

Unless otherwise stated, all terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus ("AP").

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your units in AHP, you should at once hand this AP together with the NPA and the RSF (collectively, the "Documents") to the agent or broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue should be addressed to the Registrar, Symphony Share Registrars Sdn Bhd (Company No. 378993-D), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Documents are only despatched to the Entitled Unit Holders whose names appear in the Record of Depositors as at 5.00 p.m. on the Entitlement Date at their registered address in Malaysia or who have provided the Registrar with a registered address in Malaysia no later than 5.00 p.m. on Tuesday, 13 December 2016. The Documents are not intended to be and will not be issued, circulated or distributed, and the Rights Issue is not intended to be and will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. No action has been or will be taken under the requirements of the laws or regulations or of the legal or regulatory authorities of any jurisdiction other than Malaysia for the filing and/or registration of the AP. The Rights Issue to which this AP relates to is only available to persons receiving this AP and the RSF electronically or otherwise within Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where Unit Holders may have their registered addresses, the Documents have not been and will not be despatched to Entitled Unit Holders with a registered addresses outside Malaysia unless they have provided an address in Malaysia for the service of the Documents by the Entitlement Date as set out below. However, nothing shall preclude Foreign Addressed Unit Holders from collecting the Documents, in person, at the office of the Registrar, in which event the Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to this Rights Issue. It shall be the sole responsibility of the Entitled Unit Holders and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions. Neither the Manager, the Trustee nor MIDF Investment nor any other advisers to the Rights Issue shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation of the provisional allotment of the Rights Issue made by Entitled Unit Holder(s) of AHP whose names appear in the Record of Depositors of AHP on the Entitlement Date and/or their renounee(s) is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction in which the Entitled Unit Holders and/or their renounee(s) is a resident.

A copy of this AP has been registered with the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in the AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the RSF, has also been lodged with the SC who takes no responsibility for the contents.

Approval for this Rights Issue has been obtained from the Unit Holders at the EGM held on 14 August 2015. Approval has been obtained from Bursa Securities via its letter dated 16 July 2015 for the listing of and quotation for the Rights Units on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. Admission to the Official List of Bursa Securities and quotation for Rights Units on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. The listing of and quotation for the Rights Units on the Main Market of Bursa Securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all CDS Accounts of the successful Entitled Unit Holders and/or their renounee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed herein.

The Board has seen and approved all the documentation relating to the Rights Issue in the Documents. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in the Documents false or misleading.

MIDF Investment, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 7 HEREIN.



AMANAH HARTA TANAH PNB

(A real estate investment trust constituted on 20 March 1989 under the laws of Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF 120,000,000 NEW UNITS IN AMANAH HARTA TANAH PNB ("AHP" OR THE "TRUST") ("RIGHTS UNIT(S)") ON THE BASIS OF SIX (6) RIGHTS UNITS FOR EVERY FIVE (5) EXISTING UNITS IN AHP HELD AS AT 5.00 P.M. ON TUESDAY, 13 DECEMBER 2016 AT AN ISSUE PRICE OF RM1.00 PER RIGHTS UNIT

Manager

Trustee

Principal Adviser and Joint Underwriter

Managing Underwriter and Joint Underwriter

PHNB

Pelaburan Hartanah Nasional Berhad

(Company No. 175967-W)
(Incorporated in Malaysia)

AMANAHRAYA

TRUSTEES

AmanahRaya Trustees Berhad
(766894-T)

midf
INVESTMENT

MIDF AMANAH INVESTMENT BANK BERHAD
(23878-X)

RHB InvestmentBank

RHB Investment Bank Berhad
(Company No. 19663-P)

IMPORTANT RELEVANT DATES AND TIME

Entitlement Date	:	Tuesday, 13 December 2016 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Tuesday, 20 December 2016 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Friday, 23 December 2016 at 4.00 p.m.
Acceptance and payment	:	Thursday, 29 December 2016 at 5.00 p.m.*
Excess application and payment	:	Thursday, 29 December 2016 at 5.00 p.m.*
* or such later date and time as the Board, the Trustee and the Principal Adviser may decide and announce not less than two (2) market days before the stipulated date and time		

This Abridged Prospectus is dated 13 December 2016

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE MANAGER AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP. THE SC MAKES NO REPRESENTATION ON THE ACCURACY OR COMPLETENESS OF THIS AP AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF ITS CONTENTS.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISORS.

THE VALUATION UTILISED FOR THE PURPOSE OF THE CORPORATE EXERCISE SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER THE CMSA FOR BREACHES OF SECURITIES LAWS AND REGULATIONS INCLUDING ANY STATEMENT IN THE AP THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE AP OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE TRUST.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. THE MANAGER AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP, the NPA and the RSF.

- “Acquisition” : Acquisition by the Trustee, for and on behalf of AHP, of the Property from Mydin for a purchase consideration of RM240,000,000
- “Act” : Companies Act, 1965
- “Additional Undertaking” : Additional letter of irrevocable undertaking from PNB dated 14 March 2016 to subscribe for the remaining Rights Units which have not been subscribed by other Entitled Unit Holders of AHP and/or their renounees pursuant to the Rights Issue and the excess Rights Units applications, up to the maximum of 60,413,600 Rights Units, via excess application under the Rights Issue
- “Agreement to Lease” : An agreement to lease dated 27 April 2015 entered into between the Trustee, for and on behalf of AHP and Mydin in respect of the Property pursuant to the Acquisition
- “AHP” or the “Trust” : Amanah Harta Tanah PNB
- “Amendment for Pledging of Trust’s Assets to Secure Borrowings and Increase in Borrowing Limit” : Amendment to the relevant clause in the Principal Deed to permit the pledging of the Trust’s assets to secure borrowings and increase the borrowing limit in accordance with the REIT Guidelines
- “AP” : This abridged prospectus dated 13 December 2016
- “Board” : Board of Directors of PHNB
- “Bursa Depository” : Bursa Malaysia Depository Sdn Bhd (165570-W)
- “Bursa Securities” : Bursa Malaysia Securities Berhad (635998-W)
- “CDS” : Central Depository System
- “CDS Account” : Account established by Bursa Depository for a depositor to record transactions of securities and dealings in such securities by the depositor
- “Closing Date” : 29 December 2016 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Units in accordance with this AP and the RSF or such later date and time as the Board, the Trustee and the Principal Adviser may decide and announce not less than two (2) Market Days before the stipulated date and time
- “CMSA” : Capital Markets and Services Act, 2007
- Date of Full Loan Disbursement : The date of either the Vendor’s Solicitors’ receipt of the Final Balance of the Loan or the date of the Purchaser’s receipt of the Initial Security Deposit (as defined herein) and the Initial Utilities Deposit (as defined herein), whichever is the later and which date has now been confirmed as 13 September 2016 in accordance with the terms of the SPA as substituted, amended and modified by the Variation Letter, the Supplemental Agreement and the Second Supplemental Agreement
- “Director” : A director, whether in an executive or non-executive capacity
- “DPU” : Distribution per unit

DEFINITIONS (Cont'd)

“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“EGM”	:	Extraordinary general meeting
“EPU”	:	Earnings per unit
“Entitled Unit Holders”	:	Unit Holders whose names appear in the Record of Depositors of AHP on the Entitlement Date
“Entitlement Date”	:	5.00 p.m. on 13 December 2016, being the date and time on which Unit Holders must be registered in the Record of Depositors of AHP in order to be entitled to participate in the Rights Issue
“Excess Rights Units”	:	Rights Unit(s) which are not taken up or not validly taken up by the Entitled Unit Holders and/or their renounee(s) prior to the Excess Rights Units Application
“Excess Rights Units Application(s)”	:	Application(s) for Excess Rights Units in excess of an Entitled Unit Holder’s entitlement under the Rights Issue as set out in Section 3.8 of this AP
“Existing Tenancies”	:	(i) A license granted by the Vendor to Scenic Prima of the relevant licensed spaces as demarcated in and pursuant to a license agreement dated 30 September 2014 made between the Vendor and Scenic Prima; (ii) a tenancy granted by the Vendor to Food Court Main Tenant of the food court of the building located on the Property as demarcated in and pursuant to an agreement dated 9 February 2015 made between the Vendor and the Food Court Main Tenant; (iii) the tenancies and/or licenses and/or other legal arrangements entered into by the Vendor as landlord or Scenic Prima or the Food Court Main Tenant, as the case may be, with the relevant Existing Tenants in respect of the building located on the Property or such relevant portion thereof including all tenancies in substitution thereof (of which list of such tenancies and/or licenses and/or other legal arrangements are more particularly set out in the Third Schedule of the SPA); and (iv) all such other tenancies and/or licenses and/or other legal arrangements entered into by the Vendor as landlord or Scenic Prima or the Food Court Main Tenant, as the case may be, with the relevant Existing Tenants in respect of the building located on the Property or such relevant portion thereof which are currently subsisting as at the date of the SPA and which are <i>not</i> specifically set out in the Third Schedule of the SPA and which shall include all tenancies in substitution thereof
“Existing Tenants”	:	(i) Scenic Prima; (ii) the Food Court Main Tenant; and (iii) all those tenants, licensors, licensees and/or other occupant of the various parts of the building located on the Property under the Existing Tenancies, the definitions of which shall include their respective permitted assigns and successors-in-title and all tenants in substitution thereof
“Final Balance of the Loan”	:	The remaining portion of the Loan less the Redemption Sum and after the deduction of the Initial Security Deposit and the Initial Utilities Deposit
“First Restated Deed”	:	The first restated deed dated 5 June 2015 entered between the Manager and the Trustee and the several persons therein mentioned which has been registered with the SC on 26 August 2015

DEFINITIONS (Cont'd)

“Food Court Main Tenant”	: Mydin Foodcourt Sdn Bhd (Company No. 682439-P)
“Foreign Addressed Unit Holders”	: Foreign Unit Holders of AHP on the Entitlement Date who have not provided an address in Malaysia for the service of documents to be issued for purposes of the Rights Issue
“Foreign Entitled Unit Holders”	: Entitled Unit Holders who do not have a registered address in Malaysia in the Record of Depositors
“FPE”	: Financial period ended/ending
“FYE”	: Financial year ended/ending
“Issue Price”	: Issue price of RM1.00 per Rights Unit
“ITA”	: Income Tax Act, 1967
“Joint Underwriter(s)”	: MIDF Investment and RHB Investment, collectively
“Lease”	: The lease of the Property granted by the Purchaser to the Vendor, which is registrable under the National Land Code, 1965 for an initial term of thirty (30) years and upon the terms and conditions contained in the Agreement to Lease and/or the Lease Agreement with an option to renew the same which renewal of the Lease is subject to the sole and absolute discretion of the Purchaser and which initial term of the Lease is to commence on the Date of Full Loan Disbursement in accordance with the terms of the SPA as substituted, amended and modified by the Variation Letter, the Supplemental Agreement and the Second Supplemental Agreement and the terms of the Agreement to Lease as substituted, amended and modified by the Supplemental Agreement to Lease
“Lease Agreement”	: The lease agreement to be entered into between the Purchaser and the Vendor in respect of the Lease
“LPD”	: 21 November 2016, being the latest practicable date prior to the issuance of this AP
“Manager” or “PHNB”	: Pelaburan Hartanah Nasional Berhad (175967-W)
“Market Day”	: Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
“MIDF Investment” or “Principal Adviser”	: MIDF Amanah Investment Bank Berhad (23878-X)
“MMLR”	: Main Market Listing Requirements of Bursa Securities
“Mydin” or the “Vendor” or the “Lessee”	: Mydin Mohamed Holdings Berhad (Company No. 221448-A)
“NAV”	: Net asset value
“NLA”	: Net lettable area

DEFINITIONS (Cont'd)

“New Tenancy Agreement”	: Collectively all those agreement, letters of offer or other legal arrangement entered into by the Vendor or Scenic Prima or the Food Court Main Tenant, as the case may be, with any such other tenant(s), licensee or occupant (other than the Existing Tenants) in respect of the building located on the Property or any part thereof whose tenancy(ies) or licenses or occupancy have been created since the date of the SPA in respect of the building located on the Property or such relevant portion thereof
“NPA”	: Notice of Provisional Allotment pursuant to the Rights Issue
“PNB”	: Permodalan Nasional Berhad (38218-X)
“Price Fixing Date”	: 28 November 2016, being the date on which the Board fixed the Issue Price
“Principal Deed”	: Principal deed dated 20 March 1989 and as amended by the Supplementary Deeds entered between the Manager, the Trustee and the several persons therein mentioned
“Property”	: The piece of land held in perpetuity under Lot No. P.T. 557, Title No. H.S.(D) 206530, Bandar Seremban Utama, District of Seremban, State of Negeri Sembilan bearing postal address Lot 31156, Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan Darul Khusus measuring approximately 54,175 sq. m. (583,135 sq. ft. or 13.387 acres) on which is erected a three (3) storey mall cum hypermarket with two (2) sub-basements having a gross area of approximately 103,520.47 sq. m. (1,114,301.44 sq. ft.). The property to be acquired is known as Mydin Mall Seremban 2
“Proposals”	: Acquisition and Rights Issue, collectively
“Purchase Consideration”	: Purchase consideration of RM240,000,000 pursuant to the Acquisition
“Record of Depositors”	: A record of securities holders established and maintained by Bursa Depository
“REIT”	: Real estate investment trusts
“REIT Guidelines”	: The Guidelines on Real Estate Investment Trusts issued by the SC on 21 August 2008 and updated on 28 December 2012
“Registrar”	: Symphony Share Registrars Sdn Bhd (378993-D)
“Reporting Accountants”	: Messrs. Hanafiah Raslan & Mohamad (AF 0002)
“RHB Investment” or “Managing Underwriter”	: RHB Investment Bank Berhad (19663-P)
“Rights Issue”	: Renounceable rights issue of 120,000,000 Rights Units on the basis of six (6) rights units for every five (5) existing Units held on the Entitlement Date at the Issue Price
“Rights Unit”	: 120,000,000 rights units to be issued pursuant to the Rights Issue
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“RSF”	: Rights Subscription Form pursuant to the Rights Issue

DEFINITIONS (Cont'd)

“Rules”	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC on 15 August 2016
“Rules of Bursa Depository”	:	Rules of the Bursa Depository and any appendices to the same
“SC”	:	Securities Commission Malaysia
“Scenic Prima”	:	Scenic Prima Sdn Bhd (Company No. 588159-T)
“Second Supplemental Agreement”	:	Second Supplemental Sale and Purchase Agreement dated 18 August 2016 entered into between the Trustee for and on behalf of AHP and Mydin for the Acquisition
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991
“SPA”	:	Conditional sale and purchase agreement dated 27 April 2015 entered into between the Trustee for and on behalf of AHP and Mydin for the Acquisition
“Supplemental Agreement”	:	Supplemental Sale and Purchase Agreement dated 14 March 2016 entered into between the Trustee for and on behalf of AHP and Mydin for the Acquisition
“Supplemental Agreement to Lease”	:	Supplemental Agreement to Lease dated 18 August 2016 entered into between the Trustee, for and on behalf of AHP and Mydin in respect of the Property pursuant to the Acquisition
“Supplementary Deeds”	:	Collectively, 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, the Fourth Supplemental Trust Deed dated 15 January 2010 and the First Restated Deed
“sq. ft.”	:	Square feet
“sq. m.”	:	Square metre
“TERP”	:	Theoretical ex-rights price of Units
“Trustee” or “Purchaser” or “Lessor” or “ART”	:	AmanahRaya Trustees Berhad (766894-T)
“Undertakings”	:	Letters of irrevocable undertaking dated 27 May 2015 from the following: (i) AmanahRaya Trustees Berhad as trustee for Amanah Saham Bumiputera to subscribe in full of its entitlement and excess application up to 2% of the enlarged total Units in issue; and (ii) PNB to subscribe in full of its entitlement of Rights Units under the Rights Issue
“Undertaking Unit Holders”	:	AmanahRaya Trustees Berhad as trustee for Amanah Saham Bumiputera and PNB as the major and substantial unit holders of AHP
“Underwriting Agreement”	:	The underwriting agreement dated 28 November 2016 entered into between the Trustee, Manager and the Joint Underwriters in relation to the Underwritten Rights Units
“Underwritten Rights Units”	:	The underwriting of an aggregate 64,713,600 Rights Units, representing approximately 53.93% of total Rights Units

DEFINITIONS (Cont'd)

“Units”	: Units in AHP
“Unit Holders”	: Any persons registered as the holder of a Unit in accordance with the provisions of the Principal Deed
“Valuer”	: Messrs. W.M. Malik & Kamaruzaman (Registration Number: V(2) 0001)
“Variation Letter”	: The variation letter dated 15 January 2016 issued by the Purchaser (as trustee for AHP) which is duly accepted by the Vendor on 26 January 2016
“VWAMP”	: Volume weighted average market price

All references to “you” in this AP are references to the Entitled Unit Holder(s) and/or where the context otherwise requires, their renounee(s).

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this AP shall be a reference to Malaysian time, unless otherwise stated.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS OF PHNB

Name/ (Designation)	Address	Nationality	Occupation
Tan Sri Dato' Sri Abdul Wahid bin Omar <i>(Non-Independent Non-Executive Chairman)</i>	111, Jalan Sri Tasik Timur, Perdana Lakeview East, 63000 Cyberjaya, Selangor	Malaysian	Director
Dato' Abdul Rahman bin Ahmad <i>(Non-Independent Non-Executive Director)</i>	No. 1A Lorong 14/47B, 46100 Petaling Jaya, Selangor	Malaysian	Director
Tan Sri Dato' Seri Ainum binti Mohamed Saaid <i>(Independent Non-Executive Director)</i>	102, Menara Jaya, Jalan 14/1, 46100 Petaling Jaya, Selangor	Malaysian	Director
Dato' Idris bin Kechot <i>(Non-Independent Non-Executive Director)</i>	No. 2, Jalan Polis U1/55, Temasya Glenmarie, Seksyen U1, 40150 Shah Alam, Selangor	Malaysian	Director
Dato' Nafisah binti Radin <i>(Independent Non-Executive Director)</i>	L-2-12, Plaza Damas No. 60, Jalan Sri Hartamas 1, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan	Malaysian	Director
Encik Hafidz Atrash Kosai bin Mohd Zihim <i>(Non-Independent Executive Director/Chief Executive Officer)</i>	18, Taman Hillview, Ulu Kelang, 68000 Ampang, Selangor	Malaysian	Director

AUDIT COMMITTEE

PHNB has no audit committee. The financial statements of AHP were presented to the audit committee of PNB, being the holding company of PHNB. None of the members of the Audit Committee of PNB are the directors of PHNB.

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CORPORATE DIRECTORY (Cont'd)

PROPERTY INVESTMENT COMMITTEE

Name	Designation	Directorship in PHNB
Dato' Johan Bin Ariffin	Independent Member	-
Dato' Ir. Jamaluddin Bin Osman	Independent Member	-
Professor Datuk Dr. Nik Mohd. Zain Bin Haji Nik Yusof	Independent Member	-

MANAGER : Pelaburan Hartanah Nasional Berhad (175967-W)

**REGISTERED OFFICE OF THE
MANAGER AND HEAD OFFICE** : Tingkat 4, Balai PNB,
201-A, Jalan Tun Razak,
50400 Kuala Lumpur

Tel: 603-2050 5100
Fax: 603-2050 5878

Email: phnb@pnb.com.my
Website: www.ahp.com.my

**BUSINESS OFFICE OF THE
MANAGER** : Tingkat 31, Balai PNB,
201-A, Jalan Tun Razak,
50400 Kuala Lumpur

Tel: 603-2050 5100
Fax: 603-2050 5878

Email: phnb@pnb.com.my
Website: www.ahp.com.my

**COMPANY SECRETARY OF
THE MANAGER** : Puan Adibah Khairiah binti Ismail @ Daud (MIA 13755)
Tingkat 4, Balai PNB,
201-A, Jalan Tun Razak,
50400 Kuala Lumpur

Tel: 603-2050 5261
Fax: 603-2163 3477

Email: adibah@pnb.com.my

**REGISTERED OFFICE OF THE
TRUSTEE** : AmanahRaya Trustees Berhad (766894-T)
Tingkat 11, Wisma AmanahRaya,
No. 2, Jalan Ampang,
50508 Kuala Lumpur

Tel: 603-2036 5129
Fax: 603-2072 0322

Website: www.artrustees.com.my

CORPORATE DIRECTORY (Cont'd)

- BUSINESS OFFICE OF THE TRUSTEE** : AmanahRaya Trustees Berhad (766894-T)
Tingkat 2, Wisma AmanahRaya II,
No. 21, Jalan Melaka,
50100 Kuala Lumpur
- Tel: 603-2036 5129
Fax: 603-2072 0322
- Website: www.artrustees.com.my
- PROPERTY MANAGER** : IM Global Property Consultants Sdn. Bhd. (701223-X)
47-2, 2nd Floor, Wisma IMG,
Jalan 3/76D, Desa Pandan,
55100 Kuala Lumpur
- Tel: 603-9284 8884
Fax: 603-9281 1884
- PRINCIPAL ADVISER AND JOINT UNDERWRITER** : MIDF Amanah Investment Bank Berhad (23878-X)
Level 21, Menara MIDF,
82, Jalan Raja Chulan,
50200 Kuala Lumpur
- Tel: 603-2173 8888
Fax: 603-2173 8277
- JOINT UNDERWRITER AND MANAGING UNDERWRITER** : RHB Investment Bank Berhad (19663-P)
Level 9, Tower One, RHB Centre,
Jalan Tun Razak,
50400 Kuala Lumpur
- Tel: 603-9287 3888
Fax: 603-9287 4770
- SOLICITORS** : Messrs. Zainal Abidin & Co
1803-1806, 18th Floor,
Plaza Permata,
Jalan Kampar, Off Jalan Tun Razak,
50400 Kuala Lumpur
- Tel: 603-4041 5266
Fax: 603-4042 7179
- REGISTRAR** : Symphony Share Registrars Sdn Bhd (Company No. 378993-D)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/ 46,
47301 Petaling Jaya,
Selangor Darul Ehsan
- Tel: 603-7849 0777
Fax: 603-7841 8151

CORPORATE DIRECTORY (Cont'd)

- AUDITORS AND REPORTING ACCOUNTANTS** : Messrs. Hanafiah Raslan & Mohamad (AF 0002)
Level 23A, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
50490 Kuala Lumpur
- Tel: 603-7495 8000
Fax: 603-2095 9076
- TAXATION ADVISER** : Ernst & Young Tax Consultants Sdn Bhd (179793-K)
Level 23A, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
50490 Kuala Lumpur
- Tel: 603-7495 8000
Fax: 603-2095 7043
- PRINCIPAL BANKERS** : Maybank Islamic Berhad (787435-M)
Menara Maybank,
100, Jalan Tun Perak,
50050 Kuala Lumpur
- Tel: 603-2070 8833
Fax: 603-2026 5267
- CIMB Islamic Bank Berhad (671380-H)
17th Floor, Menara CIMB,
Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur
- Tel: 603- 2261 8888
Fax: 603-2261 8899
- INDEPENDENT VALUER** : Messrs. W.M. Malik & Kamaruzaman (V(2) 0001)
3rd Floor, Wisma Yakin,
Jalan Melayu,
51000 Kuala Lumpur
- Tel: 603-2698 5522
Fax: 603-2692 5202
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

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Pelaburan Hartanah Nasional Berhad
(Company No. 175967-W)
(Incorporated in Malaysia)

Registered Office:

Tingkat 4, Balai PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur

13 December 2016

The Board of Directors of PHNB

Tan Sri Dato' Sri Abdul Wahid bin Omar (*Non-Independent Non-Executive Chairman*)
Dato' Abdul Rahman bin Ahmad (*Non-Independent Non-Executive Director*)
Tan Sri Dato' Seri Ainum binti Mohamed Saaid (*Independent Non-Executive Director*)
Dato' Idris bin Kechot (*Non-Independent Non-Executive Director*)
Dato' Nafisah binti Radin (*Independent Non-Executive Director*)
Encik Hafidz Atrash Kosai bin Mohd Zihim (*Non-Independent Executive Director/Chief Executive Officer*)

To: The Unit Holders of AHP

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF 120,000,000 NEW UNITS IN AHP ON THE BASIS OF SIX (6) RIGHTS UNITS FOR EVERY FIVE (5) EXISTING UNITS IN AHP HELD AS AT 5.00 P.M. ON TUESDAY, 13 DECEMBER 2016 AT AN ISSUE PRICE OF RM1.00 PER RIGHTS UNIT

1. INTRODUCTION

On 27 April 2015, MIDF Investment, on behalf of the Board, announced that the Manager proposed to undertake the Acquisition and Rights Issue.

On 1 June 2015, MIDF Investment, on behalf of the Board, announced that the Manager had procured the Undertakings.

On 20 July 2015, MIDF Investment, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 16 July 2015, approved the listing of and quotation for 120,000,000 Rights Units, subject to the following conditions:

Conditions imposed	Status of compliance
(i) AHP and MIDF Investment must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Rights Issue;	To be complied by AHP and MIDF Investment
(ii) AHP and MIDF Investment to inform Bursa Securities upon the completion of the Rights Issue;	To be complied by AHP and MIDF Investment
(iii) AHP to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed;	To be complied by AHP
(iv) Certified true copy of the resolution passed by the unit holders in general meeting approving the Rights Issue; and	Complied
(v) To incorporate comments from Bursa Securities in respect of the draft circular to unit holders for the Proposals.	Complied

Subsequently, on 14 August 2015, MIDF Investment had, on behalf the Board, announced that the Unit Holders had approved the ordinary resolution in relation to the Rights Issue as set out in the notice of EGM dated 30 July 2015. A certified true extract of the ordinary resolution pertaining to the Rights Issue passed at the said EGM is set out in Appendix I of this AP.

On 15 March 2016, MIDF Investment, on behalf of the Board, announced that the Manager had on 14 March 2016, received an Additional Undertaking from PNB.

On 28 November 2016, MIDF Investment had, on behalf of the Board, announced the following:

- (i) the issue price of the Rights Issue has been fixed at RM1.00 per Rights Unit at an entitlement basis of six (6) Rights Units for every five (5) existing Units held by the Entitled Unit Holders;
- (ii) the Trustee, for and on behalf of AHP and the Manager had entered into the Underwriting Agreement with the Joint Underwriters; and
- (iii) that the Trustee and the Manager have released ASB from its obligation to subscribe for the excess Rights Units up to two per centum (2%) of the enlarged Units in circulation (as stated in the irrevocable undertaking dated 27 May 2015 by ASB) and PNB from the Additional Undertaking.

On 28 November 2016, MIDF Investment had, on behalf of the Board, announced that the Entitlement Date has been fixed on 13 December 2016 at 5.00 p.m. along with other relevant dates pertaining to the Rights Issue.

No person is authorised to give any information or make any representation not contained in this AP in connection with or in relation to the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us and/or MIDF Investment in connection with the Rights Issue or any other proposal.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Details of the Rights Issue

In accordance with the terms of the Rights Issue as approved by Bursa Securities and the Unit Holders at EGM held on 14 August 2015 and subject to the terms of the Documents, the Rights Issue entails a provisional allotment of 120,000,000 Rights Units on the basis of six (6) Rights Units for every five (5) existing Units in AHP held on the Entitlement Date based on the units in circulation of AHP as at LPD of 100,000,000 Units.

The Entitled Unit Holders may subscribe for their respective entitlements of the Rights Units in full or in part as the Rights Issue is undertaken on a renounceable basis. Any unsubscribed Rights Units shall be first offered to the other Entitled Unit Holders and/or their renounee(s) under the excess Rights Units application. It is the intention of the Board to allocate the Excess Rights Units in a fair and equitable manner, in accordance with the procedures as set out in Section 3.8 of this AP.

Any fractional entitlements under the Rights Issue will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion think expedient or in the interest of the Trust, including, inter alia, in a manner so as to minimise the number of odd lots of Rights Units arising therefrom.

As the Rights Units are prescribed securities, the respective CDS Accounts of the Entitled Unit Holders will be duly credited with the number of provisionally allotted Rights Units, which they are entitled to subscribe for in full or in part under the terms of the Rights Issue. The Entitled Unit Holders will find enclosed in this AP, the NPA notifying the Entitled Unit Holders of the crediting of such securities into their respective CDS Accounts and the RSF to enable the Entitled Unit Holders to subscribe for the provisionally allotted Rights Units, as well as to apply for Excess Rights Units if the Entitled Unit Holders choose to do so. The Rights Units that are not taken up for any reason will be made available for excess application as set out in Section 3.8 of this AP.

Any dealings in the securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Units to be issued and allotted pursuant to the Rights Issue will be credited directly into the respective CDS Accounts of the successful applicants who have subscribed for such Rights Units. No physical unit certificates will be issued to the Entitled Unit Holders and/or their renounee(s) (if applicable).

Notices of allotment will be despatched to the Entitled Unit Holders and/or their renounee(s) (if applicable) within eight (8) Market Days from the last day for acceptance of and payment for the Rights Units or such other period as may be prescribed by Bursa Securities.

If you do not wish to participate in the Rights Issue, you do not need to take any action.

2.2 Basis of determining and justification for the issue price of the Rights Units

The Issue Price of RM1.00 per Rights Unit was determined by the Board after taking into consideration the following:

- (a) the TERP of RM1.01 based on the five (5)-day VWAMP of RM1.02 up to and including 25 November 2016, being the last trading day prior to the Price Fixing Date;
- (b) the funding requirements of AHP;
- (c) the funding proportion for the Acquisition;
- (d) the borrowing limit of AHP; and
- (e) the distribution capacity of AHP.

The Issue Price of RM1.00 per Rights Unit represents a discount of approximately 1.0% or RM0.01 to the TERP of RM1.01, based on the five (5)-day VWAMP up to and including 25 November 2016, being the last trading day prior to the Price Fixing Date of RM1.02.

The Board is of the opinion that the Issue Price of RM1.00 is reasonable in view of the NAV per Unit of RM1.27 after the Proposals to raise the proceeds required to complete the Acquisition whilst maintaining borrowing of AHP below the regulatory limit.

2.3 Ranking of the Rights Units

The Rights Units shall, upon allotment and issue, rank *pari passu* in all respects with the existing Units, save and except that they shall not be entitled to any distributable income, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment of the Rights Units.

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2.4 Excess Rights Units

The Excess Rights Units shall be made available for excess applications by the Entitled Unit Holders and/or their renounee(s) (if applicable). It is the intention of the Board to allot the Excess Rights Units, if any, on a fair and equitable basis and in the following priority:

- (i) to minimise the incidence of odd lots;
- (ii) on a pro-rata basis to the Entitled Unit Holders who have applied for Excess Rights Units, taking into consideration their respective unit holdings in the Trust as at the Entitlement Date on a board lot basis;
- (iii) on a pro-rata basis to the Entitled Unit Holders who have applied for Excess Rights Units, taking into consideration the quantum of their respective excess application; and
- (iv) on a pro-rata basis to the renounee(s) who have applied for Excess Rights Units, taking into consideration the quantum of their respective excess application.

Nevertheless, the Board reserves the right to allot any Excess Rights Units applied for under Part I (B) of the RSF in such manner as the Board deems fit and expedient in the best interest of the Trust subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set above are achieved. The Board also reserves the right to accept any Excess Rights Units Application, in full or in part, without assigning any reason in respect thereof.

2.5 Listing and quotation of the Rights Units

Bursa Securities had, vide its letter dated 16 July 2015, granted its approval for the listing and quotation of the Rights Units on the Main Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions disclosed in Section 1 of this AP.

The listing of and quotation for the Rights Units is expected to be completed in the first (1st) quarter of calendar year 2017.

2.6 Details of other corporate proposals

Save for the Proposals, the Board has confirmed that as at the LPD, AHP does not have any other intended corporate proposals which have been approved by regulatory authorities which is pending implementation.

2.7 Reliefs granted by the SC

The SC had vide its letter dated 31 October 2016 granted the following relief in respect of compliance with Part V of the Prospectus Guidelines for Collective Investment Schemes:

No.	Relevant Section of the Prospectus Guidelines for Collective Investment Schemes	Details of Relief Granted
1	Registration and Lodgement of Prospectus – Paragraph 3.03	Variation to submit the registration file to the SC at least five (5) business days prior to the intended registration date
2	Registration and Lodgement of Prospectus – Paragraph 3.08(b)	Variation to submit the printer's proof copies of the abridged prospectus in English language only
3	Registration and Lodgement of Prospectus – Paragraph 3.08(o)	Variation to submit the notice of provisional allotment of rights shares and rights subscription form in English language only

No	Relevant Section of the Prospectus Guidelines for Collective Investment Schemes	Details of Relief Granted
4	Registration and Lodgement of Prospectus – Paragraph 3.08(q)	Variation to submit a copy of the summary advertisement of the abridged prospectus to be included in a widely-distributed English newspaper only
5	Registration and Lodgement of Prospectus – Paragraph 4.01(b)	Variation to submit for lodgement copy of the abridged prospectus and the notice of provisional allotment of rights shares and rights subscription form in English language only

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATIONS FOR THE RIGHTS ISSUE

3.1 General

As an Entitled Unit Holder, your CDS Account will be duly credited with the number of provisionally allotted Rights Units, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue (fractional entitlement, if any, having been disregarded). You will find enclosed with this AP, the NPA notifying you of the crediting of such provisionally allotted Rights Units into your CDS Account and the RSF to enable you to subscribe for the Rights Units provisionally allotted to you, as well as to apply for Excess Rights Units if you choose to do so. This AP and the RSF are also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).

3.2 NPA

The provisionally allotted Rights Units are prescribed securities pursuant to Section 14(5) of the SICDA. Therefore, all dealings in the provisionally allotted Rights Units will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Unit Holder, you and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications for the Rights Units.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Units is 5.00 p.m. on Thursday, 29 December 2016, or such later date and time as the Board, the Trustee and the Principal Adviser in their absolute discretion may decide. Where the Closing Date of the acceptance and payment is extended from the original Closing Date, the announcement of such extension will be made not less than two (2) Market Days before the original Closing Date.

3.4 Procedures for full acceptance and payment

Acceptance of and payment for the Rights Units provisionally allotted must be made on the RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms and conditions of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS UNITS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT AS WELL AS EXCESS RIGHTS UNITS APPLICATION ARE SET OUT IN THIS AP, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

If you wish to accept the Rights Units provisionally allotted to you either in full or in part, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST or DELIVERED BY HAND AND/OR COURIER (at your own risk) to the Registrar at the following address:

FOR DELIVERY BY HAND AND/OR COURIER:

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/ 46
47301 Petaling Jaya
Selangor Darul Ehsan

FOR ORDINARY POST:

Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan

Helpdesk Telephone No: 603-7849 0777
Facsimile No: 603-7841 8151

so as to arrive not later than 5.00 p.m. on Thursday, 29 December 2016, being the last time and date for acceptance of and payment (or such later date and time as the Board, the Trustee and the Principal Adviser may decide and announce not less than two (2) Market Days before the stipulated date and time).

One (1) RSF can only be used for acceptance of the provisionally allotted Rights Units standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Units standing to the credit of more than one (1) CDS Account. If successful, the Rights Units subscribed by you will be credited into the respective CDS Account(s) where the provisionally allotted Rights Units are standing to the credit.

The minimum number of Rights Units that can be subscribed for and accepted is one (1) Rights Unit. However, you should take note that a trading board lot comprises 100 Rights Units. Fractions of a Rights Units arising from the Rights Issue will be disregarded and dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Trust.

A reply envelope is enclosed with this AP. In order to facilitate the processing of the RSF(s) by the Registrar for the Rights Units, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Units accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "AHP RIGHTS UNITS ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and your CDS Account number in block letters, which must be received by the Registrar by 5.00 p.m. on Thursday, 29 December 2016, being the last time and date for acceptance and payment, (or such later date and time as the Board, the Trustee and the Principal Adviser may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made in the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY THE TRUST OR THE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS UNITS WILL BE ALLOTTED AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DAY FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS UNITS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

PROOF OF POSTAGE SHALL NOT CONSTITUTE PROOF OF RECEIPT BY THE REGISTRAR OR THE TRUST.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT ALL RSF(S) AND REMITTANCES SO LODGED WITH THE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DAY FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS UNITS.

ALL RIGHTS UNITS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS UNITS INTO THE CDS ACCOUNTS OF THE ENTITLED UNIT HOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL UNIT CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Rights Unit provisionally allotted to you (whether in full or in part, as the case may be) are not received by the Registrar by 5.00 p.m. on Thursday, 29 December 2016, being the last time and date for acceptance and payment (or such later date and time as the Board, the Trustee and the Principal Adviser may decide and announce not less than two (2) Market Days before the stipulated date and time), such provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Registrar.

In the event that the Rights Units are not fully taken up by such applicants, the Board will then have the right to allot such Rights Units to applicants applying for the Excess Rights Units in the manner as set out in Section 3.8 of this AP.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from Bursa Securities' website (<http://www.bursamalaysia.com>) or the Registrar or the Manager's Business Office.

3.5 Procedures for part acceptance by Entitled Unit Holders

You are entitled to accept part of your entitlement of the provisionally allotted Rights Units. The minimum number of Rights Units that can be subscribed for or accepted is one (1) Rights Unit.

WHEN YOU ACCEPT ONLY PART OF YOUR PROVISIONALLY ALLOTTED RIGHTS UNITS, YOU WILL AUTOMATICALLY BE ACCEPTING THE RIGHTS UNITS IN MULTIPLES OF ONE (1) RIGHTS UNIT. IN DETERMINING THE ENTITLEMENT TO THE PROVISIONAL ALLOTMENT OF RIGHTS UNITS UNDER THE RIGHTS ISSUE, ANY FRACTIONAL ENTITLEMENTS UNDER THE RIGHTS ISSUE WILL BE DISREGARDED AND SHALL BE DEALT WITH IN SUCH MANNER AS THE BOARD IN ITS ABSOLUTE DISCRETION DEEMS FIT, EXPEDIENT AND IN THE BEST INTERESTS OF THE TRUST.

You must complete both Part I (A) of the RSF by specifying the number of Rights Units which you are accepting, and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Registrar in the same manner as set out in Section 3.4 of this AP.

The portion of the provisionally allotted Rights Units that has not been accepted or renounced will be made available to the applicants for Excess Rights Units.

3.6 Procedures for sale or transfer of provisional allotment of Rights Units

The provisional allotment of Rights Units is renounceable and will be traded on Bursa Securities commencing 14 December 2016 up to and including 20 December 2016. As such, you and/or your renounee(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Units.

As the provisionally allotted Rights Units are prescribed securities, you and/or your renounee(s) (if applicable) who wish to sell/transfer all or part of your entitlements to the Rights Units to one (1) or more than one (1) person(s) may do so immediately through your stockbrokers for the period up to the last time and date for sale or transfer of the provisionally allotted Rights Units (in accordance with the Rules of Bursa Depository) without first having to request for a split of the provisionally allotted Rights Units standing to the credit of your CDS Account. To sell/transfer all or part of your provisionally allotted Rights Units, you and/or your renounee(s) (if applicable) may sell such entitlements in the open market of Bursa Securities for the period of up to the last day and time for sale of the provisionally allotted Rights Units (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository for the period of up to the last day and time for transfer of the provisionally allotted Rights Units (in accordance with the Rules of Bursa Depository).

In selling/transferring all or part of your provisionally allotted Rights Units, you and/or your renounee(s) (if applicable) need not deliver any document (including the RSF), to any stockbroker in respect of the portion of the provisional allotment sold/transferred. However, you and/or your renounee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Units standing to the credit of your CDS Account that are available for settlement of the sale/transfer.

Renounee(s) of the provisional Rights Units may obtain a copy of this AP and the RSF from the Registrar or at the Manager's Business Office. This AP and the RSF are also available on Bursa Securities website at (<http://www.bursamalaysia.com>).

If you and/or your renounee(s) (if applicable) have sold/transferred only part of your provisionally allotted Rights Units, you may still accept the balance of the entitlements of the Rights Units by completing Parts I (A) and II of the RSF and forwarding the RSF together with the full amount payable on the balance of the Rights Units applied for to the Registrar in accordance with the instructions set out in Section 3.4 of this AP.

