by Petra Energy Berhad with The Learning Edge Consultants. - PEB Total leadership Programme held from 12 to 14 August 2014 by Petra Energy Berhad with Fitrah Perkasa Sdn Bhd. - Going Beyond with PEB Core Values held on 20 August 2014 by Petra Energy Berhad with DMFK Consultancy. - Petra Energy Health Awareness Drive & Health Talks held on 2 October 2014 by Petra Energy Berhad. - Diving Business in a Complex Global Environment held on 25 November 2014 by Bursatra Sdn. Bhd.
Ahmad Suhaimi Endut	<ul style="list-style-type: none"> - FTA Negotiations Module: Government Procurement (GP) & State-Owned Enterprises (SOE) held from 24 to 26 June 2014 by Ministry of Finance. - Southeast Asia Venture Capital & Private Equity Conference 2014 held on 25 June 2014 by Malaysian Venture Capital & Private Equity Association. - Breakfast talk: "Great Companies Deserve Great Boards" held on 17 October 2014 by MINDA. - "Public Service Transformation: A New Conversation" Conference held from 19 to 20 October 2014 by Commonwealth Association for Public Administration and Management (CAPAM). - Mandatory Accreditation Programme for Directors of Public Listed Companies held from 19 to 20 November 2014 by Bursatra Sdn. Bhd.

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 three (3) Non-Executive Directors, with two (2) Independent Directors 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 (CONT'D)

- 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. four (4) AC meetings were held throughout 2014. The details of attendance of the AC members are as follows:

Name of Committee Member	Number of Meetings Attended
Dato' Haji Che Pee Samsudin (Chairperson)	4
Dato' Abdul Mutalib Mohamed Razak	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 four (4) members of which three (3) are Independent members.

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

- Reviewing, deliberating and deciding on any investments to be made by AmanahRaya REIT as recommended by the management;
- Reviewing, assessing and deciding on the escalation of proposals relating to asset acquisition, disposal and fund raising exercises to be undertaken by AmanahRaya REIT to the Board and Trustee for final approval;

- Reviewing and deliberating the following reports;
 - Property Market and Outlook Report
 - AmanahRaya REIT's Performance Report
- Ensuring that AmanahRaya REIT is managed in accordance with:-
 - its investment objectives;
 - its Deed;
 - its Prospectus;
 - the REIT Guidelines and other securities laws; and
 - the internal investment restrictions and policies.
- Recommending to the Board the appropriate strategies to achieve the objectives of AmanahRaya REIT in accordance with its investment policies;
- Ensuring that the selected strategies are properly and efficiently implemented by the management;
- Actively monitoring, measuring and evaluating the performance of the Manager; and
- Carrying out other duties as may be determined from time to time by the Board.

The IC meetings are scheduled at least once every quarter and three (3) IC meetings were held throughout 2014.

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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Relationship with External Auditors

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

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

Compliance Officer

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

RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

The Manager has established procedures that will ensure related party transactions and conflicts of interests are undertaken in full compliance with the REIT Guidelines, the Deed and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

- transactions on arm's length basis and on normal commercial terms which are not more favourable than those extended to third parties or public and are not to the detriment of the minority Unitholders;
- AmanahRaya REIT's cash or other liquid assets should be placed in a current or deposit account of institutions licensed or approved to accept deposits;
- the Manager may not act as principal in the sale and purchase of real estate, securities and any other assets to and from AmanahRaya REIT; and
- all real estate investment and divestment transactions must be consented by the Trustee, consistent with the investment objective and strategy of AmanahRaya REIT and transacted at a price which is in accordance to the relevant guidelines.

RISK ASSESSMENT AND MANAGEMENT OF BUSINESS RISK

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

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

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

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

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 FYE 2014 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 (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (cont'd)

- 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 scrutinizes all investment, divestment and fund raising proposals recommended by the management. The reviewing process includes identification of risks involved in such activities towards ensuring that AmanahRaya REIT is managed in accordance with its objectives. The IC also holds the responsibility of actively monitoring the performance of the Manager and AmanahRaya REIT;
- All recommendations endorsed by the AC and IC shall be presented for review and approval by the Board.

CONCLUSION

Based on the above, the Board is of the view that the 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



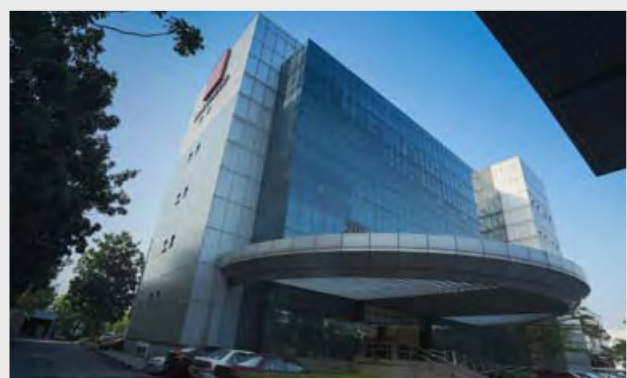
March 2014

Holiday Villa Langkawi builds an additional swimming pool. The construction of the new pool was completed in March 2014. This is another attractive facilities provided by Holiday Villa Langkawi.



April 2014

The Annual General Meeting of AmanahRaya-REIT (“AGM”) was held on 21st April 2014 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 2013 to all the unitholders of AmanahRaya REIT.



April 2014

On 23 April 2014, CIMB Islamic Trustee Berhad, the trustee of AmanahRaya REIT entered into a Sale and Purchase Agreement and Lease Agreement with Comintel Sdn Bhd for acquisition and leaseback of Wisma Comcorp.



June 2014

Wisma AmanahRaya, Jalan Ampang underwent repainting and cleaning of the entire facade. The work started in April 2014 and was completed in June 2014.

CORPORATE CALENDAR (CONT'D)



September 2014

Signing Ceremony of the Lease Agreement Between Amanahraya REIT and Help University was held on 29 September 2014 at Help University, Damansara. Help University is leasing one of the properties owned by AmanahRaya REIT; Wisma Amanah Raya Berhad, Jalan Semantan and the lease is for a period of 25 years.



November 2014

In-line with the proportionality of regulation, the Securities Commission Malaysia has embarked in two initiatives to enhance the operational efficiency and productivity among licensed intermediaries. The Manager, the licensed company, attended the briefing on 20 November 2014. The briefing was to provide fresh knowledge to all companies and representatives under the Capital Markets & Services Act 2007 pursuant to the recent amendment.



December 2014

On 25 December 2014, the Manager sent a team to help the victims who were affected by the floods in Kelantan.

PROFILE OF THE CHIEF OPERATING OFFICER



Adenan Md Yusof
Chief Operating Officer / Principal Officer

Adenan Md Yusof, a Malaysian, aged 50, was appointed as Chief Operating Officer of AmanahRaya-REIT Managers Sdn. Bhd. ("ARRM") on 18 May 2010. He also holds the Capital Market Services Representative's License under the Capital Markets and Services Act 2007 since July 2013.

Upon graduation, Adenan works for two of the largest architectural practice in United States of America i.e. Harry Weese and Associates and Lohan Associates where he gained tremendous design experience on various building types from residential to 5 star hotel and office building and exposure to project management. After almost 3 years of working in Chicago, Adenan returned to Malaysia and joined Perunding Alam Bina, a medium size architectural practice in Kuala Lumpur as an Architect. Thereafter, in 1993, Adenan had the opportunity to join KLCC Berhad ("KLCCB") and worked on the prestigious Petronas Twin Tower project. At KLCCB, he gained valuable knowledge and experience in managing big projects.

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

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

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

Adenan holds a Bachelor of Architecture from the Illinois Institute of Technology, Chicago, Illinois, United States of America.

Adenan is currently the Vice Chairman of the Malaysian REIT Managers Association and also a member of its Regulatory Committee.

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 2014, the Chief Operating Officer has attended the training as indicated below:

1. Company Analysis: The Strategic Position held on 23 April 2014 by Financial Planning Association of Malaysia.
2. Predicting Financial Crisis held on 19 June 2014 by Permodalan Nasional Berhad.

THE MANAGEMENT TEAM



Standing from left to right:

Kusuma Dewi Abdul Aziz
(Accountant)

Jerry Jesudian
Joseph Alexander
(Joint Company Secretary)

Johana Rosli
(Head, Legal & Compliance)

Sitting:

Hasrol Nizam Hasbi
(Head, Property Management)

Not in picture:

Norbaizura Hermeyney
(Head, Real Estate Investment)

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 ("AmanahRaya REIT") is pleased to present the Annual Report of AmanahRaya REIT and the audited financial statements of AmanahRaya REIT for the financial period ended 31 December 2014.

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 are the holders of Capital Markets Services Representative's Licence under the Capital Markets and Services Act 2007. As the Manager, ARRM endeavours in delivering strong and sustainable returns to the unitholders of AmanahRaya REIT from real estate investments.

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 prime objective of AmanahRaya REIT is to invest in properties that are able to provide growth potential in terms of rental yields and capital values over a long term period.

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 and accessibility to and from major roads, highways and public transportation systems.

b. Price and Rental Yield

The main criteria of investment is the rental yield in relation to the value. In general, the Manager will be looking at rental yield 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 DPUs.

c. Building Condition

The Manager strives towards acquiring quality buildings. The properties should be in good tenantable condition. Technical due diligence exercise, which include examining the condition of mechanical and electrical equipments as well as structural will be conducted by the Manager's appointed consultants prior to completing any acquisitions.

d. Diversified Portfolio

The strength of AmanahRaya REIT 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 namely industrial, retail, office and education.

e. Tenant/Lessee profile

Tenant profiling is important to mitigate the risk of rental default especially on single tenancy arrangement. In addition, the Manager will conduct due diligence on the financial strength of the prospective tenants and their operation. To date, the tenants of AmanahRaya REIT are mostly multi-nationals and public listed companies.

MANAGER'S REPORT (CONT'D)

AMANAHRAYA REIT FINANCIAL PERFORMANCE

For the Year of 2014, the financial highlights are as follows:

- Recorded a drop in rental revenue from RM64.27 million in the previous year to RM55.23 million. The drop was mainly due to no rental income at Silver Bird factory in Shah Alam and the vacancy of Wisma Amanah Raya Berhad since January 2014.
- Net realised income for distribution also dropped to RM31.93 million as compared to RM 42.25 million in the previous year
- Distribution per unit ("DPU") for 2014 is 6.500 sen.
- Conducted revaluation exercise on all properties under portfolio (except Silver Bird factory as revaluation was conducted in 2013)
- Following the revaluation exercise, total assets increased to RM 1.08 billion from RM 1.01 billion in 2013. The increase in total assets was also due the acquisition of Wisma Comcorp.
- Gearing decreased to 33.80% in 2014 from 36.02% in 2013

The operational highlights for the year 2014 are as follows:

- Completed the acquisition of Wisma Comcorp for RM 30.0 million on 26 November 2014. The lease of the said property with Comintel Sdn Bhd commenced on the same day.
- Managed to secure Help University Sdn Bhd to take up the entire space at Wisma Amanah Raya Berhad. The lease commenced on 3 September 2014.
- The construction of new and additional swimming pool for Holiday Villa Langkawi completed at the cost of RM2.16 million.
- Sale and Purchase Agreement for the disposal of Kontena Nasional Distribution Centre 11 was signed on 9 December 2014 between Noble Perspective Sdn. Bhd. and CIMB Islamic Trustee Berhad at disposal consideration of RM 34.0 million.

