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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

AMANAHRAYA REAL ESTATE INVESTMENT TRUST

annual report 2013



DELIVERING VALUE

annual report 2013

AMANAHRAYA ■ REIT

DELIVERING VALUE

The last few years have seen AmanahRaya-REIT Managers Sdn. Bhd. (ARRM) steadfastly enhancing the value of a well-diversified portfolio of properties within the AmanahRaya Real Estate Investment Trust (AmanahRaya REIT). Financial year 2013 was no exception. Our portfolio and property managers continued to deliver real value to unitholders by diligently applying strategies that enhanced the yield of AmanahRaya REIT's existing assets in the hospitality, higher education, office building, industrial and retail clusters.

As the Manager looks to grow the net worth of the AmanahRaya REIT's portfolio to RM1.5 billion over the next three years, we will leverage strong fundamentals and core values, strategic partnerships, as well as a well-thought-out diversification strategy to ensure the portfolio's sustainable growth.



Office Building

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



Retail

Selayang Mall



Hospitality

Holiday Villa, Alor Setar
Holiday Villa, Langkawi



Industrial

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

Higher Education Building

SEGi College, Subang Jaya
SEGi University, Kota Damansara

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CORPORATE DIRECTORY

MANAGER

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

MANAGER'S REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

Level 8, Wisma 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

Datuk Syed Hussian Syed Junid
(Resigned on 1 December 2013)

Haji Zulkifly Sulaiman
(Appointed on 23 April 2013)

Non-Independent Non-Executive Directors

Datuk Johar Che Mat
Dato' Haji Che Pee Samsudin
Datuk Ahmad Badri Mohd. Zahir

COMPANY SECRETARIES OF THE MANAGER

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

INVESTMENT COMMITTEE

Mahadzir Azizan
(Chairman)
Datuk Yahya Ya'acob
Syed Elias Abd. Rahman Alhabshi
Vasantha Kumar Tharmalingam
Datuk Johar Che Mat

AUDIT COMMITTEE

Dato' Haji Che Pee Samsudin
(Chairman)
Datuk Syed Hussian Syed Junid
(Resigned on 1 December 2013)
Dato' Abdul Mutalib Mohamed Razak
(Appointed on 13 April 2013)
Haji Zulkifly Sulaiman
(Appointed on 23 April 2013)

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)

CORPORATE DIRECTORY

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 9894

PRINCIPAL FINANCIER OF AMANAHRAYA REIT

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

AUDITOR

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

BURSA MALAYSIA STOCK CODE

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



STRATEGICALLY FOCUSED ON SUSTAINABLE GROWTH

As we set our sights on growing our portfolio to RM1.5 billion over the next three years, ARRM is painstakingly bringing strong business fundamentals and effective strategies into play to ensure our sustainable growth. Our team is embracing ARRM's core values that call for us to be highly responsible and effective, to maintain absolute integrity and to be absolutely trustworthy. We are also drawing upon a wealth of astute financial management skills, professional insights and proven market experience to deliver real value to our unitholders while ensuring the steadfast development of AmanahRaya REIT's portfolio and reputation.





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
- Permanis Factory, Bangi
- AIC Factory, Shah Alam
- Silver Bird Factory, Shah Alam
- Gurun Automotive Warehouse, Gurun
- Dana 13, Dana 1 Commercial Centre, Petaling Jaya
- Selayang Mall, Selayang





ABOUT AMANAH RAYA REIT

HISTORY

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. (“ARRM” or “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 2013, the portfolio of AmanahRaya REIT includes 13 properties with a total asset value of RM1.012 billion (the disposal of Permanis Factory was duly completed on 30 December 2013). The portfolio comprises properties from diversified sectors such as industrial, office, hotel, educational institution and retail mall.

INVESTMENT OBJECTIVE

The key investment objective of AmanahRaya REIT is to provide sustainable returns to the unitholders. The main focus of its real estate investment is identifying properties that are able to provide stable growth potential in terms of rental yield and capital values over a long term period.

Performance of AmanahRaya REIT is benchmarked mainly based on the following standards:

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

ABOUT AMANAH RAYA-REIT MANAGERS SDN. BHD.

AmanahRaya-REIT Managers Sdn. Bhd., 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 2013, 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) (collectively be referred to as the “Trust Deed”) 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.

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) (a)	Value over Total Asset Value (%) (a/b)
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HOSPITALITY

Holiday Villa Alor Setar	Alor Setar, Kedah	Hotel	31,000	4,000	100%	2.50 yrs	35,000	3.46%
Holiday Villa Langkawi	Langkawi, Kedah	Resort Hotel	55,000	3,800	100%	2.50 yrs	58,800	5.80%

HIGHER EDUCATION BUILDING

SEGi College, Subang Jaya	Subang Jaya, Selangor	Higher Education Building	52,500	2,600	100%	7.40 yrs	55,100	5.45%
SEGi University, Kota Damansara	Petaling Jaya, Selangor	Higher Education Building	145,000	9,000	100%	4.00 yrs	154,000	15.24%

OFFICE BUILDING

Block A & B, South City Plaza	Seri Kembangan, Selangor	Office Building	18,300	1,800	100%	2.70 yrs	20,100	1.99%
Wisma Amanah Raya	Jalan Ampang, Kuala Lumpur	Office Building	68,000	6,700	100%	2.70 yrs	74,700	7.39%
Wisma Amanah Raya Berhad	Damansara Heights, Kuala Lumpur	Office Building	53,000	10,900	100%	–	63,900	6.32%
Dana 13, Dana 1 Commercial Centre	Ara Damansara, Petaling Jaya, Selangor	Office Building	99,120	9,680	100%	5.70 yrs	108,800	10.77%

INDUSTRIAL

Kontena Nasional Distribution Centre 11	Port Klang, Selangor	Industrial Warehouse	28,500	2,160	100%	5.50 yrs	30,660	3.03%
AIC Factory	Shah Alam, Selangor	Industrial Factory	19,200	2,050	100%	3.00 yrs	21,250	2.10%
Silver Bird Factory	Shah Alam, Selangor	Industrial Complex	92,000	6,000	100%	–	80,000 ^{##}	7.92%
Gurun Automotive Warehouse	Gurun, Kedah	Industrial Warehouse	23,970	980	100%	4.00 yrs	24,950	2.47%

RETAIL

Selayang Mall	Selayang, Selangor	Retail Mall	128,165	3,835	100%	3.00 yrs	132,000	13.07%
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Capital Expenditure (Enhancement)								
Selayang Mall			1,670	–	–	–	1,670	0.16%
Kontena Nasional Distribution Centre 11			3,662	–	–	–	3,662	0.36%
Real Estate-Related Assets							859,260	85.06%
Cash and security deposits							107,081	10.60%
Others (Trade and Other Receivables)							38,530	3.81%
Total Asset Value (RM'000) (b)							1,010,203 [#]	100.00%

[#] The total asset value excludes Permanis Factory as the disposal of Permanis Factory to Permanis Sdn. Bhd. was duly completed on 30 December 2013.

^{##} The revaluation exercise on Silver Bird Factory was conducted on 16 October 2013.

KEY INVESTMENT POLICIES OF AMANAHRAYA REIT PROPERTY PORTFOLIO

CONTINUED FOCUS ON DIVERSIFIED PORTFOLIO

AmanahRaya REIT is known for its diversified portfolio with properties from various sectors. Currently, AmanahRaya REIT has 13 properties from industrial, office, hotel, educational institution and retail mall sectors (the disposal of Permanis Factory was duly completed on 30 December 2013). This diversification offers flexibility to its investment strategies and provides market strength in facing economic turbulence and market uncertainty.

STREAMLINING AND STRENGTHENING CURRENT PORTFOLIO

AmanahRaya REIT has during the financial year under review disposed Permanis Factory. The disposal of Permanis Factory is in line with AmanahRaya REIT's plan to streamline and strengthen its portfolio. The Manager believes that there is limited upside potential growth to Permanis Factory. Permanis Factory was disposed to Permanis Sdn. Bhd. for a purchase consideration of RM31 million, which is considerably higher than its current market value.

The next step, AmanahRaya REIT will continue to focus to increase its fund size by focusing on strategic acquisitions which exhibits the following key investment criteria:

- i) Seeking a balance between reasonable capital appreciation and sustainable yield;
- ii) Strategically located assets with a potential for growth in capital appreciation;
- iii) Reputable and credible lessee's profile to ensure continuous effective and efficient rental payments and to minimize any risk of bad debts;
- iv) Net yield is reflective of the current market rate.

AmanahRaya REIT's will also consider if there are any opportunistic disposals essentially for assets that have been identified with limited upside potential growth, which the proceeds will be redeployed for future potential acquisitions, major refurbishment exercise and also to pare down total borrowings.

Simultaneously, AmanahRaya REIT will continue to invest in assets that demonstrate the following typical investment principles:

i) Long Term Lease Arrangements.

Most of AmanahRaya REIT properties are leased for a minimum of six (6) years which is above the industry average of about three (3) years. It underpins the stable rental income of AmanahRaya REIT. The rental rates for the entire lease period are pre-determined and gradually increased at every rent review period.

ii) Security Deposits

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

iii) Preferably "Triple Net" Lease

AmanahRaya REIT's assets emphasised on "triple net" lease arrangements whereby the lessee/tenant is fully responsible for regular maintenance of the properties during the lease tenure. These properties require minimal capital expenditure and are strategically located mainly in Klang Valley.

For future potential acquisitions, AmanahRaya REIT will continue to emphasize on a similar arrangement even though in the current property market environment, it would be rather challenging. AmanahRaya REIT will continue to ensure that it will be able to provide sustainable returns to the unitholders.

CORPORATE GOVERNANCE

Simultaneously, to ensure all investments and divestments are carried out in an orderly manner, AmanahRaya REIT will continue adhering to strong corporate governance as stipulated below:

- i) All investment decisions of AmanahRaya REIT are reviewed and deliberated by the Investment Committee which consists of mostly independent members with the right mix of desired investment skills, experience and expertise.
- ii) Subsequently all investment decisions will also be cascaded to the Board of Directors of the Manager and the Trustee to ensure all investments proposals made are evaluated thoroughly.

DISTRIBUTION POLICY

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

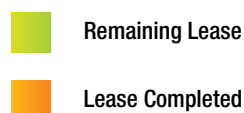
FINANCIAL HIGHLIGHTS OF AMANAH RAYA REIT

(SNAPSHOT OF AMANAH RAYA REIT AS AT 31 DECEMBER 2013)

TOTAL ASSET VALUE	RM1.01 BILLION	SECTOR	OFFICE, INSTITUTIONAL (EDUCATION), INDUSTRIAL, HOTEL AND RETAIL
TOTAL NO OF PROPERTIES	13 PROPERTIES (THE DISPOSAL OF PERMANIS FACTORY WAS DULY COMPLETED ON 30 DECEMBER 2013)	TOTAL UNITS ISSUED	573,219,858
MARKET CAPITALIZATION	RM573,219,858	AVERAGE 3 MONTH TRADING VOLUME (UNITS) (OCT-DEC 2013)	132,124
NET ASSET VALUE ("NAV") PER UNIT	RM1.0251	GEARING RATIO	36.02%
HIGHEST PRICE (2013)	RM1.04 PER UNIT	LOWEST PRICE (2013)	RM0.91 PER UNIT
PRICE AS AT 31 DECEMBER 2013	RM1.00 PER UNIT	DPU (ACTUAL) FOR 2013	7.2645 SEN PER UNIT
TOTAL NUMBER OF UNITHOLDERS	3,642	SUBSTANTIAL UNITHOLDERS	AMANA RAYA BERHAD FOR KUMPULAN WANG BERSAMA (62.31%) PERBADANAN KEMAJUAN NEGERI SELANGOR (5.65%)

PROPERTY PORTFOLIO

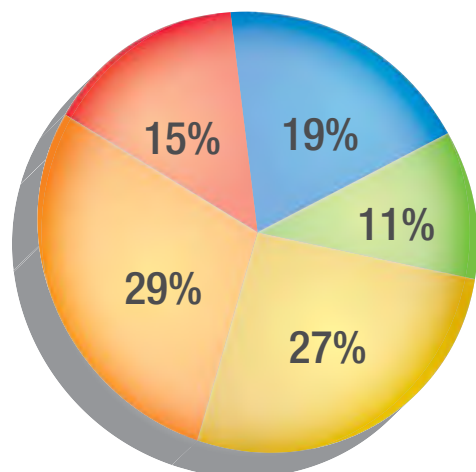
a) Well Structured Lease Profile



- * The lease has expired on 15 August 2013. The extension of the lease is subject to the Manager's decision
- ** The disposal of Permanis Factory was duly completed on 30 December 2013
- *** The lease of Wisma Amanah Raya Berhad, Jalan Semantan has been mutually terminated on 27 January 2014

PROPERTY PORTFOLIO

b) Asset Value Based on Property Sector



Industrial

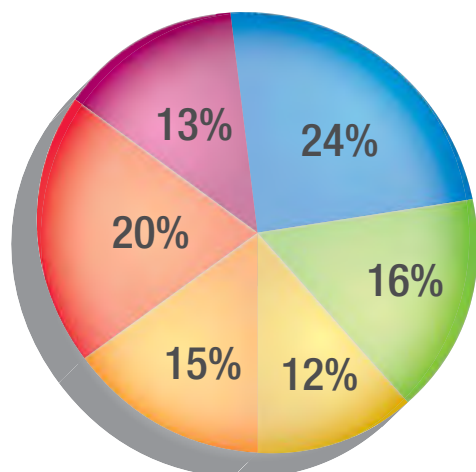
Office

Hotels

Retail

Education

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



Manufacturing

Education

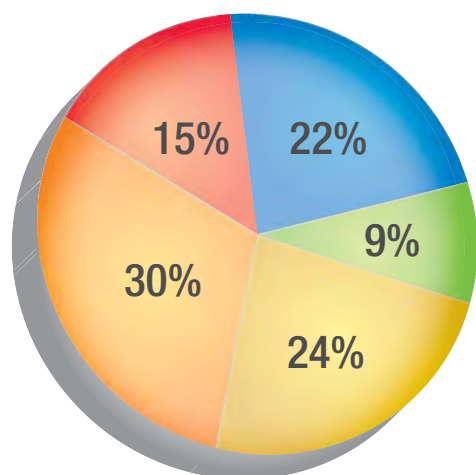
Logistic

Services

Hospitality

Retail

d) Gross Income on Property Sector for 2013



Industrial

Office

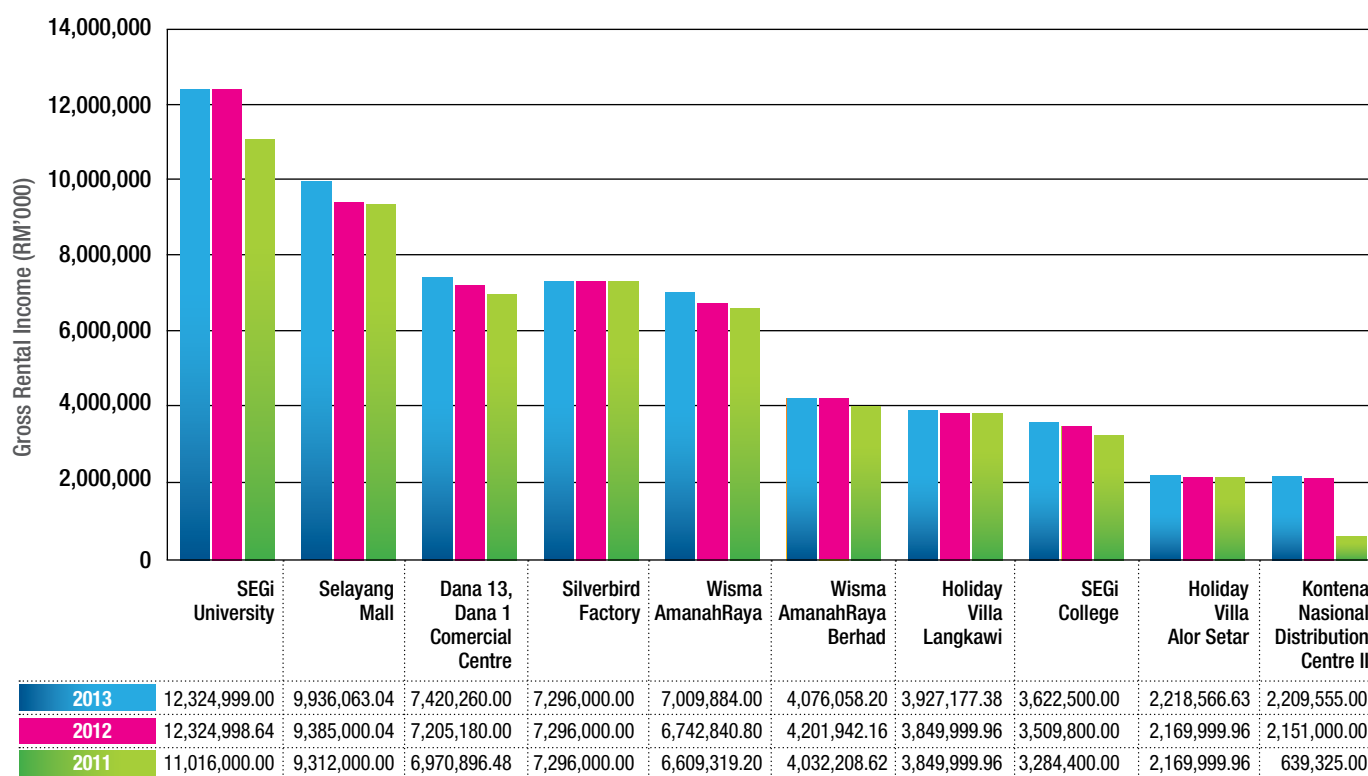
Hotels

Retail

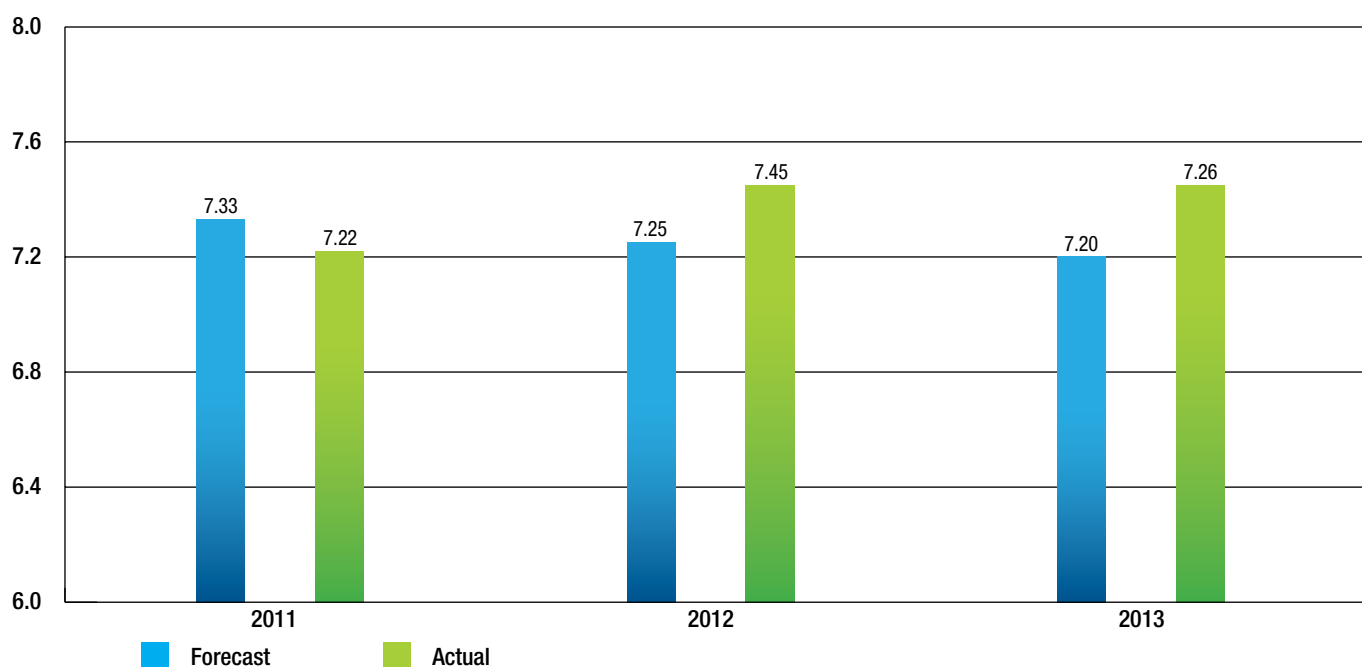
Education

PROPERTY PORTFOLIO

e) AmanahRaya REIT: Top Ten Tenants



f) Distribution Per Unit (sen)

