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Attached please find an electronic copy of the information memorandum dated 21 November 2014 ("**Information Memorandum**"), relating to the proposed issuance of Islamic Medium Term Notes ("**IMTNs**") pursuant to an Islamic Medium Term Note Programme ("**IMTN Programme**") and Islamic Commercial Papers ("**ICPs**") pursuant to an Islamic Commercial Paper Programme ("**ICP Programme**") (the IMTNs and the ICPs are collectively referred to as the "**Sukuk Murabahah**" and the IMTN Programme and the ICP Programme are collectively referred to as the "**Sukuk Murabahah Programmes**"), with a combined limit of up to RM600.0 million in Nominal Value and a sub-limit of up to RM300.0 million in Nominal Value for the ICP Programme, based on the Shariah principle of Murabahah (via a Tawarruq arrangement) by Suria KLCC Sdn Bhd (Company No. 208950-T) ("**Issuer**").

The Information Memorandum is strictly confidential and does not constitute an offer to any person or the public generally to subscribe for or otherwise purchase any of the Sukuk Murabahah other than to the persons falling within the selling restrictions as set out below. Distribution of the Information Memorandum to any person, other than the person receiving this e-mail from the Issuer and CIMB Investment Bank Berhad as the lead manager ("**Lead Manager**") is unauthorised. The person receiving this e-mail from the Issuer or the Lead Manager is prohibited from disclosing the Information Memorandum, altering the contents of the Information Memorandum or forwarding a copy of the Information Memorandum or any portion thereof by e-mail or otherwise to any person.

The Sukuk Murabahah may only be issued, offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an issue, offer or invitation to subscribe or purchase the Sukuk Murabahah would constitute, where relevant: (a) at the point of issuance of the Sukuk Murabahah, Section 4(6) of the Companies Act, 1965 ("**Companies Act**") and Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act, 2007 ("**CMSA**"); and (b) after the issuance of the Sukuk Murabahah, Section 4(6) of the Companies Act and Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA ("**Selling Restrictions**"). No action has been taken or will be taken in any jurisdiction by the Issuer or the Lead Manager that would, or is intended to, permit an offering of the Sukuk Murabahah, or the invitation to subscribe or purchase, offer, issue or transfer of the Sukuk Murabahah or the publication or distribution of this Information Memorandum or any other material in connection with the offering of the Sukuk Murabahah, in any country or jurisdiction where action for that purpose is required. Accordingly, no invitation to subscribe or purchase, offer, issue or transfer of the Sukuk Murabahah or the publication or distribution of this Information Memorandum or any other materials in connection with the offering of the Sukuk Murabahah in any country or jurisdiction outside Malaysia shall be made.

By accepting the e-mail and accessing the Information Memorandum, you shall be deemed to have represented to us that (1) you are a person falling within the Selling Restrictions; and (2) you consent to the delivery of the Information Memorandum by e-mail. You are reminded that the Information Memorandum has been delivered to you on the basis that you are a person into whose possession the Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents

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## INFORMATION MEMORANDUM



### **SURIA KLCC SDN BHD** (Company No. 208950-T)

Proposed Issue of, Offer for Subscription or Purchase of, or Invitation to Subscribe for or Purchase of Islamic Medium Term Notes ("**IMTNs**") pursuant to an Islamic Medium Term Note Programme ("**IMTN Programme**") and Islamic Commercial Papers ("**ICPs**") pursuant to an Islamic Commercial Paper Programme ("**ICP Programme**") (collectively, the IMTN Programme and the ICP Programme are referred to as the "**Sukuk Murabahah Programmes**"), with a combined limit of up to RM600.0 million in Nominal Value and a sub-limit of up to RM300.0 million in Nominal Value for the ICP Programme, based on the Shariah principle of Murabahah (via a Tawarruq arrangement)

Lead Arranger and Lead Manager



**CIMB Investment Bank Berhad**  
(Company No. 18417-M)

## IMPORTANT NOTICE

### Responsibility Statements

This Information Memorandum has been approved by the directors of Suria KLCC Sdn Bhd (“**the Issuer**”) and the Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum. The Issuer, after having made all reasonable enquiries, confirms that all information contained in this Information Memorandum is true and correct in all material respects, that there is no omission of a material fact necessary to make the information contained in this Information Memorandum, in the light of the circumstances under which it is provided, not misleading, and that the opinions and intentions expressed in the information contained in this Information Memorandum are honestly held. Enquiries have been made by the Issuer to ascertain all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Issuer accepts full responsibility for such information contained in this Information Memorandum.

### General Statement of Disclaimer

The Issuer has authorised CIMB Investment Bank Berhad (Company No. 18417-M), as amongst others, the Lead Arranger and Lead Manager (“**the Lead Manager**”) to distribute this Information Memorandum, which is now being provided by the Lead Manager on a confidential basis to potential investors to whom an issue, offer or invitation to subscribe or purchase the Sukuk Murabahah (as defined in this Information Memorandum) would constitute, where relevant: (a) at the point of issuance of the Sukuk Murabahah, Section 4(6) of the Companies Act (as defined in this Information Memorandum) and Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA (as defined in this Information Memorandum); and (b) after the issuance of the Sukuk Murabahah, Section 4(6) of the Companies Act and Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA, for the sole purpose of assisting them to decide whether to subscribe for or purchase the Sukuk Murabahah. This Information Memorandum may not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior consent of the Issuer or as required under Malaysian laws, regulations or guidelines.

No representation or warranty, express or implied, is given or assumed by the Lead Manager as to the authenticity, origin, validity, accuracy or completeness of such information and data contained in this Information Memorandum or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The Lead Manager has not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the Sukuk Murabahah Programmes and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum, except as provided by Malaysian laws. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Lead Manager or any other person.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Lead Manager or any other person.

Certain figures and percentages included in this Information Memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

This Information Memorandum has not been and will not be made to comply with the laws of any Foreign Jurisdiction (as defined in this Information Memorandum), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Murabahah or any other securities of any kind by any party in any Foreign Jurisdiction.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required by the Issuer, the Lead Manager to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the Lead Manager accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that: (a) it will keep confidential all of such information and data; (b) it is lawful for the recipient to subscribe for or purchase the Sukuk Murabahah under all jurisdictions to which the recipient is subject; (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Murabahah; (d) the Issuer, the Lead Manager and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Sukuk Murabahah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Murabahah is or shall become unlawful, unenforceable, voidable or void; (e) it is aware that the Sukuk Murabahah can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws; (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk Murabahah, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Murabahah; (g) it is subscribing or accepting the Sukuk Murabahah for its own account; (h) it is a person to whom an issue, offer or invitation to subscribe or purchase the Sukuk Murabahah would constitute, where relevant: (i) at the point of issuance of the Sukuk Murabahah, Section 4(6) of the Companies Act and Schedule 6 or Section 229(1)(b) and Schedule 7 or section 230(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA; and (ii) after the issuance of the Sukuk Murabahah, Section 4(6) of the Companies Act and Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA; and (i) the making of this disclosure and general statement of disclaimer does not impose any continuing duty to update or provide any information from time to time or at any time except as specifically provided by law. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk Murabahah in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk Murabahah is not, and should not be construed as, a recommendation by the Issuer, the Lead Manager or any other party to the recipient to subscribe for or purchase the Sukuk Murabahah. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Sukuk Murabahah and all other relevant matters, and each recipient should consult its own professional financial, legal and other appropriate professional advisers. All information and statements herein are subject to the detailed provisions of the respective documents referred to herein and are qualified in their entirety by reference to such documents.

Neither the distribution or delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Murabahah shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or the date specified in this

Information Memorandum if a date is specified, or that any other information supplied in connection with the Sukuk Murabahah Programmes is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Lead Manager nor any other advisers for the Sukuk Murabahah Programmes undertake to review the financial condition or affairs of the Issuer or to advise any investor in any Sukuk Murabahah of any information coming to their respective attention.

This Information Memorandum includes certain historical information, estimates, projections or reports thereon and also certain information on the Malaysian economy, the local financial industry and certain other matters derived from sources mentioned in this Information Memorandum and other parties. Such information, estimates, projections or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates, projections and/or reports thereon derived from such and other third party sources.

Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are forward-looking in nature and are subject to risks and uncertainties, including, among others, the Issuer's business strategy and expectation concerning its position in the Malaysian economy, future operations, growth prospects and industry prospects. While the board of directors of the Issuer believes that these forward-looking statements are reasonable, these statements are nevertheless 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. In light of all this, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer that the plans and objectives of the Issuer will be achieved.

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Information Memorandum are shown after, rounding. Where this Information Memorandum contains or refers to a summary of a document or agreement, the summary is not meant to be exhaustive and potential investors should refer to or read the document or agreement in its entirety.

### **Forward-Looking Statements**

The Issuer has included statements in this Information Memorandum which contain words or phrases such as "will", "would", "aimed", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "seeking to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may" and similar expressions or variations of such expressions, that are "forward-looking statements". All of these forward-looking statements are based on estimates and assumptions made by the Issuer and although the Issuer believes that the expectations reflected in the forward-looking statements are reasonable at this time, actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties that may cause events or future results to be materially different than expected or indicated by such statements and there can be no assurance that these expectations will prove to be correct. For a further discussion on the factors that could cause actual results to differ, see the discussion under "Investment Considerations" contained in this Information Memorandum. As such, no assurances can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of a forward looking statement in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved. The Issuer is not under any obligation to update or revise such forward looking statements to reflect any change in expectations or circumstances.

### **Acknowledgement**

The Issuer hereby acknowledges that it has authorised the Lead Manager to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of, the Sukuk Murabahah to prospective investors and that no further evidence of authorisation is required.

## **Statements of Disclaimer by the Securities Commission Malaysia**

A copy of this Information Memorandum will be deposited, in accordance with the CMSA, with the Securities Commission Malaysia (“**SC**”), who takes no responsibility for its contents.

The issue, offer or invitation in relation to the Sukuk Murabahah in this Information Memorandum or otherwise is subject to the fulfilment of various conditions precedent including without limitation the execution of the agreements relating to this transaction.

The SC had pursuant to section 212(5) of the CMSA vide its letter dated 19 November 2014 authorised the Sukuk Murabahah Programmes. Each recipient of this Information Memorandum acknowledges and agrees that the authorisation of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Murabahah.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness or completeness of any statements made or opinions or reports expressed or contained in this Information Memorandum.

**EACH ISSUE OF THE SUKUK MURABAHAH WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUE OF THE SUKUK MURABAHAH ON ITS OWN MERIT. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

**IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR OWN FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR SUBSCRIBING OR ACQUIRING THE SUKUK MURABAHAH.**

## **CONFIDENTIALITY**

To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available to the recipient in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to prospective investors specifically in reference to the Sukuk Murabahah Programmes and may not be reproduced or used, in whole or in part, for any purpose, nor furnished to any person other than those to whom copies have been sent by the Lead Manager.

The recipient must return this Information Memorandum and all reproductions whether in whole or in part and any other information in connection therewith to the Lead Manager promptly upon the Lead Manager's request.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisor, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

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## APPENDIX

LATEST AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FYE 31 DECEMBER 2013



## DEFINITIONS OF KEY TERMS AND ABBREVIATIONS

Unless where the context otherwise requires or as otherwise defined in this Information Memorandum, terms defined in Section 2.0 (Principal Terms and Conditions of the Sukuk Murabahah Programmes) of this Information Memorandum shall have the same meanings when used in the other parts of this Information Memorandum.

Unless the context otherwise requires, the following definitions shall apply throughout this Information Memorandum:

<b>Definitions</b>	<b>Meanings</b>
AUD	: Australian Dollar
BNM	: Bank Negara Malaysia
Bursa Securities	: Bursa Malaysia Securities Bhd
Central Depository and Paying Agent	: BNM
CIMB	: CIMB Investment Bank Berhad (Company No. 18417-M)
CMSA	: Capital Markets and Services Act, 2007 (as amended from time to time)
Companies Act	: Companies Act, 1965 (as amended from time to time)
Facility Agent	: CIMB
Foreign Jurisdiction	: Any country (including its territories, all jurisdictions within that country and any possession areas subject to its jurisdiction), other than Malaysia
FYE	: Financial year ended
ICPs	: Islamic commercial papers
ICP Programme	: ICP programme of up to RM300.0 million in nominal value
IMTNs	: Islamic medium term notes
IMTN Programme	: IMTN programme of up to RM600.0 million in nominal value
Issuer	: Suria KLCC Sdn Bhd (Company No. 208950-T)
Lead Arranger/Lead Manager	: CIMB
RAM or Rating Agency	: RAM Rating Services Berhad (Company No. 763588-T)
RM/Ringgit and sen	: Ringgit Malaysia and sen respectively, the monetary units in the lawful currency of Malaysia
SC	: Securities Commission Malaysia
Security Agent	: CIMB
Sukukholders	: Holders of the Sukuk Murabahah
Sukuk Murabahah	: Collectively, the ICPs and the IMTNs
Sukuk Guidelines	: The Guidelines on Sukuk issued by the SC (Revised and Effective 28 August 2014)

Sukuk Murabahah Programmes	: Collectively, the ICP Programme and the IMTN Programme with a combined aggregate nominal value of up to RM600.0 million and a sub-limit of up to RM300.0 million in nominal value for the ICP Programme
Sukuk Trustee	: CIMB Islamic Trustee Berhad (Company No. 167913-M)
Suria KLCC	: The retail centre known as Suria KLCC erected on that piece of land held under Grant 43698, Lot 170, Section 58, Town of Kuala Lumpur, State of Wilayah Persekutuan of Kuala Lumpur
Transaction	: Proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of Sukuk Murabahah pursuant to the Sukuk Murabahah Programmes, with a combined limit of up to RM600.0 million in nominal value and a sub-limit of up to RM300.0 million in nominal value for the ICP Programme, based on the Shariah principle of Murabahah (via a Tawarruq arrangement)
Transaction Documents	: Collectively, all the legal documents in relation to the Sukuk Murabahah Programmes
USD	: US Dollar

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## 1.0 INTRODUCTION

*The information set out in this section and the following information relating to the issue of the Sukuk Murabahah is qualified in its entirety by, and must be read in conjunction with, the further detailed information appearing elsewhere in this Information Memorandum.*

### 1.1 Background Information of the Issuer

The Issuer was incorporated in Malaysia on 4 December 1990 under the Companies Act, 1965 as a private company limited by shares and its registered office is at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

The Issuer's principal activity is to own and manage a shopping centre and to provide business management services.

As at 31 October 2014, the authorised share capital of the Issuer is RM342,000,000.00 consisting of 342,000,000 ordinary shares of RM1.00 each and the issued and fully paid-up share capital of the Issuer is RM341,666,670.00 comprising 341,666,670 ordinary shares of RM1.00 each.

As at 31 October 2014, the shareholder and shareholding structure of the Issuer are as follows:

Shareholders	Ordinary Shares of RM1.00 each	Percentage (%)
KLCC Property Holdings Berhad	205,000,002	60.0
Ocmador (Malaysia) City Retail Centre Sdn Bhd	85,416,668	25.0
Port Moresby Investments Limited	34,166,667	10.0
Bold Peak Sdn Bhd	17,083,333	5.0
<b>Total</b>	<b>341,666,670</b>	<b>100.0</b>

### 1.2 Utilisation of Proceeds

The proceeds raised from the Sukuk Murabahah shall be utilised by the Issuer for Shariah-compliant purposes including refinancing/repayment of the Issuer's borrowings and/or shareholders' advances, financing of immovable properties, working capital and for general corporate purposes.

### 1.3 Brief Description of the Sukuk Murabahah Programmes

The Sukuk Murabahah Programmes and the Sukuk Murabahah issued thereunder shall be based on the Shariah principle of Murabahah (via a Tawarruq arrangement) which is one of the Shariah principles and concepts approved by the SC's Shariah Advisory Council ("**SAC**").

The Issuer has the option to upsize the ICP Programme and/or the IMTN Programme provided that there is no adverse impact on the ratings of the Sukuk Murabahah. Any upsizing of the programme limit shall be subject to obtaining all regulatory approvals and for the avoidance of doubt, the Sukukholders shall via the Trust Deed provide their upfront consent for any upsizing of the ICP Programme and/or IMTN Programme (as the case may be).

The ICP Programme shall have a tenure of seven (7) years from the date of the first issue of ICPs under the ICP Programme and the IMTN Programme shall have a tenure of thirty (30) years from the date of the first issue of IMTNs under the IMTN Programme. The first issuance of Sukuk Murabahah under the Sukuk Murabahah Programmes shall be made within two (2) years from the date of the SC's authorisation or such other later date as may be approved by the SC.

The ICPs issued under the ICP Programme shall have tenures of one (1) month and up to twelve (12) months as the Issuer may select provided always that the maturity date of the respective ICPs shall not extend beyond the tenure of the ICP Programme whilst the IMTNs issued under the IMTN Programme shall have tenures of more than one (1) year but not exceeding fifteen (15) years as the Issuer may select provided always that the maturity date of the respective IMTNs shall not extend beyond the tenure of the IMTN Programme.

The Sukuk Murabahah may be issued in tranches under the Sukuk Murabahah Programmes. The IMTN may be issued at a premium, at par or at a discount whereas the ICP may be issued at par or at a discount.

The IMTN may be issued either on a private placement on a best efforts basis, bookrunning on a best efforts basis or bought deal on a best efforts basis, whereas the ICP will be issued either on a private placement on a best efforts basis, bookrunning on a best efforts basis or bought deal on a best efforts basis, or via competitive tender by the tender panel members.

The Sukuk Murabahah may be listed under the Exempt Regime (as defined in the Main Market Listing Requirements of Bursa Securities) of Bursa Securities.

The Sukuk Murabahah Programmes have been accorded initial ratings of AAA/P1 by the Rating Agency via its letter dated 22 September 2014.

The principal terms and conditions of the Sukuk Murabahah Programmes ("**PTC**") are set out in Section 2.0 herein.

#### Underlying Transaction

The issuance of each tranche of the Sukuk Murabahah from time to time under the Sukuk Murabahah Programmes shall be effected as follows:

- (1) The Sukuk Trustee (on behalf of the holders of the Sukuk Murabahah ("**Sukukholders**")) and the Issuer shall enter into a Service Agency Agreement, pursuant to which the Issuer (in such capacity, the "**Agent**") is appointed as the agent of the Sukukholders for the purchase and sale of Commodities. The Agent will then enter into a Sub-Agency Agreement to appoint the Facility Agent as the sub-agent (in such capacity, the "**Sub-Agent**") for the purchase and sale of Commodities under the Sukuk Murabahah.
- (2) Pursuant to a Commodities Murabahah Master Agreement, the Issuer (in such capacity, the "**Purchaser**") issues a purchase order ("**Purchase Order**") to the Agent and subsequently thereafter, the Agent issues the Purchase Order to the Sub-Agent. In the Purchase Order, the Issuer (acting as Purchaser for itself) will request the Agent, and subsequently, the Agent will request the Sub-Agent to purchase the Commodities. The Purchaser will irrevocably undertake to purchase the Commodities from the Sub-Agent (acting on behalf of the Agent as agent of the Sukukholders) at a deferred sale price ("**Deferred Sale Price**") which shall be the Purchase Price plus the profit margin.
- (3) The Sub-Agent (pursuant to the CTP Purchase Agreement entered into between the Sub-Agent and the CTP, will appoint the CTP to purchase on a spot basis the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila' commodity market ("**Commodity Seller**") at a purchase price which shall be an amount equivalent to the Sukuk Murabahah proceeds ("**Purchase Price**").