MANAGER'S REPORT (CONT'D)

FINANCIAL REVIEW

Review of Performance

	2014	2013	2012	2011	2010
Total Asset Value (RM)	1,077,296,710	1,010,203,315	1,045,756,129	1,040,472,590	998,193,118
Total Net Asset Value (RM)	657,951,197	587,596,171	606,782,914	601,636,025	568,165,061
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)	1.148	1.025	1.050	0.991	0.991
Highest Net Asset Value Per Unit (RM)	1.148	1.059	1.050	1	1.069
Lowest Net Asset Value Per Unit (RM)	1.018	1.024	0.475	0.971	0.971
Market Value per unit (RM) as at 31 December	0.83	1.00	0.92	0.91	0.94
Highest Traded Price for the Twelve Months Period (RM)	1.01	1.04	0.98	0.97	0.95
Lowest Traded Price for the Twelve Months Period (RM)	0.77	0.91	0.90	0.85	0.83

Results of AmanahRaya REIT's Performance

	2014	2013	2012	2011	2010
Total Gross Rental Income	55,232,076	64,268,575	66,914,896	65,305,820	59,509,971
Total Property Expenses	(3,233,930)	(2,082,602)	(2,687,577)	(1,981,268)	(1,785,571)
Net Rental Income	51,998,146	62,185,973	64,227,319	63,324,552	57,724,400
Interest and Other Income	3,307,289	2,023,552	964,197	834,684	2,607,949
Total Non-Property Expenses	(23,372,873)	(21,959,359)	(21,804,904)	(21,629,917)	(18,931,550)
Realised Earnings Before Taxation	31,932,562	42,250,166	43,386,612	42,529,319	41,400,799
Changes in Fair Value of Investment Properties	75,316,699	(18,000,000)	3,500,000	31,143,000	–
Earnings Before Taxation	107,249,261	24,250,166	46,886,612	73,672,319	41,400,799
Taxation*	NIL	NIL	NIL	NIL	NIL
Earnings After Taxation	107,249,261	24,250,166	46,886,612	73,672,319	41,400,799
Earnings Per Unit (EPU) after Taxation (sen)					
(Realised + Unrealised)	18.71	4.23	8.18	12.85	7.90
EPU Yield (%) (Based on Closing Market Price)	22.54	4.23	8.89	14.12	8.40
Distribution Per Unit (DPU) (sen)	6.500	7.265	7.449	7.221	7.320
Distribution Yield (%)	7.83	7.26	8.10	7.94	7.79
MER (%)	0.97	0.85	0.80	0.70	0.59
Annual Total Return (%)**	7.22	7.83	9.10	12.11	20.59

* 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 an indicative of future performance and that unit prices and investment returns may fluctuate

MANAGER'S REPORT (CONT'D)

FUND'S PERFORMANCE

In 2014, AmanahRaya REIT recorded a total income of RM107.25 million as against RM24.25 million in the previous year. The increase was mainly contributed by the increase in fair value of the investment properties amounting to RM75.32 million following a revaluation exercise during the year. In terms of realised income, the Trust has recorded RM55.23 million, a drop of 14% as compared to the previous year. The drop was mainly due to no rental at Silver Bird Factory and vacancy of Wisma AmanahRaya Jalan Semantan since January 2014. On the other hand, interest income has increased by almost twofold from RM1.86 million to RM3.31 million. The fund expenses increased by 6% to RM23.37 million from RM21.96 million recorded in the previous year. Net realised income for distribution fell to RM31.93 million from RM 42.25 million previously. However, in view of the significant cash in hand, AmanahRaya REIT was able to declare an additional 0.93 sen per unit for distribution.

INCOME DISTRIBUTION

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

First Interim	Second Interim	Third Interim	Fourth Final	Total
1.700	1.300	1.700	1.800	6.500

For 2014, AmanahRaya REIT distributed in total an income distribution of RM37.26 million or 6.50 sen, a 11% drop from 2013 income distribution of 7.26 sen. The fourth and final income distribution of RM10.32 million has been declared at 1.80 sen per unit payable on 26 March 2015. Analysis of income distribution:

	2014	2013	2012	2011	2010
Income distribution per unit (sen)					
- First interim income distribution	1.700	1.884	1.811	1.812	1.860
- Second interim income distribution	1.300	1.830	1.800	1.807	2.000
- Third interim income distribution	1.700	1.815	1.789	1.720	1.787
- Proposed Fourth and final income distribution	1.800	1.736	2.049	1.882	1.674
	6.500	7.265	7.449	7.221	7.321

NET ASSET VALUE

Net Asset Value (NAV) as at 31 December 2014 is RM1.1478 per unit.

The net asset value of AmanahRaya REIT since 2010 was analysed as follows:

	2014	2013	2012	2011	2010
Total net asset value ("NAV") RM:					
- before provision for income distributions	1.148	1.025	1.131	1.120	1.071
- after provision for income distributions	1.130	1.008	1.077	1.048	1.003

UNITS IN ISSUE

As at 31 December 2014, the total number of units issued is 573,219,858.

MANAGER'S REPORT (CONT'D)

GEARING

As at 31 December 2014, AmanahRaya REIT's total debt is RM364,146,837 with gearing ratio at 33.80%

	2014	2013	2012	2011	2010
Gearing ratio (%)	33.80	36.02	34.76	34.91	36.36

RELATED PERFORMANCE INDICATORS AND BENCHMARKS

	2014	2013	2012	2011	2010
Total return (%)*	7.22	7.83	9.10	12.11	20.59
Asset Portfolio Turnover (times)**	0.05	0.12	–	–	0.43

* 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 2014 to the average net asset value for the financial year calculated on a daily basis.

BENCHMARK RELEVANT TO AMANAHRAYA REIT

	2014	2013	2012	2011	2010
Management Expense Ratio ("MER") %*	0.97	0.85	0.80	0.70	0.59

* The calculation of MER is based on the total expenses incurred by AmanahRaya REIT, including Manager's fee, Trustee's fee, auditor's 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 year under review, AmanahRaya REIT managed to complete the acquisition of Wisma Comcorp at RM 30 million. The acquisition was based on sale and leaseback arrangement with Comintel Sdn Bhd for 15 years with initial yield of 8% stepping up every 3 years. The acquisition will contribute positively towards AmanahRaya REIT's DPU in the years to come.

Property Management

a. Property Expenses

Under the triple net lease arrangement, the responsibility of maintaining and upkeeping of the property lies with the lessee. Periodical and scheduled inspections will be carried out on quarterly basis by the appointed Property Managers. In 2014, the total property expenses incurred was approximately at RM3.23 million. The incurred amount mainly arising from statutory payments (quit rents and assessments), insurances, general repairs, maintenance, refurbishments and asset enhancement.

MANAGER'S REPORT (CONT'D)

b. Enhancing Property Values

1. Wisma AmanahRaya, Jalan Ampang

- The building underwent repainting and cleaning of the entire facade. The work started in April 2014 and was completed in June 2014 at the total cost of RM 165,000.
- In May 2014, waterproofing membrane at level 16 and 17 of the building was replaced at the cost of RM 65,000. The replacement was necessary as the old membrane was no longer able to prevent water seepage and has shown signs of ageing.
- 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 RM 2.1 million. The exercise was necessary as the current lifts system was already beyond its expected age and has recorded frequent faulty incidents. The work has commenced and is expected to be completed by end of 2015.

2. Holiday Villa Langkawi

An additional swimming pool was constructed at Holiday Villa Langkawi. The new pool was completed in March 2014 at the cost of approximately RM2.16 million.

3. SEGi College

Due to frequent water leaks and seepages especially after heavy downpour, the Management decided to replace the entire roof membrane of the building. The work completed in June 2014 at the cost of about RM 60,000.

4. Kontena Nasional Distribution Centre 11

The fencing and part of retaining wall at the west boundary of the property collapsed due to erosion. The Manager carried out remedial and improvement works immediately at the cost of RM 60,000 to prevent further damage.

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.	Gurun Automotive Warehouse	169,788	179,775	5.88	Dec 2014
2.	SEGi University	1,027,083	1,123,750	9.41	Jan 2014

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 2014, AmanahRaya REIT has achieved a debt level of 33.80% of the total asset level as compared to 36.02% in the previous year.

MANAGER'S REPORT (CONT'D)

MATERIAL LITIGATION

On 17 October 2014, High-5 Conglomerate Berhad (formerly known as Silver Bird Group Berhad) ("High-5"), and Standard Confectionary Sdn Bhd ("1st Plaintiff") filed a Writ of Summons and Statement of Claim vide suit no: 22NCVC-476-10/2014 against the Trustee, as 2nd Defendant, seeking, among other things, an order to set aside the transfer of Silver Bird Factory to the Trustee and also the lease agreement between the Trustee and High-5. On 28 November 2014, the Trustee had filed a Defence to resist the claim and also a Counterclaim against High-5 seeking an order for vacant possession and consequential relief.

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 RM4.49 million calculated at 0.75% of net asset value of AmanahRaya REIT payable monthly.

SIGNIFICANT EVENTS OCCURED DURING THE YEAR

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

1. On 23 April 2014, CIMB Islamic Trustee Berhad, the trustee of AmanahRaya REIT entered into Sale and Purchase Agreement and Lease Agreement with Comintel Sdn Bhd for acquisition and leaseback of Wisma Comcorp at a purchase price of RM30 million with 15 years lease period.
2. On 29 September 2014 CIMB Islamic Trustee Berhad, the trustee of AmanahRaya REIT signed a lease agreement with HELP University Sdn Bhd of which the latter agreed to occupy Wisma Amanah Raya Berhad, Jalan Semantan for 25 years with step up rental revision for every 5 years.
3. Revaluation exercise was conducted on all properties under AmanahRaya REIT's portfolio (save for Silver Bird Factory where the revaluation exercise on Silver Bird Factory was carried out in December 2013). Following the revaluation exercise, total value increased to RM1.08 billion from RM1.01 billion previously (The disposal of Permanis Factory was completed on 30 December 2013 and the completion of the acquisition of Wisma Comcorp was on 26 November 2014).
4. On 9 December 2014, CIMB Islamic Trustee Berhad, the trustee of AmanahRaya REIT entered into a Sale and Purchase Agreement with Noble Perspective Sdn Bhd in respect of the disposal of Kontena Nasional Distribution Centre 11 at a disposal price of RM34 million.
5. Asset enhancement exercises were conducted on four (4) properties under AmanahRaya REIT portfolio as listed below:
 - (a) Wisma AmanahRaya, Jalan Ampang
 - (b) SEGi College
 - (c) Holiday Villa Langkawi
 - (d) Kontena Nasional Distribution Centre 11

The total cost incurred for the asset enhancement exercise was RM3.08 million.

MANAGER'S REPORT (CONT'D)

MOVING FORWARD

Acquisition

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

Financial Performance

Moving forward pose a challenge for AmanahRaya REIT as overall property market is expected to soften. To mitigate, acquisition is necessary and it will be the main focus of the Manager in 2015.