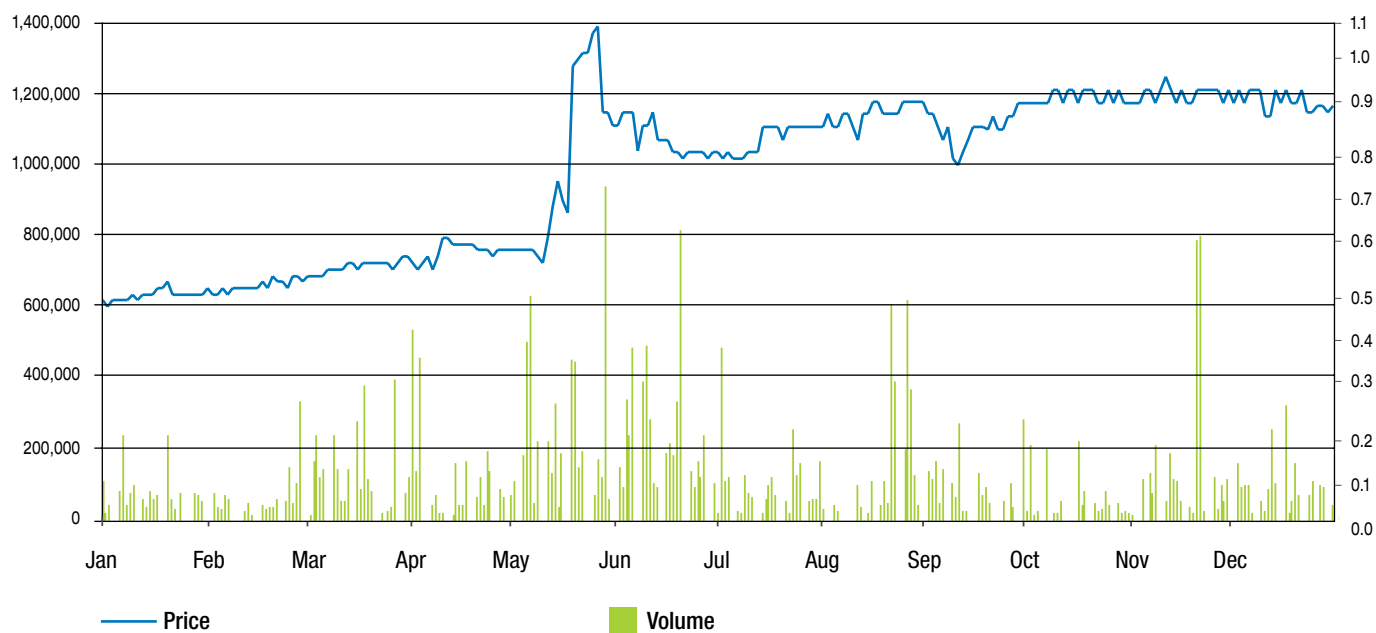


PROPERTY PORTFOLIO

g) AmanahRaya REIT Share Price Performance vs KLCI as at 31 December 2013

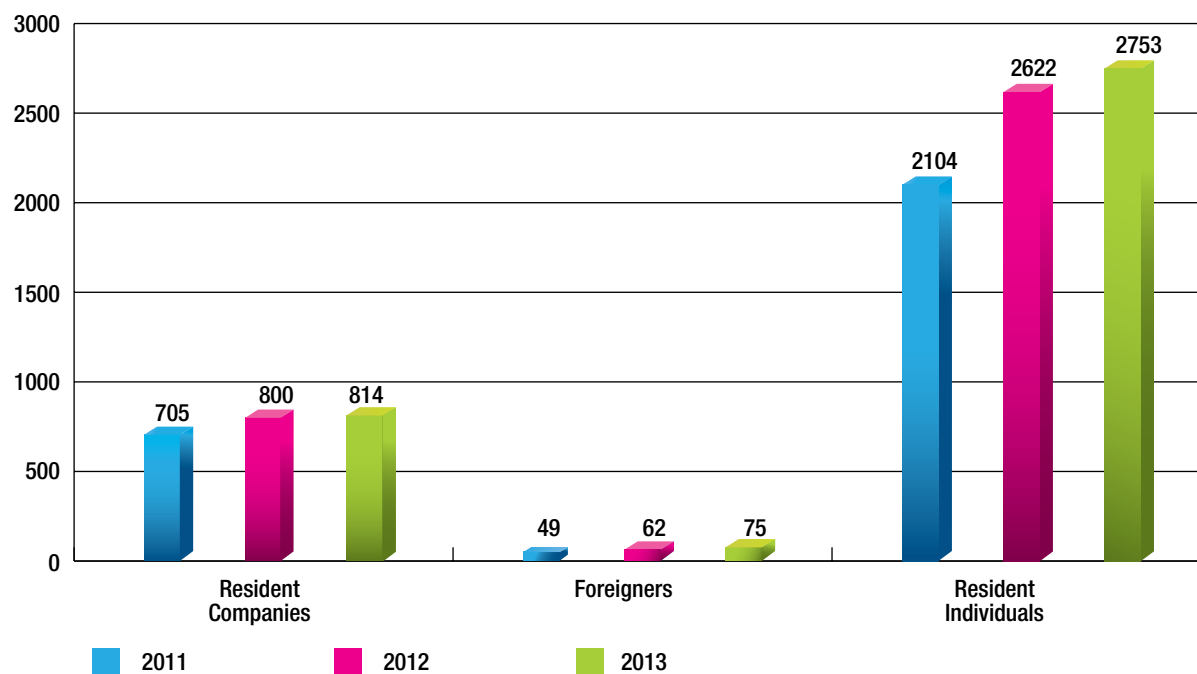


h) AmanahRaya REIT Volume and Share Price Analysis for 2013

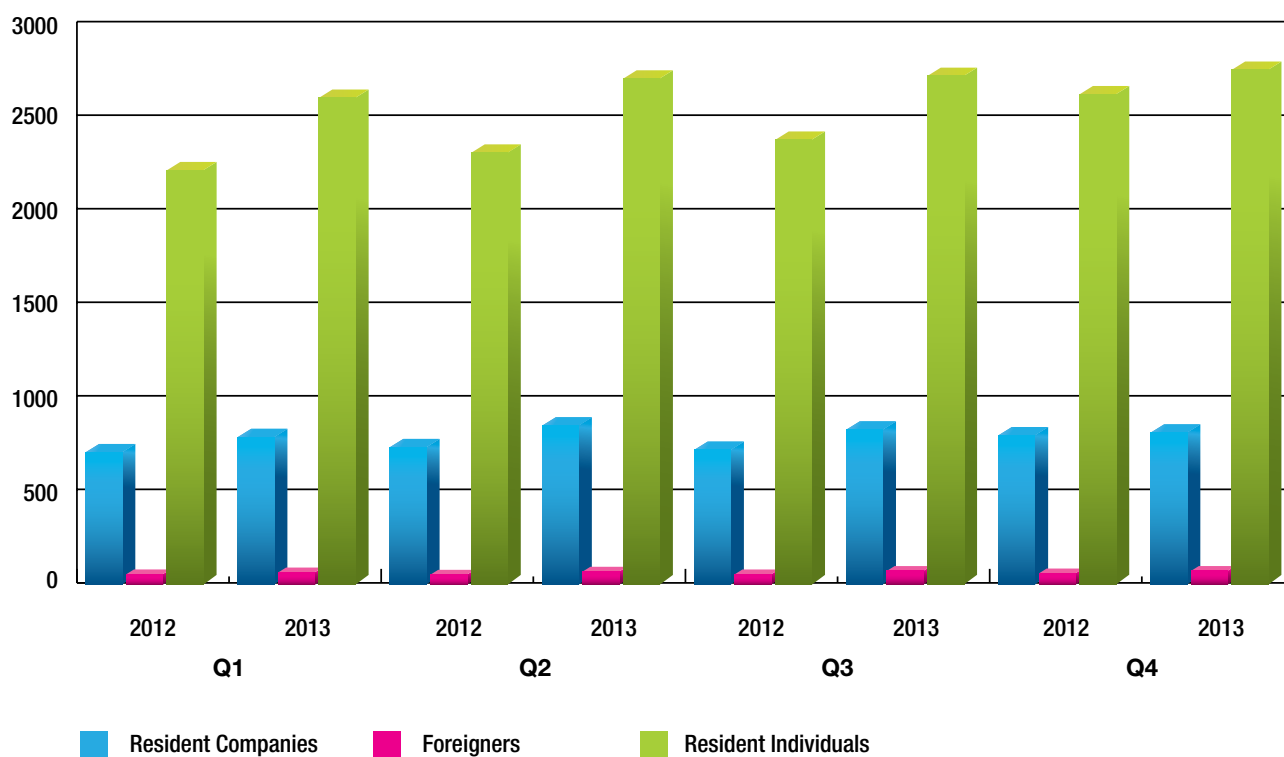


PROPERTY PORTFOLIO

i) AmanahRaya REIT Yearly Movement of Unitholders



j) AmanahRaya REIT Quarterly Movement of Unitholders



OVERVIEW OF 14 PROPERTIES UNDER AMANAH RAYA 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) 21046,
PT 3193, 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 18 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease period

Approximately 94 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

26 February 2007

Cost of acquisition

RM31,000,000.00

Valuation as at November 2011

RM35,000,000.00

Valuer

DTZ Nawawi Tie Leung

Net Book Value

RM35,000,000.00

Master Lessee

Alor Setar Holiday Villa Sdn Bhd

Occupancy rates

100%

Net rental (per month)

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

Lot No. 2504, Mukim of Kedawang, P.T. 107 & P.T. 108, Town of Padang Mat Sirat, District of Langkawi, Kedah Darul Aman

Property type

Resort Hotel

Description

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

Age of property

Approximately 22 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

10 years commencing from July 2006

Total Land Area

427,676 sq.ft.

Gross Floor Area

176,590 sq.ft.

Net lettable area

Not Applicable

Existing use

A resort hotel under the brand name of Hotel Holiday Villa

Parking spaces

55 parking bays

Date of acquisition

26 February 2007

Cost of acquisition

RM55,000,000.00

Valuation as at November 2011

RM58,800,000.00

Valuer

DTZ Nawawi Tie Leung

Net Book Value

RM58,800,000.00

Master Lessee

Langkawi Holiday Villa Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM334,583.33

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd





PERMANIS FACTORY

Bangi

Address

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

Location

The property is located within the Bangi Industrial Area in Section 13 of Bandar Baru Bangi. Bandar Baru Bangi is located about 25 kilometres to the south-east of Kuala Lumpur city centre.

Notable buildings within the vicinity are Carrier International Sdn Bhd, Denso (Malaysia) Sdn Bhd and Y.S.P Industries (Malaysia) Sdn Bhd.

Title details

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

Property type

Industrial factory

Age of property

Approximately 25 years

Tenure

Leasehold for 99 years

Unexpired lease period

76 years

Lease period

15 years commencing from June 2006

Total Land Area

416,869 sq.ft.

Gross Built-up Area

262,607 sq.ft.

Net lettable area

Not Applicable

Existing use

A manufacturing factory producing beverages

Parking spaces

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

Date of acquisition

26 February 2007

Cost of acquisition

RM23,550,000.00

Valuation as at 2 April 2013

RM29,500,000.00

Valuer

Raine & Horne

Net Book Value

RM31,000,000.00

Date of Disposal

3 May 2013

Disposal Price

RM31,000,000.00

Vendor

Permanis Sdn Bhd

Net Gain on Disposal

RM3,450,000.00

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 43527, 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 7 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 brandname of SEGi College

Parking spaces

206 parking bays and 400 motorcycle parking
bays

Date of acquisition

26 February 2007

Cost of acquisition

RM52,500,000.00

Valuation as at November 2011

RM55,100,000.00

Valuer

Raine & Horne

Net Book Value

RM55,100,000.00

Master Lessee

SEG International Bhd

Occupancy rates

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 Sedang Perdana, Section 1, 43300 Seri Kembangan, Selangor

Location

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

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

Title details

P.T. No. 520 held under Title No. H.S. (D) 226742, Pekan 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 8 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease period

80 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

26 February 2007

Cost of acquisition

RM18,300,000.00

Valuation as at November 2011

RM20,100,000.00

Valuer

Raine & Horne

Net Book Value

RM20,100,000.00

Master Lessee

SEG International Bhd

Occupancy rates

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

Location

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

Title details

Pajakan Negeri (WP) 25414, Lot No. 21, and Pajakan Negeri (WP) 25415, Lot No. 22, 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 47 years

Tenure

Leasehold for 99 years

Unexpired lease period

52 years

Lease period

3 years commencing from August 2012

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

26 February 2007

Cost of acquisition

RM68,000,000.00

Valuation as at November 2011

RM74,700,000.00

Valuer

CH Williams Talhar & Wong

Net Book Value

RM74,700,000.00

Master Lessee

Amanah Raya Berhad

Occupancy rates

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

Title Nos. H.S.(D) 83465 and P.N. 46441, Lot Nos P.T. 6 and 36622, Mukim and District of Kuala Lumpur

Property type

Office building

Description

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

Age of property

Approximately 14 years

Tenure

Leasehold for 99 years

Unexpired lease period

59 years

Lease period

9 years commencing from November 2005

Total Land Area

35,387 sq.ft.

Gross Floor Area

170,000 sq.ft.

Net lettable area

125,227 sq.ft.

Existing use

Offices for CIMB Group of Companies

Parking spaces

261 parking bays

Date of acquisition

26 February 2007

Cost of acquisition

RM53,000,000.00

Valuation as at November 2011

RM63,900,000.00

Valuer

C.H. Williams Talhar & Wong

Net Book Value

RM63,900,000.00

Master Lessee

CIMB Investment Bank Berhad

Occupancy rates

100%

Net rental (per month)

RM379,294.00

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 Frieght.

Title details

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

Property type

Industrial Warehouse

Description

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

Age of property

Approximately 35 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 54 years
Lot No. PT 21596 – approximately 76 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

28 December 2007

Cost of acquisition

RM28,500,000.00

Valuation as at November 2011

RM30,660,000.00

Valuer

Hakimi & Associates

Net Book Value

RM34,321,982.00

Master Lessee

Kontena Nasional Berhad

Occupancy rates

100%

Net rental (per month)

RM188,212.50

Next Rent Review

June 2016

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd





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

Property type

Industrial factory

Description

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

Age of property

Approximately 21 years

Tenure

Leasehold for 99 years

Unexpired lease remaining period

81 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

28 December 2007

Cost of acquisition

RM19,200,000.00

Valuation as at November 2011

RM21,250,000.00

Valuer

Hakimi & Associates

Net Book Value

RM21,250,000.00

Master Lessee

Globaltec Formation Berhad

Occupancy rates

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

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

Title details

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

Property type

Industrial Complex

Description

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

Age of property

Approximately 20 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

10 years commencing from October 2006

Total Land Area

638,687 sq.ft.

Gross Built Up Area

274,238 sq.ft.

Existing use

Bread and confectionary manufacturing under the brand name of High 5

Parking spaces

Available within the compound of the property

Date of acquisition

28 December 2007

Cost of acquisition

RM92,000,000.00

Valuation as at October 2013

RM80,000.00

Valuer

Jones Lang Wootton

Net Book Value

RM80,000.00

Master Lessee

Silver Bird Group Berhad

Occupancy rates

100%

Net rental (per month)

RM608,000.00

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. PT 633 held under Title No. H.S.D. 115340 Bandar Gurun, District of Kuala Muda, State of Kedah Darul Aman

Property type

Industrial Warehouse

Description

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

Age of property

Approximately 6 years

Tenure

Leasehold for 99 years

Unexpired lease period

91 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

28 December 2007

Cost of acquisition

RM23,970,000.00

Valuation as at November 2011

RM24,950,000.00

Valuer

Hakimi & Associates

Net Book Value

RM24,950,000.00

Master Lessee

Teras Globalmas Sdn Bhd

Occupancy rates

100%

Net rental (per month)

RM169,787.50

Next Rent Review

December 2014

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

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

Property type

Institutional building

Description

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

Age of property

Approximately 7 years

Tenure

Leasehold for 99 years

Unexpired lease period

89 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

28 December 2007

Cost of acquisition

RM145,000,000.00

Valuation as at November 2011

RM154,000,000.00

Valuer

Raine & Horne

Net Book Value

RM154,000,000.00

Master Lessee

SEG International Bhd

Occupancy rates

100%

Net rental (per month)

RM1,027,083.33

Next Rent Review

January 2014

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, District of Gombak, Selangor Darul Ehsan

Property type

Shopping Mall

Description

4-storey retail space with 6-storey car park

Age of property

Approximately 17 years

Tenure

Leasehold for 99 years

Unexpired lease period

66 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

7 May 2010

Cost of acquisition

RM128,165,000.00

Valuation as at November 2011

RM 132,000,000.00

Valuer

Knight Frank

Net Book Value

RM132,555,000.00

Master Lessee

Seal Incorporated Berhad

Occupancy rates

100%

Net rental (per month)

RM837,104.67

Next Rent Review

January 2015

Property Manager

DTT 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, Selangor Darul Ehsan, held under Master Title No PN 8024

Property type

Office building

Description

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

Age of property

Approximately 4 years

Tenure

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

Unexpired lease period

84 years

Lease period

10 years commencing from September 2009

Gross Floor Area

333,438.60 sq.ft

Net lettable area

268,850 sq.ft

Existing use

Office Block

Parking spaces

The property has been allocated with 300 bays within Dana 1 Commercial Centre

Date of acquisition

7 May 2010

Cost of acquisition

RM99,120,000.00

Valuation as at November 2011

RM108,800,000.00

Valuer

Raine & Horne

Net Book Value

RM108,800,000.00

Master Lessee

Symphony House Bhd

Occupancy rates

100%

Net rental (per month)

RM618,355.00

Next Rent Review

September 2015

Property Manager

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd



STRATEGICALLY COLLABORATING FOR BETTER RETURNS

As we work to grow the value of the assets within AmanahRaya REIT portfolio, we are continuing to leverage strong collaborations at every level of the business. From a robust Board of Directors that implements effective corporate governance controls, to teams of skillful portfolio and property managers that efficiently manage AmanahRaya REIT's many properties, our people are purposefully creating good value for our unitholders. As these teams skillfully cultivate our asset portfolio and grow it beyond the existing 13 properties we have today, our unitholders can look forward to better returns on their investments.





CORPORATE STRUCTURE



ORGANISATION CHART



BOARD OF DIRECTORS



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

Chairman
Independent, Non-Executive



**DATO' ABDUL MUTALIB
MOHAMED RAZAK**

Member
Independent, Non-Executive



**DATUK AHMAD BADRI
MOHD. ZAHIR**

Member
Non-Independent, Non-Executive



DATUK JOHAR CHE MAT

Member
Non-Independent, Non-Executive

DATO' HAJI CHE PEE SAMSUDIN

Member
Non-Independent, Non-Executive

HAJI ZULKIFLY SULAIMAN

Member
Independent, Non-Executive

PROFILE OF THE BOARD OF DIRECTORS



TAN SRI DATO' AHMAD FUZI ABDUL RAZAK

Chairman

(Independent, Non-Executive)

Tan Sri Dato' Ahmad Fuzi Abdul Razak, a Malaysian, aged 64, 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 the Director General, Institute of Diplomacy and Foreign Relations; 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 the Secretary-General of the World Islamic Economic Forum Foundation (WIEF) and Chairman, AmanahRaya-REIT Managers Sdn. Bhd.; Seremban Engineering Berhad; Ranhill Energy and Resources Berhad; Theatre Management Associates Sdn Bhd; Optima Capital Sdn Bhd; Sofgen (Malaysia) Sdn Bhd and ACE Holdings Sdn 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; Alstar Solutions Sdn Bhd and WEROS Technology Sdn Bhd as well as Advisor, Xadarcorp Sdn Bhd and Leisure Guide Publishing Sdn Bhd.

Tan Sri Ahmad Fuzi is currently also a Distinguished Fellow of the Institute of Strategic and International Studies (ISIS) Malaysia 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) and the PSM (2003).

PROFILE OF THE BOARD OF DIRECTORS



DATO' ABDUL MUTALIB MOHAMED RAZAK (Independent, Non-Executive)

Dato' Abdul Mutalib Mohamed Razak, a Malaysian, aged 70, was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 8 May 2009.

Dato' Abdul Mutalib was the Secretary / Legal Advisor to the Urban Development Authority (UDA) from 1972 to 1975. He then went into private practice under the name Messrs Mutalib, Sundra & Low, later renamed Mutalib, Wan & Co, of which he is currently the Principal Partner. In 1984, Dato' Abdul 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 as President of Tribunal for Consumer Claims Malaysia last year.

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

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

DATUK AHMAD BADRI MOHD. ZAHIR (Non-Independent, Non-Executive)

Datuk Ahmad Badri Mohd. Zahir, aged 53, was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. in July 2012. He is currently the Deputy Secretary of Loan Management, Financial Market and Actuary Division, Ministry of Finance (MoF). Datuk Ahmad Badri holds a Bachelor's Degree in Land and Property Management from Universiti Teknologi MARA and a Master's Degree in Business Administration (MBA) from the University of Hull, United Kingdom.

Before joining the public sector, Datuk Ahmad Badri was a Valuer with WW(M) Sdn. Bhd. from 1986 to 1989. The first post he assumed when he joined the public sector in 1989 was as Assistant Secretary at Ministry of Finance. Subsequently, he was appointed as Director's Advisor of Asean Development Bank (ADB), Manila in 1997 until 2000.

