

AMANAH HARTA TANAH PNB (“AHP” OR “THE TRUST”)

- (I) Proposed amendments to the Principal Deed dated 20 March 1989 entered into between Pelaburan Hartanah Nasional Berhad (“PHNB” or the “Manager”), AmanahRaya Trustees Berhad (the “Trustee”) and the several persons therein mentioned (“Proposed Amendments”); and
- (II) Proposed Approval for Expenses Related to the Proposed Amendments

(Collectively, referred to as the “Proposals”)

1. INTRODUCTION

On behalf of the Board of Directors of PHNB (“**Board**”), the Manager of AHP, MIDF Amanah Investment Bank Berhad (“**MIDF Investment**”), wishes to announce that the Board proposes to undertake the Proposed Amendments and Proposed Approval for Expenses Related to the Proposed Amendments.

Details of the Proposed Amendments and Proposed Approval for Expenses Related to the Proposed Amendments are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED AMENDMENTS

The Proposed Amendments entail the amendments to the principal deed dated 20 March 1989 and as amended by the supplementary deeds comprising the Supplementary Deeds (as defined below) (“**Principal Deed**”) entered between the Manager and the Trustee for and on behalf of AHP, constituting AHP, for the following:

- (a) Proposed amendment for acquisition and disposal fees
 - (i) to authorise payment to the Manager of an acquisition fee of 1.0% of the acquisition price of any real estate assets and single purpose companies (as defined in the Guidelines on Real Estate Investment Trusts (“**REIT**”) issued by the Securities Commission (“**SC**”) on 21 August 2008 and updated on 28 December 2012 (“**REIT Guidelines**”) (“**Real Estate Assets**”), purchased directly and indirectly by the Trustee, for and on behalf of AHP other than Real Estate Assets already owned by the Trust; and
 - (ii) to authorise payment to the Manager of a disposal fee of 0.5% of the disposal price of any Real Estate Assets, disposed directly and indirectly by the Trustee, for and on behalf of AHP.

(Collectively referred to as “**Proposed Amendment for Acquisition and Disposal Fees**”).

- (b) Proposed amendment for investment objective

To formalise and expressly state the investment objectives of the Trust which is to provide reasonable level of income return to Unit Holders and allow them to gain from capital growth through the acquisition of a selected portfolio of real estate investments which have potential for long term capital growth (“**Proposed Amendment for Investment Objective**”).

- (c) Proposed amendment for pledging of Trust's assets to secure borrowings and increase in borrowing limit

To amend Clause 9(1), (2) and (3) of the Principal Deed to permit the pledging of the Trusts's assets to secure borrowings and to increase the borrowing limit of the Trust from 10% to 50% of the total asset value of the Trust in accordance with the REIT Guidelines ("**Proposed Amendment for Pledging of Trust's Assets to Secure Borrowings and Increase in Borrowing Limit**").

- (d) Proposed other amendments

To update and align the Principal Deed with the applicable laws, regulations and guidelines governing REITs, to provide for amendments which are administrative and/ or technical in nature and to remove outdated provisions ("**Proposed Other Amendments**").

The Manager proposes to amend the Principal Deed to consolidate all amendments made to the Principal Deed pursuant to the First Supplemental Trust Deed dated 6 November 1990, the Second Supplemental Trust Deed dated 18 December 1990, the Third Supplemental Trust Deed dated 12 March 1999 and the Fourth Supplemental Trust Deed dated 15 January 2010 ("**Supplementary Deeds**") and the Proposed Amendments by way of a supplemental deed, incorporating the restatement of the Principal Deed in its entirety as the first restated deed being the new deed governing AHP ("**First Restated Deed**") and will be effective from the date of the registration of the First Restated Deed with the SC.

The details of the Proposed Amendments are set out in the Circular to be issued to the Unit Holders for their approval at a Unit Holders' meeting to be convened.

2.1 Proposed Amendment for Acquisition and Disposal Fees

The Manager proposes to charge an acquisition fee of 1.0% of the acquisition price of any Real Estate Assets purchased directly and indirectly by the Trustee, for and on behalf of AHP excluding real estate already owned by AHP. The Manager also proposes to charge a disposal fee of 0.5% of the disposal price of any Real Estate Assets disposed directly and indirectly by the Trustee, for and on behalf of AHP. The acquisition and disposal fees shall be payable to the Manager upon completion of the acquisition or disposal. The said acquisition and disposal fees shall be applicable to any transactions which have been completed after the registration of the First Restated Deed.

The proposed introduction of acquisition and disposal fees, if approved by Unit Holders shall be reflected accordingly in the First Restated Deed and will be effective from the date of registration of the First Restated Deed with the SC.