- (4) The Issuer (acting as the Issuer) shall issue Sukuk Murabahah to the Sukukholders whereby the proceeds shall be used to pay for the Purchase Price of the Commodities. The Sukuk Murabahah shall evidence, amongst others, the Sukukholders' ownership of the Commodities and subsequently, once the Commodities are sold to the Issuer (as the Purchaser for itself), the entitlement to receive the Deferred Sale Price.
- (5) Thereafter, pursuant to the undertaking under the Purchase Order, the Sub-Agent (acting on behalf of the Agent as agent of the Sukukholders) shall sell the Commodities to the Issuer (acting as Purchaser for itself) at the Deferred Sale Price under the Sale and Purchase Agreement.
- (6) Subsequently thereafter, the Issuer (pursuant to the CTP Sale Agreement entered into between the Issuer and the CTP) shall appoint the CTP to sell the Commodities to Bursa Malaysia Islamic Services Sdn. Bhd. ("**Commodity Buyer**") on a spot basis for an amount equal to the Purchase Price. The CTP Sale Agreement will provide for the CTP to directly sell the Commodities to the Commodity Buyer upon notice by the Purchaser that the Sale and Purchase Agreement has been completed and executed and receipt of the sale instruction by the Purchaser.
- (7) During the tenure of the Sukuk Murabahah, the Issuer (in its capacity as the Purchaser) as part of its obligation to pay the Deferred Sale Price shall make Periodic Profit Payments to the Sukukholders.

Unless the Sukuk Murabahah are purchased and cancelled by the Issuer:

- i) on its respective maturity date(s); or
- ii) upon the declaration of an Event of Default,

The Issuer (in its capacity as the Purchaser) shall pay all amounts outstanding in respect of the Deferred Sale Price of the relevant Sukuk Murabahah (subject to *Ibra'*), upon which the relevant Sukuk Murabahah will be cancelled.

All capitalised terms in this sub-section are as defined in the PTC in Section 2.0 hereto.

#### 1.4 Key Financial Highlights of the Issuer

The Issuer's key financial highlights for the most recent three (3) financial years ended 31 December are tabulated as follows:

	FYE2013 RM'000	FYE2012 RM'000	FYE2011* RM'000
Revenue	366,966	326,142	209,941
Profit before tax	490,842	928,723	410,443
Profit after tax	411,623	858,200	366,715
Total assets	4,731,944	4,654,630	3,924,468
Total borrowings	507,317	500,445	493,931
Shareholders' funds	4,082,532	4,015,992	3,328,624

\* The figures for FYE 2011 is only for the period from 1 April 2011 until 31 December 2011 as the Issuer changed its financial year end to 31 December from 31 March.

## 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK MURABAHAH PROGRAMMES

*The Sukuk Murabahah will be constituted by a trust deed to be entered into between the Issuer and the Sukuk Trustee ("**Trust Deed**"). The holders of Sukuk Murabahah are entitled to the benefit of the Trust Deed and are bound by and deemed to have notice of, all the provisions of the Trust Deed.*

*The principal terms and conditions of the Sukuk Murabahah Programmes as attached to the submission to the SC and authorised by the SC are set out below. Words and expressions used and defined in this Section 2.0, in the event of inconsistency with the definitions section of this Information Memorandum, shall only be applicable for this Section 2.0.*

### 1. Background Information

#### (a) Issuer

- i. **Name** : Suria KLCC Sdn. Bhd. ("**Suria KLCC**" or the "**Issuer**").
- ii. **Address** : Registered Office:  
Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.
- iii. **Business registration number** : 208950-T.
- iv. **Date and place of incorporation** : 4 December 1990 / Malaysia.
- v. **Date of listing, where applicable** : Not applicable.
- vi. **Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company** : Resident controlled company.
- vii. **Principal activities** : The Issuer's principal activity is to own and manage a shopping center and to provide business management services.
- viii. **Board of directors** : The board of directors of the Issuer as at 30 September 2014:

Name	Resident Status	I/C No.
Datuk Hashim Wahir	Malaysian	571214-01-5427
Annuar Marzuki Bin Abdul Aziz	Malaysian	701008-06-5231
Richard Thomas Gairdner Price	British	Passport No.: 761327986
Charmaine Cheuk	British (Overseas)	Passport No.: 790208288

- ix. **Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders** : The shareholders and shareholding structure of the Issuer as at 30 September 2014:

Name	No. of shares held	% of shareholding
KLCC Property Holdings Berhad	205,000,002	60%
Ocmador (Malaysia) City Retail Centre Sdn Bhd	85,416,668	25%
Port Moresby Investments Limited	34,166,667	10%
Bold Peak Sdn Bhd	17,083,333	5%

- x. **Authorised, issued and paid up capital** : Authorised Capital as at 30 September 2014:  
RM342,000,000.

Issued and Paid-up Capital as at 30 September 2014:  
RM341,666,670.

- xi. **Disclosure of the following**

- If the Issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law for the past five years prior to the date of application; and : None.
- If the Issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of application. : Not applicable as the Issuer is not a listed company.

## 2. Principal Terms and Conditions

### (a) Names of parties involved in the proposed transaction

- |        |   |   |  |
|--------|---|---|--|
| i.     | <b>Principal Adviser</b>  | : | CIMB Investment Bank Berhad (Company No: 18417-M) (" <b>CIMB</b> ").   |
| ii.    | <b>Lead Arranger</b>  | : | CIMB.  |
| iii.   | <b>Co-arranger</b>  | : | Not applicable.  |
| iv.    | <b>Solicitor</b>  | : | Adnan Sundra & Low.  |
| v.     | <b>Financial adviser</b>  | : | Not applicable.  |
| vi.    | <b>Technical adviser</b>  | : | Not applicable.  |
| vii.   | <b>Sukuk trustee</b>  | : | CIMB Islamic Trustee Berhad (Company No: 167913-M).  |
| viii.  | <b>Shariah adviser</b>  | : | CIMB Islamic Bank Berhad (Company No: 671380-H) (" <b>CIMB Islamic</b> ").   |
| ix.    | <b>Guarantor / Kafalah provider</b>   | : | Not applicable.  |
| x.     | <b>Valuer</b>   | : | Not applicable.  |
| xi.    | <b>Facility Agent</b>   | : | CIMB.  |
| xii.   | <b>Primary subscriber (under a bought deal arrangement) and amount subscribed</b> | : | To be determined prior to issuance (in respect of each issuance via bought deal basis only).<br><br>Not applicable for issuance via tender, private placement and book building. |
| xiii.  | <b>Underwriter and amount underwritten</b>  | : | Not applicable.  |
| xiv.   | <b>Central depository</b>   | : | Bank Negara Malaysia (" <b>BNM</b> ").   |
| xv.    | <b>Paying agent</b>   | : | BNM.   |
| xvi.   | <b>Reporting accountant</b>   | : | Not applicable.  |
| xvii.  | <b>Calculation agent</b>  | : | Not applicable.  |
| xviii. | <b>Others (please specify)</b>  | : | <u>Lead Manager:</u><br>CIMB.<br><br><u>Bookrunner:</u><br>CIMB.<br><br><u>Security Agent:</u><br>CIMB.  |



Tender Panel Members (“TPMs”):

Such persons falling within the Selling Restriction (as defined herein) who are qualified to subscribe to or purchase the Sukuk Murabahah (as defined below in 2(c)). The composition of the TPMs may be changed from time to time at the discretion of the Facility Agent in consultation with the Issuer.

Commodity Trading Participant (“CTP”)

CIMB Islamic.

**(b) Islamic principles used**

: Murabahah (via a Tawarruq arrangement).

**(c) Facility description**

: The sukuk programmes are as follows:

1. Islamic commercial papers (“ICPs”) Programme of up to RM300.0 million in nominal value (“**ICP Programme**”); and
2. Islamic medium term notes (“IMTNs”) Programme of up to RM600.0 million in nominal value (“**IMTN Programme**”),

subject to the combined limit referred to in paragraph (2)(f) below.

The ICPs and IMTNs will be issued under the Shariah principle of Murabahah (via a Tawarruq arrangement) which is one of the Shariah principles and concepts approved by the Securities Commission Malaysia’s (“**SC**”) Shariah Advisory Council (“**SAC**”).

The ICP Programme and IMTN Programme will be collectively referred to as the “**Sukuk Murabahah Programmes**” and the ICPs and the IMTNs will be collectively referred to as the “**Sukuk Murabahah**”.

The issuance of each tranche of the Sukuk Murabahah from time to time under the Sukuk Murabahah Programmes shall be effected as follows:

1. The Sukuk Trustee (on behalf of the holders of the Sukuk Murabahah (“**Sukukholders**”)) and Suria KLCC shall enter into a Service Agency Agreement, pursuant to which Suria KLCC (in such capacity, the “**Agent**”) is appointed as the agent of the Sukukholders for the purchase and sale of Commodities (as defined in paragraph 2(d) below). The Agent will then enter into a Sub Agency Agreement to appoint the Facility Agent as the sub-agent (in such capacity, the “**Sub-Agent**”) for the purchase and sale of Commodities under the Sukuk Murabahah.
2. Pursuant to a Commodities Murabahah Master Agreement, Suria KLCC (in such capacity, the “**Purchaser**”) issues a purchase order (“**Purchase Order**”) to the Agent and subsequently thereafter, the Agent issues the Purchase Order to the Sub-Agent. In the

Purchase Order, Suria KLCC (acting as Purchaser for itself) will request the Agent, and subsequently, the Agent will request the Sub-Agent to purchase the Commodities. The Purchaser will irrevocably undertake to purchase the Commodities from the Sub-Agent (acting on behalf of the Agent as agent of the Sukukholders) at a deferred sale price ("**Deferred Sale Price**") which shall be the Purchase Price (as defined below) plus the profit margin.

3. The Sub-Agent (pursuant to the CTP Purchase Agreement entered into between the Sub-Agent and the CTP, will appoint the CTP to purchase on a spot basis the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila' commodity market ("**Commodity Seller**") at a purchase price which shall be an amount equivalent to the Sukuk Murabahah proceeds ("**Purchase Price**").
4. Suria KLCC (acting as the "**Issuer**") shall issue Sukuk Murabahah to the Sukukholders whereby the proceeds shall be used to pay for the Purchase Price of the Commodities. The Sukuk Murabahah shall evidence, amongst others, the Sukukholders' ownership of the Commodities and subsequently, once the Commodities are sold to Suria KLCC (as the "**Purchaser**" for itself), the entitlement to receive the Deferred Sale Price.
5. Thereafter, pursuant to the undertaking under the Purchase Order, the Sub-Agent (acting on behalf of the Agent as agent of the Sukukholders) shall sell the Commodities to Suria KLCC (acting as Purchaser for itself) at the Deferred Sale Price under the Sale and Purchase Agreement.
6. Subsequently thereafter, Suria KLCC (pursuant to the CTP Sale Agreement entered into between Suria KLCC and the CTP) shall appoint the CTP to sell the Commodities to Bursa Malaysia Islamic Services Sdn. Bhd. ("**Commodity Buyer**") on a spot basis for an amount equal to the Purchase Price. The CTP Sale Agreement will provide for the CTP to directly sell the Commodities to the Commodity Buyer upon notice by the Purchaser that the Sale and Purchase Agreement has been completed and executed and receipt of the sale instruction by the Purchaser.
7. During the tenure of the Sukuk Murabahah, Suria KLCC (in its capacity as the Purchaser) as part of its obligation to pay the Deferred Sale Price shall make Periodic Profit Payments (as defined in paragraph 2(i) below) to the Sukukholders.

Unless the Sukuk Murabahah are purchased and cancelled by the Issuer:-

- i) on its respective maturity date(s); or

ii) upon the declaration of an Event of Default,

Suria KLCC (in its capacity as the Purchaser) shall pay all amounts outstanding in respect of the Deferred Sale Price of the relevant Sukuk Murabahah (subject to Ibra' as defined in paragraph 2(y)(vi) below), upon which the relevant Sukuk Murabahah will be cancelled.

Please refer to **Appendix I** for the illustrative diagram of the Sukuk Murabahah transaction.

**(d) Identified assets**

: Shariah-compliant commodities, which shall include but not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity trading platform, Bursa Suq Al-Sila' as approved by its Shariah adviser ("**Commodities**").

**(e) Purchase and selling price / rental (where applicable)**

: Purchase Price:

The Purchase Price in relation to each purchase of the Commodities shall be equal to the proceeds of the Sukuk Murabahah. The Purchase Price of the Commodities shall be in line with the asset pricing requirement stipulated under the Guidelines on Sukuk revised and effective on 28 August 2014 issued by the SC ("**Guidelines on Sukuk**") as may be amended from time to time.

Deferred Sale Price:

The Deferred Sale Price shall comprise the Purchase Price plus the profit margin (as detailed in the relevant Transaction Documents (as defined under paragraph 2(y)(viii))) of the relevant Sukuk Murabahah payable on a deferred payment basis and will be determined prior to the sale of the Commodities to the Issuer.

**(f) Issue / sukuk programme size**

: ICP Programme:

Up to RM300.0 million in nominal value.

IMTN Programme:

Up to RM600.0 million in nominal value.

Subject always to a combined limit of RM600.0 million in nominal value.

The Issuer shall have the option to upsize the programme limit of the ICP Programme and/or the IMTN Programme provided that there is no adverse impact on the ratings of the Sukuk Murabahah and for the avoidance of doubt, the Sukukholders shall via the Trust Deed provide their upfront consent for any upsizing of the ICP Programme and/or the IMTN Programme (as the case may be). Any upsizing of the programme limit shall be subject to obtaining all regulatory approvals.

- (g) **Tenure of issue / sukuk programme** : Tenure of the Sukuk Murabahah Programmes:
1. The ICP Programme shall have a tenure of seven (7) years from the date of the first issue of ICPs under the ICP Programme; and
  2. The IMTN Programme shall have a tenure of thirty (30) years from the date of the first issue of IMTNs under the IMTN Programme.
- The first issuance of Sukuk Murabahah under the Sukuk Murabahah Programmes shall be made within two (2) years from the date of the SC's authorisation or such other later date as may be approved by the SC.
- Tenure of the issue:
1. The ICPs shall have tenures of one (1) month and up to twelve (12) months as the Issuer may select provided always that the maturity date of the respective ICPs shall not extend beyond the tenure of the ICP Programme.
  2. The IMTNs shall have tenures of more than one (1) year but not exceeding fifteen (15) years as the Issuer may select provided always that the maturity date of the respective IMTNs shall not extend beyond the tenure of the IMTN Programme.
- (h) **Availability period of sukuk programme** : The period commencing from the date of fulfillment of all conditions precedent of the Sukuk Murabahah Programmes unless waived by the Lead Arranger, and all other applicable conditions to the satisfaction of the Lead Arranger and ending on the expiry date of the ICP Programme or the IMTN Programme (as the case may be), provided that the first issuance of the Sukuk Murabahah under each of the Sukuk Murabahah Programmes shall be made within two (2) years from the date of SC's authorisation.
- (i) **Profit / coupon / rental rate** : ICPs:
- The ICPs may be issued with or without periodic profit payments ("**Periodic Profit Payments**"). The profit rate for the ICPs (if applicable) shall be determined prior to each Sukuk Murabahah issuance.
- IMTNs:
- The IMTNs may be issued with or without Periodic Profit Payments. The profit rate for the IMTNs (if applicable) shall be determined prior to each Sukuk Murabahah issuance.
- (j) **Profit / coupon / rental payment frequency** : ICPs:
- Not applicable for ICPs issued without Periodic Profit Payments.
- For ICPs issued at par or at discount, with Periodic Profit Payments, the Periodic Profit Payments frequency shall be agreed between the Issuer and the

Lead Manager prior to each Sukuk Murabahah issuance.

IMTNs:

Not applicable for IMTNs issued without Periodic Profit Payments.

For IMTNs issued at par, at premium or at discount, with Periodic Profit Payments, the Periodic Profit Payments shall be payable semi-annually or such other frequency as may be agreed between the Issuer and the Lead Manager prior to each Sukuk Murabahah issuance.

- (k) **Profit / coupon / rental payment basis** : Actual / 365 days.
- (l) **Security / collateral, where applicable** : The Sukuk Murabahah Programmes shall be secured by a first party first ranking assignment and charge over the Finance Service Account (as referred to in item 2(n) below) by the Issuer ("**Assignment and Charge**").
- (m) **Details on utilisation of proceeds by issuer / obligor and originator (in the case of ABS). If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable** : The proceeds raised from the Sukuk Murabahah shall be utilized by the Issuer for Shariah-compliant purposes including refinancing/repayment of the Issuer's borrowings and/or shareholders' advances, financing of immovable properties, working capital and for general corporate purposes.
- (n) **Sinking fund and designated accounts, where applicable** : The following designated account (as defined therein) which shall be Shariah-compliant shall be or have been opened and maintained by the Issuer / Facility Agent / Security Agent with an Islamic financial institution that carry minimum ratings of AA3 / P1 (or its equivalent) for the Sukuk Murabahah ("**Designated Account**").

**Finance Service Account ("FSA")**

The Issuer shall open the FSA which is solely operated by the Facility Agent prior to the declaration of an Event of Default and by the Security Agent upon the declaration of an Event of Default to meet the Issuer's payment obligations pursuant to the Sukuk Murabahah Programmes.

With regards to the IMTNs, the Issuer shall ensure that the following funds are deposited into the FSA one (1) month prior to the date(s) where such payment obligations fall due and payable:

- (i) Periodic Profit Payments pursuant to the IMTNs issued with Periodic Profit Payments; and/or
- (ii) Discounted amount pursuant to the IMTNs issued without Periodic Profit Payments

where such discounted amount refers to the difference between the proceeds at the issuance of the IMTNs and the Deferred Sale Price of the IMTNs due and payable.

With regards to the ICPs, the Issuer shall ensure that the following funds are deposited into the FSA five (5) days prior to the date(s) where such payment obligations fall due and payable:

- (i) Periodic Profit Payments pursuant to the ICPs issued with Periodic Profit Payments; and/or
- (ii) Discounted amount pursuant to the ICPs issued without Periodic Profit Payments where such discounted amount refers to the difference between the proceeds at the issuance of the ICPs and the Deferred Sale Price of the ICPs due and payable.

For avoidance of doubt, monies deposited into the FSA can be invested in Permitted Investments (as defined below).

**(o) Rating**

- **Credit ratings assigned and whether the rating is final or indicative. In the case of a sukuk programme where the credit rating is not assigned for the full amount, disclosures set out in paragraph 9.04 of these Guidelines must be made; and** : ICP Programme:  
Initial short-term rating of P1.  
  
IMTN Programme:  
Initial long-term rating of AAA.
- **Name of credit rating agencies** : RAM Rating Services Berhad (“**RAM**” or the “**Rating Agency**”).

**(p) Mode of issue**

- : The Sukuk Murabahah shall be issued in accordance with (1) the Participation and Operation Rules for Payments and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear**”) (“**MyClear Rules**”); and (2) the Operational Procedures for Securities Services and the Operational Procedures for Real Time Electronic Transfer of Funds and Securities (“**RENTAS**”) (collectively, the “**MyClear Procedures**”) or their replacement thereof (collectively the “**MyClear Rules and Procedures**”) applicable from time to time.

ICPs:

Via competitive tender by the TPMs, private placement on a best efforts basis, bookrunning on a best efforts basis or bought deal on a best efforts basis.

IMTNs:

Private placement on a best efforts basis,

bookrunning on a best efforts basis or bought deal on a best efforts basis.