ENTITLED UNIT HOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

ENTITLED UNIT HOLDERS WHO DISPOSE OF OR TRANSFER THEIR PROVISIONALLY ALLOTTED RIGHTS UNITS WILL AUTOMATICALLY BE DISPOSING OR TRANSFERRING THEIR ENTITLEMENTS TO THE RIGHTS UNITS IN THE PROPORTION OF ONE (1) RIGHTS UNIT. THEY CANNOT RETAIN THE PROVISIONALLY ALLOTTED RIGHTS UNITS NOR CAN THEY DISPOSE OF OR TRANSFER THEIR ENTITLEMENTS IN ANY PROPORTION OTHER THAN THAT STATED ABOVE.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH THE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

3.7 Procedures for acceptance by renounee

As a renounee, the procedures for acceptance, selling or transferring of provisionally allotted Rights Units and/or payment is the same as that which is applicable to the Entitled Unit Holders as described in Sections 3.4, 3.5 and 3.6 of this AP. Please refer to the relevant sections for the procedures to be followed.

Renounees who wish to accept the provisionally allotted Rights Units must obtain a copy of the RSF from the Registrar or at the Manager's Business Office or from Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF and submit the same together with the remittance to the Registrar in accordance with the notes and instructions printed therein.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS AP AND RSF.

3.8 Procedures for application for Excess Rights Units

If you wish to apply for additional Rights Units in excess of your provisionally allotted Rights Units, you may do so by completing Part I (B) of the RSF (in addition to Parts I (A) and II) and forwarding it (together with a separate remittance made in RM for the full amount payable in respect of the Excess Rights Units applied for), to the Registrar at the address set out in Section 3.4 of this AP, not later than 5.00 p.m. on Thursday, 29 December 2016, being the last time and date for acceptance and payment (or such later date and time as the Board, the Trustee and the Principal Adviser may decide and announce not less than two (2) Market Days before the stipulated date and time).

Payment for the Excess Rights Units applied for should be made in the same manner described in Section 3.4 of this AP except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "AHP EXCESS RIGHTS UNITS ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and your CDS Account number in block letters, which must be received by the Registrar by the stipulated date and time for acceptance and payment. The payment must be made in the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment are not acceptable.

It is the intention of the Board to allot the Excess Rights Units, if any, on a fair and equitable basis and in the following priority:

- (i) to minimise the incidence of odd lots;
- (ii) on a pro-rata basis to the Entitled Unit Holders who have applied for Excess Rights Units, taking into consideration their respective unit holdings in the Trust as at the Entitlement Date on a board lot basis;
- (iii) on a pro-rata basis to the Entitled Unit Holders who have applied for Excess Rights Units, taking into consideration the quantum of their respective excess application; and
- (iv) on a pro-rata basis to the renounee(s) who have applied for Excess Rights Units, taking into consideration the quantum of their respective excess application.

Nevertheless, the Board reserves the right to allot any Excess Rights Units applied for under Part I (B) of the RSF in such manner as the Board deems fit and expedient in the best interest of the Trust subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out above are achieved. The Board also reserves the right to accept any Excess Rights Units Application, in full or in part, without assigning any reason in respect thereof.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR THE APPLICATION MONIES WILL BE ISSUED BY THE TRUST OR THE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS UNITS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS UNITS WILL BE ALLOTTED AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DAY FOR ACCEPTANCE OF AND PAYMENT FOR THE EXCESS RIGHTS UNITS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES LODGED WITH THE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS UNITS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DAY FOR ACCEPTANCE OF AND PAYMENT FOR THE EXCESS RIGHTS UNITS.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from Bursa Securities' website (<http://www.bursamalaysia.com>) or the Registrar or the Manager's Business Office.

3.9 Procedures for refund of application monies

In respect of unsuccessful or partially successful Excess Rights Units applications, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and will be despatched to the applicants by ordinary post to the address as shown in the Record of Depositors at your own risk within fifteen (15) Market Days from the last day for acceptance of and payment for the Excess Rights Units.

Further, as set out in Section 7.2.2 of this AP, the Rights Issue is exposed to risks that it may be aborted or delayed on the occurrence of any circumstances which are beyond the control of the Manager, arising prior to the implementation of the Rights Issue.

In the event that the Rights Issue is not successful, the application monies will be refunded to Entitled Unit Holders and/or their renounee(s) (if applicable) who have applied and paid for the subscription of the Rights Units. All application monies will be refunded in accordance with Section 243 of the CMSA except for the costs of purchasing the provisional allotment of the Rights Units and any expenses associated therewith.

The Board will take all necessary steps to start the refund process immediately to ensure that Entitled Unit Holders and/or their renouncee(s) (if applicable) receive the application monies as soon as reasonably practicable.

3.10 Splitting

Under the CDS environment, the processes of splitting, nomination and renunciation are generated by electronic book-entries made in the CDS Accounts of the Entitled Unit Holders and the new purchaser. The provisional allotment of Rights Units will be credited into your CDS Account. You will be notified of the crediting via the NPA which is enclosed with this AP. You may sell part of or all of the Rights Units provisionally allotted to you.

3.11 Form of issuance

Bursa Securities has already prescribed the Units listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Units are prescribed securities and as such, all dealings in the said securities will be by book entry through CDS Accounts and will be governed by the SICDA, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. You are required to have valid and subsisting CDS Accounts in order to subscribe for the Rights Units.

Failure to comply with these specific instructions for applications or inaccuracy of the CDS Account number may result in your application being rejected. Your subscription for the Rights Units shall mean consent to receive such Rights Units as deposited securities which will be credited directly into your CDS Account. No units certificates will be issued. Instead, the Rights Units will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post to address shown in the Record of Depositors at your own risk within eight (8) Market Days from the last day for acceptance of and payment for the Rights Units, or such other period as may be prescribed by Bursa Securities.

Any person who intends to subscribe for the Rights Units as a renouncee by purchasing the provisional allotment of Rights Units from an Entitled Unit Holder will have his Rights Units credited directly as prescribed securities into his/her CDS Account. The Excess Rights Units, if allotted to the successful applicant who applied for Excess Rights Units will be credited directly as prescribed securities into his/her CDS Account.

If you have multiple CDS Accounts into which the provisional allotment of the Rights Units has been credited, you cannot use a single RSF for subscription of all these provisional allotment of the Rights Units. Separate RSF(s) must be used for separate CDS Accounts. If successful, the Rights Units that you subscribed for will be credited into the CDS Accounts where the provisional allotment of the Rights Units is standing to the credit. You may not request for the Rights Units accepted/applied for in a particular CDS Account to be credited into more than one (1) CDS Account.

3.12 Foreign Addressed Unit Holders

The Documents have not been and will not be made to comply with the laws of any foreign country or jurisdiction and have not been and will not be lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The Documents are not intended to be and will not be issued, circulated or distributed and the Rights Issue will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this AP relates is only available to persons receiving this AP, the NPA and the RSF or otherwise within Malaysia.

The distribution of the Documents, as well as the acceptance of the provisionally allotted Rights Units and the subscription for or the acquisition of the Rights Units may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdictions under the relevant laws of those countries or jurisdictions.

If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and the Manager reserve the right to reject a purported acceptance of the Rights Units from any such application by Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) in any jurisdiction other than Malaysia.

As a result, the Documents have not been and will not be sent to the Foreign Addressed Unit Holders. Accordingly, the Documents will only be sent to Entitled Unit Holders who have provided a registered address or an address for service of documents in Malaysia at the Entitlement Date. However, the Foreign Addressed Unit Holders may collect the Documents from the Registrar, Symphony Share Registrars Sdn Bhd (Company No. 378993-D), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/ 46, 47301 Petaling Jaya, Selangor Darul Ehsan in which event the Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these Documents.

No action has been taken to ensure that the Rights Issue and the Documents comply with the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which the Documents relate to is only available to persons receiving the Documents within Malaysia. The Documents do not constitute and may not be used for the purpose of an offer to sell, solicitation or invitation of an offer to subscribe for the Rights Units in any country or jurisdiction outside Malaysia or to any person to whom it would be unlawful to make such offer, solicitation or invitation.

If you are a Foreign Addressed Unit Holder, the Manager will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. The Manager will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. The Manager will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) may only accept or renounce all or any part of their entitlement and exercise any other rights in respect of the Rights Issue to the extent that it would be lawful to do so. The Manager, Trustee and/or the advisers and the Directors, officers and employees of the Manager, Trustee and/or the advisers ("Parties") would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) is or might be subject to. The Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) who are residing in countries or jurisdictions other than Malaysia should therefore immediately consult their legal or other professional adviser as to whether the acceptance, renunciation, sale or transfer (as the case may be) of their entitlements to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions in which the Entitled Unit Holders and/or their renounee(s) (if applicable) is a resident. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation or sale or transfer made by any Foreign Entitled Unit Holder and/or his renounee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign Entitled Unit Holder and/or his renounee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlement or to any net proceeds thereof.

The Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and the Manager shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay.

The Manager reserve the right, in the Board's absolute discretion, to treat any acceptances as invalid, if the Manager believe that such acceptance may violate applicable legal or regulatory requirements. The provisionally allotted Rights Units relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Units available for excess application by the other Entitled Unit Holders and/or their renounee(s) (if applicable).

Each person, by accepting the delivery of this AP, the NPA and the RSF, accepting any provisionally allotted Rights Units by signing any of the forms accompanying this AP or subscribing for or acquiring the Rights Units will be deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

- (i) The Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) are or might be subject to;
- (ii) the Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) have complied with the laws of any country or jurisdiction to which the Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) are or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the provisionally allotted Rights Units, be in breach of the laws of any country or jurisdiction to which that person is or might be subject to;
- (iv) the Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) are aware that the Rights Units can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) have obtained a copy of this AP and have had access to such financial and other information and have been provided the opportunity to ask such questions to the representatives of the parties and receive answers thereto as the Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) deem necessary in connection with the Foreign Entitled Unit Holder and/or their renounee(s) (if applicable) decision to subscribe for or purchase the Rights Units; and
- (vi) the Foreign Entitled Unit Holders and/or their renounee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Units, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Units.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED UNIT HOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS AP AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS AP AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS UNITS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

4. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue is undertaken to raise funds for the purposes as stated in section 5 below.

The benefits to the Unit Holders are as follows:

- (i) the Rights Issue will provide Unit Holders with future upside from the Property to be acquired which is expected to improve the overall yield of AHP and the opportunity to participate in the equity of the Trust on a pro-rata basis at a discount from market price;
- (ii) the Rights Issue will involve the issuance of new Units without diluting the existing Unit Holders' equity interest (assuming the Unit Holders subscribe fully for their respective entitlements) as opposed to private placement; and
- (iii) the liquidity and marketability of Units are also expected to improve with the increase in Units in circulation and hence would enable greater participation of both retail and institutional investors.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM1.00 per Rights Unit, the Rights Issue will raise gross proceeds of RM120,000,000. The proceeds arising from the Rights Issue shall be utilised in the following manner:

Proposed utilisation	Expected timeframe for utilisation from the receipt of proceeds	RM'000
Part finance the Purchase Consideration of the Acquisition ^(a)	Within one (1) month	115,000
Part payment for the estimated expenses for the Proposals ^(b)	Within one (1) month	5,000
		<u>120,000</u>

Notes:

^(a) The balance of the Purchase Consideration is financed via bank borrowings of RM125 million.

^(b) The estimated total expenses for the Proposals are RM17.73 million of which RM5.00 million is to be funded from the proceeds of the Rights Issue and the balance of RM12.73 million is to be funded via bank borrowings. The estimated expenses of the Rights Issue are RM1.24 million, as detailed out in Section 9.2 of this AP. The breakdown of the estimated total expenses for the Proposals is as below:

Estimated total expenses for the Proposals	RM'000
Professional fees	1,329
Authorities fees	685
Joint Underwriters' fee	129
Printing and administration	409
Stamp duty	625
Goods and Services Tax	14,555
TOTAL	<u>17,732</u>

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6. DETAILS OF THE ACQUISITION

6.1 Details of the Acquisition

The Acquisition entails the acquisition by the Trustee, for and on behalf of AHP, of the Property, free from all encumbrances (save for the Lease, the Existing Tenancies and the tenancies under the New Tenancy Agreement(s)) from Mydin. The Purchase Consideration shall be satisfied via cash by the Trustee, for and on behalf of AHP, via the proceeds from the Rights Issue and bank borrowings in the following proportions:

Purchase Consideration	RM'000
Bank borrowings	125,000 ⁽¹⁾
Proceeds from the Rights Issue	115,000 ⁽²⁾
Total	240,000

Notes:

⁽¹⁾ The Trustee, for and on behalf of AHP had on 7 July 2015, obtained an Islamic Commodity Murabahah Term Financing Facility of RM125.00 million from Maybank Islamic Berhad where the utilisation is solely to part finance the Purchase Consideration. The balance of the Purchase Consideration of RM115.00 million shall be funded by the proceeds from the Rights Issue.

⁽²⁾ The gross proceeds from the Rights Issue is RM120.00 million based on the Issue Price of RM1.00 per Rights Unit and the 120,000,000 Rights Units. RM115.00 million has been allocated to part finance the Purchase Consideration and the balance of RM5.0 million of the gross proceeds has been allocated to part finance the total estimated expenses for the Proposals of RM17.73 million. The remaining RM12.73 million of the estimated expenses will be funded via bank borrowings. The details on the Rights Issue and the utilisation of proceeds from the Rights Issue are set out in Section 2 and Section 5 of this AP, respectively.

The funding proportion as set out above was determined based on the Issue Price for the Rights Units and after taking into consideration the distribution capacity of AHP whilst maintaining the borrowings below the limit of 50% of the total asset value of the Trust.

In conjunction with the Acquisition, the Trustee, for and on behalf of AHP, has concurrently entered into the Agreement to Lease to be replaced by the Lease Agreement under the registered Lease after completion of the Acquisition.

6.1.1 Bank Borrowings

In relation to the bank borrowings, the Trustee, for and on behalf of AHP, had, by virtue of a letter of offer dated 7 July 2015, obtained an Islamic Commodity Murabahah Term Financing Facility of RM125.00 million from Maybank Islamic Berhad of which the utilisation is solely to part finance the Purchase Consideration. The Islamic Commodity Murabahah Term Financing Facility of RM125.00 million from Maybank Islamic Berhad was drawdown on 25 August 2016 and 13 September 2016 and the Property is pledged as security for the said facility.

In addition, the Trustee, for and on behalf of AHP, had by virtue of a letter of offer dated 12 August 2015, obtained an additional RM10.00 million from its existing revolving credit-i facility from CIMB Islamic Berhad where the utilisation is for defraying expenses for the Proposals.

6.1.2 Description of the Property

The Property is a parcel of commercial land held in perpetuity on which is constructed a three (3) storey mall cum hypermarket with two (2) sub-basements with a total of approximately 1,454 car parking bays. The title particulars are Lot No. P.T. 557, Title No. H.S.(D) 206530, Bandar Seremban Utama, District of Seremban, State of Negeri Sembilan bearing postal address Lot 31156, Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan Darul Khusus. The property to be acquired is known as Mydin Mall Seremban 2.

The Property is located in the commercial centre of Seremban 2 Negeri Sembilan, about 7 km south-west of Seremban town centre. Nilai, Bangi and Kuala Lumpur city centre are about 30 km, 45 km and 70 km respectively all situated due north of Seremban 2. Seremban 2 is a comprehensive township development comprising residential and commercial developments. Access to the Property from Seremban town is via Jalan Sungai Ujong followed by the main road leading to Seremban 2 i.e. Persiaran S2/1, by-passing AEON Seremban 2 Shopping Centre, thence taking right into Persiaran S2/2 followed by a left turn into Persiaran S2/M and finally turning right into Persiaran S2/B7 onto which the Property fronts. Access from the North-South Highway is via the Seremban toll exit, taking a right turn into Jalan Sungai Ujong and then followed by the main road leading to Seremban 2 i.e. Persiaran S2/1.

Other information on the Property as extracted from the Valuation Report dated 3 April 2015 and the update valuation certificate dated 31 October 2016 is as follows:

Postal Address	Lot 31156, Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan Darul Khusus
Land title details	Lot No. PT 557 held under Title No. HSD 206530, Bandar Seremban Utama, District of Seremban, State of Negeri Sembilan
Tenure	In perpetuity
Registered owner	Mydin Mohamed Holdings Berhad
Net land area for the Property	54,175 sq. m. (583,135 sq. ft. or 13.387 acres)
Property use	Three (3) storey mall cum hypermarket with two (2) sub-basements
Age of the building	Approximately two (2) years and nine (9) months old
Commencement of operations	December 2013
Number of car parking bays	Approximately 1,454
Gross built-up area	103,520.47 sq. m. (1,114,301.44 sq. ft.)
Net lettable area[^]	40,003.55 sq. m. (430,594.62 sq. ft.) - as at 31 January 2015 40,008.00 sq.m. (430,642.47 sq.ft) - as at 30 September 2016
Occupancy rate[#] (approximate)	89.10% - as at 31 January 2015 90.44% - as at 30 September 2016
Gross rental income (existing tenants of Mydin)	RM1,710,014.34 a month (equivalent to RM20,520,172.08 per annum) - as at 31 January 2015 RM1,636,972.87 a month (equivalent to RM19,643,674.44 per annum) - as at 30 September 2016
Encumbrances	(i) Lien Holder's caveat by Maybank Islamic Berhad; and (ii) Private caveat by ART
Category of land use	Building
Express conditions	"Tanah ini hendaklah digunakan untuk bangunan perniagaan sahaja"
Restriction in interest	"Tanah yang diberimilik ini tidak boleh dipindahmilik, dipajak, digadai atau dicagarkan melainkan dengan kebenaran Pihak Berkuasa Negeri"
Net book value as at 31 March 2016[*]	RM148,044,555.60
Market values and dates of valuation as appraised by the Valuer	RM240,000,000 - Market Value as at Date of Valuation, 31 January 2015 RM240,000,000 - Update Market Value as at Date of Valuation, 19 October 2016

Notes:

[^] The slight increase in net lettable area from 430,594.62 sq. ft. to 430,642.47 sq. ft. is due to re-arrangement of promotion space within the mall area to cater for more space for retailers to occupy the Property.

[#] The occupancy rate refers to the existing tenants of Mydin. The Property is fully leased to Mydin from 13 September 2016 which is the commencement date of the Lease, being the Date of Full Loan Disbursement. Further details of the Agreement to Lease and Supplemental Agreement to Lease are set out in Section 6.1.4 of this AP.

^{*} Provided by the management of Mydin.

6.1.3 Salient terms of the SPA, Supplemental Agreement and Second Supplemental Agreement

SPA

The salient terms of the SPA are as follows:

(i) **Agreement for Sale**

In consideration of the Purchase Consideration in respect of the Property, the Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase the Property together with the Said Fixtures and Fittings (as defined therein the SPA) free from all encumbrances and with vacant possession (save and except for the Lease and the Existing Tenancies and the tenancies under the New Tenancy Agreement(s), subject to the category of land use and the terms and conditions express or implied in the issue document of title to the Property on an “as is where is” basis and upon the terms and conditions contained in the SPA.

(ii) **Terms of Payment**

The Purchase Consideration is to be paid as follows:

- (a) within fourteen (14) Business Days from the date of the SPA or such extended period mutually agreed, the sum of Ringgit Malaysia Four Million Eight Hundred Thousand (RM4,800,000.00) (two per centum (2%) of the Purchase Consideration) to be paid to the Vendor’s solicitors as stakeholders as a deposit (“**Deposit**”). The Vendor’s solicitors are authorised to release the Deposit to the Vendor on the day next after the Unconditional Date (as defined in the SPA) being the date when both the Vendor and Purchaser have reverted to each other with their respective written confirmations of the approval or fulfilment of all of their respective conditions precedent as set out in the SPA and which written confirmation shall also confirm that there has been no breach of their respective representations and warranties as at the date of such confirmation;

The Deposit was paid to the Vendor’s solicitors as stakeholders on 15 May 2015.

- (b) the balance purchase price of Ringgit Malaysia Two Hundred Thirty Five Million and Two Hundred Thousand (RM235,200,000) (“**Balance Purchase Price**”) to be paid as follows:
- (i) the Purchaser to pay the difference if any between the Balance Purchase Price and the Purchaser’s loan which the Purchaser proposes to apply and obtain from a financial institution (“**Loan**”) and which Loan amount is approximately Ringgit Malaysia One Hundred and Twenty Five Million (RM125,000,000.00) only (“**the Differential Sum**”) ¹ to the Vendor’s solicitors as stakeholders and cause the financial institution to which the Purchaser applies for the Loan (“**the Financier**”) to forward its undertaking to pay the Loan within four (4) months from the SPA date or one (1) month from the Unconditional Date whichever is the later, or upon the expiry thereof, such other further period as shall be mutually agreed upon by the Vendor and the Purchaser (“**Completion Period**”);

¹The Differential Sum to be paid by the Purchaser to the Vendor’s solicitors based on the bank borrowings obtained from Maybank Islamic Berhad of up to RM125,000,000 is approximately Ringgit Malaysia One Hundred Ten Million and Two Hundred Thousand (RM110,200,000.00) only.

- (ii) the Financier is to pay the Redemption Sum (being the sum of monies owing and payable by the Vendor to Danajamin Nasional Berhad (the “Chargee”) under or pursuant to the Vendor’s loan with the Chargee (“Vendor’s Loan”)) to the Chargee to redeem/discharge the Property;
 - (iii) the balance of the Loan to be paid to the Vendor’s solicitors as stakeholders; and
 - (iv) Ringgit Malaysia Twelve Million (RM12,000,000) (“Retention Sum”) from the Differential Sum to be released by the Vendor’s solicitors to Purchaser’s solicitors as stakeholders pending completion of the Vendor’s obligations in respect of the repair, rectification, remedial and replacement works listed as non-material by the independent consultant (“Non-Material Repair, Rectification, Remedial and Replacement Works”) in the report (“Building Due Diligence Inspection and Audit Report”) that will be prepared by the independent consultant pursuant to its building due diligence inspection and audit of, inter alia, the condition state nature and character of the Property (“Building Due Diligence Inspection and Audit”) and/or upon completion of the Vendor’s obligations to make good any change, deviation, defects or damage to the Property as disclosed in the joint inspection of the Property to be conducted by both the Vendor and the Purchaser (“Joint Inspection”) and/or which shall become apparent within a period of twenty four (24) months after the date of issue of the certificate of practical completion for the building located on the Property and/or upon completion of the Vendor’s obligations to rectify or make good the Property if within twelve (12) months of the date of the SPA any warranty or representation given by the Vendor in respect of the building located on the Property is found to be untrue or inaccurate and the building located on the Property requires repairs, remedial and/or replacement works to be carried out, failing which the Purchaser shall be entitled to carry out the necessary works and thereafter the costs and expenses thereof shall be claimed and deducted from the Retention Sum. Any balance of the Retention Sum shall be released to the Vendor’s solicitors upon written confirmation by the Purchaser.
- (c) if the Balance Purchase Price is not paid by the expiry of the Completion Period, the Purchaser has a further period of thirty (30) days to pay subject to interest at the rate of eight per centum (8%)² per annum on the Balance Purchase Price or such part thereof as shall not have been paid, as the case may be, to be calculated on a daily basis from the day falling after the expiry of the Completion Period until actual payment;
 - (d) if the Redemption Sum exceeds the Balance Purchase Price less the Retention Sum, the Vendor to deposit the excess amount within seven (7) days failing which the Vendor shall grant to the Purchaser an extension of time free of interest to pay the Balance Purchase Price; and
 - (e) any residue from the Balance Purchase Price after payment of the Redemption Sum and deduction of the Retention Sum to be released to the Vendor after expiry of fourteen (14) days of the presentation of the Memorandum of Transfer (being the statutory form of Form 14A prescribed under the National Land Code, 1965 to be executed by the Vendor and the Purchaser for the transfer of the Property from the Vendor to the Purchaser in accordance with the terms and conditions of the SPA) at the relevant land authority.

² The late payment interest rate is set at a rate agreed between the Vendor and the Purchaser.

(iii) **Conditions Precedent**

The SPA shall be conditional upon the following conditions being fulfilled by the Vendor or the Purchaser (as the case may be), at their own costs and expense within an initial cut-off period of five (5) months from the date of the SPA or such other further extension as shall be mutually agreed in writing by the Purchaser and the Vendor (“**Cut-Off Period**”)³.

Vendor’s Conditions Precedent

- (a) the approval of the Vendor’s board of directors and shareholders (if required) for the disposal of the Property and for the Lease which resolutions were passed on 27 April 2015;
- (b) the receipt of consent to transfer the Property from the Vendor to the Purchaser from the State Authority, Negeri Sembilan which was obtained on 8 July 2015;
- (c) the Agreement to Lease upon due execution having been duly stamped and the due execution of the Lease Documents (being the Lease Agreement, the statutory form of Form 15A prescribed under the National Land Code 1965 for the registration of the Lease in favour of Mydin and the application to obtain approval from the State Authority for its consent to lease the Property to Mydin (“**Consent To Lease**”) which will be undertaken after Completion of the Acquisition); and
- (d) the Vendor to undertake the repair, rectification, remedial and replacement works which are listed as material by the independent consultant (“**Material Repair, Rectification, Remedial and Replacement Works**”) (based on the results of the Building Due Diligence Inspection and Audit Report) to the satisfaction of the independent consultant. The Building Due Diligence Inspection and Audit Report was issued by Messrs. W.M. Malik & Kamaruzaman (“**Independent Consultant**”) on 8 June 2015 and has since been forwarded to the Vendor for them to undertake the Material Repair, Rectification, Remedial and Replacement Works. Pursuant thereto, the Purchaser with the agreement of the Vendor has decided to appoint a consultant to undertake a further study (“**Further Study**”) of certain defects located at the car park area of the Property (as identified in the Building Due Diligence Inspection and Audit Report) for the purposes of investigating and verifying the strength and integrity of the car park structure, identifying the real cause of the said defects and whether the said defects at the car park area are due to a design fault(s) or due to workmanship problems and to recommend the best solution for necessary rectification works and pursuant thereto the Independent Consultant has issued a Further Structure Investigation Audit Report on 10 December 2015. Based on the results of the Building Due Diligence Inspection and Audit and the Further Structure Investigation Audit Report, the material defects detected in the Car Park Block of the Property are as follows:
 - (i) slab thickness of the floor slab in certain areas is less than the relevant design;
 - (ii) concrete cover of the floor slab exceeded the relevant design;
 - (iii) overstress of the reinforced ground floor slab type GS3 End Span; and
 - (iv) high carbonation in the concrete mixture (“**High Carbonation Issue**”),(Collectively referred to as the “**Material Defects**”)

Based on the SPA, all the Vendor’s Conditions Precedent have been fulfilled save for

³ The initial Cut-Off Period has since expired on 26 September 2015 and the Vendor and the Purchaser have agreed to a series of extensions thereto whereby the latest expiry date of the Cut-Off Period currently falls on 27 December 2016.

the Vendor's obligation to undertake the Material Repair, Rectification, Remedial and Replacement Works (based on the results of the Building Due Diligence Inspection and Audit Report) to the satisfaction of the Independent Consultant ("**Outstanding Vendor's Conditions Precedent**"). Pursuant to the above, the Vendor will undertake the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects subject to the terms and conditions of the Supplemental Agreement which will vary the SPA including in the following manner:

- (i) due to the inter-conditionality of the Acquisition and the Rights Issue, the Vendor and the Purchaser have agreed to vary the Outstanding Vendor's Conditions Precedent to permit the Vendor to complete the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects within the Material Defects Rectification Period (as defined below) to facilitate the completion of the Acquisition and hasten the expected benefits arising from the Acquisition to AHP; and
- (ii) the SPA has been varied to require a fresh Unit Holders' approval in relation to the Rights Issue arising from the Additional Undertaking⁴.

Purchaser's Conditions Precedent

- (a) the approval of the Purchaser's board of directors for the acquisition of the Property and for the Lease which were passed on 29 May 2015;
- (b) the Purchaser to undertake a Building Due Diligence Inspection and Audit on the Property and a written report to be prepared by an independent consultant (to be appointed by the Purchaser at the Purchaser's cost), the results of which are to be satisfactory to the Purchaser. The Building Due Diligence Inspection and Audit Report was issued by Messrs. W.M. Malik & Kamaruzaman on 8 June 2015;
- (c) the Purchaser's solicitors to conduct legal due diligence on the Property the results of which are to be satisfactory to the Purchaser. The report in respect of the legal due diligence on the Property was issued on 29 July 2015;
- (d) the receipt of consent to charge the Property from the State Authority, Negeri Sembilan (for the Purchaser's Loan) which was obtained on 22 October 2015;
- (e) the approval of the SC for the Abridged Prospectus pursuant to the Rights Issue;
- (f) the approval of the SC for the valuation of the Property (if required) ("**SC Approval for Valuation**");
- (g) the approval of Bursa Securities for the listing and quotation of new units of AHP pursuant to the Rights Issue on the Main Market of Bursa Securities which was obtained on 16 July 2015;
- (h) the approval of the Unit Holders to the Amendment for Pledging of Trust's Assets to Secure Borrowings and Increase in Borrowing Limit which was obtained at an adjourned EGM held on 14 April 2015 and the Rights Issue which was obtained at an adjourned EGM held on 14 August 2015 and in respect of the Amendment for Pledging of Trust's Assets to Secure Borrowings and Increase in Borrowing Limit, the First Restated Deed has been registered with the SC on 26 August 2015;
- (i) the execution of the Lease Documents (being the Lease Agreement, the statutory form of Form 15A prescribed under the National Land Code 1965 for the registration

⁴ As announced on 28 November 2016, a fresh approval from the Unit Holders is no longer required in view that the Trustee and the Manager have released PNB from the Additional Undertaking whereby the Rights Issue is undertaken with underwriting arrangement.

of the Lease in favour of Mydin and the Consent To Lease) by the Purchaser, which will be undertaken after Completion of the Proposed Acquisition; and

- (j) the approval of any other relevant authorities, if required.

Supplemental Agreement

The salient terms of the Supplemental Agreement are as follows:

- (a) the term “**Completion Period**” (which is the time period for the Purchaser to pay the full Balance Purchase Price) as defined under the SPA shall now mean a period of two (2) months from the Unconditional Date or such further period to be mutually agreed by the Vendor and the Purchaser;
- (b) the payment of the Balance Purchase Price is no longer conditional on the completion of the Material Repair, Rectification, Remedial and Replacement Works by the Vendor. The Vendor and the Purchaser have agreed to proceed with the completion of the sale and purchase of the Property whereby the Purchaser shall proceed to pay the Balance Purchase Price upon the fulfillment of all remaining conditions precedent and in accordance with the terms and conditions of the SPA as substituted amended or modified by the Variation Letter and the Supplemental Agreement;
- (c) as there are material variations in the disclosure in the Circular dated 30 July 2015 to the Unit Holders of AHP in relation to Rights Issue, the Supplemental Agreement has also introduced a new condition precedent i.e. the Purchaser is required to obtain the approval of the Unit Holders of AHP afresh in respect of the Rights Issue;
- (d) for the purposes of completing the Material Repair, Rectification, Remedial and Replacement Works:
- (i) Messrs. 3R System Sdn Bhd, a third party specialist contractor has conducted further additional tests on the Material Defects (“**Additional Tests**”); and
- (ii) the method of rectification of the Material Defects (“**Method of Rectification**”) will be based on EITHER:
- (1) the proposal by the Vendor’s civil and structural engineer i.e. Messrs. TDC Engineering Consultants Sdn Bhd (“**TDC**”) which must be based on results of the Additional Tests. TDC’s proposal must be agreed to by the Independent Consultant; OR
- (2) if the Independent Consultant, based on sound engineering practices and standards for similar buildings and defects of similar nature and in accordance with the Standard Engineering Practice Code (“**Sound Engineering Standards and Norms**”) and after taking into consideration the age and the nature of usage of the Property and the fact that the Purchaser is acquiring the Property as a used property and not a newly built property with new fixtures, fittings and installations (“**Age, Usage and Acquisition Factors**”), is disagreeable with TDC’s proposal, then on such other alternative Method of Rectification (based on Sound Engineering Standards and Norms and after taking into consideration the Age, Usage and Acquisition Factors) as may be recommended by the Independent Consultant,
- (iii) the Vendor must complete the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects within six (6) months from the Completion Date (hereinafter referred to as the “**Material Defects Rectification Period**”);

- (iv) upon completion of the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects, the Purchaser and the Independent Consultant must inform the Vendor whether or not the Purchaser and the Independent Consultant are satisfied with the results, based on the Sound Engineering Standards and Norms after taking into account the Age, Usage and Acquisition Factors, and if not satisfactory, the Vendor must undertake such further rectification works. The Independent Consultant shall again determine whether such further works undertaken by the Vendor are satisfactory or otherwise based on the Sound Engineering Standards and Norms after taking into account the Age, Usage and Acquisition Factors;
- (v) if either:
 - (1) the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects have not been completed within the Material Defects Rectification Period; and/or
 - (2) the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects have not been completed to the satisfaction of the Independent Consultant based on the Sound Engineering Standards and Norms after taking into account the Age, Usage and Acquisition Factors, then the Purchaser is entitled to carry out the relevant repair works to the Material Defects. In such an event, the Purchaser's solicitors are to release all costs and expenses incurred by the Purchaser in carrying out the aforesaid works from the Retention Sum (as defined hereinafter);
- (e) subject to the Independent Consultant's satisfaction of the Material Repair, Rectification, Remedial and Replacement Works undertaken to the Material Defects and in the event the Lease is terminated, the Vendor's rights, interest, benefits, obligations and liabilities under the contracts and warranties in respect of the Material Repair, Rectification, Remedial and Replacement Works, if any are then subsisting, are to be novated to the Purchaser by way of a novation agreement(s). The Agreement to Lease is to be amended (by way of the Supplemental Agreement to Lease) together with the Lease Agreement to incorporate this obligation of and undertaking by the Vendor;
- (f) with regards to the High Carbonation Issue, the Vendor shall conduct a further test after signing of the Supplemental Agreement to measure the carbonation in the concrete mixture at the Car Park Block and if fifty per cent (50%) of the results of the test confirms carbonation in the concrete mixture is higher than 6 millimetres, the Vendor is to undertake anti-carbonation painting. Otherwise if fifty per cent (50%) of the results of the test confirms the carbonation in the concrete mixture is 6 millimetres or less, a follow up test is to be conducted within three (3) months from the Supplemental Agreement whereby anti-carbonation painting is to be undertaken by the Vendor where fifty per cent (50%) of the results of this second test confirms that the carbonation in the concrete mixture at the Car Park Block is higher than 6 millimeters. All of the aforesaid is to be undertaken at the Vendor's cost and expense and any failure by the Vendor to carry out the anti-carbonation painting will entitle the Purchaser to carry out such anti-carbonation painting and claim all costs and expenses from the Retention Sum;
- (g) If there are any defects caused to the Property in future during the Lease due to the High Carbonation Issue, then the Vendor is obligated to undertake the relevant repairs to make good such defects. This will also be incorporated into the Supplemental Agreement to Lease and the Lease Agreement;

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- (h) under the Supplemental Agreement, the Vendor must represent and warrant, inter alia, that if there are any defects, shrinkage or other faults in the Car Park Block which are attributable to the Material Defects or failure of the Material Repair, Rectification, Remedial and Replacement Works undertaken by the Vendor to the Material Defects as determined by the Independent Consultant within a period of twelve (12) months after the date of completion of the Material Repair, Rectification, Remedial and Replacement Works as certified by the Independent Consultant (“**Defect Liability Period (Material Defects)**”), then the Vendor must carry out further works which must be satisfactory to the Independent Consultant, based on the Sound Engineering Standards and Norms after taking into account the Age, Usage and Acquisition Factors, within a thirty (30) day period from the Vendor’s receipt of the Purchaser’s notification. Failure to do so will result in the Purchaser being entitled to carry out the repair works and to recover from the Vendor such costs including by claiming from the Retention Sum;
- (i) if the Purchaser were to undertake the further works as described under paragraph (d)(v) and/or (h) above and the Retention Sum is not sufficient to cover the Purchaser’s costs, then the Vendor is also obliged to reimburse to the Purchaser for such costs in excess of the Retention Sum;
- (j) the term “**Retention Sum**” as defined under the SPA is increased from Ringgit Malaysia Twelve Million (RM12,000,000.00) to the sum of Ringgit Malaysia Fifteen Million (RM15,000,000.00);
- (k) in any event, the Retention Sum shall be utilised:
- (i) in accordance with the provisions of the SPA, including the costs of undertaking any non-material repair, rectification, remedial and replacement works which have not been completed by the Vendor in accordance with the SPA;
 - (ii) to complete the anti-carbonation painting in the event the Vendor fails to do so and for any future works in the event of defects caused to the Property in future during the Lease due to the High Carbonation Issue in the event the Vendor fails to do so;
 - (iii) to complete the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects to the satisfaction of the Independent Consultant in the event the Vendor fails to do so;
 - (iv) to complete such further works in respect of defects shrinkage or other faults in the Car Park Block attributable to the Material Defects or failure of the Material Repair, Rectification, Remedial and Replacement Works undertaken by the Vendor to the Material Defects as determined by the Independent Consultant arising during the Defect Liability Period (Material Defects) to the satisfaction of the Independent Consultant in the event the Vendor fails to do so;
 - (v) towards the fees and expenses due and payable to the Independent Consultant in relation to the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects.
- (l) upon expiry of the Defect Liability Period (Material Defects), the Purchaser’s solicitors are to release the Retention Sum to the Vendor less any sums referred to under the Supplemental Agreement (including the costs referred under paragraph (k) above) but subject always to the completion of all relevant works which is obliged to be undertaken by the Vendor under the SPA as substituted amended or modified by the Variation Letter and the Supplemental Agreement including:
- (i) the non-material repair, rectification, remedial and replacement works which have not been completed by the Vendor in accordance with the SPA;
 - (ii) completion of the anti-carbonation painting;

- (iii) completion of the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects⁵;
 - (iv) completion of any repair or rectification works required under the SPA (including during the defect liability period provided for therein);
 - (v) completion of the necessary repairs to the Car Park Block due to defects, shrinkage or other faults arising during the Defect Liability Period (Material Defects); and
 - (vi) upon confirmation of the full settlement by the Vendor of all fees and expenses due and payable to the Independent Consultant in relation to the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects.
- (m) all fees and expenses of the Independent Consultant in relation to the matters and scope of work to be undertaken by the Independent Consultant under the Supplemental Agreement is to be borne by the Vendor. If the Purchaser were to pay such costs to the Independent Consultant, then such costs of the Independent Consultant may be deducted from the Retention Sum if the Vendor fails to reimburse the Purchaser for such costs.

Second Supplemental Agreement

The salient terms of the Second Supplemental Agreement are as follows:

The SPA as substituted, amended or modified by the Variation Letter and the Supplemental Agreement is hereby further varied as follows:

- (a) The Parties have agreed that whilst pending the completion of the Proposed Rights Issue and the Unconditional Date, Mydin will deliver the Redemption Statement together with its undertaking to refund the bank borrowings (“Vendor’s Undertaking”) within three (3) days from the date of the Second Supplemental Agreement.
- (b) Subject to Mydin’s delivery of the Redemption Statement and the Vendor’s Undertaking, the Trustee shall then be obliged to cause the Financier to pay the Redemption Sum within seven (7) Business Days from the date of the Second Supplemental Agreement, for the purposes of redeeming and discharging the Property⁶.
- (c) Within five (5) days of receipt of the Redemption Sum by the Chargee, Mydin is then obliged to deliver, inter alia, the original issue document of title to the Property and the relevant discharge of charge in respect of the existing charge lodged by the Chargee⁶.
- (d) The Parties have also agreed that whilst pending the adjudication and stamping of the MOT and the perfection of the Financier’s charge, the Financier shall lodge a lien-holder’s caveat (“Lien-Holder’s Caveat”) in favour of the Financier as an interim security for the bank borrowings within seven (7) Business Days from the date of receipt of, inter alia, the original document of title to the Property and the aforesaid discharge of charge⁶.
- (e) Within seven (7) Business Days of the presentation of the Lien-Holder’s Caveat at the relevant land authority, the Financier shall pay:

⁵ The Material Repair, Rectification, Remedial and Replacement Works undertaken by the Vendor to the Car Park Block of the Property is currently ongoing. The rectification works had commenced on 15 July 2016. Overall, the current progress for the Material Repair, Rectification, Remedial and Replacement Works of the Car Park Block is about 80% completed. The completion of the Material Repair, Rectification, Remedial and Replacement Works is scheduled to be completed by mid-December 2016

⁶ Mydin has delivered the Redemption Statement and the Vendor’s Undertaking to the Financier’s Solicitors vide Mydin’s solicitors’ letter dated 17 May 2016. Therefore, the seven (7) Business Days for payment of the Redemption Sum shall commence from the date of the Second Supplemental Agreement. The Redemption Sum was paid on 25 August 2016. The original issue document of title to the Property has been deposited with Maybank Islamic Berhad who has lodged a lienholder’s caveat over the Property on 5 September 2016 as interim security.