2.2 Proposed Amendment for Investment Objective

The Principal Deed does not expressly state the investment objective of the Trust as required by the REIT Guidelines as this was not a requirement when AHP was established. Accordingly, the Manager proposes to formalise the investment objectives of the Trust by expressly stating that the investment objective of AHP is to provide a reasonable level of income return to Unit Holders and allow them to gain from capital growth through the acquisition of a selected portfolio of real estate investments which have potential for long term capital growth.

The Proposed Amendment for Investment Objective shall be reflected accordingly in the First Restated Deed, if approved, and will be effective from the date of registration of the First Restated Deed with the SC.

2.3 Proposed Amendment for Pledging of Trust’s Assets to Secure Borrowings and Increase in Borrowing Limit

Clause 9(2) and (3)(iii) of the Principal Deed states that, the Trust may not pledge its assets to secure borrowings of the Trust and under Clause 9(3)(i) of the Principal Deed, the Trust may only borrow up to 10% of the gross asset value of the Trust. However, the REIT Guidelines permits the Manager, with the consent of the Trustee, to pledge assets of the Trust to secure borrowings of the Trust and permits the Trust to borrow up to 50% of the total asset value of the Trust to acquire Real Estate Assets and for capital expenditure and further permits the Trust’s total borrowings to exceed this limit with the sanction of the Unit Holders by way of an ordinary resolution.

The Manager believes the existing limit on borrowings impedes the acquisition of quality real estate assets by AHP. The Manager proposes to amend Clause 9(1), (2) and (3) of the Principal Deed to reflect the maximum permissible limit under the REIT Guidelines and to permit the Manager, with the consent of the Trustee, to pledge assets to secure borrowings of the Trust.

2.4 Proposed Other Amendments

The Manager proposes to amend the Principal Deed to incorporate amendments to align the Principal Deed with the applicable laws, regulations and guidelines governing REITs, to provide for amendments which are administrative and/or technical in nature and to remove outdated provisions.

3. DETAILS OF THE PROPOSED APPROVAL FOR EXPENSES RELATED TO THE PROPOSED AMENDMENTS

The Proposed Amendment for Acquisition and Disposal Fees entails fees payable to the Manager for any completed transaction undertaken by the Trust subsequent to the registration of the First Restated Deed, which is in line with market practice.

According to Clause 11.08 of the REIT Guidelines, only expenses directly related and necessary in operating and administering a fund may be paid out of the fund which includes amongst others the following:

- (a) costs incurred for the modification of the deed of the trust other than those for the benefit of the management company or trustee; and
- (b) costs incurred for any meeting of the unit holders other than those convened for the benefit of the management company or trustee.

However, the Proposed Amendments also includes the Proposed Amendment for Investment Objective, Proposed Amendment for Pledging of Trust’s Assets to Secure Borrowings and Increase in Borrowing Limit and Proposed Other Amendments which are for the general benefit of the Trust and constitute a significant portion of the Proposed Amendments. In view of the foregoing, it is difficult and impractical to apportion the expenses between the Proposed Amendment for the Acquisition and Disposal Fees and the other Proposed Amendments.

The Manager proposes that the expenses related to the Proposed Amendments be borne by the Trust. An application for waiver with regards to compliance with Clause 11.08 of the REIT Guidelines will be submitted to the SC after obtaining the approval from Unit Holders at the forthcoming extraordinary general meeting (“EGM”).

4. RATIONALE

4.1 Proposed Amendment for Acquisition and Disposal Fees

The proposed amendments for the introduction of acquisition and disposal fees aims to incentivise the Manager in sourcing for the best possible acquisition and disposal value for the Real Estate Assets in the event of any acquisition/disposal of Real Estate Assets is undertaken by AHP, thus adding value to AHP. The proposed amendments for the introduction of acquisition and disposal fees are also in line with market practice among other REIT managers.

4.2 Proposed Amendment for Investment Objective

The proposed amendment to formalise the investment objective is to comply with the REIT Guidelines.

4.3 Proposed Amendment for Pledging of Trust's Assets to Secure Borrowings and Increase in Borrowing Limit

The proposed amendment to increase the borrowing limit and permit the assets of the Trust to be pledged to secure borrowings is in line with the REIT Guidelines and would permit the Manager to acquire new assets for AHP using all available fund raising options.

4.4 Proposed Other Amendments

The proposed amendments to other clauses are in accordance with the applicable laws, regulations and guidelines governing the REITs and in relation to amendments which are administrative and/or technical in nature to provide better clarity to certain provisions in the First Restated Deed that will result in the following:

- (i) the Manager and Trustee being able to perform their duties and responsibilities more effectively under the Trust; and
- (ii) more expeditious decision making process.