SOFT COMMISSION

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

RESERVES AND PROVISIONS

There were no material transfers to and from reserves or provisions during the financial year ended 31 December 2014 other than those disclosed in the Statement of Changes in Net Asset Value.

INFORMATION ON THE FINANCIAL STATEMENTS

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

- a. Any charge on the assets of AmanahRaya REIT which arisen since the end of the financial year which secures the liability of any other person, except as disclosed in Note 4 to the financial statement;
- b. Any contingent liability of AmanahRaya REIT which has arisen since the end of financial year.

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

MANAGER'S REPORT (CONT'D)

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
16 February 2015

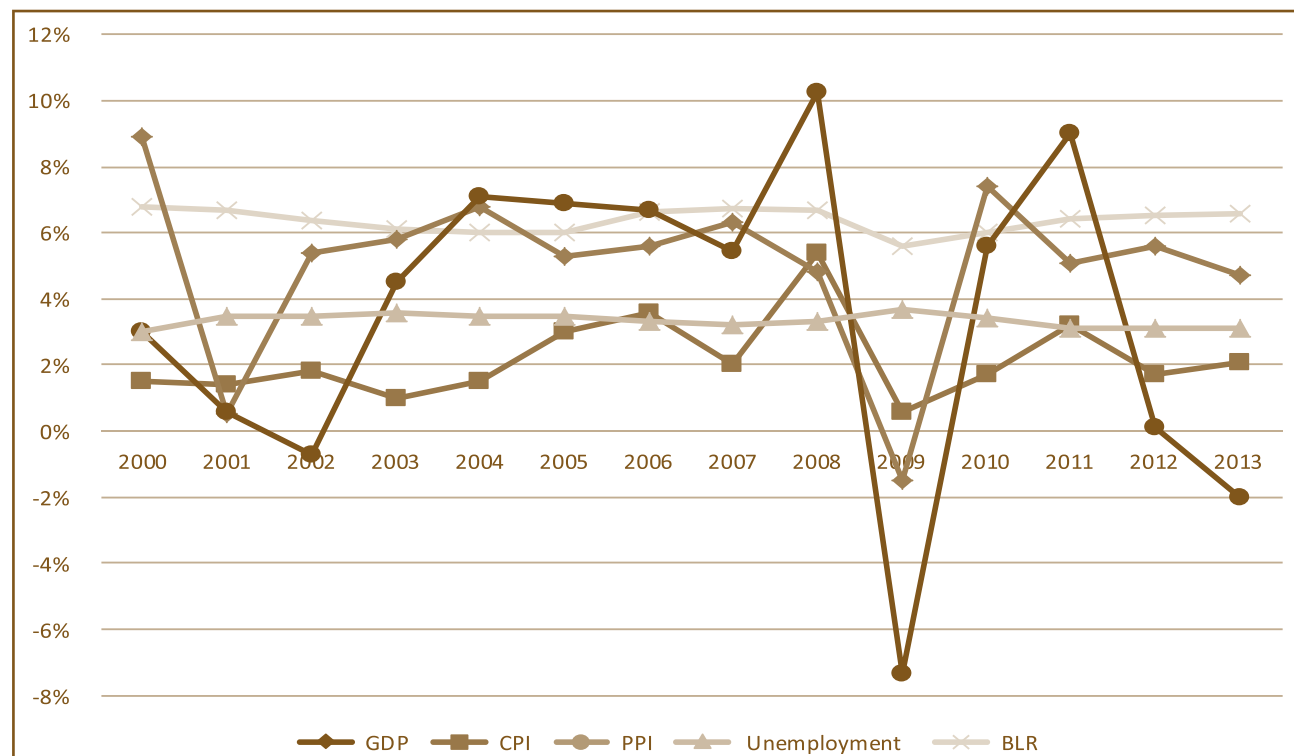
PROPERTY MARKET OVERVIEW



1 ECONOMY

After exceeding expectations in H1 2014, the Malaysian economy, measured in terms of Gross Domestic Product (GDP), registered a more moderate growth of 5.6% in Q3 2014 (at constant 2005 prices) compared to 6.5% registered in the previous quarter, and 6.2% in Q1. Compared to 4.6% growth for the first three quarters of 2013, the three quarters in 2014 recorded growth of 6.1%. Growth was driven by domestic demand, which contributed 93.7% of the GDP.

Figure 1 : Selected Economic Growth Indicators, 2000 - 2013



Source: Department of Statistics, Bank Negara Malaysia

All sectors registered positive growth in Q3. The services sector rose by 6.1%, driven by wholesale & retail trade, communication and business services. Manufacturing grew by 5.3%, supported by growth in electrical & electronics products, food, beverage and tobacco, transport equipment and non-metallic mineral, basic & fabricated metal products. The construction sector grew by 9.6%, with growth recorded by the residential and non-residential segments.

The expected average 2014 GDP growth is between 5.5% - 6.0%, though the World Bank has reduced its forecast to 4.7% due to the plunging crude oil price. From about USD107 per barrel in July, Brent crude oil price has now dropped more than 50% to USD50. Early 2014 saw the ringgit appreciated against major currencies and in Q3 it appreciated more than 5% against euro, Japanese yen, and Australian dollar – 5.5%, 5.9%, and 5.6% respectively. It, however, depreciated 10.3% against US dollars in December since its year high of 3.14 recorded in August. In Q4, a further decline of about 7% was recorded – the worst in Asia – as ringgit touched USD3.50 mark. Ringgit is not expected to rebound significantly with the current weak crude oil price.

The inflation rate, as measured by the annual change in the Consumer Price Index (CPI), has so far averaged above 3% growth y-o-y with Q3 2014 averaging 3.0% (Q2 2014: 3.3%). While an average growth of 3.0% - 3.5% was expected for 2014, the rate is expected to rise well above 4% next year especially due to the abolishment of fuel subsidy and the implementation of goods and services tax (GST).

Malaysia's Foreign Direct Investment (FDI) inflow increased 22.2% in 2013 the strongest growth in ASEAN, amounting to USD12.3billion (2012: USD10.1 billion), a record high for the country.

1 ECONOMY (cont'd)

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



Source: DTZ Consulting & Research, December 2014

The country, however, lagged behind Singapore (USD63.8 bil), Indonesia (USD18.4bil), and Thailand (USD12.9bil).

The country's top sources of FDI were Japan, Singapore, Germany and South Korea. Significant increase was observed for China's investments with Malaysia attracting USD920 mil FDI from China last year (2012: USD646 mil) albeit still a small fraction from China's total FDI outflow of USD90.2 billion. Thus, the government is targeting to further increase China's investment next year, especially with the recent Renminbi-clearing agreement between the two countries, enabling investors to trade using the Chinese currency without going through USD.

Unemployment rate declined to 2.7% in Q3 2014 (Q2: 2.8%), as total employment increased by 79,000, to 13.62 million. The increase was attributed to stronger hiring in manufacturing, services, and mining sectors.

2 OFFICE SECTOR

The year 2014 saw seven Purpose-Built Office (PBO) buildings completed within Kuala Lumpur central area, bringing more than 2.8 million sq ft of office space. These include Menara Berkembar Bank Rakyat (980,000 sq ft) and Nu Towers (757,900 sq ft), both located in KL Sentral vicinity and MBMR Tower along Jalan Syed Putra (240,000 sq ft), bringing the total office supply in Kuala Lumpur to 70.1 million sq ft. Approximately 30.6 million sq ft are located in the Golden Triangle.

As of Q4 2014, average occupancy rate declined to 83% from 85% during the same period last year as the influx of office space supply surpassed the absorption rate. A year-on-year increase of 1.1 million sq ft in occupied space was recorded for 2014.

Table 1 : Notable take-up recorded in 2014

Location	Occupier	Space
Nu Tower 1 & 2	MRCB	106,000 sq ft
Menara Shell	AmGeneral Insurance Bhd	100,000 sq ft
1Sentrum	AmMetlife	99,300 sq ft
Menara Hap Seng 2	MSIG	100,000 sq ft

Source: DTZ Consulting & Research, December 2014

2 OFFICE SECTOR (cont'd)

Over the next 3 years, about 12 million sq ft of space will enter Kuala Lumpur market. More than 50% of this supply is expected to be completed in 2015. The oversupply situation has continued to be a concern, especially due to large projects currently being planned, such as Tun Razak Exchange (TRX), KL Metropolis, Warisan Merdeka and KL EcoCity. These mega projects are expected to enter the market by 2017-2018.

Rental rates are generally stagnant with owners competing to secure tenants amidst the increasing supply. Rental rates in primary location averaged RM6.25 psf, while secondary location at RM4.25 psf.

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	98
2	Menara Maxis	Jalan Ampang	9.50 - 10.50	91
3	Wisma Selangor Dredging	Jalan Ampang	6.00 - 7.80	96
4	Sunway Tower	Jalan Ampang	5.00 - 5.50	70
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	100
8	Plaza OSK	Jalan Ampang	5.00 - 5.50	100
9	Menara Great Eastern	Jalan Ampang	5.00 - 5.50	95
10	Vista Tower	Jalan Tun Razak	8.50 - 9.00	75
11	The ICON	Jalan Tun Razak	5.50 - 6.00	91
12	GTower	Jalan Tun Razak	8.00 - 8.50	95
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	4.00 - 4.50	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 A	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, December 2014

2 OFFICE SECTOR (cont'd)

Due to the oversupply situation and various economic challenges faced since 2013, fewer number of office building transactions were observed in 2014. Increased electricity tariff and adjustment on assessment rate by DBKL had slowed down interest as these higher costs affected rental yield. As shown in Table 2 below, 2014 recorded only one third of 2013's 18 transactions.

Table 3: Notable Office Building Transactions in 2014

No	Building	Location	Date	Net Lettable Area (sq ft)	Consideration (RM psf)
1	Platinum Sentral	Jalan Sentral	Q2	475,857	1,576
2	Shell Semantan	Damansara Heights	Q2	212,867	648
3	Wisma Sunway	Jalan Tengku Ampuan Zabedah	Q4	171,544	350
4	Menara ING	Jalan Raja Chulan	Q4	160,413	825

Source: DTZ Consulting & Research, December 2014

Acknowledging the market becoming tenant-favoured, buildings with advantageous accreditations, i.e. MSC-status and Green Building certification, have become the standard preference.

Despite incentives being offered by the government to lure companies, especially multi-national companies (MNC), to set up their regional headquarters in the country, the pipeline supply of 7 million sq ft in 2015 is expected to surpass the current absorption rate of 1 – 2 million sq ft. Furthermore, another 3 million sq ft of new supply is scheduled for completion in 2016. Owners are expected to continue facing challenges in securing tenants, evidenced by stagnant rents and initiatives to refurbish their properties to stay competitive.

3 RETAIL

In Greater Kuala Lumpur, nine new shopping malls came into the market in 2014. Among them are Quill City Mall at Jalan Sultan Ismail, and Nu Sentral at KL Sentral. The total stock in Kuala Lumpur now stood at 24.4 million sq ft with at least another 1.4 million sq ft anticipated to be completed in the early part of 2015.