In addition, he presently sits on the Boards of Danajamin Nasional Berhad, Kuala Lumpur International Airport Berhad, DanaInfra Nasional Berhad, Selangor State Development Corporation and a committee member of Corporate Debt Restructuring Committee.

PROFILE OF THE BOARD OF DIRECTORS



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

Datuk Johar Che Mat, a Malaysian, aged 61, was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 23 August 2011. He is also currently a Director of Amanah Raya Berhad since August 2010, the Chairman of Audit Review Committee and Board Risk Management Committee and a member of Nomination and Remuneration Committee and Investment Committee of Amanah Raya Berhad.

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

He briefly served Federal Government after graduating from University of Malaya in 1975 with a Bachelor of Economics before joining Maybank. Since then, he has served in various capacities in banking operations and strategic innovation, including as the Head of Retail Financial Services and managing the Retail Banking portfolio which encompasses front end 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 Corporate Banking and Enterprise Banking where he was in charge of Project Financing, Corporate and Commercial unit.

Formerly, he was also a Director of Aseambankers and Etiqa Insurance which are subsidiaries of Maybank and a Board member of Proton Holdings Berhad. At present, he is also a Board member of AGRO Bank.

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

Dato' Haji Che Pee Samsudin, a Malaysian, aged 56, was appointed to the Board of AmanahRaya-REIT Managers Sdn. Bhd. on 23 August 2011. He is also a Director of Amanah Raya Berhad since March 2011.

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 Perbendaharaan State of Kedah as the State Treasurer for nine (9) years.

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

PROFILE OF THE BOARD OF DIRECTORS



HAJI ZULKIFLY SULAIMAN (Independent, Non-Executive)

Haji Zulkifly Sulaiman, a Malaysian, aged 60, 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 Wharton Business School AMP programme 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 covering 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. 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.

Haji Zulkifly was also a Board Member and Chairman of the Internal Audit Committee of Prudential AI-Wara Islamic Asset Management Company from 2009 to 2013.

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 of Directors currently comprises of six (6) Directors, of which three (3) are independent and non-executive and three (3) are non-independent and non-executive.

During the financial year, the Board met seven (7) times. The number of meetings attended by each Director is as follows:-

Directors	Number of Board meetings held during Directors' tenure in office	Number of meetings attended by Directors
Tan Sri Dato' Ahmad Fuzi Abdul Razak	7	7
Dato' Abdul Mutalib Mohamed Razak	7	7
Datuk Syed Hussian Syed Junid (<i>resigned with effect from 1 December 2013</i>)	7	6
Datuk Johar Che Mat	7	7
Dato' Haji Che Pee Samsudin	7	7
Datuk Ahmad Badri Mohd. Zahir	7	6
Haji Zulkifly Sulaiman (<i>appointed with effect from 23 April 2013</i>)	7	6

STRATEGICALLY POSITIONED FOR GREATER YIELDS

AmanahRaya REIT's portfolio continues to appreciate in value given that it is the most diversified portfolio on the REIT landscape. Through artfully leveraging a well diversified portfolio of properties within the hospitality, higher education, office building, industrial and retail sectors, we are spreading our risks out and making strong advances forward. Moreover, by putting in place long-term leasing arrangements, pre-determined rental increments and other measures to safeguard ourselves, we are benefitting from strong cash flows and mitigating our risk, thereby effectively reinforcing our position of strength.





MESSAGE FROM THE CHAIRMAN



DEAR UNITHOLDERS,

As Chairman and on behalf of the Board of Directors of AmanahRaya-REIT Managers Sdn. Bhd., the Manager of AmanahRaya REIT it is my pleasure to present the Annual Report and Audited Financial Statement for the period ended 31 December 2013.

I am pleased to report that 2013 was another year of progress for AmanahRaya REIT amid a backdrop of challenging economic environment. We have managed to maintain our profit and dividend levels as per the previous year. This is in line with our goal to collectively and effectively manage AmanahRaya REIT towards sustainable growth and to remain focus in delivering value to our unitholders.

Tan Sri Dato' Ahmad Fuzi Abdul Razak
Chairman

ECONOMIC OVERVIEW

The domestic demand has continued to fuel the Malaysian economy amid the continued uncertainty of the global economy. In 2013 the Malaysian economy recorded a GDP growth of about 4.1% and 4.3% in the first and second quarter respectively. It was expected that the Malaysian economy on average will register a slower growth of between 4.5% to 5% as against the initial forecast by Bank Negara Malaysia of 5% to 6% growth for the year 2013. In the year 2013 the Ringgit depreciated against major currencies by 4% to 6%. However, interest rate remained unchanged at 3%.

Despite the slower growth in the overall economy, the property market in 2013 remained stable. Occupancy rate for office buildings remained unchanged at about 85% to 90%. However, rental rates were under downward pressure due to the large number of incoming supply.

The retail sector remained buoyant with occupancy rate above 90% throughout 2013. According to Retail Group Malaysia, the retail industry registered a higher sales growth in the first half of 2013. Such high growth was expected to remain throughout

the year despite the curb on household debts and credit card spending by Bank Negara Malaysia.

The industrial sector on the other hand has not shown any significant changes with regard to value and rental rates despite the increase in the industrial production index ("IPI") by 3.4% in May 2013.

Investment activities of the Malaysia Reits ("M-Reits") in 2013 dropped significantly. The volume of transactions by M-Reits was relatively small as compared to the previous year. This

MESSAGE FROM THE CHAIRMAN



was probably due to the limited supply of quality assets with high rental yields coupled with competition from other funds such as pension and equity funds in acquiring such assets. There were no new REITs coming into the market in the year 2013.

OPERATIONS

With regard to investment activities, earlier in the year AmanahRaya REIT announced its acquisition of Precico Factory in Perai, Penang. However, the acquisition had to be aborted in view of the conditions imposed by the Penang Development Corporation which the Manager believed were detrimental to AmanahRaya REIT's unit-holders. In August 2013, AmanahRaya REIT had issued a letter of offer to acquire an office building located at Shah Alam for RM30 million.

The year 2013 also saw AmanahRaya REIT completing its disposal of two of its properties namely, Wisma UEP in Subang Jaya and Permais Factory in Bangi. Following the divestment of

the two (2) properties and the changes in fair value of Silver Bird Factory, AmanahRaya REIT's portfolio has been reduced to approximately RM864 million in terms of value.

During the year under review and following the turmoil faced by Silver Bird Group Berhad and its failure to pay rent, the Silver Bird Factory in Shah Alam underwent a revaluation exercise and subsequently saw its value dropped by approximately 18%. The drop in valuation was mainly due to the market being unable to support the guaranteed rental yield given by Silver Bird Group Berhad previously.

With regard to property management, the properties under AmanahRaya REIT's portfolio continued to enjoy 100% occupancy. However, AmanahRaya REIT recorded a marginal increase in term of rental revenue mainly due to revision of rental rates.

In the year under review, AmanahRaya REIT continued with its effort to increase the value of its properties under the asset enhancement exercise.



MESSAGE FROM THE CHAIRMAN

In 2013, AmanahRaya REIT spent a total of about RM1.3 million mainly for Selayang Mall, Wisma AmanahRaya and Kontena Nasional Distribution Centre 11.

FUND PERFORMANCE

During the year under review, the Manager managed to distribute DPU of 7.26 sen which is marginally lower than the previous year's distribution made to unit-holders.

Rental revenue increased marginally to RM67.0 million as compared to RM66.9 million in the previous year. The marginal increase in rental income is largely due to revision of rental rates.

OUTLOOK

Following the Government's commitment to reduce the fiscal budget deficit, the year 2013 saw the removal of several subsidies and the much expected announcement to introduce the GST in the year 2015.

In addition, the increase in RPGT, assessment rate and electricity tariffs are expected to impact our operational cost. The year 2014 will see the property market entering a consolidation period with capital values and rental rates expecting to fall. Nevertheless we do expect the property market to remain stable.

In line with the property market slowing down and the increase in operating cost, we expect the dividend yield to fall to about 6.0% to 7.0% in the year 2014 and beyond as compared to 7.5% recorded in the previous year.

MOVING FORWARD

ARRM as the Manager will continue to restructure AmanahRaya REIT's portfolio and will continue with its effort to increase AmanahRaya REIT size to RM1.5 billion in the next three (3) years. The challenge ahead is to be able to acquire suitable properties that are able to improve the dividend yield of AmanahRaya REIT in the longer term.

CHANGE IN THE BOARDROOM

Haji Zulkifly Sulaiman was appointed as independent director on 23 April 2013. Haji Zulkifly brings along thirty two (32) years of experience in the banking and financial sector. He was formerly the representative of Maybank Berhad on the Board of Governors of the Financial Planning Association of Malaysia including its Vice President in 2007/2008. On behalf of the Board we welcome him on board and hope that he would be able to contribute positively to AmanahRaya REIT. On the other hand, on 1 December 2013, Y. Bhg Datuk Syed Hussian resigned from the Board to allow him to focus on his other ventures.

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 towards ensuring the success of AmanahRaya REIT despite facing numerous challenges and adversities.

We are grateful in particular to Y. Bhg Datuk Syed Hussian for his valuable contribution to AmanahRaya REIT during his term as a Board Member and we wish him all the best in his future undertakings.

Last but not least, I wish also to record the Board's appreciation to our unit-holders and business partners for their continued support and confidence shown towards AmanahRaya REIT.

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



AMANAH RAYA REIT

INVESTMENT COMMITTEE MEMBERS



MAHADZIR AZIZAN (Chairman)

Mahadzir Azizan, a Malaysian, aged 64, was appointed as an Independent Investment Committee Member on 27 December 2006.

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

Mahadzir currently serves on the board of directors of the following companies; ECM Libra Financial Group Berhad, Libra Invest Berhad and Syarikat Takaful Malaysia Berhad. Mahadzir is a Barrister-at-Law from the Honourable Society of Lincoln's Inn, London.

DATUK JOHAR CHE MAT

Datuk Johar Che Mat, a Malaysian, aged 61, was appointed as a Non-Independent Investment Committee Member on 1 January 2012. He is currently a Director of Amanah

Raya Berhad since August 2010, the Chairman of Audit Review Committee and Board Risk Management Committee and a member of Nomination and Remuneration Committee and Investment Committee of Amanah Raya Berhad.

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

He briefly served Federal Government after graduating from University of Malaya in 1975 with a Bachelor of Economics before joining Maybank. Since then, he has served in various capacities in banking operations and strategic innovation, including as the Head of Retail Financial Services and managing the Retail Banking portfolio which encompasses front end 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 Corporate Banking and Enterprise Banking where he was in charge of

Project Financing, Corporate and Commercial unit.

Formerly, he was also a Director of Aseambankers and Etiqa Insurance which are subsidiaries of Maybank and a Board member of Proton Holdings Berhad. At present, he is also a Board member of AGRO Bank.

DATUK YAHYA YA'ACOB

Datuk Yahya Ya'acob, a Malaysian, aged 69, was appointed as an Independent Investment Committee Member on 27 December 2006.

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

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

AMANAHRAYA REIT INVESTMENT COMMITTEE MEMBERS

SYED ELIAS ABD. RAHMAN ALHABSHI

Syed Elias Abd. Rahman Alhabshi, a Malaysian, aged 70, was appointed as an Independent Investment Committee Member on 30 July 2008.

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 Chairman/Senior Advisor of Asset Management Malaysia Sdn. Bhd.

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

VASANTHA KUMAR THARMALINGAM

Vasanthan Kumar Tharmalingam, a Malaysian, aged 65, was appointed as an Independent Investment Committee Member on 11 February 2011.

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

He established the First Malaysian Property Trust (FMPT), a joint venture between the Bank of Commerce and Austwide, Australia in 1987. Subsequently he left in 1990 to establish the MBF Unit Trust. From 1992 to 1998

he was Executive Director of Taiping Consolidated Berhad (TCB) and was part of the team building the J.W. Marriott Hotel and Starhill Shopping Centre in Kuala Lumpur and originated Sentul Raya for the company, a joint venture with KTM Berhad to develop 270 acres of an inner city brown field project.

His recent positions were as Executive Director of Sunway Berhad in 2013 and Chief Executive Officer of Malaysia Property Incorporated (MPI), a Government of Malaysia's initiative to bring Foreign-Direct-Investment into Malaysia property from 2010 to 2012.

Currently he is 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).

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 five (5) Members of which one (1) is non-independent and four (4) are independent members.

During the financial year, the Investment Committee met five (5) 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	5	5
Datuk Yahya Ya'acob	5	5
Syed Elias Abd. Rahman Alhabshi	5	5
Vasanthan Kumar Tharmalingam	5	4
Datuk Johar Che Mat	5	5

STATEMENT OF CORPORATE GOVERNANCE

EFFECTIVE CORPORATE GOVERNANCE HAS ALWAYS BEEN A PRIORITY TO THE BOARD OF DIRECTORS OF ARRM. AS THE MANAGER OF AMANAHRAYA REIT, WE ARE COMMITTED TOWARDS ENSURING THAT A HIGH STANDARD OF CORPORATE GOVERNANCE IS PRACTISED THROUGHOUT THE COMPANY FOR THE BEST INTEREST OF OUR UNITHOLDERS.

IN ENSURING THE IMPLEMENTATION AND OPERATION OF PROPER CORPORATE GOVERNANCE, ARRM IS GUIDED BY THE MEASURES RECOMMENDED BY THE SECURITIES COMMISSION'S GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS ("REIT GUIDELINES"), THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012, THE CAPITAL MARKETS & SERVICES ACT 2007 (ACT 671) AND THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD.

THE MANAGER OF AMANAHRAYA REIT

AmanahRaya REIT is externally managed by the Manager. 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 its portfolio 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 "AmanahRaya REIT's Deed").

Other main functions of the Manager are as follows:

- development of 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 to 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 of Directors

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

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

- setting 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.

Board Balance

The Board currently has six (6) members, consisting of three (3) independent and non-executive directors and three (3) non-independent and non-executive directors. This is in compliance with the requirement for at least one-third (1/3) of the Board to be 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).

STATEMENT OF CORPORATE GOVERNANCE

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 (“COO”) 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 COO 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

The Board meetings are scheduled regularly at least once every quarter. The special Board meetings are also held to discuss urgent issues as and when necessary. Throughout 2013, seven (7) Board meetings were held, three (3) of which were Special Board meetings.

Access to and Supply of Information and Advice

The Board members are supplied with information in a timely manner. The 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 advice and services of the Audit Committee, Legal & Compliance Department, Group Internal Audit Department, Company Secretary as well as to external independent professional advice 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, 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.

The Board is 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

During the financial year 2013, 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.

The newly appointed director has also attended the Mandatory Accreditation Programme organised by Bursatrade Sdn Bhd within the specified period as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Committees under the Board

The Board has set up the following committees to assist it in discharging its 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 2012. The AC currently consists of three (3) non-executive directors, with two (2) independent director and one (1) non-independent directors.

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;

STATEMENT OF CORPORATE GOVERNANCE

- 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 of ARRM;
- Reviewing the audit report prepared by external auditors;
- Making appropriate recommendations to the Board on matters concerning resignations, dismissals and replacements of external auditors;
- Reviewing and reporting the adequacy of the scope, functions and resources of the internal audit function and authorizing it to carry out the audit works;
- Reviewing all financial results and financial statements and all portfolios under management of ARRM;
- 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 2013. The details of attendance of the AC members are as follows:

Name of Committee Member	Number of Meetings Attended
Dato' Haji Che Pee Samsudin (Chairman)	4
Datuk Syed Hussian Syed Junid (Resigned with effect from 1 December 2013)	4
Dato' Abdul Mutalib Mohamed Razak	3
Haji Zulkifly Sulaiman (Appointed with effect from 23 April 2013)	3

INVESTMENT COMMITTEE

The Investment Committee ("IC") 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 five (5) members, four (4) of which are independent members and one (1) is non-independent member.

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

- Reviewing, deliberating and deciding on any investments to be made by AmanahRaya REIT as recommended by the management of ARRM;
- 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 the Trustee of AmanahRaya REIT 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 AmanahRaya REIT's Deed;
 - its Prospectus dated 26 January 2007;
 - 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 of ARRM;
- 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 five (5) IC meetings were held throughout 2013.

STATEMENT OF CORPORATE GOVERNANCE

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 of the Manager and financial information or against financial losses and fraud.

Relationship with External Auditors

An external auditor, independent of the Manager and the Trustee of AmanahRaya REIT has been appointed for AmanahRaya REIT ("External Auditor"). The appointment has been nominated by the Manager and approved by the Trustee. The remuneration of the External 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 AmanahRaya REIT's Deed.

RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

The Manager has established procedures that will ensure related party transactions and conflicts of interests are undertaken in full compliance with the REIT Guidelines, AmanahRaya REIT's 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 of AmanahRaya REIT;

- the 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 approved by the Trustee, consistent with the investment objective and strategy of AmanahRaya REIT and transacted at a price which is in accordance with 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, of 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 the AmanahRaya REIT's website, allowing the unitholders to keep abreast with the development of AmanahRaya REIT at all times. Additionally, the COO regularly meets up with analysts, institutional unitholders and investors to provide insights on significant development of AmanahRaya REIT and its strategies.

STATEMENT ON INTERNAL CONTROL

Being a Real Estate Investment Trust, AmanahRaya REIT is not subjected to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires the board of directors of a public listed company to include in its annual report a statement on internal control of the same as a group. Nevertheless, the Board has voluntarily opted to include this Statement on Internal Control to demonstrate its commitment in maintaining a sound and effective system of internal control.

THE BOARD'S RESPONSIBILITY

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

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

INTERNAL CONTROL SYSTEM

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

- 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 COO 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;
- Internal Audit services are outsourced to the Manager's holding company, Amanah Raya Berhad ("ARB"). Findings obtained from internal audit activities are reported directly to the AC and are independent from the management team of the Manager;
- Scheduled regular meetings of the Board, AC and IC with representation from the management provide the key to systematic monitoring of AmanahRaya REIT's activities. The COO 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 effectiveness of the internal control system raised by internal and external auditors, regulatory authorities and the management. Where a weakness on internal control mechanism is identified, the AC shall ensure that appropriate remedial action is taken by the management of the Manager;
- The IC reviews and scrutinizes all investment, divestment and fund raising proposals recommended by the management of ARRM. 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.

Based on the above, the Board is of the view that the internal control system adopted by the Manager is adequate and sufficient to ensure good corporate governance for AmanahRaya REIT.

CORPORATE CALENDAR



APRIL 2013

On 12 April 2013, AmanahRaya REIT gave a helping hand to Sekolah Khas Wisma Harapan Brickfield. The objective of this event was to aid the growth of the learning process for the handicapped and disabled students of the school.



OCTOBER 2013

Amanah Raya Berhad in collaboration with the National Blood Centre successfully organised a blood donation campaign on 17 October 2013 at Wisma AmanahRaya. The employees of the Manager had donated blood in support of the event. The objective of the campaign was to enhance the awareness of the importance of blood donation. It also encouraged the employees including the employees of the Manager to participate in social contribution activities which involved helping those in need.



JUNE 2013

In year 2012, the Ministry of Energy, Green Technology and Water of Malaysia has introduced a program called Sustainability Achieved Via Energy Efficiency (SAVE) for chillers. In essence, the program is to encourage building owners to replace refrigerant non environmental friendly chiller to new environmental friendly gas chiller. Owners who replace their chillers to the environmental friendly chillers will be rewarded with a rebate. In line with this program, AmanahRaya REIT had replaced two (2) chillers in Selayang Mall.



JUNE 2013

The First Annual General Meeting of AmanahRaya REIT ("AGM") was held on 18 June 2013 at Hotel Sunway Putra, Kuala Lumpur. During the AGM, the management of the Manager had taken the liberty to present the achievement of AmanahRaya REIT for the year 2012 to all the unitholders of AmanahRaya REIT.



DECEMBER 2013

On 1 December 2013, the employees of the Manager had participated in the 'Run For Terry' charity event. This is an annual non-competitive charity event held in commemoration of Canadian cancer activist Terry Fox, and his Marathon of Hope. The purpose is to raise money for cancer research as to improve the outcomes for cancer patients.

PROFILE OF THE CHIEF OPERATING OFFICER



Adenan Md Yusof

Chief Operating Officer / Principal Officer

Adenan Md Yusof, a Malaysian, aged 49, was appointed as Chief Operating Officer of AmanahRaya-REIT Managers Sdn. Bhd. ("ARRM") on 18 May 2010.

Upon graduation, Adenan works for two of the largest architectural practice in the 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 five star hotels and office buildings and exposure to project managements.

After almost three (3) years of working in Chicago, Adenan returned to Malaysia and joined Perunding Alam Bina, a medium size architectural practice in Kuala Lumpur as Architect. Thereafter, in 1993, Adenan had the opportunity to join KLCC Berhad ("KLCCB") and worked on the prestigious Petronas Twin Tower project. At KLCCB, he gained valuable knowledge and experience in managing big projects.