4.5 Proposed Approval for Expenses Related to the Proposed Amendments

The Proposed Amendment for the Acquisition and Disposal Fees is only one of the many amendments proposed to be made to the Principal Deed. The majority of the modifications to the Principal Deed arises from the other Proposed Amendments which are not for the benefit of the Manager.

5. EFFECTS OF THE PROPOSALS

The Proposals will not have any effect on the Unit Holders' capital and substantial Unit Holders' unitholdings of AHP. The Proposed Amendments will not have any material effect on the net asset value ("NAV"), gearing, earnings and earnings per unit ("EPU") and distributable income of AHP for the FYE 31 December 2015.

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6. APPROVALS REQUIRED

6.1 Proposed Amendments

The Proposed Amendments are subject to the following approvals being obtained:

- (i) the Unit Holders of AHP comprising not less than three quarters (3/4) of all Unit Holders present and voting at the forthcoming EGM; and
- (ii) any other relevant authorities or parties, if required.

The First Restated Deed shall be registered and lodged with the SC once the approval of the Unit Holders is obtained.

6.2 Proposed Approval for Expenses Related to the Proposed Amendments

The Proposed Approval for Expenses Related to the Proposed Amendments is subject to the following approvals being obtained:

- (i) the Unit Holders of AHP comprising not less than fifty percent (50%) of all Unit Holders present and voting at the forthcoming EGM; and
- (ii) the SC for waiver application for the Clause 11.08 of the REIT Guidelines.

7. CONDITIONALITY OF THE PROPOSALS

The Proposed Amendment for Acquisition and Disposal Fees, Proposed Amendment for Investment Objective, Proposed Amendment for Pledging of Trust's Assets to Secure Borrowings and Increase in Borrowing Limit, Proposed Other Amendments and Proposed Approval for the Expenses Related to the Proposed Amendments are not inter-conditional with each other.

The Proposals are not conditional upon any other proposals.

8. INTEREST OF MAJOR SHAREHOLDER AND DIRECTORS OF PHNB, MAJOR UNIT HOLDERS OF AHP AND PERSONS CONNECTED

8.1 Proposed Amendment for Acquisition and Disposal Fees and Proposed Approval for Expenses Related to the Proposed Amendments

(a) Major Shareholder of PHNB

The Manager is a wholly-owned subsidiary of PNB who is a substantial Unit Holder. The details of their interests in AHP are set out in Section 8.1(c) below.

In accordance with the REIT Guidelines, PNB, who is a related party of the Manager under the REIT Guidelines, is precluded from being counted in the quorum or voting in respect of the Proposed Amendment for Acquisition and Disposal Fees and the Proposed Approval for Expenses Related to the Proposed Amendments at the EGM, as PNB's interest is different to that of the other Unit Holders.

PNB will abstain and has undertaken to ensure that persons connected to PNB will abstain from voting in respect of their direct and/or indirect unit holdings on the resolutions pertaining to the Proposed Amendment for Acquisition and Disposal Fees and the Proposed Approval for Expenses Related to the Proposed Amendments to be tabled at the forthcoming EGM.

(b) Directors of PHNB

The following directors are collectively referred to as “**Interested Directors**”:-

- (i) YABhg. Tun Ahmad Sarji Bin Abdul Hamid, Chairman of PHNB is also the Chairman of PNB.
- (ii) YBhg. Tan Sri Dato’ Sri Hamad Kama Piah Bin Che Othman, a director of PHNB is the President & Group Chief Executive of PNB.
- (iii) YBhg. Tan Sri Dato’ Seri Ainum Binti Mohamed Saaid, a director of PHNB is also a director of PNB.
- (iv) YBhg. Dato’ Idris Bin Kechot, a director of PHNB is also a senior management of PNB.
- (v) Encik Hafidz Atrash Kosai bin Mohd Zihim, a Director of PHNB is also the Chief Executive Officer of PHNB.

The Proposed Amendment for Acquisition and Disposal Fees will introduce a new category of fee payable to the Manager and the Proposed Approval for Expenses Related to the Proposed Amendments will allow for the expenses to be incurred for the Proposed Amendments including that of the Proposed Amendment for Acquisition and Disposal Fees, to be paid by the Trust. Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations, voting and decision at the Board meeting of the Manager on resolutions relating to the Proposed Amendment for Acquisition and Disposal Fees and Proposed Approval for Expenses Related to the Proposed Amendments.

In addition, under the REIT Guidelines, all Directors are related parties of the Manager and are precluded from being counted in the quorum or voting during the EGM in respect of the Proposed Amendment for Acquisition and Disposal Fees and the Proposed Approval for Expenses Related to the Proposed Amendments in respect of which they have an interest which is different to that of other Unit Holders.