Apart from new malls opening, several existing malls completed major refurbishment in an effort to enhance the mall's attractiveness to be more competitive. Some of the major malls that underwent refurbishment are Suria KLCC, Avenue K and Sungei Wang Plaza. This year also saw Sunway REIT investing RM307 mil to refurbish Sunway Putra Mall, which is part of Sunway Putra Place consisting of hotel and office towers. Jakel, a major textile industry player, acquired CapSquare Mall (Jalan Munshi Abdullah) and is currently renovating the mall.

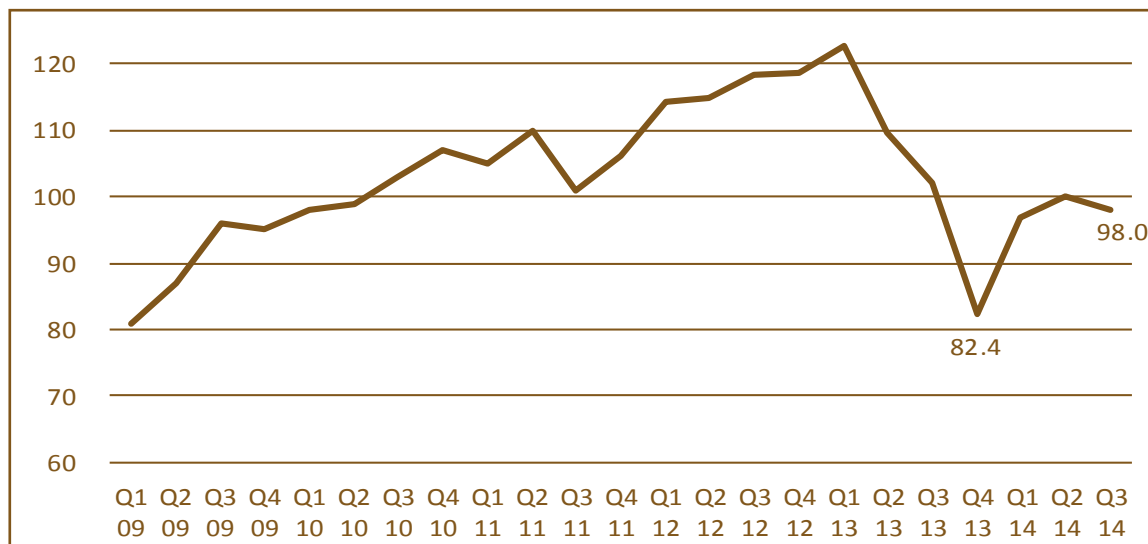
Notable retail mall transactions concluded in 2014 included the sale of Quill City Mall (Jalan Sultan Ismail) to Employees Provident Fund (EPF) worth RM1.2 billion (RM1,561 psf) and the disposal of KL Festival Mall by Parkson Group for the consideration of RM349 million. The Mall was acquired by Festiva Mall Sdn Bhd and AsiaMalls Sdn Bhd.

The overall occupancy rate of Klang Valley retail malls was steady. Malls in the city centre averaged 91.3% occupancy, while malls in outer area recorded an average occupancy of 87.3%. Rental rates also generally remained stable in light of the increase in supply of retail space in Klang Valley.

Consumer confidence remained low throughout the year. Despite the festive celebrations in the first quarter of 2014, Consumer Sentiment Index (CSI) dropped to 82.4 in Q1 2014 from 102.0 in the previous quarter with malls registering sales growth of 4.8% (compared to 7.5% growth for the same period in 2013). The index rose to 98.0 in Q3 2014.

3 RETAIL (cont'd)

Figure 3 : Historical Consumer's Sentiment Index

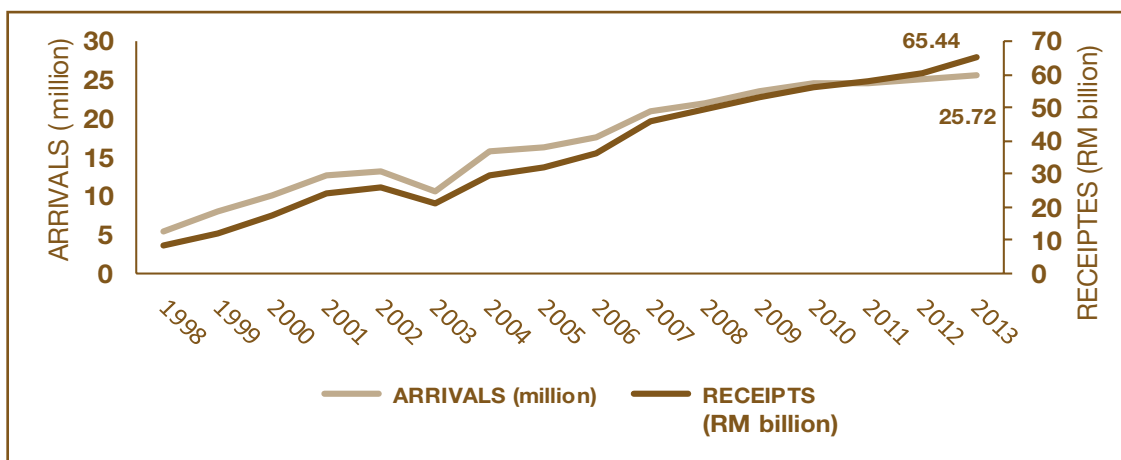


Source: DTZ Consulting & Research, December 2014

Higher sales was expected in the final quarter of 2014 as more spending normally took place at the end of the year due to school holidays and festive season. With the implementation of Good and Services Tax (GST) in April 2015, consumers might spend more, especially on big items.

4 TOURISM & HOTEL

Figure 4 : Tourist Arrivals & Receipts



Source: Tourism Malaysia

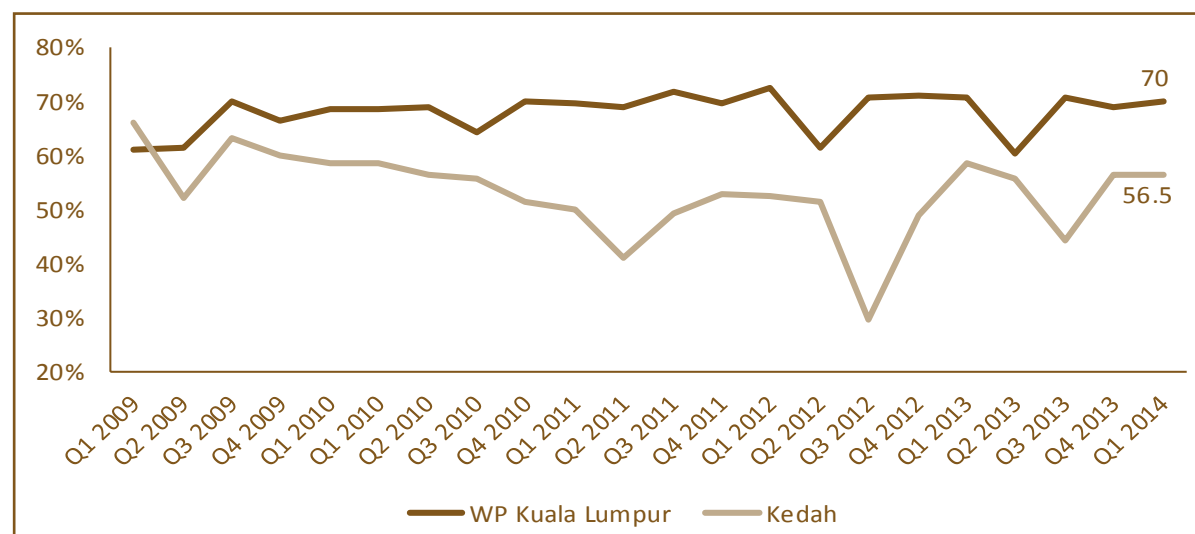
4 TOURISM & HOTEL (cont'd)

Singapore, Indonesia, and China remained to be the country's top visitors. The disappearance of flight MH 370 did result in lower Chinese arrivals with the number dropping by 25% in the first seven months compared to the same period in 2013. With total Chinese arrivals of only 476,904, it was expected such decline resulted in an estimated loss of RM4 billion in tourist receipts.

In Kedah, 3.5 mil tourist arrivals were recorded in 2014. As the main tourist destination in the State, tourist arrivals in Langkawi increased by 12% from the previous year. Various efforts were carried out by the state government to meet its target of achieving 5.5 million arrivals in 2016. RM1.08 billion was tabled in Kedah Budget 2015, in which at least RM8 million would be allocated for the preparation of the tourism campaign for Visit Kedah Year 2016. Furthermore, the state had allocated 100-acres of land for the proposed construction of Kulim International Airport in an effort to bring more tourists to the State.

Hotel occupancy in Kedah showed a minimal decline over the last 5 years with average occupancy rate hovering between 50% – 60%.

Figure 5 : Hotels Average Occupancy Rate – Malaysia & Kedah



Source: Department of Statistics Malaysia

With the continuous rise in the number of tourist arrivals, investors were taking this opportunity to offer more quality hotel rooms at par with international standard, particularly in Langkawi. Supply of hotel room on the island is targeted to be doubled to 15,000 by 2017.

Table 4: Among Upcoming High-End Langkawi Hotels

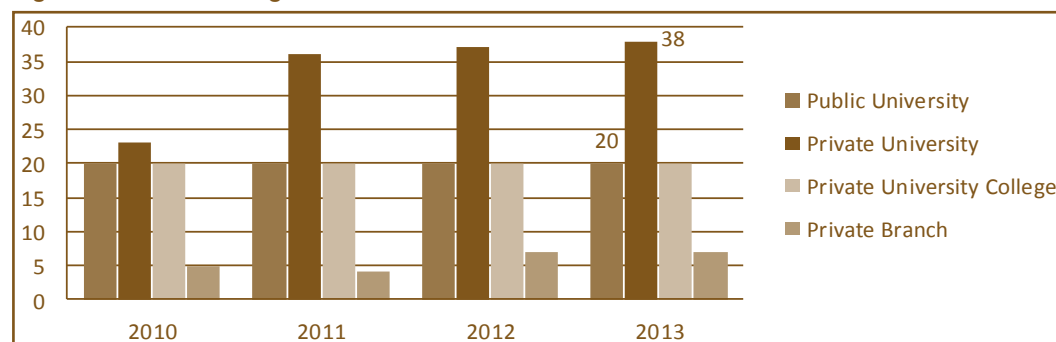
Hotel	Developer	No . of Rooms	Target Opening
Ritz Carlton Langkawi	AJ Resorts Sdn Bhd	132	2015
Paradise Island Hotel & Gardens	Pekan Artisan Sdn Bhd	250	2015
St Regis Langkawi	Rajawali Group and Starwood Hotels	95	2015
Rahsia Estates Resort Residences, Eco-Hotel and Spa	Rahsia Estates Sdn Bhd	276	2016
The Burau, Perdana Quay Corporation Bhd	Tradewinds	331	2017

Source: DTZ Consulting & Research, December 2014

5 EDUCATION

The number of Private Higher Educational Institutions (IPTS) in Malaysia has continued to increase faster than Public segment (IPTA).

Figure 6 : Number of Higher education Institutions



Source: DTZ Consulting & Research, MoE, December 2014

As of 2013, there were 414 Private Colleges in Malaysia. The rapid growth of IPTS had triggered a moratorium to be imposed by the government, putting any setting up of higher education institutions on hold for two years starting from 2014. Efforts are now being focused on improving the quality of education.