Adenan later joined Amanah Capital Partners Berhad ("Amanah Capital") in January 1995, and thereafter promoted to Senior Manager to head the property division. He was responsible in overseeing all property investment under the Group of Amanah Capital. With vast experience in project managements, at Amanah Capital, he managed to complete two major projects i.e. the Menara UMNO located in Pulau Pinang and the Kirana/Ascott Kuala Lumpur, a high-end condominium project. Adenan gained valuable knowledge and experience in developing high end properties following the completion of Kirana/ Ascott Kuala Lumpur project. 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 lead 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 ("ARB") where he assisted the Group Managing Director in all matters related to property activities and investment undertaken by ARB Group. He was also responsible for the restructuring and streamlining of the property related companies within ARB Group.

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

Family Relationship with any Director and/or Substantial Unitholder

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

Conflict of Interest

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

Convictions for Offences

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

THE MANAGEMENT TEAM



Standing from left to right:

Hasrol Nizam Mohd Hasbi Head, Property Management

Kusuma Dewi Abdul Aziz Accountant

Noorbaizura Hermeyney Head, Real Estate Investment

Sitting from left to right:

Jerry Jesudian Joseph Alexander Joint Company Secretary

Johana Rosli Head, Legal & Compliance

MANAGER'S REPORT

THE BOARD OF DIRECTORS OF AMANAHRAYA-REIT MANAGERS SDN. BHD., THE MANAGER OF 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 2013.

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"). As the Manager, ARRM's main goal is to strive towards delivering strong and sustainable return to the unitholders of AmanahRaya REIT from real estate investments.

AMANAHRAYA REIT

AmanahRaya REIT was established on 10 October 2006 pursuant to the Trust Deed 10 October 2006 ("Trust 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 yield and capital value over a long term period.

INVESTMENT STRATEGIES AND POLICIES

The Manager's investment strategy is to look at properties that are able to provide stable 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 are the rental yield in relation to the value. In general, the Manager will be looking at rental yields of more than 6% depending on the quality, location, type of the property and covenant strength of the lessee. The Manager will focus on acquisition that will contribute towards accretive yields and growth in capital values thus enabling the Manager to translate it into strong returns.

c. Building Condition

The Manager strives towards acquiring quality buildings. The property must be in good tenable condition. Building and engineering due diligence exercise, which include examining the condition of the mechanical and electrical equipment as well as the structural condition will be conducted by the Manager's appointed consultants prior to completing any acquisitions.

d. Diversified Portfolio

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

MANAGER'S REPORT

e. Tenant/Lessee profile

Tenant profiling is important to mitigate the risk of rental default especially on single tenancy arrangement. The Manager will normally conduct a due diligence exercise on the financial strength of the tenant which includes sustainability of its operation. To date, the tenants of AmanahRaya REIT are mostly multi-nationals and public listed companies.

ARREIT FINANCIAL PERFORMANCE

For the Financial Year of 2013, AmanahRaya REIT managed to maintain its financial performance amidst slower economic growth.

The financial highlights for the year 2013 are as follows:

- Total distribution per unit ("DPU") for 2013 is 7.26 sen;
- Net realised income for distribution slightly decreased to RM42,250,166 as compared to RM43,386,612 in the previous year;

- The changes in fair value of Silver Bird Factory of RM18 million due to revaluation on 16 October 2013;

Total assets slightly reduced to RM1.01 billion from RM1.046 billion in 2012 mainly due to the changes in fair value of Silver Bird Factory, reduction in security deposits and distributions payment for third quarter of 2013; and

- The borrowings remain at RM364 million or 36.02% of total assets value.

The operational highlights for the year 2013 are as follows:

- Completed the sale of Wisma UEP to Tenaga Nasional Berhad ("TNB") on 21 January 2013; and
- Duly completed the sale of Permanis Factory to Permanis Sdn Bhd on 30 December 2013.

MANAGER'S REPORT

FINANCIAL REVIEW

Review of Performance

	2013	2012	2011	2010
Total Net Asset Value (RM)	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
Net Asset Value Per unit (RM)	1.0251	1.0586	1.0496	0.9912
Highest Net Asset Value Per Unit (RM)	1.0591	1.0586	1.0496	1.0690
Lowest Net Asset Value Per Unit (RM)	1.0244	1.0474	0.9746	0.9705
Market Value per unit (RM) as at 31 December	1.00	0.92	0.91	0.94
Highest Traded Price for the Twelve Months Period (RM)	1.04	0.98	0.97	0.95
Lowest Traded Price for the Twelve Months Period (RM)	0.91	0.90	0.85	0.83

Results of AmanahRaya REIT's Performance

	2013	2012	2011	2010
Total Gross Rental Income	67,004,575	66,914,896	65,305,820	59,509,971
Total Property Expenses	(2,082,602)	(2,687,577)	(1,981,268)	(1,785,571)
Net Rental Income	64,921,973	64,227,319	63,324,552	57,724,400
Interest and Other Income	2,023,552	964,197	834,684	2,607,949
Total Non-Property Expenses	(24,695,359)	(21,804,904)	(21,629,917)	(18,931,550)
Earnings Before Taxation	42,250,166	43,386,612	42,529,319	41,400,799
Changes in Fair Value of Investment Properties	(18,000,000)	3,500,000	31,143,000	–
Earnings Before Taxation	24,250,166	46,886,612	73,672,319	41,400,799
Taxation*	NIL	NIL	NIL	NIL
Earnings After Taxation	24,250,166	46,886,612	73,672,319	41,400,799
Earnings Per Unit (EPU) after Taxation (sen) (Realised + Unrealised)	4.2305	8.1795	12.8524	7.8962
EPU Yield (%) (Based on Closing Market Price)	4.23	8.89	14.12	8.40
Distribution Per Unit (DPU) (sen)	7.2645	7.4487	7.2213	7.3209
Distribution Yield (%)	7.2645	8.10	7.94	7.79
MER (%)	0.82	0.80	0.70	0.59
Annual Total Return (%)**	7.83	9.10	12.11	20.59

* The Trust distributed at least 90% of the realised and distributable income and thus, its total income for the year is exempted from tax pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006.

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

Note:

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

MANAGER'S REPORT

FUND'S PERFORMANCE

For the year 2013, rental income increased slightly from RM66.91 million to RM67.00 million despite the rental default by Silver Bird amounting to RM2.74 million. On the other hand, interest income in 2013 has increased almost two fold from RM0.96 million to RM1.86 million. Thus, net realised income for distribution decreased slightly from RM43.39 million to RM42.25 million. The fund expenses (excluding bad debt of RM2.74 million) in 2013 is almost similar to 2012 at RM21.96 million (2012: RM21.80 million).

INCOME DISTRIBUTION

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

First Interim	Second Interim	Third Interim	Fourth Final	Total
1.8841	1.8298	1.8145	1.7361	7.2645

For 2013, AmanahRaya REIT distributed a total income of RM41,641,528 or 7.2645 sen, a slight decrease from 2012 income distribution of 7.4487 sen. The fourth and final income distribution of RM9,951,670 has been declared at 1.7361 sen per unit payable on 2 April 2014. Analysis of income distribution is as follows:

	2013	2012	2011	2010
Income distribution per unit (sen)				
- First interim income distribution	1.8841	1.8105	1.8120	1.8597
- Second interim income distribution	1.8298	1.8000	1.8071	1.9997
- Third interim income distribution	1.8145	1.7888	1.7200	1.7874
- Proposed Fourth and final income distribution	1.7361	2.0494	1.8822	1.6741
	7.2645	7.4487	7.2213	7.3209

NET ASSET VALUE

Net Asset Value (NAV) as at 31 December 2013 is RM1.025 per unit.

The net asset value of AmanahRaya REIT is as follows:

	2013	2012	2011	2010
Total net asset value ("NAV") RM:				
- before provision for income distributions	1.1187	1.1314	1.1197	1.0712
- after provision for income distributions	1.0430	1.0774	1.0475	1.0026

UNITS ISSUED

As at 31 December 2013, the total number of units issued is 573,219,858.

GEARING

As at 31 December 2013, AmanahRaya REIT's total debt is RM363,851,447 with gearing ratio at 36.02%. The gearing ratio of AmanahRaya REIT is as follows:

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

MANAGER'S REPORT

RELATED PERFORMANCE INDICATORS AND BENCHMARKS

	2013	2012	2011	2010
Total return (%)*	7.83	9.10	12.11	20.59
Asset Portfolio Turnover (times)**	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 2013 to the average net asset value for the financial year calculated on a daily basis.

BENCHMARK RELEVANT TO AMANAHRAYA REIT

	2013	2012	2011	2010
Management Expense Ratio ("MER")*	0.82	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, audit fees, tax agent's fee and administrative expenses, to the average net asset value of the Trust for the financial year calculated on a daily basis.

CORPORATE PROPOSAL AND DEVELOPMENT

Acquisition in 2013

In June 2013, AmanahRaya REIT announced its acquisition of Precico Factory in Perai, Penang for RM40 million. However the acquisition was aborted in view of the conditions imposed by Penang Development Corporation, which the Manager believed, were detrimental to the unitholders of AmanahRaya REIT.

Review of Operation

In the year 2013, the following occurred:

a. Property Expenses

Under the triple net lease arrangement, the responsibility of maintaining and keeping the property lies with the lessee. Periodical and scheduled inspections will be carried out at least once in every quarter by the Property Managers in which issues and recommendations will be raised and actions to be taken by the respective lessees.

In 2013, total property expenses are approximately RM2.08 million. The amount incurred is mainly arising from statutory payments of properties (quit rents and assessments), general repair and maintenance and property refurbishments and major repairs.

MANAGER'S REPORT

b. Enhancing Property Values

1. Selayang Mall – Replacement of Two (2) Chillers at cost of RM770,000.00.

In year 2012, Ministry of Energy, Green Technology and Water (KeTTHA) has introduced a program called Sustainability Achieved Via Energy Efficiency (“SAVE”) for chillers. In essence, the program is to encourage building owners to replace their existing R-22 refrigerant non environmental friendly chiller to new environmental friendly R-134a refrigerant gas chillers. The owners who replace their chillers to the environmental friendly chillers will be rewarded accordingly via rebate given

SAVE program grants building owner rebate of RM200.00 per Refrigeration Ton (RT). The existing chillers in Selayang Mall are 411RT each. By replacing two (2) chillers, ARRM will be entitled to a rebate of RM165,000.00.

In view of the above and by taking into consideration the condition of the existing chillers in Selayang Mall, the Manager has decided to replace the existing chillers to a more efficient and environmental friendly chillers. The work commenced on 23 October 2013 and was completed on 8 November 2013.

2. Selayang Mall – Rectification Work to the Rooftop of “D Walk” and “D Place” at Cost of RM98,000.00

Due to the existing condition and the age of Selayang Mall, the rectification work is considered as enhancement to Selayang Mall. The work has commenced on November 2013 and is currently in progress.

3. Kontena Nasional Distribution Centre 11 – Improvement and Rectification Work to the Fire Fighting System at Cost of RM179,521.00.

Improvement and Rectification works were carried out on the following system:

- Hydrant System
- Sprinkler System
- Hose Reel System
- Central Monitoring System (Fire Alarm Control Panel)

The work had commenced in February 2013 and was completed in September 2013. The systems are currently in good working order.

4. Wisma AmanahRaya, Jalan Ampang – Numerous Restoration Work at Cost of RM286,730.00

Due to the existing condition and the age of Wisma AmanahRaya, Jalan Ampang, the following work has been carried out:

- Installation of new Public Address System
- Installation of two (2) new Hot Dip Galvanised Pressed Steel water tank
- Provision of Fire Protection Plan Drawing and Architectural Plan Drawing to Fire and Rescue Department of Malaysia for the purpose of application of Fire Certificate
- Rectification Work to the four (4) of Washroom

MANAGER'S REPORT

c. Improving the Financial Performance of the Properties

NO.	PROPERTY	PREVIOUS MONTHLY RENTAL (RM)	CURRENT MONTHLY RENTAL (RM)	% INCREASE	DATE OF REVIEW
1.	Holiday Villa Alor Setar, Alor Setar	180,833.33	188,583.33	4.29	June 2013
2.	Kontena Nasional Distribution Centre 11, Port Klang	179,250.00	188,212.50	5.00	June 2013
3.	Holiday Villa Langkawi, Langkawi	320,833.33	334,583.33	4.29	July 2013
4.	Wisma AIC, Shah Alam	118,750.00	126,666.67	6.67	September 2013
5.	Silverbird Factory, Shah Alam	608,000.00	608,000.00	0.00	October 2013
6.	Wisma Amanah Raya Berhad, Jalan Semantan	363,066.88	379,294.70	4.63	November 2013
7.	Selayang Mall	826,666.67	837,104.67	1.26	December 2013

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 2013, AmanahRaya REIT has achieved a debt level of 36.02% of the total asset level as compared to 34.76% in the previous year.

MANAGER'S REMUNERATION

Pursuant to the Trust 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 RM4,117,173.00 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. The lease with Silver Bird Group Berhad ("Silver Bird") had expired on 15 August 2013 and they have expressed their interest to continue the lease and remain as a tenant at Silver Bird Factory. However, both parties have yet to finalise the salient terms of the renewal lease term. Silver Bird has requested for a substantial reduction on the rental rate of which the Manager is not agreeable to. The matter is still subject to further negotiation between both parties. Pending finalisation of the terms for the renewal of the lease, Silver Bird has yet to make any rental payment.

During the financial period under review, the revaluation exercise was carried out for accounting purpose in line with the Malaysian Financial Reporting Standard ("MFRS") 140. Under the fair value model of MFRS 140, the fair value of the investment property shall reflect market conditions at balance sheet. As a result of the recent revaluation exercise, which the outcome has resulted to a revalued amount of RM80 million, a change in fair value of RM18 million has been recognized in the Statement of Comprehensive Income for the financial year ended 31 December 2013.

2. In May 2013, CIMB Islamic Trustee Berhad, the trustee of AmanahRaya REIT, had entered into a Sale and Purchase Agreement with Permanis Sdn Bhd in respect to the disposal of Permanis Factory for a purchase consideration of RM31 million. The disposal of Permanis Factory was duly completed on 30 December 2013.

MANAGER'S REPORT

3. Asset enhancement exercise was conducted on three (3) properties under AmanahRaya REIT portfolio as listed below:
 - (a) Selayang Mall – replacement of two (2) chillers estimated at RM770,000.00
 - (b) Selayang Mall – rectification work at roof top estimated at RM100,000.00
 - (c) Kontena Nasional Distribution Centre 11 – rectification work for fire fighting system estimated at RM180,000
 - (d) Wisma AmanahRaya, Jalan Ampang – Installation of new PA system and water tank estimated at RM162,000
4. The lease for Wisma Amanah Raya Berhad, Jalan Semantan has been mutually terminated on 27 January 2014 and the Manager is aggressively marketing the property to prospective tenants or buyers. The Manager has received a few proposals with regard to leasing and outright purchase of the property and is now negotiating with the interested parties.
5. As at 31 December 2013, the number of unit holders increased by 5% representing a total of 3,642 unitholders in 2013 compared to total 3,458 unitholders in 2012.

MOVING FORWARD

Portfolio Management

Currently, the Manager is in the process of restructuring AmanahRaya REIT's portfolio as evidenced by the disposal and acquisition activities by the Manager to improve AmanahRaya REIT's asset quality.

Moving forward, the Manager will continue to focus on three conventional sectors i.e. office, retail and industrial for future acquisition. With regards to acquisition, the Manager has identified several properties with estimated value between the range of RM30 to RM50 million that have the potential to improve the returns of AmanahRaya REIT. The Manager intends to increase the asset value by at least another RM100 to RM150 million in the next financial year through acquisition. Concurrently, the Manager has also identified potential properties under AmanahRaya REIT's portfolio to be disposed in view of its limited potential for growth.

Aside from acquisition and disposal, the Manager is also increasing its effort to boost the asset value of AmanahRaya REIT's portfolio via property enhancement exercise.

Financial Performance

AmanahRaya REIT will endeavour towards improving its performance in 2014. The Manager is targeting to deliver a DPU in the region of 7.0 sen per unit in 2014.

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 2013 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 5 to the financial statement;
- b. any contingent liability of AmanahRaya REIT which has arisen since the end of the financial year.

MANAGER'S REPORT

INFORMATION ON THE FINANCIAL STATEMENTS (continued)

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

OTHER STATUTORY INFORMATION

The Manager states that:

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

The Manager opines:

- a. that the results of the operations of AmanahRaya REIT during the financial year under review were not substantially affected by any item, transaction or event of material and unusual in nature; and
- b. that there were no transactions or events of material and unusual in nature that are likely to affect substantially the results of the operations of AmanahRaya REIT arisen during the interval between the end of the financial year under review and the date of this report.

AUDITORS

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

This concludes the Manager's Report.

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

Tan Sri Dato' Ahmad Fuzi Abdul Razak

Kuala Lumpur
18 February 2014

1. OVERVIEW OF MALAYSIAN ECONOMY IN 2013

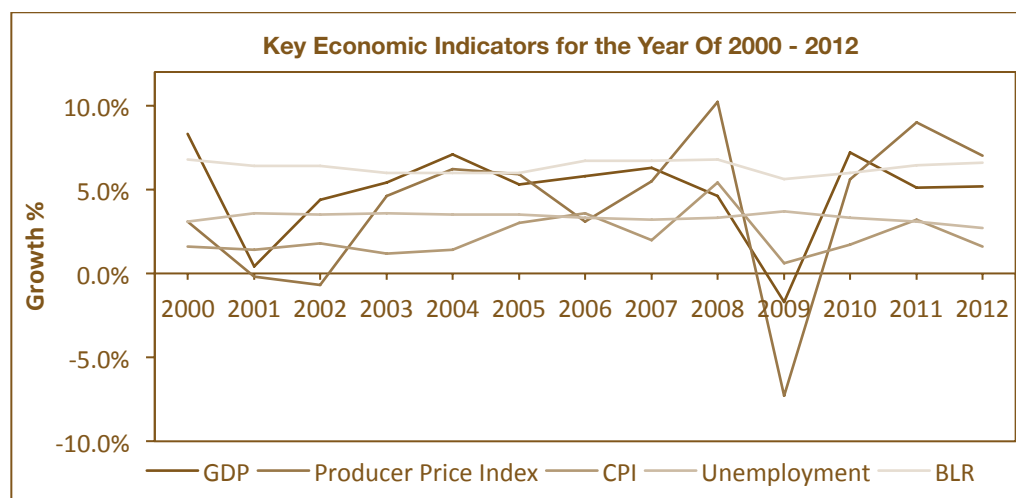
The Malaysian economy continues to stand strong reflected by expansion of growth in Gross Domestic Product (GDP) at 5.0% for 3Q2013 compared to 4.3% in 2Q2013. The nation's GDP forecast review by the Malaysian Institute of Economic Research (MIER) indicated that throughout 2013, a GDP decrease may be experienced from an estimated 5.6% to 4.8%, mainly due to the possible effects of the economic conditions in Europe and the US.

Looking at quarterly GDP growth year-on-year, a slower growth was seen between Q32013 and Q32012, i.e 5.0% compared to 5.3%. The slight reduction of the nation's GDP is an indicator of the challenging economic conditions, however, it is able to maintain a 5-percentage range.

Cooling measures were carried out by the federal government in terms of stringent loan regulation through implementation of the Entry Point Projects (EPPs) and Economic Transformation Programmes (ETPs) to assist the development of the 12 National Key Economic Areas (NKEA). Some capital injections made by the government into the ETP helped to strengthen the economy with a proper framework to set a goal on its way to become a developed country.

Private consumption for 3Q2013 recorded an encouraging growth at 8.2% compared to 7.2% in 2Q 2013. According to the Department of Statistics, the growth is much driven by food & beverages, housing & utilities, transport and communication sectors. However, public consumption experienced a decrease at 7.8% in 3Q2013 compared 2Q2013 (11.8%).

Chart 1: Key Economic Indicators, 2000 – 2012



Source: Bank Negara Report/Economic Planning Unit, 2012

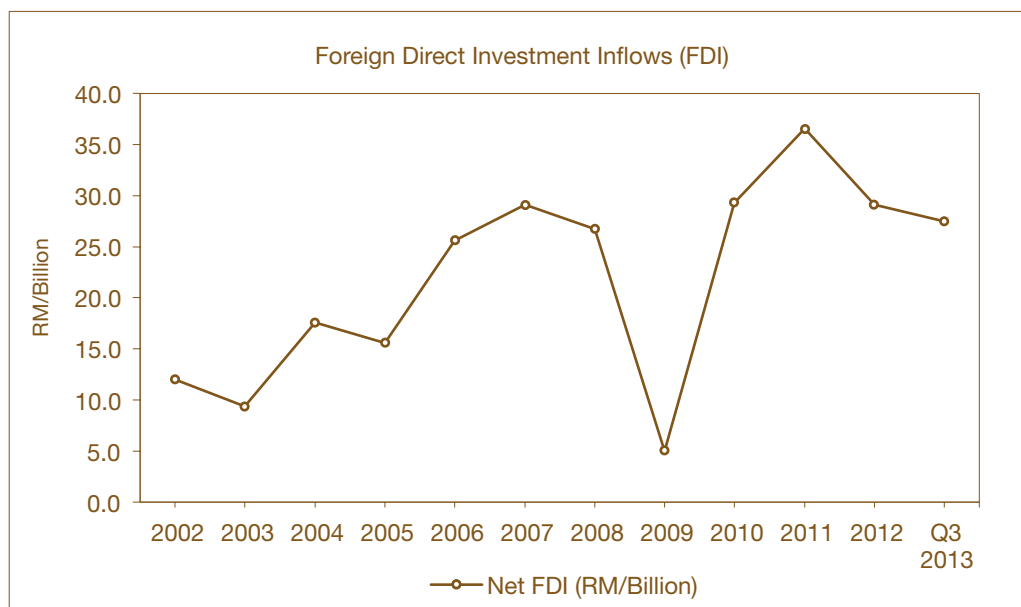
Net Foreign Direct Investment (FDI) inflow into Malaysia has dropped about 17% in 2012(US\$10.1 billion) comparing to 2011 (US\$12.2 billion). The phenomena is in pace with global FDI condition which was reduced by 18% from \$1.65 trillion in 2011 to \$1.35 trillion in 2012 (Source: UNCTAD). The FDI in 1H2013 globally, bounced back with an increase of about 4% to USD\$745 billion against the same period last year (1H2012).