- (q) **Selling restriction, including tradability, i.e. whether tradable or non-tradable** : The Sukuk Murabahah shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within the following:
1. At the point of issuance of the Sukuk Murabahah, Section 4(6) of the Companies Act 1965, as amended from time to time ("**Companies Act**") and Schedule 6 (or Section 229(1)(b)) and Schedule 7 (or Section 230(1)(b)) read together with Schedule 9 (or Section 257(3)) of the Capital Markets and Services Act, 2007 as amended from time to time ("**CMSA**"); and
  2. After the issuance of the Sukuk Murabahah, Section 4(6) of the Companies Act and Schedule 6 (or Section 229(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA.
- The Sukuk Murabahah are tradable and transferable subject to the Selling Restriction above.
- (r) **Listing status and types of listing, where applicable** : The Sukuk Murabahah may be listed on Bursa Malaysia Securities Berhad under the Exempt Regime (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).
- (s) **Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase sukuk, and whether or not obtained** : None.
- (t) **Conditions precedent** : To include but not limited to the following (all have to be in form and substance acceptable to the Lead Arranger):

Conditions precedent to setting up the Sukuk Murabahah Programmes and the first issuance of the Sukuk Murabahah under the Sukuk Murabahah Programmes:

A. Main Documentation:

1. Satisfactory completion and execution of all relevant legal documentation including but not limited to the Transaction Documents (as defined under paragraph 2(y)(viii)) and, where applicable, stamped or endorsed as exempted from stamp duty and presented for registration.

B. Issuer:

Receipt from the Issuer of:

1. Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of

Association of the Issuer;

2. Certified true copies of the latest Forms 24, 44 and 49 of the Issuer;
3. A certified true copy of board resolutions or an extract of the minutes of the relevant board meeting(s) of the Issuer authorising, amongst others, the establishment of the Sukuk Murabahah Programmes, the issuance of the Sukuk Murabahah and the execution of the relevant Transaction Documents by the Issuer;
4. A list of the Issuer's authorised signatories (and their respective specimen signatures) who are authorised to execute all relevant Transaction Documents and thereafter to give notices in relation to the Sukuk Murabahah;
5. A report of the relevant company searches on the Issuer with the Companies Commission of Malaysia ("**CCM**") confirming that no charges have been registered in the CCM against the Issuer save and except those already disclosed to the Lead Arranger; and
6. A report of the relevant winding-up searches on the Issuer with confirmation from the official receiver that the Issuer has not been wound up or the relevant statutory declaration by the Issuer to the same effect and bankruptcy searches on the directors of the Issuer.

C. General:

1. Evidence that the authorization from the SC in respect of the Sukuk Murabahah Programmes has been obtained;
2. Evidence that the IMTN Programme have been accorded a long-term rating of AAA or its equivalent by the Rating Agency;
3. Evidence that the ICP Programme have been accorded a short-term rating of P1 or its equivalent by the Rating Agency;
4. Evidence that all transaction fees, costs and expenses will be paid in full;
5. Receipt of satisfactory legal opinion from the Solicitor addressed to the Lead Arranger advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and a confirmation to the Lead Arranger that all the conditions precedent have been fulfilled or waived, as the case may be;
6. Written confirmation from the Shariah Adviser that the structure and mechanism together with the



Principal Terms and Conditions, as well as, the Transaction Documents of the Sukuk Murabahah Programmes are in compliance with Shariah;

7. Evidence of completion of satisfactory due diligence on the Issuer as required under the CMSA;
8. Documentary evidence or a written confirmation from the Issuer that it has opened and maintained the Shariah-compliant Designated Accounts;
9. All relevant notices and acknowledgements in relation to the Assignment and Charge shall have been made or received as the case may be;
10. All necessary consents (where required) from any existing lender(s) of the Issuer have been obtained for the establishment of the Sukuk Murabahah Programmes and the issuance of Sukuk Murabahah thereunder; and
11. Such other conditions precedent as may be advised by the Solicitor and mutually agreed between the Lead Arranger and the Issuer.

Each issuance of the Sukuk Murabahah shall be subject to certain conditions as may be advised by the Solicitors and mutually agreed by the Issuer and the Lead Manager including a condition that no Event of Default has occurred or would occur if the relevant issuance is made.

**(u) Representations and warranties** : Representations and Warranties to be made shall include but are not limited to the following:

1. It is a company with limited liability duly incorporated and validly existing under the laws of Malaysia with full power to carry on its business and to own its properties and assets, and has full legal and beneficial rights to all of its properties and assets;
2. Its Memorandum and Articles of Association incorporate provisions, which authorise it to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
3. All necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, it to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
4. Neither the execution and delivery of any of the

Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, license, permit or consent by which it or any of its assets are bound or which is applicable to it or any of its assets; (b) cause any limitation on it or the powers of its directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded; or (c) cause the creation or imposition of any security interest or restriction of any nature on any of its assets;

5. Each of the Transaction Documents is or will when executed and/or issued and where applicable, stamped or endorsed as exempted from stamp duty and presented for registration, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;
6. Its audited financial statements (including the income statement and balance sheet) shall be prepared on a basis consistently applied and in accordance with generally accepted accounting principles in Malaysia and give a true and fair view of the results of its operations and the state of its affairs and in particular disclose all its material liabilities (actual or contingent);
7. Save as disclosed to the Sukuk Trustee prior to the date of the relevant Transaction Documents, no litigation arbitration administrative proceeding or claim is current or has been initiated against or otherwise involve the Issuer;
8. It is unaware and has no reason to believe that an event has occurred or is continuing which constitutes, or which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute, a contravention of, or default under, any agreement or instrument by which it or any of its assets are bound or affected, being a contravention or default which has a Material Adverse Effect (as defined in paragraph 2(v) below);
9. It is in compliance and will comply with all applicable laws and regulations;
10. It has disclosed prior to the date of the relevant Transaction Documents to the Sukuk Trustee, Lead

Arranger and the Facility Agent all facts relating to it that it knows or should reasonably know and which are material for disclosure to the Sukuk Trustee, the Lead Arranger and the Facility Agent in the context of the Transaction Documents or the Sukuk Murabahah; and

11. Such other representations and warranties as may be advised by the Solicitor and mutually agreed between the Lead Arranger and the Issuer.

**(v) Events of default, dissolution : Events of default shall include but are not limited to event and enforcement event, where applicable**

1. Non-Payment: any amount due under the Sukuk Murabahah is not paid by the Issuer or the Issuer fails to pay any other amount due under the Transaction Documents on the due date or, if so payable, on demand and such failure to pay is not remedied within seven (7) business days from the date such amount is due or demanded.
2. Other Breaches: the Issuer fails to observe or perform any of its obligations or terms and conditions under any of the Transaction Documents to which it is a party or under any undertaking or arrangement entered into in connection therewith (other than (1) above) which has a Material Adverse Effect and if such breach in the reasonable opinion of the Sukuk Trustee is capable of being remedied, has not been remedied within a period of thirty (30) days after the Issuer had become aware or had been notified by the Sukuk Trustee of the breach, whichever is the earlier;
3. Misrepresentation: any representation, warranty or statement which is made by the Issuer in the Transaction Documents, certificate, document or statement furnished at any time under or in connection with the Sukuk Murabahah is or proves to be false, incorrect or misleading in any material respect, on or as of the date made or given or deemed made or given;
4. Invalidity: any provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void or unenforceable which shall have a Material Adverse Effect;
5. Appointment of Receiver, Legal Process: an encumbrancer takes possession of, or a trustee, liquidator, receiver or similar officer is appointed in respect of, all or a substantial part of the business, assets or undertaking of the Issuer and is not paid out, withdrawn or discharged within thirty (30) days of such appointment, and which will have a Material Adverse Effect;

6. Insolvency: the Issuer is unable to pay its debts within the meaning of Section 218(2) of the Companies Act or has become unable to pay any of its debts as and when they become due or stop(s) or suspend(s) or prior notice given to suspend payment with respect to all or any class of its debts;
7. Cross Default: Save for inter-company advances, any indebtedness for borrowed money or Islamic financing or any guarantee for borrowed money or Islamic financing of the Issuer (i) becomes due and payable prior to its stated maturity due to breach of obligation by the Issuer or (ii) is not discharged at maturity or when due after taking into account any remedy periods or where the security created for such indebtedness becomes immediately enforceable or the Issuer goes in default under, or commits a breach of, any instrument or agreement relating to any such indebtedness, guarantee or other obligation;
8. Composition: the Issuer makes a general assignment or enters into an arrangement or composition with or for the benefit of its creditors in respect of all or a material part of (or a particular type of) its indebtedness;
9. Winding-up: a resolution being passed or an order of court is made that the Issuer be wound up or similar proceedings which are reasonably determined by the Sukuk Trustee to be analogous in effect being instituted or a bona fide petition (which for the avoidance of doubt, excludes frivolous or vexatious petition) is presented for the winding-up or dissolution of the Issuer by an order of a court of competent jurisdiction unless such petition is stayed, withdrawn or dismissed within sixty (60) days (or such extended period as the Sukuk Trustee may consent, such consent not to be unreasonably withheld) of its presentation; or the Issuer undergoes any scheme of reconstruction, arrangement or compromise pursuant to Section 176 of the Companies Act or the same has been instituted against it;
10. Revocation: any consent, authorisation, license, approval or registration with or declaration to governmental or public bodies or authorities or courts (if any) required by the Issuer to authorise or required by the Issuer in connection with the execution, issue, sale, delivery, validity, enforceability or admissibility in evidence of any of the Transaction Documents or the Sukuk Murabahah or the performance by the Issuer of its obligations under any of the Transaction Documents or the Sukuk Murabahah, as the case may be, is modified (after taking into account any grace periods as prescribed by law) and such modification shall have a Material Adverse Effect

or is not granted or is revoked or expired or is not renewed or otherwise ceases to be in full force and effect and in the case of the occurrence of such event or situation, the Issuer does not remedy it within a period of thirty (30) days after the Issuer had become aware or has been notified by the Sukuk Trustee of the event or situation;

11. Nationalisation: all or a material part of the property or assets of the Issuer shall be condemned, seized or otherwise appropriated, nationalised or compulsorily acquired by any person acting under the authority of the governmental body, which will have a Material Adverse Effect;
12. Repudiation: the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
13. Judgment Passed: the Issuer fails to satisfy any judgment which has a Material Adverse Effect passed against it by any court of competent jurisdiction and no appeal against such judgment has been made to the appropriate appellate court within the time prescribed by law or such appeal has been dismissed;
14. Cessation of Business: the Issuer ceases to carry on all or a substantial part of its existing business operations which will have a Material Adverse Effect;
15. Loss in Properties: An event of total loss in relation to all of the Properties which would result in a Material Adverse Effect;

Properties shall include but not limited to the following:

- (i) Suria KLCC; and
- (ii) such other immovable properties to be financed by Suria KLCC via proceeds from the Sukuk Murabahah issuance(s) from time to time.

16. Other Events: any event or events has or have occurred or a situation or situations exist(s) which shall have a Material Adverse Effect and in the case of the occurrence of such event or situation which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy it within a period of thirty (30) days after the Issuer had become aware or had been notified by the Sukuk Trustee of the event or situation; or
17. Such other events as may be advised by the

Solicitor and/or as required by the Rating Agency.

If any of the above occurs, the Sukuk Trustee shall, if so directed by a special resolution passed by the Sukukholders, declare that all the Sukuk Murabahah shall be immediately due and payable in full in accordance with the terms of the relevant Transaction Documents.

Upon the declaration of an Event of Default by the Sukuk Trustee, the Deferred Sale Price will become immediately due and payable under the Sukuk Murabahah Programmes.

**“Material Adverse Effect”** means, in relation to an event or circumstance, the occurrence or effect of which (in the opinion of the Sukuk Trustee upon the instructions of the Sukukholders) may have a material adverse effect on:

1. the business or condition (financial or otherwise) of the Issuer in relation to the ability of the Issuer to perform any of its obligations under any provision of the Transaction Documents;
2. the legality, validity, binding effect or enforceability of the Sukuk Murabahah or any of the Transaction Documents; or
3. the rights of or remedies available to the Sukukholders under any provision of the Transaction Documents.

**(w) Covenants**

**i. Information covenants**

: The Issuer shall provide to the Sukuk Trustee documents which shall include but are not limited to the following:

1. Within thirty (30) days after the Issuer's audited financial statements are finalised (i.e. signed by the external auditors and the Issuer), an annual certificate confirming that the Issuer is in compliance with its obligations under the Transaction Documents and the terms and conditions of the Sukuk Murabahah Programmes and that there did not exist or had not existed, from the first issue date or the date of the immediately preceding certificate, as the case may be, any Event of Default, and if such is not the case, to specify the same;
2. Its annual audited financial statements not later than one hundred eighty (180) days after the end of each financial year, and any other accounts, report, notice, statement or circular issued to its shareholders the contents of which may materially affect the interest of the Sukukholders. The Issuer shall further agree to such accounts, report, notice, statement or circular being circulated by the Sukuk Trustee at its discretion to the

Sukukholders;

3. Promptly notifying the Sukuk Trustee of any material changes to its board of directors/substantial shareholders and any other changes that may affect its business condition (financial or otherwise);
4. All notices or other documents received by the Issuer from any of its shareholders or its creditors the contents of which may materially affect the interests of the Sukukholders and a copy of all documents promptly dispatched by the Issuer to its shareholders in their capacity as shareholders or its creditors generally, the contents of which may materially affect the interests of the Sukukholders, at the same time as these documents are dispatched to these shareholders or creditors. The Issuer shall further agree to such documents being circulated by the Sukuk Trustee at its discretion to the Sukukholders;
5. Such additional financial or other information as the Sukuk Trustee may from time to time reasonably request or may require in order to discharge its duties and obligations as Sukuk Trustee under the Trust Deed relating to the Issuer's affairs, to the extent permitted by law;
6. Notification to the Sukuk Trustee as soon as the Issuer becomes aware of:
  - a. the occurrence of any Event of Default;
  - b. the happening of any event that has caused or could cause, one or more of the following:
    - (i) the Sukuk Murabahah to become immediately enforceable;
    - (ii) any right or remedy under the terms, provisions or covenants of the Sukuk Murabahah or under the Trust Deed or any other Transaction Documents becoming immediately enforceable; or
    - (iii) any amount secured or payable under the Sukuk Murabahah to become immediately due and payable;
  - c. any circumstance that has occurred that would materially prejudice the Issuer including but not limited to any litigations, claims or other proceedings of any nature whatsoever which have been initiated against it;
  - d. any substantial change in the nature of the business of the Issuer;
  - e. any change in the utilisation of the proceeds arising from the issue of the Sukuk Murabahah as compared to the intended purpose;

f. any other matter that may materially prejudice the interests of the Sukukholders; and

g. any amount payable under the Sukuk Murabahah becomes immediately due and payable.

**ii. Positive covenants**

: The Issuer covenants as follows:

1. The Issuer shall comply with all applicable laws, regulations and guidelines including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by the SC and/or other regulators from time to time;
2. The Issuer shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of all Transaction Documents to which it is a party;
3. The Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
4. The Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents to which it is a party (including but not limited to redeeming the Sukuk Murabahah on their relevant maturity date(s) or any other date on which the Sukuk Murabahah are due and payable) and ensure that it immediately notifies the Sukuk Trustee in the event that it is unable to fulfil or comply with any of the provisions of the Transaction Documents to which it is a party;
5. The Issuer shall maintain in full force and effect and comply with all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for the Issuer to enter into or perform its obligations under the Transaction Documents or to ensure the validity and enforceability, of the obligations of the Issuer or the priority or rights of the Sukukholders under the Transaction Documents and the admissibility in evidence of the Transaction Documents;
6. The Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of its operations for the



period to which the financial statements are made up and shall disclose or provide against all its liabilities (actual or contingent);

7. The Issuer shall maintain a paying agent in Malaysia;
8. The Issuer shall procure that the paying agent shall notify the Sukuk Trustee, through the Facility Agent in the event that the paying agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the Sukuk Murabahah;
9. The Issuer shall keep proper books and accounts at all times and to provide the Sukuk Trustee and any person appointed by the Sukuk Trustee (for example the auditors) access to such books and accounts to the extent permitted by law;
10. The Issuer shall file all relevant tax returns and pay all taxes promptly upon the same becoming due and payable except to the extent that taxes are being contested in good faith or an adequate reserve has been set aside with respect thereto; and
11. Such other covenants as may be advised by the Solicitor and mutually agreed between the Lead Arrangers and the Issuer.

**iii. Negative covenants**

: The Issuer covenants as follows:

1. The Issuer shall not create or permit to exist over any of its assets any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, guarantee, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, save and except for (i) encumbrances created pursuant to the Issuer's existing secured credit facilities as disclosed prior to the date of and as set out in the relevant Transaction Documents, (ii) liens or security interest arising in the ordinary course of business or by operation of law and not by way of contract;
2. In any financial year, the Issuer shall not dispose of any assets in excess of one percent (1.0%) of the Issuer's net assets value as set out in the latest audited financial statements of the Issuer whether in a single transaction or accumulated transactions, except where the asset disposal is solely for the purposes of facilitating Shariah concepts used in the Sukuk Murabahah Programmes and in other Islamic financing facilities granted to the Issuer;

3. The Issuer shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the Transaction Documents unless otherwise required under the law or to increase its authorised capital or for the purpose of fulfilling any regulatory requirements;
4. The Issuer shall not reduce its authorised or paid-up share capital whether by varying (other than increasing) the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares;
5. The Issuer shall not declare or pay any dividends or make any distributions whether income or capital in nature to its shareholders, unless the following conditions are met:
  - a. All obligations in relation to the Sukuk Murabahah Programmes are complied with; and
  - b. No Event of Default has occurred or is continuing or will occur as a result of the payment of the dividends or distributions;
6. Except otherwise contemplated in the Transaction Documents, the Issuer shall not enter into any agreement with its related companies except for agreement entered into:
  - a. in the ordinary course of its business;
  - b. on an arms-length basis; and
  - c. will not have a Material Adverse Effect;
7. The Issuer shall not cancel, surrender, abandon or otherwise amend any relevant licenses, grants or agreements in any way which has a Material Adverse Effect unless such cancellation, surrender, abandonment or amendment is imposed by any applicable legislation or regulatory authorities;
8. The Issuer shall not enter into any amalgamation, merger, reconstruction or transfer or assign any or all of its rights and title to or interest in any of the licence(s) necessary for the operations of the Issuer in such a manner which shall have a Material Adverse Effect;
9. The Issuer shall not use the proceeds of the Sukuk Murabahah Programmes except for the Shariah-compliant purposes set out in the relevant Transaction Documents, or change the intended utilisation of proceeds for the Sukuk Murabahah;
10. The Issuer will not undertake any investments

from the FSA other than the Permitted Investments;

11. The Issuer shall not directly or indirectly change the nature or scope of a substantial part of its business, or suspend or ceases the operation of a substantial part of its business which it now conducts if such change or suspension or cessation shall have a Material Adverse Effect; and
12. Such other covenants as may be advised by the Solicitor and mutually agreed between the Lead Arranger and the Issuer.

**(x) Provisions on buy-back and early redemption of sukuk**

- i. **Redemption amount** : Redemption amount means the nominal value or the accreted value of the Sukuk Murabahah and any accrued but unpaid Periodic Profit Payments (in the case of ICP and/or IMTN with Periodic Profit Payments).
- ii. **Early Redemption** : None.
- iii. **Purchase and cancellation** : The Issuer or agent(s) of the Issuer acting on behalf of the Issuer, may at any time purchase the Sukuk Murabahah at any price in the open market or by private treaty and such Sukuk Murabahah purchased shall be cancelled and could not be resold.