Table 5 : Total Number of Tertiary Students in Malaysia

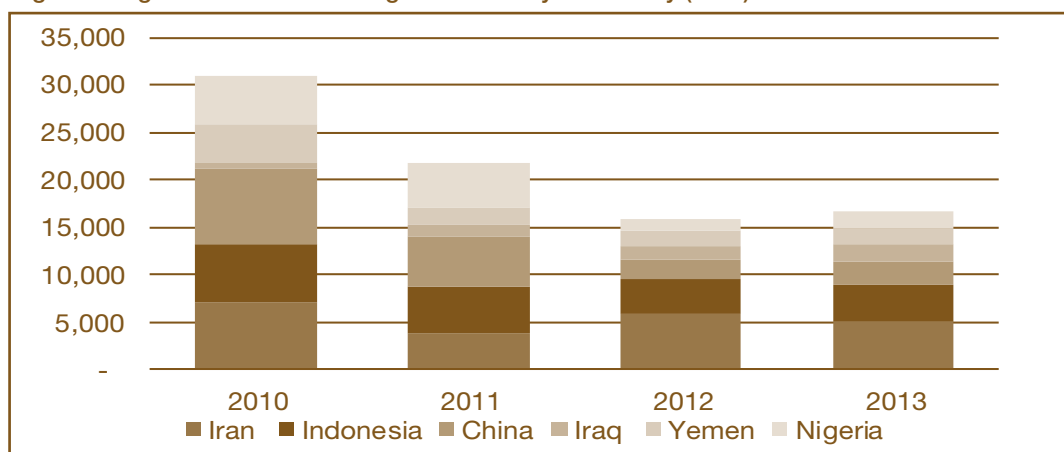
No. of Students	Year	Entries	Enrolment	Graduates
Public University (IPTA)	2011	188,766	508,256	104,291
	2012	180,558	521,793	113,239
	2013	178,418	560,359	126,027
Private University (IPTS)	2011	125,845	428,973	54,397
	2012	157,899	454,616	107,288
	2013	134,420	484,963	94,528
Polytechnic	2011	39,578	89,292	33,310
	2012	38,172	92,148	27,286
	2013	31,319	89,503	25,853
Community College	2011	–	6,394	6,624
	2012	24,236	22,380	23,470
	2013	29,052	21,468	27,485
TOTAL	2011	354,189	1,032,915	198,622
	2012	400,865	1,090,937	271,283
	2013	373,209	1,156,293	273,893

Source: DTZ Consulting & Research, MoE, December 2014

5 EDUCATION (cont'd)

As per Table 5, number of students enrolled in higher education institutions in 2014 stood at 1.15 million, of which, 83,631 were international students. The enrolment of international students was reported to generate RM2.7 billion income. Iranian students had continued to rank the highest in number of foreign students, followed by Indonesians and Chinese.

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



Source: DTZ Consulting & Research, MoE, December 2014

Looking forward, the government is targeting a major improvement in the higher education sector as the Education Ministry received the highest allocation in Budget 2015 i.e. RM56 billion. The Higher Education Sector Blueprint 2015-2025 is expected to transform the Education sector, especially in attracting traditional and non-traditional sources of income and students.

6 INDUSTRIAL

The industrial market in 2014 was stable but subdued, although the manufacturing sector had a fairly strong growth in the first three quarters of the year with a recovery in export. Domestic consumption demand was a key driver of growth for the year supported by foreign investments.

Marginal increment in total stock was recorded up to Q3 2014 in Klang Valley at 40,880 units (2013: 40,738 units) with Petaling district housing the most units at 14,494, mostly being terraced units.

Valuation And Property Services Department (JPPH) also recorded a significant decrease in number of transactions of industrial properties both in Kuala Lumpur and Selangor. As of October 2014, less than 600 transactions were recorded in Selangor – 40% of the number of transaction in the same period last year. Kuala Lumpur showed similar decline year-on-year i.e. 44% to 41 transactions as of August 2014. Units transacted are mostly of terraced and semi-detached type.

6 INDUSTRIAL (cont'd)

Table 6 : Selected Transactions of Industrial Properties within ARREIT Locality, 2014

Location	Scheme	Type	Date	Consideration
Damansara	Subang Light Ind. Park	Terraced	May `14	RM 338 psf
Damansara	Subang Hi-Tech	Semi-Detached	Apr `14	RM 388 psf
Damansara	Sunway Damansara	Semi-Detached	Feb `14	RM 417 psf
Damansara	Temasya Ind. Park	Terraced	Jan `14	RM 349 psf
Shah Alam	Glenmarie Ind. Park	Terraced	Aug `14	RM 575 psf
Shah Alam	Kota Kemuning Ind. Park	Terraced	Jul `14	RM 400 psf
Shah Alam	Kota Kemuning Ind. Park	Terraced	Jun `14	RM 244 psf
Shah Alam	Sec. 16, Shah Alam	Detached	May `14	RM 149 psf
Shah Alam	Sec. 27, Shah Alam	Terraced	Apr `14	RM 359 psf
Klang	Bukit Kemuning Light Ind Park	Terraced	Jul `14	RM 325 psf
Klang	Mile 3.5 Light Industry	Terraced	May `14	RM 292 psf
Klang	Bukit Kemuning Light Ind Park	Terraced	May `14	RM 310 psf
Klang	Mile 5 Meru	Semi-Detached	Mar `14	RM 191 psf
Bdr Baru Bangi	Tmn Industri Balakong Jaya	Terraced	Sep `14	RM 285 psf
Bdr Baru Bangi	Li Foong Ind Park	Terraced	Aug `14	RM 538 psf
Bdr Baru Bangi	Bkt Angkat Ind Park	Semi-Detached	Aug `14	RM 264 psf
Bdr Baru Bangi	Tmn Kajang Utama	Terraced	Aug `14	RM 243 psf

Source: JPPH

Rental rate for industrial properties indicated generally marginal increase throughout. Rates for properties in Shah Alam are as shown below.

Table 7 : Rental Rates of Industrial Properties Within ARREIT Locality

Location	Type	Built-up Area Range (sq ft)	Asking Rental (RM psf /month)	Sample size
Section 15	Semi-detached	8,800 – 11,300	2.00 – 2.50	3
Section 16	Semi-detached	18,000 – 43,000	2.00 – 2.20	3
Hicom Glenmarie	Detached	7,000 – 30,000	1.60 – 2.80	6

Source: DTZ Consulting & Research, December 2014

Whilst there are limited new supply, rental is unlikely to move too much, mainly driven by general higher inflation than new demand. Going into 2015, with a more challenging business environment, the market will reflect a more cautious sentiment, with GST and higher labour costs to contend with.

7 BUDGET 2015

Budget 2015 was tabled in October 2014 and was based on oil price at USD100 per barrel. Main objectives of Budget 2015 were to improve budget deficit and achieve its target of -3% by 2015. These were to be achieved by implementing various fiscal consolidation measures.

Due to the drop in global crude oil prices by almost 50% at the end of 2014, the Government, on 20th January 2015, revised its Budget 2015 to reflect lower revenue based on a new forecast of oil price at USD55 per barrel. While development spending will be maintained at RM48.5 bill, operating expenditure has been reduced by RM5.5 bill.

The economy is forecasted to grow between 4.5% and 5.5% in 2015, while the budget deficit is expected to equal 3.2% of GDP. The Government had earlier forecast the economy to expand between 5% and 6% and the budget deficit to narrow to 3% from 3.5% in 2014.

Several positive news on the residential sector noted are:

- Ceiling eligible household income for PR1MA houses is to be increased from RM8,000 to RM10,000.
- Ceiling price for house under My First Home Scheme is to be increased to RM500,000.
- Extension of 50% stamp duty exemption for first house priced below RM500,000.
- Introduction of Rent-To-Own scheme.
- 80,000 PR1MA homes are to be added.

As for the industrial sector, to encourage better management, 70% to 100% of tax exemption was announced for the management of industrial estate.

There was no change in RPGT rates. However, a self-assessment system is being introduced whereby taxpayers are given the responsibility to assess their gains tax themselves instead of the IRB as of the current practice. The system is to be effective in 2016.

The budget also tabled items that will be exempted from Goods and Services Tax. Though residential properties will be exempted from GST, the imposition of GST on construction materials, fees, and other related costs in developing the property is expected to result in higher prices.

2015 OUTLOOK

Moving forward, it is expected that there will be a one-off inflationary impact contributed by the GST, which will come into effect in April 2015. This may moderate the growth of private consumption, which underpins the Malaysian economy. The World Bank has recently cut its Malaysia GDP 2015 growth forecast from 4.9% to 4.7%.

With challenging economic situations and the implementation of GST, the property market is expected to soften in 2015 with developers are holding their new launches and buyers are holding their investment. As for the impact of lower oil prices, it is expected to be neutral as the property sector is not sensitive oil prices.

STATUTORY FINANCIAL STATEMENTS

- 74 Statement by the Manager
- 75 Statutory Declaration
- 76 Trustee's Report to the Unitholders
- 77 Independent Auditors' Report to the Unitholders
- 79 Statement of Financial Position
- 80 Statement of Profit or Loss and Other Comprehensive Income
- 83 Statement of Changes in Net Asset Value
- 84 Statement of Cash Flows
- 85 Notes to the Financial Statements

STATEMENT BY THE MANAGER

In the opinion of the Directors of the Manager, the financial statements set out on pages 79 to 116 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), the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of AmanahRaya Real Estate Investment Trust as at 31 December 2014 and of its financial performance and cash flows of AmanahRaya REIT for the financial year then ended.

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 Abdul Razak

Kuala Lumpur,
16 February 2015

STATUTORY DECLARATION

I, **Adenan Md Yusof**, the officer of the Manager, AmanahRaya-REIT Managers Sdn. Bhd., primarily responsible for the financial management of AmanahRaya Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 79 to 116, 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 16 February 2015.



Adenan Md Yusof

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 2014. 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 for the financial year ended 31 December 2014; 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 2014 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 2014 are as follows:

- 1) 1st interim income distribution of 1.700 sen per unit paid on 8 July 2014;
- 2) 2nd interim income distribution of 1.300 sen per unit paid on 9 October 2014;
- 3) 3rd interim income distribution of 1.700 sen per unit paid on 29 December 2014; and
- 4) Proposed final income distribution of 1.800 sen per unit payable on 26 March 2015.

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



Lee Kooi Yoke
Chief Operating Officer

Kuala Lumpur,
16 February 2015

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 2014, 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 79 to 116.

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 2014 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

The financial statements of AmanahRaya REIT as at and for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 18 February 2014.