- (i) directly to the Trustee the sums of RM2,407,790.01 only (“Initial Security Deposit”) being the initial performance deposit and the sum of RM802,596.67 only being the initial utilities deposit (“Initial Utilities Deposit”). The Initial Security Deposit and the Initial Utilities Deposit shall be replaced by irrevocable bank guarantees for the same amounts as the Initial Security Deposit and the Initial Utilities Deposit respectively within thirty (30) days from the Date of Full Loan Disbursement (as defined hereinafter); and
- (ii) the remaining portion of the bank borrowings less the Redemption Sum and after the deduction of the Initial Security Deposit and the Initial Utilities Deposit (hereinafter referred to as the “Final Balance of the Loan”) to Mydin’s solicitors who are authorised to release the Final Balance of the Loan immediately to Mydin. In addition thereto, Mydin’s solicitors are also authorised to release the Deposit (paid by the Trustee as purchaser to Mydin’s Solicitors pursuant to the terms of the SPA) together with all accrued interest earned therefrom, simultaneously with the release of the Final Balance of the Loan.

The date of either Mydin’s Solicitors’ receipt of the Final Balance of the Loan or the date of the Trustee’s receipt of the Initial Security Deposit and the Initial Utilities Deposit, whichever is the later, shall be referred to hereinafter as the “Date of Full Loan Disbursement”. The Date of Full Loan Disbursement has been confirmed as 13 September 2016.

- (f) Simultaneously on the Date of Full Loan Disbursement, Mydin shall begin to pay to the Trustee on a monthly basis a portion of the Rent which is payable for Term 1 based on the percentage of the portion of the Purchase Price received by Mydin on the Date of Full Loan Disbursement and which portion amounts to RM757,166.67 only per month.
- (g) Upon the MOT having been duly adjudicated and stamped, it is to be released to the Financier’s solicitors with the intent that the latter present the same for registration.
- (h) Once Unconditional Date has been confirmed (when the outstanding Conditions Precedent of the Trustee have been fulfilled), the Trustee will then be obligated to pay the remaining balance of the Balance Purchase Price which is the Differential Sum (i.e. the difference between the Balance Purchase Price and the bank borrowings) less a retention sum of RM15,000,000.00 (“Retention Sum”) to Mydin’s solicitors as stakeholders on or before the expiry of two (2) months from the Unconditional Date, or such other further period as mutually agreed upon by the Parties in writing. The term “Completion Date” has now been amended to mean the date of payment of the Differential Sum less the Retention Sum to Mydin’s solicitors as stakeholders in accordance with the terms of the Second Supplemental Agreement.
- (i) Mydin’s solicitors are authorised to release the Differential Sum less the Retention Sum immediately to Mydin PROVIDED ALWAYS that the documents particularised in Clause 6.05 of the SPA (i.e. technical documents pertaining to the Property such as original building plans, certificate of completion and compliance, insurance policies, all original manuals, handbooks, maintenance records, as-built drawings and any other relevant documents) have been received by the Trustee.

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6.1.4 Salient terms of Agreement to Lease and Supplemental Agreement to Lease

Agreement to Lease

Term	Details	
Lessor	AmanahRaya Trustees Berhad as trustee for AHP	
Lessee	Mydin	
Building/Demised Premises	Building	Gross Floor Area
	Three (3) storey mall cum hypermarket building with two (2) sub-basements	1,114,301.44 sq. ft. or 103,520.47 sq. m.
	Car park bays	Approximately 1,454 units

which is located on the Property

Initial Lease Period An initial thirty (30) years commencing from the Commencement Date (being the Date of Full Loan Disbursement pursuant to the Supplemental Agreement to Lease and which is now confirmed as 13 September 2016) divided into separate periods in relation to the Rent amount

Commencement Dates Commencement of the Lease and Term (which consists of the Initial Lease Period as mentioned above and any extended lease period thereto, if applicable) is conditional upon completion of the transaction under the SPA

Conditions Precedent

- (a) Consent to Lease; and
- (b) Lessor being registered as registered proprietor of the Demised Premises free from all encumbrances

If (a) above is not fulfilled, then Parties continue with the Lease which is governed by the terms of the Agreement to Lease/Lease Agreement on a landlord and tenant basis and as if the Lease Agreement has been duly registered with the land registry

If (b) above is not fulfilled, then the Agreement to Lease is terminated and all Rent already paid will be retained by the Trustee

Term Initial Lease Period (as described earlier above) and/or the Extended Lease Period (being the subsequent lease period of the Lease in the event the Lease is renewed in accordance with the terms of the Agreement to Lease/Lease Agreement), as the case may be

Rent The agreed rental for the Initial Lease Period are as follows:

Term	Period	Rent (per month)
Term 1	Year 1 to Year 4	RM1,400,000.00
Term 2	Year 5 to Year 8	RM1,540,000.00
Term 3	Year 9 to Year 11	RM1,694,000.00
Term 4	Year 12 to Year 14	RM1,863,400.00
Term 5	Year 15 to Year 17	RM2,049,740.00
Term 6	Year 18 to Year 20	RM2,254,714.00
Term 7	Year 21 to Year 23	RM2,480,185.42
Term 8	Year 24 to Year 26	RM2,728,203.92
Term 9	Year 27 to Year 29	RM3,001,024.33
Term 10	Year 30	RM3,301,126.75

For the Extended Lease Period – such Rent to be mutually agreed by both Parties.

Term	Details
	<p>The initial rental rate was based on a seven percent (7%) triple net yield of the Purchase Consideration and the rental renewal is at every four (4) years for the first two (2) terms and subsequently at every three (3) years for subsequent terms, at ten percent (10%) incremental rate for every term renewal.</p> <p>The initial lease term of thirty (30) years is to ensure the continuity of Mydin's business, together with the steady stream of rental income to be accrued from the property, benefitting the Trust.</p>
Terms of Payment	Rent shall be paid in advance on monthly basis on or before the 7th day of each month throughout the Term
Security Deposit	The sum equivalent to the aggregate of 3.18 months' Rent which shall be revised accordingly to reflect the Rent for Term 1, Term 2, Term 3, Term 4, Term 5, Term 6, Term 7, Term 8, Term 9, Term 10 and the Extended Lease Period respectively in the form of an irrevocable bank guarantee in such form and substance as may be acceptable to the Lessor, acting reasonably
Utilities Deposits	The sum equivalent to the aggregate of 1.06 month's Rent, which shall be revised accordingly to reflect the Rent for Term 1, Term 2, Term 3, Term 4, Term 5, Term 6, Term 7, Term 8, Term 9, Term 10 and the Extended Lease Period respectively in the form of an irrevocable bank guarantee in such form and substance as may be acceptable to the Lessor, acting reasonably
Option for Renewal of Lease upon expiry of Term of 30 years	Upon Mydin's written request made not less than twelve (12) months before the expiration of the Initial Lease Period of thirty (30) years, the Trustee may, at its sole and absolute discretion, grant to Mydin a further extension of the Lease for the Extended Lease Period (the length of which shall be mutually agreed to between the Trustee and Mydin) subject to the same terms and conditions in the Agreement to Lease/the Lease Agreement (save for provision for renewal under the Agreement to Lease)
Lessee's Default	<p>Upon default by Mydin (not rectified for two (2) months), the Trustee shall be entitled to:</p> <ul style="list-style-type: none"> • specific performance; or • termination of Lease whereby: <ul style="list-style-type: none"> - Mydin shall within three (3) months of receipt of termination notice from the Trustee source for a replacement lessee acceptable to the Trustee ("Replacement Lessee") for the unexpired period of the Initial Lease Period/Extended Lease Period and upon such terms and conditions as shall be acceptable to the Trustee PROVIDED THAT Mydin shall pay any shortfall between the Rent and the rent payable to the Trustee by the Replacement Lessee - If Mydin fails to find a Replacement Lessee, the Trustee shall forfeit the Security Deposit, the Utilities Deposit and claim damages not exceeding the Rent for the entire unexpired period of the Term (less the Security Deposit) PROVIDED THAT the Trustee shall use reasonable efforts to mitigate and recoup the losses suffered
Lessor's Default	<p>Upon default by the Trustee (not rectified for three (3) months), Mydin shall be entitled to:</p> <ul style="list-style-type: none"> • specific performance; or • termination of Lease whereby: <p>The Trustee to refund the Security Deposit, the Utilities Deposit free of interest and pay damages not exceeding the Rent for the entire unexpired period of the Term</p>
Lessee's Responsibility	The Lessee is responsible for upkeep, repair and maintenance of the Property including payment for quit rent, assessments, insurance and other outgoings in respect of the Property

Term**Details**

In addition to the above, the Lessee shall also be responsible to bear other expenses which include, inter alia:-

- (a) all application and connection fees, deposits, charges and outgoings in respect of installation and supply of electricity, water, gas, telecommunication services, sewerage services, maintenance charges and other utilities or consumption used at the Property;
- (b) charges for the supply of telephone service and telecommunication services at the Property;
- (c) the costs and expenses of repairing and mending any damages, repairs, replacements and/or defects due to want of care, misuse, abuse or otherwise by the Vendor, its tenants or their employees, servants, agents, visitors or invitees;
- (d) the cost and expense of procuring all approvals, permits, consents and/or licenses for carrying out its businesses and activities at the Property;
- (e) the cost and expense of maintaining the Property (including internal and external structures, the roof, flooring and interior plaster or other surface materials) in good tenantable and acceptable repair and clean sanitary condition (fair wear and tear excepted);
- (f) the cost and expense of replacing or repairing any part of the exterior and interior of the Property (the flooring and interior plaster or surface materials, or rendering on walls and ceilings, the Lessor's fixtures therein inclusive of air-conditioning and ventilation systems, electrical wiring or mechanical fittings, plumbing system, lifts, escalators, fire-fighting system, CCTV or Building Management System (BMS) (if any) and stairways, internal and external structures, exterior and interior wall, interior floors and the roof, gutters, drainage and sewerage systems, water tanks, gates and fencing, roadways, interior and exterior doors, windows, glass shutters, locks and fastenings, installations and fittings for the light and power and other fixtures and additions therein which shall be broken or damaged or otherwise require replacement or repair during the Term. The Lessee is to be wholly responsible for any damage, loss or injury caused to the Purchaser or to any person whomsoever, directly or indirectly, through the damaged condition of any part of the Property including, without limitation, the aforesaid items;
- (g) the cost and expense of providing security for the Property;
- (h) the cost and expense of keeping in effect a separate public risk liability insurance and building insurance for loss of damage by fire, lightning, tempest, flood, riot, civil commotion, strike, malicious acts, loss of rentals, breakdown of machinery and breaking of glass for such amount as the Purchaser deems adequate and proper with an insurer approved by the Purchaser in the names of the Purchaser (including AHP and PHNB);
- (i) the cost and expense of any necessary alterations to the sprinkler, fire alarm and fire safety installation;
- (j) the cost and expense of procuring and obtaining all necessary licenses, permits, registration, authorities and approvals (including trade name and licenses for the Vendor's or its tenants' signages and advertisements) and other consents necessary for the use of the Property for their lawful activities to be conducted at the Property;
- (k) on determination of the Lease (whether due to expiry of sooner determination thereof), the cost and expense of restoring and reinstating the Property to a good and substantial, clean and tenantable state and condition as at the commencement date of the Lease (fair wear and tear excepted) including the removal of all equipment, signs and all erections, alterations, additions and other items of the Vendor or its tenants;

Term	Details
	(1) the cost and expense of managing and maintaining the whole of the Property including without limitation, the structures, walls, entrances, exits, stairways, corridors, lifts, all car parks servicing the Property, walkways and passages, in good repair and condition throughout the term of the Lease, whether by the Vendor itself or through a property management company to be appointed by the Vendor at its discretion.

Supplemental Agreement to Lease

The salient terms of the Supplemental Agreement to Lease are as follows:

The Agreement to Lease dated 27 April 2015 is hereby varied as follows:

- (a) The date of commencement of the Lease shall now fall on the Date of Full Loan Disbursement which is now confirmed as 13 September 2016.
- (b) The Rent payable for Term 1 (i.e. the initial four (4) years of the Lease) shall be varied whereby:
 - (i) during the period commencing from the Date of Full Loan Disbursement up to the Completion Date (as referred to above) ("Term 1 Pre-Completion Date Period"), the Rent shall be RM757,166.67 only per month ("Term 1 Pre-Completion Date Rent"); and
 - (ii) thereafter for the remaining period of Term 1, the Rent shall be RM1,400,000.00 only per month or a guaranteed net yield of 7% per annum based on the Purchase Price or the sum of RM16,800,000.00 per annum;
- (c) Within seven (7) Business Days of the presentation of the Lien-Holder's Caveat at the relevant land authority, the Financier shall pay directly to the Trustee the Initial Security Deposit and the Initial Utilities Deposit. The Initial Security Deposit and the Initial Utilities Deposit shall be replaced by irrevocable bank guarantees for the same amounts as the Initial Security Deposit and the Initial Utilities Deposit respectively ("Initial Security Deposit BG" and "Initial Utilities Deposit BG") within thirty (30) days from the new commencement date of the Lease that is, the Date of Full Loan Disbursement⁷.
- (d) On or before the Completion Date, Mydin is to deliver to the Trustee fresh bank guarantees for the remaining period of Term 1 (commencing from the Completion Date up to the expiry of Term 1) and which fresh bank guarantees shall cover:
 - (i) a sum equivalent to the Security Deposit payable for the remaining period of Term 1 (commencing from the Completion Date up to the expiry of Term 1); and
 - (ii) a sum equivalent to the Utilities Deposit payable for the remaining period of Term 1 (commencing from the Completion Date up to the expiry of Term 1).

whereupon the Trustee shall return to Mydin the Initial Security Deposit BG and the Initial Utilities Security Deposit BG, respectively within fourteen (14) Business Days from the Lessor's receipt of the respective aforesaid fresh bank guarantees or the Completion Date, whichever is the later.

In this regard, the Trustee is obliged to give Mydin at least seven (7) Business Days prior written notice of the actual date it proposes to pay the Differential Sum (less the Retention Sum) to Mydin's Solicitors so that Mydin has advance notice of the Completion Date in order for it to deliver the fresh bank guarantees referred under paragraphs (d)(i) and (ii) above.

⁷ The Initial Security Deposit BG and Initial Utilities Deposit BG were deposited with the Trustee on 20 October 2016.

- (e) On the new commencement date of the Lease i.e. 13 September 2016, being the Date of Full Loan Disbursement, Mydin shall pay to the Trustee a sum being equivalent to one (1) month's Term 1 Pre-Completion Date Rent OR in the event that such new commencement date falls on a day other than the first (1st) day of the month, then a proportionate sum of the said one (1) month's Term 1 Pre-Completion Date Rent which shall be calculated on pro-rata basis commencing from such new commencement date up to the last day of the month. All subsequent payments of rent for the Lease shall be made on or before the seventh (7th) day of each calendar month and every succeeding month throughout the Initial Lease Period and/or the Extended Lease Period, as the case may be.
- (f) As part of Mydin's obligations to keep and maintain the whole of the Car Park Block in good tenable and acceptable repair and clean sanitary condition (fair wear and tear excepted) during the Lease, Mydin shall also during the Material Defects Rectification Period (as defined in the Supplemental Agreement) undertake anti-carbonation painting so as to rectify any defects and/or damage to any part of the Property including but not limited to the Car Park Block due to or arising out of or related to the High Carbonation Issue and/or to reduce the carbonation process at the Demised Premises failing which the Trustee may decide to undertake such anti-carbonation painting. In such an event, the Trustee is entitled to claim all such costs and expenses from:
- (i) the Retention Sum; or
 - (ii) the Security Deposit (if the Retention Sum is not sufficient to cover such costs and expenses); or
 - (iii) Mydin (if the Retention Sum and/or the Security Deposit is not sufficient) whereby Mydin shall be obliged to pay to the Trustee such costs and expenses within three (3) Business Days from Mydin's receipt of the relevant notice in writing from the Trustee.
- (g) Mydin shall also indemnify the Trustee from all actions, claims, liabilities, costs and expenses for which the Trustee may suffer or incur arising from the Material Defects including but not limited to the High Carbonation Issue and the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects undertaken by Mydin.
- (h) Mydin shall also undertake as follows:
- (i) within fourteen (14) Business Days from the completion of the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects, Mydin or its civil and structural engineer responsible for the construction of the Demised Premises i.e. Messrs. TDC Engineering Consultants Sdn Bhd shall provide or propose an adequate maintenance program for the Car Park Block to be undertaken by Mydin throughout the Term and which maintenance program shall be agreed to by the Trustee and the Independent Consultant;
 - (ii) if there is early termination of the Agreement to Lease as substituted, amended and modified by the Supplemental Agreement to Lease and/or the duly varied Lease Agreement prior to the expiry of the Lease and no anti-carbonation painting has been carried out to the Property at any time prior to such termination (whether in accordance with the provision as described under paragraph (f) above or otherwise), then:
 - (1) Mydin shall, at its own cost and expense, undertake anti-carbonation painting at the Demised Premises within fourteen (14) Business Days from the date of such early termination failing which:

- (a) the Trustee's solicitors are authorised to release to the Trustee all costs and expenses as incurred by the Trustee in carrying out the anti-carbonation painting from the Retention Sum within seven (7) Business Days of written notice by the Trustee to the Trustee's solicitors; or
- (b) if the Retention Sum is not sufficient, then the Trustee may deduct such costs and expenses from the Security Deposit; or
- (c) if both the Retention Sum and/or the Security Deposit is not sufficient, Mydin shall pay to the Trustee the costs and expenses incurred by the Trustee in respect of its undertaking of the anti-carbonation painting as aforesaid within three (3) Business Days from Mydin's receipt of the relevant notice in writing from the Trustee;

and

- (2) all of Mydin's rights, interest, benefits, obligations and liabilities under:
 - (a) the relevant contract made between Mydin and the relevant contractor in respect of the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects (if any are then subsisting) shall be novated to the Trustee at the costs and expense of Mydin by way of a novation agreement; and
 - (b) the relevant warranties for products and/or materials and/or workmanship issued by the relevant manufacturer and/or supplier and/or applicator for the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects (if any are then subsisting) shall be novated to the Trustee at the costs and expense of Mydin also by way of a novation agreement(s).

6.1.5 Basis of determining the Purchase Consideration

The Purchase Consideration was arrived based on the market value of the Property of RM240,000,000 as appraised by the Valuer in its Valuation Report dated 3 April 2015. The update valuation of the Property as at 19 October 2016 is RM240,000,000.

The basis of valuation is the market value which is defined by the Malaysian Valuation Standards as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The Valuer, has in its Valuation Report, assessed the market value of the Property based on the Income Approach using the Investment Method. The Comparison Approach is used as a check. The market value of the Property derived from the Income Approach using the Investment Method is RM240,000,000 while the market value derived from the Comparison Approach is RM248,000,000. The Valuer considers the market value derived based on the Income Approach using the Investment Method to be the most appropriate method of valuation as the Property is an income generating property supported by the rental income received.

The Income Approach using the Investment Method is a two (2)-stage capitalisation (Term & Reversion) of the net rental income of the property at appropriate rates of return (yield) consistent with the type and quality of the property, to arrive at the market value. The Term income is the passing rents and is capitalised for the unexpired period of the tenancies, after deducting outgoings. The Reversion income is derived from market derived rental rates, as well as taking into consideration the passing rents, which is capitalised to perpetuity, after deducting outgoings.

The Comparison Approach entails analysis of sales of comparable properties. The sales comparables which are considered in arriving at the market value of the subject property have been analysed on the NLA basis and adjustments have been made to recognise the various differences between the sales comparables and subject property for time factor, location, building age/condition, building type, size of the building based on the NLA and tenure.

Further details are set out in the valuation certificate and update valuation certificate for the Property dated 3 April 2015 and 31 October 2016, respectively as enclosed in Appendix VI of this AP.

6.1.6 Additional financial commitment

Save for the financing secured to partly fund the Acquisition and capital expenditure to be incurred in the normal course of operations, AHP does not expect to incur any other financial commitment arising from the Acquisition.

6.1.7 Liabilities to be assumed

There are no contingent liabilities and guarantees to be assumed by AHP arising from the Acquisition.

6.2 Rationale for the Acquisition

The Acquisition is in line with the objective of the Manager to enhance its acquisition strategy to provide reasonable level of income return to Unit Holders and allow to gain from capital growth.

The Manager believes that the Acquisition will bring the following key benefits:

- (i) the Acquisition is expected to be DPU accretive;
- (ii) the Acquisition will provide AHP with additional stable and sustainable income stream pursuant to the leaseback agreement with Mydin with a committed lease of thirty (30) years;
- (iii) the addition of the Property, a three (3) storey mall cum hypermarket located in Seremban 2, Negeri Sembilan, will add greater geographical and income diversification to AHP's existing portfolio and also provide its Unit Holders exposure to the retail sector; and
- (iv) the Acquisition will grow the size of AHP, thus providing further opportunities for growth of the Trust, potential capital appreciation of the underlying assets and increased units in circulation for the potential trading in the market, which are all for the benefit of Unit Holders.

7. RISK FACTORS

You and/or your renounee(s) (if applicable) should carefully consider, in addition to all other information contained in this AP, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of the Trust, before subscribing for or investing in the Rights Issue. There may be additional risk factors, which are not disclosed below, that are not presently known to the Manager or that the Manager currently deems to be less significant, which may materially and adversely affect the business, financial conditions, results of operations and prospects of AHP.

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7.1 Risks relating to AHP's properties

7.1.1 Risk of non-renewal of tenancies

AHP's properties have a diversified revenue base consisting of sixteen (16) tenants in its current portfolio of six (6) commercial properties, excluding the Property, located in various parts of the Klang Valley and Kota Kinabalu, Sabah as detailed out in Section 4, Appendix II of this AP. Currently, AHP's portfolio tenancy mix is led by VADS Berhad, constituting approximately 41.4% of total portfolio NLA. Taking into account the Acquisition, AHP's enlarged portfolio consisting of seven (7) properties, would result in an increase of 108% in total portfolio NLA from 398,065 sq. ft. to 828,707 sq. ft.. The typical tenancy terms, as per the current market practice in Malaysia, is three (3) years which is applicable to the current portfolio of six (6) commercial properties. Given this short period, there is a risk that the high level of occupancy for these properties cannot be sustained going forward. However, for the Property, Mydin has entered into the Agreement to Lease and Supplemental Agreement to Lease for the initial lease period of thirty (30) years. Although the Board and the Manager would continuously take appropriate measures to limit such risks, no assurance can be given that any changes to these factors will not have a material adverse effect on the business operation of AHP.

7.1.2 Risk of new competition

AHP faces potential competition from new buildings built within the proximity of AHP properties which could lure away existing tenants. Whenever competing properties in the vicinity of AHP properties are developed or substantially upgraded or refurbished, the attractiveness of the AHP properties to prospective tenants may be affected. The rental income and market value of the AHP properties will largely depend on the ability of the AHP properties to compete against other properties in the relevant localities in attracting and retaining tenants. The Manager adopts a turnaround approach which involves repositioning exercise, extensive market research to aid its portfolio management and the introduction of best practices management. However, there is no assurance that such measures, if implemented, will be successful in the future.

7.1.3 Risk of re-financing

Every REIT faces the risks that it may not be able to refinance its bank borrowings when due. Therefore, sharp increases in the cost of debt or the inability to refinance debt when it is due will have a significant impact on AHP's ability to pay income distributions. However, AHP is expected to have access to refinancing, given the profile of its properties, and its business model. To mitigate such a risk, the interest rate is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movement in interest rate.

7.1.4 Political, regulatory and economic risks

AHP's operations are closely linked to the economic performance of Malaysia of which is also susceptible to global economic conditions. Any adverse development in the political, regulatory or economic environment and changes in political leadership may materially affect the financial performance of AHP. Political and economic uncertainties include, but are not limited to, changes in general economic, business and credit conditions, government legislations and policies affecting the real estate industry, inflation, interest rates, taxation, and political or social developments in Malaysia.

These events could adversely affect AHP, including but not limited to the following:

- (a) a negative impact on the ability of tenants of AHP to pay their rents in a timely manner or to continue their tenancies, thus reducing AHP's revenue and/or cash flows;
- (b) downward pressure/revision of rental rates; and
- (c) depreciation of property value.

7.1.5 AHP Properties may be revalued downwards

AHP's properties are revalued once every three (3) years from the date of last valuation pursuant to Clause 10.03 of the REIT Guidelines. There is no assurance that AHP's properties will not be subject to any downward revaluations in the future. Factors such as decrease in market rental and occupancy rates, fall in the net property income earned from AHP's properties may result in a downward revaluation of AHP's properties. Further downward revaluations could negatively impact AHP's gearing, which in turn could trigger certain breach of the loan covenants and/or impact AHP's ability to refinance its existing borrowings or its ability to secure additional borrowings.

Adverse business consequences of this impact on borrowings may include:

- (a) inability to fund capital expenditure requirements in relation to the AHP's properties;
- (b) inability to fund acquisitions of properties; and
- (c) cash flow shortages which may have an adverse impact on AHP's ability to make distributions.

7.1.6 Ability to retain key management

AHP's performance depends, in part, upon the continued service and performance of members of the Manager's senior management team and certain key senior personnel. These key personnel may in future leave the Manager or compete with the Manager and AHP. If the above were to occur, the Manager will need to spend time searching for a replacement and the duties which such key personnel are responsible for may be affected. The loss of any of these individuals, or of one or more of the Manager's key employees could have a material adverse effect on AHP's financial condition and results of operations.

The majority of the existing management team of the Manager have been with the Manager for more than five (5) years.

7.1.7 AHP and Unit Holders Malaysian Tax Treatment

Under the current Malaysian taxation, a REIT is treated as unit trust which is governed principally by Sections 61, 61A and 63C of the ITA. Under Section 61A(1) of the ITA, where in the basis period for a Year of Assessment ("YA"), where 90% or more of the total income of the REIT is distributed to the Unit Holders, the total income of the REIT for that YA shall be exempted from tax. Based on the recent Budget 2017 announcement which was tabled on 21 October 2016, it has been proposed that the income tax exemption under Section 61A(1) of the ITA shall only apply to a REIT which is listed on Bursa Securities.

In addition to the abovementioned condition, pursuant to the Public Ruling No. 2/2015 – Taxation of REIT or Property Trust Fund which was issued by the Malaysian Inland Revenue Board on 19 June 2015, the distribution must be made within two months from the close of the REIT's financial year, failing which, the REIT would be subject to income tax on its total income.

Where AHP's total income is exempted from tax pursuant to Section 61A of the ITA, AHP is required to withhold and remit tax to the Malaysian Inland Revenue Board within one month after distributing the total income to the Unit Holders. Details on the Malaysian withholding tax rates on distributions made to investors by a Malaysian REIT which is exempted under Section 61A of the ITA is set out on Appendix VIII of this AP.

Malaysian tax laws may be subject to change and may impact the tax treatment of AHP and/or the Unit Holders.

7.1.8 General Risks

AHP may be subject to other general risks attached to investments in real estate, including, but not limited to:

- (a) risk of uninsured or underinsured losses;
- (b) increases in property and operating expenses;
- (c) inability of the property managers to provide or procure the provision of adequate maintenance and other services;
- (d) changes in attractiveness of locations of AHP's properties or a reduction in tenant demand for particular locations of property in a given market; and
- (e) acts of God and other factors beyond the control of the Manager.

Any of these factors may cause fluctuations in occupancy rates, rent schedules, collection of rental income or operating expenses, causing a negative effect on the value of real estate and income derived from real estate.

7.2 Risks relating to the Rights Issue

7.2.1 Investment risks

The market price of the Units will be influenced by, amongst others, the prevailing market sentiments, the volatility of the stock markets, the volatility in the price of Units, the movement in interest rates, the prospects and operating results of the Trust and the future outlook of the REIT industry. In view of this, there can be no assurance that the Units will trade at or above the issue price of RM1.00 or the TERP upon or subsequent to the listing of and quotation for the Rights Units on the Main Market of Bursa Securities.

There is no assurance that the market price of the Rights Units upon or subsequent to the listing of and quotation of the Rights Units will be at a level that meets the specific investment objectives or targets of any holder of the Rights Units.

7.2.2 Failure or delay in the completion of the Rights Issue

The Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) the occurrence of any force majeure events or circumstances beyond the control of the Trust arising prior to the completion of the Rights Issue; and
- (ii) Undertaking Unit Holders, who fail to fulfill their obligations.

In the event of failure in the completion of the Rights Issue, all application monies received pursuant to the Rights Issue will be refunded to the Entitled Unit Holders and/or their renounee(s) (if applicable) who have subscribed for the Rights Units without interest.

Based on the SPA as substituted, amended and modified by the Variation Letter, the Supplemental Agreement and the Second Supplemental Agreement, the payment of the proceeds of the Rights Issue is to be made within two (2) months from the unconditional date, failing which, late interest payment charge of 8.0% per annum is payable to Mydin.

Notwithstanding the above, the Manager will exercise its best endeavors to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned events will not cause a delay in or failure to complete the Rights Issue.

7.2.3 Potential dilution

Entitled Unit Holders who do not or are not able to accept their provisional Rights Units will have their proportionate ownership and voting interests in AHP reduced.

7.3 Risks relating to the Acquisition

Unit Holders should consider the following risks inherent in the property market and the risk factors (which may not be exhaustive) pertaining to the Acquisition:

- (i) The SPA as substituted amended or modified by the Variation Letter, the Supplemental Agreement and the Second Supplemental Agreement as well as the Agreement to Lease as substituted amended or modified by the Supplemental Agreement to Lease may be terminated due to an occurrence of an event of default pursuant to the terms and conditions stipulated therein. The SPA may also be rescinded for events which are not attributable to the default of either the Vendor or the Purchaser such as the occurrence of a continuing force majeure event or the acquisition or intended acquisition of the Property or any part thereof by the State Authority or any other acquiring authority or the Memorandum of Transfer may be rejected by the relevant land registry through no fault of either the Vendor or the Purchaser despite efforts to rectify. However, the Manager and the Trustee will monitor the status and progress of the Acquisition and shall endeavour, to the extent possible, to meet and fulfil the conditions precedent of the Agreement to Lease and the terms and conditions of the SPA as substituted amended or modified by the Variation Letter, the Supplemental Agreement and the Second Supplemental Agreement as well as the Agreement to Lease as substituted amended or modified by the Supplemental Agreement to Lease;
- (ii) The Property may be affected by the increased competition from other retail malls. This could in turn have an adverse impact on AHP's future earnings and results of operations. However, the risk is mitigated in view that the Property will be leased for thirty (30) years on agreed rental rates;
- (iii) In the event AHP intends to dispose the Property, the valuation and the price at which AHP is able to sell the Property may be different from the appraised value or the initial acquisition price of the Property depending on the property market and occupancy of the building after the expiry of the Lease Agreement;
- (iv) Due diligence on the Property may not identify all defects, breaches or non-compliance of any applicable laws including by-laws, rules and regulations, requirements of the regulatory authorities and other deficiencies, which could result in rectifications being required. The representations, warranties and indemnities made in favour of AHP by Mydin may not offer sufficient protection for the costs and liabilities arising from any defect or deficiency;
- (v) AHP's revenue derived from the Property may be affected by the sustainability of the Lessee's business which may affect the ability of the Lessee to pay the rental for the Property. This could, in turn, have an adverse effect on AHP's future earnings and results of operations. Nevertheless the Agreement to Lease and the Lease Agreement do provide that where the Lease is terminated due to an unrectified material breach by the Lessee of its obligations therein, the Lessee shall within three (3) months of receipt of termination notice from the Lessor source for a Replacement Lessee for the unexpired period of the Initial Lease Period/Extended Lease Period and upon such terms and conditions as shall be acceptable to the Lessor PROVIDED THAT the Lessee shall pay any shortfall between the Rent and the rent payable to the Trustee by the Replacement Lessee. Failure by the Lessee to find a Replacement Lessee would then entitle the Lessor to the Security Deposit, the Utilities Deposit and to claim damages not exceeding the Rent for the entire unexpired period of the Term (less the Security Deposit) PROVIDED THAT the Lessor shall use reasonable efforts to mitigate and recoup the losses suffered; and

- (vi) If the Lessee does not renew the Lease, given the location and size of the Property and its utilisation as a mall-cum hypermarket, there may be prolonged vacancy of the Property in view of difficulty in identifying suitable tenants as replacement resulting in loss of revenue over such period.

All the risk factors stated above are normal in the ordinary course of business of a REIT and would apply to any acquisition of property. The Manager will endeavour to mitigate these risks so that AHP will not be subject to unreasonable risks.

7.4 Forward Looking Statements

Certain statements in this AP are based on historical data which may not be reflective of the future results, and others are forward looking in nature, which are subject to uncertainties and contingencies.

All forward looking statements are based on estimates and assumptions made by the Manager, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements.

Such factors include, inter alia, general economic and business conditions, competition, the impact of new laws and regulations affecting the Trust and the industry, changes in interest rates and foreign exchange rates. In light of these uncertainties, the inclusion of forward looking statements in this AP should not be regarded as a representation or warranty by PHNB or the advisers that the plans and objectives of the Trust will be achieved.

8. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

8.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 4.3% in the third quarter of 2016 (2Q 2016: 4.0%), underpinned mainly by continued expansion in private sector spending and additional support from net exports. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.5% (2Q 2016: 0.7%).

Overall, domestic demand grew at a more moderate pace, as the sustained growth in private sector activity was more than offset by the slower growth in public spending. Private consumption grew by 6.4% (2Q 2016: 6.3%), supported by continued wage and employment growth as well as the increase in minimum wage effective 1 July 2016. Private investment registered a growth of 4.7% in the third quarter (2Q 2016: 5.6%), supported primarily by continued capital spending in the services and manufacturing sectors. Growth of public consumption moderated to 3.1% during the quarter (2Q 2016: 6.5%) due to lower spending on supplies and services, which partially offset the higher spending on emoluments. Public investment growth contracted by 3.8% (2Q 2016: 7.5%), attributable mainly to lower spending on fixed assets by the Federal Government.

Looking ahead, overall global economic conditions will likely continue to be challenging, with subdued growth prospects despite unprecedented easing of monetary conditions in major and regional economies. The pace of expansion in the advanced economies is expected to remain modest, while in Asia, domestic demand will continue to underpin growth. Downside risks remain high, arising from the uncertainties over the timing and outcome of the UK-European Union negotiations following the UK's European Union referendum, persistence of low energy and commodity prices as well as possible disorderly market conditions arising from policy shifts in major economies. Against this backdrop, international financial market conditions will likely continue to be vulnerable to setbacks and changes in sentiments.

The Malaysian economy is expected to expand by 4-4.5% in 2016. Domestic demand, particularly private sector activity will continue to be the key driver of growth. Private consumption is expected to remain supported by wage and employment growth, with additional impetus coming from announced Government measures to increase disposable income. Investment activity will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors. On the external front, export growth is expected to remain weak following subdued demand from Malaysia's key trading partners. Overall, while domestic conditions remain resilient, uncertainties in the external environment may pose downside risks to Malaysia's growth prospects.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2016, Bank Negara Malaysia)

In 2016 the Malaysian economy is expected to continue to expand amid a challenging external environment including slower growth in the advanced economies; prolonged low oil prices; and volatile international financial markets. As an open economy, Malaysia is not immune to these external uncertainties. Nevertheless, the economic, financial and fiscal reforms undertaken over the years have provided sufficient buffers to weather external shocks. The country's fundamentals remain strong, including a stable labour market with full employment; manageable inflation; healthy foreign reserves; and a sound financial system with efficient intermediation to support the economy. Although subdued prices weigh on commodity exports, the diversified products and markets continue to support Malaysia's trade performance.

For the year, the economy is expected to remain on a steady growth path, expanding between 4% and 4.5%, with private sector contributing significantly to Gross Domestic Product growth. Gross National Income is estimated to increase 6.4% to RM1.2 trillion (2015: 5.2%; RM1.1 trillion) with income per capita growing 4.8% to RMM37,812 (2015:3.6%; RM36,078).

The world economy is projected to expand 3.4% in 2017 supported by rising growth in emerging and developing economies as well as a modest pickup in the advanced economies (2016: 3.1%). Meanwhile, world trade is envisaged to accelerate 3.8% (2016: 2.3%). However, several downside risks remain, which include a further slowdown in the world growth and heightening volatility in global financial markets.

The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4% - 4.5%) with nominal Gross National Income per capita increasing 5% to RM39,699 (2016: 4.8%; RM37,812). Economic growth will be underpinned by strong domestic demand, especially private sector expenditure. Private sector activity will be supported by pro-growth fiscal and accommodative monetary policies in an environment of stable inflation, which is projected to range between 2% and 3% (2016: 2% - 2.5%). Meanwhile, public sector expenditure will be driven mainly by higher capital investment by public corporations.

(Source: Economic Report 2016/2017, Ministry of Finance)

8.2 Overview and outlook of the property market

8.2.1 Overview of the property market in Kuala Lumpur

The state's property market performance witnessed slight moderation as market activity and construction sector softened. There were 18,574 transactions recorded in 2015 worth RM23.39 billion, down by 9.8% in volume and decreased 1.6% in value against 2014 (20,590 transactions worth RM23.78 billion). Residential sub-sector retained its lion share of the market, contributed 74.8% of total transactions followed by commercial (21.9%), development land (2.1%) and industrial 2.1%.

Market activity across all sub-sectors was on downtrend, preceded by commercial (-15.0%), industrial (-8.7%), residential (-8.3%) and development land (-6.6%). In terms of value, similar downward trend was recorded with the exception of development land sub-sector, showing a positive growth of 43.1%.

Prices of residential property recorded strong growth across the board. Due to limited supply of landed property, residential properties in prominent and established areas continued to enjoy capital appreciations. Single and double storey terraced units in Bangsar Park, Lucky Garden, Damansara Height and Desa Park City (Zenia) recorded price increase. Single storey terrace in Bangsar Park fetched between RM1.13 million and RM1.73 million whilst double storey terrace in Desa Park City (Zenia) ranged from RM2.11 million to RM2.20 million. On the same note, similar property in Cheras area such as Taman Midah, Taman Tayton View and Taman Sri Cendekia (Taman Connaught) chartered double-digit increase of 10.5% to 20.0% due to its proximity to the Light Rail Transit (LRT) and upcoming Mass Rapid Transit (MRT) Station.

Prices of shops showed mixed performance with increases noted in established commercial areas served with efficient road linkages. In the retail sub-sector, prices were stable for most shopping complexes with movements witnessed at selected complexes namely Plaza GM, Kenanga Wholesale City and Berjaya Times Square.

Rentals of ground floor shops were generally stable with increases recorded at selected areas and established shopping localities. Shops in Jalan Tuanku Abdul Rahman secured the highest rental range of RM15,000 to RM36,000 per month.

In the office sub-sector, upward price trend was recorded. One Mon't Kiara recorded an increase of 11.8% whilst Menara UOA Bangsar fetched a higher price range of RM10.652 p.s.m to RM12,277 p.s.m. However, marginal decrease was recorded in Megan Avenue, as well as Plaza Pantai.

(Source: Property Market Report 2015, Valuation and Property Services Department, Ministry of Finance, Malaysia)

8.2.2 Overview of the property market in Negeri Sembilan

The state's property market performance witnessed moderation as market activity and construction activity softened. There were 20,860 transactions worth RM6.65 billion recorded in 2015, decreased by 9.0% and 1.6% in volume and value respectively against last year (2014: 23,257 transactions worth RM6.79 billion). Residential sub-sector retained its dominance with 68.8% of total market share, followed by agricultural (17.9%), commercial (7.8%), development land (3.5%) and industrial (1.9%) sub-sectors.

Market activity across all sub-sectors showed downtrend with the exception of agricultural sub-sector which increased by 10.2%. Residential sub-sector reduced in volume by 13.1%, commercial 15.2%, industrial 27.3% and development land 7.4%. In terms of value, industrial, agricultural and development land sub-sectors increased by 2.3%, 18.4% and 18.4% respectively. On the other hand, residential and commercial sub-sectors recorded otherwise.