Malaysia's FDI had benefited from this global growth with a double digit increase (13.5%) where its FDI reached USD\$5.9 billion in 1H2013 compared to last year, 1H2012 at USD\$5.2 billion.

Initiatives were made to increase investors' confidence by the Malaysian government through reducing subsidies in oil prices, sugar and increasing fares namely toll rates and public transportation charges. Furthermore, Goods & Services Tax (GST) of 6% to be introduced in 2015 had received positive responses as a deficit reduction measure.

1. OVERVIEW OF MALAYSIAN ECONOMY IN 2013 (continued)

Chart 2: Foreign Direct Investment Inflows



Source: Bank Negara Report, Department of Statistics

2. RETAIL

Retail investors primarily focused their investments for 2013 in establishments and expansions of shopping malls, which added competition to the existing rental market.

The nation's CPI showed an estimated 2.2% y-o-y growth for 3Q2013 compared to 1.8% in 2Q2013. Growing inflation rate in the country is still supported by its strong domestic demand, which expanded by 8.3% in 3Q 2013 compared to 7.4% 2Q 2013. Consumers spending in Malaysia generally increased most on food & non-alcoholic beverages at about 3.4% in 3Q 2013.

Market indicators showed that shopping complex developments were gaining popularity and demand within a mixed integrated development of high rises condominiums and offices. Some examples of those in Kuala Lumpur are Suria KLCC (recently expanded its Net Lettable Area), The Intermark Mall, Pavilion Mall and Fahrenheit 88 (formerly known as KL Plaza). They are also found in suburban areas such as Empire Gallery Shopping Centre, First Subang and The Summit Shopping Complex in Subang Jaya, Festival City Mall in Jalan Genting Kelang, Axis Atrium in Ampang and several others.

Some new shopping malls are undergoing construction whilst some are ready for opening after refurbishment is done. Sunway Putra Mall is currently undergoing extensive renovation. Known to the locals as the Legend Mall which was once a prime shopping address in Kuala Lumpur, the rebranded and repositioned mall by the Sunway Group is targeted to re-open in 2015. The total Net Lettable Area (NLA) for the new mall is also to be increased to 620,000 sf from 505,448 sf.

Recently completed malls which had begun operations in 2012/2013 are those such as The Intermark Mall in KL city centre, Bangi Gateway Shopping Complex Giant and Hypermarket in USJ contributed to more than 675,000 sqft. Street Mall @ One South was completed last year and currently is waiting for its official opening expected in January 2014. Renovation for some existing malls have completed such as Jaya Shopping Centre (270,000 sqft) and Cheras Sentral Shopping Centre (500,000 sqft). More than 28 million sqft is expected to be injected into Klang Valley areas by year 2019 for the establishments of shopping complexes and malls.

2. RETAIL (continued)

Several shopping complexes undergoing construction are Bangsar Galleria @ Bangsar Trade Centre, Glomac Damansara, The Strand in Kota Damansara, D'Pulze in Cyberjaya and IOI City Mall in Putrajaya, Nu Sentral Mall in KL Sentral, Main Place @ USJ 21, Quill City Mall (formerly Vision City), Sunway Pyramid Phase 3, M-Square, Sunway Velocity Lifestyle Mall and Cap Square Mall (refurbishment).

With additional opening of new shopping complexes and hypermarkets surrounding Klang Valley, tenants will see more options in terms of securing space for their businesses. In KL city centre, rental rates remain stable whereby most of the retails are located within prime areas of KL city centre.

Primary lots in Ampang Park are rented at RM12.20 to RM 18.70 psf, and its secondary lots are rented at RM3.70 to RM8.20 psf. For Great Eastern Mall, its primary lots rental rates are between RM8.50 to RM20.00 psf and for Plaza Imbi the rental rate are between RM9.20 to RM9.80psf. These primary lots rental rates are lower compared to Pavillion, KLCC and Bukit Bintang due to the fact that its purpose was also to cater for the surrounding residents of each respective area as neighbourhood malls.

However, importance of location, promotion in rent packages and facilities provided are still crucial to attract retailers in filling in spaces. Some new retailers have set up their first outlet in Kuala Lumpur such as H&M and Bershka. All IT Hypermarket sees the potential of extending its outlet to fill in Subang Avenue and Metro Point Complex, Kajang.

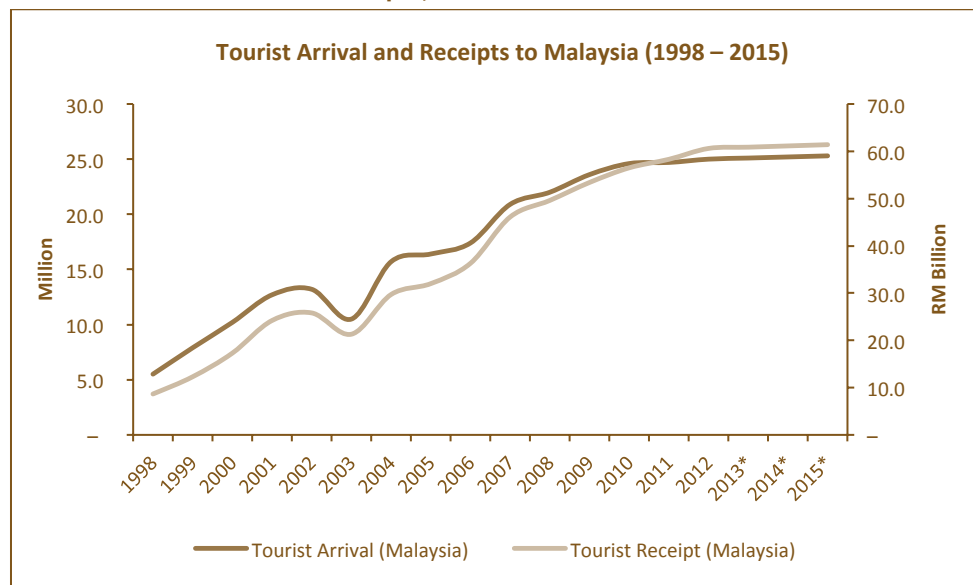
The average occupancy rates of shopping complexes in Klang Valley slightly decreased from 84.7% to 84.4% (1H 2012 – 1H 2013). Some popular malls are able to maintain with average occupancy rate of 100% i.e Suria KLCC, Pavilion Mall, and Sunway Shopping Mall.

Table 1: List of some new and upcoming malls in Klang Valley

New Malls (2013)	Location
The Intermark Mall	Jalan Tun Razak
Giant Hypermarket	USJ
Bangi Gateway Shopping Complex	Bandar Baru Bangi
Expected New Malls in 2014	Location
Street Mall@One South	Cheras
Jaya Shopping Centre	Petaling Jaya
Cheras Sentral Shopping Centre	Cheras
Nu Sentral Mall	KL Sentral
M Square Mall	Puchong
Sunway Velocity Mall	
Other Upcoming Malls	Location
Sunway Putra Mall (formerly known as The Mall) (Refurbishment & Extension)	KL
Bangsar Galleria@Bangsar Trade Centre	Bangsar, KL
Glomac Damansara	Damansara
The Strand	Kota Damansara
D'Pulze	Cyberjaya
IOI City Mall	Putrajaya
Main Place	USJ 21
Quill City Mall	KL
Sunway Pyramid (Phase 3)	Bandar Sunway
Sunway Velocity	Cheras
Cap Square Mall (Refurbishment)	KL

3. HOTEL

Chart 3: Tourist Arrival and Receipts, 1998 – 2015



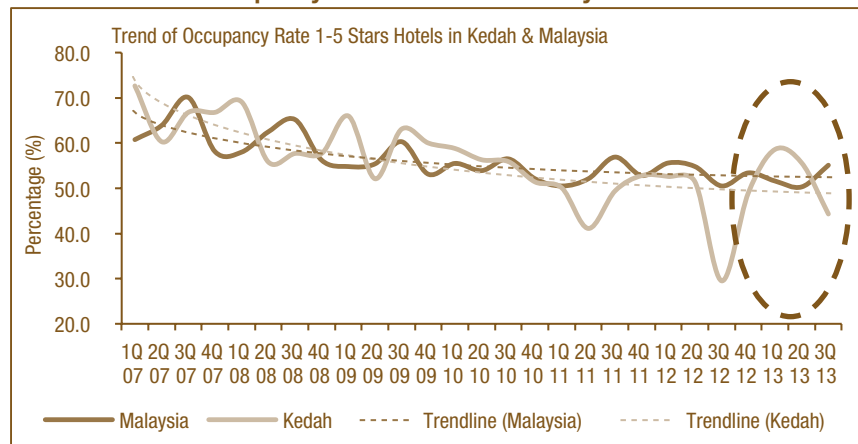
Source: Tourism Malaysia

Tourist arrivals in Malaysia has improved by 1.2% in 2011/2012 compared to only 0.4% in 2010/2011, whereby the total tourist arrival amounted to 25 million in 2012. Top countries visiting Malaysia in 2012 were Singapore, Indonesia and China. Singapore showed a decrease of 2.7% in 2012, whereas Indonesian tourists increased by 11.6% in that same year. Total amount of tourists spending in Malaysia was estimated at approximately RM60.6 billion in 2012. 43% of tourists travelled to Malaysia for friends and relatives' visitation followed by 31% for shopping and leisure purposes.

China being a fast growing and a key tourism market for Malaysia, have resulted in the Ministry of Tourism Malaysia to participate in the upcoming China International Travel Mart (CITM) in 2014, which is the largest professional travel mart in Asia.

Malaysia Airlines reported that flights to Dubai, Kochi (India) and Darwin (Australia) will be added due to the growing demand of tourist destination choice being Malaysia from those countries. In addition to the expansion of airlines regional networks to accommodate this growing demand, a new airline was launched last year, Malindo Air. Currently, it has achieved about 13 domestic routes and 9 international routes.

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



Source: Leisure Property Stock Report

3. HOTEL (continued)

Nationwide hotel performance based on average occupancy rate was observed to be quite flat from 50% to 55% on quarterly basis since 2012. Fortunately, Kedah has improved its average occupancy drastically to more than 50% in the beginning of 2013 (58.6% in actual). Several activities conducted might have attracted interest for the tourists to visit Kedah. Among notable events held were Langkawi Naturally Magikal Kedah Festival, Le Tour De Langkawi 2013 and Fishing Safari 2013.

In 2012, Statistics Department recorded the top 5 most visited destinations in Kedah, which were Pantai Cenang, Langkawi Cable Car, Pekan Rabu, Pantai Merdeka and Dataran Lang.

The average occupancy rate for hotels in Kedah showed recovery by year end of 2012 and continued to grow in 2013, whereby in 1Q 2013 the occupancy rate was recorded at 58.6%, which was an increase compared to 1Q 2012 which the occupancy rate was at 52.6%.

For total existing supply of hotel rooms in Malaysia and Kedah increased by 5.0% and 11.6% respectively in 2012. Significant increase observed in Kedah for hotel rooms was mainly contributed by additional rooms in budget hotels. A noted hotel undergoing renovation in 2013 is the Grand Crystal Hotel in Alor Setar, Kedah.

Generally, the minimum room rates for 3 and 4-star hotels in Langkawi is between RM320 to RM360 per night and higher than Alor Setar (RM188 to RM320 per night) in 2013. Referring to the table below, among the hotels located in Langkawi, Berjaya Langkawi Resort recorded the highest occupancy rate of 65% whilst others hover around 42% to 58%. The lowest occupancy rate was Sentosa Regency Hotel at 18%, followed by Grand Crystal hotel at 30%.

Table 2: Occupancy rate for the selected hotels

Hotel	Location	Occupancy Rate in 2013 (%)
Holiday Villa	Alor Setar	59%
Andaman Langkawi Resort	Langkawi	70%
The Datai Langkawi Resort	Langkawi	65%
Sheraton Langkawi Beach Resort	Langkawi	80%
Berjaya Langkawi Resort	Langkawi	70%

Source: Rahim & Co. Research

Langkawi Development Authority (LADA) has introduced Langkawi Charter Flight Incentive Programme in 2012. This promotion tool provides passengers and tourists with reward schemes for those who travels to Langkawi in larger groups. Additionally, the Marketing Support Fund was another promotion tool to assist lead charterer in promoting Langkawi as a tour destination.

The overall tourist arrivals to Kedah and the average hotel occupancy rate in 2013, showed improvement due to these initiative measures, coupled with efforts of carrying out events to promote the state.

4. OFFICE SECTOR

Total office supply in Klang Valley has reached 110.2 million sqft in 1H2013, which is an increase of approximately 2.9% from 1H2012. More incoming supply for offices are in the pipeline, where new offices started to secure tenants at a competitive rental rate in the market.

New completions of office buildings seen in 2013 include Nu Sentral Tower 1 & 2 and Menara CIMB in KL Sentral. Some office buildings expected for completion soon are Menara Hap Seng 2, One Sentrum, Menara Dialog, Menara LGB, Glomac Damansara, The Cascades and others. Within KL city center, popular projects in the planning are Tun Razak Exchange (TRX), KL Metropolis and Warisan Merdeka Tower. KL Eco City is another notable project currently under construction.

4. OFFICE SECTOR (continued)

More offices are in the midst of various stages from planning to construction in the suburban areas such as Damansara, Subang Jaya, Bangi and Kajang. Furthermore, Sungai Buloh-Kajang MRT is scheduled for completion in 2017, hence, there is potential of connectivity to be created between these suburban areas to the city. More than 11 million sqft of office spaces are expected by 2018.

Rental rates for office buildings located within the city centre remain competitive with some newer buildings encouragingly being absorbed such as Integra and Vista Tower, which achieved about 30% occupancy rate upon its completion in year 2012 and currently has improved to nearly 100% occupancy. It is no doubt that being within close proximity to KLCC area gives an advantage. Rental rates in this prime area ranges from RM5.50psf to RM8.50psf. Menara Maxis, being closer to KLCC, registered a rental rate of about RM10.50psf.

Table 3: Occupancy and Rental Rates of Selected PBOs within ARREITs Locality, 2013

Name of Building	Location	Occupancy Rate (%)	Asking Rental Rate (RM psf)
Menara Citibank	Jalan Ampang	98%	8.50
Menara Maxis	Jalan Ampang	100%	10.50
Wisma Selangor Dredging	Jalan Ampang	97%	7.00
Sunway Tower	Jalan Ampang	80%	6.00
Menara Safuan	Jalan Ampang	90%	3.50 – 4.00
Bangunan Am Finance	Jalan Ampang	98%	6.00
Menara IMC	Jalan Ampang	100%	8.50
Plaza OSK	Jalan Ampang	99%	5.50
Menara Great Eastern	Jalan Ampang	95%	5.50
Vista Tower	Jalan Tun Razak	99%	8.50
The ICON	Jalan Tun Razak	91%	8.00
GTower	Jalan Tun Razak	95%	8.50
Subang Hi-Tech	Subang Jaya	95%	3.00 – 3.50
Wisma Consplant 1	Subang Jaya	90%	3.50 – 4.00
Wisma Consplant 2	Subang Jaya	90%	3.50 – 4.00
Wisma UEP	Subang Jaya	90%	3.50 – 4.00
Menara Summit	Subang Jaya	88%	3.50
First Subang	Subang Jaya	97%	4.00 – 4.50
Menara Manulife	Damansara Height	99%	4.50
Menara Millenium	Damansara Height	99%	5.00
Menara HP	Damansara Height	90%	5.00
Bangunan Malaysia RE	Damansara Height	100%	5.50
Wisma E&C	Damansara Height	94%	4.50
Wisma Chase Perdana	Damansara Height	98%	4.00
Plaza Damansara A	Damansara Height	90%	3.50
Wisma UOA Damansara I	Damansara Height	100%	5.00
Wisma UOA Damansara II	Damansara Height	100%	5.00
Mines Waterfront Biz Park	Seri Kembangan	95%	3.50 – 4.00
Mines 2	Seri Kembangan	88%	4.50 – 5.00

Source: Rahim & Co. Research

The average rental rates for PBO located at the fringe of the city centre such as Subang Jaya, Damansara and Seri Kembangan; remains at a range of between RM3.50psf to RM5.50psf.

4. OFFICE SECTOR (continued)

Average occupancy rate for PBO in Klang Valley increased slightly from 78.5% in 1H 2012 to 78.8% in 1H 2013.

Currently, some new features are added to give a modern or elite feel into the workplace. For example, buildings granted with Green Building Index (GBI) certificate, MSC status, IT savvy – wireless, broadband, ready facilities (e.g. gymnasium) are likely to attract tenants especially at multinational levels. These dual-compliant buildings (Green Building and MSC status) command better rental rates and occupancy in the market.

Among buildings granted with MSC statuses are Petronas Twin Tower, G-Tower, Vista Tower @ The Intermark, The Gardens @ Mid Valley, 1 Sentral @ KL Sentral, 1 First Avenue in Petaling Jaya, MKN Embassy Techzone in Cyberjaya and some others.

Table 4: Selected Transactions of PBOs, 2013

Office Building	Tenure	NLA (sf)	Consideration (RM)	RM psf	Date
The Icon@TunRazak Jalan Tun Razak (near Embassy Row), Kuala Lumpur	Freehold	267,907	226 mil	844	Q1
Menara PMI Jalan Changkat Ceylon, Kuala Lumpur	Freehold	104,011	60 mil	577	Q2
Pusat Bandar Damansara Damansara Heights, Kuala Lumpur	Freehold	186,667	140 mil	750	Q4
V Square @ PJ City Centre Section 14, Petaling Jaya, Selangor	Leasehold	163,504	140 mil	856	Q2
Oasis Square Ara Damansara, Selangor	Leasehold	191,399	124.5 mil	650	Q2

Source: Rahim & Co. Research

5. INDUSTRIAL

Generally in Klang Valley, industrial activities monitored through manufacturing activities are located mainly in Selangor. Notable predominant industrial areas to note are Shah Alam, Petaling Jaya, Subang Jaya, Puchong, Cyberjaya and Bangi. On the northern side, industrial activities are clustered around Rawang and Bukit Beruntung areas.

Total supply for industrial units in Klang Valley increased by about 0.9% in 1H2013 (40,221 units) compared to the same period last year (1H 2012-39,873 units). Selangor contributed the largest supply of industrial units of 87% overall with most units being terraced and detached factories.

Demand based on number of transactions experienced, decreased by approximately 11.9%. Most transactions are noted for units priced at RM1 million and above. Decrease in sales might be related to manufacturing businesses being affected by the challenging economic conditions in US and Europe, whilst hanging on to some new regulations to be imposed by the government.

5. INDUSTRIAL (continued)

Table 5: Rental Rates of Industrial Properties within ARREIT Locality

Area	Property Address	Type of Industrial	B/Up (sf)	Asking Rental (RM/sf), 4Q 2012	Asking Rental (RM/sf), 4Q 2013	% change
Shah Alam	Bukit Kemuning	Warehouse	20,000 – 40,000	1.50	1.20 – 1.50	0%
	Section 15	Warehouse	13,500 – 18,000	1.30 – 1.50	1.50 – 1.70	13% – 15%
	Bukit Jelutong	Warehouse	30,000 – 50,000	2.00 – 2.50	2.50 – 3.00	20%
	Temasya Industrial Park	Factory	10,000 – 20,000	2.00 – 2.50	2.50 – 3.00	20%
	Section 27	Terraced	4,000 – 6,000	1.00 – 1.50	1.00 – 1.50	0%
	HicomGlenmarie	Detached	30,000 – 43,000	2.00 – 2.50	2.00 – 2.50	0%
Bangi	Bandar BaruBangi	Factory	55,000 – 60,000	1.50 – 1.90	1.50 – 2.00	5%
	Bandar BaruBangi	Factory	5,000 – 12,000	1.40 – 1.60	1.50 – 1.80	7%
Klang	Telok Gong	Warehouse	52,000 – 68,000	0.70 – 1.10	0.80 – 1.30	14%
	Telok Gong	Factory	56,000 – 65,000	1.60 – 1.00	0.70 – 1.00	30%

Source: Rahim & Co. Research

In average, the above table indicate that the rental rates for industrial properties showed an increase, where the average rental rates for factories in selected areas of Shah Alam, Bangi and Klang were between RM0.70 psf to highest of RM3.00 psf in 2013, compared to RM2.50 psf in the previous year. The higher range of rental rates was marked in Shah Alam, at a range of about RM2.50 to RM3.00 psf. Others were averaging at about RM1.00 psf to RM1.80 psf.