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



KPMG

Firm Number: AF 0758
Chartered Accountants

Petaling Jaya,
16 February 2015



Abdullah Abu Samah

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Investment properties	4	938,070,000	864,591,982
		938,070,000	864,591,982
Current assets			
Trade and other receivables	5	1,576,963	38,530,377
Security deposits in trust accounts and a financial institution	6	43,936,743	53,225,252
Cash and cash equivalents	7	59,713,004	53,855,704
		105,226,710	145,611,333
Asset classified as held for sale	8	34,000,000	–
Total current assets		139,226,710	145,611,333
Total assets		1,077,296,710	1,010,203,315
Financed by:			
Unitholders' fund			
Unitholders' capital		519,685,915	519,685,915
Distributable income		138,265,282	67,910,256
Total unitholders' funds	9	657,951,197	587,596,171
Non-current liabilities			
Borrowings	10	–	363,851,447
Trade and other payables	11	38,570,521	48,489,129
Total non-current liabilities		38,570,521	412,340,576
Current liabilities			
Borrowings	10	364,146,837	–
Trade and other payables	11	16,628,155	10,266,568
Total current liabilities		380,774,992	10,266,568
Total liabilities		419,345,513	422,607,144
Total unitholders' funds and liabilities		1,077,296,710	1,010,203,315
Net Asset Value ("NAV")		657,951,197	587,596,171
Number of units in circulation		573,219,858	573,219,858
NAV per unit (RM)			
- Before income distribution		1.148	1.025
- After income distribution		1.130	1.008

The notes on pages 85 to 116 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM Restated
Gross revenue			
Rental income			
- Realised		55,232,076	64,268,575
- Unrealised (in relation to unbilled lease income receivable)		1,941,582	–
		57,173,658	64,268,575
Property operating expenses	12	(3,233,930)	(2,082,602)
Net property income		53,939,728	62,185,973
Interest income		3,307,289	1,858,552
Other income		–	165,000
Change in fair value of investment properties			
- As per valuation	4	75,316,699	(18,000,000)
- Unbilled lease income receivable		(1,941,582)	–
Net property and investment income		130,622,134	46,209,525
Manager's fees		(4,493,860)	(4,117,173)
Trustee's fees		(329,550)	(320,059)
Auditor's fees			
- Audit		(105,000)	(85,000)
- Other services		(10,000)	–
Tax agent's fees		(8,500)	(8,500)
Administrative expenses		(1,427,001)	(473,774)
Borrowing costs	13	(16,954,853)	(16,954,853)
Impairment loss on trade receivables		(44,109)	–
Total trust expenses		(23,372,873)	(21,959,359)
Net income before taxation		107,249,261	24,250,166
Income tax expense	14	–	–
Net income for the year attributable to unitholders		107,249,261	24,250,166
Other comprehensive income, net of tax		–	–
Total comprehensive income for the year attributable to unitholders		107,249,261	24,250,166

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM Restated
Net income for the year is made up as follows:			
Realised		31,932,562	42,250,166
Unrealised			
- Unrealised rental income (in relation to unbilled lease income receivable)		1,941,582	–
- Change in fair value of investment properties		75,316,699	(18,000,000)
- As per valuation		(1,941,582)	–
- Unbilled lease income receivable		75,316,699	(18,000,000)
		107,249,261	24,250,166
Earnings per unit (sen)			
Before Manager's fees	15	19.494	4.949
After Manager's fees	15	18.710	4.231
Net income distribution			
First interim income distribution of 1.700 sen per unit paid on 8 July 2014 (2013: 1.884 sen per unit paid on 3 July 2013)		9,746,011	10,799,496
Second interim income distribution of 1.300 sen per unit paid on 9 October 2014 (2013: 1.830 sen per unit paid on 8 October 2013)		7,451,837	10,488,765
Third interim income distribution of 1.700 sen per unit paid on 29 December 2014 (2013: 1.815 sen per unit paid on 31 December 2013)		9,744,717	10,401,080
Proposed final income distribution of 1.800 sen per unit payable on 26 March 2015 (2013: 1.736 sen per unit paid on 2 April 2014)		10,317,851	9,951,670
	16	37,260,416	41,641,011

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM
Income distribution per unit (sen)*	16		
- First interim income distribution		1.700	1.884
- Second interim income distribution		1.300	1.830
- Third interim income distribution		1.700	1.815
- Proposed final income distribution		1.800	1.736

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

	Withholding tax rate	
	2014	2013
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

The notes on pages 85 to 116 are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE YEAR ENDED 31 DECEMBER 2014

	Unitholders' capital RM	Distributable Realised income RM	Non-distributable Unrealised income RM	Total unitholders' funds RM
At 1 January 2013	519,685,915	15,641,999	71,455,000	606,782,914
Net income for the year	–	42,250,166	(18,000,000)	24,250,166
Realisation of unrealised income upon disposal of investment properties	–	7,950,000	(7,950,000)	–
Total comprehensive income for the year	–	50,200,166	(25,950,000)	24,250,166
Unitholders' transactions				
Distributions to unitholders:				
- 2013 interim	–	(31,689,341)	–	(31,689,341)
- 2012 final	–	(11,747,568)	–	(11,747,568)
Decrease in net assets resulting from unitholders' transactions	–	(43,436,909)	–	(43,436,909)
At 31 December 2013/ 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	519,685,915	17,443,583	120,821,699	657,951,197

The notes on pages 85 to 116 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
Net income before taxation		107,249,261	24,250,166
<i>Adjustments for:</i>			
Borrowing costs	13	16,954,853	16,954,853
Interest income		(3,307,289)	(1,858,552)
Change in fair value of investment properties (net of unbilled lease income receivable)		(75,316,699)	18,000,000
Operating income before changes in working capital		45,580,126	57,346,467
Changes in working capital:			
Trade and other receivables		36,953,414	(1,431,910)
Trade and other payables		4,970,994	(466,063)
Net cash from operating activities		87,504,534	55,448,494
Cash flows from investing activities			
Interest received		3,307,289	1,858,552
Proceeds from disposal of investment properties		–	35,620,000
Acquisition of investment property		(30,000,000)	–
Enhancement of investment properties		(2,161,319)	(1,115,000)
Net cash (used in)/from investing activities		(28,854,030)	36,363,552
Cash flows from financing activities			
Distributions paid to unitholders	16	(36,133,741)	(53,691,152)
Interest paid	13	(16,659,463)	(16,659,465)
Net cash used in financing activities		(52,793,204)	(70,350,617)
Net increase in cash and cash equivalents		5,857,300	21,461,429
Cash and cash equivalents at 1 January	7	53,855,704	32,394,275
Cash and cash equivalents at 31 December	7	59,713,004	53,855,704

The notes on pages 85 to 116 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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 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 TAS
No. 21, Jalan Melaka
50100 Kuala Lumpur

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

(b) Manager’s fees

Pursuant to the 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% (2013: 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 Net Asset Value of AmanahRaya REIT. 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% (2013: 0.055%) per annum of the Net Asset Value.

The financial statements were approved by the Board of Directors of the Manager on 16 February 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

2. Basis of preparation

(a) Statement of compliance

The financial statements of AmanahRaya REIT have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The following are accounting standards, amendments and interpretations 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 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011–2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010–2012 Cycle and 2011–2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010–2012 Cycle and 2011–2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011–2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- 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* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- 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*
- MFRS 14, *Regulatory Deferral Accounts*
- 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 2017

- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 9, *Financial Instruments (2014)*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for amendments to MFRS 2, MFRS 3, MFRS 119 and MFRS 138 which are not applicable to AmanahRaya REIT.
- 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, MFRS 119 and MFRS 127 which are not applicable to AmanahRaya REIT.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period 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*.

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

(ii) MFRS 9, *Financial Instruments (2014)*

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

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

(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 the functional currency of AmanahRaya REIT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

2. Basis of preparation (continued)

(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 Note 4 to the financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all 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, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

AmanahRaya REIT categorises financial instruments as follows:

Financial assets

Loans and receivables

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

Financial assets categorised as financing 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)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

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

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

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

(b) Investment properties

Investment properties 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 properties.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

3. Significant accounting policies (continued)

(c) Leased assets

(i) Finance lease

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

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

(ii) Operating lease

Leases, where AmanahRaya REIT does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on AmanahRaya REIT's 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 properties and measured using fair value model.

(d) Non-current assets held for sale

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

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

(e) Cash and cash equivalents

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

(f) Impairment

(i) Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

3. Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Other assets

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

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

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

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

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

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

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

3. Significant accounting policies (continued)

(i) Revenue

(i) Rental income

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

(j) 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) Borrowing costs

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

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

3. Significant accounting policies (continued)

(k) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

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 liabilities and assets 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)

31 DECEMBER 2014

3. Significant accounting policies (continued)

(l) Earnings per unit

AmanahRaya REIT's earnings per unit ("EPU") is presented based on basic and diluted format, where applicable.

Basic EPU is calculated by dividing the profit or loss attributable to unitholders of AmanahRaya REIT by the weighted average number of units outstanding during the year.

Diluted EPU is determined by adjusting the profit or loss attributable to unitholders against the weighted average number of units outstanding adjusted for the effects of all dilutive potential units.

(m) Fair value measurement

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

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

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

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

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

4. Investment properties

	Note	2014 RM	2013 RM
Land and buildings at fair value:			
At 1 January		864,591,982	952,476,982
Acquisition		30,000,000	–
Enhancement		2,161,319	1,115,000
Change in fair value		75,316,699	(18,000,000)
Disposals		–	(71,000,000)
Reclassified as asset held for sale	8	(34,000,000)	–
At 31 December		938,070,000	864,591,982

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

4. Investment properties (continued)

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	55,000,000	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) College (Block B)	100	26,000,000	18,300,000	3.95
(6) Silver Bird 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 Amanah Raya [*]	Leasehold	99 years expiring 2065	Kuala Lumpur	Office	100	78,000,000	68,000,000	11.85
(9) Wisma Amanah Raya 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	28,500,000	5.17
(13) Selayang Mall [*]	Leasehold	99 years expiring 2079	Selayang Utama	Shopping complex	100	144,000,000	128,165,000	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 (Note 8)							972,070,000	843,755,000
Investment properties							(34,000,000)	(28,500,000)
							938,070,000	815,255,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

4. Investment properties (continued)

Description of property	Tenure of land	Term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2013 %	Fair value as at 31.12.2013 RM	Cost as at 31.12.2013 RM	Percentage of fair value to Net Asset Value as at 31.12.2013 %
(1) Holiday Villa Alor Setar [#]	Leasehold	99 years expiring 2107	Alor Setar	Hotel	100	35,000,000	31,000,000	5.96
(2) Holiday Villa Langkawi	Freehold	Not applicable	Pulau Langkawi	Resort hotel	100	58,800,000	55,000,000	10.01
(3) SEGi College	Freehold	Not applicable	Subang Jaya	College	100	55,100,000	52,500,000	9.38
(4) SEGi University College ^{**}	Leasehold	99 years expiring 2108	Kota Damansara	College/Campus	100	154,000,000	145,000,000	26.21
(5) Block A & B, South City Plaza [#]	Leasehold	99 years expiring 2093	Seri Kembangan	Office (Block A) College (Block B)	100	20,100,000	18,300,000	3.42
(6) Silver Bird Factory [*]	Freehold	Not applicable	Shah Alam	Industrial complex	-	80,000,000	92,000,000	13.61
(7) Dana 13 ^{**}	Leasehold	99 years expiring 2097	Petaling Jaya	Office	100	108,800,000	99,120,000	18.52
(8) Wisma AmanahRaya [*]	Leasehold	99 years expiring 2065	Kuala Lumpur	Office	100	74,700,000	68,000,000	12.71
(9) Wisma Amanah Raya Berhad [*]	Leasehold	99 years expiring 2072	Kuala Lumpur	Office	100	63,900,000	53,000,000	10.87
(10) AIC Factory [*]	Leasehold	99 years expiring 2094	Shah Alam	Industrial factory	100	21,250,000	19,200,000	3.62
(11) Gurun Automotive Warehouse	Leasehold	60 years expiring 2065	Gurun	Industrial warehouse	100	24,950,000	23,970,000	4.25
(12) Kontena Nasional Distribution Centre 11	Leasehold (Land A) (Land B)	60 years expiring 2067 99 years expiring 2089	Port Klang	Bonded warehouse	100	34,321,982	28,500,000	5.84
(13) Selayang Mall [*]	Leasehold	99 years expiring 2079	Selayang Utama	Shopping complex	100	133,670,000	128,165,000	22.75
						864,591,982	813,755,000	