Prices of residential property registered stable trend across the districts with positive movements charted mostly for terraced units. The spill-over housing demand from Klang Valley pushed up prices of such units. Houses in strategically located schemes nearby town, high learning institution and commercial centres such as AEON Seremban 2, MYDIN Hypermarket, TESCO Seremban 2 and Palm Mall witnessed price increase. Similarly, prices of stratified property varied with increases noted in locations served with good accessibility.

The retail sub-sector's performance sustained as the overall occupancy rate of shopping complexes slightly increased to 76.5% in the review period from 76.1% recorded 2014. The year recorded the completion of TESCO Bandar 101, Bahau and Bazar Ampangan offering a combined space of 4,648 s.m. into the market. Construction activity was encouraging with another five complexes (56,967 s.m.) in starts and three complexes (26,481 s.m.) in new planned supply. As at end-2015, there were 83 existing shopping complexes (441,164 s.m.) with another eight complexes (66,823 s.m.) in the incoming supply and four complexes (44,097 s.m.) in the planned supply.

The occupancy rate of purpose-built office stood at 93.4%, slightly lower from than 93.5%, with a positive take-up of 1,082 s.m. As at end-2015, there were 103 existing purpose-built office buildings (295,483 s.m.) with another four buildings (20,248 s.m.) in the incoming supply and one building (10,839 s.m.) in the planned supply.

Forward-looking, the state's property market is anticipated to sustain. Based on the 11th Malaysia Plan, the focal upcoming development plan for Negeri Sembilan involves upgrading infrastructure and public amenities. Amongst the proposed infrastructure developments are Seremban Middle Ring Road Phase 3, upgrading of several main roads including Jalan Utama Bandar Sri Sendayan - KLIA, Jalan Seremban - Kuala Pilah and Jalan Nilai - Salak Tinggi - Lukut - Port Dickson, New highway namely Paroi - Senawang - KLIA - Salak Tinggi Highway (SKLIA) and KLIA - Port Dickson Highway.

Another catalytic development proposed for the state is the formation of Malaysia Vision Valley, an integrated economic development valley in the western part of Negeri Sembilan. The development implementation period spans from 2016 to 2045. RM260 billion will be allocated for the development expenditure, of which RM5 billion has been allotted for the project commencement through Budget 2016. The 108,000-hectare coverage encompasses towns of Nilai, Seremban and Port Dickson, which will complement developments in Klang Valley particularly in Kuala Lumpur and Putrajaya. This long-term development is set to spur domestic and foreign investment, which in turn is expected to drive the property sector.

(Source: Property Market Report 2015, Valuation and Property Services Department, Ministry of Finance, Malaysia)

8.2.3 Overview of the property market in Sabah

The state's property market continued to record a moderate performance in 2015. There were 7,824 transactions worth RM3.89 billion recorded in the review period, indicating a decrease of 12.2% and 10.8% in volume and value respectively against 2014. Residential sub-sector spearheaded the overall property market activity with 58.0% share, followed by agricultural (19.1%), commercial (13.6%), development land (6.4%) and industrial (3.0%) sub-sectors.

Market activity across all sub-sectors showed downtrend. Residential sub-sector was down by 11.4%, commercial 16.8%, industrial 21.4%, agricultural 12.4% and development land 5.9%. Transactions value of all sub-sectors moved in tandem.

Prices of residential property were generally stable across the districts with upward movements noted in selected schemes. Terraced houses recorded price increase in established neighbourhoods near Kota Kinabalu Town Centre, Universiti Malaysia Sabah and served better accessibility. Similarly, prices of stratified property firmed up across the board with positive movements charted in strategic locations and provided with good amenities.

The retail sub-sector performance softened in 2015 as the overall occupancy rate decreased to 80.8% against 90.9% recorded in 2014. The review period recorded two new completions Imago Shopping Mall and KK City Waterfront (Oceanus Shopping Mall) supplying a combined space of 99,557 s.m. in the market. As at end-2015, there were 43 existing shopping complexes (678,884 s.m.) with another four complexes (98, 909 s.m.) in the incoming supply.

The performance of the office sub-sector continued to firm up in the review period. The overall occupancy rate improved to 90.7%, slightly higher than 89.9% recorded in the corresponding period. As at end-2015, there were 93 existing offices (671, 674 s.m.) with another three buildings (47, 624 s.m.) in the incoming supply.

Property market in Sabah is expected to sustain its moderate performance in 2016. Under the 11th Malaysian Plan, RM2.4 billion has been allocated for developments in the state. Amongst the development projects are new Sabah Development Corridor (SDC) projects including Sepanggar Container Port expansion, a master plan study for Aviation Hub and Air Freight Logistics, as well as a jetty for the Sandakan Palm Oil Industrial Cluster of the total allocation. The Federal Government has allocated RM515 million to strengthen and upgrade transmission and supply of electricity in Sabah.

Furthermore, the Federal Budget 2016 has approved several allocation for Sabah development, comprising:

- RM523 million allocation for the Eastern Sabah Security Command (ESSCOM) development;
- Bus Rapid Transit (BRT) in Kota Kinabalu that would be implemented in 2016 with total allocation of RM1 billion; and
- the construction work of the 706-km highway from Sindumin to Tawau, one of the Sabah leg of the Pan Borneo Highway will commence in 2016 with an estimated cost of RM12.8 billion.

(Source: Property Market Report 2015, Valuation and Property Services Department, Ministry of Finance, Malaysia)

8.3 Future prospects of AHP

As at LPD, the real estate in the portfolio of AHP stands at six (6) properties, excluding the Property. The average occupancy rate of the real estate of AHP was 87.46% with four of the six real estates namely Sri Impian, located at Taman Setiawangsa, Kuala Lumpur and three shop offices, two of which are located in Kuala Lumpur and one in Kota Kinabalu, securing 100% occupancy levels. Plaza VADS, located at Taman Tun Dr. Ismail, Kuala Lumpur, recorded a high occupancy level of 84.62%. Bangunan AHP, which is also located at Taman Tun Dr. Ismail, Kuala Lumpur, recorded an occupancy level of 55.60%.

The upgrading and refurbishment works of the tower block and the construction of a new four-storey podium block of Plaza VADS have been fully completed in January 2016. The new podium block was designed and constructed to comply with the Green Building Index (GBI). The issuance of Certificate of Completion and Compliance (CCC) was obtained on 29 January 2016. As at LPD, the Manager has secured four tenants at the newly completed podium block. As a result of aggressive marketing by the Manager, the new podium block has registered an occupancy rate of 57%. The Manager will continue its aggressive marketing strategy to secure good and reliable tenants for all properties.

The Acquisition is the first exposure of the Trust in the retail sector. MYDIN Hypermarket which is operated by Mydin, is the major occupier of the Property. Mydin presently lets out the mall area comprising of shoplots, bazaar lots, kiosks, promotion space, push carts and massage chairs area to sub-tenants.

Concurrent with the Acquisition, the Trustee, for and on behalf of AHP, had entered into Agreement to Lease with Mydin in respect of the Property. Hence, the Board believes that the Acquisition will contribute and benefit the future performance of the Trust.

(Source: Annual Report 2015 and management of PHNB)

9. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The pro forma effects of the Proposals on AHP's Units in circulation, NAV and gearing, earnings and EPU, substantial Unit Holders' unit holdings are set out below:

9.1 Units in circulation

The pro forma effects of the Rights Issue on the Units in circulation are set out below:

	No. of Units
Existing as at LPD	100,000,000
To be issued pursuant to the Rights Issue	120,000,000
Enlarged Units in circulation	220,000,000

9.2 NAV and gearing

Based on the audited financial statements of AHP for the FYE 31 December 2015, the pro forma effects of the Acquisition and the Rights Issue on the NAV and gearing of AHP are as follows:

	Audited as at 31 December 2015	(I) After the Rights Issue	(II) After (I) and the Acquisition
	RM'000	RM'000	RM'000
Unit Holders' capital	100,000	218,759 ^(a)	218,759
Retained earnings	59,546	59,546	59,546
Total NAV	159,546	278,305	278,305
No. of Units ('000)	100,000	220,000	220,000
NAV per Unit (RM)	1.5955	1.2650	1.2650
Total Borrowings	59,894	59,894	197,626 ^(c)
Total Assets	226,854	345,613 ^(b)	483,345 ^(d)
Gearing (%) ^(e)	26.40	17.33	40.89

Notes:

^(a) After the completion of the Rights Issue of 120,000,000 Units based on issue price of RM1.00, net of estimated expenses of RM1,241,000 for the Rights Issue. The breakdown for the estimated expenses is as below:

Estimated expenses for the Rights Issue	RM'000
Professional fees	637
Authorities fees	85
Joint Underwriters' fee	129
Printing and administration	390
TOTAL	1,241

^(b) Includes cash proceeds from the Rights Issue of RM120,000,000 based on issue price of RM1.00, net of estimated expenses of RM1,241,000 for the Rights Issue.

^(c) Includes bank borrowings of RM125,000,000 to partly finance the Acquisition and an additional RM2,732,680 and RM10,000,000 bank borrowings from the existing and new facilities, respectively for working capital purposes.

^(d) Includes total acquisition cost of the Property of RM241,937,000 (Purchase consideration of RM240,000,000 plus estimated direct expenses of RM1,937,000) and Goods and Services Tax (GST) of RM14,480,220 which is claimable as GST input.

^(e) Total borrowings divided by total assets.

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9.3 Earnings and distributable income

Whilst the Rights Issue may have a short-term dilutive impact on the EPU of the Trust given the enlarged number of Units in issue after the Rights Issue among other factors, the Manager expects the medium term impact on the EPU to be positive.

The future rental income of RM16,800,000 per annum from the Property is expected to contribute positively to the future earnings of AHP. For illustration purposes, the effect of the Proposals on the historical EPU for the FYE 31 December 2015 based on the audited financial statement of comprehensive income for the said financial year and on the assumption that the Proposals were effected on 1 January 2015, is set out below:

	Audited as at 31 December 2015 RM	(I) After the Rights Issue RM	(II) After (I) and the Acquisition RM
Total comprehensive income	12,305,407	12,305,407	21,569,846 ⁽¹⁾
Net realised income	3,786,380	3,786,380	13,050,819 ⁽¹⁾
No. of Units in circulation	100,000,000	220,000,000	220,000,000
EPU – Total comprehensive income (Sen) ⁽²⁾	12.31	5.59	9.80
EPU – Net realised income (Sen) ⁽³⁾	3.79	1.72	5.93

Notes:

⁽¹⁾ After taking into consideration the net property income from the Acquisition of RM16,650,000 (gross rental income of RM16,800,000 less property manager's fee of RM150,000) and adjusted for the corresponding manager's fee of RM1,187,590 and financing costs of RM6,197,971 but does not include the effect of acquisition fee which may be charged by the Manager pursuant to the First Restated Deed in view that such fee is a one-off non-recurring expenses.

⁽²⁾ Total comprehensive income dividend by number of Units in circulation.

⁽³⁾ Net realised income divided by number of Units in circulation.

In view of the above, the Acquisition is expected to contribute positively to the future earnings of AHP.

The Manager had declared and paid an income distribution of 7.00 sen per Unit for the FYE 31 December 2015. The Manager intends to distribute at least 90.0% of the distributable income of AHP for each financial year. The Proposals are not expected to have any material effect on the above distribution policy as determined by the Board. The decision to declare and pay any distributions in the future would depend on, inter alia, the financial performance, cash flow position and financing requirements of AHP.

Any issuance of new Units pursuant to the Rights Issue will dilute the DPU, given the enlarged number of Units in circulation. Nevertheless, any immediate dilution as a result of the increase in the number of Units issued is expected to be compensated by the improved future earnings and cash flow of AHP arising from the Acquisition.

9.4 Convertible securities

As at the LPD, AHP does not have any existing options, warrants or convertible securities.

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10. UNIT HOLDERS' UNDERTAKING AND UNDERWRITING ARRANGEMENT

The Rights Issue will be undertaken on a full subscription basis. The full subscription basis is determined based on the funding requirements of AHP after taking into consideration the utilisation as set out in Section 5 of this AP.

The Undertaking Unit Holders have given their Undertakings and Additional Undertaking for the Rights Issue. Subsequently, on 28 November 2016, the Trustee and the Manager have released ASB from its obligation to subscribe for the excess Rights Units up to two per centum (2%) of the enlarged Units in circulation (as stated in the irrevocable undertaking dated 27 May 2015 by ASB) and PNB from the Additional Undertaking. Based on the aforementioned, the number of Units undertaken to be subscribed by the Undertaking Unit Holders are as follows:

Names	No. of Units directly held as at LPD	% over total Units in circulation ⁽¹⁾	No. of Rights Units to be subscribed pursuant to entitlement based on the Undertakings	% of total Rights Units to be subscribed ⁽²⁾	Total Units held after Rights Issue	% of total Units held after Rights Issue ⁽³⁾
AmanahRaya Trustees Berhad as trustee for Amanah Saham Bumiputera	41,008,500	41.01	49,210,200	41.01	90,218,700	41.01
PNB	5,063,500	5.06	6,076,200	5.06	11,139,700	5.06
Total	46,072,000	46.07	55,286,400	46.07	101,358,400	46.07

Notes:

⁽¹⁾ Based on the Units in circulation of 100,000,000 as at LPD.

⁽²⁾ Based on the total Rights Units of 120,000,000.

⁽³⁾ Based on the enlarged Units in circulation of 220,000,000 Units.

The Undertaking Unit Holders have provided their respective irrevocable written confirmation that they have allocated sufficient financial resources to subscribe in full for their respective entitlements under the Rights Issue. As the Principal Adviser for the Rights Issue, MIDF Investment has verified the abovementioned confirmations made by the Undertaking Unit Holders.

On 28 November 2016, MIDF Investment and RHB Investment, being the Joint Underwriters for the Rights Issue have entered into the Underwriting Agreement with PHNB and the Trustee to underwrite the Underwritten Rights Units comprising 64,713,600 Rights Units, representing 53.93% of the total Rights Units in the proportions as set out below subject to the terms and conditions of the Underwriting Agreement:

Joint Underwriters	Maximum no. of Rights Units underwritten	Percentage of the total Rights Units (%)
(i) MIDF Investment	4,000,000	3.33
(ii) RHB Investment	60,713,600	50.60

The underwriting commission of 0.2% of the value of Underwritten Rights Units will be borne by AHP.

The Undertakings together with the Underwritten Rights Units will constitute the full subscription level of 120,000,000 Rights Units under the Rights Issue.

After taking into consideration the Undertakings and the Underwritten Rights Units, the Manager confirms that the abovementioned subscription of the Rights Units will not give rise to any consequence of mandatory general offer obligation pursuant to the Rules.

11. WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

11.1 Working Capital

The Board is of the opinion that after taking into account the proceeds from the Rights Issue, existing cash and bank balances, available banking facilities and AHP's projected cash generated from operations, AHP will have sufficient working capital available over the period of twelve (12) months from the date of issuance of this AP.

11.2 Borrowings

As at the LPD, the total outstanding borrowings of AHP are RM196.51 million. All the borrowings denominated in local currency are interest bearing and comprise the following:

	Short-term RM'million
Islamic Revolving Credit	71.51
Islamic Commodity Murabahah Term Financing Facility (for the Acquisition)	125.00
Total	196.51

The Manager confirms that there has not been any default on payments of either interest or principal sums, in respect of any borrowings during the FYE 31 December 2015 and for the subsequent financial period up to the LPD.

11.3 Material Commitments and Contingent Liabilities

(i) Material commitments

As at the LPD, the Board has confirmed that, there are no material commitments incurred or known to be incurred by AHP.

(ii) Contingent Liabilities

As at the LPD, the Board has confirmed that, there are no contingent liabilities incurred or known to be incurred by AHP, which upon becoming enforceable, may have a material impact on the financial position of AHP.

12. TERMS AND CONDITIONS

The issuance of the Rights Units pursuant to the Rights Issue is governed by the terms and conditions set out in this AP and the accompanying NPA and RSF enclosed herein.

13. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully,

For and on behalf of the Board of Directors

PELABURAN HARTANAH NASIONAL BERHAD



Dato' Abdul Rahman bin Ahmad

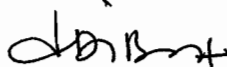
Non-Independent Non-Executive Director

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT THE EGM HELD ON 14 AUGUST 2015

AMANAH HARTA TANAH PNB

Minutes of the Extraordinary General Meeting (EGM) of Amanah Harta Tanah PNB (AHP), held on Friday, August 14, 2015, at 3.00 p.m., at the Theatrette, Level 2 Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur.

CERTIFIED TRUE COPY



.....
 Adibah Khairiah binti Ismail @ Daud
 Group Company Secretary
 (MIA 18788)
 Pelaburan Hartanah Nasional Berhad

(4) ORDINARY RESOLUTION

- PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 120,000,000 NEW UNITS IN AHP ("RIGHTS UNIT(S)") ON THE BASIS OF SIX (6) RIGHTS UNITS FOR EVERY FIVE (5) EXISTING UNITS IN AHP ("UNITS") AT AN ENTITLEMENT DATE AND FOR ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")

- (i) THAT subject to the fulfilment of the conditions precedent in the Sale and Purchase Agreement dated April 27, 2015 in respect of the acquisition of the Property (as defined in the Circular to unit holders dated July 30, 2015) by AmanahRaya Trustee Berhad (the Trustee), for and on behalf of AHP, and all relevant approvals for the Proposed Rights Issue being obtained, approval be

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT THE EGM HELD ON 14 AUGUST 2015 (Cont'd)

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and is hereby given to the Board of Directors (Board) of Pelaburan Hartanah Nasional Berhad to allot (provisionally or otherwise) and issue the Rights Units to the unit holders of AHP (Unit Holder(s)) whose names appear on the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd at a later date to be determined by the Board (Entitlement Date), on the basis of six Six (6) Rights Units for every five (5) existing Units held on the Entitlement Date at an issue price per Rights Unit to be fixed by the Board and announced later.

(ii) The Chairman invited questions on the motion from the floor. Encik Abdul Rahim bin Bidin, a unit holder enquired the following:-

(a) Whether Permodalan Nasional Berhad (PNB) and Amanah Saham Bumiputera (ASB) had the right to vote on the proposed motion.

(b) The possibility of PNB/ASNB exceeding the threshold level of its subscription and triggering the mandatory general offer (MGO).

(c) The reason for AHP not obtaining 100% loan from the financial institution which would, to a certain extent, benefit the unitholders.

(iii) That in response to the enquiries made by Encik Abdul Rahim, the following were the answers:-

(a) Ms. Rita had confirmed that PNB, the sole shareholder of PHNB, and also major unit holders of AHP and ASB, were not directly or indirectly related to the vendor, Mydin Mohamed Holdings Berhad or interested in the Proposed Acquisition. PNB and ASB, therefore, were entitled to vote during the EGM as there was no conflict of interest.

(b) Ms. Rita had informed that PNB and ASB would be entitled to subscribe, in full of its entitlement and the excess

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT THE EGM HELD ON 14 AUGUST 2015 (Cont'd)

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application up to 2% of the Proposed Rights Issue without breaching the threshold. PNB/ASB, therefore, could subscribe in full of its respective entitlement.

- (c) Encik Hafidz had explained that based on the Principal Deed, the borrowings were limited to 10% of the gross asset value of the Trust but were raised to 50% in line with the REIT Guidelines in the First Restated Deed. Hence, the decision was made to part finance the Proposed Acquisition. However, pursuant to the Proposed Acquisition, the gearing of the fund of 19.22% as at December 31, 2014, would be increased to 36.71%.

There being no further questions on the motion, the Chairman announced that voting by poll on the resolution would commence and that the scrutineers would collect the polling forms and the results would be announced in due course. The Chairman invited the attendees to watch a short film by the finalists of PNB Short Film Competition held in 2014, titled "PNB dan Saya" while awaiting the outcome of the voting.

At approximately 3.40 p.m. the Chairman announced the results of the poll. In respect of Ordinary Resolution, 46,268,101 votes, equivalent to 98.81% of the units represented at the meeting, voted in favour of Ordinary Resolution and 529,200 vote equivalent to 1.19% of units represented at the meeting voted against. The Ordinary Resolution was declared as carried as follows:-

RESOLVED

- (1) THAT subject to the fulfillment of the conditions precedent in the Sale and Purchase Agreement dated April 27, 2015 in respect of the acquisition of the Property (as defined in the Circular to unit holders dated July 30, 2015) by AmanahRaya Trustee Berhad ("the Trustee"), for and on behalf of AHP, and all relevant approvals for the Proposed Rights Issue being obtained, approval be and is hereby given to the Board of Directors ("Board") of Pelaburan Hartanah Nasional Berhad to allot (provisionally or otherwise) and issue the Rights Units to the unit holders of AHP ("Unit Holder(s)") whose names appear on the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd at a later date to be determined by the Board ("Entitlement Date"), on the basis of six (6)

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT THE EGM HELD ON 14 AUGUST 2015 (Cont'd)

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Rights Units for every five (5) existing Units held on the Entitlement Date at an issue price per Rights Unit to be fixed by the Board and announced later;

- (2) THAT the Board be and is hereby empowered to deal with any fractional entitlement that may arise from the Proposed Rights Issue as they shall, in their absolute discretion, deem fit and in the best interests of AHP;
- (3) THAT the Rights Units shall, upon allotment and issue, rank equally in all respects with the existing Units, except that they shall not be entitled to any distributable income, rights, allotment and/or any other distributions, the entitlement date of which is prior to the date of allotment of the Rights Units;
- (4) THAT any Rights Units which are not taken up or not validly taken up shall be made available for excess applications in such manner as the Board shall, in their absolute discretion, deem fit;
- (5) THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Rights Issue in the manner as set out in Section 4 of the Circular to unit holders dated July 30, 2015;
- (6) THAT in order to implement, complete and give full effect to the Proposed Rights Issue, approval be and is hereby given to the Board and the Trustee (acting for and on behalf of AHP) to do or to procure to be done all acts, deeds and things and to execute, sign deliver on behalf of AHP, all such documents as they may deem necessary, expedient and/or appropriate to implement, give full effect to and complete the Proposed Rights Issue, with full powers to assent to any condition, modification, variation and/or amendment thereto as the Board and the Trustee may deem fit in connection with the Proposed Rights Issue;

AND THAT no documents pertaining to the Proposed Rights Issue shall be issued or sent to the unit holders of the Trust having registered addresses outside Malaysia or who have not provided any address in Malaysia at which such documents may be delivered to, prior to the Entitlement Date.

AND FURTHER THAT the Managers and the Trustee, acting for and on behalf of AHP, are to do all such acts, deeds and/or things, including executing such documents and deeds as may be required, in order to

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT THE EGM HELD ON 14 AUGUST 2015 (Cont'd)

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implement, finalise and complete the Proposed Rights Issue.

BACKGROUND INFORMATION ON AHP

1. HISTORY AND BUSINESS

AHP, is a REIT, constituted under a Principal Deed dated 20 March 1989 (as amended), between the Manager, PHNB, the Trustee, AmanahRaya Trustees Berhad and the several persons who acquire units in the Trust.

AHP was launched on 21 March 1989 and was listed on Bursa Securities on 28 December 1990.

The principal activity of AHP is investment in real estate and other authorised investments to achieve the investment objective.

As at the LPD, the Units in circulation of AHP is 100,000,000 Units.

AHP has no subsidiaries.

2. INVESTMENT OBJECTIVE, INVESTMENT POLICY AND STRATEGY OF THE TRUST**2.1 Investment objective**

The investment objective of the Trust is to provide reasonable level of income return to Registered 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.

2.2 Investment policy and strategy

The investment policy of the Trust is directed towards the expansion of the Trust through continuous search for quality real estate which give reasonable yield and have capital appreciation potential.

The Manager will continue to exercise a prudent investment strategy with a view of generating stable and consistent income for the Trust. Property selection for the Trust will be based on a process with the main focus on criteria such as the location of the property, the potential for capital growth, physical quality of the property as well as the quality of the tenancy.

During the financial year, the Manager continued to exercise prudent investment strategy with a view of generating stable and consistent income for the Trust. The Manager continued to establish good rapport with the tenants to ensure sustainable long term relationship with the tenants, thus ensuring continuous flow of rental income to the Trust.

3. DISTRIBUTION POLICY AND GEARING LIMIT**3.1 Distribution policy**

The distribution policy of AHP states that AHP's distribution will be made twice a year subject to the availability of distributable income.

The Manager intends to distribute at least 90.0% of its distributable income for each financial year.

3.2 Gearing limit

In accordance with the First Restated Deed and REIT Guidelines, the total borrowings of AHP shall not exceed 50% of the total asset value of the Trust (or such other level permitted under the REIT Guidelines from time to time) at the time of borrowing are incurred. However, AHP's total borrowings may exceed this limit with the prior approval of the Unit Holders by way of an ordinary resolution.

BACKGROUND INFORMATION ON AHP (Cont'd)

4. BRIEF INFORMATION ON THE PROPERTIES OF AHP AND REVALUATION POLICY

As at the LPD, AHP has six (6) properties, excluding the Property, in its current investment portfolio as set out in the table below:

	Plaza VADS	Bangunan AHP	Sri Impian	Shopoffice	Shopoffice	Shopoffice
Location	Taman Tun Dr Ismail, Kuala Lumpur	Taman Tun Dr Ismail, Kuala Lumpur	Taman Setiawangsa, Kuala Lumpur	Taman Tun Dr Ismail, Kuala Lumpur	Jalan Negara, Taman Melawati, Kuala Lumpur	Kota Kinabalu, Sabah
Title	Freehold	Freehold	Freehold	Freehold	Freehold	Leaschold (99 years expiring on 31 December 2082)
Type of building	24-storey office building	Four-storey commercial building	Four-storey office building	Three-storey shopoffice	Four-storey shopoffice	Ground & First Floor
Year Acquired	1989	1989	1996	1995	1996	1995
Net lettable area (sq. ft.)	190,445	96,154	38,290	5,280	6,705	3,100
No. of car park	402	200	-	-	-	-
Occupancy*	84.62%	55.60%	100%	63.64%	100%	100%
Net Property Income (NPI) (RM'million)*	5.868	1.037	0.836	0.070	0.063	0.119
Acquisition cost (RM'million)*	45.91	16.32	13.32	0.91	0.78	1.65
Market value (RM'million)*	140.85	46.70	13.36	4.00	1.90	1.65
Net book value (RM'million)*	144.85	46.70	13.30	4.00	1.90	1.65
Revaluation surplus/ deficit as compared to the previous valuation (RM'million)*	(4.00)	-	0.06	-	-	-
Date of valuation/ revaluation	1 November 2016	1 November 2016	1 November 2016	1 November 2016	1 November 2016	1 November 2016

Note:

* As at 31 October 2016

Pursuant to the Second Supplemental Agreement, RM125 million of the Purchase Consideration has been paid to the Vendor for the Acquisition. In return for the payment, the Vendor has surrendered the title for the Property and the 30-year Lease of the Property has commenced. The rental payable by the Vendor, as the Lessee, is proportionate to the Purchase Consideration which has been paid.

BACKGROUND INFORMATION ON AHP (Cont'd)

In view of the above, the Acquisition has been substantively completed, with all Conditions Precedent for the SPA as substituted, amended and modified by the Variation Letter, the Supplemental Agreement and the Second Supplemental Agreement fulfilled, save for the approval of the SC for the AP. The details of the Property are set out in Section 6.1.2 of this AP.

As at 1 November 2016, the market value of the Property remains at RM240 million resulting in a revaluation deficit of RM1.28 million. The deficit represents the incidental costs related to the Acquisition which have been capitalised.

5. UNITS IN CIRCULATION

The details of the issued Units in circulation as at the LPD are as follows:

	No. of Units
Total Units in circulation	100,000,000

There has been no change in AHP's total Units in circulation since its listing up to the LPD. The total Units in circulation will be increased to 220,000,000 Units upon allotment and issuance of the Rights Units.

6. SUBSTANTIAL UNIT HOLDERS

Based on the Record of Depositors of AHP as at LPD, the pro forma effects of the Rights Issue on the substantial Unit Holders' unit holdings are as follows:

	As at the LPD				After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Units ('000)	%	No. of Units ('000)	%	No. of Units ('000)	%	No. of Units ('000)	%
AmanahRaya Trustees Berhad as trustee for Amanah Saham Bumiputera	41,009	41.01	-	-	90,219	41.01	-	-
PNB	5,064	5.06	852 ⁽ⁱ⁾	0.85	11,140	5.06	1,874 ⁽ⁱ⁾	0.85

Note:

⁽ⁱ⁾ Deemed interested by virtue of its interest in Boh Plantations Sdn Bhd pursuant to Section 4(3) of the CMSA.

Revaluation Policy

Revaluation is conducted to determine the fair value of the real estate investments of AHP to comply with Clause 10.03 of the REIT Guidelines where the real estates were required to be revalued once every three (3) years and in line with the requirements of the Malaysian Financial Reporting Standards ("MFRS") 140 for Investment Property, where real estates are to be stated at fair value at each balance sheet date.

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BACKGROUND INFORMATION ON AHP (Cont'd)**7. PROFIT AND INCOME DISTRIBUTION RECORD**

The following table sets out a summary of AHP's audited financial statements for the past three (3) financial years up to FYE 31 December 2015 and the latest unaudited financial statements for the FPE 30 September 2016:

	Audited			Unaudited
	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000	FYE 31 December 2015 RM'000	FPE 30 September 2016 RM'000
Revenue/ Gross rental income	13,962	13,437	13,299	11,642
Property operating cost	(5,365)	(5,658)	(5,427)	(4,488)
Net rental income	8,597	7,779	7,872	7,154
Other income	(140)	1,031	9,396	210
Total income	8,457	8,810	17,268	7,364
Total expenses	(1,841)	(1,940)	(2,298)	(1,378)
Financing costs	(655)	(1,032)	(2,202)	(2,391)
Net income before taxation	5,961	5,838	12,768	3,595
Taxation	-	(1,951)	(463)	-
Net income after taxation	5,961	3,887	12,305	3,595
Net income after taxation is made up of the following:				
- Realised	7,027	5,298	3,786	3,659
- Unrealised	(1,066)	(1,411)	8,519	(64)
Final income distribution per unit				
- Gross of tax (sen)	3.70	3.70	3.50	-
- Net of tax (sen)	3.70	3.70	3.50	-
Interim income distribution per unit				
- Gross of tax	3.70	3.70	3.50	3.00
- Net of tax	3.70	3.70	3.50	3.00

Past performance of AHP is not an indication of its future performance.

Commentary on the financial performance**FYE 31 December 2013**

For FYE 31 December 2013, AHP recorded total income of RM8.457 million, representing a decrease of RM4.244 million or 33.41% from RM12.701 million achieved for FYE 31 December 2012. The net income before taxation for FYE 31 December 2013 of RM5.961 million was lower than FYE 31 December 2012 of RM10.324 million, mainly attributed to the unrealised loss on valuation of RM1.07 million recorded during the year.

The net income after taxation is recorded at RM5.961 million for FYE 31 December 2013. There is no taxation in the FYE 31 December 2013.

BACKGROUND INFORMATION ON AHP (Cont'd)

FYE 31 December 2014

For FYE 31 December 2014, AHP recorded total income of RM8.810 million, representing an increase of RM0.353 million or 4.17% from RM8.457 million achieved for FYE 31 December 2013. The net income before taxation for FYE 31 December 2014 of RM5.838 million was lower than FYE 31 December 2013 of RM5.961 million, mainly due to the increase in the property operating expenditure, such as assessment fee and electricity, following the increase in the tariff in 2014, as well as higher financing costs due to the drawdown made for the upgrading and refurbishment works at Plaza VADS.

The net income after taxation is recorded at RM3.887 million for FYE 31 December 2014. The taxation relates to the deferred tax of RM1.951 million charged for FYE 31 December 2014 in relation to the real property gains tax ("RPGT") on the revaluation surplus. With effect from the year of assessment 2014, RPGT of 5% is chargeable on gains from disposal of real property for disposal made in the sixth and subsequent years from the date of acquisition. This deferred tax is unrealised in nature and it does not impact the income distribution capacity of AHP.

FYE 31 December 2015

For FYE 31 December 2015, AHP recorded total income of RM17.268 million, representing an increase of RM8.458 million or 96% from RM8.810 million achieved for FYE 31 December 2014. The increase was mainly attributed to the unrealised gain on revaluation of the real estate of AHP of RM9.266 million. The net income before taxation for FYE 31 December 2015 of RM12.768 million was RM6.930 million or 118.71% higher than RM5.838 million for FYE 31 December 2014 which is mainly due to the unrealised gain recorded during the year as a result of the update revaluation of real estate pursuant to Clause 10.03 of the Guidelines on REIT issued by the SC.

Net income after taxation for 2015 of RM12.305 million represents an increase of RM8.418 million or 216.57% from RM3.887 million recorded in 2014. The deferred tax, which is unrealised in nature, of RM0.463 million charged for the year is in relation to the RPGT on the revaluation surplus.

Unaudited FPE 30 September 2016

For nine (9) month FPE 30 September 2016, total income of RM7.364 million was recorded which represented an increase of RM1.488 million or 25.32% as compared to RM5.876 million recorded for FPE 30 September 2015. The increase is mainly attributed to the increase in net rental income following several rental revisions.

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BACKGROUND INFORMATION ON AHP (Cont'd)

8. HISTORICAL UNIT PRICES

	High RM	Low RM
2015		
December	1.02	1.00
2016		
January	1.02	1.00
February	1.05	1.01
March	1.03	1.00
April	1.04	1.02
May	1.04	1.00
June	1.03	1.01
July	1.05	1.02
August	1.05	1.01
September	1.03	1.00
October	1.05	1.02
November	1.05	1.01

(Source: Bloomberg)

Last transacted market price of Units on 24 April 2015, being the day prior to the date of announcement of the Proposals	RM1.17
Last transacted market price of Units on the 21 November 2016, being the LPD	RM1.03
Last transacted market price of Units on the 7 December 2016, being the day prior to the ex-date for the Rights Issue	RM1.00

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BACKGROUND INFORMATION ON THE MANAGER

1. THE MANAGER

Pelaburan Hartanah Nasional Berhad was established in 1988 and is principally involved in the management of real estate investment trust or REITs.

As at the LPD, it has an authorised share capital of RM30,000,000 comprising 30,000,000 ordinary shares of RM1.00 each, out of which 1,000,000 have been issued and fully paid-up. PHNB is a wholly-owned subsidiary company of PNB.

PHNB has been the management company of AHP since its listing on the Main Market of Bursa Securities on 28 December 1990. As at the LPD, the Manager has a total of 16 employees. The key personnel of PHNB are set out in Section 2 of this Appendix III.

Presently, PHNB is also the Manager of a private property trust. The combined total asset value of the Trust and the private property trust under the management of PHNB stands at more than RM1.30 billion.

2. KEY PERSONNEL OF PHNB

The particulars of the key personnel of PHNB are as follows:

Name	Nationality	Designation
Hafidz Atrash Kosai bin Mohd Zihim	Malaysian	Executive Director/Chief Executive Officer
Mohammad Sabarani bin Sulaiman	Malaysian	Assistant Vice President, Asset Management Unit
Nur Adzlina binti Kamaruddin	Malaysian	Senior Manager, Finance and Operations Unit
Meor Amirudin Fikri bin Meor Adam	Malaysian	Manager, Finance and Operations Unit
Normala binti Lamin	Malaysian	Associate Manager, Strategy and Investment Unit

3. DUTIES AND RESPONSIBILITY OF THE MANAGER

PHNB has the general powers to manage the assets of AHP. PHNB's main responsibility is to manage the assets of AHP in accordance with AHP's stated investment objective for the benefit of the Unit Holders. In particular, PHNB is responsible for the day-to-day management of the assets held by AHP and shall at PHNB's discretion make recommendations to the Trustee on the management and operation of the assets.

PHNB is subject to the provisions of the Principal Deed to carry out all activities as may be deemed necessary for the management of AHP.

PHNB is functionally independent of the Trustee and possesses the skills and resources to discharge its functions in relation to AHP effectively and responsibly.

PHNB's general functions, duties and responsibilities include, but are not limited to the following:

- (i) to manage the assets of AHP in the best interests of the Unit Holders in good faith and to the best of their ability;
- (ii) to only transact in investments on behalf of the trusts it manages and not on behalf of any other person or on its own behalf;
- (iii) to obtain the prior approval of the Trustee to all acquisitions and disposals of property;

BACKGROUND INFORMATION ON THE MANAGER (Cont'd)

- (iv) to act with due care, skill and diligence in managing AHP and effectively employ the resources and procedures necessary for the proper performance of AHP;
- (v) to take all reasonable steps and exercise due diligence to ensure that AHP's assets are correctly valued in accordance with the Principal Deed, applicable laws and requirements or valuation standards;
- (vi) to appoint a property manager approved by the Trustee, to manage the AHP's properties and to ensure that the appointed property manager possesses adequate human resources with the necessary qualifications, expertise and experience in real estate management; and
- (vii) to ensure that the property manager's fees are reasonable and do not exceed the scale of fees as prescribed in the Valuers, Appraisers and Estate Agents Act 1981.

4. FINANCIAL POSITION

The table below sets out a summary of PHNB's audited financial performance for the past three (3) FYEs 31 December 2013 to 31 December 2015:

FYE 31 December	2013	2014	2015
	RM'000	RM'000	RM'000
Issued and paid-up capital	1,000	1,000	1,000
Shareholders' fund	14,289	15,205	15,817
Turnover	6,982	5,882	5,983
Profit before tax and zakat	2,629	1,244	933
Profit after tax and zakat	1,918	916	612

5. MANAGER'S FEE

PHNB is entitled to an annual management fee not exceeding 2% of the NAV of AHP and computed in accordance with the Principal Deed.

PHNB is also entitled to an acquisition fee of 1% of the acquisition price and disposal fee of 0.5% of the disposal price, whichever is applicable.

6. INTEREST OF THE DIRECTORS AND MAJOR SHAREHOLDERS OF THE MANAGER AND MAJOR UNIT HOLDERS IN THE PROPOSALS**6.1 Acquisition**

None of the Directors of PHNB, its holding company, PNB, major Unit Holders of AHP and persons connected to them have any interest, direct or indirect, in the Acquisition.

BACKGROUND INFORMATION ON THE MANAGER (Cont'd)

6.2 Rights Issue

None of the Directors of PHNB, its holding company, PNB, major Unit Holders of AHP and persons connected to them have any interest, direct or indirect, in the Rights Issue beyond their respective entitlements as Unit Holders of AHP.

7. PROPERTY INVESTMENT COMMITTEE

Property Investment Committee is appointed by the Board. The duties and responsibilities of the Property Investment Committee are set out below:

- (i) the Property Investment Committee should ensure that the Trust is managed in accordance with:-
 - (a) the fund's investment objective;
 - (b) the deed;
 - (c) the prospectus;
 - (d) these guidelines and securities laws;
 - (e) the internal investment restrictions and policies; and
 - (f) acceptable and efficacious investment management practices within the real estate investment trust industry.
- (ii) select appropriate strategies to achieve the proper performance of the Trust in accordance with the investment policies and to advise management and the Board on the following:-
 - (a) to advise management of PHNB in meeting the objectives of enhancing and maximising the value of the real property-related investment portfolio of the Trust managed by PHNB.
 - (b) to advise on real property investment plans and strategies for the short-term, medium-term and long-term investment.
 - (c) to recommend and/or approve any acquisition and/or disposal of real property by the Trust.
 - (d) to advise on the allocation of the real property to be acquired for the Trust.
- (iii) ensure that the strategies selected are properly and efficiently implemented by the Manager or its fund management delegate (if any).
- (iv) actively monitor, measure and evaluate the performance of the Manager or its fund management delegate (if any).
- (v) to consider all matters deemed appropriate.

BACKGROUND INFORMATION ON THE MANAGER (Cont'd)

The Property Investment Committee comprises of the following members:

Name	Designation	Directorship in PHNB
Dato' Johan bin Ariffin	Independent Member	None
Dato' Ir. Jamaluddin bin Osman	Independent Member	None
Professor Datuk Dr. Nik Mohd. Zain bin Haji Nik Yusof	Independent Member	None

The Property Investment Committee meets when required.