Table 6: Transactions of Industrial Properties Within ARREIT Locality, 2013

Description	Mukim	Location	Transaction Date	Consideration (RM/RMpsf)
DAMANSARA				
1½-storey terraced factory	Damansara	Taman PetalingUtama	March, 2013	1,100,000 (RM371psf)
1½-storey terraced factory	Damansara	Temasya Industrial Park	May, 2013	200,000 (RM200psf)
1½-storey semi-d factory	Damansara	Bandar Sunway	May, 2013	2,850,000 (RM641psf)
3-storey semi-d factory	Damansara	Sime-UEP Industrial Park	Feb, 2013	2,988,000 (RM302psf)
SHAH ALAM				
1½-storey terraced factory	Shah Alam	Kota Kemuning	Jan, 2013	1,270,00 (RM375psf)
1½-storey terraced factory	Shah Alam	Shah Alam Technology Park	Apr, 2013	750,000 (RM268psf)
1½-storey semi-d factory	Shah Alam	Kota Kemuning Industrial Park	Feb, 2013	3,750,000 (RM676psf)
2-storey detached factory	Shah Alam	Axis Premier Industrial Park	Feb, 2013	6,800,000 (RM630psf)
5-storey detached factory	Shah Alam	Glenmarie Industrial Park	Jan, 2013	14,800,000 (RM630psf)

5. INDUSTRIAL (continued)

Table 6: Transactions of Industrial Properties Within ARREIT Locality, 2013 (continued)

Description	Mukim	Location	Transaction Date	Consideration (RM/RMpsf)
KLANG				
1½-storey terr factory	Klang	Portland Industrial Park	Feb, 2013	500,000 (RM118psf)
1½-storey semi-d factory	Kapar	Off Jalan Kapar	March, 2013	1,300,000 (RM774psf)
3-storey semi-d factory	Klang	Taman Klang Utama	Jan, 2013	3,093,090 (RM455psf)
1-storey detach factory	Kapar	Sg Kapar Indah	Apr, 2013	4,020,000 (RM173psf)
1½-storey detached factory	Klang	Taman Klang Utama	Feb, 2013	1,625,000 (RM193psf)
BANDAR BARUBANGI				
1½-storey terr factory	Bandar Kajang	Taman Kajang Utama	Apr, 2013	450,000 (RM254psf)
2-storey semi-d factory	Pekan Kajang	Taman Taming Jaya	Apr, 2013	3,225,000 (RM486psf)
3½-storey detached factory	Kajang	Kawsan Perusahaan Li Foong	March, 2013	7,000,000 (RM130psf)

Source: JPPH

Sales manufacturing value improved to RM53.2 billion in November 2013 from RM50.9 billion in 2012.

6. EDUCATION SECTOR

More private universities (IPTs) were seen in 2012 contributing to a total 53 universities nationwide added with 26 upgraded to become universities. Overall, there is a total of 106 universities, higher by 40% compared to only 75 universities in 2011.

Table 7: No. of Universities in IPTA/IPTs, Malaysia, 2010/2012

Institution	Year/No of Universities		
List of Public Higher Learning Institutions in Malaysia (IPTA)	2010	2011	2012
University	20	20	20
List of Private Higher Learning Institutions (IPTs)	2010	2011	2012
University	23	36	53
Branch Campus of Foreign University	5	4	7
University College	21	15	26
Total	69	75	106

Source: Ministry of Higher Education

6. EDUCATION SECTOR (continued)

Number of public universities remains at 20, while the number of private universities jumped encouragingly to 53 units. This was followed by robust growth of total entries at about 13% in 2012 against last year. Enrolments of students witnessed slight increase of about 6% from an estimated 1.03 million in 2011 to about 1.09 million in 2012.

Table 8: No. of Students in Higher Institutions Malaysia, 2011/2012

No. of Students	Year	Entries	Enrolment	Graduates	%Change (Enrolment)
Public University (IPTA)	2011	188,766	508,256	104,291	2.66%
	2012	180,558	521,793	113,239	
Private University (IPTS)	2011	125,845	428,973	54,397	5.98%
	2012	157,899	454,616	107,288	
Polytechnic	2011	39,578	89,292	33,310	3.20%
	2012	38,172	92,148	27,286	
Community College	2011	–	6,394	6,624	250.02%
	2012	24,236	22,380	23,470	
Total No. of Students	2011	354,189	1,032,915	198,622	5.62%
	2012	400,865	1,090,937	271,283	

Source: Ministry of Higher Education

Based on the above table, total students' enrolled in 2012 have increased by approximately 5.62% compared to 2011. Overall, number of students' entries and graduates has also shown a similar growth. Some incentives provided by the government – such as 'My Brain 15' – to elevate the public level of education, might have sparked interests or awareness on importance of attaining higher education.

Table 9: Distribution of Foreign Students' Origin in IPTS, 2011/2012

Ranking	2011	Enrolment	Ranking	2012	Enrolment
1	China	5,272	1	Iran	5,980
2	Indonesia	4,806	2	Indonesia	3,638
3	Nigeria	4,684	3	China	1,908
4	Iran	3,940	4	Yemen	1,651
5	Yemen	1,713	5	Iraq	1,508
6	Bangladesh	1,702	6	Nigeria	1,239
7	United Kingdom of Great Britain & Northern Ireland	1,530	7	Libyan Arab Jamahiriya	958
8	Sudan	1,460	8	Bangladesh	815
9	Pakistan	1,346	9	Thailand	692
10	Botswana	970	10	Pakistan	674
Total Foreign Students' Enrolment of Top 20 Country of Origin		27,423	Total Foreign Students' Enrolment of Top 20 Country of Origin		19,063

Source: Ministry of Higher Education

6. EDUCATION SECTOR (continued)

Iran was leading among the top 10 of foreign students' country of origin enrolling in Malaysian private universities. China has dropped to 3rd in rank whereby its number of students enrolled have reduced by 63% compared to 2011. The remaining countries indicated in the above table of the top 10 rank, have also decreased in number of its enrolled students. Interestingly, students from Iran studying in Malaysia rose significantly from only 3,940 in 2011 to 5,980, thus bringing it up to the top in ranking.

In 2012, the number of foreign students in Malaysia has experienced a significant drop compared to 2011. However, the number of private universities has been mushrooming whilst total number of students in the private higher learning institutions is greatly improving.

BUDGET 2014

Budget 2014 was tabled by the Prime Minister and Minister of Finance of Malaysia, YAB Datuk Seri Najib Tun Razak, at the Dewan Rakyat on 15 October 2013.

The budget was formulated based on the theme "Strengthening Economic Resilience, Accelerating Transformation and Fulfilling Promises". This would include five main thrusts:

- Invigorating Economic Activity
- Strengthening Fiscal Management
- Inculcating Excellence in Human Capital
- Intensifying Urban and Rural Development
- Ensuring Well-Being of the Rakyat

Key points to the budget are highlighted below:

Real Property Gains Tax (RPGT)

Aiming at curbing excessive property speculation, the RPGT was increased from the existing 15% for properties disposed in the first 2 years (since property purchase) and 10% for the 3rd to 5th year, to 30% for the first 3 years, 20% & 15% for the 4th and 5th year for locals and permanent residents. Properties disposed in 6th year onwards, no RPGT is imposed. For foreigners, a flat RPGT rate of 30% is imposed for disposal within 5 years of purchase, and 5% for disposal after 6th year.

2014 RPGT	Tax Rates	
	Personal	Company
Disposed within 3 years	30%	30%
Disposed in 4th year	20%	20%
Disposed in 5th year	15%	15%
Disposed after 5 years	0%	5%

For non-citizens, disposal within 5 years is subjected to a flat RPGT of 30%. After 5 years, RPGT is 5%.

Prohibition of Developer Interest Bearing Scheme (DIBS)

DIBS was known as the popular easy financing scheme that encouraged speculators but not genuine home buyers. The effect of abolishment of DIBS may soften the volume of primary market transaction mainly in high rise residential segment.

Home Purchase by Foreigners

RM1 million threshold for foreign purchasers (from RM500k). This provision is exempted for projects in Medini Iskandar Malaysia.

Affordable Housing

- National Housing Council established (social housing for the country)
- Provision of RM1 billion in public private partnership to boost affordable housing sector
 - IBS systems & pre-fabricated materials
 - more land release by government
 - increasing urban density especially near transport terminals
- Programs mentioned in Budget 2014 aimed at 'Increasing Home Ownership':
 - i. **Program Perumahan Rakyat – RM578,000,000**
To increase access to home ownership at affordable prices.
 - ii. **Program Perumahan Rakyat Disewa and Perumahan Rakyat Bersepadu – RM146,000,000**
To increase access to home ownership at affordable prices.
 - iii. **Facilitation Fund of RM4,000,000,000**
As an initiative to promote private, high-strategic impact projects.
 - iv. **Housing Facilitation Fund of RM1,000,000,000**
This fund is under Public Private Partnership Unit (UKAS).
 - v. **1Malaysia Maintenance Fund – RM100,000,000**

2014 OUTLOOK

Overall, the property market is still actively growing in terms of supply despite of the challenging economic conditions affecting the country. Some actions have been taken as cooling measures to minimize risk in facing those challenges. Malaysian economy recorded steady growth of 5.0% in 3Q2013. Though this is slightly lower compared to 3Q2012 (5.2%), its growth is able to maintain within the 5-percentage range.

Demand measured by the number of transactions for housing in 1H2013 was reduced by an estimated 13% compared to 1H2012. However, property prices kept increasing especially those within the city centre and its surroundings. Dispersion of growth in developments are also observed towards Greater KL areas which included those in Cheras, Kajang, Subang Jaya, Puchong, Cyberjaya, Sepang, Sungai Buloh, Selayang and Rawang.

Enhancements of public transport facilities such as the most awaited Kajang-Sungai Buloh MRT line and progress of extensions made to Ampang and Kelana Jaya are among the factors to encourage developments taking place in the surrounding areas. Some of the developments noted near the proposed stations are You City @ Cheras near to MRT line and Damen @ USJ near to the extension of LRT line.

Generally, the price increase (oil, food beverages, tolls, public transport fares, houses, etc) due to inflation, were mostly felt by the lower and middle income population. There is also rising concern of house price affordability especially in urban areas, blaming speculators as the main drivers for the price hike. The stringent policy endorsed in terms of financial procedures and reintroductions of the Real Property Gains Tax (RPGT) were among the methods in reducing speculating buyers. Foreign buyers were also limited to purchase properties starting from RM1 million and above with exceptions applied through incentives provided in some areas.

Considering higher property prices available in the market, the federal government subsidized some housing schemes targeted for affordable homes market. Under Perumahan Rakyat 1 Malaysia (PR1MA) some affordable homes are slated to be built in Alam Damai, Seremban Sentral, Penang and Inanam, Sabah.

Several offices were completed last year such as Menara Shell (348 Tower), Menara CIMB and Nu Sentral Tower 1 & 2 in KL Sentral and Ativo Plaza @ Bandar Sri Damansara. More offices are expected to be completed this year within Klang Valley which will add more competition to the existing office market.

However, the average rental rates in the market remains competitive at about RM3.50psf to RM4.50psf for those not within the prime areas, which those in the prime areas has potential to reach a higher range of RM5.50psf to RM8.50psf. KLCC area commands higher rental rates starting from RM10.50psf. Average occupancy rate is also encouraging at about 80% to 100%.

More of shopping complexes expected to be supplied in Klang Valley early this year with some that are newly completed and scheduled for operation starting early this year. Among expected malls to open are Nu Sentral Mall in KL Sentral, Jaya Shopping Centre and Cheras Sentral Shopping Centre.

Tourist arrivals into Malaysia have improved by 1.2% in 2012 and top countries visiting Malaysia are Singapore, Indonesia and China, which showed among the highest growth of about 20%. Overall, supply of hotel rooms in Malaysia experienced an increased by 5.0%.

As many new projects are injected into the market, we expect competition will be more fierce. However, some locations are benefiting from the infrastructure provided (Kajang-Sg. Buloh MRT, Extension of LRT line) in terms of value appreciation and better connectivity especially towards the city centre.

Looking forward, the government is working on getting new investments especially in boosting economic activities thus will create new employment and better local expertise. Some investment spots in the country are focusing on Kuala Lumpur city centre or Greater KL conurbation, Iskandar Malaysia in Johor Bahru, Nilai Industrial area, Kuantan, Pahang, Penang and Kota Kinabalu in Sabah.



STATUTORY FINANCIAL STATEMENTS

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STATEMENT BY DIRECTORS OF THE MANAGER

In the opinion of the Directors of AmanahRaya REIT Managers Sdn. Bhd. ("the Manager"), the financial statements set out on pages 85 to 121 have been 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 and the Second Supplemental Trust Deed dated 27 August 2009), the Securities Commission's Guidelines on Real Estate Investment Trust, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "Trust") as at 31 December 2013 and of the financial performance and cash flows of the Trust for the financial year then ended.

In the opinion of the directors, the information set out in Note 30 to the financial statements on page 121 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit 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.

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



Tan Sri Dato' Ahmad Fuzi Abdul Razak
Director

Kuala Lumpur
18 February 2014

STATUTORY DECLARATION

I, ADENAN MD YUSOF, being the officer of the Manager, AmanahRaya-REIT Managers Sdn. Bhd., primarily responsible for the financial management of AmanahRaya Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 85 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at Kuala Lumpur in the Federal Territory
on 18 February 2014



Adenan Md Yusof

Before me,

Commissioner for Oaths



Tkt. 5, Wisma Harwant
106 Jalan Tuanku Abd Rahman
50100 K. Lumpur HP: 019-233 4416

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

We, CIMB Islamic Trustee Berhad, have acted as Trustee of AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT” or “Trust”) for the financial year ended 31 December 2013. 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 and other applicable laws during the financial year then ended; 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 2013 are in line with and are reflective of the objectives of AmanahRaya REIT. Distributions that have been paid or proposed for the financial year ended 31 December 2013 are as follows:

- 1) First interim income distribution of 1.8841 sen per unit paid on 3 July 2013;
- 2) Second interim income distribution of 1.8298 sen per unit paid on 8 October 2013;
- 3) Third interim income distribution of 1.8145 sen per unit paid on 31 December 2013; and
- 4) Proposed fourth and final income distribution of 1.7361 sen per unit payable on 2 April 2014.

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



LEE KOOI YOKE
Chief Operating Officer

Kuala Lumpur, Malaysia
18 February 2014

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

Report on the Financial Statements

We have audited the financial statements of AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "Trust"), which comprise statement of financial position as at 31 December 2013 of AmanahRaya REIT, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows of AmanahRaya REIT for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 85 to 121.

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

The Directors of AmanahRaya-REIT Managers Sdn. Bhd. ("the Manager") of AmanahRaya REIT are responsible for the preparation 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 of the Manager are also responsible for such internal control as the Directors of the Manager 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 of the Manager, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AMANAHRAYA REAL ESTATE INVESTMENT TRUST (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 2013 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other Reporting Responsibilities

The supplementary information set out in Note 30 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors of the Manager are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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



BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
18 February 2014



Ng Soe Kei
2982/08/15 (J)
Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 RM	2012 RM
ASSETS			
Non-current asset			
Investment properties	5	864,591,982	952,476,982
Current assets			
Trade and other receivables	6	38,530,377	1,718,467
Security deposits in trust accounts and a financial institution	7	53,225,252	59,166,405
Deposits placed with licensed financial institutions	8	51,387,851	32,392,039
Cash and bank balances		2,467,853	2,236
		145,611,333	93,279,147
TOTAL ASSETS		1,010,203,315	1,045,756,129
LIABILITIES			
Non-current liabilities			
Borrowings	9	363,851,447	363,556,059
Trade and other payables	10	48,489,129	49,709,121
		412,340,576	413,265,180
Current liabilities			
Trade and other payables	10	10,265,935	15,453,159
Distribution payable to Unitholders	11	633	10,254,876
		10,266,568	25,708,035
TOTAL LIABILITIES		422,607,144	438,973,215
NET ASSET VALUE ("NAV")		587,596,171	606,782,914
FINANCED BY:			
UNITHOLDERS' FUNDS			
Unitholders' capital	12	519,685,915	519,685,915
Distributable income		67,910,256	87,096,999
TOTAL UNITHOLDERS' FUND		587,596,171	606,782,914
NUMBER OF UNITS IN CIRCULATION (UNITS)		573,219,858	573,219,858
NAV PER UNIT (RM)			
- before income distribution		1.1187	1.1314
- after income distribution		1.0430	1.0774

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM	2012 RM
Gross revenue	13	67,004,575	66,914,896
Property operating expenses	14	(2,082,602)	(2,687,577)
Net rental income		64,921,973	64,227,319
Interest income		1,858,552	958,918
Other income		165,000	5,279
Changes in fair value of investment properties	5	(18,000,000)	3,500,000
Total income		48,945,525	68,691,516
Trust expenses			
Manager's fee	15	(4,117,173)	(3,628,289)
Trustee's fee	16	(320,059)	(302,357)
Auditors' remuneration		(85,000)	(85,000)
Tax agent's fee		(8,500)	(7,500)
Administrative expenses		(473,774)	(781,232)
Finance costs	17	(16,954,853)	(17,000,526)
Impairment loss on trade receivables		(2,736,000)	—
Total trust expenses		(24,695,359)	(21,804,904)
Income before taxation		24,250,166	46,886,612
Income tax expense	18	—	—
Income for the financial year		24,250,166	46,886,612
Other comprehensive income, net of tax		—	—
Total comprehensive income for the financial year		24,250,166	46,886,612
Net income for the financial year is made up as follows:			
Realised		42,250,166	43,386,612
Unrealised		(18,000,000)	3,500,000
		24,250,166	46,886,612
Earnings per unit (sen)	19		
- before Manager's fee		4.9488	8.8125
- after Manager's fee		4.2305	8.1795

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

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM	2012 RM
Net income distribution*	20		
- First interim income distribution of 1.8841sen per unit paid on 3 July 2013 (2012: 1.8105 sen per unit paid on 29 June 2012)		10,800,013	10,378,124
- Second interim income distribution of 1.8298 sen per unit paid on 8 October 2013 (2012: 1.8000 sen per unit paid on 8 October 2012)		10,488,765	10,317,954
- Third interim income distribution of 1.8145 sen per unit paid on 31 December 2013 (2012: 1.7888 sen per unit paid on 4 January 2013)		10,401,080	10,253,737
- Proposed final income distribution of 1.7361 sen per unit payable on 2 April 2014 (2012: 2.0494 sen per unit paid on 3 April 2013)		9,951,670	11,747,568
		41,641,528	42,697,383
Income distribution per unit (sen)*	20		
- First interim income distribution		1.8841	1.8105
- Second interim income distribution		1.8298	1.8000
- Third interim income distribution		1.8145	1.7888
- Proposed final income distribution		1.7361	2.0494
		7.2645	7.4487

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

	Withholding tax rate	
	2013	2012
Resident corporate	Nil[^]	Nil [^]
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	25%	25%
Non-resident institutional	10%	10%

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

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

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	----- Distributable income -----			
	Unitholders' capital RM	Realised RM	Unrealised RM	Total unitholders' fund RM
At 1 January 2013	519,685,915	15,641,999	71,455,000	606,782,914
Operations for the financial year ended 31 December 2013				
Total comprehensive income for the financial year	-	42,250,166	(18,000,000)	24,250,166
Realisation of unrealised income upon disposals of investment properties	-	7,950,000	(7,950,000)	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	50,200,166	(25,950,000)	24,250,166
Unitholders' transactions				
Distributions to unitholders:				
- 2013 interim	-	(31,689,352)	-	(31,689,352)
- 2012 final	-	(11,747,557)	-	(11,747,557)
Decrease in net assets resulting from unitholders' transactions	-	(43,436,909)	-	(43,436,909)
At 31 December 2013	519,685,915	22,405,256	45,505,000	587,596,171
At 1 January 2012	519,685,915	13,995,110	67,955,000	601,636,025
Operations for the financial year ended 31 December 2012				
Total comprehensive income for the financial year	-	43,386,612	3,500,000	46,886,612
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	43,386,612	3,500,000	46,886,612
Unitholders' transactions				
Distributions to unitholders:				
- 2012 interim	-	(30,950,579)	-	(30,950,579)
- 2011 final	-	(10,789,144)	-	(10,789,144)
Decrease in net assets resulting from unitholders' transactions	-	(41,739,723)	-	(41,739,723)
At 31 December 2012	519,685,915	15,641,999	71,455,000	606,782,914

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before taxation		24,250,166	46,886,612
Adjustments for:			
Finance costs	17	16,954,853	17,000,526
Interest income		(1,858,552)	(958,918)
Changes in fair value of investment properties		18,000,000	(3,500,000)
Operating income before working capital changes		57,346,467	59,428,220
(Increase)/Decrease in trade and other receivables		(1,431,910)	1,713,978
Decrease in security deposits in trust accounts and financial institution		5,941,153	3,377,926
Decrease in trade and other payables		(6,407,216)	(553,886)
Net cash from operating activities		55,448,494	63,966,238
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,858,552	958,918
Proceeds from disposal of investment properties	5 (f)	35,620,000	–
Additions of investment properties	5	(1,115,000)	(4,216,982)
Net cash from/(used in) investing activities		36,363,552	(3,258,064)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid to unitholders			
- In respect of current financial year	11	(31,688,719)	(20,696,078)
- In respect of previous financial year		(22,002,433)	(20,648,497)
Interest paid	17	(16,659,465)	(16,705,138)
Net cash used in financing activities		(70,350,617)	(58,049,713)
Net cash increase in cash and cash equivalents		21,461,429	2,658,461
Cash and cash equivalents at beginning of financial year		32,394,275	29,735,814
Cash and cash equivalents at end of financial year		53,855,704	32,394,275
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:			
Cash and bank balances		2,467,853	2,236
Deposits placed with licensed financial institutions		51,387,851	32,392,039
		53,855,704	32,394,275

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

1. CORPORATE INFORMATION

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

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

The principal place of business of the Manager of AmanahRaya REIT is located at 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 for long term capital growth. There has been no significant change in the nature of this activity during the financial year.