* 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)

31 DECEMBER 2014

4. Investment properties (continued)

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)	Silver Bird 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 Amanah Raya 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

The fair value of the investment properties as at 31 December 2013 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	DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd.	Profit	21 November 2011
(2)	Holiday Villa Langkawi	DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd.	Profit	23 November 2011
(3)	SEGi College	Raine & Horne International Zaki & Partners Sdn. Bhd.	Investment	01 December 2011
(4)	SEGi University College	Raine & Horne International Zaki & Partners Sdn. Bhd.	Investment	30 November 2011
(5)	Block A & B, South City Plaza	Raine & Horne International Zaki & Partners Sdn. Bhd.	Investment	02 December 2011
(6)	Silver Bird Factory	Jones Lang Wootton, Malaysia.	Cost	16 October 2013
(7)	Dana 13	Raine & Horne International Zaki & Partners Sdn. Bhd.	Investment	30 November 2011
(8)	Wisma AmanahRaya	C.H. Williams Talhar & Wong Sdn. Bhd.	Investment	29 November 2011
(9)	Wisma Amanah Raya Berhad	C.H. Williams Talhar & Wong Sdn. Bhd.	Investment	29 November 2011
(10)	AIC Factory	Hakimi & Associates Sdn. Bhd.	Cost	17 November 2011
(11)	Gurun Automotive Warehouse	Hakimi & Associates Sdn. Bhd.	Cost	21 November 2011
(12)	Kontena Nasional Distribution Centre 11	Hakimi & Associates Sdn. Bhd.	Cost	17 November 2011
(13)	Selayang Mall	Frank Ooi & Zaharin Sdn. Bhd.	Investment	30 November 2011

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

4. Investment properties (continued)

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

	Note	2014 RM	2013 RM Restated
Rental income			
- Realised		55,232,076	64,268,575
- Unrealised (in relation to unbilled lease income receivable)		1,941,582	–
		<hr/>	<hr/>
Property operating expenses	12	57,173,658 (3,233,930)	64,268,575 (2,082,602)
		<hr/>	<hr/>
Net property income		53,939,728	62,185,973
		<hr/>	<hr/>

4.1 Fair value information

Fair value of investment properties are categorised as follows:

	2014 Level 3 RM	2013 Level 3 RM
Land and buildings	938,070,000	864,591,982
	<hr/>	<hr/>

Level 3 fair value

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

	2014 RM	2013 RM
At 1 January	864,591,982	952,476,982
Acquisition	30,000,000	–
Enhancement	2,161,319	1,115,000
Gains and losses recognised in profit or loss		
Change in fair value	75,316,699	(18,000,000)
Disposals	–	(71,000,000)
Reclassified as asset held for sale	(34,000,000)	–
	<hr/>	<hr/>
At 31 December	938,070,000	864,591,982
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

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. 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% - 7.50%. • Risk-adjusted discount rate ranging from 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. 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"> • Average occupancy rates ranging from 60% – 76%. • Adjusted land value ranging from RM247.40 – RM590.43 per square foot and RM432.73 – RM647.89 per square foot. • Weighted average value ranging from RM466.73 per square foot – RM556.15 per square foot. 	<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)

31 DECEMBER 2014

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 of 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 of RM6 per square foot and RM84 per square foot, respectively. Replacement cost ranging from RM40 per square foot – RM160 per square foot. Depreciation rates ranging from 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 processes 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)

31 DECEMBER 2014

5. Trade and other receivables

	Note	2014 RM	2013 RM Restated
Trade			
Trade receivables	5.1	389,166	1,205,454
Non-trade			
Other receivables	5.2	758,987	36,417,688
Deposits		382,977	801,690
Prepayment		45,833	105,545
		1,187,797	37,324,923
		1,576,963	38,530,377

5.1 Trade receivables

Trade receivables are non-interest bearing and the normal credit terms granted by AmanahRaya REIT range from 7 days to 30 days (2013: 7 days to 30 days).

5.2 Other receivables

Included in other receivables is an amount of RMNil (2013: RM35,380,000) being the remaining purchase consideration for the disposal of Wisma UEP and Permanis Factory.

6. Security deposits in trust accounts and a financial institution

	Note	2014 RM	2013 RM
Security deposits placed with ITA-ARB	6.1	43,936,743	52,068,704
Security deposit placed with a licensed financial institution		–	1,156,548
		43,936,743	53,225,252

6.1 Security deposits placed with ITA-ARB

Security deposits received from the lessees together with accrued interest are placed with the Institutional Trust Account of Amanah Raya Berhad (“ITA-ARB”) and a licensed financial institution. The interest rates of the security deposits placed with ITA-ARB and a licensed financial institution are at 3.75% and Nil (2013: 3.75% and 3.32%) per annum.

Pursuant to the lease agreements, lessees are entitled to the interest earned from security deposits placed in trust accounts and a financial institution. AmanahRaya REIT has the right to deduct from the security deposits in the event of default or 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)

31 DECEMBER 2014

7. Cash and cash equivalents

	Note	2014 RM	2013 RM
Cash and bank balances		2,186,332	2,467,853
Deposits placed with licensed financial institutions	7.1	57,526,672	51,387,851
		59,713,004	53,855,704

7.1 Deposits placed with licensed financial institutions

The deposits are placed with licensed financial institutions at interest rates ranging from 3.45% to 4.00% (2013: 2.86% to 3.35%) per annum.

8. Asset classified as held for sale

On 9 December 2014, AmanahRaya REIT entered into a sale and purchase agreement for the disposal of an investment property, Kontena Nasional Distribution Centre 11 ("the Property") for a total consideration of RM34,000,000. Accordingly, the Property was classified as asset held for sale.

As at 31 December 2014, the Property has a carrying value of RM34,000,000 (Note 4). The carrying value of the Property is the same as its fair value before being reclassified to current asset.

The disposal of the Property is targeted to be completed in April 2015.

9. Total unitholders' fund

9.1 Unitholders' capital

	Number of units 2014	RM 2014	Number of units 2013	RM 2013
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 2014, 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)

31 DECEMBER 2014

9. Total unitholders' fund (continued)

9.2 Unitholdings of related parties (continued)

	Number of units held	Percentage of total units %	Market value RM
Direct unitholdings in AmanahRaya REIT of the parties related to the holding company of the Manager			
2014			
Kumpulan Wang Bersama	357,169,358	62.31	296,450,567
AmanahRaya Capital Sdn. Bhd.	2,032,600	0.35	1,687,058
	359,201,958	62.66	298,137,625
2013			
Kumpulan Wang Bersama	357,169,358	62.31	357,169,358
AmanahRaya Capital Sdn. Bhd.	2,032,600	0.35	2,032,600
	359,201,958	62.66	359,201,958

The market value is determined by using the closing market price of AmanahRaya REIT as at 31 December 2014 of RM0.83 (2013: RM1.00) per unit.

9.3 Breakdown of realised and unrealised net income

The breakdown of the distributable income of AmanahRaya REIT as at 31 December 2014, into realised and unrealised net income, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2014 RM	2013 RM
Total distributable income of AmanahRaya REIT		
- Realised	17,443,583	22,405,256
- Unrealised	120,821,699	45,505,000
	138,265,282	67,910,256

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)

31 DECEMBER 2014

10. Borrowings

	Note	2014 RM	2013 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
Less: Unamortised transaction costs		–	(378,553)
		<hr/>	<hr/>
		–	363,851,447
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/>	<hr/>
		364,146,837	363,851,447

The term loans are secured by way of first legal charge on investment properties amounting to RM676,130,000 (2013: RM636,320,000), 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 bears interest at 4.85% (2013: 4.85%) per annum and is repayable in one lump sum in May 2015.

10.2 Term loan II

Term loan II bears interest at 4.55% (2013: 4.55%) per annum and is repayable in one lump sum in May 2015.

10.3 Term loan III

Term loan III bears interest at 4.45% (2013: 4.45%) per annum and is repayable in one lump sum in May 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

11. Trade and other payables

	Note	2014 RM	2013 RM
Non-current			
Non-trade			
Tenants' deposits	11.1	<u>38,570,521</u>	<u>48,489,129</u>
Current			
Trade			
Trade payables	11.2	<u>2,332,047</u>	<u>1,503,256</u>
Non-trade			
Tenants' deposits	11.1	<u>399,994</u>	<u>2,118,448</u>
Other payables and accrued expenses	11.3	<u>13,896,114</u>	<u>6,644,864</u>
		<u>14,296,108</u>	<u>8,763,312</u>
		<u>16,628,155</u>	<u>10,266,568</u>

11.1 Tenants' deposits

Included in tenants' deposits are refundable deposits of RM38,639,248 (2013: RM47,303,720) received from lessees for tenancy contracts with tenure of one (1) to seven (7) 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:

Tenant	Property	Amount RM	Remarks
SEG International Berhad	SEGi College	10,867,500	Equivalent to three (3) years rental
	SEGi University College	26,970,000	Equivalent to two (2) years rental
	Block A & B, South City Plaza	3,006,000	Equivalent to two (2) years rental
Kontena Nasional Berhad	Kontena Nasional Distribution Centre 11	2,758,550	Equivalent to one (1) year rental
Symphony House Berhad	Dana 13	7,420,260	Equivalent to one (1) year 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 rental
Total		<u>54,774,557</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

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 RMNil (2013: RM385,787) which are unsecured, interest-free and payable on demand. The normal trade credit term granted to AmanahRaya REIT is 30 days (2013: 30 days).

11.3 Other payables and accrued expenses

Included in other payables and accrued expenses is interest of RM5,297,495 (2013: RM5,394,377) 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

	2014 RM	2013 RM
Assessment and quit rent	1,548,793	833,009
Service contracts and maintenance	923,308	739,664
Property management fees	526,400	376,560
Insurance	206,791	111,373
Other operating expenses	28,638	21,996
	<hr/> 3,233,930	<hr/> 2,082,602

13. Borrowing costs

	2014 RM	2013 RM
Interest expense on term loans	16,659,463	16,659,465
Amortisation of transaction costs of borrowings	295,390	295,388
	<hr/> 16,954,853	<hr/> 16,954,853

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

14. Income tax expense

	2014 RM	2013 RM
Current tax expense	–	–
Reconciliation of income tax expense		
Net income before taxation	107,249,261	24,250,166
Income tax using Malaysian tax rate at 25% (2013: 25%)	26,812,315	6,062,542
Non-deductible expenses	526,138	958,430
Effect of interest income not subject to tax	(661,531)	(431,925)
Effect of change in fair value of investment properties not subject to tax	(18,829,175)	4,500,000
Effect of income exempted from tax	(7,847,747)	(11,089,047)
	–	–

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

As AmanahRaya REIT has met the above mentioned 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 19.494 sen (2013: 4.949 sen) is calculated by dividing the net income after taxation but before deduction of Manager's fees for the financial year of RM111,743,121 (2013: RM28,367,339) by the weighted average number of units in circulation during the financial year of 573,219,858 (2013: 573,219,858).