The Issuer or its subsidiaries or the Issuer's agent(s) may at any time purchase the Sukuk Murabahah at any price in the open market or by private treaty and such Sukuk Murabahah purchased shall be cancelled and cannot be resold.

For the avoidance of doubt, the Sukuk Murabahah held by any interested person shall not be counted for purposes of voting subject to exceptions set out in the SC's Trust Deeds Guidelines.

**(y) Other principal terms and conditions for the proposal**

- i. **Status** : The Sukuk Murabahah shall constitute direct, unsubordinated, secured and unconditional obligations of the Issuer.  
  
The Sukuk Murabahah issued shall rank pari passu without any preference or priority among themselves unless otherwise provided under the Transaction Documents or those preferred by law and at least pari passu with all other present or future unsecured, unconditional and unsubordinated obligations of the Issuer.
- ii. **Issue Price** : The ICPs shall be issued at par or discount whilst the IMTNs shall be issued at par, discount or at a

premium to nominal value. The issue price shall be calculated in accordance with MyClear Rules and Procedures.

iii. **Yield to maturity** : To be determined prior to the issue date of the Sukuk Murabahah.

iv. **Compensation (Ta'widh)** : In the event of delay in payments of the Deferred Sale Price under the Sukuk Murabahah to the Sukukholders, the Issuer shall pay to the Sukuk Trustee for the benefit of the Sukukholders compensation (Ta'widh) on such delay in payment at the rate and manner prescribed by the SAC of the SC from time to time.

v. **Form and denomination** : The Sukuk Murabahah shall be issued in accordance with MyClear Rules and Procedures.

Each tranche of the Sukuk Murabahah shall be represented by a global certificate to be deposited with BNM, and is exchangeable for a definitive bearer form only in certain limited circumstances.

The denomination of the Sukuk Murabahah shall be RM100,000 or in multiples of RM100,000 at the time of issuance.

vi. **Ibra'** : The Sukukholder(s) in subscribing or purchasing the Sukuk Murabahah consent to grant an Ibra', if the Sukuk Murabahah are purchased and cancelled by the Issuer before the maturity date or upon the declaration of an Event of Default.

The Ibra' shall be calculated as follows:

(i) in the case of Sukuk Murabahah with Periodic Profit Payments and issued at a discount

the aggregate of unearned Periodic Profit Payments and the unearned discounted amount

(ii) in the case of Sukuk Murabahah without Periodic Profit Payments and issued at a discount

the unearned discounted amount

(iii) in the case of Sukuk Murabahah with Periodic Profit Payments and issued at par

the unearned Periodic Profit Payments

(iv) in the case of Sukuk Murabahah with Periodic Profit Payments and issued at a premium

the unearned Periodic Profit Payments

The Ibra' in relation to (i), (ii), (iii) and (iv) above shall be calculated from the date of the declaration of an Event of Default up to the Sukuk Murabahah's respective maturity date(s).

**“Ibra”** means an act of releasing absolutely or conditionally Sukukholders’ rights and claims on any obligation against the Issuer which would result in the latter being discharged of its obligation or liabilities towards the Sukukholders. The release may be either partially or in full.

**vii. Permitted Investments** : Permitted Investments shall include Shariah-compliant investment products/instruments approved by the SAC of SC and/or BNM. Permitted Investments shall be limited to the following:

1. Sukuk guaranteed by the Government of Malaysia;
2. Sukuk issued in Malaysia with the approval of the Government of Malaysia by any authority established under federal or state law;
3. Islamic money market instruments where there is the flexibility of early withdrawal without incurring any penalty such as Islamic bankers’ acceptance or Islamic promissory notes or Islamic certificates of deposits issued by any Islamic bank licensed pursuant to the Islamic Financial Services Act, 2013 and having a minimum long-term rating of AA3 and short-term rating of P1 or its equivalent;
4. Other Islamic deposits with any licensed Islamic bank with minimum long-term rating of AA3 and short-term rating of P1, or their equivalent pursuant to the Islamic Financial Services Act, 2013; and
5. Other Islamic capital market instruments of private entities having a long-term rating of AAA and short-term rating of P1 or its equivalent;

provided that such part of the Permitted Investments which is required to meet all payment obligations due and payable shall mature no later than three (3) business days before any payment obligations are due and payable.

**viii. Transaction Documents** : The Transaction Documents shall include the following:

1. Trust Deed;
2. Programme Agreement;
3. Subscription Agreement, where applicable;
4. Securities Lodgement Form;
5. Service Agency Agreement;
6. Sub-Agency Agreement;
7. Commodities Murabahah Master Agreement;
8. CTP Purchase Agreement;
9. Sale and Purchase Agreement;
10. CTP Sale Agreement;

11. Security Documents; and
12. Any other agreements as may be advised by the Solicitor.
- ix. **Sukuk Trustee's Reimbursement Account** : The Sukuk Trustee shall open and maintain a Shariah-compliant account to be named the "Sukuk Trustee's Reimbursement Account" (the "**Account**") with a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00) only from the proceeds received by the Issuer when the Sukuk Murabahah are issued.
- The Account shall be solely operated by the Sukuk Trustee and the money shall only be withdrawn by the Sukuk Trustee for the purpose of carrying out its duties upon the occurrence of an Event of Default.
- The money in the Account shall be maintained at all times throughout the tenure of the Sukuk Murabahah Programmes.
- x. **Taxation** : All payments by the Issuer shall be made without withholding or deductions for or on account of any present and future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia unless such withholding or deduction is required by law, in which event the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.
- xi. **Governing Law** : Laws of Malaysia.
- xii. **Jurisdiction** : The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.
- xiii. **Voting by Sukukholders** : Voting by the Sukukholders under the Sukuk Murabahah Programmes shall be carried out as follows:-

**Prior to upsizing of the Sukuk Murabahah Programmes:**

All matters/resolutions (save for resolutions for the purposes of the upsizing of the Sukuk Murabahah Programmes) which require the Sukukholders' consent under the Sukuk Murabahah Programmes shall be carried out on a collective basis; and

**Post upsizing of the Sukuk Murabahah Programmes:**

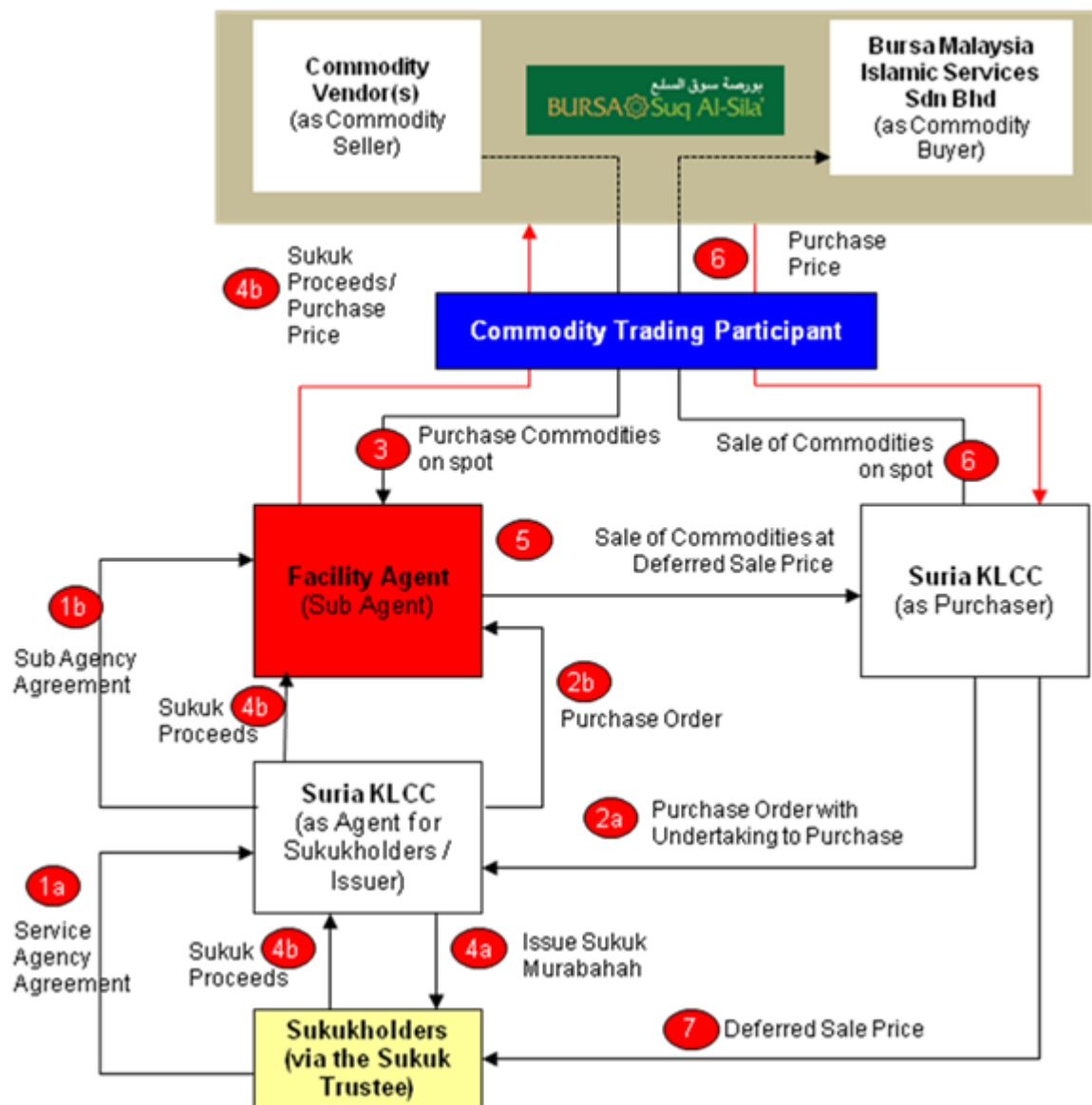
All matters/resolutions which require the Sukukholders' consent under the Sukuk Murabahah Programmes shall be carried out on a "per series" basis.

"**series**" shall mean, in relation to any Sukuk Murabahah, such Sukuk Murabahah with the same Issue Date.

- xiv. Other Conditions** : The Sukuk Murabahah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC.

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Appendix 1





Steps	Description of the Sukuk Murabahah Structure
1	The Sukuk Trustee (on behalf of the holders of the Sukuk Murabahah (" <b>Sukukholders</b> ")) and Suria KLCC Sdn. Bhd. (" <b>Suria KLCC</b> ") shall enter into a Service Agency Agreement, pursuant to which Suria KLCC (in such capacity, the " <b>Agent</b> ") is appointed as the agent of the Sukukholders for the purchase and sale of Commodities. The Agent will then enter into a Sub Agency Agreement to appoint the Facility Agent as the sub-agent (in such capacity, the " <b>Sub-Agent</b> ") for the purchase and sale of Commodities under the Sukuk Murabahah.
2	Pursuant to a Commodities Murabahah Master Agreement, Suria KLCC (in such capacity, the " <b>Purchaser</b> ") issues a purchase order (" <b>Purchase Order</b> ") to the Agent and subsequently thereafter, the Agent issues the Purchase Order to the Sub-Agent. In the Purchase Order, Suria KLCC (acting as Purchaser for itself) will request the Agent, and subsequently, the Agent will request the Sub Agent to purchase the Commodities. The Purchaser will irrevocably undertake to purchase the Commodities from the Sub-Agent (acting on behalf of the Agent as agent of the Sukukholders) at a deferred sale price (" <b>Deferred Sale Price</b> ") which shall be the Purchase Price (as defined below) plus the profit margin.
3	The Sub-Agent (pursuant to the CTP Purchase Agreement entered into between the Sub-Agent and the Commodity Trading Participant (" <b>CTP</b> "), will appoint the CTP to purchase on a spot basis the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila' commodity market (" <b>Commodity Seller</b> ") at a purchase price which shall be an amount equivalent to the Sukuk Murabahah proceeds (" <b>Purchase Price</b> ").
4	Suria KLCC (acting as the Issuer) shall issue Sukuk Murabahah to the Sukukholders whereby the proceeds shall be used to pay for the Purchase Price of the Commodities. The Sukuk Murabahah shall evidence, amongst others, the Sukukholders' ownership of the Commodities and subsequently, once the Commodities are sold to Suria KLCC (as the Purchaser for itself), the entitlement to receive the Deferred Sale Price.
5	Thereafter, pursuant to the undertaking under the Purchase Order, the Sub-Agent (acting on behalf of the Agent as agent of the Sukukholders) shall sell the Commodities to Suria KLCC (acting as Purchaser for itself) at the Deferred Sale Price under the Sale and Purchase Agreement.
6	Subsequently thereafter, Suria KLCC (pursuant to the CTP Sale Agreement entered into between Suria KLCC and the CTP) shall appoint the CTP to sell the Commodities to Bursa Malaysia Islamic Services Sdn. Bhd. (" <b>Commodity Buyer</b> ") on a spot basis for an amount equal to the Purchase Price. The CTP Sale Agreement will provide for the CTP to directly sell the Commodities to the Commodity Buyer upon notice by the Purchaser that the Sale and Purchase Agreement has been completed and executed and receipt of the sale instruction by the Purchaser.
7	During the tenure of the Sukuk Murabahah, Suria KLCC (in its capacity as the Purchaser) as part of its obligation to pay the Deferred Sale Price shall make Periodic Profit Payments to the Sukukholders. Unless the Sukuk Murabahah are purchased and cancelled by the Issuer, (i) on its respective maturity date(s); or (ii) upon the declaration of an Event of Default, Suria KLCC(in its capacity as the Purchaser) shall pay all amounts outstanding in respect of the Deferred Sale Price of the relevant Sukuk Murabahah (subject to Ibra'), upon which the relevant Sukuk Murabahah will be cancelled.

### 3.0 THE ISSUER

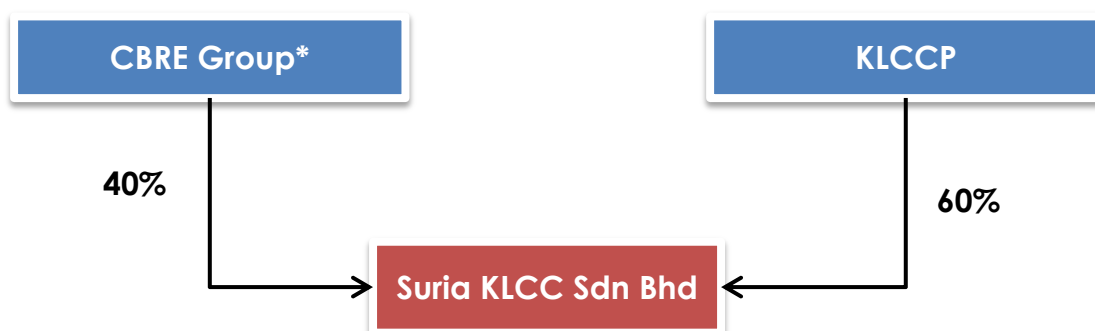
#### 3.1 Company Background

The Issuer was incorporated in Malaysia on 4 December 1990 under the Companies Act, 1965 as a private company limited by shares and its registered office is at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

The Issuer's principal activity is to own and manage a shopping centre and to provide business management services.

The Issuer is 60%-owned by KLCC Property Holdings Berhad ("**KLCCP**"), which Petroliaam Nasional Berhad ("**PETRONAS**") – Malaysia's national oil and gas company, has a 75.5% direct and indirect interest. The remaining 40%-interest in the Issuer is beneficially owned by CB Richard Ellis Group, Inc ("**CBRE Group**") through its interest in the CB Richard Ellis' Global Investment Management segment. CBRE Group is a publicly traded company listed on the New York Stock Exchange.

The shareholding of the Issuer as of 31 October 2014 is outlined below:



\* CBRE Group's beneficial interest is noted in the respective shareholding registered in the names of Ocmador (Malaysia) City Retail Centre Sdn Bhd, Port Moresby Investments Limited and Bold Peak Sdn Bhd.

#### 3.2 Share Capital

As at 31 October 2014, the authorised share capital of the Issuer is RM342,000,000.00 consisting of 342,000,000 ordinary shares of RM1.00 each and the issued and fully paid-up share capital of the Issuer is RM341,666,670.00 comprising 341,666,670 ordinary shares of RM1.00 each.

#### 3.3 Shareholding structure

As at 31 October 2014, the shareholder and shareholding structure of the Issuer are as follows:

Shareholders	Ordinary Shares of RM1.00 each	Percentage (%)
KLCC Property Holdings Berhad	205,000,002	60.0
Ocmador (Malaysia) City Retail Centre Sdn Bhd*	85,416,668	25.0
Port Moresby Investments Limited*	34,166,667	10.0

Shareholders	Ordinary Shares of RM1.00 each	Percentage (%)
Bold Peak Sdn Bhd*	17,083,333	5.0
<b>Total</b>	<b>341,666,670</b>	<b>100.0</b>

\* Entities controlled by CBRE Group

### 3.4 Board of Directors

A brief profile of the directors of the Issuer as at 31 October 2014 is set out below:

#### **Datuk Hashim Wahir**

Datuk Hashim bin Wahir, aged 56, was appointed to the Board of the Issuer on 1 November 2007 and subsequently appointed as Chairman of the Board of the Issuer on 22 July 2011. He graduated from Universiti Teknologi Malaysia with a Bachelor of Engineering (Hons) in Mechanical Engineering. He also attended Executive Development Programs at Ashridge Management College, United Kingdom and Johnson School of Management, Cornell University, USA in 1993 and 1998, respectively. Datuk Hashim joined PETRONAS on 16 June 1981 after graduating from Universiti Teknologi Malaysia. Whilst in PETRONAS, he undertook various assignments within the PETRONAS group including exploration and production (“E&P”) operations, international E&P and gas asset acquisitions, group strategic planning and corporate development. He also held various senior management positions in PETRONAS such as Senior Manager, Petroleum Engineering Department of PETRONAS Carigali Sdn Bhd (“PCSB”) from 1995 until 1999, General Manager of Chad/Cameroon JV Project, PCSB from 1999 until 2000, and General Manager of Group Planning & Resource Allocation, PETRONAS from 2000 until 2004. He was appointed as the Chairman of the PETRONAS group of companies in the Republic of Sudan until November 2007. Datuk Hashim is also presently a Director and the Chief Executive Officer of KLCCP. He is also a Director and the Group Chief Executive Officer of KLCCH. His other directorships include subsidiaries of KLCCP and subsidiaries and associate companies of KLCCH.

#### **Annuar Marzuki Bin Abdul Aziz**

Annuar Marzuki Bin Abdul Aziz, aged 44, was appointed to the Board of the Issuer on 19 June 2014. He graduated with a Bachelor of Accounting and holds an MBA in Finance from the International Islamic University. Annuar joined KLCCP on 16 December 2013. He started his career in the Audit & Business Advisory Services Division of Pricewaterhouse in 1993 before moving to the Audit Department of UMW Corporation Sdn Bhd, a conglomerate involved in automotive, engineering and oil and gas industries. He joined the Internal Audit Department of Renong Berhad (now known as UEM Sunrise Berhad) in March 1995. A year later, he moved to the Corporate Finance Department of the then Commerce International Merchant Bankers Berhad. Subsequently, in March 1999, he joined the Corporate Finance Department of Renong Berhad. In July 2003, he was seconded to Time Engineering Berhad as the General Manager of Corporate Finance. In January 2004, he was transferred to UEM Group Berhad as the General Manager in the Office of the Managing Director/Chief Executive Officer. He was appointed as the Chief Financial Officer of PLUS Expressways Berhad in June 2006 and later appointed as Chief Financial Officer of UEM Group Berhad on 1 September 2009. His other directorships include Arena Johan Sdn Bhd, KLCC Urusharta Sdn Bhd, KLCC Parking Management Sdn Bhd, Impian Cemerlang Sdn Bhd, Arena Merdu Sdn Bhd, Kompleks Dayabumi Sdn Bhd and Asas Klasik Sdn Bhd.