As at 16 February 2015, none of the Interested Directors have any interest, direct or indirect in AHP.

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The interest of the other Directors of PHNB in AHP as at 16 February 2015 are as follows:

Unit Holders	Direct		Indirect	
	Number of Units	%	Number of Units	%
YBhg. Dato' Seri Mohd. Hussaini bin Haji Abdul Jamil	12,000	0.01	-	-
YBhg. Dato' Seri Abd. Wahab bin Maskan	-	-	-	-

YBhg. Dato' Seri Mohd. Hussaini bin Haji Abdul Jamil is related party of the Manager in accordance to the REIT Guidelines and is precluded from being counted in the quorum or voting during the EGM in respect of the Proposed Amendment for Acquisition and Disposal Fees and the Proposed Approval for Expenses Related to the Proposed Amendments in respect of which he has an interest which is different to that of other Unit Holders by reason of his position as a Director of PHNB.

YBhg. Dato' Seri Mohd. Hussaini bin Haji Abdul Jamil will abstain and has undertaken to ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect unit holdings on the resolutions pertaining to the Proposed Amendment for Acquisition and Disposal Fees and the Proposed Approval for Expenses Related to the Proposed Amendments to be tabled at the forthcoming EGM.

(c) **Substantial and Major Unit Holders of AHP**

PNB has direct and indirect unit holdings in AHP.

Skim Amanah Saham Bumiputera (“SASB”), is a unit trust scheme managed by Amanah Saham Nasional Berhad (“ASNB”), a wholly-owned subsidiary of PNB, is a major Unit Holder.

PNB and SASB are parties related to the Manager by virtue of PNB being the holding company of PHNB and ASNB. PNB is a substantial Unit Holder of AHP, whilst SASB is a major Unit Holder of AHP.

(PNB and SASB are collectively known as “**Related Unit Holders**”).

The unit holdings of the Related Unit Holders in AHP as at 16 February 2015 are as follows:-

Unit Holders	Direct		Indirect	
	Number of Units (‘000)	%	Number of Units (‘000)	%
SASB	41,009	41.01	-	-
PNB	5,064	5.06	719 ⁽ⁱ⁾	0.72

Note:

- (i) Deemed interested by virtue of its interest in Boh Plantations Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Accordingly, in accordance with the REIT Guidelines, the Related Unit Holders will not be counted in the quorum and will abstain from voting in respect of their direct and indirect unit holdings in AHP on the resolutions pertaining to the Proposed Amendment for Acquisition and Disposal Fees and the Proposed Approval for Expenses Related to the Proposed Amendments, to be tabled at the forthcoming EGM, in respect of which they have an interest which is different to that of other Unit Holders.

In addition, the Related Unit Holders will ensure that persons connected to them will abstain from voting in respect of their direct and indirect holdings in AHP on the resolutions pertaining to the Proposed Amendment for Acquisition and Disposal Fees and the Proposed Approval for Expenses Related to the Proposed Amendments, to be tabled at the forthcoming EGM.

8.2 Proposed Amendment for Investment Objective, Proposed Amendment for Pledging of Trust's Assets to Secure Borrowings and Increase in Borrowing Limit and Proposed Other Amendments

None of the Directors or major shareholders of the Manager, major Unit Holders and/or persons connected to them are interested in the Proposed Amendment for Investment Objective, Proposed Amendment for Pledging of Trust's Assets to Secure Borrowings and Increase in Borrowing Limit and Proposed Other Amendments.

9. DIRECTOR'S STATEMENT

The Board (save for the Interested Directors) having considered all aspects of the Proposed Amendment for Acquisition and Disposal Fees and Proposed Approval for Expenses Related to the Proposed Amendments, is of the opinion that the Proposed Amendment for Acquisition and Disposal Fees and Proposed Approval for Expenses Related to the Proposed Amendments are in the best interest of AHP.

The Board having considered all aspects of the Proposed Amendment for Investment Objective, Proposed Amendment for Pledging of Trust's Assets to Secure Borrowings and Increase in Borrowing Limit and Proposed Other Amendments is of the opinion that the Proposed Amendment for Investment Objective, Proposed Amendment for Pledging of Trust's Assets to Secure Borrowings and Increase in Borrowing Limit and Proposed Other Amendments are in the best interest of AHP.

10. ADVISER

The Manager has appointed MIDF Amanah Investment Bank Berhad as the Principal Adviser for the Proposed Amendments.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposed Amendments to be completed by the second (2nd) quarter of 2015.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The Principal Deed, Supplementary Deeds and the draft First Restated Deed, are available for inspection at the registered office of PHNB, as the Manager of AHP, at 31st Floor, Balai PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.