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

The financial statements were authorised for issuance of information to the unitholders in accordance with a resolution by the Board of Directors of the Manager, AmanahRaya-REIT Managers Sdn. Bhd. on 18 February 2014.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

However, Note 30 to the financial statements set out on page 121 has been prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (‘MIA Guidance’) and the directive of Bursa Malaysia Securities Berhad.

2.2 Basis of accounting

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

The preparation of financial statements requires the Directors of the Manager to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors of the Manager are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 2.4 and Note 2.5 to the financial statements. Although these estimates and assumptions are based on the Manager’s best knowledge of current events and actions, actual results could differ from those estimates.

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

2. BASIS OF PREPARATION (continued)

2.3 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.4 Judgement made in applying the accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Trust that have the most significant effect on the amounts recognised in the financial statements.

Classification of leasehold land

The Trust has assessed and classified land use rights of the Trust as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Trust arising from the lease term. Consequently, the Trust has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 Leases.

2.5 Key sources of estimation uncertainty

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

(i) Fair values of investment properties

Investment properties are stated at fair value based on valuations performed once every three years by independent professional valuers who hold recognised relevant professional qualifications.

However, on yearly basis, the Directors of the Manager review the carrying amount of investment properties to determine whether there is any indication of changes in fair value. If any such indication exists, the Directors of the Manager would appoint independent valuers to determine the fair value of the properties. Significant judgements are involved in determining the fair values by using the various methods of valuation as disclosed in Note 5 to the financial statements.

Principal assumptions for estimation of fair value of investment properties

The principal assumptions underlying estimation of fair value of investment properties are those related to the receipts of contractual rentals, expected future market rentals, void periods, sinking funds and maintenance requirements, and the respective capitalisation rates.

The valuations are regularly compared to actual market yield data and actual transactions and those reported by the market, when available. Assumptions used are mainly based on market conditions existing at the end of each reporting date.

(ii) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Trust for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Trust based on its size and its business risk. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 26 to the financial statements.

2. BASIS OF PREPARATION (continued)

2.5 Key sources of estimation uncertainty (continued)

(iii) Impairment of receivables

The Trust makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(iv) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2: Observable direct or indirect inputs other than level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

3. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

3.1 New MFRSs adopted during the current financial year

The Trust adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits (2011)</i>	1 January 2013
MFRS 127 <i>Separate Financial Statements</i>	1 January 2013
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs <i>Annual Improvements 2009 – 2011 Cycle</i>	1 January 2013

- (a) Amendments to MFRS 101 is mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require that items other comprehensive income must be grouped into two sections:

- (i) Those that are or may be reclassified into profit or loss; and
- (ii) Those that will not be reclassified into profit or loss.

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

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

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

- (b) MFRS 10 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard supersedes MFRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 *Consolidation – Special Purpose Entities*, and introduces a single ‘control model’ for all entities, including special purpose entities (‘SPEs’), whereby all of the following conditions must be present:

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from involvement with the investee; and
- (iii) Ability to use power over investee to affect its returns.

Other changes introduced by MFRS 10 include:

- (i) The introduction the concept of ‘de facto’ control for entities with less than a fifty percent (50%) ownership interest in an entity, but which have a large shareholding compared to other shareholders;
- (ii) Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable; and
- (iii) Specific guidance for the concept of ‘silos’, where groups of assets (and liabilities) within one entity are ring-fenced.

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

- (c) MFRS 11 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard supersedes MFRS 131 *Interests in Joint Ventures* and IC Interpretations 113 *Jointly-Controlled Entities Non-monetary Contributions by Venturers*, and requires joint arrangements to be classified as either:

- (i) Joint operations, where parties with joint control have rights to assets and obligations for liabilities; or
- (ii) Joint ventures, where parties with joint control have rights to the net assets of the arrangement.

Joint arrangements that are structured through a separate vehicle would generally be treated as joint ventures, unless the terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets.

Joint ventures are accounted for using the equity method of accounting in accordance with MFRS 128 *Investments in Associates and Joint Ventures*, where proportionate consolidation is not permitted by MFRS 11.

Parties to a joint operation account for their share of assets, liabilities, revenues and expenses in accordance with their contractual rights and obligations.

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

- (d) MFRS 12 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

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

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

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

- (e) MFRS 13 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole MFRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other MFRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other MFRSs have now been relocated to MFRS 13.

Whilst there have been some rewording of the previous guidance on MFRS 13, there are very few changes to the previous fair value measurement requirements. Instead, MFRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

MFRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Trust. It has only a presentation and disclosure impact, and therefore has no effect on the financial position or performance of the Trust.

- (f) MFRS 119 is mandatory for annual periods beginning on or after 1 January 2013.

The main changes as a consequence of the revision of MFRS 119 include:

- (i) Elimination of the 'corridor' approach for deferring gains or losses for defined benefit plans;
- (ii) Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in other comprehensive income rather than in profit or loss, and cannot be reclassified in subsequent periods;
- (iii) Amendments to timing for recognition of liabilities for termination benefits; and
- (iv) Employee benefits expected to be settled (as opposed to 'due to be settled') wholly within twelve (12) months after the end of the reporting period are short-term benefits, and are not discounted.

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

- (g) MFRS 127 is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor. An investor is required to account for those investments either at cost or in accordance with MFRS 139 or MFRS 9 in the separate financial statements.

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

- (h) MFRS 128 is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard defines the equity method of accounting whereby the investment in an associate or joint venture is initially measured at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee.

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

- (i) Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that would enable users of the financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the financial position of the Trust. There is no material impact upon the adoption of these Amendments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2013

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

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

- (j) Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle* are mandatory for annual periods beginning on or after 1 January 2013.

Amendments to MFRS 1 *Repeated Application of MFRS 1* clarify that an entity that had applied MFRSs or IFRSs in the past but did not do so in its most recent previous annual financial statements must either apply MFRS 1 or MFRS 108 in the period that the entity decides to reapply the MFRS Framework. There is no material impact upon the adoption of these Amendments during the financial year.

Amendments to MFRS 1 *Borrowing Costs* clarify that a first-time adopter that capitalised borrowing costs in accordance with its previous GAAP before the date of transition to MFRSs shall carry forward without adjustment the amount previously capitalised at the date of transition. Any borrowing costs incurred after the date of transition that relate to qualifying assets under construction at the date of transition would be accounted for in accordance with MFRS 123. There is no material impact upon the adoption of these Amendments during the financial year.

Amendments to MFRS 116 *Classification of Servicing Equipment* clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. There is no material impact upon the adoption of these Amendments during the financial year.

Amendments to MFRS 132 *Tax Effect of Distribution to Holders of Equity Instruments* clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112. There is no material impact upon the adoption of these Amendments during the financial year.

3.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Trust.

Title	Effective Date
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Leases</i>	1 January 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	1 January 2015
MFRS 9 <i>Financial Instruments (2009)</i>	1 January 2015
MFRS 9 <i>Financial Instruments (2010)</i>	1 January 2015

The Trust is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Investment properties

Investment properties are properties, which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Trust. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Investment properties (continued)

The fair value of investment properties reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment properties under current market conditions.

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

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

4.2 Leases

(a) Finance leases and hire purchase

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

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

(b) Operating leases

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

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

4.3 Financial instruments

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

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

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

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

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

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

(ii) Held-to-maturity investments

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

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

(a) Financial assets (continued)

(iv) Available-for-sale financial assets (continued)

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

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

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

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

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

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

(ii) Other financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

(b) Financial liabilities (continued)

(ii) Other financial liabilities (continued)

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

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

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

4.4 Impairment of financial assets

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

Loans and receivables

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

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

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

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

4.5 Income taxes

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

Taxes in the statement of profit or loss and other comprehensive income comprise of current and deferred tax.

(a) Current tax

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Income taxes (continued)

(b) Deferred tax

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

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

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

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

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantial effect of actual enactment by the end of the reporting period.

4.6 Provisions

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Contingent liabilities and contingent assets

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

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

4.8 Revenue recognition

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

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

(a) Rental income

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

(b) 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.

(c) Interest income

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

4.9 Expenses

(a) 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 the Trust. Property management fees are recognised on an accrual basis.

(b) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Expenses (continued)

(b) Borrowing costs (continued)

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(c) Manager's and Trustee's fees

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

4.10 Fair value measurements

The 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 fair value 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.

The Trust measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Trust has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. INVESTMENT PROPERTIES

	2013 RM	2012 RM
At 1 January	952,476,982	944,760,000
Changes in fair value	(18,000,000)	3,500,000
Disposals	(71,000,000)	–
Enhancement	1,115,000	4,216,982
At 31 December	864,591,982	952,476,982
Investment properties comprised:		
Land and buildings	864,591,982	952,476,982

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

5. INVESTMENT PROPERTIES (continued)

Description of property	Tenure of land	Term of lease year	Location	Existing use	Occupancy rates as at 31 December 2013 %	Fair value as at 31 December 2013 RM	Cost as at 31 December 2013 RM	% of fair value to Net Asset Value as at 31 December 2013
Holiday Villa Alor Setar (1)	Freehold Leasehold	N/A 99 years expiring 2084	Alor Setar	Hotel	100	35,000,000	31,000,000	5.96
Holiday Villa Langkawi (2)	Freehold	N/A	Pulau Langkawi	Hotel	100	58,800,000	55,000,000	10.01
SEGi College (3)	Freehold	N/A	Subang Jaya	College	100	55,100,000	52,500,000	9.38
SEGi University College (4)*	Leasehold	99 years expiring 2106	Kota Damansara	College/Campus	100	154,000,000	145,000,000	26.23
Block A & B, South City Plaza (5)	Leasehold	99 years expiring 2093	Seri Kembangan	Office (Block A) College (Block B)	100	20,100,000	18,300,000	3.42
Silver Bird Factory (6)*	Freehold	N/A	Shah Alam	Industrial complex	100	80,000,000	92,000,000	13.62
Dana 13 (7)*	Leasehold	99 years expiring 2097	Petaling Jaya	Office	100	108,800,000	99,120,000	18.53
Wisma AmanahRaya (8)*	Leasehold	99 years expiring 2065	Kuala Lumpur	Office	100	74,700,000	68,000,000	12.72
Wisma AmanahRaya Berhad (9)*	Leasehold	99 years expiring 2072	Kuala Lumpur	Office	100	63,900,000	53,000,000	10.88
AIC Factory (11)*	Leasehold	99 years expiring 2094	Shah Alam	Industrial factory	100	21,250,000	19,200,000	3.62
Gurun Automotive Warehouse (12)	Leasehold	60 years expiring 2065	Gurun, Kedah	Industrial warehouse	100	24,950,000	23,970,000	4.25
Kontena Nasional Distribution Centre 11 (13)	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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

5. INVESTMENT PROPERTIES (continued)

Description of property	Tenure of land	Term of lease year	Location	Existing use	Occupancy rates as at 31 December 2013 %	Fair value as at 31 December 2013 RM	Cost as at 31 December 2013 RM	% of fair value to Net Asset Value as at 31 December 2013
Selayang Mall (15)*	Leasehold	99 years expiring 2079	Selayang Utama	Shopping complex	100	133,670,000	128,165,000	22.74
						864,591,982	813,755,000	
Description of property	Tenure of land	Term of lease year	Location	Existing use	Occupancy rates as at 31 December 2012 %	Fair value as at 31 December 2012 RM	Cost as at 31 December 2012 RM	% of fair value to Net Asset Value as at 31 December 2012
Holiday Villa Alor Setar (1)	Freehold Leasehold	N/A 99 years expiring 2084	Alor Setar	Hotel	100	35,000,000	31,000,000	5.77
Holiday Villa Langkawi (2)	Freehold	N/A	Pulau Langkawi	Hotel	100	58,800,000	55,000,000	9.69
SEGi College (3)	Freehold	N/A	Subang Jaya	College	100	55,100,000	52,500,000	9.08
SEGi University College (4)*	Leasehold	99 years expiring 2106	Kota Damansara	College/Campus	100	154,000,000	145,000,000	25.38
Block A & B, South City Plaza (5)	Leasehold	99 years expiring 2093	Seri Kembangan	Office (Block A) College (Block B)	100 100	20,100,000	18,300,000	3.31
Silver Bird Factory (6)*	Freehold	N/A	Shah Alam	Industrial complex	100	98,000,000	92,000,000	16.15
Dana 13 (7)*	Leasehold	99 years expiring 2097	Petaling Jaya	Office	100	108,800,000	99,120,000	17.93
Wisma AmanahRaya (8)*	Leasehold	99 years expiring 2065	Kuala Lumpur	Office	100	74,700,000	68,000,000	12.31
Wisma AmanahRaya Berhad (9)*	Leasehold	99 years expiring 2072	Kuala Lumpur	Office	100	63,900,000	53,000,000	10.53

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

5. INVESTMENT PROPERTIES (continued)

Description of property	Tenure of land	Term of lease year	Location	Existing use	Occupancy rates as at 31 December 2012 %	Fair value as at 31 December 2012 RM	Cost as at 31 December 2012 RM	% of fair value to Net Asset Value as at 31 December 2012
Wisma UEP (10)^	Freehold	N/A	Subang Jaya	Office	30	40,000,000	35,500,000	6.59
AIC Factory (11)*	Leasehold	99 years expiring 2094	Shah Alam	Industrial factory	100	21,250,000	19,200,000	3.50
Gurun Automotive Warehouse (12)	Leasehold	60 years expiring 2065	Gurun, Kedah	Industrial warehouse	100	24,950,000	23,970,000	4.11
Kontena Nasional Distribution Centre 11 (13)	Leasehold (Land A)	60 years expiring 2067	Port Klang	Bonded warehouse	100	34,321,982	28,500,000	5.66
	(Land B)	99 years expiring 2089						
Permanis Factory (14)^	Leasehold	99 years expiring 2089	Bdr Baru Bangi	Industrial factory	100	31,000,000	27,550,000	5.11
Selayang Mall (15)*	Leasehold	99 years expiring 2079	Selayang Utama	Shopping complex	100	132,555,000	128,165,000	21.85
						952,476,982	876,805,000	

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

^ Wisma UEP was disposed at RM40 million on 21 February 2013 and Permanis Factory was disposed at RM31 million on 30 December 2013

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

5. INVESTMENT PROPERTIES (continued)

- a. 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 in November 2011, December 2011, April 2013 and November 2013. 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
(1)	Holiday Villa Alor Setar	DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd.	Profit
(2)	Holiday Villa Langkawi	DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd.	Profit
(3)	SEGi College	Raine & Horne International Zaki & Partners Sdn. Bhd.	Investment
(4)	SEGi University College	Raine & Horne International Zaki & Partners Sdn. Bhd.	Investment
(5)	Block A & B, South City Plaza	Raine & Horne International Zaki & Partners Sdn. Bhd.	Investment
(6)	Silver Bird Factory	Jones Lang Wootton, Malaysia.	Cost
(7)	Dana 13	Raine & Horne International Zaki & Partners Sdn. Bhd.	Investment
(8)	Wisma AmanahRaya	C.H. Williams Talhar & Wong Sdn. Bhd.	Investment
(9)	Wisma AmanahRaya Berhad	C.H. Williams Talhar & Wong Sdn. Bhd.	Investment
(10)	Wisma UEP	C.H. Williams Talhar & Wong Sdn. Bhd.	Investment
(11)	AIC Factory	Hakimi & Associates Sdn. Bhd.	Cost
(12)	Gurun Automotive Warehouse	Hakimi & Associates Sdn. Bhd.	Cost
(13)	Kontena Nasional Distribution Centre 11	Hakimi & Associates Sdn. Bhd.	Cost
(14)	Permanis Factory	Raine & Horne International Zaki & Partners Sdn. Bhd.	Cost
(15)	Selayang Mall	Knight Frank Ooi & Zaharin Sdn. Bhd.	Investment

- (i) The investment approach considers income and expenses data relating to the subject property being valued through a capitalisation process. It involves estimating the current rental income that accrue on these properties if let out based on the usual tenancy terms ranging from 3 years to 15 years. The net income is capitalised at a yield rate of 6.5% and at a reversion yield rate ranging from 6.5% to 7.5%. Other key assumptions used include outgoings ranging from 20% to 25%, allowance for void ranging from 5% to 25% and discount rate of 7%.
- (ii) The profit method is a primary method of valuation for the hotel properties. Discounted cash flow analysis over the prescribed period of 8 years include the growth rate of average room rates of 3.5% and other revenues during the holding period, average occupancy rates ranging from 60% to 85%, expense ratios ranging from 26% to 28% and discount rate of 7%.
- (iii) The cost or comparison method considers the sale of similar or substitute properties and related market data, and establishes a value with adjustments made for differences in key factors that affect that value.
- b. The title deeds of the properties of the Trust are registered under the name of the Trustee, except for Block A & B South City Plaza, Holiday Villa Alor Setar, SEGi University College and Dana 13, which are pending for the issuance of separate individual titles.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

5. INVESTMENT PROPERTIES (continued)

- c. All investment properties are leased/rented to third parties except for Wisma AmanahRaya, which is leased to the holding company of the Manager.
- d. Investment properties are leased out with different tenure of leases ranging from 3 years to 15 years. As at 31 December 2013, the remaining lease tenure ranges from 2 years to 7 years. Ten (10) (2012: Twelve (12)) of the properties' leases contain an initial non-cancellable period of 3 years to 15 years. Subsequent renewals are negotiated with the lessees. No contingent rents are charged.
- e. The fair value of investment properties (at valuation) are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2013				
Land and buildings	–	864,591,982	–	864,591,982
2012				
Land and buildings	–	952,476,982	–	952,476,982

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2013 and 31 December 2012.
- (ii) Direct operating expenses arising from investment properties generating rental income during the financial year are as disclosed in Note 14 to the financial statements.
- f. Disposals resulted from the sale of Wisma UEP located at Jalan USJ 10/1A, Pusat Perniagaan USJ 10, 47620 Subang Jaya, Selangor and a factory occupied by Permanis Sdn. Bhd. ("Permanis Factory") located at Lots 5 & 7, Jalan P/5 and P/7, Kawasan Perusahaan Seksyen 13, Bandar Baru Bangi, Selangor for considerations of RM40 million and RM31 million respectively.

Part of the purchase considerations of RM620,000 for the disposal of Wisma UEP and RM35 million for the disposal of Permanis Factory has been received as at end of the reporting period. Remaining amounts of the purchase considerations being RM35,380,000 are included in other receivables.

	RM
Disposals	71,000,000
Included in other receivables (Note 6(b))	(35,380,000)
As reported in statement of cash flows	35,620,000

- g. On 15 August 2013, the lease agreement between the Trust and Silver Bird Group Berhad ("Silver Bird") (presently known as High-5 Conglomerate Berhad) on a factory occupied by Silver Bird located at Lot 72, Persiaran Jubli Perak, Section 21, 40000 Shah Alam, had expired and the Directors of the Manager had undertaken efforts to search for potential lessee to replace Silver Bird as well as potential buyer for the property.

On 16 October 2013, a revaluation exercise was conducted by an independent firm of professional valuer on the said property resulting in a change in fair value of RM18 million that was recognised in profit or loss during the reporting period.