#### **Richard Thomas Gairdner Price**

Richard Thomas Gairdner Price, aged 44, was appointed to the Board of the Issuer on 30 April 2008. He graduated with a Bachelor of Arts (Joint Hons.) from Leeds University in 1993

and also attended Stanford Business Executive Education in 2014. Richard's other directorships include CBRE AVF Management Limited, CBRE China Capital Partners Limited, CBRE COF II Management Limited, CBRE COF Management Limited, CBRE Global Investors (Asia Pacific) Limited, CBRE Global Investors (Asia) Limited, CBRE Global Investors (Singapore) Pte Ltd, Phoenix Real Estate Fund Pte Limited, Phoenix Real Estate Fund Singapore Holding II Pte Limited, Phoenix Real Estate Fund Singapore Holding Pte Limited and Singapore-Suzhou Township Development Pte Ltd.

### **Charmaine Cheuk**

Charmaine Cheuk, aged 44, was appointed to the Board of the Issuer on 29 March 2013. She graduated with a B.A. in Economics from University of California at Berkeley, California, USA and M.S. in Finance jointly from Hong Kong University of Science & Technology and New York University, New York, USA. Charmaine's other directorships include Bold Peak Sdn Bhd, Good Shepherd international Inc., Ocmador (Malaysia) City Retail Centre Sdn Bhd, Port Moresby Investments Limited, RE ARF Holdco II Limited and RE ARF Holdco Limited.

## **3.5 Senior Management**

As at 31 October 2014, the Issuer's business is managed by the following senior officers:

### **Andrew Brien**

*Executive Director / Chief Executive Officer*

Andrew holds a Bachelor of Commerce from University of Wollongong Australia and is a Graduate and Alumnus of Stanford University.

Andrew has held various state and national management positions with Coles Myer, Colgate Palmolive, Lend Lease and Westfield Holdings; he has over 20 years of experience in retail asset management and development.

Commencing his career in retail property in 1992 with Lend Lease, Andrew held positions encompassing the management, leasing and marketing of shopping centres including National Marketing Manager with responsibility for the marketing of 19 shopping centres across Australia with sales in excess of AUD3.5 billion and foot traffic in excess 150 million customers per annum.

In 2000, Andrew joined Westfield Holdings where he worked on the planning of the AUD100 million redevelopment of Westfield Liverpool. In 2003, he was seconded from Westfield, as part of the joint venture agreement with the Issuer, to the role of General Manager of the Issuer. In this role, Andrew led the Issuer team in successfully expanding and remixing the Issuer.

In January 2007, he resigned from Westfield and was appointed Chief Executive Officer of the Issuer. He was further promoted to Executive Director/Chief Executive Officer in January 2014.

Andrew has been a member of the International Council of Shopping Centres ("**ICSC**") for ten years. During this time he has actively pursued the growth of education in South East Asia. He is Global Trustee of ICSC, Chairman of the ICSC Asia Pacific Advisory Board and Malaysian Director of ICSC.

### **Francis Tan**

*Chief Operating Officer*

Francis started his shopping centre management career in 1994 as a Leasing & Marketing Executive in Mahkota Parade (one of the Lion group's parades of shopping centres). He was transferred to its corporate office in Subang Parade in 1996 as the Leasing & Marketing Manager for several shopping centres within the Lion group.

Francis joined Mid Valley Megamall in early 1999 as its Leasing Manager when it was still under construction. Mid Valley Megamall opened with more than 80.0% occupancy at the end of 1999 amidst the global economic crisis.

In March 2004, Francis joined the Issuer as Senior Manager heading the Leasing Department. He was subsequently promoted to General Manager Leasing in 2009 when the Issuer undertook the management and leasing of Alamanda and Mesra Mall. He then switched his focus to mall operation and management when he was re-designated as the General Manager Centre Management for the Issuer on 1 January 2011.

After being with the Issuer for more than 8 years, Francis left the Issuer in May 2012 and joined SP Setia as the Divisional General Manager of its Group Property Services Division. He was in charge of the management and leasing of several properties owned by the SP Setia group.

He re-joined the Issuer in June 2014 as its Chief Operating Officer.

Francis holds a bachelor's degree in Marketing and a Master of Business Administration (MBA) from the University of Nebraska (Lincoln), USA.

**Chua Lay Peng, Penny**  
*General Manager, Finance*

Penny is responsible for Finance and IT operations of the Issuer.

She is a member of the Malaysian Institute of Accountants and an Associate member of the Chartered Institute of Management Accountants, United Kingdom.

She started her career in audit in Singapore from 1990 to 1993 and an accountant in the manufacturing industry for the subsequent 2 years.

From 1995 to 2004, she joined the Lion group as the Head of the Finance Department for Mahkota Parade Shopping Centre in Melaka. She was seconded to Mahkota Medical Centre from 1999 to 2001 to head the Finance & IT Department.

Prior to joining the Issuer in 2011, she was the Senior Manager, Group Finance of Hektar Property Services Sdn Bhd and responsible for the finance operations of shopping centres under Hektar Reit.

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## 4.0 OVERVIEW OF THE ISSUER'S BUSINESS

### 4.1 Overview

The Issuer's principal activity is to own and manage a shopping centre and to provide business management services. The Issuer owns and manages Suria KLCC which is situated in the city of Kuala Lumpur. The Issuer also provides retail management services to the retail podium of Menara 3 PETRONAS KLCC, Alamanda in Putrajaya and Mesra Mall in Kemasik, Terengganu. The Issuer has been managing Alamanda for a period of five (5) years, Mesra Mall for a period of six (6) years and the retail podium of Menara 3 PETRONAS KLCC for a period of three (3) years.

Suria KLCC, a 6-storey shopping mall, is situated in the heart of Kuala Lumpur. Integrated with PETRONAS Twin Towers and on the doorstep of the KLCC park, Suria KLCC, with a net lettable area of 1.04 million square feet, houses world-class retailers and attractions such as the PETRONAS Art Gallery and the Petrosains Science Discovery Centre. With its prestigious credentials, Suria KLCC plays host to millions of tourists and shoppers from all over the world. Suria KLCC, like most iconic malls in the world, is home to leading and unique international brands. It currently houses, amongst others, two (2) department stores, Isetan of Japan and Parkson Grand; six (6) major tenants, Cold Storage Supermarket, Marks & Spencer, TGV Cinemas, Kinokuniya Bookstore, Signatures Food Court and RASA Food Arena and a wide range of unique brands which are exclusive to Suria KLCC.

#### *Accessibility*

Suria KLCC enjoys a strategic location being a part of the prime KLCC Development. It is within the buzzing commercial district of Kuala Lumpur with major tourist attractions. The mall has direct access to the major highways and arterial roads leading to and from the city centre including North/South Express Highway, Ampang KL Elevated Highway, as well as the Light Rail Transit System adjacent to Suria KLCC,

Surrounded by the PETRONAS Twin Towers, KLCC Park, Dewan Filharmonik PETRONAS, Kuala Lumpur Convention Centre, other office developments, and luxury hotels including Mandarin Oriental, Traders and Grand Hyatt and various other tourist attractions, and leveraging on these attributes, it has a strong edge over competing malls. The mall has consistently maintained near-full occupancy rates in the last ten (10) years, underpinned by large office population, its location, well-designed layout and diverse retail mix. Suria KLCC also enjoys a more stable rental income profile by virtue of the high proportion of fixed rentals in its overall lease structure.

#### *Awards*

The Issuer is well recognised and has won many accolades over the years, including:

2014	Seven Star Global Luxury Awards Ltd - <i>Seven Star Global Luxury Award – Luxury Shopping Experience Special Award</i>
2012	International Council of Shopping Centres Asia Pacific Shopping Centre Awards - <i>Gold Award for Cause Related Marketing through Purple Day campaign</i>
2011	KL Mayor's Tourism Awards - <i>Awards of Excellence – Shopping Mall</i>
2008	Kuala Lumpur Tourism Association <i>Diplomacy Tourism Award – Favourite Shopping Complex</i>
2007	Media Specialists Association - <i>Malaysia Media Awards – Best use of magazines</i>  Media Specialists Association - <i>Malaysia Media Awards – Grand Prix</i>

PASSION Magazine - *Technology Business Review Award Property Investment Sector – Retail Management*

2006/2007	The Brand Laureate - <i>Best Brands Retail – Shopping Complex</i>
2004	FIABCI Global Award - <i>Prix D' Excellence - Retail</i>
2003	Ministry of Housing and Local Government – <i>Building Management and Housing Estate – First place under shopping centre category</i>
2000	Ministry of Welfare – <i>Recognition Award for Building with Access Facilities for the Disabled</i>
1999	FIABCI Malaysian Award – <i>Award of Distinction – Retail Development</i>
1998/1999	Tourism Malaysia – <i>Best Shopping Mall</i>

## 4.2 Overview of Suria KLCC



*Suria KLCC as seen from KLCC Park*

### 4.2.1 Property Identification/Details

Suria KLCC is a 6-storey retail centre together with car parking facilities at four (4) basement levels, shared with PETRONAS Twin Towers and Menara Maxis, having a total of more than 5,000 parking bays.

### 4.2.2 Land Area

28,610 square metres  
(approximately 303,112 square feet)

### 4.2.3 Floor Area

Gross Floor Area: 1.545 million square feet



*View of the centre court skylight*



Net Lettable Area: 1.04 million square feet

**4.2.4 Land Tenure**

Freehold

**4.2.5 Registered Owner**

Suria KLCC Sdn Bhd

**4.2.6 Category of Land Use**

Building

**4.2.7 Express Condition**

The express condition in Bahasa Malaysia as set out in the issue documents of title is as follows:

“Tanah ini hendaklah digunakan untuk tapak bangunan perdagangan sahaja.”

The English translation of the above is as follows:

This land is only to be used as a commercial building site.



*Exterior night view of Suria KLCC*

**4.2.8 Encumbrances**

Charged to Lembaga Kumpulan Wang Simpanan Pekerja (“KWSP”) vide Presentation No. 21600/1996 and 1129/1998, registered on 19 December 1996 and 12 February 1998 respectively. The said charges will be discharged following the full repayment of the two (2) loan facilities granted by KWSP. The maturity date of the two (2) loans is 31 December 2014.

**4.2.9 Endorsements**

- Presentation No. 21326/2003

Lease over part of the land to Parkson Corporation Sdn Bhd (Company No. 157029-X), Level 46, Menara Citibank 165, Jalan Ampang 50450 Wilayah Persekutuan Kuala Lumpur for a duration of 20 years starting from 8 May 1998 and expiring on 7 May 2018.

- Presentation No. 4595/2005

Lease over part of the land to Isetan of Japan Sdn Bhd (Company No. 75382-X), 2nd Floor, Suria KLCC Kuala Lumpur City Centre 50088 Wilayah Persekutuan Kuala Lumpur for a duration of 24 years starting from 30 May 1998 and expiring on 29 May 2022.

- Presentation No. 31040/2008

Lease over part of the land to GCH Retail (Malaysia) Sdn Bhd (Company No. 667035-P), Mezzanine Floor Giant Hypermarket Shah Alam Stadium, Lot 2, Persiaran Sukan Seksyen 13, Shah Alam 40100 Selangor starting from 1 January 2004 and expiring on 7 May 2018.



#### 4.2.10 Location

Suria KLCC is situated within the KLCC Development which is located in the 'Golden Triangle' of Kuala Lumpur, a term coined for the city's central business district which comprises prime office buildings, international class hotels and shopping complexes.

KLCC is linked with elevated highways and served by roads within the city namely, Jalan Ampang, Jalan Sultan Ismail and Jalan Tun Razak. It has direct frontages onto Jalan Ampang, Jalan P. Ramlee, Jalan Pinang, Jalan Binjai and Jalan Kia Peng.

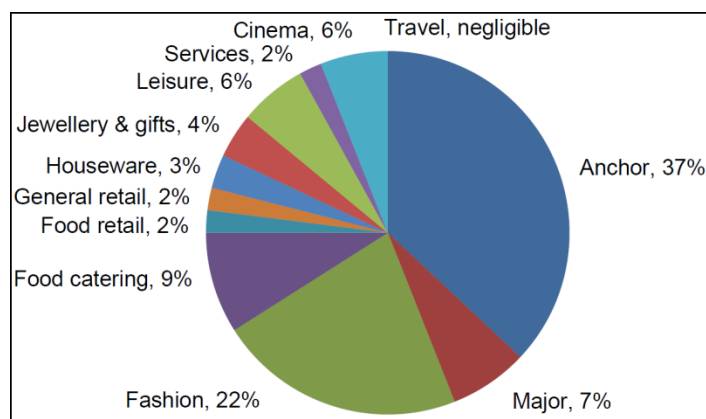
#### 4.2.11 Tenancy Profile

Suria KLCC has two major department stores and over 300 specialty shops, cafes and two food courts. Isetan of Japan, Parkson Grand and TGV Cinema are among the key anchor tenants. Other anchor tenants include Cold Storage Supermarket, Signatures Level 2 Food Court and Rasa Food Arena.

Suria KLCC is tenanted / leased to various tenants / lessees with tenant mix as follows:

Concourse Level:	Fast Fashion & Cosmetics, General Merchandise & Services, Supermarket & Fast Food
Ground Level:	Luxury Fashion, Cafes & Restaurants
Level 1:	Luxury Fashion & Diffusion Line Fashion
Level 2:	Fashion, Children/Family, International Food Court
Level 3:	Cinemas, IT & Electronics, Sport & Active Wear
Level 4:	Books, Beauty & Wellness, Asian Restaurants, Local Food Court

The following is Suria KLCC's tenants divided by sector as at 31 October 2014:



#### 4.2.12 Occupancy Rate

98.98% as at 31 October 2014

#### **4.2.13 Market Value of the Property**

The market value of Suria KLCC of RM4.58 billion as at 1 November 2013, which is the valuation date, was determined by Jones Lang Wootton as stated in their valuation report dated 20 November 2013.

#### **4.3 Business strategy and future plans**

The business strategy and future plans of the Issuer are as follows:

- Continue to work closely with existing retail partners in building quality traffic and sales;
- Ongoing research programme to monitor and predict consumer trends;
- Continue to enhance the asset with customers' convenience and comfort in mind;
- Constantly seeking opportunities to optimize retail sales and rental potential via reconfiguration of retail space and/or tenants remixing to ensure the right tenants are placed at the right location; and
- Constantly seeking ways to improve cost efficiency without compromising on customers' comfort.

#### **4.4 Competitive Strengths**

The following are the competitive strengths of the Issuer/Suria KLCC:

- Forms part of the KLCC northwest development which comprises Suria KLCC, the 88-storey PETRONAS Twin Towers, the 50-storey Menara Maxis, the 57-storey Menara 3 PETRONAS KLCC, the 645-room Mandarin Oriental Hotel, the Kuala Lumpur Convention Centre and the landscape of a 50 acres KLCC park;
- Superior tenant mix with exclusive brands and retailers;
- Engagement with established and emerging retail globally;
- Experienced and hands-on management;
- Dedicated training centre for enhancement of retailers' skills;
- Multiple exit and entry points with ample parking space for shoppers; and
- Direct link to the KLCC Light Rail Transit (LRT) station.

#### **4.5 Risk Management**

The Issuer maintains the following risk management strategies:

- Close monitoring of tenants' turnover and rental payments;
- Effective business continuity and crisis management plans; and
- Tenancy expiry profile management.

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## **5.0 INVESTMENT CONSIDERATIONS**

*This section provides a summary of certain risk factors which prospective investors should be aware of but it is not intended to be exhaustive and does not purport to be complete. Prior to making any investment decision, prospective investors of the Sukuk Murabahah should carefully read the entire Information Memorandum and the prospective investors should undertake their own investigations on the Issuer. Prospective investors should consider, among other things, particular considerations including those set out below in connection to the Issuer, its business and the risks associated with the Sukuk Murabahah.*

*The information contained in this Information Memorandum includes forward-looking statements which imply risks and uncertainties. The Issuer's actual results could differ materially from those anticipated in these forward-looking statements and/or otherwise projected as a result of certain factors, including but not limited to those set forth in this section.*

### **5.1 Risks associated with the Sukuk Murabahah**

#### **5.1.1 Liquidity of the Sukuk Murabahah**

The Sukuk Murabahah comprise a new issue of securities for which there is currently no established secondary market. There can therefore be no assurance that a secondary market will develop or, if a secondary market does develop, as to the liquidity of that market for the Sukuk Murabahah or that it will continue for the entire tenure of the Sukuk Murabahah. If a market develops, the market value of the Sukuk Murabahah may fluctuate. Any sale of the Sukuk Murabahah by the Sukukholders in any secondary market which may develop may be at a discount from the original issue price of the Sukuk Murabahah, depending on many factors, including the prevailing interest rates and the market for similar securities.

#### **5.1.2 Ratings of the Sukuk Murabahah**

The IMTN Programme and the ICP Programme have been accorded initial ratings of AAA and P1, respectively by the Rating Agency.

There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant. A revision, suspension or withdrawal of the ratings assigned to the Sukuk Murabahah may adversely affect the market price of the Sukuk Murabahah. In the event that the ratings initially assigned to the said Sukuk Murabahah is subsequently lowered or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the said Sukuk Murabahah. Any downgrading, suspension or withdrawal of the ratings of the Sukuk Murabahah will not constitute an event of default with respect to the Sukuk Murabahah or an event by itself that warrants the Sukuk Murabahah to be immediately due and payable.

#### **5.1.3 Issuer's ability to meet its obligations**

The Issuer currently expects that its rental cash flows generated from the property owned by the Issuer and the fees from its business management services will be sufficient for it to service its payment obligations under the Sukuk Murabahah as and when they fall due. However, in the event the tenants fail to furnish the relevant rental, there is no assurance that the Issuer will have sufficient cash flows to meet the payments due under the Sukuk Murabahah.

The Issuer's obligations to repay the Sukuk Murabahah upon its maturity date will to a large extent rely on its ability to re-issue Sukuk Murabahah or undertake another financing facility on such date to refinance the outstanding Sukuk Murabahah. There

is no certainty that the subsequent issuances of Sukuk Murabahah, or undertaking of another financing facility will take place.

#### **5.1.4 Recourse to the Issuer**

The Sukuk Murabahah will be obligations of the Issuer. In particular, the Sukuk Murabahah will not be obligations or responsibilities of, or guaranteed by the Lead Arranger, the Sukuk Trustee, any affiliate thereof nor the directors of the Issuer, and any other person involved or interested in the transactions envisaged in the Transaction Documents. None of such persons will accept any liability whatsoever to the Sukukholders in respect of any failure by the Issuer to pay any amount due under the Sukuk Murabahah.

#### **5.1.5 The Sukuk Murabahah may not be a suitable investment for all investors**

Each potential investor in any Sukuk Murabahah must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk Murabahah, the merits and risks of investing in the Sukuk Murabahah and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk Murabahah and the impact such an investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all the risks of an investment in the Sukuk Murabahah, including where principal or profit is payable in one (1) or more currencies, or where the currency for principal or profit payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Sukuk Murabahah and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### **5.1.6 Shariah Compliance**

Notwithstanding the approval of the Shariah Adviser of the Sukuk Murabahah Programmes, case law in Malaysia indicates that the courts in Malaysia may still examine the issue of whether there has been compliance with Shariah and if held to be non-Shariah compliant, the recoverability of the profit element under the Sukuk Murabahah may be affected. No assurance is given that the approval of the Shariah Adviser will not be subject to challenge on grounds that the Sukuk Murabahah is not Shariah-compliant.