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BACKGROUND INFORMATION ON THE TRUSTEE

1. BACKGROUND INFORMATION

AmanahRaya Trustees Berhad was incorporated under the Act on 23 March 2007 and registered as a trust company under the Trust Companies Act 1949. ART is a subsidiary of Amanah Raya Berhad, which is wholly owned by the Minister of Finance (Incorporated).

As at the LPD, the authorised share capital of the Trustee is RM5,000,000 comprising 500,000 ordinary shares of RM10.00 each. The issued capital of the Trustee stands at RM2,000,000 comprising 200,000 shares of RM10.00 each and the paid-up capital of the Trustee stands at RM1,000,000 (for each of the 200,000 shares, only RM5.00 out of RM10.00 has been called and paid up).

2. THE TRUSTEE'S EXPERIENCE IN MANAGING FUNDS

The principal activity of the Trustee is provision of corporate trusteeship services in the Malaysian financial services industry. ART took over the corporate trusteeship functions of Amanah Raya Berhad which has more than 49 years of experience in trustee business.

The Trustee specialises in corporate trustee services which includes acting as trustee for private debt securities, unit trust funds, private retirement schemes and REITs. As at the LPD, the Trustee is a trustee for 173 unit trust funds and three (3) listed REITs including AHP under its trusteeship.

3. BOARD OF DIRECTORS OF THE TRUSTEE

As at the LPD, the board of directors of the Trustee is as follows:

Name	Designation
Dato' Haji Ismail Bin Ibrahim	Independent Non-Executive Chairman
Tuan Haji Zulkifly Bin Sulaiman	Independent Non-Executive Director
Dato' Haji Che Pee Bin Samsudin	Non-Independent Non-Executive Director
Puan Mahfuzah Binti Baharin	Non-Independent Non-Executive Director
Encik Adenan Bin Md Yusof	Non-Independent Non-Executive Director

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BACKGROUND INFORMATION ON THE TRUSTEE (Cont'd)**4. KEY MANAGEMENT TEAM**

The particulars of the key management team of the Trustee are as follows:

Name	Designation
Hajjah Habsah Binti Bakar	Chief Executive Officer
Zainudin Bin Suhaimi	General Manager
Arzlee Bin Abdul Rahman	Assistant General Manager
Azril Bin Abdul Kadir	Senior Manager, Compliance and Monitoring Department
Zulhida Binti Abd Maurad	Manager, Legal Department
Amir Tarmizi bin Abdul Hamid	Manager, Operations Department
Hajjah Farah Farhanah Binti Fuad	Manager, Operations Department
Azmiah Binti Abdul Razak	Manager, Finance & Administration Department
Noor Aniza Binti Md Noor	Manager, Marketing and Business Development Department
Suzana Binti Mohamed	Manager, Chief Executive Officer's Office

5. FINANCIAL POSITION

The following is a summary of the past performance of the Trustee for the past three (3) FYE 31 December:

FYE 31 December	2013 RM'000	2014 RM'000	2015 RM'000
Issued and paid-up capital	1,000	1,000	1,000
Shareholders' fund	9,421	9,657	10,529
Turnover	27,861	30,326	32,182
Profit before tax	20,332	22,806	24,375
Profit after tax	15,281	17,236	18,272

6. TRUSTEE'S FEES

Under the Principal Deed, the Trustee shall be entitled to an annual fee not exceeding 0.1% of the NAV of the Trust.

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BACKGROUND INFORMATION ON THE TRUSTEE (Cont'd)

7. DUTIES AND RESPONSIBILITY OF THE TRUSTEE

The Trustee's duties and responsibilities are set out in the Principal Deed. The general duties and responsibilities of the Trustee include, but are not limited to, the following:

- (i) acting as Trustee of the Trust and therefore, safeguarding the rights and interests of the Unit Holders;
- (ii) maintain and ensure that the Manager maintains proper accounting records and other records as are necessary to enable a complete and accurate view of the Trust to be formed;
- (iii) ensure that it is fully informed of the investment policies of the Trust as set by the Manager, and of any changes made thereto;
- (iv) ensure that not at any time acquire or hold shares in the Manager or allow any of its employees to hold any post with the Manager;
- (v) ensure at all times that investments are not made to further the interest of any party related to the Manager or the Trustee;
- (vi) it will not at any time, on its own behalf hold Units of the Trust or shares in the Manager or any relevant interests therein; and
- (vii) notify the relevant authorities immediately of any irregularity, any breach of the provisions of the CMSA, the Principal Deed, the REIT Guidelines or securities laws and any other matter properly regarded by the Trustee as not being in the interests of the Unit Holders.

The Trustee has covenanted in the Principal Deed that it will exercise due diligence and vigilance in carrying out its duties and responsibilities, and in safeguarding the rights and interests of the Unit Holders.

8. DELEGATION OF TRUSTEE FUNCTION

As at the LPD, none of the Trustee's function in relation to AHP has been delegated.

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BACKGROUND INFORMATION ON THE PROPERTY MANAGEMENT COMPANY

1. BACKGROUND INFORMATION

IM Global Property Consultants Sdn Bhd (“IMG”) was incorporated in 2005 and since its incorporation, IMG has been involved in the valuation, real estate agency, auction and project management and consultancy services.

As at the LPD, the authorised share capital of IMG is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which the issued and paid-up capital of IMG is RM900,000 comprising 900,000 ordinary shares of RM1.00 each.

It is operating in its headquarters in Kuala Lumpur and undertaken projects in other states throughout Malaysia such as Penang, Johor, Perak and Terengganu.

2. ROLE AND EXPERIENCE OF THE PROPERTY MANAGEMENT COMPANY

IMG is responsible as the Property Manager to advise its clients on the overall management and leasing policies of clients’ properties, with the main objective of securing and maintaining maximum income from the assets and ensuring maximum cost efficiencies.

The services include amongst others the following:

- (i) providing of rental arrangement and advice on tenancy covenants including rent views;
- (ii) opening of client's account, maintaining records of income and expenditure and submitting monthly or quarterly statements;
- (iii) negotiating lease terms including advise on renewals and re-lettings;
- (iv) periodic inspection and recommend action on remedial measure on defects;
- (v) liaising and coordinating with the consultants, contractors and the authorities in respect of maintenance and renovation works;
- (vi) attending to complaints and issues raised by tenants;
- (vii) engaging on the client's behalf and at the client's expense contractors to service air-conditioning system, lifts, standby generator, fire-fighting installations and other mechanical and electrical installation as well as supervising them;
- (viii) enforcing tenancy covenants and conditions;
- (ix) preparing plans and instructions to cater for emergency situations like the outbreak of fire, bomb threats, etc;
- (x) pay assessment and quit rent on behalf of the client; and
- (xi) administrating the maintenance contracts, supervision of repairs and advice on relevant estimates.

BACKGROUND INFORMATION ON THE PROPERTY MANAGEMENT COMPANY (Cont'd)

3. PROPERTIES UNDER THE MANAGEMENT OF THE PROPERTY MANAGEMENT COMPANY

Below are some of the various properties that IMG has been involved in the management of the facility/building:

(i) PLAZA VADS, JALAN TUN MOHD FUAD, TAMAN TUN DR ISMAIL, KUALA LUMPUR

Total net let table area of 190,445 sq. ft.

(ii) BANGUNAN AHP, JALAN TUN MOHD FUAD 3, TAMAN TUN DR ISMAIL, KUALA LUMPUR

Total net let table area of 94,154 sq. ft.

The primary objective of property management is to ensure effective planning and implementation of leasing and promotional activities, maintain the pristine condition of the building and its property and thereby improving its capital value over time.

4. DIRECTORS AND KEY PERSONNEL

The particulars of the directors and key personnel of the Property Management Company are as follows:

Name	Designation
Tuan Hj Ishak Bin Ismail	Director/ Chief Executive Officer
Che Had Dhali	Director/ Registered Valuer

5. PROPERTY MANAGEMENT COMPANY'S FEE

The Property Management Company is entitled to receive the following fee for managing AHP's properties:

Item	Total Per Month Excluding 6% GST (RM)
Management Fee	12,800
Site Staff Costs	26,200
Administration & Disbursement Costs	2,000
Total Fees and Expenses	41,000

6. UNITHOLDINGS

As at LPD, IMG does not hold any Units in AHP.

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VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY


W. M. Malik & Kamaruzaman (estd: 1969)

CHARTERED SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

3rd Floor, Wisma Yakin, Jalan Melayu, 50100 Kuala Lumpur, Malaysia.

Tel: 03-2698 5522 Fax: 03-2692 5202

email: wmmkj@wmmkj.com

website: www.wmmkj.com

Reg. No: V(2) 0001

Wan Malik Mohamed, FRICS, MIS(M)

Sr Kamaruzaman Jamil, BSc. (Hons) (London), FRICS, FIS(M)

Johann Wan Malik, B.Sc (Hons) Est. Management

Sr Syamzul Bahari Bin Saupi, MISM

B.Sc (Hons) Property Management

 3rd April 2015

Our Ref: NS 12/14

 Chief Executive Officer
 AmanahRaya Trustees Berhad
 Level 4, Wisma TAS
 No. 21, Jalan Melaka
 50100 Kuala Lumpur

Dear Sir

**RE: VALUATION CERTIFICATE
 MYDIN MALL SEREMBAN 2
 LOT PT 557 HSD 206530, TOWN OF SEREMBAN UTAMA
 DISTRICT OF SEREMBAN, NEGERI SEMBILAN
 FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD**

In accordance with the letter of instructions dated 5th November 2014 from Permodalan Nasional Berhad on behalf of Pelaburan Hartanah Nasional Berhad, the Manager of Amanah Harta Tanah PNB (AHP) and subsequently instruction from AmanahRaya Trustee Berhad, the Trustee of AHP, we are pleased to submit herein our opinion of the Market Value of the perpetual interest in the above-mentioned property. This valuation certificate is prepared for inclusion in the Circular to Unit Holders of AHP to be dated 30 July 2015 in relation to the proposed purchase and leaseback of Mydin Mall Seremban 2 by AmanahRaya Trustee Berhad [as Trustee of Amanah Harta Tanah PNB (AHP)] from Mydin Mohamed Holdings Berhad (Mydin).

The valuation is prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia issued on 8th May 2009 and the Malaysian Valuation Standards (4th Edition 2011) issued by the Board of Valuers, Appraisers and Estate Agents Malaysia with the necessary professional responsibility and due diligence.

The basis of valuation is Market Value which is defined by the Malaysian Valuation Standards as 'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'.

We have inspected the subject property on 12 November 2014 and 31 January 2015. The date of valuation is 31 January 2015.

IDENTIFICATION OF PROPERTY

Subject Property / Interest Valued : 3 storey mall cum hypermarket with 2 sub-basements known as Mydin Mall Seremban 2

Address/Location : Lot 31156, Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan

BRANCHES
Petaling Jaya : No. 19, Jalan 227-A, 46100 Petaling Jaya. Tel: 603-7956 6454, 7958 8854 Fax: 603-7956 2049 Reg No. VE (2) 0062

Klang : 1st Floor, No. 32, Jalan Tengku Diauddin, 41000 Klang. Tel: 603-3372 1932, 3373 0698 Fax: 603-3372 5945 Reg No. VE(2) 0062/1

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)

W. M. Malik & Kamaruzaman (estd: 1969)
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Lot No	: PT 557, Town of Seremban Utama, District of Seremban, Negeri Sembilan
Title No	: HSD 206530
Tenure	: Perpetuity
Title Land Area	: 54,175 sq. m. (about 583,135 sq. ft. or 13.387 acres)
Category of Land Use	: Building (Commercial)
Gross Floor Area (GFA)	: 103,520.47 sq. m. (1,114,301.44 sq. ft.) (based on as-built floor plans)
Net Lettable Area (NLA)	: 40,003.55 sq. m. (430,594.62 sq. ft.) (based on the Tenancy Schedule as at 31 January 2015)
Registered Proprietor	: Mydin Mohamed Holdings Berhad

TERMS OF REFERENCE

The valuation is subject to and based on the following:

- i) That the subject property has a total net lettable area of 430,594.62 sq. ft. (40,003.55 sq. m.) as per Tenancy Schedule dated 31 January 2015 provided to us by Mydin.

GENERAL DESCRIPTION

The subject property is known as Mydin Mall Seremban 2, bearing postal address Lot 31156, Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan. It is located in the commercial centre of Seremban 2, Negeri Sembilan, about 7 km south-west of Seremban town centre. Seremban 2 is a comprehensive township development comprising residential and commercial developments.

The subject property is a 3 storey mall cum hypermarket with 2 sub-basements comprising the following:

- Sub-Basement 2 : Car Park
- Sub-Basement 1 (Lower Ground) : Car Park, Lower Ground Entrance to Mall Area, Shoplots
- Ground Floor : Open and Covered Car Park, Porch, Main Entrance to Mall Area, Shoplots, 2nd Entrance to Mall Area
- First Floor : Mall Area (shoplots), Hypermarket, Stores (Mezzanine Level)
- Second Floor : Mall Area (shoplots), Hypermarket, Staff Dormitory & Stores (Mezzanine Level)

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (*Cont'd*)

W. M. Malik & Kamaruzaman (estd: 1969)
 CHARTERED SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

Land

The land is identified as Lot PT 557, Town of Seremban Utama, District of Seremban, State of Negeri Sembilan. It has a provisional title land area of 54,175 sq. m. (about 583,135 sq. ft. or 13.387 acres) held in perpetuity. The land is more or less regular shaped with a rounded eastern boundary and bounded by roads on all sides. The main frontage road is Persiaran S2/B7. The land gradually ascends from Persiaran S2/M at the east boundary towards the western boundary to an unnamed metal road.

Building

The building is a purpose-built 3 storey mall cum hypermarket with 2 sub-basements. Mydin Hypermarket is the anchor tenant. The Mall Area is in 4 levels (lower ground, ground, first & second floors) adjoining the Mydin Hypermarket which occupies the first and second floors. It comprises of shoplots (including food court & bowling area), bazaar lots, kiosks, promotion space, push carts and massage chairs area, let to various tenants.

The building is of permanent structure basically constructed of steel framework with roof partly of reinforced concrete, metal deck and flat concrete, plastered brick walls with aluminium panel facade and reinforced concrete floor slabs. The building features high ceiling heights of about 6.5 metres (about 21 feet) for the ground floor and 6.1 metres (about 20 feet) for first and second floors.

The gross floor area and net lettable area of the subject property are 103,520.47 sq. m. (1,114,301.44 sq. ft.) and 40,003.55 sq. m. (430,594.62 sq. ft.) respectively. It has a total of 1,454 car parking bays and 223 motorcycle bays available at the ground floor (open and covered) and in the 2 sub-basements.

The subject property was completed about 1 year and 4 months ago when operations commenced in December 2013 and was issued with a Certificate of Completion and Compliance (CCC) on 8 January 2014.

OCCUPIER/TENANCY

Mydin Hypermarket, which is operated by Mydin, is the major occupier of the subject property. The Mall Area comprising of shoplots, bazaar lots, kiosks, promotion space, push carts and massage chairs area are let to various tenants. The Mall Area also has mini anchor tenants namely Rasa Village Food Court and Ole-Ole Super Bowl. The shoplots are occupied as retail and food & beverage outlets.

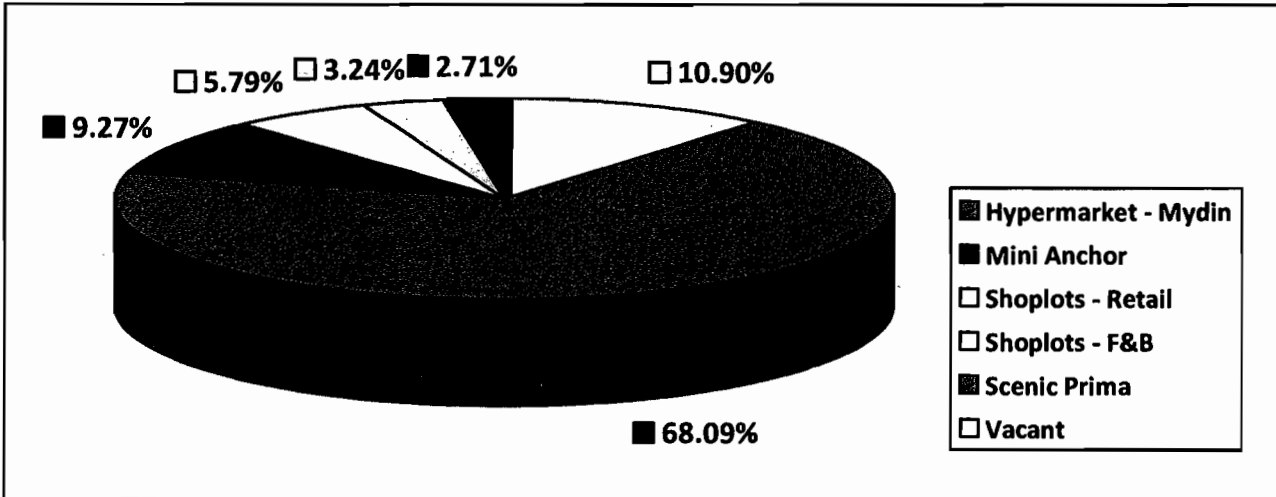
The bazaar lots, kiosks, promotion space, push cart together with the massage chairs area are referred to as 'Scenic Prima' license spaces, licensed to Scenic Prima Sdn Bhd (as Leasing Agent - 'Licensee'), managing this space for 20% of the rent received with the remaining 80% apportioned to Mydin as proprietor/landlord, for tenancies let on permanent basis (let for more than one month). For tenancies let on temporary basis (let day-to-day or for less than one month), the Licensee is entitled to 30% of the rent received with the remaining 70% apportioned to Mydin. However, we also note that some tenancies let on permanent basis are paid 30% of the rent received to the Licensee and some tenancies let on temporary basis, the Licensee is paid 20% of the rent received.

The subject property has an occupancy rate of about 89.10% as at 31 January 2015. Mydin occupies 68.09% of the total NLA (Hypermarket Area) whilst 21.01% is occupied by tenants in the Mall Area. The pie chart herein shows the breakdown of the tenanted and the vacant areas.

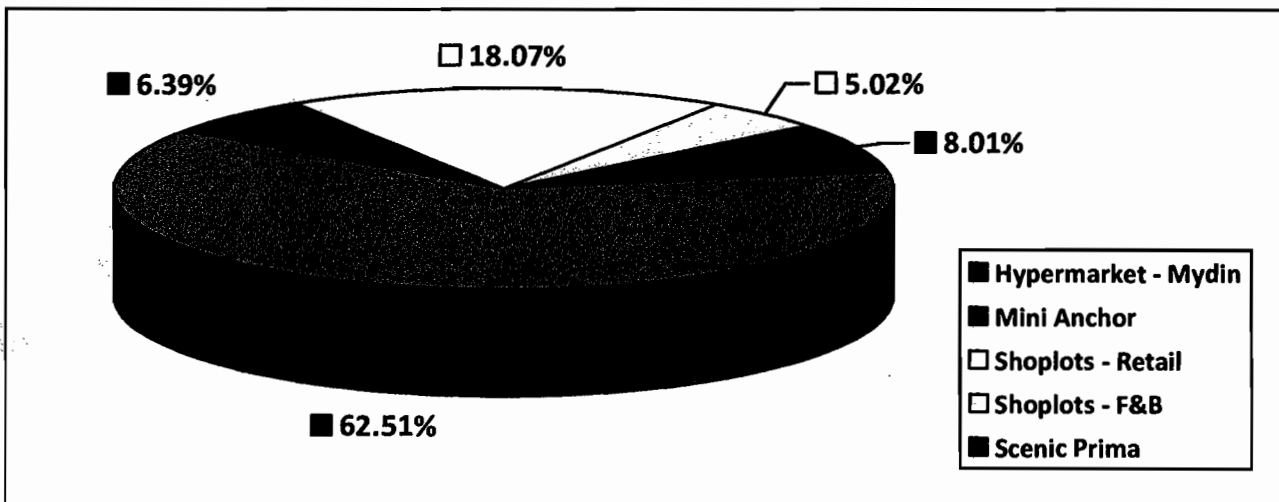
VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)



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In terms of rental income, Mydin attributed the major portion of the total rental income of about 62.51%. The remaining rental income is represented by the Mall Area at about 37.49%.



The tenancies for shoplots are typically for 2 or 3 years. For the Scenic Prima lots, the typical tenancy period is 1 to 2 years whilst lots let on temporary basis e.g. promotion space are for less than a month or day-to-day.

Except for the Scenic Prima lots, tenants are levied a separate maintenance charge at the rate of RM1.50 or RM2.00 per sq ft. per month.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)

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RICS

RENTAL INCOME

The total rental income for Mydin Mall Seremban 2 based on the Tenancy Schedule as at 31 January 2015 is summarised as follows:-

Description	Net Lettable Area (Sq Ft)	Gross Rental (Per Month)	Gross Rental (Per Annum)
Mall Area (Shoplots & Scenic Prima Lots)	137,407.49	RM641,160.70	RM7,693,928.40
Hypermarket (Mydin Hypermarket)	293,187.13	RM1,068,853.64	RM12,826,243.68
Total	430,594.62	RM1,710,014.34 (RM3.97 per sq. ft.)	RM20,250,172.08

OUTGOINGS/EXPENSES

The outgoings/expenses for January to December 2014 for the subject property have been analysed to RM1.63 per sq. ft. per month.

TOWN PLANNING

The subject property is zoned and approved for commercial use as stated in the land title.

VALUATION

The valuation is on the basis of Market Value. In assessing the Market Value of the perpetual interest in the subject property, we have adopted the Income Approach. The Comparison approach is used as a check.

The valuation is subject to and based on the following:

- i) That the subject property has a total net lettable area of 430,594.62 sq. ft. (40,003.55 sq. m.) as per Tenancy Schedule dated 31 January 2015 provided to us.

Income Approach

The Income Approach using the Investment Method is a 2-stage capitalisation (Term & Reversion) of the net rental income of the property at appropriate rates of return (yield) consistent with the type and quality of the property, to arrive at the market value. The term income is the passing rents and is capitalised for the unexpired period of the tenancies, after deducting outgoings. The reversion income is derived from market derived rental rates, as well as taking into consideration the passing rents, which is capitalised to perpetuity, after deducting outgoings.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)



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RICS

The parameters adopted in the Income Approach using the Investment Method are as follows:

DESCRIPTION	TERM	REVERSION	REMARKS
Lower Ground (Sub-Basement 1)	Shoplots - Retail Lots	RM5.62 to RM14.00 psf	RM6.56 to RM15.00 psf
	Scenic Prima - Bazaar Lots	RM1,280.00 to RM1,920.00 (RM6.13 to RM12.29 psf)	RM1,350.00 to RM2,020.00 (RM6.45 to RM13.16 psf)
	Scenic Prima - Promotion Space	RM2,100.00 (RM32.81 psf)	RM2,400.00 per lot (RM37.50 psf)
	Scenic Prima - Car Wash (Sub-Basement 2)	RM1,920.00 (RM1.07 psf)	RM2,020.00 (RM1.13 psf)
Ground Floor	Shoplots - Retail Lots	RM12.00 to RM21.00 psf	RM13.00 to RM22.00 psf
	Shoplots - F&B Lots	RM6.00 to RM12.00 psf (Outdoor & Open Seating: RM2.00 psf)	RM7.00 to RM13.00 psf (Outdoor & Open Seating: RM2.50 psf)
	Scenic Prima - Food Kiosk	RM2,560.00 per lot (RM13.50 psf)	RM2,690.00 per lot (RM12.35 to RM14.18 psf)
	Scenic Prima - Bazaar Lots (Covered Car Park)	RM1,280.00 to RM1,600.00 (RM9.92 to RM13.49 psf)	RM1,350.00 to RM1,680.00 (RM10.47 to RM14.16 psf)
	Scenic Prima - Promotion Space (Indoor)	RM630.00 to RM4,480.00 (RM6.19 to RM23.33 psf)	RM2,240.00 to RM4,700.00 (RM6.50 to RM35.00 psf)
	Scenic Prima - Promotion Space (Concourse: Ground & First)	RM1,120.00 & RM4,200.00 (RM0.56 & RM2.33 psf)	RM4,080.00 to RM4,800.00 (RM2.04 to RM5.21 psf)

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)



RICS

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DESCRIPTION		TERM	REVERSION	REMARKS
Ground Floor	Scenic Prima - Push Cart	RM1,280.00 per lot (RM42.67 psf)	RM1,350.00 per lot (RM45.00 psf)	<u>Term:</u> We have adopted the passing rents. <u>Reversion:</u> Considered the passing rents and market rentals of similar retail space in shopping complexes in Seremban i.e. Aeon Seremban 2 (near to subject property) at RM5.10 to RM16.50 psf for ground floor and RM2.45 to 20.70 psf for first floor.
	Scenic Prima - Massage Chair	RM1,120.00 per lot	RM1,180.00 per lot	
	ATM - Miscellaneous	RM500.00 per lot	RM600.00 per lot	
First Floor	Shoplots - Retail Lots	RM8.00 to RM18.00 psf	RM9.00 to RM19.00 psf	<u>Term:</u> We have adopted the passing rents. <u>Reversion:</u> Considered the passing rents and market rentals of anchor tenants in shopping complexes in surrounding areas and in Peninsular Malaysia i.e. Aeon Seremban 2 (near to subject property) at RM2.45, Mahkota Parade, Melaka at RM3.30 - RM3.40 psf and Wetex Parade, Muar, Johor at RM3.15 psf. Note: Average rental adopted for Mydin Hypermarket is about RM2.43 psf
	Shoplots - F&B Lots	RM7.59 to RM9.67 psf	RM7.94 to RM10.74 psf	
	Scenic Prima - Promotion Space	RM91.00 to RM6,300.00 (RM1.42 to RM33.33 psf)	RM2,400.00 to RM4,700.00 (RM23.98 to RM38.10 psf)	
	Scenic Prima - Push Cart	RM1,280.00 per lot (RM40.00 psf)	RM1,350.00 per lot (RM42.19 psf)	
Second Floor	Shoplots - Retail Lots	RM3.39 & RM8.00 psf	RM3.56 to RM10.00 psf	
	Shoplots - F&B Lots	Vacant	RM10.00 psf	
	Scenic Prima - Promotion Space	Vacant	RM1,920.00 & RM4,300.00 (RM21.94 & RM30.00 psf)	
	Scenic Prima - Push Cart	RM960.00 (RM30.00 psf)	RM1,010.00 per lot (RM31.56 psf)	
Mini Anchor Tenants	Rasa Village Food Court (Ground Floor)	RM4.00 psf	RM4.50 psf	
	Ole-Ole Super Bowl (Second Floor)	RM1.50 psf	RM2.50 psf	
Mydin Hypermarket	First Floor	RM4.00 psf	RM3.00 psf	
	Second Floor	RM3.50 psf	RM2.50 psf	
	Service Area, Staff Area & Dormitory (Ground, First, Second & Second Mezzanine)	RM3.50 psf	RM2.00 psf	

Note: The above rentals are inclusive of maintenance charge at RM1.50 or RM2.00 psf per month. (psf = per sq. ft.)

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)



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RICS

DESCRIPTION		TERM	REVERSION	REMARKS
Outgoings		RM1.63 psf	RM1.80 psf	<p><u>Term:</u> Considered the analysed current outgoings of the subject property which is the actual cost.</p> <p><u>Reversion:</u> We have adopted an increase of about 10% to allow for increase in cost and capital expenditure.</p>
Yield (Capitalisation Rate)		6.0%	6.5%	<p>Based on analysis of recent transactions of shopping malls/hypermarkets in Peninsular Malaysia, the analysed yield ranges from 6.5% to 7.81%. The more recent transactions in 2014 are at yields of about 6.5%.</p> <p>Taking into consideration the location, type and quality, we have adopted 6.5% yield for the subject property</p>
Void Allowance	Mall Area (Shoplots & Scenic Prima Lot)	-	5.0%	We have adopted the void allowance of 5.0% for possible future vacancies and rent free periods offered for new tenancies in the Mall Area.
	Hypermarket Area	-	0.0%	No void allowance is adopted for the Hypermarket Area as it will be leased for 30 years.

The Income Approach using the Investment Method gives a value of RM240,000,000.00.

Comparison Approach

The Comparison Approach entails analysis of sales of comparable properties. The sales comparables which are considered in arriving at the market value of the subject property have been analysed on the net lettable area (NLA) basis and adjustments have been made to recognise the various differences between the sales comparables and subject property for time factor, location, building age/condition, building type, size of the building (NLA) and tenure.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)



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RICS

We have considered the following comparables:

Details	Comparable 1	Comparable 1	Comparable 2	Comparable 4
Source	Bursa Malaysia Company Announcement	Jabatan Penilaian & Perkhidmatan Harta (JPPH)	Jabatan Penilaian & Perkhidmatan Harta (JPPH)	Jabatan Penilaian & Perkhidmatan Harta (JPPH) & Bursa Malaysia Company Announcement
Building Name	KL Festival City Mall	Mydin Mall Meru Raya	Mydin Mall MITC	East Coast Mall
Address/Location	Jalan Genting Klang, Setapak, Kuala Lumpur	Jalan Meru Bestari B2, Bandar Meru Raya, Ipoh, Perak	No 12, Jalan Komersial, MITC Ayer Keroh, Melaka	Jalan Putra Square 6, Putra Square, Kuantan, Pahang
Property Description/Type	3 storey Shopping Mall with 1 Level of Basement Car Park (Part of mixed development consist of serviced residence)	3 storey Mall cum Hypermarket	2 storey Mall cum Hypermarket	4 storey Shopping Mall with 1 Level of Basement Car Park
Tenure	Leasehold 99 Years - Expiring on 20-Nov-2106 (Unexpired Term of 92 Years)	Perpetuity	Leasehold 99 Years - Expiring on 12-May-2103 (Unexpired Term of 88 Years)	Leasehold 99 Years - Expiring on 18-Dec-2106 (Unexpired Term of 92 Years)
Net Lettable Area (sq. ft.)	487,342	408,212	370,346	441,342
Vendor	Festival City Sdn Bhd	Mydin Wholesale Cash & Carry Sdn Bhd	Mydin Wholesale Cash & Carry Sdn Bhd	Astral Realty Sdn Bhd
Purchaser	Festiva Mall Sdn Bhd & AsiaMalls Sdn Bhd	Lembaga Tabung Haji	AmanahRaya Trustee Berhad (as Trustee for PNB REIT)	AmTrustee Berhad (as Trustee for CapitaMalls Malaysia Trust)
Date of Transaction	19 August 2014	9 May 2014	9 April 2012	14 June 2011
Price Consideration	RM349,000,000	RM190,000,000	RM115,000,000	RM310,000,000
Analysis	RM713.13 psf	RM465.44 psf	RM310.52 psf	RM702.40 psf
Adjustments	Upward adjustment for time, building age/condition, size and tenure. Downward adjustment for location and building type.	Upward adjustment for time, location and building age/condition. Zero adjustment for building type, size and tenure	Upward adjustment for time, location, building age/condition and tenure. Downward adjustment for size. Zero adjustment for building type.	Upward adjustment for time, building age/condition and tenure. Downward adjustment for location and building type. Zero adjustment for size.
Adjusted Value	RM578.44 psf	RM578.80 psf	RM527.64 psf	RM697.04 psf

We have relied on Comparables 1 and 2 with adjusted values of RM578.44 and RM578.80 psf respectively in the valuation of the subject property. Comparable 1 is the most recent sale. Comparable 2 is the Mydin Wholesale Cash & Carry, Bandar Meru Raya, Ipoh, Perak. We have therefore, valued the subject property based on the comparison approach at RM575.00 per sq. ft. of the NLA totalling RM248,000,000.00.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)



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Reconciliation of Value

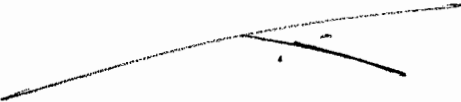
The Income Approach using the Investment Method gives a market value of RM240,000,000.00. The Comparison Approach gives a market value of RM248,000,000.00.

We have adopted the market value of the subject property derived based on the Income Approach using the Investment Method as it is an income generating property supported by the rental income received.

Value

Considering all the above, we are of the opinion that the Market Value of the perpetual interest in the subject property, a 3 storey mall cum hypermarket with 2 sub-basements known as Mydin Mall Seremban 2, built on Lot PT 557, Town of Seremban Utama, District of Seremban, State of Negeri Sembilan, subject to the existing tenancies and free from all encumbrances is RM240,000,000.00 (Ringgit Malaysia Two Hundred Forty Million Only).

Yours faithfully
for and on behalf of
W. M. Malik & Kamaruzaman
Chartered Surveyors•Valuers•Property Managers•Estate Agents



Sr Kamaruzaman Jamil, B.Sc (Hons)(London), FRICS, FIS(M)
Chartered Valuation Surveyor
Partner of the Firm
Registered Valuer V-272
Ref. No.: NS 12/14

KJ/MZK/r

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)


W. M. Malik & Kamaruzaman (estd: 1969)

CHARTERED SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

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Reg. No: V(2) 0001

Wan Malik Mohamed, FRICS, MIS(M)

Sr Kamaruzaman Jamil, BSc. (Hons) (London), FRICS, FIS(M)

Johann Wan Malik, B.Sc (Hons) Est. Management

Sr Syamzul Bahari Bin Saupi, MISM

B.Sc (Hons) Property Management

 31st October 2016

Our Ref: NS 12/14-16

 Chief Executive Officer
 AmanahRaya Trustees Berhad
 Level 4, Wisma TAS
 No. 21, Jalan Melaka
 50100 Kuala Lumpur

Dear Sir

**RE: UPDATE VALUATION CERTIFICATE
 MYDIN MALL SEREMBAN 2
 LOT PT 557 HSD 206530, TOWN OF SEREMBAN UTAMA
 DISTRICT OF SEREMBAN, NEGERI SEMBILAN**

We refer to the instructions from Permodalan Nasional Berhad on behalf of Pelaburan Hartanah Nasional Berhad, the Manager of Amanah Harta Tanah PNB (AHP) and subsequently instruction from AmanahRaya Trustee Berhad, the Trustee of AHP, to review our valuation on the above-mentioned property for the proposed purchase and leaseback of Mydin Mall Seremban 2 by AmanahRaya Trustee Berhad [as Trustee of Amanah Harta Tanah PNB (AHP)] from Mydin Mohamed Holdings Berhad (Mydin) for inclusion in the Abridged Prospectus to unit holders of Amanah Harta Tanah PNB (AHP) in relation to the renounceable rights issue of 120,000,000 new units in AHP ("Rights Units") on the basis of six (6) Rights Units for every five (5) existing units in AHP as at 5.00 p.m. on 13 December 2016.

A Report and Valuation on the above-mentioned property was previously prepared by us bearing Reference No: NS 12/14 dated 3 April 2015. This Update Valuation Certificate should be read in conjunction with the said Report and Valuation.

We have prepared and provided this Update Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market condition.

We have re-inspected the subject property on 19 October 2016. The date of valuation is 19 October 2016.

The valuation is prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia issued on 8th May 2009 and the Malaysian Valuation Standards (5th Edition 2015) issued by the Board of Valuers, Appraisers and Estate Agents Malaysia with the necessary professional responsibility and due diligence.

The basis of valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) as 'the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'.

BRANCHES
Petaling Jaya : No. 19, Jalan 227-A, 46100 Petaling Jaya. Tel: 603-7955 6454, 7958 8854 Fax: 603-7956 2049 Reg No. VE (2) 0062

Klang : 1st Floor, No. 32, Jalan Tengku Diauddin, 41000 Klang. Tel: 603-3372 1932, 3373 0698 Fax: 603-3372 5945 Reg No. VE(2) 0062/1

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)

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RICS

TERMS OF REFERENCE

The update valuation is conducted based on the same Terms of References as stated in our previous valuation report dated 3 April 2015.

The update valuation is subject to and based on the following:

- i) That the subject property has a total net lettable area of 430,642.47 sq. ft. (40,008.00 sq. m.) as per Tenancy Schedule dated 30 September 2016 provided to us by Mydin.

TITLE PARTICULARS

We have carried out title search on 19 October 2016 at Pejabat Tanah dan Galian Negeri Sembilan. Generally, the title particulars remain same except of the following:

- 1) The encumbrance previously charged to Danajamin Nasional Berhad vide Presn. No. 30645/2011 dated 11 November 2011 was released on the 1 September 2016.
- 2) A lienholder caveat was endorsed which was entered by Maybank Islamic Berhad vide Presn. No. 8258/2016 dated 5 September 2016.
- 3) A private caveat was endorsed which was entered by AmanahRaya Trustees Berhad vide Presn. No. 8600/2016 dated 14 September 2016.

Note: Whilst title search has been carried out, we would recommend that the title be re-checked by the parties concerned prior to any dealings on the property.

GENERAL DESCRIPTION

We would like to confirm that the physical condition of the subject property remains unchanged since our previous valuation as at 3 April 2015. However, during our site inspection on 19 October 2016, we noted that the car park block which consist of open car park at ground floor, covered car park at sub-basement 1 (lower ground) and sub-basement 2, including the retail space at the mall area at lower ground floor are temporarily closed. The covered car park at ground floor is open for use. We were informed that the car park block is undergoing rectification work which commenced on 15 July 2016 and is scheduled to complete on 6 October 2016. However, we were informed that the completion of the car park rectification work has been extended to early December 2016.

OCCUPIER/TENANCY

Based on the tenancy schedule as at 30 September 2016, we noted that the total net lettable area had increased slightly from 430,594.62 sq. ft. to 430,642.47 sq. ft. due to re-arrangement of promotion space within the mall area to cater for more space for retailers to occupy the property. We also noted that the overall occupancy rate had also increased slightly from about 89.10% to about 90.44%. Mydin occupies 68.08% of the total NLA (Hypermarket Area) whilst tenants that occupy in the Mall area had increased slightly from 21.01% to 22.36%. Due to the car park rectification, the tenants of the retail space at the mall area at the lower ground floor were relocated to the first floor of the mall and some at the ground floor. The terms and conditions of tenancy agreements of these tenancies of the retail space remain unchanged.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)

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RICS

RENTAL INCOME

Based on the tenancy schedule as at 30 September 2016, we noted that the total rental income has dropped slightly by about 4.3% (i.e. RM1,710,014.34 to RM1,636,972.87 per month) from the previous valuation as at 3 April 2015, despite the increase in the occupancy rate.

The total rental income for Mydin Mall Seremban 2 based on the Tenancy Schedule as at 30 September 2016 is summarised as follows:-

Description	Net Lettable Area (Sq Ft)	Gross Rental (Per Month)	Gross Rental (Per Annum)
Mall Area (Shoplots & Scenic Prima Lots)	137,455.34	RM568,119.23	RM6,817,430.76
Hypermarket (Mydin Hypermarket)	293,187.13	RM1,068,853.64	RM12,826,243.68
Total	430,642.47	RM1,636,972.87 (RM3.80 per sq. ft.)	RM19,643,674.44

OUTGOINGS/EXPENSES

Based on the outgoings/expenses provided to us by Mydin for the year 2014, 2015 and up to August 2016, the outgoings for the subject property is analysed to RM1.63, RM1.44 and RM1.52 per sq. ft. per month for the year 2014, 2015 and 2016 respectively.

MARKET CONDITION

According to the Economic Report by Bank Negara Malaysia, the Malaysian economy registered a growth of 4.0% in the second quarter of 2016 (1Q 2016: 4.2%). Despite the stronger expansion in domestic demand, growth was weighed down by the continued decline in net exports and a significant drawdown in stocks. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 0.7% (1Q 2016: 1.0%). Bank Negara Malaysia expects the Malaysia economy to perform in the region of 4 – 4.5% for the full year 2016 with domestic demand continuing to be the main driver of growth, supported primarily by private sector spending.

(Source: Bank Negara Malaysia Quarterly Bulletin Q2 2016)

We noted that the rental rates of similar retail space in commercial complexes in this locality have remained stable since the date of the previous valuation.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)

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RICS

VALUATION

The update valuation is subject to and based on the following:

- i) That the subject property has a total net lettable area of 430,642.47 sq. ft. (40,008.00 sq. m.) as per Tenancy Schedule dated 30 September 2016 provided to us by Mydin.