- h. The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

6. TRADE AND OTHER RECEIVABLES

	2013 RM	2012 RM
Trade receivables	3,941,454	528,754
Less: Impairment losses	(2,736,000)	–
	1,205,454	528,754
Other receivables	36,417,688	913,023
Loans and receivables	37,623,142	1,441,777
	2013 RM	2012 RM
Deposits and prepayments		
Deposits	801,690	276,690
Prepayment	105,545	–
	907,235	276,690
	38,530,377	1,718,467

- (a) Trade receivables are non-interest bearing and the normal credit terms granted by the Trust ranged from 7 days to 30 days (2012: 7 days to 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Included in other receivables is an amount of RM35,380,000 being the remaining purchase considerations on disposals of Wisma UEP and Permanis Factory (Note 5(f)).
- (c) Trade and other receivables are denominated in Ringgit Malaysia (“RM”).
- (d) The ageing analysis of trade receivables of the Trust are as follows:

	2013 RM	2012 RM
Neither past due nor impaired	839,142	179,250
Past due, not impaired		
31 to 60 days	188,212	179,250
61 to 90 days	–	16,619
91 to 120 days	178,100	143,495
More than 121 days	–	10,140
	366,312	349,504
Past due and/or impaired	2,736,000	–
	3,941,454	528,754

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

6. TRADE AND OTHER RECEIVABLES (continued)

- (e) The credit quality of trade receivables that are neither past due nor impaired as at the end of the reporting period were as follows:

	2013 RM	2012 RM
Counterparties without external credit ratings:		
- Group B	839,142	179,250

Group B refers to existing customers, including related parties, with no defaults in the past.

- (f) Trade receivables of the Trust that are past due and impaired at the end of each reporting period are as follows:

	Individually impaired 2013 RM	2012 RM
Trade receivables, gross	2,736,000	-
Less: Impairment loss	(2,736,000)	-
	-	-

- (g) The reconciliation of movement in the impairment loss is as follows:

	2013 RM	2012 RM
At 1 January	-	-
Charge for the financial year	2,736,000	-
At 31 December	2,736,000	-

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- (h) Receivables that are past due but not impaired

Based on past experience, the Manager believes that no impairment is necessary in respect of these balances. Trade receivables that are past due but not impaired related to receivables with good track record with the Trust.

- (i) Information on financial risks of trade and other receivables is disclosed in Note 26 to the financial statements.

7. SECURITY DEPOSITS IN TRUST ACCOUNTS AND A FINANCIAL INSTITUTION

	2013 RM	2012 RM
Security deposits placed with ITA-ARB	52,068,704	58,047,555
Security deposit placed with a licensed financial institution	1,156,548	1,118,850
	53,225,252	59,166,405

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2013

7. SECURITY DEPOSITS IN TRUST ACCOUNTS AND A FINANCIAL INSTITUTION (continued)

Security deposits received from the lessees together with accrued interest are placed with Institutional Trust Account of Amanah Raya Berhad (“ITA-ARB”) and a licensed financial institution. The interest rates of the security deposits ranged from 3.32% to 3.75% (2012: 3.30% to 4.25%) 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. The Trust 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.

Security deposits in trust accounts and a financial institution are denominated in Ringgit Malaysia (“RM”).

Information on financial risks of security deposits in trust accounts and a financial institution are disclosed in Note 26 to the financial statements.

8. DEPOSITS PLACED WITH LICENSED FINANCIAL INSTITUTIONS

The deposits are placed with licensed financial institutions at interest rates ranging from 2.86% to 3.35% (2012: 2.90% to 3.45%) per annum.

Deposits placed with licensed financial institutions are denominated in Ringgit Malaysia (“RM”).

Information on financial risks of cash and cash equivalents are disclosed in Note 26 to the financial statements.

9. BORROWINGS

	2013 RM	2012 RM
Non-current liabilities:		
Term loan I	85,000,000	85,000,000
Term loan II	111,080,948	110,969,160
Term loan III	167,770,499	167,586,899
	363,851,447	363,556,059

(a) Term loan I bears interest at 4.85% (2012: 4.85%) per annum and is repayable in one lump sum in May 2015.

(b) Term loan II bears interest at 4.55% (2012: 4.55%) per annum and is repayable in one lump sum in May 2015.

(c) Term loan III bears interest at 4.45% (2012: 4.45%) per annum and is repayable in one lump sum in March 2015.

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

The term loans are secured by way of first legal charge on investment properties of the Trust amounting to RM636,320,000 (2012: RM652,650,000), as disclosed in Note 5 to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

9. BORROWINGS (continued)

Information on financial risks of borrowings and its remaining maturity is disclosed in Note 26 to the financial statements.

Borrowings are denominated in Ringgit Malaysia ("RM").

10. TRADE AND OTHER PAYABLES

	2013 RM	2012 RM
Non-current liabilities		
Tenants' deposits	48,489,129	49,709,121
Current liabilities		
Trade payables	1,503,256	765,599
Other payables and accrued expenses	6,644,231	9,097,783
Tenants' deposits	2,118,448	5,589,777
	10,265,935	15,453,159
	58,755,064	65,162,280

- (a) Included in tenant deposits are refundable deposits of RM50,297,826 (2012: RM54,517,378) received from lessees for tenancy contracts with tenure of one (1) to seven (7) years. These deposits are placed with Institutional Trust Account of Amanah Raya Berhad ("ITA-ARB") and a financial institution as disclosed in Note 7 to the financial statements.
- (b) Included in trade payables are amounts owing to the Manager amounting to RM385,787 (2012: RM332,146) which are unsecured, interest-free and payable on demand in cash and cash equivalents. The normal credit term granted to the Trust is 30 days (2012: 30 days).
- (c) Included in other payables and accrued expenses is interest of RM5,394,377 (2012: RM4,649,028) generated from security deposits placed with ITA-ARB and a financial institution as disclosed in Note 7 to the financial statements.
- (d) Since the inception of AmanahRaya REIT, the Manager has received rental deposits from tenants by way of bank guarantee which are contracted to but not recognised for in the financial statements as follows:

Tenants	Property	Amount RM	Remarks
SEG International Berhad	SEGi College	10,867,500	Equivalent to three (3) years rental
	SEGi University College	24,649,992	Equivalent to two (2) years rental
	Block A & B, South City Plaza	2,880,000	Equivalent to two (2) years rental
Kontena Nasional Berhad	Kontena Nasional Distribution Centre 11	2,651,000	Equivalent to one (1) year rental
Symphony House Berhad	Dana 13	7,420,260	Equivalent to one (1) year rental
Total		48,468,752	

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

10. TRADE AND OTHER PAYABLES (continued)

- (e) Trade and other payables are denominated in Ringgit Malaysia ("RM").
- (f) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 26 to the financial statements.

11. DISTRIBUTION PAYABLE TO UNITHOLDERS

	2013 RM	2012 RM
At 1 January	10,254,876	9,859,728
In respect of current financial year :		
- Provisions during the financial year	31,689,352	30,950,579
- Distributions paid	(31,688,719)	(20,696,078)
	633	10,254,501
In respect of previous financial year :		
- Provisions during the financial year	11,747,557	10,789,144
- Distributions paid	(22,002,433)	(20,648,497)
	(10,254,876)	(9,859,353)
At 31 December	633	10,254,876

12. UNITHOLDERS CAPITAL

	2013		2012	
	Number of units	RM	Number of units	RM
Authorised	573,219,858	573,219,858	573,219,858	573,219,858
Issued and fully paid	573,219,858	519,685,915	573,219,858	519,685,915

- (a) As at 31 December 2013, 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:

	2013		
	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			
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

12. UNITHOLDERS CAPITAL (continued)

	2012		
	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			
Kumpulan Wang Bersama	345,287,358	60.24	317,664,369
AmanahRaya Investment Bank Ltd.	12,400,000	2.16	11,408,000
AmanahRaya Capital Sdn. Bhd.	2,032,600	0.35	1,869,992
	359,719,958	62.75	330,942,361

(b) The market value is determined by using the closing market price of the Trust as at 31 December 2013 of RM1.00 (2012: RM0.92) per unit.

13. GROSS REVENUE

	2013 RM	2012 RM
Rental income	66,687,032	66,584,900
Car park rental income	317,543	329,996
	67,004,575	66,914,896

14. PROPERTY OPERATING EXPENSES

	2013 RM	2012 RM
Assessment and quit rent	833,009	1,043,037
Service contracts and maintenance	739,664	944,276
Property management fees	376,560	585,370
Insurance	111,373	86,943
Other operating expenses	21,996	27,951
	2,082,602	2,687,577

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

15. MANAGER'S FEE

Pursuant to the Deed, the Manager is entitled to receive a fee of up to a maximum of 1.0% per annum of the Net Asset Value of the Trust. The Manager's fee is payable in arrears, calculated and accrued daily. However, the Manager has only been charging at the rate of 0.60% to 0.75% (2012: 0.60%) per annum of the Net Asset Value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

16. TRUSTEE'S FEE

Pursuant to the Deed, the Trustee is entitled to receive a fee of up to a maximum of 0.1% per annum of the Net Asset Value of the Trust. The Trustee's fee is payable in arrears, calculated and accrued daily. However, the Trustee has only been charging at the rate of 0.05% to 0.055% (2012: 0.05%) per annum of the Net Asset Value.

17. FINANCE COSTS

	2013 RM	2012 RM
Interest expense on term loans	16,659,465	16,705,138
Amortisation of transaction costs of borrowings	295,388	295,388
	16,954,853	17,000,526

18. INCOME TAX EXPENSE

	2013 RM	2012 RM
Current tax expense	-	-

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

	2013 RM	2012 RM
Income before taxation	24,250,166	46,886,612
Income tax using Malaysian tax rate at 25% (2012: 25%)	6,062,542	11,721,653
Non-deductible expenses	958,430	197,183
Effect of interest income not subject to tax	(431,925)	(239,730)
Effect of changes in fair value of investment properties not subject to tax	4,500,000	(875,000)
Effect of income exempted from tax	(11,089,047)	(10,804,106)
	-	-

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

As the Trust distributes at least 95% (2012: 95%) of the distributable income, its total income for the financial year is exempted from tax.

19. EARNINGS PER UNIT

The earnings per unit before Manager's fee of 4.9488 sen (2012: 8.8125 sen) is calculated by dividing the net income after taxation but before deduction of manager's fees for the financial year of RM28,367,339 (2012: RM50,514,901) by the weighted average number of units in circulation during the financial year of 573,219,858 (2012: 573,219,858).

The earnings per unit after Manager's fee of 4.2305 sen (2012: 8.1795 sen) is calculated based on the net income after taxation of RM24,250,166 (2012: RM46,886,612) for the financial year and on the weighted average number of units in circulation during the financial year of 573,219,858 (2012: 573,219,858).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

20. DISTRIBUTIONS TO UNITHOLDERS

Distributions to unitholders are from the following sources:

	2013 RM	2012 RM
Gross rental income	67,004,575	66,914,896
Interest income	1,858,552	958,918
Other income	165,000	5,279
	69,028,127	67,879,093
Less: Expenses	(26,777,961)	(24,492,481)
Total income available for distribution	42,250,166	43,386,612
Underpayment in prior years	1,139	375
Total income available for distribution	42,251,305	43,386,987
Less: Income distributed	(31,689,858)	(30,950,954)
Less: Proposed final income distribution	(9,951,670)	(11,747,568)
Balance undistributed income	609,777	688,465
Distribution per unit (sen)	7.2645	7.4487

21. PORTFOLIO TURNOVER RATIO

	2013	2012
Portfolio Turnover Ratio ("PTR")(times)	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 the Trust for the financial year calculated on a daily basis.

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

22. MANAGEMENT EXPENSE RATIO

	2013	2012
Management expense ratio ("MER")(%)	0.82	0.80

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

23. TRANSACTIONS WITH COMPANY RELATED TO THE MANAGER

(a) Identities of related parties

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

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

	2013 RM	2012 RM
Rental received and receivable from holding company of the Manager	584,157	6,742,841
Security deposits from lessees placed with the holding company of the Manager (Note 7)	52,398,704	58,047,555

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. TRANSACTIONS WITH BROKERS/DEALERS

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

25. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Manager is to ensure that the Trust 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 2012.

The Manager manages the capital structure of the Trust 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 2012 and 31 December 2013.

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 the Trust.

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

	2013 RM	2012 RM
Total borrowings	363,851,447	363,556,059
Total assets	1,010,203,315	1,045,756,129
Gearing ratio	36.02%	34.76%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

25. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

	Loans and receivables	
	2013	2012
	RM	RM
Financial assets		
Trade and other receivables	38,424,832	1,718,467
Security deposits in Trust accounts and financial institution	53,225,252	59,166,405
Cash and cash equivalents	53,855,704	32,394,275
	145,505,788	93,279,147
	Other financial liabilities	
	2013	2012
	RM	RM
Financial liabilities		
Borrowings	363,851,447	363,556,059
Trade and other payables	58,755,697	65,162,280
	422,607,144	428,718,339

25. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value

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

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

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

- (ii) Borrowings and tenants' deposits

The fair value of bank borrowings and tenants' deposits is determined using estimated future cash flows discounted at market related rate for similar instruments at the end of the reporting period.

26. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

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

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

i) Credit risk

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

As at the end of the reporting period, other than the amount owing by one (1) major tenant of the Trust constituting 70% (2012: nil) of the total receivables of the Trust, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Trust is represented by the carrying amount of each class of financial assets in the statement of financial position.

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

Exposure to credit risk

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

26. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES (continued)

i) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 6 to the financial statements. Deposits in trust accounts and a financial institution that are neither past due nor impaired are placed with or entered into with a reputable financial institution or company with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 6 to the financial statements.

ii) Liquidity and cash flow risk

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

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2013				
Financial liabilities				
Tenants' deposits	2,118,448	54,771,329	–	56,889,777
Trade and other payables	8,148,120	–	–	8,148,120
Borrowings	–	387,781,464	–	387,781,464
Total undiscounted financial liabilities	<u>10,266,568</u>	<u>442,552,793</u>	<u>–</u>	<u>452,819,361</u>
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2012				
Financial liabilities				
Tenants' deposits	5,589,777	58,995,219	–	64,584,996
Trade and other payables	9,863,382	–	–	9,863,382
Borrowings	–	403,244,374	–	403,244,374
Total undiscounted financial liabilities	<u>15,453,159</u>	<u>462,239,593</u>	<u>–</u>	<u>477,692,752</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

26. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES (continued)

iii) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

As at 31 December 2013, if interest rates at the date had been 10 basis points lower or higher with all other variables held constant, post-tax profit for the financial year would have been RM573,000 (2012: RM333,168) higher or lower, arising mainly as a result of lower or higher interest expense on variable borrowings and interest income from deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

	Weighted average effective interest rate (per annum) %	Within 1 year RM	1-5 years RM	Total RM
At 31 December 2013				
Fixed rate				
Borrowings (Note 9)	4.57	–	363,851,447	363,851,447
Floating rate				
Deposits placed with licensed financial institutions (Note 8)	3.13	51,387,851	–	51,387,851
At 31 December 2012				
Fixed rate				
Borrowings (Note 9)	4.57	–	363,556,059	363,556,059
Floating rate				
Deposits placed with licensed financial institutions (Note 8)	3.04	32,392,039	–	32,392,039

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2013

27. OPERATING LEASES

Leases whereby AmanahRaya REIT is the Lessor

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

	2013 RM	2012 RM
Not later than one year	59,398,272	66,536,388
Between two to five years	140,537,182	205,282,508
Later than five years	15,513,705	37,541,088
	215,449,159	309,359,984

28. OPERATING SEGMENT

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

The Directors of the Manager assess the performance of the operating segments based on a measure of profit or loss before tax.

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) In June 2012, CIMB Islamic Trustee Berhad entered into a Sale and Purchase Agreement ("SPA") with Tenaga Nasional Berhad ("TNB") on the disposal of Wisma UEP for RM40 million.

The disposal was completed on 21 January 2013.

- (b) On 3 May 2013, CIMB Islamic Trustee Berhad entered into a SPA with Permanis Sdn. Bhd. to dispose Permanis Factory for a disposal consideration of RM31 million.

The Disposal was duly completed on 30 December 2013.

30. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The distributable income as at the end of the reporting period may be analysed as follows:

	2013 RM	2012 RM
Total distributable income of the Trust		
- Realised	22,405,256	15,641,999
- Unrealised	45,505,000	71,455,000
	67,910,256	87,096,999

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

The supplementary information on realised and unrealised profits or losses has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

UNITHOLDERS STATISTICS

TOP 30 UNITHOLDERS AS AT 31 DECEMBER 2013

TOTAL UNIT HOLDERS : 3,642

RANKING	UNITHOLDER	NO. OF UNITS	% OF TOTAL ISSUED UNITS
1.	Amanah Raya Berhad Kumpulan Wang Bersama	357,169,358	62.31
2.	Perbadanan Kemajuan Negeri Selangor	32,360,000	5.65
3.	AMSEC Nominees (Tempatan) Sdn Bhd AMTrustee Bhd For AMGeneral Insurance Berhad-Shareholders' Fund	19,413,500	3.39
4.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd	18,719,500	3.27
5.	Valuecap Sdn Bhd	11,400,000	1.99
6.	Cahaya Mata Sarawak Berhad	5,000,000	0.87
7.	Citigroup Nominees (Tempatan) Sdn Bhd MCIS Zurich Insurance Berhad (LIFE PAR FD)	4,022,000	0.70
8.	Sze See Chuen	2,548,400	0.44
9.	Citigroup Nominees (Tempatan) Sdn Bhd MCIS Zurich Insurance Berhad (ANN FD)	2,470,200	0.43
10.	Citigroup Nominees (Tempatan) Sdn Bhd MCIS Zurich Insurance Berhad (GEN FD)	2,400,000	0.42
11.	Amanah Raya Berhad Amanah Raya Capital Sdn Bhd	2,032,600	0.35
12.	Lian Mong Yee @ Lian Mung Yee	1,510,600	0.26
13.	Maybank Nominees (Tempatan) Sdn Bhd Mohd Iskandar Lau Bin Abdullah	1,262,100	0.22
14.	Dev Kumar Menon	1,127,000	0.20
15.	Malaysian Rating Corporation Berhad	1,095,000	0.19
16.	Citigroup Nominees (Asing) Sdn Bhd CBHK PBGHK For Sable Investment Corporation	1,063,800	0.19
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pee Siew Boon (8057713)	1,050,000	0.18
18.	Ang Siew Siang	1,010,000	0.18
19.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad For Amanah Saham Sarawak	1,000,000	0.17
20.	SEG Equity Sdn Bhd	1,000,000	0.17
21.	State Insurance Brokers Sdn Bhd	1,000,000	0.17
22.	Citigroup Nominees (Tempatan) Sdn Bhd MCIS Zurich Insurance Berhad (SHH FD)	992,800	0.17
23.	AMSEC Nominees (Tempatan) Sdn Bhd Yong Vun Jin (7433-1501)	974,000	0.17
24.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Sun Yick	900,000	0.16
25.	Citigroup Nominees (Tempatan) Sdn Bhd MCIS Zurich Insurance Berhad (GRP LIFE FD)	825,000	0.14
26.	Kim Jun Hyung	727,600	0.13
27.	Boh Plantations Sdn Bhd	695,000	0.12
28.	Kim Gap Yong	683,500	0.12
29.	J.A. Russell & Co., Sdn Berhad	660,000	0.12
30.	Ng Inn Jwee	630,000	0.11
Total		475,741,958	82.99

UNITHOLDERS STATISTICS (CONTINUED)

ANALYSIS OF UNITHOLDINGS

DISTRIBUTION OF UNITHOLDERS AS AT 31 DECEMBER 2013

UNIT CLASS	NO. OF UNITHOLDERS	%	NO. OF UNITHOLDING	%
Less Than 100	6	0.16	78	0.00
100 – 1,000	470	12.90	390,222	0.07
1,001 – 10,000	1,785	49.01	10,099,100	1.76
10,001 – 100,000	1,154	31.69	40,081,900	6.99
100,001 To Less Than 5% Of Issued Holdings	225	6.18	133,119,200	23.23
5% And Above The Issued Holdings	2	0.06	389,529,358	67.95
Total	3,642	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 2013

CATEGORY OF UNITHOLDER	NO. OF HOLDERS			NO. OF SECURITIES HOLD		
	MALAYSIAN		FOREIGN	MALAYSIAN		FOREIGN
	Bumiputra	Non-Bumiputra		Bumiputra	Non-Bumiputra	
1) Individual	155	2,598	36	1,227,000	72,635,623	2,155,400
2) Body Corporate						
a. Banks/Finance Companies	5	1	0	371,014,558	387,900	0
b. Investments Trust/Foundation/Charities	0	0	0	0	0	0
c. Other Types Of Companies	4	45	1	5,063,000	8,263,800	40,000
3) Government Agencies/Institutions	1	0	0	32,360,000	0	0
4) Nominees	458	300	38	32,135,877	43,093,900	4,842,800
Total	623	2,944	75	441,800,435	124,381,223	7,038,200

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 2013.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

AmanahRaya REIT did not issue any warrants or convertible securities for the financial year ended 31 December 2013.

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 2013.

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 2013.

6. NON-AUDIT FEES

There is no non-audit fee paid by AmanahRaya REIT to the auditors during the financial year ended 31 December 2013.

7. PROFIT GUARANTEES

There were no profit guarantees given by the Manager during the financial year ended 31 December 2013.

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 2013 or entered into since the end of the previous financial period.