#### **5.1.7 Market Risk**

Other than the operating results and/or the financial conditions of the Issuer, the price of the Sukuk Murabahah in the secondary market may be influenced by numerous factors, including but not limited to, the political, economic, and any other factors that can affect the capital markets, the industry, and the Issuer in general. Adverse economic and financial developments could have a material adverse effect on the market value of the Sukuk Murabahah.

### **5.1.8 Interest Rate Risk**

Sukukholders may suffer unforeseen losses due to fluctuations in interest rates. Although the Sukuk Murabahah are Islamic securities which do not pay interest, they are similar to fixed income securities and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices. The Sukuk Murabahah may be similarly affected resulting in a capital loss for Sukukholders. Conversely, when interest rates fall, bond prices and the prices at which the Sukuk Murabahah are traded may rise. Sukukholders may enjoy a capital gain but profit received may be reinvested for lower returns.

### **5.1.9 Upsizing of the Sukuk Murabahah Programmes**

Prior to upsizing of the Sukuk Murabahah Programmes, the voting by the Sukukholders on all matters/resolutions (save for resolutions for purposes of upsizing of the Sukuk Murabahah Programmes) which require the Sukukholders' consent under the Sukuk Murabahah Programmes shall be carried out on a collective basis.

Post the upsizing of the Sukuk Murabahah Programmes, the voting by the Sukukholders on all matters/resolutions which require the Sukukholders' consent under the Sukuk Murabahah Programmes shall be carried out on a "per series" basis. Sukukholders holding a requisite amount under each series shall provide their consent for any matters to be passed under the Sukuk Murabahah Programmes and the consent from the Sukukholders of all outstanding series shall have been obtained for any resolution to be carried. The trust deed for the Sukuk Murabahah Programmes shall provide that no prior approval from the Sukukholders will be required for the upsizing of the Sukuk Murabahah Programmes provided that:

- (i) there is no adverse impact on the ratings of the Sukuk Murabahah; and
- (ii) any upsizing of the programme limit shall be subject to obtaining all regulatory approvals.

## **5.2 Risks associated with the business and operations of the Issuer**

### **5.2.1 Single-asset company**

The Issuer currently only owns one property, Suria KLCC, which generates more than 95.0% of its total revenue. With its performance centred on one asset and a single location, the Issuer is exposed to asset as well as geographical-concentration risk. The Issuer's yearly revenue is dependent on the performance of Suria KLCC. In the event Suria KLCC underperforms, the Issuer's revenue may drop significantly and there is no assurance that the Issuer will be able to meet its payment obligations under the Sukuk Murabahah Programmes.

### **5.2.2 Adequacy of insurance**

Suria KLCC is currently covered by property insurance. However, the Issuer may suffer losses due to risks which may be uninsurable or are not covered by the required insurance policies or for which insurance coverage is inadequate (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination, landslip, heave and coastal erosion). If an uninsured or uninsurable loss were to occur, the Issuer may not have sufficient funds to effect the reconstruction or major repairs of Suria KLCC, in order to maintain the condition of Suria KLCC for tenancy purposes. As a result, the funds available to make payments to the Sukukholders may be affected.

### **5.2.3 Ownership risks**

The ownership of Suria KLCC is subject to litigation risk typically associated with tenancy and management of real estate. Potential third party claims or litigation by tenants, visitors of Suria KLCC or other persons relating to personal injury or other damages resulting from contact with or use of Suria KLCC, its managers, employees or other personnel may be made against the Issuer as owner of Suria KLCC.

### **5.2.4 Tenancies risks**

Approximately 25.0% of tenancies of Suria KLCC expire annually. The weighted average lease expiry of Suria KLCC is 2.42 years. In the event the existing tenancies over Suria KLCC expire or are terminated or if tenants cease to occupy Suria KLCC, there is no assurance that the Issuer will be able to procure other tenants to occupy Suria KLCC.

However, it is unlikely that there would be any problems obtaining other tenants to occupy Suria KLCC as Suria KLCC is strategically located at the heart of the city centre.

### **5.2.5 Management Continuity**

The Issuer believes that its continuing success, to a certain extent, is dependent upon the abilities and continuing efforts of its existing Directors and senior management. The loss of any key members may affect the Issuer's continuing ability to compete in the industry. To address this, the Issuer has in place a performance and evaluation system, comprehensive compensation and benefits system, training and development system and succession planning to attract and retain human capital and to ensure management continuity.

### **5.2.6 Competition**

The Issuer is subject to competition risk from existing and new competitors. The Klang Valley is expected to see a large incoming supply of retail space in the coming years with some new or refurbished malls. Failure by the Issuer to remain competitive may materially and adversely affect the Issuer's business and operating results.

### **5.2.7 Collection risks**

Like all other owners of tenanted property, the potential risk of uncollectable rent when due and payable may materially affect the revenue of the Issuer. Nevertheless, the Issuer has in place a collection management plan as well as proper procedures to ensure the timely payment of rent or in the event of an exiting tenant, the prompt delivery of vacant possession of property.

## **5.3 General Considerations**

### **5.3.1 Economic, political, social and regulatory risks**

Changes in economic, political, social and regulatory conditions in Malaysia and elsewhere could materially and adversely affect the financial and business prospects of the Issuer. These include risks of war, acts of terrorism, changes in political leadership, expropriation, nationalisation, global economic downturn, adverse changes in government policies, renegotiation or nullification of existing contracts, changes in interest rates and method of taxation. There can be no assurance that these changes will not materially affect the business of the Issuer.

### **5.3.2 Change of law**

Changes in law and regulations in Malaysia and elsewhere could materially and adversely affect the financial and business prospects of the Issuer. Any adverse regulations and requirements may limit the Issuer's business or result in high compliance costs. Any failure by the Issuer to comply with any regulations may result in material penalties being imposed on the Issuer. No assurance can be given that any future changes to present regulation or any introduction of new regulation, or laws, by relevant authorities will not have a material adverse impact on the Issuer's business.

### **5.3.3 Forward-Looking Statements**

Certain statements in this Information Memorandum are based on historical data which may not be reflective of future results. Other statements which are forward-looking in nature are also subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by the directors of the Issuer, and although believed to be reasonable by the directors of the Issuer, 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. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or its advisers or the Lead Manager/Lead Arranger that the plans and objectives of the Issuer will be achieved.

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## 6.0 INDUSTRY OVERVIEW

### 6.1 Overview of the Malaysian Economy

The Malaysian economy has been making commendable progress since the launch of the national transformation agenda in 2010 and is on track to become a high-income and developed nation by 2020. GDP growth has been strong with low unemployment and manageable inflation. As a result of the transformation agenda as well as other initiatives, domestic demand, particularly private investment and consumption, has increasingly been the driver of growth. Meanwhile, the export structure has become diversified with higher intra-regional trade. With a more balanced economic structure, Malaysia was able to achieve a steady growth of 4.2% in the first half of 2013, despite the increasingly volatile and challenging global economic environment. Given the resilience of the domestic economy and better growth prospects in the US, Japan and China during the second half of the year, the Malaysian economy is expected to expand at a firmer pace in the second half and to achieve 4.5% – 5% in 2013. Growth is supported by strong macroeconomic fundamentals as well as accommodative monetary and fiscal policies.

The 2013 Budget has further strengthened the transformation agenda through various programmes and projects. This agenda, apart from pursuing the objective of a high-income and developed nation by 2020, is also to ensure that the rakyat will reap maximum benefits from the implementation of development projects. Hence, the 2013 Budget focused on sustaining economic growth and improving the well-being of the rakyat. To ensure public finances remain sound over the longer term, the Government set up the Fiscal Policy Committee (“**FPC**”) in June 2013.

In 2013, domestic investment activity was boosted by the launch of the Refinery and Petrochemical Integrated Development (“**RAPID**”) project in Pengerang, Johor under the Economic Transformation Programme (“**ETP**”). The RAPID project will enable Malaysia to become a major global player in the oil and gas (“**O&G**”) downstream industry as well as create various economic opportunities for the local community. Small businesses have also benefited from the 2013 Budget, particularly through Tabung Ekonomi Kumpulan Usaha Niaga (“**TEKUN Nasional**”), which was provided an allocation of RM180 million in 2013.

The Government’s efforts in transforming the economy have been well recognised by international bodies. Malaysia improved 6 notches from 18th to 12th position in the World Bank’s Doing Business Report 2013. In terms of access to credit, Malaysia was ranked at pole position for five consecutive years (2009 – 2013). In addition, the World Economic Forum in its Global Competitiveness Report 2013 – 2014, maintained Malaysia as the second most competitive nation among Association of Southeast Asian Nations (“**ASEAN**”) countries, and in 7th position among 25 Asia-Pacific countries.

The implementation of initiatives under the 2013 Budget will continue to sustain the growth momentum and increase the resilience of the economy. Going forward, there will be accelerated efforts to enhance competitiveness of the Malaysian economy through greater innovation, productivity and efficiency. As fiscal consolidation efforts continue, the role of the private sector as the driver of growth will become increasingly important. In its role as the enabler of economic activity, the Government will continue to improve its service delivery as well as ensure a conducive ecosystem for private sector activity to thrive, particularly in higher value-added activities. To strengthen the external sector, efforts will be intensified to encourage export of goods and services as well as investment in strategic export-oriented industries to ensure that Malaysia is well positioned to leverage new opportunities in the challenging global market.

The Malaysian economy is expected to expand further by 5% – 5.5% in 2014 (2013: 4.5% – 5%), supported by favourable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient. Although some degree of uncertainty exists in the global environment due to the volatility of capital flows associated with the possibility of reduced global liquidity, Malaysia’s external sector is expected to improve. This is in tandem



with the continued recovery of growth across advanced economies as well as stronger regional trade activities which is evident in the second half of 2013. The better outlook of Malaysia's external sector is premised upon China's real GDP growth, which is expected to be sustained at around 7.5%, while global trade will continue to grow at a steady pace of 5% in 2014.

(Source: Economic Report 2013/2014, Ministry of Finance)

## **6.2 Industry outlook on the business of the Issuer**

### **Resilient domestic demand**

Domestic demand expanded 5.7% in the second quarter of 2014 (Q1 2014: 7.4%), with the private sector continuing to provide the main impetus to growth. Private consumption increased 6.5% during the quarter (Q1 2014: 7.1%). Household spending was supported by continued growth in disposable income from stable labour market conditions and higher export earnings. Despite concerns on rising prices, consumers remained optimistic on the employment outlook. This was reflected in the Consumer Sentiment Index of the Malaysian Institute of Economic Research ("**MIER**"), which was slightly above the 100-point threshold. Other major consumption indicators such as sales of passenger cars, loans for consumption credit, credit card transactions and imports of consumption goods, also supported the positive trend in private consumption. Public consumption, however, decreased 1.3% (Q1 2014: 11.2%) mainly due to the high-base effect and lower spending on supplies and services.

Growth of Gross Fixed Capital Formation ("**GFCF**") strengthened to 7.2% during the quarter (Q1 2014: 6.3%) despite lower public investment. Private investment continued to register a double-digit growth of 12.1% (Q1 2014: 14.1%), with its share to total investment rising to 71.1% (Q1 2014: 66.5%). The buoyant performance of private investment was reflected by MIER's Business Conditions Index, which increased to 113 points from 103.1 points in the previous quarter. Meanwhile, positive major indicators, such as imports of capital goods as well as loans disbursed to the manufacturing and construction sectors also indicated the strong investment activity during the quarter.

### **Services sector drives growth**

The services sector continued to drive growth, albeit at a moderate pace of 6% in the second quarter of 2014 (Q1 2014: 6.6%). Growth was supported by the strong performance of wholesale and retail trade, especially non-specialised trade in stores and other retail trade in specialised stores. Similarly, all services subsectors registered positive growth. The expansion was led by the final services group, which increased 7.1% (Q1 2014: 7%) largely driven by the wholesale and retail trade subsector. Meanwhile, the intermediate services group grew 4.6% (Q1 2014: 5.8%) boosted by the communication as well as real estate and business services subsectors.

The wholesale and retail trade subsector grew 9.1% (Q1 2014: 8.6%) driven by the expansion in all three segments, namely wholesale, retail and motor vehicle. The growth of the subsector was supported by sustained consumer spending mainly in preparation for the Hari Raya celebration. During the quarter, the retail segment rose 9.9% (Q1 2014: 10.4%) from higher sales in specialised and non-specialised trade as well as departmental stores. The wholesale trade segment grew 8.4% (Q1 2014: 8.1%) underpinned by non-agricultural intermediate products, such as petrol, diesel and lubricants as well as household goods. The motor vehicle segment increased significantly by 8.9% (Q1 2014: 4%) following higher sales of motor vehicles and parts, amid the festive promotions. Meanwhile, the accommodation and restaurant subsector grew 5.6% (Q1 2014: 6.1%) mainly supported by resilient consumer spending.

The finance and insurance subsector moderated to 0.6% (Q1 2014: 2.4%) due to the slower growth in net interest income and fee-based income. Meanwhile, the insurance segment grew 1.7% (Q1 2014: 2%) on account of higher claims and benefits paid. The real estate and

business services subsector rose 7.4% (Q1 2014: 8.6%). Supported by real estate operations, the real estate segment continued to expand 5.4% (Q1 2014: 5.5%). Meanwhile, the business services segment grew 8% (Q1 2014: 9.8%) backed by professional and computer services.

Growth of the communication subsector remained strong at 9.8% (Q1 2014: 10.2%) on higher usage of data services largely driven by subscriptions of mobile Internet. As at end-June 2014, cellular phone subscriptions grew 2.8% to 43.8 million with a penetration rate of 145.5% (end-March 2014: 1.9%; 43.2 million; 144.2%) amid new and attractive packages offered by telco companies. In addition, broadband subscriptions rose 3.5% to 6.5 million with a household penetration rate of 67.6% (end-March 2014: 0.2%; 6.2 million; 67.1%) supported by improved network coverage and facilities as well as an upgrade in 4G long-term evolution (LTE) services.

Growth of the transport and storage subsector remained resilient at 4.6% (Q1 2014: 4.8%) supported by the freight segment and increase in highway, port and airport operations. During the quarter, the total volume of containers handled at seven major ports rose 6.5% to 5.5 million twenty-foot equivalent units (“TEUs”) (Q1 2014: 3.7%; 5.1 million TEUs) on account of higher export activities. Port Klang and Tanjung Pelepas both increased their volumes to 2.7 million TEUs and 2.1 million TEUs, respectively (Q1 2014: 2.5 million TEUs; 2 million TEUs). Given these higher volumes, total container throughput increased 49.5% and 38.4%, respectively (Q1 2014: 49.4%; 38%).

The land transport segment grew 6.3% (Q1 2014: 6.1%) supported by higher freight transported by road as well as improving imports and exports of goods. Traffic volume on tolled highways increased 4.8% to 432 million vehicles (Q1 2014: 3.7%; 412 million) attributed to higher usage during the school holidays and the opening of the new Penang Second Bridge also known as Sultan Abdul Halim Mu’adzam Shah Bridge.

During the quarter, the air transport segment grew 3.4% (Q1 2014: 6.5%). Despite concerns over the tragic loss of a domestic plane, the air passenger segment continued to record positive growth. Total passenger traffic at airports nationwide increased 5.9% to 21.2 million (Q1 2014: 18.9%; 21.2 million). Meanwhile, total air cargo handled at all airports rose 6.9% to 252,851 tonnes (Q1 2014: 7.4%; 231,409 tonnes) on account of the double-digit growth in exports, especially in E&E products.

The utilities subsector expanded 2.7% (Q1 2014: 3.2%) on account of slower water consumption due to water supply disruptions in Selangor and Kuala Lumpur. The electricity and gas segment increased 2.8% (Q1 2014: 3.1%) while the water segment grew 2.1% (Q1 2014: 3.9%). The Electricity Production Index rose 5% to 121.9 points (Q1 2014: 4.3%; 113 points) while electricity sales increased 1.8% to 26,326 gigawatt hours (Q1 2014: 2.2%; 24,795 gigawatt hours), with maximum demand for electricity peaking at 16,901 megawatts in June 2014 (Q1 2014: 16,294 megawatts in March 2014). The other services subsector increased 4.5% (Q1 2014: 4.8%) mainly supported by private education and private health which grew 6.2% and 4.6%, respectively (Q1 2014: 8.3%; 4.8%). Meanwhile, the government services subsector rose 6.6% (Q1 2014: 7.7%).

### **Manufacturing expands at a stronger pace**

Value-added of the manufacturing sector grew more strongly by 7.3% during the second quarter of 2014 (Q1 2014: 6.8%). Manufacturing output increased 7.4% (Q1 2014: 6.9%) with positive growth in major subsectors. Sales of manufacturing products grew 5.7% to RM159.7 billion (Q1 2014: 12%; RM165 billion).

Production of domestic-oriented industries continued to expand 12.9% (Q1 2014: 7.8%). All subsectors recorded positive growth except for tobacco products, which contracted, albeit at a slower 4.3% (Q1 2014: -17.7%). Production of transport equipment continued to record an impressive growth of 29.3% (Q1 2014: 19.1%) supported by passenger cars (23.4%), building of ships and boats (68.1%) as well as manufacture of parts and accessories (18.4%). Meanwhile, output of food products and beverages rose 14.6% and 28.1%, respectively (Q1

2014: 6.4%; 16.5%), on account of higher domestic demand, particularly during the school holidays.

Output of export-oriented industries grew 5.4% (Q1 2014: 6.6%), led by E&E products (13.6%), off-estate processing (12.2%) as well as textiles, wearing apparel, leather products and footwear (15.4%). The export-oriented industries segment was driven by E&E products, particularly manufacture of communication equipment (27.3%) and electronic components (17%). This is in line with the improved global growth of semiconductor sales and the book-to-bill ratio of 1 for nine consecutive months. However, output of chemical products, manufacture of refined petroleum products as well as rubber products contracted 1.4%, 0.4% and 2.7%, respectively (Q1 2014: 1.2%; 6.5%; 1.3%).

*(Source: Malaysian Economy Second Quarter 2014, Ministry of Finance)*

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## **7.0 OTHER INFORMATION**

### **7.1 Material litigation**

As at 31 October 2014, there is no material claim(s), demand(s), lawsuit(s) or litigation matter(s) (including those pending or threatened) by or against the Issuer, or any proceedings pending or threatened which might materially and adversely affect the position or business of the Issuer, and in particular, any injunction(s), winding up order(s), any order(s) relating to the enforcement of judgment(s) or other remedy(s) which may if granted by the court, effectively cause the Issuer to have to cease all or parts of the Issuer's business.

### **7.2 Material contracts**

As at 31 October 2014, the Issuer has not entered into any material contracts not in the ordinary course of business during the period from 31 October 2012 to 31 October 2014.

### **7.3 Related party transactions**

In respect of related party transactions, please refer to Note 24 of the audited financial statements of the Issuer for the FYE 31 December 2013 attached herein.

### **7.4 Capital commitments**

In respect of capital commitments, please refer to Note 25 of the audited financial statements of the Issuer for the FYE 31 December 2013 attached herein.