Income Approach

We have reassessed the market value of the subject property by adopted the same parameters in the Income Approach using Investments Method as per our previous valuation report dated 3 April 2015 and with the updated details/parameters as follow:

Details/Parameters	TERM	REVERSION
<u>Average Gross Rental</u> (Per Month)	RM1,636,972.87 (RM3.80 per sq. ft.)	RM2,091,972.06 (RM4.86 per sq. ft.)
<u>Outgoings</u> (Per Month)	RM1.52 per sq. ft.	RM1.70 per sq. ft.

Comparison Approach

We have noted two new sales since our previous valuation. Details of the new sales are as follow:

- 1) 1 Segamat Shopping Centre, Jalan Kolam Air, Segamat, Johor, 3 Storey Retail Mall with 1 Level of Basement Car Park having a net lettable area (NLA) of 223,439 sq. ft. and held on a 99-year leasehold interest (with unexpired term of about 84 years) was transacted on 10 June 2016 for a price consideration of RM104,000,000 (equivalent to RM465.45 per sq. ft.).

(Source: Bursa Malaysia Securities Berhad's Company Announcement)

- 2) Mydin HyperMall Seberang Perai, Jalan Baru, Seberang Perai, Pulau Pinang, 3 Storey Mall cum Hypermarket having a net lettable area (NLA) of 536,507 sq. ft. and held in perpetuity was transacted on 15 Apr 2015 for a price consideration of RM250,000,000 (equivalent to RM465.98 per sq. ft.).

(Source: Bursa Malaysia Securities Berhad's Company Announcement)

We have adopted the above sales comparable and the same comparables as per our previous valuation report dated 3 April 2015 in arriving at the market value of the subject property using Comparison Approach.

VALUATION CERTIFICATE AND UPDATE VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)



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Reconciliation of Value

The Income Approach using the Investment Method gives a market value of RM240,000,000.00. The Comparison Approach gives a market value of RM241,000,000.00.

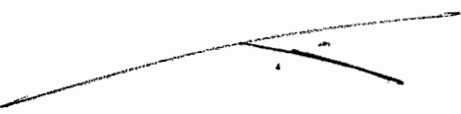
We have adopted the market value derived based on the Income Approach using the Investment Method as a fair representation of the market value of the subject property in view of the fact that the subject property is an income generating property supported by the rental income received.

The current market value has remained unchanged as compared to the previous valuation.

Value

Considering all the above, we are of the opinion that the Market Value of the perpetual interest in the subject property, a 3 storey mall cum hypermarket with 2 sub-basements known as Mydin Mall Seremban 2, built on Lot PT 557, Town of Seremban Utama, District of Seremban, State of Negeri Sembilan, based on the Terms of Reference herein, subject to the existing tenancies and free from all encumbrances is RM240,000,000.00 (Ringgit Malaysia Two Hundred and Forty Million Only).

Yours faithfully
for and on behalf of
W. M. Malik & Kamaruzaman
Chartered Surveyors•Valuers•Property Managers•Estate Agents



Sr Kamaruzaman Jamil, B.Sc (Hons)(London), FRICS, FRIS(M)
Chartered Valuation Surveyor
Partner of the Firm
Registered Valuer V-272
Ref. No.: NS 12/14-16

KJ/MZK/r

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF AHP AS AT 31 DECEMBER 2015
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

Hanafiah Raslan & Mohamad

AF: 0002

Chartered Accountants
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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA STATEMENTS OF FINANCIAL POSITION INCLUDED IN THE ABRIDGED PROSPECTUS TO UNIT HOLDERS

(Prepared for inclusion in the Abridged Prospectus to Unit Holders of Amanah Harta Tanah PNB to be dated 13 December 2016 (the "Abridged Prospectus"))

25 November 2016

The Board of Directors
Pelaburan Hartanah Nasional Berhad
Tingkat 4, Balai PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur

Dear Sirs

AMANAH HARTA TANAH PNB ("AHP" OR THE "TRUST")

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 IN CONNECTION WITH THE FOLLOWING PROPOSALS:

- (I) RENOUNCEABLE RIGHTS ISSUE OF 120,000,000 NEW UNITS IN AHP ("RIGHTS UNIT(S)") ON THE BASIS OF SIX (6) RIGHTS UNITS FOR EVERY FIVE (5) EXISTING UNITS IN AHP AS AT 5.00 P.M ON 13 DECEMBER 2016 ("RIGHTS ISSUE"); AND
- (II) ACQUISITION BY AMANAHRAYA TRUSTEES BERHAD FOR AND ON BEHALF OF AHP, OF A PROPERTY FOR A PURCHASE CONSIDERATION OF RM240,000,000 ("ACQUISITION")

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

We have completed our assurance engagement to report on the compilation of the Pro Forma Statements of Financial Position of AHP prepared by the Directors of Pelaburan Hartanah Nasional Berhad ("the Manager"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Statements of Financial Position are described in Appendix 1.

The Pro Forma Statements of Financial Position have been compiled by the Directors to illustrate the impact of the events or transactions set out in Appendix 1 on the Trust's financial position as at 31 December 2015 as if the events or transactions had taken place as at 31 December 2015. As part of this process, information about the financial position has been extracted by the Directors from the financial statements for the year ended 31 December 2015, on which audit reports have been published.

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF AHP AS AT 31 DECEMBER 2015
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Hanafiah Raslan & Mohamad

AF: 0002

The Directors' Responsibility for the Pro Forma Statements of Financial Position

The Directors of the Manager are responsible for compiling the Pro Forma Statements of Financial Position on the basis of the applicable criteria.

Our responsibilities

Our responsibility is to express an opinion, about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Statements of Financial Position.

The purpose of the Pro Forma Statements of Financial Position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF AHP AS AT 31 DECEMBER 2015
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Hanafiah Raslan & Mohamad

AF: 0002

Our responsibilities (cont'd)

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Trust, the events or transactions in respect of which the Pro Forma Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Statements of Financial Position.

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

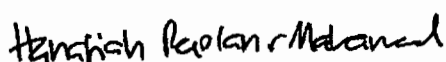
Opinion

In our opinion, the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria.

Other matters

This letter is issued for the sole purpose of inclusion in the Abridged Prospectus. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposals described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposals.

Yours faithfully



Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants



Muhammad Syarizal Bin Abdul Rahim
No. 3157/01/17 (J)
Chartered Accountant

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF AHP AS AT 31 DECEMBER 2015
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

APPENDIX 1

Hanafiah Raslan & Mohamad

AF: 0002

AMANAHA HARTA TANAH PNB

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Audited as at 31 Dec 2015	Adjustments (I)		Adjustments (II)	
		Rights Issue	After the Rights Issue	Acquisition	After (I) and the Acquisition
INVESTMENTS					
Real estates	210,890,245		210,890,245	241,937,000	452,827,245
Real estate-related assets	549,038		549,038		549,038
Non-real estate-related assets	1,663,415		1,663,415		1,663,415
Deposit with financial institutions	6,290,698		6,290,698		6,290,698
TOTAL INVESTMENTS	219,393,396		219,393,396		461,330,396
OTHER ASSETS					
Equipment, furniture and fittings	15,888		15,888		15,888
Tax recoverable	600,998		600,998		600,998
Trade receivables	862,046		862,046		862,046
Other receivables	5,916,783	74,460	5,991,243	14,480,220	20,471,463
Cash and bank balances	64,748	118,684,540	118,749,288	(118,684,540)	64,748
TOTAL OTHER ASSETS	7,460,463		126,219,463		22,015,143
TOTAL ASSETS	226,853,859		345,612,859		483,345,539
LIABILITIES					
Financing	59,893,741		59,893,741	137,732,680	197,626,421
Rental deposits	4,576,200		4,576,200		4,576,200
Other payables	279,764		279,764		279,764
Amount due to Manager	143,569		143,569		143,569
Deferred tax liability	2,414,016		2,414,016		2,414,016
TOTAL LIABILITIES	67,307,290		67,307,290		205,039,970
FINANCED BY:					
UNIT HOLDERS' FUNDS					
Unit holders' Capital	100,000,000	118,759,000	218,759,000		218,759,000
Retained earnings	59,546,569		59,546,569		59,546,569
TOTAL NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS	159,546,569		278,305,569		278,305,569
TOTAL UNIT HOLDERS' FUNDS AND LIABILITIES	226,853,859		345,612,859		483,345,539
NUMBER OF UNITS IN CIRCULATION	100,000,000	120,000,000	220,000,000		220,000,000
NET ASSET VALUE PER UNIT (RM)	1.5955		1.2650		1.2650

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF AHP AS AT 31 DECEMBER 2015
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Hanafiah Raslan & Mohamad

APPENDIX 1

AF: 0002

**AMANAH HARTA TANAH PNB
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015****NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION****1. Basis of preparation**

The Pro Forma Statements of Financial Position of Amanah Harta Tanah PNB ("AHP" or the "Trust") as at 31 December 2015 have been prepared solely to illustrate the impact of the following events or transactions on the unadjusted financial information of AHP as if the events or transactions had been undertaken as at 31 December 2015:

- (a) Renounceable rights issue of 120,000,000 new units in AHP ("Rights Unit(s)") on the basis of six (6) Rights Units for every five (5) existing units in AHP as at 5.00 P.M on 13 December 2016 ("Rights Issue"); and
- (b) Acquisition by AmanahRaya Trustees Berhad for and on behalf of AHP of a Property (as defined below) for a purchase consideration of RM240,000,000 ("Acquisition").

(Collectively referred to as "the Proposals").

The Pro Forma Statements of Financial Position as at 31 December 2015 of AHP have been prepared based on the audited statement of financial position of AHP as at 31 December 2015 and on a basis consistent with both the format of the audited financial statements and the accounting policies adopted by AHP in the preparation of the audited financial statements of AHP for the financial year ended 31 December 2015, which is in accordance with the Malaysian Financial Reporting Standards, to show the effects of the Proposals had they been completed on that date.

2. Pro forma adjustments

The adjustments made in arriving at the Pro Forma Statements of Financial Position encompass the following:

- (I) Pro Forma I

Pro Forma I incorporates the effect of the Rights Issue.

For the purposes of this Pro Forma Statements of Financial Position, the Rights Issue is based on an issue price of RM1.00 per Rights Unit. The expenses to be incurred in relation to the Rights Issue is estimated to be RM1,241,000 and the Goods and Services Tax ("GST") which is claimable as GST input is estimated to be RM74,460.

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF AHP AS AT 31 DECEMBER 2015
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Hanafiah Raslan & Mohamad

APPENDIX 1

AF: 0002

**AMANAH HARTA TANAH PNB
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D.)

2. Pro forma adjustments (cont'd.)

(I) Pro Forma I (cont'd.)

The net proceeds from the Rights Issue are calculated as follows:

	RM
Proceeds from Rights Issue (Note i)	120,000,000
Less: Estimated expenses (Note i)	(1,241,000)
Less: GST on estimated expenses (Note ii)	(74,460)
Net proceeds from Rights Issue	<u>118,684,540</u>

Note i

The proceeds from the Rights Issue, net of estimated expenses of RM118,759,000 are credited as unit holders' capital.

Note ii

The GST of RM74,460 is claimable as GST input.

The net proceeds from the Rights Issue will be utilised for the Acquisition.

(II) Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the effects of the acquisition of a piece of land held in perpetuity under Lot No. P.T. 557, Title No. H.S.(D) 206530, Bandar Seremban Utama, District of Seremban, State of Negeri Sembilan bearing postal address Lot 31156, Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan Darul Khusus, measuring approximately 54,175 sq. m. (583,135 sq. ft. or 13.387 acres) on which a three (3) storey mall cum hypermarket with two (2) sub-basements having a gross area of approximately 103,520.47 sq. m. (1,114,301.44 sq. ft.) is erected (the "Property"), for a purchase consideration of RM240,000,000. The direct expenses in relation to the Acquisition is estimated to be RM1,937,000 and the GST which is claimable as GST input is estimated to be RM14,480,220.

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF AHP AS AT 31 DECEMBER 2015
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Hanafiah Raslan & Mohamad

APPENDIX 1

AF: 0002

**AMANAH HARTA TANAH PNB
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D.)

2. Pro forma adjustments (cont'd.)

(II) Pro Forma II (cont'd.)

	RM
Purchase consideration (Note iii)	240,000,000
Estimated direct expenses (Note iii)	1,937,000
GST (Note iv)	<u>14,480,220</u>
	<u>256,417,220</u>
Financed by:	
Rights Issue (Pro Forma I)	118,684,540
Bank borrowings	<u>137,732,680</u>
	<u>256,417,220</u>

Note iii

The total acquisition cost of the Property is estimated to be RM241,937,000 (Purchase consideration of RM240,000,000 plus estimated direct expenses of RM1,937,000).

Note iv

The GST of RM14,480,220 is claimable as GST input.

TAXATION ADVISER'S LETTER ON TAXATION OF AHP AND UNIT HOLDERS



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Taxation adviser's letter in respect of the taxation
of the unit trust and the unit holders
(prepared for inclusion in this abridged prospectus)

Ernst & Young Tax Consultants Sdn Bhd
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

25 November 2016

The Board of Directors
Pelaburan Hartanah Nasional Berhad
4th Floor, Balai PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur

Dear Sirs

Taxation of Amanah Harta Tanah PNB ("AHP") and unit holders

This letter has been prepared for inclusion in this Abridged Prospectus in connection with the issuance of renounceable rights issue of 120,000,000 new units in AHP ("Rights Units") on the basis of six Rights Units for every five existing units in AHP as at 5.00 p.m. on 13 December 2016.

The purpose of this letter is to provide unit holders with an overview of the impact of Malaysian taxation on AHP and the unit holders.

A. Taxation of AHP

For Malaysian tax purposes, AHP is treated as a unit trust which is a Real Estate Investment Trust ("REIT") and will be subject to the provisions of Section 61, Section 61A and Section 63C of the Malaysian Income Tax Act 1967 ("MITA"). The tax treatment of AHP is discussed in more detail in the following paragraphs.

AHP will be regarded as a Malaysian resident for Malaysian income tax purposes for the basis year for a year of assessment ("YA") if the Trustee of AHP is a resident in Malaysia for that basis year.

The total income (as defined in the MITA) of AHP will be exempted from income tax for a YA pursuant to Section 61A of the MITA if 90% or more of its total income for that YA is distributed to its unit holders.¹

¹ Based on the Budget 2017 announcement which was tabled on the 21 October 2016, it has been proposed that the definition of "unit trust" in Section 61A of the MITA to be amended to be "a unit trust which is approved by the Securities Commission as Real Estate Investment Trust or Property Trust Fund and listed on Bursa Malaysia". This proposal will come into effect from YA2017.

TAXATION ADVISER'S LETTER ON TAXATION OF AHP AND UNIT HOLDERS (Cont'd)



The Board of Directors
Pelaburan Hartanah Nasional Berhad
25 November 2016

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Pursuant to the Public Ruling No. 2/2015 - Taxation of REIT or Property Trust Fund ("PTF") issued by the Malaysian Inland Revenue Board ("MIRB"), the distribution must be made within two months from the close of the financial year which forms the basis period for a YA of the REIT.

Where the REIT does not distribute at least 90% of its total income or the distribution is not made within two months from the close of its financial year end, the REIT would be subject to income tax at the rate of 24%² on its total income for YA 2016.

1. Exempt income

The following income / gains of AHP are exempt from income tax and should not be included in computing the total income of AHP:

a) Single-tier dividends

Pursuant to Paragraph 12B, Schedule 6 of the MITA, single-tier dividends paid by a company are exempt from tax.

b) Interest

Unit trusts, including a REIT, would be exempt from tax on the following interest income:

- i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- ii) interest from debentures or Islamic securities (other than convertible loan stock) approved by the Securities Commission ("SC");
- iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
- iv) interest derived from Malaysia and paid or credited by any bank or financial institution licensed under the Banking and Financial Institutions Act 1989 or the Islamic Banking Act 1983, or any development financial institution regulated under the Development Financial Institutions Act 2002;³

² Based on the recent Budget 2017 announcement, it has been proposed that the corporate income tax rates for YAs 2017 and 2018 be reduced on incremental chargeable income based on the percentage of increase in chargeable income as compared to the immediate preceding YA. The relevant details and legislation have yet to be issued.

³ Based on the recent Budget 2017 announcement, it has been proposed that interest income exempted would be interest derived from Malaysia and paid or credited by:

- a) bank licensed under the Financial Services Act 2013;
- b) an Islamic bank licensed under the Islamic Financial Services Act 2013; or
- c) a development financial institution prescribed under the Development Financial Institutions Act 2002:

Provided that in the case of a unit trust which is a money market fund, the exemption shall only apply to a wholesale fund which complies with the relevant guidelines of the SC.

TAXATION ADVISER'S LETTER ON TAXATION OF AHP AND UNIT HOLDERS (Cont'd)



The Board of Directors
 Pelaburan Hartanah Nasional Berhad
 25 November 2016

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- v) interest received from bonds or securities issued by Pengurusan Danaharta Nasional Berhad;
- vi) interest derived from bonds (other than convertible loan stock) paid or credited by any company listed on the Malaysian Exchange of Securities Dealing and Automated Quotation Berhad; and
- vii) interest from sukuk originating from Malaysia, other than convertible loan stock issued in any currency other than Ringgit and approved or authorised by, or lodged with, the SC, or approved by the Labuan Financial Services Authority⁴.

c) Discount

Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

d) Foreign sourced income

Dividends, interest and other income derived from sources outside Malaysia is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

e) Gains from realisation of investment

Pursuant to Section 61(1)(b) of the MITA, gains from realisation of investments should not be treated as income of AHP and hence, are not subject to income tax.

If the gains are derived from the sale of a chargeable asset⁵ [as defined in the Real Property Gains Tax Act 1976 ("RPGT Act")], such gains may be subject to real property gains tax ("RPGT") at prevailing rates.

2. Rental income

Rental income received by AHP from investments in real properties will be treated as business income pursuant to Section 63C of the MITA.

⁴ Based on the recent Budget 2017 announcement, it has been proposed that the exemption will not apply to interest paid or credited to a company in the same group and interest paid or credited to a bank licensed under the Financial Services Act 2013, an Islamic bank licensed under the Islamic Financial Services Act 2013 or a development financial institution prescribed under the Development Financial Institutions Act 2002. This proposal will come into effect from YA2017.

⁵ Chargeable assets would include real property (i.e. land situated in Malaysia and any interest, option or other right in or over such land) and shares in real property companies ("RPC"). A RPC is controlled company which acquires real property or shares in a RPC or both, whereby the defined value of the real property or shares or both, owned at that date is not less than 75% of the value of its total tangible assets. "Controlled company" means a company with not more than 50 members and controlled by not more than 5 persons.

TAXATION ADVISER'S LETTER ON TAXATION OF AHP AND UNIT HOLDERS (Cont'd)



The Board of Directors
Pelaburan Hartanah Nasional Berhad
25 November 2016

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Expenses incurred in the production of rental income should be claimed against gross rental income. Any excess of the expenses due to insufficient rental income will be disregarded and are not allowed to be carried forward to be utilised in following years.

In arriving at the statutory income from rental, capital allowance [including industrial building allowance ("IBA")⁶] on qualifying assets employed for the rental business is allowed to be claimed against the adjusted income (i.e. net rental income after allowing for tax deductible expenses) from the rental source. Any excess capital allowance due to insufficient adjusted income will not be allowed to be carried forward to be utilised in following years.

Effective from YA 2016, IBA is no longer available for industrial buildings listed on Appendix 1 if the building or part thereof is let out to tenant(s). Based on the recent Budget 2017 announcement, it has been proposed that "Building used for the purposes of industrial, technical or vocational training approved by Minister" be added to the list on which no IBA will be available where the building is let out. Further, it has been proposed that a person who owns the buildings listed in Appendix 1 (as well as building used for the purposes of industrial, technical or vocational training approved by Minister) and use them for the purpose of their business as industrial buildings is entitled to claim IBA on the whole building if the portion of the building let out is not more than one-tenth of the floor area of the whole building. Where the portion of the building let out is more than one-tenth of the floor area of the whole building, such part of the building would not qualify for IBA. This proposal has yet to be gazetted.

3. Deduction of withholding tax

Where AHP's total income is exempted from tax pursuant to Section 61A of the MITA, AHP is required to withhold and remit tax to the MIRB within one month after distributing the total income to the unit holder, at the following rates:

Unit holders	Malaysian income tax rates
Malaysian tax resident:	
• Individuals and institutional investors ⁷	• 10%*
• Resident companies	• Nil
Non-resident:	
• Individuals and institutional investors	• 10%*
• Non-resident companies	• 24%
• Foreign institutional investors	• 10%*
• Others (including individuals)	• 10%*

*Rates applicable until 31 December 2016. The above rates have been proposed to be extended until 31 December 2019 in the Budget 2016 which was announced on 23 October 2015.

⁶ IBA is allowed to an entity that incurred qualifying capital expenditure and the building is used as an industrial building (as defined) by the entity.

⁷ "Institutional investors" means a pension fund, collective investment scheme or such other person approved by the Minister.



The Board of Directors
 Pelaburan Hartanah Nasional Berhad
 25 November 2016

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4. RPGT and stamp duty exemption

Pursuant to the Real Property Gains Tax (Exemption) (No. 4) Order 2003, any disposal of chargeable asset to a REIT or a Property Trust Fund ("PTF") approved by the SC is exempted from RPGT.

Pursuant to the Stamp Duty (Exemption) (No.4) Order 2004, all instruments of transfer of real property to a REIT or PTF approved by the SC are exempted from stamp duty. All instruments of deeds of assignment executed between a REIT or a PTF approved by the SC and the disposer relating to the purchase of real property are exempted from stamp duty.

B. Taxation of unit holders

i) Where AHP distributes at least 90% of its total income (and is exempt from tax under Section 61A of the MITA)

In such a case the tax withheld by AHP [as discussed in Item (3) above] is a final tax. Hence, resident individuals and non-corporate investor unit holders will not be required to declare the income received from AHP in their respective Malaysian income tax returns.

No withholding tax would apply on distributions to Malaysian resident corporate investors. Resident corporate investors are required to report income from REIT distributions in their own corporate tax return, in which the REIT distributions would be subject to the prevailing corporate tax rate which is generally 24%.

ii) Where AHP distributes less than 90% of its total income

Where in a YA AHP does not qualify for the tax exemption under Section 61A of the MITA as it does not distribute at least 90% of its total income, AHP would have paid taxes on its taxable income in that YA. The distributions made by AHP will have tax credits attached to it.

Both resident and non-resident unit holders will be entitled to utilise the tax credit as a set-off against the Malaysian tax payable by them, if any. No other withholding tax will be imposed on the income distribution of AHP which has been subjected to tax on AHP.

ii) Distribution of tax exempt income and capital gains by REIT

Distribution of tax exempt income (i.e. exempt dividends and interest and foreign sourced income) and capital gains earned by AHP should not be taxable in the hands of the unit holders.



The Board of Directors
Pelaburan Hartanah Nasional Berhad
25 November 2016

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iii) Income tax implications on disposals by unit holders

Malaysia does not impose income tax on capital gains. Therefore, any gains on the disposal of the units by the unit holders which are considered to be capital in nature should not be subject to income tax. Whether or not gains are of a capital nature or otherwise is a question of fact. Generally, if a unitholder has held the units for long-term investment purposes, any gains arising from the disposal of their investment may be considered as capital gains and if so should not be subject to income tax.

Where the units are held as trading assets of a trade or business carried on in Malaysia, gains arising from the sale of the units will be viewed as a part of business income and subject to income tax. Dealers in securities (including any person actively buying and selling units on a regular basis) and financial institutions in Malaysia (i.e. insurance companies and banks) may generally be subject to income tax since the gains are viewed as business income. Foreign dealers and financial institutions with no business presence or permanent establishment in Malaysia should not be subject to income tax in Malaysia on the gains. However, such gains may be subject to tax in the investors' respective jurisdictions.

Unit holders who elect to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new units out of their income distribution.

C. Stamp duty

Any transfer of units in AHP by the unit holders will be exempted from stamp duty pursuant to Item 32, Exemption Paragraph (c), First Schedule of the Stamp Act 1949.

D. Goods and services tax ("GST")

Generally, GST is levied on any supply of taxable goods and / or services made in Malaysia by a taxable person in the course or furtherance of business with exception to supplies that are specifically exempted or outside the ambit of GST. AHP is GST-registered and any supply of taxable goods and / or services made in Malaysia by AHP should be subject to GST at the rate of 6%.

However, under Item 10 of the GST (Exempt Supply) Order 2014, the issue, holding or redemption of any unit or other similar instruments under a trust fund should be treated as an exempt supply and hence should not be subject to GST.

TAXATION ADVISER'S LETTER ON TAXATION OF AHP AND UNIT HOLDERS (Cont'd)



The Board of Directors
Pelaburan Hartanah Nasional Berhad
25 November 2016

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Limitation of this letter

We hereby confirm that, as at the date of this letter, the statements made herein correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in AHP. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in AHP.

Yours faithfully
Ernst & Young Tax Consultants Sdn Bhd


Farah Rosley
Partner

Ernst & Young Tax Consultants Sdn. Bhd. has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Abridged Prospectus and has not withdrawn such consent before the date of issue of this Abridged Prospectus.

TAXATION ADVISER'S LETTER ON TAXATION OF AHP AND UNIT HOLDERS (Cont'd)

*Appendix 1***List of leased out buildings which are not entitled to claim IBA**

- a) Licensed private hospital, maternity home and nursing home;
- b) Building used for research;
- c) Building used for warehouse;
- d) Building used for approved service project;
- e) Building used for hotel;
- f) Airport;
- g) Motor racing circuit;
- h) Building used for the provision of living accommodation for individuals employed by him for the business of manufacturing, hotel or tourism business or approved service project under Schedule 7B of the ITA;
- i) Building used for the provision of childcare facilities for individual employed by him for his business; and
- j) Building for a school or an educational institution approved by the Minister of Education or Minister of Higher Education or any relevant authority.

**AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER
WITH THE AUDITORS' REPORT THEREON**

AMANAH HARTA TANAH PNB

**Audited Financial Statements
For the Year Ended 31 December 2015
Together With Manager's Report,
Statement by Manager, And Auditors' Report**

CERTIFIED TRUE COPY

Hanafiah Raslan & Mohamad

.....
HANAFIAH RASLAN & MOHAMAD
AF 0002

MUHAMMAD SYARIZAL BIN ABDUL RAHIM
PARTNER

HANAFIAH RASLAN & MOHAMAD
AF : 0002

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB

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AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015**

Pelaburan Hartanah Nasional Berhad ("PHNB"), the Manager of Amanah Harta Tanah PNB ("AHP" or "the Trust"), has the pleasure in presenting the Manager's Report on the Trust together with the audited financial statements of the Trust for the financial year ended 31 December 2015.

THE TRUST, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

AHP, a Real Estate Investment Trust, was constituted under a Deed of Trust dated 20 March 1989, between the Manager, PHNB, the Trustee, Amanah Raya Berhad and the several persons who acquire units in the Trust.

AHP was launched on 21 March 1989 and was listed on Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 December 1990. The principal activity of the Trust is investment in real estates and other authorised investments with the objectives of achieving steady returns and for long term capital growth. There has been no significant change in the nature of this activity during the year.

The Manager, a company incorporated in Malaysia, is a subsidiary company of Permodalan Nasional Berhad ("PNB"). The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the year.

PNB is a company incorporated in Malaysia. Its principal activity is investment holding mainly for the purpose of promoting greater ownership of shares in the corporate sector in Malaysia by the Bumiputera.

MANAGEMENT FEE AND COMMISSIONS

As provided in the Deed of Trust, the Manager is entitled to a management fee not exceeding 2% per annum of the net asset value of the Trust on each day of the accrual period. The management fee charged for the year ended 31 December 2015 is 1% (2014: 1%) per annum of the daily net asset value of the Trust. No initial service charge, fee or commission has been earned by the Manager in managing the Trust other than the management fee of RM1,525,999 (2014: RM1,560,684) as disclosed in Note 7 to the financial statements.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB**MANAGER'S REPORT ON AMANAHA HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)****TERM OF THE TRUST**

The Trust will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 23 of the Third Supplemental Deed of Trust.

INVESTMENT OBJECTIVE

The main investment objective of the Trust 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.

INVESTMENT POLICY AND STRATEGY

The investment policy of the Trust is directed towards the expansion of the Trust through continuous search for quality real estate which give reasonable yield and have capital appreciation potential.

The Manager will continue to exercise a prudent investment strategy with a view of generating stable and consistent income for the Trust. Property selection for the Trust will be based on a process with the main focus on criteria such as the location of the property, the potential for capital growth, physical quality of the property as well as the quality of the tenancy.

During the financial year, the Manager continued to exercise prudent investment strategy with a view of generating stable and consistent income for the Trust. The Manager continued to establish good rapport with the tenants to ensure sustainable long term relationship with the tenants, thus ensuring continuous flow of rental income to the Trust.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)****INVESTMENTS OF THE TRUST**

Total investments of the Trust, including cash and bank balances as at 31 December 2015 was RM219,458,144 (2014: RM198,718,287). Details of the investment portfolio of the Trust are as follows:

	2015		2014	
	RM	%	RM	%
At fair value:				
Real estate				
- Completed commercial and office buildings	180,700,000	82.34	169,950,000	85.52
Real estate related-assets				
- Quoted shares by sector				
- Property	70,687	0.03	67,800	0.03
- Real Estate Investment Trust	478,351	0.22	547,943	0.28
Non-real estate related-assets				
- Quoted shares by sector				
- Consumer products	86,570	0.04	111,715	0.06
- Finance	590,092	0.27	611,300	0.31
- Plantation	133,800	0.06	144,000	0.07
- Trading	852,953	0.39	961,006	0.48
At amortised cost:				
Deposits with financial institutions, cash and bank balances	6,355,446	2.90	10,157,267	5.11
At cost:				
Real estate under construction	30,190,245	13.76	16,167,256	8.14
	<u>219,458,144</u>	<u>100.00</u>	<u>198,718,287</u>	<u>100.00</u>

Details of the investments are as disclosed in Note 13 to 16 to the financial statements.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)

PERFORMANCE OF THE TRUST

	2015	2014
Total net asset value (RM)	<u>159,546,569</u>	<u>154,441,162</u>
Units in circulation (units)	<u>100,000,000</u>	<u>100,000,000</u>
Net asset value per unit attributable to unit holders (sen)	<u>159.55</u>	<u>154.44</u>
Market price per unit (sen)	<u>100.00</u>	<u>113.00</u>
Highest traded price (sen)	<u>121.00</u>	<u>123.00</u>
Lowest traded price (sen)	<u>93.00</u>	<u>109.00</u>

There is no significant change in the assets allocation since the last report.

RESULTS OF THE OPERATIONS OF THE TRUST

The results of the operations of the Trust for the year are as follows:

	RM
Net income before taxation	12,768,734
Taxation	<u>(463,327)</u>
Net income after taxation	<u>12,305,407</u>

During the financial year, the Trust's net income before taxation increased by RM6,930,873 or 118.72% from RM5,837,861 to RM12,768,734. The increase in net income before taxation is mainly attributed to the unrealised gain on revaluation of real estates of RM9,266,540 (2014: RM552,179).

In terms of net rental income, the Trust has recorded an increase of RM92,818 or 1.19% from RM7,778,866 in previous year. The Trust's total expenditure increased by RM1,527,605 or 51.40% from RM2,971,954 in the last financial year, mainly due to increase in financing cost as a result of additional drawdown made during the year for the upgrading and refurbishment of Plaza VADS.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)****REVIEW OF THE PROPERTY MARKET**

For Purpose Built Office ("PBO") segment, approximately 226,172 sq. m of new office space entered the market in the 1H of 2015, reflecting an increase of 1.2% from the 2H of 2014. It was reported that 209,123 sq. m new supply of retail space was injected into the market in the 1H of 2015, recording a marginal 1.6% increase from the 2H of 2014.

On the demand side, the occupancy rate for privately-owned PBO in 1H of 2015 stood at 79.2%, easing slightly from 2H of 2014 of 80.2%. However, the opposite was recorded for the occupancy rate of the shopping complex segment. From the 81.3% occupancy rate recorded nationwide in 2H of 2014, the shopping complex occupancy had edged up slightly to 81.6% in 1H of 2015.

As at 1H of 2015, Kuala Lumpur accounted for 53.1% of the total privately-owned PBO space nationwide. The share of Kuala Lumpur's privately-owned PBO against the total national privately-owned PBO had increased modestly from 52.9% recorded in 2H of 2014. This would indicate a rising concentration of commercial activities in the capital.

The latest available statistics from the National Property Information Centre ("NAPIC") show that the average rental of PBO in Kuala Lumpur City Centre/Golden Triangle extending to areas such as Jalan Ampang, Jalan Tun Razak, and Jalan Pinang during 1H of 2015, had risen by 2.5% to RM61.68 per sq. m/month; representing an additional RM5.73 per sq. m/month; from RM60.17 per sq. m/month (RM5.59 per sq. f/month) recorded in 2H of 2014. On the same note, the rental of PBO Within City Centre ("WCC") which covers areas such as Jalan Bangsar, Wangsa Maju and Mid Valley for the same period increased by 0.8% to RM49.73 per sq. m/month (RM4.67 per sq. f/month). Notwithstanding the rising rental trend, the average PBO rental in suburban areas including Sri Petaling, Damansara and Cheras, dropped marginally to RM44.45 per sq. m/month (RM4.13 per sq. f/month) in 1H of 2015 from RM44.56 per sq. m (RM4.14 per sq. f/month) in 2H of 2014. Hence, reflecting a mixed picture for the rental market.

PROSPECTS

According to NAPIC, the commercial property subsector is forecasted to expand by 11.3% over the next three years or 3.7% annually. Meanwhile, the PBO subsector is expected to receive another 1.55 million sq. m or 10.6% of stock within the next three years (annualised 3.6%). A large number of incoming supply of PBO is expected to be in Kuala Lumpur and Selangor. They are estimated to contribute to another 0.52 million sq. m (33.5%) and 0.61 million sq. m (39.4%), respectively, to the national incoming supply.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)****PROSPECTS (CONTD.)**

Likewise, the retail and industrial subsectors are estimated to expand by 11.9% (annualised 3.9%) and 11.4% (annualised 3.8%) respectively within the next three years. It is estimated that 1.57 million sq. m of incoming supply of retail space and 11,257 units of industrial units would be added within the next three years which will continue to buoy the overall commercial property supply going forward.

In 2016, the property market is expected to remain challenging as in 2014 and 2015, especially in the office and retail subsectors. The incoming supply of commercial and office stocks is set to flood the present oversupplied commercial market. This will create additional pressure for developers and commercial property speculators to match the low growth in demand due to tightened financing requirements and increased in consumption tax.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DISTRIBUTION OF INCOME

The distributions paid and proposed by the Trust since 31 December 2014:

In respect of the financial year ended 31 December 2014:

	Per Unit		Total	
	Gross Sen	Net of tax Sen	Gross RM	Net of tax RM
Final income distribution of 3.70 sen per unit paid on 28 February 2015	3.70	3.70	3,700,000	3,700,000

In respect of financial year ended 31 December 2015:

	Per Unit		Total	
	Gross Sen	Net of tax Sen	Gross RM	Net of tax RM
Interim income distribution of 3.50 sen per unit paid on 29 August 2015	3.50	3.50	3,500,000	3,500,000

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)****DISTRIBUTION OF INCOME (CONTD.)**

For the financial year ended 31 December 2015, final income distribution of 3.50 sen a unit (tax exempt at the Trust level), amounting to RM3,500,000 to be paid on 29 February 2016, was declared by the Manager and approved by the Trustee on 2 February 2016. The current year financial statements do not reflect this proposed distribution. Such distribution will be accounted for as an appropriation of undistributed income in the next reporting period ending 30 June 2016. In general, the Trust has shown a competitive level of income return and was able to meet its objective of providing reasonable level of income return to the unit holders.

The effect of the final income distributions in terms of the net asset value per unit attributable to unit holders as at 31 December 2015:

	Before distribution sen	After distribution sen
Net asset value per unit attributable to unit holders	159.55	156.05

BREAKDOWN OF UNITHOLDINGS

Unit Class	Number of Unit holders	Percentage of Unit holders (%)	Number of Unitholdings	Percentage of Unitholdings (%)
5,000 and below	5,104	79.02	9,361,335	9.36
5,001 to 10,000	577	8.93	4,863,100	4.86
10,001 to 50,000	613	9.49	14,546,700	14.55
50,001 to 500,000	158	2.45	20,946,565	20.95
500,001 and above	7	0.11	50,282,300	50.28
	6,459	100.00	100,000,000	100.00

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)

DIRECTORS OF THE MANAGER

The directors of the Manager since the date of the last report and at the date of this report are as follows:

Tun Ahmad Sarji bin Abdul Hamid
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman
Tan Sri Dato' Seri Ainum binti Mohd Saaid
Tan Sri Dato' Seri (Dr) Abd. Wahab bin Maskan
Dato' Seri Mohd. Hussaini bin Haji Abdul Jamil
Dato' Idris bin Kechot
Encik Hafidz Atrash Kosai bin Mohd Zihim

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager or the Trust was a party, whereby the directors might acquire benefits by means of acquisition of shares or debentures of the Manager or any other body corporate or of the acquisition of units of the Trust.

Since the end of the previous financial year, no director of the Manager has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in note to the financial statements of PHNB, or a fixed salary of a full-time employee of PNB) by reason of a contract made by the Manager or the Trust or a related corporation with any director or with a firm of which he is a member, or with a company in which he has substantial financial interest.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)****DIRECTORS' INTEREST**

According to the register of the directors' shareholdings, the directors of the Manager who were in office as at 31 December 2015 and have interests in the Trust during the financial year are as follows:

	1.01.2015	Number of Units		31.12.2015
		Bought	Sold	
Dato' Seri Mohd. Hussaini bin Haji Abdul Jamil	12,000	-	-	12,000

None of the other directors in office at the end of the financial year had any interest in the Trust during the financial year.

During and at the end of financial year, no material contracts have been entered into involving any directors and major unit holders.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Trust were made out, the Manager took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Manager is not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Trust misleading.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)****OTHER STATUTORY INFORMATION (CONTD.)**

- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.
- (d) 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 the Trust which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Trust which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Trust which has arisen since the end of the financial year.
- (f) In the opinion of the directors of the Manager:
 - (i) no contingent or other liability of the Trust has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Trust to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Trust for the financial year in which this report is made.
- (g) Neither the Manager nor its delegates receive any soft commission from its brokers by virtue of transactions transacted by the Trust.
- (h) AHP has not been involved or undertaken any corporate social responsibility ("CSR") activities or practices. However, PNB Group, the larger entity to which the Manager is part of, is highly committed in a variety of CSR programmes which include education, social and welfare programmes for members of the public.

**AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER
WITH THE AUDITORS' REPORT THEREON (Cont'd)**

AMANAH HARTA TANAH PNB

**MANAGER'S REPORT ON AMANAH HARTA TANAH PNB
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)**

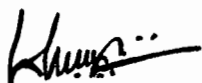
SIGNIFICANT EVENT

Details of significant event are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs. Hanafiah Raslan & Mohamad, have indicated their willingness to continue in office.

Signed on behalf of PELABURAN HARTANAH NASIONAL BERHAD, being the Manager of AMANAH HARTA TANAH PNB, in accordance with a resolution of the directors dated 2 February 2016.



TUN AHMAD SARJI
BIN ABDUL HAMID



TAN SRI DATO' SRI HAMAD KAMA PIAH
BIN CHE OTHMAN

Kuala Lumpur, Malaysia

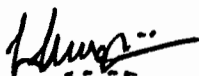
AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB

STATEMENT BY MANAGER

We, TUN AHMAD SARJI BIN ABDUL HAMID and TAN SRI DATO' SRI HAMAD KAMA PIAH BIN CHE OTHMAN, being two of the directors of PELABURAN HARTANAH NASIONAL BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 15 to 66 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts and the provisions of the Trust Deed so as to give a true and fair view of the financial position of AMANAHA HARTA TANAH PNB as at 31 December 2015 and of its financial performance and cash flows for the year then ended.

Signed on behalf of PELABURAN HARTANAH NASIONAL BERHAD, being the Manager of AMANAHA HARTA TANAH PNB, in accordance with a resolution of the directors dated 2 February 2016.