The earnings per unit after Manager's fee of 18.710 sen (2013: 4.231 sen) is calculated based on the net income after taxation of RM107,249,261 (2013: RM24,250,166) for the financial year and on the weighted average number of units in circulation during the financial year of 573,219,858 (2013: 573,219,858).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

16. Distributions to unitholders

Distributions to unitholders are from the following sources:

	2014 RM	2013 RM Restated
Net realised rental income		
- Current year	55,232,076	64,268,575
- Prior year (already subject to tax)	5,326,653	–
Interest income	3,307,289	1,858,552
Other income	–	165,000
	63,866,018	66,292,127
Less: Expenses	(26,606,803)	(24,041,961)
Total income available for distribution	37,259,215	42,250,166
Underpayment in prior years	1,951	1,139
Total income available for distribution	37,261,166	42,251,305
Less: Undistributed income	(750)	(610,294)
	37,260,416	41,641,011
Distribution per unit (sen)	6.500	7.264

17. Portfolio turnover ratio

	2014	2013
Portfolio turnover ratio ("PTR") (times)	0.05	0.12

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 AmanahRaya REIT during 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.

18. Management expense ratio

	2014	2013
Management expense ratio ("MER") (%)	0.97	0.85

The calculation of the MER is based on the total fees of AmanahRaya REIT incurred, including Manager's fees, Trustee's fees, auditor's fees, tax agent's fees and administrative expenses, to the average Net Asset Value of AmanahRaya REIT during the financial year calculated on a daily basis.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

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		
2014		
Trade and other receivables	1,531,130	1,531,130
Security deposits in trust accounts and a financial institution	43,936,743	43,936,743
Cash and cash equivalents	59,713,004	59,713,004
	105,180,877	105,180,877
2013		
Trade and other receivables	38,424,832	38,424,832
Security deposits in trust accounts and a financial institution	53,225,252	53,225,252
Cash and cash equivalents	53,855,704	53,855,704
	145,505,788	145,505,788
	Carrying amount RM	FL RM
Financial liabilities		
2014		
Borrowings	364,146,837	364,146,837
Trade and other payables	55,198,676	55,198,676
	419,345,513	419,345,513
2013		
Borrowings	363,851,447	363,851,447
Trade and other payables	58,755,697	58,755,697
	422,607,144	422,607,144

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

19. Financial instruments (continued)

19.2 Net losses arising from financial instruments

	2014 RM	2013 RM
Net losses on:		
Loans and receivables	44,109	–

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.

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

19. Financial instruments (continued)

19.4 Credit risk (continued)

Exposure to credit risk, credit quality and collateral (continued)

The exposure of credit risk for trade receivables as at the end of the financial year amounts to RM389,166 (2013: RM1,205,454) 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 financial year was:

	Gross RM	Individual impairment RM	Net RM
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
	389,166	–	389,166
2013			
Restated			
Past due 1 – 30 days	839,142	–	839,142
Past due 31 – 60 days	188,212	–	188,212
Past due 61 – 90 days	–	–	–
Past due more than 91 days	178,100	–	178,100
	1,205,454	–	1,205,454

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	2014 RM	2013 RM Restated
At 1 January	–	–
Impairment loss recognised	–	–
At 31 December	–	–

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's exposure to liquidity risk arises principally from its 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 borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

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 financial year 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
Financial liabilities						
2014						
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	–	–
	419,345,513		426,320,674	387,750,153	38,570,521	–
2013						
Trade and other payables	58,755,697	–	58,755,697	10,266,568	48,489,129	–
Borrowings	363,851,447	4.45 – 4.85	387,781,463	–	387,781,463	–
	422,607,144		446,537,160	10,266,568	436,270,592	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

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:

	2014 RM	2013 RM
Financial assets		
<i>Fixed rate instruments</i>		
Security deposits in trust accounts and a financial institution	43,936,743	53,225,252
<i>Floating rate instruments</i>		
Deposits placed with licensed financial institutions	57,526,672	51,387,851
Financial liabilities		
<i>Fixed rate instruments</i>		
Borrowings	364,146,837	363,851,447

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 financial year would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the financial year 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
2014		
Floating rate instruments	44,286	(44,286)
2013		
Floating rate instruments	45,191	(45,191)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

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 RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2014										
Financial liabilities										
Tenants' deposits	-	-	-	-	-	-	-	38,970,515	38,970,515	38,970,515
2013										
Financial liabilities										
Tenants' deposits	-	-	-	-	-	-	50,607,577	50,607,577	50,607,577	50,607,577
Borrowings	-	-	-	-	-	-	363,851,447	363,851,447	363,851,447	363,851,447
Level 3 fair value	-	-	-	-	-	-	414,459,024	414,459,024	414,459,024	414,459,024

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 and a licensed financial institution at 3.75% and Nil, respectively (2013: 3.75% and 3.32%, respectively).
Borrowings	Discounted cash flows using interest rate ranging from 4.45% to 4.85% (2013: 4.45% to 4.85%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2014

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 2013.

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 in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2014.

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

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

	2014 RM	2013 RM
Total borrowings	364,146,837	363,851,447
Total assets	1,077,296,710	1,010,203,315
Gearing ratio	33.80%	36.02%

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:

	2014 RM	2013 RM
Not later than one year	54,183,676	48,135,807
Between one to five years	124,682,034	130,101,063
Later than five years	123,271,052	15,403,342
	302,136,762	193,640,212

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)

31 DECEMBER 2014

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.

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.

	2014 RM	2013 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	43,936,743	52,068,704
Manager's fees	4,493,860	4,117,173

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 event during the year

During the financial year, a material litigation has arisen between AmanahRaya REIT with Standard Confectionary Sdn. Bhd. and High-5 Conglomerate Berhad on Silver Bird Factory ("the Property") in respect of the declaration to annul AmanahRaya REIT's right to the Property. The Manager and Trustee of AmanahRaya REIT are of the opinion that provision is not required in respect of the litigation, as it is not probable that a future sacrifice of economic benefits will be required.

25. Comparative figures

Certain comparative figures of AmanahRaya REIT have been reclassified to conform with current year's presentation as disclosed below:

	As restated 2013 RM	As previously stated 2013 RM
Statement of profit or loss and other comprehensive income		
Rental income	64,268,575	67,004,575
Impairment loss on trade receivables	–	(2,736,000)

Where relevant, the notes to the financial statements have also been restated to reflect the above.

UNITHOLDERS SATISTICS

TOP 30 UNITHOLDERS AS AT 31 DECEMBER 2014

TOTAL UNIT HOLDERS : 4,278

RANKING	UNITHOLDER	NO. OF UNITS	% OF TOTAL ISSUED UNITS
1.	AMANAH RAYA BERHAD	357,169,358	62.31
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR	32,360,000	5.65
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	12,231,500	2.13
4.	CAHYA MATA SARAWAK BERHAD	5,000,000	0.87
5.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BHD FOR AMGENERAL INSURANCE BERHAD - SHAREHOLDERS' FUND	4,739,400	0.83
6.	CITIGROUP NOMINESS (TEMPATAN) SDN BHD MCIS INSURANCE BERHAD (LIFE PAR FD)	4,022,000	0.70
7.	SZE SEE CHUEN	2,548,400	0.44
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS INSURANCE BERHAD (ANN FD)	2,470,200	0.43
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS INSURANCE BERHAD (GEN FD)	2,400,000	0.42
10.	AMANAH RAYA BERHAD AMANAH RAYA CAPITAL SDN BHD	2,032,600	0.35
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MOHD ISKANDAR LAU BIN ABDULLAH	1,794,600	0.31
12.	LIAN MONG YEE @ LIAN MUNG YEE	1,510,600	0.26
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHEE SIONG	1,250,000	0.22
14.	LABUAN REINSURANCE (L) LTD	1,168,700	0.20
15.	DEV KUMAR MENON	1,127,000	0.20
16.	YEO ENG SENG	1,119,800	0.20
17.	MALAYSIAN RATING CORPORATION BERHAD	1,095,000	0.19
18.	CITIGROUP NOMINEES (ASING) SDN BHD CBHK PBGHK FOR SABLE INVESTMENT CORPORATION	1,063,800	0.19
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PEE SIEW BOON (8057713)	1,050,000	0.18
20.	ANG SIEW SIANG	1,010,000	0.18
21.	AMANAHRAYA TRUSTEE BERHAD AMANAH SAHAM SARAWAK	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.	TEE KIAM HENG	1,000,000	0.17
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS INSURANCE BERHAD (SHH FD)	992,800	0.17
26.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW SUN YICK	991,700	0.17
27.	AMSEC NOMINEES (TEMPATAN) SDN BHD YONG VUN JIN (7433-1501)	974,000	0.17
28.	TEW SOO CHIM	923,000	0.16
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS INSURANCE BERHAD (GRP LIFE FD)	825,000	0.14
30.	KIM GAP YONG	800,000	0.14
TOTAL		446,669,458	77.89

ANALYSIS OF UNITHOLDINGS

Distribution of Unitholders as at 31 December 2014

Unit Class	No. of unitholders	%	No. of unitholding	%
Less than 100	9	0.21	355	0.00
100 – 1,000	471	11.01	382,645	0.07
1,001 – 10,000	2,053	47.99	12,009,500	2.10
10,001 – 100,000	1,461	34.15	51,668,300	9.01
100,001 to less than 5% of issued holdings	282	6.59	119,629,700	20.87
5% and above the issued holdings	2	0.05	389,529,358	67.95
Total	4,278	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 2014

Category of Unitholder	No. of Holders			No. of securities hold		
	Bumiputra	Non-Bumiputra	Foreign	Bumiputra	Non-Bumiputra	Foreign
1) Individual	153	3,077	44	1,308,600	96,616,400	2,454,200
2) Body Corporate						
a. Banks/finance companies	4	1	0	360,601,958	512,900	0
b. Investments trust/ foundation/charities	0	0	0	0	0	0
c. Other types of companies	7	47	1	6,383,200	8,587,400	40,000
3) Government agencies/Institutions*	2	0	0	32,784,400	0	0
4) Nominees	531	377	34	20,789,400	37,997,400	5,144,000
Total	697	3,502	79	421,867,558	143,714,100	7,638,200

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 2014.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

AmanahRaya REIT did not issue any warrants or convertible securities for the financial year ended 31 December 2014.

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 2014.

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 2014.

6. NON-AUDIT FEES

AmanahRaya REIT has paid a sum of RM10,000 as non-audit fee to the auditors during the financial year ended 31 December 2014.

7. PROFIT GUARANTEES

There were no profit guarantees given by the Manager during the financial year ended 31 December 2014.

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 2014 or entered into since the end of the previous financial period.

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