### **7.5 Potential conflict of interests and appropriate mitigating measures**

After making enquiries as were reasonable in the circumstances, the following parties are not aware of any circumstance that would give rise to a conflict of interest in relation to the Sukuk Murabahah Programmes:

- (a) CIMB in its capacity as the Principal Adviser, Lead Arranger, Lead Manager, Bookrunner, Facility Agent and Security Agent;
- (b) Messrs. Adnan, Sundra & Low in its capacity as solicitors;
- (c) CIMB Islamic Trustee Berhad in its capacity as the Sukuk Trustee; and
- (d) CIMB Islamic Bank Berhad in its capacity as the Shariah Adviser.

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**APPENDIX I**

**LATEST AUDITED FINANCIAL STATEMENTS OF THE ISSUER  
FOR THE FYE 31 DECEMBER 2013**



SURIA KLCC SDN BHD  
(208950 T)  
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements  
31 December 2013

**SURIA KLCC SDN BHD**  
**(Incorporated in Malaysia)**

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**SURIA KLCC SDN BHD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the year ended 31 December 2013.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are ownership and management of a shopping centre, and provision of business management services. There have been no significant change in the nature of business activities of the Company during the financial year.

**RESULTS**

**RM'000**

Profit for the year	411,623
---------------------	---------

**DIVIDENDS**

The amount of dividends paid by the Company since 31 December 2012 were as follows:

**RM'000**

In respect of the financial year ended 31 December 2013:

Interim dividend of RM0.25 per share, tax exempt under single tier system on 341,666,670 ordinary shares, declared and paid on 17 June 2013.	85,416
Interim dividend of RM0.07 per share, tax exempt under single under single tier system on 341,666,670 ordinary shares, declared and paid on 3 September 2013.	23,917
Interim dividend of RM0.16 per share, tax exempt under single under single tier system on 341,666,670 ordinary shares, declared and paid on 13 November 2013.	54,667
Interim dividend of RM0.53 per share, tax exempt under single under single tier system on 341,666,670 ordinary shares, declared and paid on 23 December 2013.	181,083
	345,083



**DIVIDENDS (CONT'D)**

The directors do not propose any final dividends for the current financial year.

**RESERVES AND PROVISIONS**

There were no material movements to and from reserves and provisions during the financial year other than as disclosed in the Statement of Changes in Equity.

**DIRECTORS OF THE COMPANY**

The Directors who have held office during the year since the date of the last report are as follows:

Datuk Hashim bin Wahir

Richard Thomas Gairdner Price

Azmi Bin Yahaya

Charmaine Cheok (appointed w.e.f. on 29 March 2013)

Leong Chi Meng (resigned w.e.f. on 29 March 2013)

**DIRECTORS' INTERESTS**

The Directors in office at the end of the year who have interests in the shares of the Company and its related corporations other than wholly-owned subsidiaries as recorded in the Register of Directors' Shareholdings are as follows:

**Number of Shares in Malaysia Marine and Heavy  
Engineering Holdings Berhad**

	Balance as at 1.1.2013	Bought	Sold	Balance as at 31.12.2013
<b>Direct</b>				
Azmi bin Yahaya	22,000	-	-	22,000

**Number of Shares in Petronas Chemicals Group Berhad**

	Balance as at 1.1.2013	Bought	Sold	Balance as at 31.12.2013
<b>Direct</b>				
Azmi bin Yahaya	6,000	-	-	6,000
Datuk Hashim bin Wahir	16,000	-	-	16,000
<b>Indirect</b>				
Azmi bin Yahaya*	6,000	-	-	6,000

\* Deemed interest by virtue of his family members' shareholding.

## **DIRECTORS' INTERESTS (CONTD.)**

None of the other Directors holding office as at 31 December 2013 had any interest in the ordinary shares of the Company or its related companies during the financial year.

## **DIRECTORS' BENEFITS**

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received by the Directors from a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **IMMEDIATE HOLDING, PENULTIMATE HOLDING AND ULTIMATE HOLDING COMPANY**

The Directors regard KLCC Property Holdings Berhad, KLCC (Holdings) Sdn Bhd and Petroliam Nasional Berhad, all companies incorporated in Malaysia, as the immediate holding, penultimate holding and ultimate holding company respectively.

## **ISSUE OF SHARES**

There were no changes in the issued and paid up ordinary share capital of the Company during the financial year.

## **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any persons to take-up shares of the Company during the year.

## **STATUTORY INFORMATION OF THE FINANCIAL STATEMENTS**

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) there were no known bad debts and that no provision for doubtful debts was necessary; and
- (ii) any current assets which are 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 to realise.

At the date of this report, the Directors of the Company are not aware of any circumstances:

- (i) that would render it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; or
- (ii) that would render the values attributed to current assets in the financial statement of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

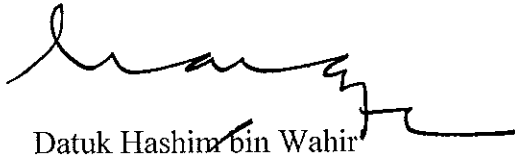
No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the Company's operations during the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature; nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.


**AUDITORS**

The auditors, Ernst & Young have indicated their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 January 2014.



Datuk Hashim bin Wahir



Richard Thomas Gairdner Price

Kuala Lumpur, Malaysia

**SURIA KLCC SDN BHD**  
**(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 7 to 40, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company for the year ended 31 December 2013 and of the results of its financial performance and cash flows for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 January 2014.



Datuk Hashim bin Wahid

Kuala Lumpur, Malaysia



Richard Thomas Gairdner Price

**STATUTORY DECLARATION**

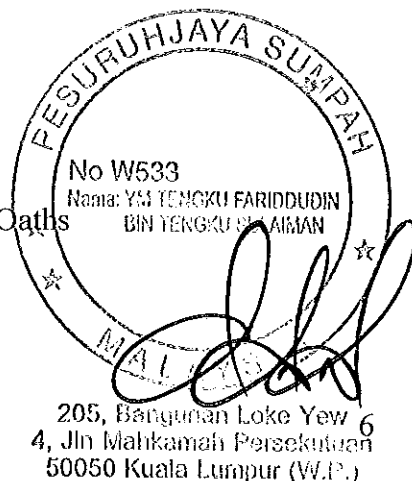
I, Chua Lay Peng, the officer primarily responsible for the financial management of Suria KLCC Sdn Bhd, do solemnly and sincerely declare that the financial statements set out on pages 7 to 40, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed Chua Lay Peng  
at Kuala Lumpur on 20 January 2014

  
Chua Lay Peng

BEFORE ME:

Commissioner of Oaths



**SURIA KLCC SDN BHD**  
**(Incorporated in Malaysia)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 RM'000	2012 RM'000
Revenue	5	366,966	326,142
Staff costs	6	(11,340)	(9,093)
Utilities		(21,781)	(20,598)
Upkeep, repair and maintenance		(4,891)	(4,606)
Marketing expenses		(4,426)	(4,079)
Cleaning services		(5,932)	(5,059)
Rates and assessments		(5,610)	(5,610)
Security services		(1,067)	(1,007)
Development fee		(3,111)	(2,555)
Other operating expenses		(8,462)	(9,384)
Bad debt written off		-	(81)
Recovery of service cost		44,706	42,707
		<u>(21,914)</u>	<u>(19,365)</u>
<b>Operating profit</b>		345,052	306,777
Interest income		9,282	7,530
Depreciation of plant and equipment	11	(2,031)	(2,193)
Finance costs	7	(33,157)	(32,943)
Profit from operations		319,146	279,171
Fair value adjustment on investment property	10	171,696	649,552
<b>Profit before taxation</b>	8	490,842	928,723
Tax expense	9	(79,219)	(70,523)
<b>PROFIT FOR THE YEAR,</b>			
<b>REPRESENTING TOTAL</b>			
<b>COMPREHENSIVE INCOME</b>		<u>411,623</u>	<u>858,200</u>

The notes set out on pages 11 to 40 form an integral part of, and, should be read in conjunction with, these financial statements

**SURIA KLCC SDN BHD**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

	Note	2013 RM'000	2012 RM'000
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Investment property	10	4,580,000	4,400,000
Plant and equipment	11	5,083	5,684
		<u>4,585,083</u>	<u>4,405,684</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	1,865	1,892
Prepayment		174	445
Amount due from related companies	14	20,037	11,274
Cash and bank balances	22	124,785	235,335
		<u>146,861</u>	<u>248,946</u>
<b>TOTAL ASSETS</b>		<u>4,731,944</u>	<u>4,654,630</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	17	341,667	341,667
Capital contribution reserve	18	57,553	57,553
Capital reserve	19	3,411,280	3,239,584
Retained profits	20	272,032	377,188
		<u>4,082,532</u>	<u>4,015,992</u>
<b>NON CURRENT LIABILITIES</b>			
Shareholders' loan (unsecured)	21	131,824	124,952
Term loan (secured)	16	-	375,493
Deferred taxation	12	1,040	3,000
		<u>132,864</u>	<u>503,445</u>
<b>CURRENT LIABILITIES</b>			
Term loan (secured)	16	375,493	-
Other payables and accruals	15	113,283	98,843
Amount due to immediate holding company	14	1,447	1,840
Amount due to related companies	14	4,366	4,430
Provision for tax		21,959	30,080
		<u>516,548</u>	<u>135,193</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,731,944</u>	<u>4,654,630</u>

The notes set out on pages 11 to 40 form an integral part of, and, should be read in conjunction with, these financial statements

**SURIA KLCC SDN BHD**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**Attributable to Equity Holders of the Company**

	----Non Distributable----		-----Distributable-----		
	Share	Capital	Capital	Retained	Total
	capital	contribution	reserve	profits	equity
	RM'000	reserve	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2012</b>	341,667	57,553	2,590,032	339,372	3,328,624
Total comprehensive income	-	-	-	858,200	858,200
Transfer to capital reserve	-	-	649,552	(649,552)	-
Dividends (Note 23)	-	-	-	(170,832)	(170,832)
<b>At 31 December 2012</b>	<u>341,667</u>	<u>57,553</u>	<u>3,239,584</u>	<u>377,188</u>	<u>4,015,992</u>
<b>At 1 January 2013</b>	341,667	57,553	3,239,584	377,188	4,015,992
Total comprehensive income	-	-	-	411,623	411,623
Transfer to capital reserve	-	-	171,696	(171,696)	-
Dividends (Note 23)	-	-	-	(345,083)	(345,083)
<b>At 31 December 2013</b>	<u>341,667</u>	<u>57,553</u>	<u>3,411,280</u>	<u>272,032</u>	<u>4,082,532</u>

The notes set out on pages 11 to 40 form an integral part of, and, should be read in conjunction with, these financial statements



**SURIA KLCC SDN BHD**  
**(Incorporated in Malaysia)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	490,842	928,723
Adjustments for:		
Depreciation of plant and equipment	2,031	2,193
Interest expense on shareholders' loan	26,284	26,429
Interest expense on fair value of shareholders' loan	6,872	6,514
Fair value adjustment on investment property	(171,696)	(649,552)
Interest income	(9,282)	(7,530)
Operating profit before working capital changes	345,051	306,777
Changes in working capital:		
Receivables	(50)	(1,312)
Payables	8,601	21,649
Related companies	(9,220)	(1,938)
Cash generated from operations	344,382	325,176
Interest paid	(26,284)	(26,429)
Interest received	9,630	7,530
Tax paid	(89,300)	(57,871)
<b>Net cash generated from operating activities</b>	<b>238,428</b>	<b>248,406</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions for investment property	(2,465)	(10,448)
Purchase of plant and equipment	(1,430)	(1,621)
<b>Net cash used in investing activities</b>	<b>(3,895)</b>	<b>(12,069)</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Payment of dividends, representing net cash used in financing activity	(345,083)	(170,832)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(110,550)</b>	<b>65,505</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>235,335</b>	<b>169,830</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (NOTE 22)</b>	<b>124,785</b>	<b>235,335</b>

The notes set out on pages 11 to 40 form an integral part of, and, should be read in conjunction with, these financial statements

**SURIA KLCC SDN BHD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013**

**1. GENERAL INFORMATION**

The Company's principal activities are ownership and management of a shopping centre and the provision of business management services. There have been no significant changes in the nature of these activities during the financial year.

The immediate holding company, penultimate holding and ultimate holding company are KLCC Property Holdings Berhad, KLCC (Holdings) Sdn Bhd and Petroliam Nasional Berhad respectively, all of which are incorporated and domiciled in Malaysia.

The registered office of the Company is Level 54, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

The principal place of business of the Company is Lot 241, Level 2, Suria KLCC, Kuala Lumpur City Centre.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 January 2014.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia.

The financial statements of the Company have also been prepared on a historical cost basis, except for investment property and applicable financial instruments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

As of 1 January 2013, the Company had adopted now, amendments and revised MFRS (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standard Board ("MASB") as described fully in Note 3.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Financial Assets**

Financial assets are recognised in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of their financial assets at initial recognition. The Company's financial assets are classified as loans and receivables.

#### **(i) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loan and receivables. The Company's loan and receivables comprise of trade receivables, other receivables, amount due from related companies and deposits with licensed banks.

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

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

### **2.3 Impairment of financial assets**

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Impairment of financial assets (Contd.)

#### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly 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 become uncollectible, it is written off against the allowance account.

If in a subsequent year, 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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

### 2.4 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139 *Financial Instrument: Recognition and Measurement*, are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.4 Financial Liabilities (Contd.)**

#### **(i) Other financial liabilities**

The Company's other financial liabilities comprise of trade payables, other payables, shareholders' loan, borrowings and amount due to immediate holding company and related companies.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Shareholders' loan and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are amortised over the remaining term of the modified liability.

### **2.5 Investment Property**

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Gains or losses arising from changes in the fair value of investment property are recognised in the profit or loss in the year in which they arise.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.5 Investment Property (Contd.)**

Investment property is derecognised when either it has been disposed of or when the investment property 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 an investment property are recognised in the profit or loss in the year in which they arise.

### **2.6 Plant and Equipment**

Plant and equipment are stated at cost, which comprises the acquisition cost and any incidental costs, less accumulated depreciation and impairment losses. Project-in-progress is stated at cost and is not depreciated as the assets are not available for use. Depreciation on other plant and equipment is calculated on a straight line basis so as to write off the cost over its estimated useful life of the assets at the following annual rates:

Furniture and fittings	20%
Office equipment	20%
Motor vehicles	20%
Building improvement	20%
Renovation	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment.

An item of the plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

### **2.7 Employee Benefits**

#### **(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.7 Employee Benefits (Contd.)

#### (ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Obligations for contributions to defined contribution plans are recognised as an expense in the profit or loss as incurred.

### 2.8 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

#### (i) Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using the statutory tax rate at the reporting date, and any adjustment to tax payable in respect of previous years.

#### (ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases 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 credits 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 not recognised if the temporary difference arises from the initial recognition of an asset or liability which at the time of the transaction, affects neither accounting profit nor taxable profit.

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.

The expected manner of recovery of the investment property is through sale to a real estate investment trust ("REIT"). No deferred tax is recognised on the fair valuation of this property as chargeable gains accruing on the disposal of any chargeable assets to a REIT is tax exempted.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.9 Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, and balances and deposits with financial institutions. For the purpose of cash flow statements, cash and cash equivalents include cash on hand and short term deposits with banks with an original maturity of 3 months or less.

### **2.10 Revenue Recognition**

Revenue recognition is on an accrual basis in accordance with the substance of relevant tenancy and leasing agreements. Other revenues earned by the Company are recognised on an accrual basis.

### **2.11 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such a reversal is recognised in profit or loss.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.12 Fair value measurement

As of 1 January 2013, the Company adopted MFRS 13: *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

#### (i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market within the bid-ask spread at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

#### (ii) Non-financial assets

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

In accordance with the transitional provision of MFRS 13, the Company applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Company's assets or liabilities other than the additional disclosures.

### 3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs

As of 1 January 2013, the Company has adopted the following new and revised MFRSs and IC Interpretation, Amendments to MFRSs and IC Interpretation that have been issued by the Malaysia Accounting Standards Board:

#### Effective for annual periods beginning on or after 1 July 2012

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
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#### Effective for annual periods beginning on or after 1 January 2013

MFRS 3	Business Combinations (IFRS 3 Business Combination issued by IASB in March 2004)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 10	Consolidated Financial Statements, Joint Arrangement and Disclosure of Interest in other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance

### 3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

**Effective for annual periods beginning on or after 1 January 2013 (contd.)**

Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009 - 2011 Cycle)

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretation did not have any significant financial impact to the Company except for:

#### (i) MFRS 13 Fair Value Measurement

MFRS 13 replaces and expands the disclosure requirements about fair value measurements in other MFRS, including MFRS 7: *Financial Instruments: Disclosures*. MFRS 13: *Fair value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other MFRS. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Upon adoption of MFRS 13 Fair value Measurement, the Company had included additional disclosures about fair value measurement.

In accordance with the transitional provisions of MFRS 13: *Fair value Measurement*, has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

#### 4.1 Critical judgements made in applying accounting policies

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

#### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)

##### 4.1 Critical judgements made in applying accounting policies (contd.)

###### **Classification between investment property and property, plant and equipment**

The Company has developed certain criteria based on MFRS 140: *Investment Properties* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

##### 4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

###### **(i) Fair value of investment property**

The Company measures investment property at fair value, with changes in fair values being recognised in profit or loss. The Company had engaged an independent professional valuer to determine the fair value as at 1 November 2013. There were no material events that affected the valuation between the valuation date and financial year end.

The determined fair value of the investment property by the independent professional valuer is most sensitive to the estimated yield rate and the void rate. The range of the yield rate and the void rate used in the valuation is described in Note 10 to the financial statements.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)****4.2 Key sources of estimation uncertainty (Contd.)****(i) Fair value of investment property (contd.)**

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated yield and void rate:

	<b>Fair value Increase/(decrease)</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Yield rate</b>		
- 0.25%	150,000	82,000
+ 0.25%	(150,000)	(82,000)
<b>Void rate</b>		
- 2.5%	110,000	111,000
+ 2.5%	(120,000)	(111,000)

**5. REVENUE**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Rental income	337,984	310,496
Car park income	8,804	9,388
Compensation on revenue loss	13,205	-
Others	6,973	6,258
	<b>366,966</b>	<b>326,142</b>

**6. STAFF COSTS**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Wages and salaries	7,703	6,736
Social security costs	44	43
Pension costs - defined contribution plans	1,017	873
Other staff related expenses	2,576	1,441
	<b>11,340</b>	<b>9,093</b>

**7. FINANCE COSTS**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expense on:		
Accretion of MFRS 139 instrument	6,872	6,514
Term loan	26,284	26,429
	<u>33,157</u>	<u>32,943</u>

**8. PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging:

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration		
- Audit fees	49	46
- Other services	22	20
	<u>71</u>	<u>66</u>

**9. TAX EXPENSE**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax:		
- Current	82,718	72,390
- Overprovision in prior year	(1,539)	-
	<u>81,179</u>	<u>72,390</u>
Deferred taxation (Note 12):		
- Relating to origination and reversal of temporary differences	(1,967)	(1,867)
- Underprovision in prior year	7	-
	<u>(1,960)</u>	<u>(1,867)</u>
	<u>79,219</u>	<u>70,523</u>

**9. TAX EXPENSE (CONTD.)**

Domestic current income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the period. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	<b>2013</b> <b>RM'000</b>	<b>2012</b> <b>RM'000</b>
Profit before taxation	490,842	928,723
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	122,710	232,181
Expenses not deductible for tax purposes	965	730
Income not subject to tax	(42,924)	(162,388)
Overprovision of taxation in prior year	(1,539)	-
Underprovision of deferred taxation in prior year	7	-
Tax expense for the year	79,219	70,523

**10. INVESTMENT PROPERTY**

	<b>2013</b> <b>RM'000</b>	<b>2012</b> <b>RM'000</b>
At 1 January	4,400,000	3,740,000
Additions	8,304	10,448
Fair value adjustments	171,696	649,552
At 31 December	4,580,000	4,400,000

The investment property is charged as security for a long term loan as disclosed in Note 16. Cumulative borrowing costs included in building cost amounts to RM42,727,602 (2012: RM42,727,602).