TUN AHMAD SARJI
BIN ABDUL HAMID



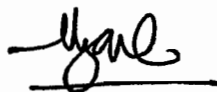
TAN SRI DATO' SRI HAMAD KAMA PIAH
BIN CHE OTHMAN

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

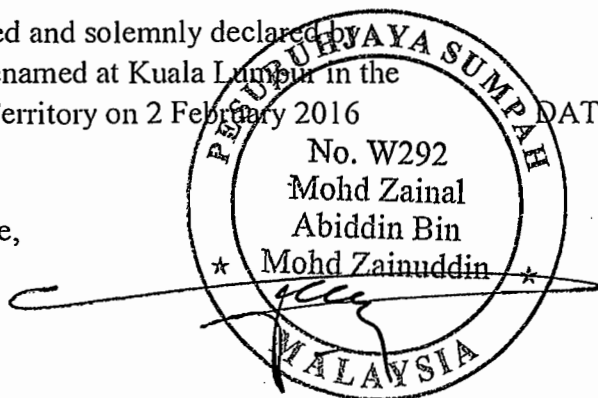
I, DATO' MOHD NIZAM BIN ZAINORDIN, being the officer of the Manager primarily responsible for the financial management of AMANAHA HARTA TANAH PNB, do solemnly and sincerely declare that the accompanying financial statements set out on pages 15 to 66 are in my opinion, correct and I make this solemn declaration 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 2 February 2016



DATO' MOHD NIZAM BIN ZAINORDIN

Before me,



Lot 1.68, 1st Floor, 12
Wisma Cosway, Jalan Raja Chulan
50200 Kuala Lumpur.

**AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER
WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Hanafiah Raslan & Mohamad

AF: 0002

Chartered Accountants
GST Reg No: 000508764160
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

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(03) 2095-9076
(03) 2095-9078
www.ey.com/my

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

**Independent Auditors' Report to the unit holders of
AMANAH HARTA TANAH PNB**

Report on the financial statements

We have audited the financial statements of AMANAH HARTA TANAH PNB ("the Trust"), which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 66.

Manager's and Trustee's responsibility for the financial statements

The Manager of the Trust is responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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 judgment, 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 Trust'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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

**AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER
WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Hanafiah Raslan & Mohamad

AF: 0002

**Independent Auditors' Report to the unit holders of
AMANAH HARTA TANAH PNB (CONTD.)***Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other matters

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



Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Kuala Lumpur, Malaysia
2 February 2016



Muhammad Syarizal bin Abdul Rahim
No. 3157/01/17 (J)
Chartered Accountant

**AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER
WITH THE AUDITORS' REPORT THEREON (Cont'd)**

AMANAH HARTA TANAH PNB

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 RM	2014 RM
INCOME			
Gross rental income	5	13,298,702	13,437,379
Less: Real estate operating expenditure	6	(5,424,477)	(5,654,680)
Depreciation		(2,541)	(3,833)
Net rental income		<u>7,871,684</u>	<u>7,778,866</u>
Interest income from deposits with financial institutions		275,350	366,246
Gross dividends from investments in:			
- Real estate-related assets		23,785	25,622
- Non-real estate-related assets		82,859	90,635
Unrealised gain on revaluation of real estates	13	9,266,540	552,179
Net (loss)/gain from financial assets at fair value through profit and loss ("FVTPL"):			
- Real estate-related assets	14	(44,137)	69,833
- Non-real estate-related assets	15	(207,788)	(80,340)
Miscellaneous income		-	6,774
		<u>17,268,293</u>	<u>8,809,815</u>
EXPENSES			
Management fee	7	(1,525,999)	(1,560,684)
Trustee's fee	8	(130,000)	(130,000)
Auditors' remuneration		(13,500)	(13,500)
Tax agent's fee		(4,600)	(4,350)
Valuation fee		(5,000)	(70,120)
Printing, postage and general expenses		(618,485)	(161,744)
Financing costs	9	(2,201,975)	(1,031,556)
		<u>(4,499,559)</u>	<u>(2,971,954)</u>
NET INCOME BEFORE TAXATION		12,768,734	5,837,861
TAXATION	10	(463,327)	(1,950,689)
NET INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>12,305,407</u>	<u>3,887,172</u>

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)**

	Note	2015 RM	2014 RM
NET INCOME AFTER TAXATION IS MADE UP OF THE FOLLOWING:			
Realised		3,786,380	5,298,289
Unrealised		8,519,027	(1,411,117)
		<u>12,305,407</u>	<u>3,887,172</u>
EARNINGS PER UNIT (sen)	11	<u>12.31</u>	<u>3.89</u>
EARNINGS PER UNIT (BEFORE MANAGEMENT FEE) (sen)			
- Gross of tax		14.29	7.40
- Net of tax		<u>13.83</u>	<u>5.45</u>
NET INCOME DISTRIBUTION	12		
Interim income distribution of 3.50 sen per unit paid on 29 August 2015 (2014: 3.70 sen per unit paid on 30 August 2014)		<u>3,500,000</u>	<u>3,700,000</u>
Final income distribution of 3.50 sen per unit payable on 29 February 2016 (2014: 3.70 sen per unit paid on 28 February 2015)		<u>3,500,000*</u>	<u>3,700,000</u>
FINAL INCOME DISTRIBUTION PER UNIT (sen)	12		
- Gross of tax		3.50*	3.70
- Net of tax		<u>3.50*</u>	<u>3.70</u>
INTERIM INCOME DISTRIBUTION PER UNIT (sen)	12		
- Gross of tax		3.50	3.70
- Net of tax		<u>3.50</u>	<u>3.70</u>

* Proposed final income distribution for the year ended 31 December 2015.

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

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	2015 RM	2014 RM
INVESTMENTS			
Real estate	13	210,890,245	186,117,256
Real estate-related assets	14	549,038	615,743
Non-real estate-related assets	15	1,663,415	1,828,021
Deposits with financial institutions	16	6,290,698	10,132,260
TOTAL INVESTMENTS		<u>219,393,396</u>	<u>198,693,280</u>
OTHER ASSETS			
Equipment, furniture and fittings	17	15,888	18,429
Tax recoverable	18	600,998	600,998
Trade receivables	19	862,046	646,635
Other receivables	20	5,916,783	189,065
Cash and bank balances		64,748	25,007
TOTAL OTHER ASSETS		<u>7,460,463</u>	<u>1,480,134</u>
TOTAL ASSETS		<u>226,853,859</u>	<u>200,173,414</u>
LIABILITIES			
Financing	21	59,893,741	38,465,824
Rental deposits	22	4,576,200	4,453,275
Other payables	23	279,764	731,295
Amount due to Manager	24	143,569	131,169
Deferred tax liability	25	2,414,016	1,950,689
TOTAL LIABILITIES		<u>67,307,290</u>	<u>45,732,252</u>
FINANCED BY:			
UNIT HOLDERS' FUNDS			
Unit holders' capital	26	100,000,000	100,000,000
Retained earnings		59,546,569	54,441,162
TOTAL NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS		<u>159,546,569</u>	<u>154,441,162</u>
TOTAL UNIT HOLDERS' FUNDS AND LIABILITIES		<u>226,853,859</u>	<u>200,173,414</u>

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (CONTD.)**

	2015 RM	2014 RM
NUMBER OF UNITS IN CIRCULATION	<u>100,000,000</u>	<u>100,000,000</u>
NET ASSET VALUE ("NAV")	<u>159,546,569</u>	<u>154,441,162</u>
NAV (EX-DISTRIBUTION) PER UNIT	<u>1.5955</u>	<u>1.5444</u>

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

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Unit holders' Capital RM	←----- Retained Earnings -----→		Total NAV Attributable to Unit Holders RM
			Distributable Realised Income RM	Distributable Unrealised Income RM	
At 1 January 2014		100,000,000	19,269,078	38,684,912	157,953,990
Transfer to realised income		-	(165,776)	165,776	-
Total comprehensive income for the year		-	5,298,289	(1,411,117)	3,887,172
Income distribution:	12				
Final distribution					
- 31 December 2013		-	(3,700,000)	-	(3,700,000)
Interim distribution					
- 31 December 2014		-	(3,700,000)	-	(3,700,000)
At 31 December 2014		<u>100,000,000</u>	<u>17,001,591</u>	<u>37,439,571</u>	<u>154,441,162</u>
At 1 January 2015		100,000,000	17,001,591	37,439,571	154,441,162
Total comprehensive income for the year		-	3,786,380	8,519,027	12,305,407
Income distribution:	12				
Final distribution					
- 31 December 2014		-	(3,700,000)	-	(3,700,000)
Interim distribution					
- 31 December 2015		-	(3,500,000)	-	(3,500,000)
At 31 December 2015		<u>100,000,000</u>	<u>13,587,971</u>	<u>45,958,598</u>	<u>159,546,569</u>

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

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	12,768,734	5,837,861
Adjustments for:		
Depreciation	2,541	3,833
Unrealised gain on revaluation of real estate	(9,266,540)	(552,179)
Net (gain)/loss from financial assets at fair value through profit and loss ("FVTPL"):		
- Real estate-related assets	44,137	(69,833)
- Non-real estate-related assets	207,788	80,340
Interest income from deposit with financial institutions	(275,350)	(366,246)
Gross dividends from investments in:		
- Real estate-related assets	(23,785)	(25,622)
- Non-real estate-related assets	(82,859)	(90,635)
Financing costs	2,201,975	1,031,556
Operating profit before working capital changes	5,576,641	5,849,075
Decrease in tax recoverable	-	67,256
Increase in receivables	(6,369,154)	(100,863)
Decrease in other payables	(439,131)	(57,936)
Increase in rental deposits	122,925	127,639
Increase/(decrease) in amount due to the Manager	12,400	(3,355)
Net cash (used in)/generated from operating activities	(1,096,319)	5,881,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in completed real estate	(1,483,460)	(5,697,821)
Investments in real estate under construction	(14,022,989)	(16,167,256)
Proceeds from disposal of:		
- Real estate	-	800,000
- Real estate-related assets	75,623	36,000
- Non-real estate-related assets	82,833	-
Purchase of real and non-real estate related-assets	(178,996)	(625,790)
Interest received	272,100	379,429
Dividends received from investments in:		
- Real estate-related assets	23,785	25,622
- Non-real estate-related assets	85,872	85,872
Net cash used in investing activities	(15,145,232)	(21,163,944)

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTD.)**

	2015 RM	2014 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from financing	21,427,917	17,698,748
Financing costs paid	(2,477,531)	(869,417)
Payment of income distributions	(7,200,000)	(7,400,000)
Net cash generated from financing activities	<u>11,750,386</u>	<u>9,429,331</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,491,165)	(5,852,797)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>9,959,399</u>	<u>15,812,196</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>5,468,234</u>	<u>9,959,399</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	64,748	25,007
Deposits with financial institutions (Note 16)	6,290,698	10,132,260
	<u>6,355,446</u>	<u>10,157,267</u>
Deposits with financial institutions with maturity of more than 3 months	(887,212)	(197,868)
Cash and cash equivalents	<u>5,468,234</u>	<u>9,959,399</u>

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

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****1. THE TRUST, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

Amanah Harta Tanah PNB ("AHP" or "the Trust"), a Real Estate Investment Trust, was constituted under a Deed of Trust dated 20 March 1989, between the Manager, Pelaburan Hartanah Nasional Berhad ("PHNB" or "the Manager"), the Trustee, AmanahRaya Trustees Berhad and the several persons who acquire units in the Trust.

The Trust was launched on 21 March 1989 and was listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 December 1990. The principal activity of the Trust is investment in real estates and other authorised investments with the objectives of achieving steady returns and for long term capital growth. There has been no significant change in the nature of this activity during the year.

The Manager, a company incorporated in Malaysia, is a subsidiary company of Permodalan Nasional Berhad ("PNB"). The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the year.

PNB is a company incorporated in Malaysia. Its principal activity is investment holding mainly for the purpose of promoting greater ownership of share capital in the corporate sector in Malaysia by the Bumiputera.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 2 February 2016.

2. TERM OF THE TRUST

The Trust will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 23 of the Third Supplemental Deed of Trust of AHP.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****3. BASIS OF PREPARATION**

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and applicable Securities Commission's Guidelines on Real Estate Investment Trusts.

The financial statements of the Trust have been prepared under the historical cost convention except for investment in real estate and quoted securities which are stated at fair value.

(a) Early adoption of MFRS 9 Financial Instruments: Classification and Measurement ("MFRS 9")

Since the prior financial year, the Trust has applied MFRS 9 Financial Instruments ("MFRS 9") (as issued in November 2009 and revised in October 2010) and the related consequential amendments in advance of their effective dates. The date of initial application (i.e the date on which the Trust has assessed its existing financial assets and financial liabilities) is 1 January 2011.

Financial assets

MFRS 9 introduces new classification and measurements requirement for financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement. Specifically, MFRS 9 requires all financial assets to be classified and subsequently measured at either amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flows characteristic of the financial assets.

As required by MFRS 9, debt instruments are measured at amortised cost only if (i) the assets is held within a business model whose objectives is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest of the principal amounts outstanding. If either of the two criteria is not met, the debt instruments are classified as at fair value through profit or loss ("FVTPL").

However, the Trust may choose at initial recognition to designate a debt instrument that meets the amortised cost criteria as at FVTPL if in doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments are classified either FVTPL or fair value through other comprehensive income ("FVTOCI"), depending on the investment objectives.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****3. BASIS OF PREPARATION (CONTD.)****(a) Early adoption of MFRS 9 Financial Instruments: Classification and Measurement ("MFRS 9") (Contd.)****Financial liabilities**

MFRS 9 also contains requirement for classifications and measurement of financial liabilities. One major change in the classifications and measurement of financial liabilities relates to accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability which is accounted for in other comprehensive income.

(b) Changes in accounting policies

The new and revised MFRSs which are mandatory for companies with financial period beginning on or after 1 January 2015 do not give rise to any significant effects on the financial statements of the Trust.

(c) Standards issued but not yet effective

The Standards, Amendments and Issues Committee ("IC") Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements are not relevant to the Trust other than the following:

Effective for financial periods beginning on or after 1 January 2018**MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2015)**

On 24 July 2015, the International Accounting Standard Boards ("IASB") issued the final version of IFRS 9 which includes the three phases of the financial instruments projects; Classification and measurement, Impairment (Expected credit losses) and Hedge accounting. Subsequently, MASB issued a pronouncement on 17 November 2015 to fully adopt the new IFRS 9 requirements. As the Trust has early adopted the previous version of MFRS 9 prior to 31 January 2015, the Trust may continue to apply that version of MFRS 9 until the mandatory effective date of 1 January 2018. The Trust is still in the process of quantifying the effect of the adoption of the final version of MFRS 9.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Trust determines the classification of its financial assets at initial recognition, and its financial assets include receivables, deposits with financial institutions, real estate related-assets held at FVTPL, non-real estate related-assets held at FVTPL and, cash and bank balances.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(a) Financial Assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the assets.

(i) Classification of financial assets

Unless designated as at FVTPL on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- The assets is held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(a) Financial Assets (Contd.)****(i) Classification of financial assets (Contd.)**

Equity instruments are classified as either FVTPL or FVTOCI, depending on the investment objectives.

(ii) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost.

(iii) Financial assets at fair value through profit or loss ("FVTPL")

Investments in equity instruments are classified as at FVTPL, unless the Trust designates an investment that is not held for trading as at fair value through other comprehensive income ("FVTOCI") on initial recognition.

Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(a) Financial Assets (Contd.)****(iii) Financial assets at fair value through profit or loss ("FVTPL") (Contd.)**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurements recognised in profit or loss.

Interest income on debt instruments at FVTPL is disclosed separately in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Trust's right to receive the dividends is established in accordance with MFRS 118: Revenue is disclosed separately in profit or loss.

(iv) Financial assets at fair value through other comprehensive income ("FVTOCI")

On initial recognition, the Trust can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of the portfolio of identified financial instruments that the Trust manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other comprehensive income reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(a) Financial Assets (Contd.)****(v) Impairment of financial assets**

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is directly reduced by the impairment loss for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(a) Financial Assets (Contd.)****(v) Impairment of financial assets (Contd.)**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(vi) Derecognition of financial assets

The Trust derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of financial asset classified as FVTOCI, the cumulative gain or loss previously accumulated in other comprehensive income reserve is not reclassified to profit or loss, but is reclassified to distributable realised reserve.

On derecognition of financial asset classified as FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(b) Financial liabilities and equity instruments****Classification as debt or equity**

Debt and equity instruments issued by the Trust are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Trust becomes a party to the contractual provisions of the financial instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

The Trust derecognised financial liabilities when, and only when, the Trust's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Income Recognition**(i) Rental Income**

Rental income from real estate is accounted for on an accrual basis.

(ii) Gross Dividend Income

Gross dividend income from quoted shares are recognised on a declared basis, when the right to receive dividends has been established.

(iii) Other Income

Interest income, car park income and other real estate income are accounted for an accrual basis.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(d) Equipment, Furniture and Fittings, Computer Equipment and Depreciation**

Equipment, furniture and fittings and computer equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(k). Depreciation of equipment, furniture and fittings and computer equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Equipment	20%
Furniture and fittings	20%
Computer equipment	25%

Upon the disposal of equipment, furniture and fittings, and computer equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

(e) Real Estate

Real estate are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, real estate are stated at fair value. The fair value of real estate is determined using the comparison and investment method which considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process, performed by registered independent valuers having an appropriate recognised qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair value of real estate are recognised in profit or loss in the year in which they arise.

Where the fair value of the real estate under construction ("REUC") is not reliably determinable, the REUC is measured at cost until either its fair value has been reliably determinable or construction is complete, whichever is earlier.

Real estate are derecognised when either they have been disposed of or when the real estate is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of a real estate are recognised in profit or loss in the year in which they arise.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(f) Proposed Distribution**

Proposed distribution is recognised once the obligation to pay has been established.

Proposed distribution will be disclosed by way of note to the financial statements and such distribution will be accounted for as an appropriation of undistributed income in the period where the obligation to pay has been established.

(g) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value with an original maturity of 3 months or less.

(h) Unit holder's Capital

The unit holder's capital of the Trust meet the definition of puttable instruments classified as equity instruments under the revised MFRS 132 Financial Instruments: Presentation.

(i) Segmental Reporting

For management purposes, the Trust has one operating segment - real estates. The operating results are regularly reviewed by the Manager, who assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to each investment segment.

(j) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

(i) Current Tax

Current tax expense is the expected amount of tax payable in respect of the undistributed taxable income for the year and is measured using the statutory tax rates that have been enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(j) Taxation (Contd.)****(ii) Deferred Tax**

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credit to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on statutory tax rates at the reporting date.

Deferred tax is provided for unrealised fair value adjustments on real estate at the prevailing Real Property Gains Tax rate based on the presumption of realisation through eventual sale of the real estate.

(k) Impairment of Non-financial Assets

At each statement of financial position date, the Manager reviews the carrying amounts of the Trust's non-financial assets other than real estates, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. An impairment loss is charged to the profit or loss immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(I) Significant Accounting Estimates and Judgements**

The preparation of the Trust's financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

There are no significant areas of accounting estimation uncertainty and judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements except as disclosed in Note 13.

5. GROSS RENTAL INCOME

	2015 RM	2014 RM
Rental income	13,119,515	13,205,744
Other real estate income	179,187	231,635
	<u>13,298,702</u>	<u>13,437,379</u>

Included in the rental income is rental received from a company related to the Manager amounting to RM156,000 (2014: RM156,000). The details are disclosed in Note 28.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****6. REAL ESTATE OPERATING EXPENDITURE**

Included in the amounts are the following:

	2015	2014
	RM	RM
Maintenance, repairs and improvements expenses	1,238,931	1,293,304
Assessment	912,510	918,730
Quit rent	55,297	55,297
Utilities	2,185,191	2,339,032
Others	895,745	926,484
Property Manager's fee*	136,803	121,833
	<u>5,424,477</u>	<u>5,654,680</u>

* The Property Manager, I.M Global Property Consultants Sdn Bhd ("IMG") (2014: IMG), is entitled to a property management fee in respect of the maintenance of the real estate owned by the Trust, as provided in the Deed of Trust. The fee is based on a certain graduated scale as provided in the Deed of Trust and as prescribed in the revised Valuers, Appraisers and Estate Agents Act 1981 and its rules.

7. MANAGEMENT FEE

The Manager is entitled to a fee not exceeding 2% per annum of the Net Asset Value ("NAV") of the Trust on each day of the accrual period, as defined in the Deed of Trust. The management fee charged for the year ended 31 December 2015 is 1% (2014: 1%) per annum of the daily NAV of the Trust.

No other fee, commission or initial service charges has been paid or is payable to the Manager.

8. TRUSTEE'S FEE

The Trustee is entitled to a fee not exceeding 0.1% per annum of the net asset value of the Trust on each day of the accrual period, as defined in the Deed of Trust. The Trustee's fee charged for the year ended 31 December 2015 is RM130,000 (2014: RM130,000).

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

9. FINANCING COSTS

	2015 RM	2014 RM
Profit payable on Islamic Revolving Credit Facility	2,201,975	1,031,556

10. TAXATION

	2015 RM	2014 RM
Income tax:		
Tax charge for the year	-	-
Deferred tax (Note 25):		
Relating to origination and reversal of temporary differences	463,327	27,609
Effect of change in tax rate	-	1,923,080
	463,327	1,950,689
	463,327	1,950,689

Pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act 2006, the total income of the Trust for the year of assessment shall be exempted from tax provided that 90% or more of the total income of the Trust is distributed to its unit holders. Total income of the Trust is equivalent to the amount of income distributable to unit holders.

As the Trust distributes at least 90% of its total income, the Trust is fully exempt from taxation.

The effect of a change in tax rate in prior year relates to the increase in the rate for Real Property Gains Tax ("RPGT") for properties held for more than 5 years from nil to 5% which takes effect since 1 January 2014.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

10. TAXATION (CONTD.)

A reconciliation of income tax expense applicable to net income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Trust is as follows:

	2015 RM	2014 RM
Net income before taxation	12,768,734	5,837,861
Taxation at Malaysia statutory tax rate of 25% (2014: 25%)	3,192,184	1,459,465
Effect of income not subject to tax	(2,349,152)	(119,692)
Expenses not deductible for tax purposes	91,827	69,273
Effect of income exempted from tax	(932,294)	(1,268,096)
Utilisation of current year capital allowances	(2,565)	(2,905)
Effect of deferred tax recognised at RPGT rate	463,327	(110,436)
Effect of change in tax rate	-	1,923,080
Tax expense for the year	463,327	1,950,689

11. EARNINGS PER UNIT

The earnings per unit for the year has been calculated by dividing the net income after taxation for the year of RM12,305,407 (2014: RM3,887,172) by the number of units in circulation as at the statement of financial position date of 100,000,000 (2014: 100,000,000).

12. INCOME DISTRIBUTION

	2015		2014	
	Gross RM	Net RM	Gross RM	Net RM
Interim income distribution of 3.50 sen per unit paid on 29 August 2015 (2014: 3.70 sen per unit paid on 30 August 2014)	3,500,000	3,500,000	3,700,000	3,700,000

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

12. INCOME DISTRIBUTION (CONTD.)

	2015		2014	
	Gross RM	Net RM	Gross RM	Net RM
Final income distribution of 3.50 sen per unit payable on 29 February 2016 (2014: 3.70 sen per unit paid on 28 February 2015)	3,500,000*	3,500,000*	3,700,000	3,700,000
Total distribution for the year	7,000,000	7,000,000	7,400,000	7,400,000
Distribution per unit (sen)	7.00	7.00	7.40	7.40

* For the financial year ended 31 December 2015, final income distribution of 3.50 sen per unit (tax exempt at Trust level), amounting to RM3,500,000 to be paid on 29 February 2016, was declared by the Manager and approved by the Trustee on 2 February 2016. The financial statements for the current year do not reflect this proposed distribution. Such distribution will be accounted for as an appropriation of undistributed income in the next reporting period ending 30 June 2016.

Sources of Distribution

Distribution to unit holders is from the following sources:

	2015 RM	2014 RM
Net rental income	7,871,684	7,778,866
Gross dividends from investments in:		
- Real estate-related assets	23,785	25,622
- Non-real estate-related assets	82,859	90,635
Interest income from deposits with financial institutions	275,350	366,246
Gain on disposal of real estate/ non-real estate related asset	12,311	2,100
Other income	19,950	6,774
Previous years' realised income	3,213,620	2,101,711
	11,499,559	10,371,954
Less: Expenses	(4,499,559)	(2,971,954)
Total distribution	7,000,000	7,400,000

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

13. REAL ESTATE

	Completed real estate at fair value RM	Real estate under construction at cost RM	Total RM
At 31 December 2015			
At 1 January 2015	169,950,000	16,167,256	186,117,256
Addition	1,483,460	14,022,989	15,506,449
Fair value adjustment	9,266,540	-	9,266,540
At 31 December 2015	<u>180,700,000</u>	<u>30,190,245</u>	<u>210,890,245</u>
At 31 December 2014			
At 1 January 2014	164,500,000	-	164,500,000
Addition	5,697,821	16,167,256	21,865,077
Disposals	(800,000)	-	(800,000)
Fair value adjustment	552,179	-	552,179
At 31 December 2014	<u>169,950,000</u>	<u>16,167,256</u>	<u>186,117,256</u>

Included in the above are real estates held under lease terms:

	2015 RM	2014 RM
Leasehold land and buildings (at fair value)	<u>1,650,000</u>	<u>1,650,000</u>

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

13. REAL ESTATE (CONTD.)

Details of investment in completed real estates and basis of valuation are as follows:

Description of Real Estate	Tenure	Date of Acquisition	Cost of Acquisition and Additions RM	Fair Value* RM
Plaza VADS, Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	21/03/1989	81,750,877	113,150,000
Bangunan AHP, Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	21/03/1989	33,520,142	46,700,000
Sri Impian, Taman Setiawangsa, Kuala Lumpur	Freehold	15/05/1996	13,771,846	13,300,000
Strata shop office, Asia City, Kota Kinabalu	Leasehold	12/12/1995	1,652,917	1,650,000
Three storey shop house in Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	16/10/1995	909,879	4,000,000
Four storey shop office, Pusat Bandar Melawati, Kuala Lumpur	Freehold	30/08/1996	814,016	1,900,000
			132,419,677	180,700,000

* Fair values as at 31 December 2015 is determined based on valuation dated 25 November 2015 by independent firm of professional valuers by using the comparison and investment method of valuation in accordance with the Malaysian Valuation Standards. Further details of the valuation method is provided in Note 33 of the financial statements.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

13. REAL ESTATE (CONTD.)

All the real estates was valued by the same valuer. The details of the valuer are as follows:

Name of Firm	Name of Valuer and Qualification
W.M Malik & Kamaruzaman	Sr Kamaruzaman Jamil B.Sc (Hons)(London) F.R.I.C.S, F.I.S (M) Registered Valuer - V272

Real estate under construction relates to construction cost for new Podium Block of Plaza VADS.

14. REAL ESTATE-RELATED ASSETS

	2015 RM	2014 RM
Quoted shares, at FVTPL	<u>549,038</u>	<u>615,743</u>
Net (loss)/gain on real estate-related assets at FVTPL during the year comprised:		
Realised gain on disposals	12,311	2,100
Unrealised changes in fair values	(56,448)	67,733
	<u>(44,137)</u>	<u>69,833</u>

Quoted Shares	Units	Cost RM	Fair Value RM	Fair Value Over Net Asset Value %
- Real Estate Investment				
Trusts	299,604	423,522	478,351	0.31
- Property	48,750	86,092	70,687	0.05
	<u>348,354</u>	<u>509,614</u>	<u>549,038</u>	<u>0.36</u>

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

15. NON-REAL ESTATE-RELATED ASSETS

	2015 RM	2014 RM
Quoted shares, at FVTPL	1,663,415	1,828,021
Net loss on real estate-related assets at FVTPL during the year comprised:		
Realised gain on disposals	19,950	-
Unrealised changes in fair values	(227,738)	(80,340)
	<u>(207,788)</u>	<u>(80,340)</u>

Quoted Shares	Units	Cost RM	Fair Value RM	Fair Value Over Net Asset Value %
- Consumer products	11,000	71,475	86,570	0.06
- Finance	70,249	571,325	590,092	0.38
- Plantation	30,000	138,881	133,800	0.09
- Trading	109,994	856,739	852,953	0.55
	<u>221,243</u>	<u>1,638,420</u>	<u>1,663,415</u>	<u>1.08</u>

16. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2015 RM	2014 RM
Fixed deposits	877,131	169,596
Short term deposits	2,923,090	4,350,730
Islamic instruments	2,490,477	5,611,934
	<u>6,290,698</u>	<u>10,132,260</u>

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

16. DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTD.)

The weighted average effective interest/profit rates ("WAEIPR") per annum and the average maturity of deposits with financial institutions as at the reporting date were as follows:

	2015		2014	
	WAEIPR (% p.a.)	Average Maturity (Days)	WAEIPR (% p.a.)	Average Maturity (Days)
Licensed banks	4.48	28	4.10	38

Included within deposits with financial institutions are balances with maturity of less than 90 days amounting to RM5,403,486 (2014: RM9,934,392).

17. EQUIPMENT, FURNITURE AND FITTINGS

	Equipment RM	Furniture and Fittings RM	Computer Equipment RM	Total RM
Cost				
At 1 January 2014	70,163	54,745	24,301	149,209
Additions	-	-	-	-
At 31 December 2014/ 31 December 2015	70,163	54,745	24,301	149,209
Accumulated Depreciation				
At 1 January 2014	49,762	54,187	22,998	126,947
Charge for the year	2,342	198	1,293	3,833
At 31 December 2014	52,104	54,385	24,291	130,780
Charge for the year	2,343	198	-	2,541
At 31 December 2015	54,447	54,583	24,291	133,321
Net Book Value				
At 31 December 2015	15,716	162	10	15,888
At 31 December 2014	18,059	360	10	18,429

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

17. EQUIPMENT, FURNITURE AND FITTINGS (CONTD.)

	Equipment RM	Furniture and Fittings RM	Computer Equipment RM	Total RM
Depreciation charge for 2015	2,343	198	-	2,541
Depreciation charge for 2014	2,342	198	1,293	3,833

Included in equipment, furniture and fittings of the Trust are cost of fully depreciated assets which are still in use amounting to RM124,793 (2014: RM124,793).

18. TAX RECOVERABLE

The tax recoverable amount represents tax deducted at source on dividend income arising in Malaysia and is recoverable from the Malaysian Inland Revenue Board.

With effect from 1 January 2014, all companies pay dividends under the single tier tax system. Since single tier dividends are tax exempted, no tax is deducted at source on the dividend. Hence, there is no tax credit that can be claimed from such dividends received by the Trust.

19. TRADE RECEIVABLES

	2015 RM	2014 RM
Trade receivables	1,034,466	819,055
Less: Allowance for impairment	(172,420)	(172,420)
Trade receivables, net	<u>862,046</u>	<u>646,635</u>

The Trust's normal credit term is 30 days. The trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

19. TRADE RECEIVABLES (CONTD.)

Ageing analysis of trade receivables

The ageing analysis of the Trust's trade receivables is as follows:

	2015 RM	2014 RM
Neither past due nor impaired	290,329	236,153
31 to 60 days past due not impaired	178,002	128,191
61 to 90 days past due not impaired	46,809	67,137
91 to 120 days past due not impaired	45,316	33,471
More than 121 days past due not impaired	301,590	181,683
	<u>862,046</u>	<u>646,635</u>
Impaired	172,420	172,420
	<u>1,034,466</u>	<u>819,055</u>

The Trust's trade receivables that are impaired at the reporting date are as follows:

	2015 RM	2014 RM
Trade receivables	172,420	172,420
Less: Allowance for impairment	<u>(172,420)</u>	<u>(172,420)</u>
	<u>-</u>	<u>-</u>

The movement in the allowance account used to record impairment allowance for trade receivables are as follows:

	2015 RM	2014 RM
At 1 January/31 December	<u>172,420</u>	<u>172,420</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Trust.

None of the Trust's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****19. TRADE RECEIVABLES (CONTD.)**Receivables that are past due but not impaired

The Trust has trade receivables amounting to RM571,717 (2014: RM410,482) that are past due at the reporting date. The remaining receivables that are past due but not impaired are expected to be collected in the next 12 months.

20. OTHER RECEIVABLES

	2015	2014
	RM	RM
Dividends	13,403	15,563
Interest	16,403	13,153
Deposits	415,783	85,511
Prepayments	5,471,194	74,838
	<u>5,916,783</u>	<u>189,065</u>

Included in prepayment is a deposit amount of RM4.8 million (2014: RM nil) for the acquisition of Mydin Seremban 2 representing 2% of the total purchase price of RM240 million.

21. FINANCING

Financing relates to Islamic revolving credit facility ("RC") mainly to finance the upgrading and refurbishment of Plaza VADS and construction of new Podium Block of Plaza VADS. The RC are secured by a first party legal charge over Plaza VADS. The facility has no fixed maturity and is subject to yearly or any periodical review at the discretion of the bank and is recallable on demand.

The financing bears profit rate of 4.18% to 4.51% (2014: 3.95% to 4.48%) per annum.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****21. FINANCING (CONTD.)**

As at 31 December 2015, the Trust has made eleven drawdowns amounting to RM59,893,741 (2014: RM38,465,824).

Details of the remaining contractual maturity of the financing are disclosed in Note 34(h).

22. RENTAL DEPOSITS

	2015 RM	2014 RM
Payable within 12 months	1,278,278	1,380,615
Payable after 12 months	3,297,922	3,072,660
	<u>4,576,200</u>	<u>4,453,275</u>

Included in the rental deposit is an amount of RM65,400 (2014: RM65,400) received from companies related to the Manager as disclosed in Note 28.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

23. OTHER PAYABLES

	2015 RM	2014 RM
Accruals for real estate operating expenditure	-	44,791
Rental received in advance	-	101,067
Financing costs payable	98,907	374,463
Sundry payables	180,857	210,974
	<u>279,764</u>	<u>731,295</u>

24. AMOUNT DUE TO MANAGER

The amount due to Manager is unsecured, interest free and repayable on demand.

25. DEFERRED TAX LIABILITY

	2015 RM	2014 RM
At 1 January	1,950,689	-
Recognised in profit or loss	463,327	1,950,689
At 31 December	<u>2,414,016</u>	<u>1,950,689</u>

The deferred tax liability relates to Real Property Gains Tax ("RPGT") on fair value adjustments of real estate which are expected to be recovered through sale.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

26. UNITS HOLDERS' CAPITAL

	Number of Units		Amount	
	2015 Units	2014 Units	2015 RM	2014 RM
Authorised:				
At end of year	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid:				
At end of year	100,000,000	100,000,000	100,000,000	100,000,000

As at 31 December 2015, the Manager did not hold any unit in the Trust. However, PNB held 5,063,500 (2014: 5,063,500) units, representing approximately 5.06% (2014: 5.06%) of the total units in issue. Based on market price as at 31 December 2015 of RM1.00 (2014: RM1.13) per unit, the value of units held by PNB was RM5,063,500 (2014: RM5,721,755).

27. TRANSACTIONS WITH STOCKBROKING COMPANIES

During the financial year, the Manager made purchases and sales of investments for the Trust with two stockbroking companies. The details of the transaction are as follows:

Stock Broker	Value of Trade RM	Percentage of Total Trade %	Brokerage Fees RM	Percentage of Brokerage Fees %
BIMB Securities Sdn Bhd	26,967	17.36	47	13.08
Maybank Investment Bank Bhd. *	128,416	82.64	312	86.92
	155,383	100.00	359	100.00

Neither PHNB nor PNB has any direct equity holding in the above stockbroking company.

* PNB has direct equity holdings in the ultimate holding company of the stockbroking company.

The dealings with the above stockbroking companies has been transacted at arm's length based on the normal terms in the stockbroking industry.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****28. RELATED PARTY DISCLOSURES**

	2015	2014
	RM	RM
Amanah Saham Nasional Berhad ("ASNB"), a wholly-owned subsidiary of PNB		
- Rental income received	156,000	156,000
- Rental deposits received	65,400	65,400
	<u>65,400</u>	<u>65,400</u>

29. PORTFOLIO TURNOVER RATIO

	2015	2014
Portfolio Turnover Ratio ("PTR")	<u>1.04 times</u>	<u>0.97 times</u>

PTR is the ratio of the average of acquisitions and disposals of investments for the year to the average Net Asset Value ("NAV") of the Trust, calculated on a yearly basis.

Since the average NAV of the Trust is calculated on a yearly basis, comparison of the PTR of the Trust with other units trusts which use different basis of calculation may not be an accurate comparison.

30. MANAGEMENT EXPENSE RATIO

	2015	2014
Management Expense Ratio ("MER")	<u>1.46%</u>	<u>1.24%</u>

MER is calculated based on the total fees and expenses incurred for the year by the Trust divided by the average NAV of the Trust, calculated on yearly basis.

Since the average NAV of the Trust is calculated on a yearly basis, comparison of the MER of the Trust with other units trusts which use different basis of calculation may not be an accurate comparison.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****31. SEGMENTAL REPORTING****Geographical information**

For management purposes, the Trust has one operating segment - real estates. The operating results are regularly reviewed by the Manager, who assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to each investment segment.

The Trust's assets are located in Malaysia and hence, revenue is generated in Malaysia.

32. FINANCIAL INSTRUMENTS**(a) Classification of financial instruments**

The Trust's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 4(a), 4(b) and 4(c) describe how the classes of financial instruments are measured, and how income and expenses, including fair value on gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Trust in the statement of financial position as at 31 December 2015 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Amortised Cost RM	Financial liabilities at amortised cost RM	Total RM
2015				
Assets				
Real estate-related assets	549,038	-	-	549,038
Non-real estate-related assets	1,663,415	-	-	1,663,415
Deposits with financial institutions	-	6,290,698	-	6,290,698
Trade receivables	-	862,046	-	862,046
Other receivables	-	5,916,783	-	5,916,783
Cash and bank balances	-	64,748	-	64,748
Total financial assets	2,212,453	13,134,275	-	15,346,728

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

32. FINANCIAL INSTRUMENTS (CONTD.)

(a) Classification of financial instruments (Contd.)

	Financial assets at FVTPL RM	Amortised Cost RM	Financial liabilities at amortised cost RM	Total RM
2015 (Contd.)				
Liabilities				
Financing	-	-	59,893,741	59,893,741
Rental deposits	-	-	4,576,200	4,576,200
Other payables	-	-	279,764	279,764
Amount due to Manager	-	-	143,569	143,569
Total financial liabilities	-	-	64,893,274	64,893,274
2014				
Assets				
Real estate-related assets	615,743	-	-	615,743
Non-real estate-related assets	1,828,021	-	-	1,828,021
Deposits with financial institutions	-	10,132,260	-	10,132,260
Trade receivables	-	646,635	-	646,635
Other receivables	-	189,065	-	189,065
Cash and bank balances	-	25,007	-	25,007
Total financial assets	2,443,764	10,992,967	-	13,436,731
Liabilities				
Financing	-	-	38,465,824	38,465,824
Rental deposits	-	-	4,453,275	4,453,275
Other payables	-	-	731,295	731,295
Amount due to Manager	-	-	131,169	131,169
Total financial liabilities	-	-	43,781,563	43,781,563

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****33. FAIR VALUE HIERARCHY****(a) Fair value information**

Fair value of completed real estates and equity investments are categorised as follows:

	Level 1	Level 2	Level 3	Total
2015				
Quoted shares	2,212,453	-	-	2,212,453
Completed real estates	-	-	180,700,000	180,700,000
	<u>2,212,453</u>	<u>-</u>	<u>180,700,000</u>	<u>182,912,453</u>
2014				
Quoted shares	2,443,764	-	-	2,443,764
Completed real estates	-	-	169,950,000	169,950,000
	<u>2,443,764</u>	<u>-</u>	<u>169,950,000</u>	<u>172,393,764</u>

(b) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical real estates that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****33. FAIR VALUE HIERARCHY (CONTD.)****(b) Policy on transfer between levels (Contd.)****Transfer between Level 1 and 2 fair values**

There is no transfer between Level 1 and 2 fair values during the current and previous financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the real estates.

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

	2015	2014
	RM	RM
At 1 January	169,950,000	164,500,000
Addition	1,483,460	5,697,821
Disposals	-	(800,000)
Fair value adjustment	9,266,540	552,179
At 31 December	<u>180,700,000</u>	<u>169,950,000</u>

The fair value of real estate is determined by independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuers provide the fair value of the Trust's real estate portfolio annually. Changes in Level 3 fair values are analysed by the management annually after obtaining valuation report from the professional valuers.