The additions in current year were acquired by way of cash of RM2,465,016 (2012: RM10,448,131 ) and accruals of RM5,839,576 (2012: RM Nil).

**10. INVESTMENT PROPERTY (CONTD.)**

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

	<b>2013</b> <b>RM'000</b>	<b>2012</b> <b>RM'000</b>
Rental income and carpark income	346,788	319,884
Direct operating expenses of income generating investment property	<u>(63,509)</u>	<u>(59,516)</u>

**Fair value information**

Fair value of investment property is categorised as follows:

	<b>2013</b>			
	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Retail property	<u>-</u>	<u>-</u>	<u>4,580,000</u>	<u>4,580,000</u>

**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 investment properties 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 for the investment property, either directly or indirectly.

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the investment property.



**10. INVESTMENT PROPERTY (CONTD.)**

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Range	Inter-relationship between significant unobservable inputs and fair value
Investment method (refer below)	Retail: - Market rental rate (RM/psf/month) - Outgoings (RM/psf/month) - Void rate (%) - Term yield (%) - Reversionary yield (%)	4.3 - 361.2  5.05 5 7.25 7.75	The estimated fair value would increase/ (decrease) if: - expected market rental growth were higher/(lower) - expected inflation rate were higher/(lower) - void rates were lower/(higher) - term yield rate was (higher)/lower - reversionary yield were (higher)/lower

Investment Method entails the capitalization of the net return from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

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

	<b>2013</b>
	<b>RM'000</b>
At 1 January 2013	4,400,000
Addition	8,304
Re-measurement recognised in profit or loss	171,696
At 31 December 2013	<u>4,580,000</u>

**Valuation processes applied by the Company for Level 3 fair value**

The fair value of investment property is determined by an independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuer provides the fair value of the Company's investment property portfolio annually. Changes in Level 3 fair value is analysed by the management annually after obtaining valuation report from the independent professional valuer.

**11. PLANT AND EQUIPMENT**

	<b>Furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Building improve- ment RM'000</b>	<b>Reno- vation RM'000</b>	<b>Total RM'000</b>
<b>31 December 2013</b>						
<b>Cost</b>						
As at 1 January 2013	1,743	22,829	5	35,995	1,903	62,475
Additions	260	964	-	21	185	1,430
As at 31 December 2013	2,003	23,793	5	36,016	2,088	63,905
<b>Accumulated depreciation</b>						
As at 1 January 2013	1,062	19,078	5	35,106	1,540	56,791
Charge for the year	227	1,405	-	278	121	2,031
As at 31 December 2013	1,289	20,482	5	35,384	1,661	58,822
<b>Net book value</b>						
As at 31 December 2013	714	3,311	-	632	427	5,083

**12. PLANT AND EQUIPMENT (CONTD.)**

	<b>Furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Building improve- ment RM'000</b>	<b>Reno- vation RM'000</b>	<b>Total RM'000</b>
<b>31 December 2012</b>						
<b>Cost</b>						
As at 1 January						
2012	1,372	21,925	5	35,937	1,615	60,854
Additions	371	904	-	58	288	1,621
As at 31						
December 2012	1,743	22,829	5	35,995	1,903	62,475
<b>Accumulated depreciation</b>						
As at 1 January						
2012	888	17,444	5	34,816	1,445	54,598
Charge for the						
year	174	1,634	-	290	95	2,193
As at 31						
December 2012	1,062	19,078	5	35,106	1,540	56,791
<b>Net book value</b>						
As at 31						
December 2012	681	3,751	-	889	363	5,684

**12. DEFERRED TAXATION**

	<b>2013</b> <b>RM'000</b>	<b>2012</b> <b>RM'000</b>
As at 1 January	3,000	4,867
Recognised in profit or loss (Note 9)	<u>(1,960)</u>	<u>(1,867)</u>
As at 31 December	<u>1,040</u>	<u>3,000</u>

The components and movements of deferred tax liability and asset during the financial year prior to offsetting are as follows:

**Deferred tax assets**

	<b>Other deductible temporary differences RM'000</b>
As at 1 January 2013	(572)
Recognised in profit or loss	<u>(587)</u>
As at 31 December 2013	<u>(1,159)</u>
As at 1 January 2012	(481)
Recognised in profit or loss	<u>(91)</u>
As at 31 December 2012	<u>(572)</u>

**Deferred tax liabilities**

	<b>Shareholders' loan RM'000</b>	<b>Plant and equipment RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
As at 1 January 2013	3,512	60	-	3,572
Recognised in profit or loss	<u>(1,718)</u>	345	-	<u>(1,373)</u>
As at 31 December 2013	<u>1,794</u>	<u>405</u>	<u>-</u>	<u>2,199</u>
As at 1 January 2012	5,141	171	876,686	881,998
Recognised in profit or loss	<u>(1,629)</u>	<u>(111)</u>	<u>(876,686)</u>	<u>(878,426)</u>
As at 31 December 2012	<u>3,512</u>	<u>60</u>	<u>-</u>	<u>3,572</u>

**13. TRADE AND OTHER RECEIVABLES**

	<b>2013</b> <b>RM'000</b>	<b>2012</b> <b>RM'000</b>
<b>Trade receivables</b>	409	-
<b>Other receivables</b>		
Deposits	1,399	1,379
Sundry receivables	57	513
	<u>1,456</u>	<u>1,892</u>
Total trade and other receivables	1,865	1,892
Add: Cash and bank balances (Note 22)	124,785	235,335
Amount due from related companies	20,037	11,274
Total loans and receivables	<u>146,687</u>	<u>248,501</u>

Credit terms of trade and other receivables ranges from payment in advance to 30 days (2012: 30 days).

**14. AMOUNT DUE FROM/(TO) IMMEDIATE HOLDING COMPANY AND RELATED COMPANIES**

Amount due from/(to) related companies are unsecured, interest-free and repayable on demand.

**15. OTHER PAYABLES AND ACCRUALS**

	<b>2013</b> <b>RM'000</b>	<b>2012</b> <b>RM'000</b>
<b>Other payables</b>		
Short term rental deposits	90,330	86,640
Accruals	21,148	9,257
Sundry payables	1,805	2,946
	<u>113,283</u>	<u>98,843</u>
Add: Term loan (Note 16)	375,493	375,493
Shareholders' loan (Note 21)	131,824	124,952
Amount due to immediate holding company	1,447	1,840
Amount due to related companies	4,366	4,430
Total financial liabilities carried at amortised cost	<u>513,130</u>	<u>506,715</u>

Credit terms of other payables granted to the Company is 30 days (2012: 30 days).

**16. TERM LOAN (SECURED)**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term borrowings</b>		
Term loan	<u>375,493</u>	<u>-</u>
<b>Long term borrowings</b>		
Term loan	<u>-</u>	<u>375,493</u>

**Terms and debt repayment schedule as at 31 December 2013**

	<b>Total</b>	<b>Under</b>	<b>1 - 2</b>
	<b>RM'000</b>	<b>1 year</b>	<b>years</b>
		<b>RM'000</b>	<b>RM'000</b>
Term loan	<u>375,493</u>	<u>375,493</u>	<u>-</u>

**Terms and debt repayment schedule as at 31 December 2012**

	<b>Total</b>	<b>Under</b>	<b>1 - 2</b>
	<b>RM'000</b>	<b>1 year</b>	<b>years</b>
		<b>RM'000</b>	<b>RM'000</b>
Term loan	<u>375,493</u>	<u>-</u>	<u>375,493</u>

The long term loan is for a tenure of 18 years commencing from the date of the first draw down, 3 January 1997. The loan is secured by way of a fixed charge over the investment property of the Company as disclosed in Note 10.

Interest rate is fixed at 7.0% per annum effective from 30 March 2007 up to the end of the tenure of the loan and interest payment is payable on a quarterly basis. The entire loan principal amount is to be paid in full on 31 December 2014.

**17. SHARE CAPITAL**

	<b>Number of ordinary</b>		<b>Amount</b>	
	<b>shares of RM1.00 each</b>			
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>'000</b>	<b>'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised:</b>				
At 1 January/31 December	<u>342,000</u>	<u>342,000</u>	<u>342,000</u>	<u>342,000</u>
<b>Issued and fully paid:</b>				
At 1 January/31 December	<u>341,667</u>	<u>341,667</u>	<u>341,667</u>	<u>341,667</u>

**17. SHARE CAPITAL (CONT'D)**

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual assets.

**18. CAPITAL CONTRIBUTION RESERVE**

Capital contribution reserve relates to the fair value adjustments, net of tax, on the shareholders' loan which have been fair valued.

**19. CAPITAL RESERVE**

Capital reserve relates to the fair value adjustments on the investment property which is distributable upon sale of the investment property in accordance with the Company's policy.

**20. RETAINED PROFITS**

As at 31 December 2013, the Company may distribute the balance of the retained profits under the single tier system.

**21. SHAREHOLDERS' LOAN (UNSECURED)**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Holding company	79,095	74,971
Other corporate shareholders	52,729	49,981
	<u>131,824</u>	<u>124,952</u>

The interest free shareholders' loan which was fair valued under MFRS 139 *Financial Instrument: Recognition and Measurement* are unsecured and are fully repayable in 2015. The discount rate assumed by the Company is at 5.5% per annum.

**22. CASH AND CASH EQUIVALENTS**

	<b>2013</b> <b>RM'000</b>	<b>2012</b> <b>RM'000</b>
Deposits with financial institutions	124,624	227,331
Cash and bank balances	161	8,004
	<u>124,785</u>	<u>235,335</u>

The weighted average effective interest rate applicable to the deposits with financial institutions at the reporting date was 3.18% (2012: 3.12%) per annum.

Deposits of the Company has an average maturity of 46 (2012: 41) days.

**23. DIVIDENDS**

	<b>Dividends</b> <b>Recognised in year</b>		<b>Net dividend paid</b> <b>per ordinary share</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM</b>	<b>RM</b>
<b>Recognised during the year:</b>				
An interim dividend of RM0.25, tax exempt under single tier system on 341,666,670 ordinary shares, declared and paid on 17 June 2013.	85,416	-	0.25	-
An interim dividend of RM0.07, tax exempt under single tier system on 341,666,670 ordinary shares, declared and paid on 3 September 2013.	23,917	-	0.07	-
An interim dividend of RM0.16, tax exempt under single tier system on 341,666,670 ordinary shares, declared and paid on 13 November 2013.	54,667	-	0.16	-
An interim dividend of RM0.53, tax exempt under single tier system on 341,666,670 ordinary shares, declared and paid on 23 December 2013.	181,083	-	0.53	-



**23. DIVIDENDS (CONT'D)**

	<b>Dividends Recognised in year</b>		<b>Net dividend paid per ordinary share</b>	
	<b>2013 RM'000</b>	<b>2012 RM'000</b>	<b>2013 RM</b>	<b>2012 RM</b>
An interim dividend of RM0.25, tax exempt under single tier system on 341,666,670 ordinary shares, declared and paid on 15 August 2012.	-	85,416	-	0.25
An interim dividend of RM0.25, tax exempt under single tier system on 341,666,670 ordinary shares, declared and paid on 17 December 2012.	-	85,416	-	0.25
	<u>345,083</u>	<u>170,832</u>	<u>1.01</u>	<u>0.50</u>

**24. SIGNIFICANT RELATED PARTY TRANSACTIONS**

Other than as disclosed elsewhere in the notes to the financial statements, the significant related party transactions are as follows:

	<b>2013 RM'000</b>	<b>2012 RM'000</b>
<b>Federal Government of Malaysia</b>		
Property licenses and taxes	(5,610)	(5,610)
<b>Government of Malaysia's related entities</b>		
Electricity	(5,168)	(5,123)
Water	(1,516)	(1,017)
<b>Related companies</b>		
Common estate and facility	(3,104)	(3,269)
Chilled water cost	(15,097)	(14,457)
Car park income	8,804	9,388
Incentive fee and management fee	<u>4,329</u>	<u>4,122</u>

## 25. CAPITAL COMMITMENTS

Amounts approved but not provided for in respect of investment property and plant and equipment:

	2013 RM'000	2012 RM'000
Approved and contracted for	6,860	13,059
Approved but not contracted for	<u>7,223</u>	<u>2,767</u>

## 26. FINANCIAL INSTRUMENTS

### Financial Risk Management

The Company's goals in risk management are to ensure that the management understand, measure and monitor the various risks that arise in connection with their operations. Policies and guidelines have been developed to identify, analyse, appraise and monitor the dynamic risks facing the Company. Based on this assessment, each business units adopts appropriate measures to mitigate these risks in accordance with the business unit's view of the balance between risks and rewards.

The Company has exposure to credit risk, liquidity risk, and market risk arising from its use of financial instruments in the normal course of the Company's business.

#### (a) Credit Risk

Credit risk is the potential exposure of the Company to losses in the event of non-performance by counterparties. Credit risk arises from its operating activities, primarily for trade receivables and long term receivables. The credit risk arising from the Company's normal operations are controlled by individual operating units within the Group Risk Management Framework and Guidelines.

#### Receivables

The Company minimises credit risk by entering into contracts with high credit rated counterparties and through credit approval, financial limits and on-going monitoring procedures. Counterparties credit evaluation is done systematically using quantitative and qualitative criteria on credit risks specified by individual operating units. Depending on the creditworthiness of the counterparty, the Company may require collateral or other credit enhancements.

The maximum exposure to credit risk for the Company are represented by the carrying amount of each financial asset.

**26. FINANCIAL INSTRUMENTS (CONTD.)****(a) Credit Risk (contd.)****Receivables (contd.)**

A significant portion of these receivables are regular customers who have been transacting with the Company.

The Company uses ageing analysis and credit limit review to monitor the credit quality of the receivables.

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
The ageing of trade receivables as at the reporting date was:		
Not past due	177	-
Past due 1 to 30 days	89	-
Past due 31 to 60 days	25	-
Past due 61 to 90 days	118	-
	<hr/> 409	<hr/> -
Impaired	-	-
	<hr/> 409	<hr/> -

The Company does not typically renegotiate the terms of trade receivables. There were no renegotiated balances outstanding as at 31 December 2013.

The Company have not made any allowance for impairment due to the good credit standing of the debtors. The receivables that are past due but not impaired are unsecured in nature.

**(b) Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises from the requirement to raise funds for the Company's businesses on an ongoing basis as a result of the existing and future commitments which are not funded from internal resources. As part of its overall liquidity management, the Company maintains sufficient levels of cash convertible investments to meet its working capital requirements. As far as possible, the Company raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

**Maturity analysis**

The table below summarises the maturity profile of the Company's financial liabilities as at reporting date based on undiscounted contractual payments:

**26. FINANCIAL INSTRUMENTS (CONTD.)****(b) Liquidity Risk (contd.)****Maturity analysis (contd.)**

	<b>Carrying amount RM'000</b>	<b>Contractual cash flow RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 to 2 years RM'000</b>
<b>31 December 2013</b>				

**Financial Liabilities**

Shareholders				
advances	131,824	139,000	-	139,000
Secured term loan	375,493	401,778	401,778	-
Other payables	113,283	113,283	113,283	-
Amount due to immediate holding company	1,447	1,447	1,447	-
Amount due to related companies	4,366	4,366	4,366	-

	<b>Carrying amount RM'000</b>	<b>Contractual cash flow RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>3 to 5 years RM'000</b>
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**31 December 2012****Financial Liabilities**

Shareholders					
advances	124,952	139,000	-	-	139,000
Secured term loan	375,493	428,063	26,285	401,778	-
Other payables	98,843	98,843	98,843	-	-
Amount due to immediate holding company	1,840	1,840	1,840	-	-
Amount due to related companies	4,430	4,430	4,430	-	-

**26. FINANCIAL INSTRUMENTS (CONTD.)****(c) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk and commodity risk.

Financial instruments affected by market risk include shareholders' loans, borrowings and deposits.

**(i) Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Company has no significant interest-bearing financial assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The interest rate profile of the Company's interest-bearing financial instruments based on carrying amount as at reporting date was:

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
- Deposits with financial institutions	124,624	227,331
<b>Financial liabilities</b>		
- Shareholders' loan	131,824	124,952
- Secured term loan	375,493	375,493
	<u>507,317</u>	<u>500,445</u>

Since most of the Company's financial assets and liabilities are fixed rate instruments measured at amortised cost, a change in interest rate is not expected to have a material impact on the Company's profit and loss.

**(ii) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates predominantly in Malaysia and transacts mainly in Malaysian Ringgit. As such, it is not exposed to any significant foreign currency risk.

**26. FINANCIAL INSTRUMENTS (CONTD.)****(d) Fair Values**

The Company's financial instruments consist of cash and cash equivalents, shareholders' loan, trade and other receivables, borrowings, trade and other payables, amount due to immediate holding company and related companies.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to the relatively short term nature of these financial instruments.

This analysis assumes that all other variables remain constant.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

2013	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial liabilities</b>					
Shareholder's advances	-	134,893 *	-	134,893	131,824
Term loan (Note 16)	-	375,489 *	-	375,489	375,493

\* The fair value is measured based on the valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**27. CAPITAL MANAGEMENT**

The Company define capital as total equity and debt of the Company. The objective of the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its business and maximises shareholder value. The Company's approach in managing capital is set out in the KLCC Group Corporate Financial Policy.

**27. CAPITAL MANAGEMENT (CONTD.)**

The Company monitor and maintain a prudent level of total debts to total assets ratio to optimise shareholder value and to ensure compliance with covenants under debt and shareholders' agreements and regulatory requirements if any.

The debt to equity ratio as at 31 December 2013 and 2012 is as follows:

	<b>2013</b>	<b>2012</b>
Total debt (RM'000)	507,317	500,445
Total equity (RM'000)	<u>4,082,532</u>	<u>4,015,992</u>
Debt to equity ratio	<u>11:89</u>	<u>11:89</u>

**28. NEW AND REVISED PRONOUNCEMENTS YET IN EFFECT**

The following new and revised MFRSs, amendments and IC interpretations (collectively referred to as “pronouncements”) that have been issued by the Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by the Company:

**Effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-financial Assets

**Effective for annual periods beginning on or after 1 January 2015**

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)

The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Company in the period of initial application.

**29. NEW PRONOUNCEMENT(S) NOT APPLICABLE TO THE COMPANY**

The MASB has issued an IC interpretation which are not yet effective, but for which is not relevant to the operations of the Company and hence, no further disclosure is warranted.

**Effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 10	Investment Entities
Amendments to MFRS 12	Investment Entities
Amendments to MFRS 127	Investment Entities
IC Interpretation 21	Levies

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**Independent auditors' report to the members of  
Suria KLCC Sdn Bhd  
(Incorporated in Malaysia)**

**Report on the financial statements**

We have audited the financial statements of Suria KLCC Sdn Bhd, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 40.

*Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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



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**Independent auditors' report to the members of  
Suria KLCC Sdn Bhd (Contd.)  
(Incorporated in Malaysia)**

*Opinion*

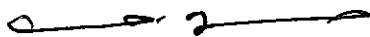
In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
20 January 2014



Ahmad Zahirudin bin Abdul Rahim  
No. 2607/12/14(J)  
Chartered Accountant

**ISSUER**

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**LEGAL COUNSEL TO THE LEAD ARRANGER AND LEAD MANAGER**

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