The fair value of real estate is determined using the comparison and investment method which considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process. Capitalisation relates income (usually net income figure) and a defined value type by converting an income amount into value estimate. This process may consider direct relationship (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces highest return commensurate with a given level of risk leads to the most probable value figure.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****(a) Introduction**

The Trust maintains investment portfolios in a variety of listed financial instruments as dictated by its Trust Deed and investment management strategy.

The Trust is exposed to a variety of risks including market risk (which includes interest rate risk, and price risk), credit risk, and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Trust.

The Trust's objective in managing risk is the creation and protection of Unit holders' value. Risk is inherent in the Trust's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Trust Deed, the Securities Commission's Guidelines on Real Estate Investments Trusts and the Capital Markets and Services Act, 2007.

(b) Risk management structure

The Trust's Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Trust.

(c) Risk measurement and reporting system

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Manager and the Trustee. These limits reflect the investment strategy and market environment of the Trust as well as the level of the risk that Trust is willing to accept. In addition, the Trust monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****(d) Risk mitigation**

The Trust has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager ensures that the Trust complies with the various regulations and guidelines as stipulated in its Trust Deed, the Securities Commission's Guidelines on Real Estate Investment Trust and the Capital Markets and Services Act, 2007.

It is, and has been throughout the current and previous financial year, the Trust's policy that no derivatives shall be undertaken for either investment or risk management purposes.

(e) Excessive risk concentration

Concentration indicates the relative sensitivity of the Trust's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Trust's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio in accordance with the Trust's Trust Deed, and the Securities Commission's Guidelines on Real Estate Investment Trusts. Portfolio diversification across a number of sectors and industries minimises the risk not only of any single company's securities becoming worthless but also of all holdings suffering uniformly adverse business conditions. Specifically, the Trust's Trust Deed and Securities Commission's Guidelines on Real Estate Investment Trusts limits the Trust's exposure to a single entity/industry sector to a certain percentage of its NAV.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****(f) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value.

(i) Interest rate risk

The Trust's investments in deposits with financial institutions carry fixed interest rates and are usually rolled-over on a daily/month basis.

The Trust's revolving credit facility carries floating rate and usually rolled-over on maturity date.

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Trust's profit/(loss) for the year and other comprehensive income to a reasonably possible change in interest rates, with all other variables held constant.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****(f) Market risk (Contd.)****(i) Interest rate risk (Contd.)****Interest rate risk sensitivity (Contd.)**

The sensitivity is the effect of the assumed changes in interest rates on:

- the financing costs for one year, based on the floating rate financial liability held at the end of the reporting period; and
- changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the end of the reporting period.

	Changes in basis points *	Sensitivity of interest income and profit Increase/ (decrease) RM
2015		
Deposit with financial institutions	+50 /-50	31,454/ (31,454)
Financing	+50 /-50	299,469/ (299,469)
2014		
Deposit with financial institutions	+50 /-50	50,661/ (50,661)
Financing	+50 /-50	192,329/ (192,329)

* The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(f) Market risk (Contd.)

(ii) Interest rate risk exposure

The following table analyses the Trust's interest rate risk exposure. The Trust's assets and liabilities are included at fair value and categorised by maturity dates.

	0 - 3 months RM	3 months - 1 year RM	Non-interest bearing RM	Total RM	Effective Interest rate * %
2015					
Assets:					
Real estate-related assets	-	-	549,038	549,038	-
Non-real estate-related assets	-	-	1,663,415	1,663,415	-
Deposits with financial institutions	5,403,486	887,212	-	6,290,698	4.32
Trade receivables	-	-	862,046	862,046	-
Other receivables	-	-	5,916,783	5,916,783	-
Total assets	5,403,486	887,212	8,991,282	15,281,980	
Liabilities:					
Financing	59,893,741	-	-	59,893,741	4.51
Rental deposit	-	-	4,576,200	4,576,200	-
Other payables	-	-	279,764	279,764	-
Amount due to Manage	-	-	143,569	143,569	-
Total liabilities	59,893,741	-	4,999,533	64,893,274	
Total interest sensitivity gap	(54,490,255)	887,212	3,991,749	(49,611,294)	

* Computed based on interest-bearing assets and liabilities only

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(f) Market risk (Contd.)

(ii) Interest rate risk exposure (Contd.)

	0 - 3 months RM	3 months - 1 year RM	Non-interest bearing RM	Total RM	Effective Interest rate * %
2014					
Assets:					
Real estate-related assets	-	-	615,743	615,743	-
Non-real estate-related assets	-	-	1,828,021	1,828,021	-
Deposits with financial institutions	9,934,392	197,868	-	10,132,260	4.10
Trade receivables	-	-	646,635	646,635	-
Other receivables	-	-	189,065	189,065	-
Total assets	9,934,392	197,868	3,279,464	13,411,724	
Liabilities:					
Financing	-	38,465,824	-	38,465,824	4.26
Rental deposit	-	-	4,453,275	4,453,275	-
Other payables	-	-	731,295	731,295	-
Amount due to Manager	-	-	131,169	131,169	-
Total liabilities	-	38,465,824	5,315,739	43,781,563	
Total interest sensitivity gap	9,934,392	(38,267,956)	(2,036,275)	(30,369,839)	

* Computed based on interest-bearing assets and liabilities only

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****(f) Market risk (Contd.)****(iii) Equity price risk**

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Trust's investments in quoted equity securities.

(iv) Equity price sensitivity

Management's best estimate of the effect on the profit/ (loss) for the year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below:

Market index	Changes in equity price %	Effects on profit for the year increase/ (decrease) RM
2015		
FTSE Bursa Malaysia KLCI	+10 /-10	221,245/ (221,245)
2014		
FTSE Bursa Malaysia KLCI	+10 /-10	244,376/ (244,376)

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

Equity price concentration

All the equity investments of the Trust are made in Malaysian entities.

The Trust's concentration of equity price risk analysed by the Trust's equity instruments by sector is as disclosed in Note 14 and 15.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****(g) Credit Risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Trust by failing to discharge an obligation. The Trust is exposed to the risk of credit-related losses that can occur as a result of a tenant and issuer/counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely repayments of interest, principal, settlement of receivables and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

The Manager manages the Trust's credit risk by undertaking credit evaluation and close monitoring of any changes to the tenant and issuer/counterparty's credit profile to minimise such risk. It is the Trust's policy to enter into financial instruments with reputable tenant and counterparties. The Manager also closely monitors the creditworthiness of the Trust's counterparties e.g., brokers, custodians, banks, etc.

Credit risk exposures

At the reporting date, 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.

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 19.

(h) Liquidity Risk

Liquidity risk is defined as the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Trust could be required to pay its liabilities earlier than expected.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(h) Liquidity Risk (Contd.)

The Trust manages its liquidity risk by maintaining a portion of its resources in deposits with financial institutions to meet estimated commitments arising from financial liabilities. In addition, the Manager monitors and observes the Trust's compliance with the Securities Commission Guidelines on Real Estate Investment Trusts concerning limits on total financing.

As disclosed in Note 21 to the financial statements, the financing refers to the RC which can be rolled over in the next one, two, three or six months. There will be no roll over risk for RC since the Trust is not in breach of any covenants that would trigger an event of default which would affect the Trust's ability to renew the facilities.

The following table summarises the maturity profile of the Trust's financial liabilities based on its remaining contractual maturity. Balances due within six months equal their carrying amounts, as the impact of discounting is insignificant.

	Less than 1 month RM	1 month to 3 months RM	3 months to 1 year RM	Total RM
2015				
Financial liabilities				
Financing	60,122,942	-	-	60,122,942
Other liabilities	4,997,012	-	-	4,997,012
Total undiscounted financial liabilities	65,119,954	-	-	65,119,954
2014				
Financial liabilities:				
Financing	16,177,296	21,880,811	954,661	39,012,768
Other liabilities	4,801,156	-	-	4,801,156
Total undiscounted financial liabilities	20,978,452	21,880,811	954,661	43,813,924

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAHA HARTA TANAH PNB

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(h) Liquidity Risk (Contd.)

(i) Financial assets

Analysis of financial assets at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. Quoted equity instruments have been included in the "Less than 1 month category" on the assumption that these are highly liquid investments which can be realised should all of the Trust's unit holders' capital are required to be redeemed. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised/maturity dates of the financial assets.

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Trust can be required to pay.

35. COMMITMENTS

	2015	2014
	RM	RM
Capital commitments:		
Approved and contracted for real estate	241,551,869	15,430,770

36. CURRENCY

All amount are stated in Ringgit Malaysia ("RM").

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****37. SIGNIFICANT EVENT**

The Trust via Circular to unit holders dated 30 July 2015 has announced the proposed acquisition of a property for a purchase consideration of RM240 million ("Proposed Acquisition") and issuance of renounceable rights issue of 120 million units right issues on the basis of six rights units for every five existing units ("Proposed Rights Issue) in the Trust based on the entitlement price to be determined later.

The property is a parcel of commercial land held in perpetuity on which a three (3) storey mall cum hypermarket with two (2) sub-basements with a total of approximately 1,454 car parking bays is constructed. The title particulars are Lot No. P.T. 557, Title No. H.S.(D) 206530, Bandar Seremban Utama, District of Seremban, State of Negeri Sembilan bearing postal address Lot 31156, Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan Darul Khusus.

The Proposed Acquisition will be financed by borrowing and the Proposed Right Issues of RM125 million and RM115 million respectively.

On 14 August 2015, the Proposed Right Issues was approved at the Extraordinary General Meeting of the Trust by way of poll.

On 25 September 2015, an application has been made to Bursa Securities ("Bursa") to extend the Cut-Off Period for the Proposed Acquisition for an additional four (4) months from 26 September 2015 to 26 January 2016 in order to fulfill the Conditions Precedent of the SPA. On 22 January 2016, it was announced that the Cut-Off Period was extended for an additional three (3) months to 26 April 2016 in order to fulfil the Conditions Precedent of the sales and purchase agreement.

On 18 December 2015, Bursa has approved the application for an extension of time until 15 July 2016 to complete the implementation of the Proposed Rights Issue.

AUDITED FINANCIAL STATEMENTS OF AHP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

AMANAH HARTA TANAH PNB**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****38. SUPPLEMENTARY INFORMATION**

The breakdown of retained earnings of the Trust into realised and unrealised, pursuant to the directive issued by Bursa Securities on 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, is as follows:

	2015 RM	2014 RM
Realised		
Distributable realised income	13,587,971	17,001,591
Unrealised		
Cumulative net change arising from the fair value of real estate	48,280,323	39,013,784
Deferred taxation recognised on fair value of real estate	(2,414,016)	(1,950,689)
Unrealised changes on fair value of real estate-related assets and non real estate related assets	92,291	376,476
	<u>45,958,598</u>	<u>37,439,571</u>

UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016

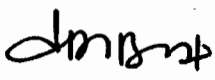
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PELABURAN HARTANAH NASIONAL BERHAD

APPENDIX III

AMANAH HARTA TANAH PNB

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30.09.2016 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2015 (Audited) RM'000
CERTIFIED TRUE COPY		
		
.....		
Adibah Khairiah binti Ismail @ Daud Group Company Secretary (MIA 13755) Permodalan Nasional Berhad		
INVESTMENTS		
Real estate	453,547	210,890
Real estate-related assets	-	549
Non-real estate-related assets	-	1,663
Deposits with financial institutions	10,822	6,291
	<u>464,369</u>	<u>219,393</u>
OTHER ASSETS		
Equipment, furniture and fittings	14	16
Tax recoverable	601	601
Trade receivables	922	862
Other receivables	1,859	5,917
Cash and bank balances	68	65
	<u>3,464</u>	<u>7,461</u>
TOTAL ASSETS	<u>467,833</u>	<u>226,854</u>
LIABILITIES		
Financing	189,786	59,894
Rental deposits	4,801	4,576
Other payables	114,056	280
Amount due to Manager	134	144
Deferred tax liability	2,414	2,414
TOTAL LIABILITIES	<u>311,191</u>	<u>67,308</u>
FINANCED BY:-		
UNIT HOLDERS' FUND		
Unit holders' capital	100,000	100,000
Retained Earnings	56,642	59,546
TOTAL NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS	<u>156,642</u>	<u>159,546</u>
TOTAL UNIT HOLDERS' FUNDS AND LIABILITIES	<u>467,833</u>	<u>226,854</u>
NUMBER OF UNITS IN CIRCULATION	<u>100,000</u>	<u>100,000</u>
NET ASSET VALUE ("NAV")	<u>156,642</u>	<u>159,546</u>
NAV (EX-DISTRIBUTION) PER UNIT (RM)	<u>1.5664</u>	<u>1.5955</u>

(The Unaudited Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended December 31, 2015).

**UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)**

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PELABURAN HARTANAH NASIONAL BERHAD

APPENDIX IV

AMANAH HARTA TANAH PNB

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2016 RM'000	Preceding Year Quarter 30.09.2015 RM'000	Current Year Quarter 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000
TOTAL REVENUE	4,193	3,299	11,852	10,010
Gross rental income	4,084	3,373	11,642	9,949
Less: Assessment	(231)	(233)	(688)	(691)
Quit rent	(14)	(14)	(41)	(41)
Other property operating expenditure	(1,120)	(1,162)	(3,757)	(3,400)
Depreciation	(1)	(1)	(2)	(2)
Net rental income	2,718	1,963	7,154	5,815
Interest income from deposits with financial institutions	58	47	162	221
Net gain/(loss) on real estate/ non-real estate-related asset:				
Realised gain on disposal	49	12	60	13
Unrealised gain/(loss) on valuation	(5)	(151)	(64)	(246)
Dividend income	7	18	52	73
	2,827	1,889	7,364	5,876
EXPENSES				
Manager's fee	395	380	1,179	1,139
Trustee's fee	33	33	98	98
Auditors' remuneration	3	3	10	10
Valuation fee	-	-	-	-
Professional fee	-	-	-	115
Printing, postage and general expenses	20	124	91	406
Financing costs	1,009	579	2,391	1,561
Feasibility study	-	-	-	54
	1,460	1,119	3,769	3,383
INCOME BEFORE TAXATION	1,367	770	3,595	2,493
TAXATION	-	-	-	-
INCOME AFTER TAXATION	1,367	770	3,595	2,493
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,367	770	3,595	2,493
NET INCOME AFTER TAXATION				
IS MADE UP OF THE FOLLOWING:				
- Realised	1,372	921	3,659	2,739
- Unrealised	(5)	(151)	(64)	(246)
	1,367	770	3,595	2,493
EARNINGS PER UNIT (SEN)	1.37	0.77	3.60	2.49

(The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended December 31, 2015).

UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)

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PELABURAN HARTANAH NASIONAL BERHAD

APPENDIX V

AMANAH HARTA TANAH PNB

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
THE PERIOD ENDED SEPTEMBER 30, 2016

	Unit holders' Capital (RM'000)	Retained Earnings		Total NAV Attributable to unit Holders (RM'000)
		Distributable Realised Income (RM'000)	Non- Distributable Unrealised Income (RM'000)	
Current Year To-date				
At 1 January 2016	100,000	13,588	45,959	159,547
Total comprehensive income for the period	-	3,659	(64)	3,595
Income distribution during the period:				
Final income distribution (Year ended Dec. 31, 2015)	-	(3,500)	-	(3,500)
Interim income distribution (Year ended Dec. 31, 2015)	-	(3,000)	-	(3,000)
At September 30, 2016	<u>100,000</u>	<u>10,747</u>	<u>45,895</u>	<u>156,642</u>
Preceding Year To-date				
At 1 January 2015	100,000	17,002	37,439	154,441
Total comprehensive income for the period	-	2,739	(246)	2,493
Income distribution during the period:				
Final income distribution (Year ended Dec. 31, 2014)	-	(3,700)	-	(3,700)
Interim income distribution (Year ended Dec. 31, 2013)	-	(3,500)	-	(3,500)
At September 30, 2015	<u>100,000</u>	<u>12,541</u>	<u>37,193</u>	<u>149,734</u>

(The Unaudited Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended December 31, 2015).

UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)

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PELABURAN HARTANAH NASIONAL BERHAD

APPENDIX VI

AMANAH HARTA TANAH PNB

UNAUDITED CONDENSED STATEMENT OF
 CASH FLOW FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Current Year To-date 30.09.2016 (RM'000)	Preceding Year To-date 30.09.2015 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	3,595	2,493
Adjustments for non-cash flow:		
Non-cash items	66	248
Non-operating items	2,117	1,254
Operating profit before working capital changes	5,778	3,995
Changes in working capital		
Net change in current assets	(332)	(545)
Net change in current liabilities	118,006	(239)
Net cash generated from operating activities	123,452	3,211
CASH FLOWS FROM INVESTING ACTIVITIES		
Real estate	(242,657)	(19,395)
Real estate-related asset/non-real estate-related asset	2,261	64
Interest received	156	224
Net cash generated from investing activities	(240,240)	(19,107)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of income distribution	(6,500)	(7,200)
Proceed from revolving credit facility	129,892	19,676
Financing costs paid	(2,070)	(1,855)
Net cash used in financing activities	121,322	10,621
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,534	(5,275)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	6,356	10,157
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	10,890	4,882

(The Unaudited Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended December 31, 2015).

UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)

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PELABURAN HARTANAH NASIONAL BERHAD

APPENDIX VIIAMANAH HARTA TANAH PNBEXPLANATORY NOTES AS REQUIRED BY MFRS 134 INTERIM FINANCIAL REPORTING ("MFRS 134")

A1. BASIS OF PREPARATION

The quarterly financial report has been prepared in accordance with MFRS 134: Interim Financial Reporting and should be read in conjunction with the audited financial statements for the year ended December 31, 2015.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2015.

A2. AUDIT REPORT FOR PRECEDING FINANCIAL YEAR

The audit report of the financial statements for the preceding year ended December 31, 2015, was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Trust are not affected by material seasonal or cyclical factors.

A4. UNUSUAL ITEMS

There were no unusual items to be disclosed for the quarter under review.

A5. CHANGES IN ESTIMATES

This is not applicable as no estimates were previously reported.

A6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and year-to-date.

A7. INCOME DISTRIBUTION

An income distribution of RM3.00 million or 3.00 sen a unit (tax exempt at trust level) for the six-month period ended June 30, 2016, was paid during the current quarter.

A8. SEGMENTAL REPORTING

No segment information is prepared as the Trust's assets are located in Malaysia and hence, revenue is generated in Malaysia.

A9. VALUATIONS OF INVESTMENT IN REAL ESTATE

The value of the real estate has been brought forward from the previous annual financial statements without amendment. During the quarter under review, AHP has incurred a capital expenditure amounting to RM0.878 million.

UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)

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A10. MATERIAL EVENTS

In relation to the acquisition of a property for a purchase consideration of RM240 million and issuance of 120 million new units via rights issues as disclosed in the Audited Financial Report of the Trust for the year ended 31 December 2015, the following announcement were made during the quarter under review:

- (i) On 22 July 2016, it was announced that Bursa Malaysia Securities Berhad approved the application for an extension of time until 15 January 2017 to complete the Rights Issue exercise;
- (ii) On 26 July 2016, it was announced that the Cut-Off Period (period to fulfill all Conditions Precedent ("CP")) for the Acquisition has been extended from 26 July 2016 to 27 October 2016* in order to fulfill the CP of the Sale and Purchase Agreement and Supplemental Agreement; and
- (iii) On 18 August 2016, it was announced that the Trustee for AHP, had entered into a second supplemental sale and purchase agreement and a supplemental agreement to lease with Mydin for the Acquisition.

*Note: On 24 October 2016, it was announced that Cut-Off Period for the Acquisition has been extended from 27 October 2016 to 27 November 2016 and on 23 November 2016 it was announced that the Cut-Off Period has been extended further to 27 December 2016.

A11. EFFECT OF CHANGES IN THE COMPOSITION OF THE TRUST

The composition of the investment portfolio of the Trust is as follows:

Investments	Unaudited as at end of current quarter		Audited as at preceeding financial year end	
	(RM'000)	(%)	(RM'000)	(%)
Real estate	453,547	97.66	210,890	96.10
Real estate related-assets	-	-	549	0.25
Non-real estate-related assets	-	-	1,663	0.75
Deposits with financial institutions, cash and bank balances	10,890	2.34	6,356	2.90
	<u>464,437</u>	<u>100.00</u>	<u>219,458</u>	<u>100.00</u>

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)

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ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

For the quarter ended September 30, 2016, the Trust recorded a total revenue of RM4.193 million, representing an increase of RM0.894 million or 27.10% from RM3.299 million achieved in the corresponding quarter in 2015.

Total expenditure for the quarter under review was RM2.826 million, representing an increase of RM0.297 million or 11.74% from RM2.529 million recorded in the corresponding period in 2015.

For the quarter under review, the Trust recorded an income before taxation of RM1.367 million which represents an increase of RM0.597 million or 77.53% from RM0.770 million of profit recorded in the corresponding period last year.

B2. CHANGES IN THE STATE OF AFFAIRS

There was no material change in the state of affairs of the Trust for the quarter under review.

B3. SUMMARY OF EARNINGS PER UNIT, NET ASSET VALUE AND MARKET PRICE

	Current Year To-date	As at Preceding Financial Year End
Authorised units ('000)	1,000,000	1,000,000
Number of units in issue ('000)	100,000 *	100,000 *
Total comprehensive income (RM'000)	3,595	12,305
Earnings per unit (sen)	3.60	12.31
Net asset value (RM'000)	156,642	159,546
Net asset value per unit (RM)	1.5664	1.5955
Market price per unit (RM)	1.02	1.00

* The Manager did not hold any unit in the Trust, however, Permodalan Nasional Berhad, a holding company of the Manager, held 5,063,500 units, representing approximately 5.06% of the total units in issue.

B4. REVIEW OF COMMERCIAL PROPERTY MARKET

The performance of Malaysia's property market comprising residential, commercial and industrial properties, moderated in the first half of 2016. For Purpose-Built-Office (PBO) subsector, some 138,530 sq. m of new private space was supplied into the market in the first half of 2016, reflecting a meagre increase of 0.9% from end of 2015 level. On the demand side, the occupancy rate for private PBO in Malaysia in the first half of 2016 was 78.2%; a slight decrease from 78.5% recorded in second half of 2015. As at the end of the first half of 2016, Kuala Lumpur accounted for 52.3% of the total private PBO space nationwide, growing from 51.6% recorded at the end of 2015. After successive decreasing pattern recorded for the past three quarters, an increase in the share of Kuala Lumpur's private PBO provides an early indicator that commercial activities are starting to reconvene in the capital.

UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)

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B5. PROSPECTS

In view of the sustainable level of occupancy of the real estate of AHP, Management anticipates that the performance of the real estate of AHP will remain consistent for the current financial year.

B6. STATUS OF CORPORATE PROPOSALS

There were no proceeds raised from any corporate proposal.

B7. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There were no issuances of new units for the quarter under review.

B8. CIRCUMSTANCES AFFECTING INTEREST OF UNIT HOLDERS

There were no unusual circumstances which materially affect the interest of the unit holders for the quarter under review.

B9. MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of the issuance of this report.

B10. MAINTENANCE COST AND MAJOR CAPITAL EXPENDITURE

There were no major maintenance cost incurred during the quarter under review. However, capital expenditure amounting to RM0.878 million has been incurred during the quarter under review.

B11. SOFT COMMISSION

There was no soft commission received by the Manager or its delegates during the quarter under review.

B12. INCOME RECOGNITION**(i) Rental Income**

Rental income from real estate is accounted for on an accrual basis.

(ii) Gross Dividend Income

Gross dividend income from quoted shares are recognised on a declared basis, when the right to receive dividends has been established.

(iii) Other Income

Interest income, car park income and other real estate income are accounted for on an accrual basis.

B13. MANAGEMENT FEE

The Manager is entitled to a fee not exceeding 2% per annum of the net asset value of the Trust on each day of the accrual period, as defined in the Deed of Trust. The management fee charged for the current quarter is 1% (2015: 1%) per annum of the daily net asset value of the Trust.

No other fee, commission or initial service charges has been paid or is payable to the Manager.

**UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)**

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B14. TRUSTEE'S FEE

The Trustee is entitled to a fee not exceeding 0.1% per annum of the net asset value of the Trust on each day of the accrual period, as defined in the Deed of Trust. The Trustee's fee charged for the current quarter is RM97,500 (2015: RM97,500).

B15. TRANSACTIONS WITH STOCKBROKING COMPANIES

No transaction recorded during the current quarter.

<u>Stockbroker</u>	<u>Value of Trade (RM)</u>	<u>Percentage of Total Trade (%)</u>	<u>Brokerage Fees (RM)</u>	<u>Percentage of Brokerage Fees (%)</u>
1. Maybank Investment Bank Berhad *	<u>2,274,615</u>	<u>100.00</u>	<u>3,639</u>	<u>100.00</u>

* PNB has direct equity holdings in the ultimate holding company of the stockbroking company.

B16. REAL ESTATE ACQUIRED DURING THE PERIOD

The following real estate was acquired during the quarter:

<u>Real Estate</u>	<u>Tenure</u>	<u>Vendor</u>	<u>Price (RM)</u>
Mydin Mall/Hypermarket Seremban 2, Negeri Sembilan	Freehold	Mydin Mohamed Holdings Berhad	240 million

The above real estate was acquired with a leaseback arrangement with the Vendor. Pursuant to the relevant Second Supplemental Sale and Purchase Agreement, financing from the Commodity Murabahah Term Financing-i facility totalling RM125 million was disbursed via two tranches on August 25, 2016 and September 13, 2016, to part finance the acquisition. In return for the full disbursement of the RM125 million, the Vendor surrendered the Title to the real estate and on September 13, 2016, the 30-year lease of the real estate commences. The rental payable by the Vendor, as the Lessee, is proportionate to the acquisition price which has been paid.

As such, as at September 30, 2016, the acquisition of the real estate has been substantively completed with all CPs for the Acquisition have been fulfilled save for the approval of the SC for the Abridged Prospectus ("AP") in relation to the rights issue to part finance the acquisition. Accordingly, the real estate has been accounted for in full. The AP will be submitted to the SC upon the execution of the relevant underwriting agreement in relation to the rights issue. Upon the submission and registration of the AP, the rights issue will proceed and is expected to be completed in 1Q2017 upon which the Balance Purchase Price will be paid to the Vendor from the proceeds of the rights issue.

B17. COMPOSITION OF THE INVESTMENT PORTFOLIO

<u>Investments</u>	<u>Units</u>	<u>Total Cost (RM'000)</u>	<u>Fair Value (RM'000)</u>	<u>Percentage of Fair Value Over Net Asset Value (%)</u>
Real estate	7	453,547	343,347	219.19
Deposits with financial institutions, cash and bank balances		<u>10,890</u>	<u>10,890</u>	6.95
Total		<u>464,437</u>	<u>354,237</u>	226.14

UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)

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B18. TAXATION

The Trust has been exempted from income tax on all income provided that at least 90% of its total chargeable income pursuant to Section 61A of the Income Tax Act 1967, is distributed to the unit holders in the basis period effective from year of assessment 2007.

The Trust estimates that it will distribute at least 90% of its chargeable income for the whole financial year and accordingly the Trust is not subject to income tax for the year ended December 31, 2016.

A reconciliation of income tax expense applicable to income before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Trust is as follows:-

	Current Quarter RM'000	Year to-date RM'000
Income before taxation	<u>1,367</u>	<u>3,595</u>
Taxation at Malaysian statutory tax rate of 24%	328	863
Effect on income not subject to tax	(26)	(50)
Effect on expenses not deductible for tax purposes	11	38
Effect on income distribution exempted from tax at trust level	(313)	(851)
Utilisation of current year capital allowances	<u>-</u>	<u>-</u>
Tax expense for the period	<u>-</u>	<u>-</u>

B19. BORROWINGS AND DEBT SECURITIES

There were no borrowings or debt securities except for the Revolving Credit-i Facility of RM64.8 million mainly to finance the upgrading and refurbishment of Plaza VADS and the Commodity Murabahah Term Financing-i Facility of RM125 million to part finance the acquisition of Mydin Mall/Hypermarket in Seremban 2.

B20. INCOME DISTRIBUTION

Income distribution for the current year to-date, is as follows:

	Gross RM'000	Net RM'000
Interim income distribution of 3.00 sen per unit (Payment date : 30 August 2016)	3,000	3,000
Total distribution for the period	<u>3,000</u>	<u>3,000</u>
Distribution per unit (sen)	<u>3.00</u>	<u>3.00</u>

UNAUDITED QUARTERLY REPORT OF AHP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2016
(Cont'd)

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B21. SOURCE OF DISTRIBUTION

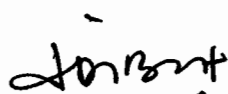
Distribution to unit holders is from the following sources:

	RM'000
Net rental income	7,154
Gross dividends from investments	52
Interest income from deposits with financial institutions	162
	<u>7,368</u>
Less: Expenses	(4,368)
Total distribution	<u>3,000</u>
Gross income distribution per unit (sen)	3.00
Net income distribution per unit (sen)	<u>3.00</u>

B22. STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Directors of the Manager, the quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Amanah Harta Tanah PNB as at September 30, 2016 and its results and the cash flows for the quarter ended on that date and duly authorised for release by the Board of the Manager on November 24, 2016.

BY ORDER OF THE BOARD



ADIBAH KHAIRIAH BINTI ISMAIL @ DAUD (MIA 13755)
 Company Secretary
 PELABURAN HARTANAH NASIONAL BERHAD (175967-W)
 (as the Manager of Amanah Harta Tanah PNB)

DIRECTORS' REPORT

PHNB

Pelaburan Hartanah Nasional Berhad

(175967-W)

Registered Office:

Tingkat 4, Balai PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur

Date: 1 December 2016

To : The Unit Holders of Amanah Harta Tanah PNB ("AHP" or the "Trust")

Dear Sir/Madam,

On behalf of the Board of Directors of Pelaburan Hartanah Nasional Berhad ("Board"), I wish to report that, after making due enquiries in relation to the interval between 31 December 2015, being the date to which the last audited financial statements of the Trust have been made up, and up to the date of this letter, being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus ("AP"):

- (i) in the opinion of the Board, the Trust has been satisfactorily managed;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Trust which have adversely affected the trading or the value of the assets of the Trust;
- (iii) the current assets of the Trust appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by the Trust;
- (v) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/ or principal sums for any borrowings in the Trust since the last audited financial statements of the Trust; and
- (vi) save as disclosed in this AP, there has been no material changes in the published reserves or any unusual factor affecting the profits of the Trust since the last audited financial statements of the Trust.

Yours faithfully

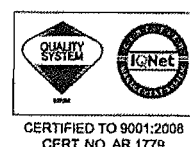
For and on behalf of the Board of Directors of
PELABURAN HARTANAH NASIONAL BERHAD



Dato' Idris bin Kechot
Non-Independent Non-Executive Director

Tingkat 31, Menara PNB, 201-A Jalan Tun Razak, 50400 Kuala Lumpur
Tel: 03-2050 5100 Faks: 03-2050 5878 Emel: phnb@pnb.com.my


www.ahp.com.my



FURTHER INFORMATION

1. UNIT CAPITAL

- (i) No securities in the Trust will be issued or allotted on the basis of this AP later than twelve (12) months after the date of this AP.
- (ii) As at the date of this AP, there is no founder, management or deferred units in the Trust. There is only one (1) class of Units.
- (iii) The Rights Units will be subject to all provisions of the Principal Deed of the Trust and MMLR.

The Units to be issued arising from the Rights Issue shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing Units except that they will not be entitled to any distributable income, rights, allotments and/or distributions, that may be declared, made or paid prior to the date of allotment and issue of the Rights Units.

- (iv) The names, addresses and professions of the Board are set out under the section on Corporate Directory of this AP.
- (v) Save for the Rights Units to be issued pursuant to the Rights Issue to the Entitled Unit Holders, no person has been or is entitled to be granted an option to subscribe for any securities of the Trust.
- (vi) Save for the Rights Issue, no securities of the Trust have been issued or agreed to be issued as fully or partly paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this AP.

2. FEES AND CHARGES

The provisions in the Principal Deed of AHP in respect of the fees and charges are as follows:

- Clause 25(5) The Manager shall be entitled to be paid from the Gross Income of the Fund in each Accrual Period and retain for themselves a management fee computed as follows:
- (a) a sum not exceeding two per cent (2%) of the Net Asset Value of the Fund shall be calculated on each day of the Accrual Period and the said sums shall be added together to make a total for the Accrual Period;
 - (b) on any day which is not a Market Day the Net Asset Value of the Fund to be used shall be that applicable to the nearest day which is a Market Day; and
 - (c) the total for the Accrual Period calculated under paragraph (a) of this sub-clause (5) shall be divided by the number of days in the Accrual Period and the resultant quotient shall be the management fee.

The Manager shall be entitled to charge and recover from the Trust any applicable taxes levied on any fee paid to the Manager, if applicable.

FURTHER INFORMATION (Cont'd)Clause 25(6A) Acquisition and Disposal Fees

- (a) The Manager is entitled to be paid out of the Gross Income of the Fund:
- (i) an acquisition fee of one per centum (1%) of the acquisition price of any Property Investment purchased directly or indirectly by the Fund. The acquisition fee may be paid in cash or Units and will be payable to the Manager as soon as practicable after completion of the acquisition, but in any event not later than thirty (30) days from the completion of the acquisition or such other date as may be agreed to between the Manager and the Trustee. No acquisition fee is payable in respect of the acquisition (whether directly or indirectly) of the real estate assets set out in the First Schedule hereof; and
 - (ii) a disposal fee of zero point five per centum (0.5%) of the disposal price of any Property Investment disposed directly or indirectly by the Trust. The disposal fee may be paid in cash or Units to the Manager, and will be payable to the Manager as soon as practicable after completion of the disposal, but in any event not later than thirty (30) days from the completion of the disposal or such date as may be agreed to between the Manager and the Trustee.
- (b) in making the payment of the acquisition fee and disposal fee mentioned above, the Trust also bears all applicable goods and services taxes or such other governmental imposition, duties and levies whatsoever imposed on the acquisition fee or disposal fee by the relevant authorities in Malaysia or elsewhere.

Clause 25(7) Trustee's Fee

The Trustee shall be entitled to be paid from the Gross Income of the Fund in each Accrual Period a fee computed as follows:

- (a) sum not exceeding zero point one per cent (0.1%) of the Net Asset Value of the Fund shall be calculated on each day of the Accrual Period and the said sums shall be added together to make a total for the Accrual Period;
- (b) on any day which is not a Market Day the Net Asset Value of the Fund to be used shall be that applicable to the nearest day which is a Market Day; and
- (c) the total for the Accrual Period calculated under paragraph (a) of this sub-clause (7) shall be divided by the number of days in the Accrual Period and the resultant quotient shall be the Trustee's fee.

The fees (referred to under this sub-clause (7)) shall be paid at such rate as may be agreed between the Manager and the Trustee from time to time PROVIDED ALWAYS that the rate agreed between the Manager and the Trustee pursuant to this sub-clause (7) shall not in any case exceed the rate provided for from time to time by any Applicable Laws and Requirements for such service or duties and the Trustee shall in addition be entitled to be repaid on demand out of the Fund the amount of all his disbursements and expenses incurred wholly and exclusively in the performance of his duties hereunder. The Trustee shall be entitled to charge and recover from the Trust any applicable taxes levied on any fee paid to the Trustee, if applicable.

FURTHER INFORMATION (Cont'd)

3. MATERIAL CONTRACTS

Save as disclosed below, AHP has not entered into any other material contract (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business of the Trust during the two (2) years immediately preceding the date of this AP:

- (i) SPA;
- (ii) Agreement to Lease;
- (iii) the Variation Letter;
- (iv) Supplemental Agreement;
- (v) Second Supplemental Agreement;
- (vi) Supplemental Agreement to Lease; and
- (vii) Underwriting Agreement.

4. MATERIAL LITIGATION**4.1 AHP**

As at the LPD, AHP is not engaged in any material litigation, claim and/or arbitration, either as plaintiff or defendant or otherwise, which has a material effect on the financial position of AHP and the Board and the Trustee are not aware of any proceedings, pending or threatened against AHP or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position and business of AHP.

4.2 The Manager

As at the LPD, PHNB is not engaged in any material litigation, claim and/or arbitration, either as plaintiff or defendant or otherwise, which has a material effect on the financial position of AHP and the Board is not aware of any proceedings, pending or threatened against PHNB or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position and business of PHNB.

4.3 The Trustee

Save as disclosed below, as at the LPD, the Trustee is not engaged in any material litigation, claim and/or arbitration, either as plaintiff or defendant or otherwise, which has a material effect on the financial position of the Trustee and the Trustee is not aware of any proceedings, pending or threatened against the Trustee or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position and business of the Trustee.

5. GENERAL

- (i) The total expenses of or in connection with the Proposals including professional fees, fees payable to the relevant authorities, registration and other incidental expenses is estimated to be approximately RM17.73 million which will be borne by the Trust;
- (ii) Save as disclosed in this AP, the Board is not aware of any of the following:
 - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of the Trust;

FURTHER INFORMATION (Cont'd)

- (b) material commitments for capital expenditure of the Trust, the purpose of such commitments and the source of funding;
- (c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from the operations and the extent to which income was so affected;
- (d) known trends or uncertainties which have had, or that the Manager reasonably expects will have, a material favourable or unfavourable impact on revenues or operating income of the Trust; and
- (e) material information, including all special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect yield.

6. CONSENTS

- (i) The Principal Adviser, Trustee, Property Manager, Registrar, Principal Bankers, Company Secretary of the Manager, Solicitors, Managing Underwriter and Joint Underwriters have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto, as the case may be, in the form and manner in which they so appear in this AP.
- (ii) The Auditors and Reporting Accountants, have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names, the Reporting Accountants' letter in relation to the pro forma statements of financial position of AHP as at 31 December 2015 and the Auditors' Report on the audited financial statements of AHP for the FYE 31 December 2015, and all references thereto, in the form and manner in which they so appear in this AP.
- (iii) The Independent Valuer, have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names, the valuation certificate, the update valuation certificate, and all references thereto, as the case may be, in the form and manner in which they so appear in this AP.
- (iv) The Taxation Adviser, have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names, letter and report relating to the Taxation Adviser's letter on the taxation of AHP and Unit Holders and all references thereto, as the case may be, in the form and manner in which they so appear in this AP.
- (v) The written consent from Bloomberg Finance L.P. for the inclusion of its name as the source of historical unit prices of the Trust and all references to them in the form and context in which they appear in this AP, has been given and has not been subsequently withdrawn.

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FURTHER INFORMATION (Cont'd)

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours at the registered office of PHNB at Tingkat 4, Balai PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur from Mondays to Fridays (except public holidays) during normal business hours for a period of twelve (12) months from the date of this AP:

- (i) the Principal Deed, the Supplementary Deeds and the First Restated Deed;
- (ii) the audited financial statements of AHP for the past three (3) FYE 31 December 2013, FYE 31 December 2014 and FYE 31 December 2015 and the latest unaudited quarterly report of AHP for the nine (9)-month FPE 30 September 2016;
- (iii) the pro forma statements of financial position of the Trust as at 31 December 2015 together with the Reporting Accountants' letter;
- (iv) the Undertakings referred to in Section 10 of this AP;
- (v) Certified true extract of the ordinary resolution pertaining to the Rights Issue passed at EGM held on 14 August 2015;
- (vi) the Taxation Adviser's letter on taxation of AHP and Unit Holders referred to in Appendix VIII of this AP;
- (vii) the Directors' Report as set out in Appendix XI of this AP;
- (viii) the material contracts referred to in Section 3 of Appendix XII of this AP;
- (ix) the letters of consent referred to in Section 6 of Appendix XII of this AP;
- (x) the Lease Agreement (undated and signed in escrow); and
- (xi) the Valuation Report, valuation certificate dated 3 April 2015 and update valuation certificate dated 31 October 2016 of the Property.

8. RESPONSIBILITY STATEMENT

The Directors have seen and approved this AP, together with the accompanying NPA and the RSF. They individually and collectively accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in this AP and the accompanying NPA and the RSF false or misleading.

To the best of the Trustee's knowledge, based on the information and documentation made available by the Manager, the advisers and all relevant parties, the Trustee confirms that the Rights Issue has been carried out in accordance with the Principal Deed, the REIT Guidelines and other regulatory requirements to ensure that the interest of Unit Holders is upheld at all times.

MIDF Investment, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information, and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.