

Strictly Private & Confidential

SPECIAL CORAL SDN. BHD.
(Company No. 911874-U)

**INFORMATION MEMORANDUM
IN RELATION TO THE**

**Proposed Issuance Programme of up to RM1,100,000,000
(Ringgit Malaysia One Billion One Hundred Million) in Nominal Value
Medium Term Notes (“MTNs”) (“MTN Programme”) pursuant to the
securitisation of the Property**

Principal Adviser / Lead Arranger / Lead Manager



Hong Leong Investment Bank Berhad (43526-P)

23 March 2011

IMPORTANT NOTICE

This Information Memorandum has been approved by the directors of Special Coral Sdn Bhd (“**SCSB**” or “**the Issuer**”) and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their information and belief, there are no false or misleading statements or other material facts the omission of which would make any statement in this Information Memorandum false or misleading and there is no material omission in this Information Memorandum.

Hong Leong Investment Bank Berhad (“**HLIB**”) (“**Lead Arranger**” or “**Principal Adviser**” or “**Lead Manager**”) have been mandated by SCSB to act as Lead Arranger, Principal Adviser and Lead Manager, in connection with the proposed issuance of Medium Term Notes (“**MTNs**”) under a Medium Term Notes Programme of up to RM1,100 million in nominal value (“**MTN Programme**”).

THE ISSUANCE OF THE MTN PROGRAMME HAS BEEN APPROVED BY THE SECURITIES COMMISSION VIDE ITS LETTER TO HLIB DATED 7 MARCH 2011. THE APPROVAL OF THE SECURITIES COMMISSION SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION RECOMMENDS THE MTN PROGRAMME.

A COPY OF THIS INFORMATION MEMORANDUM WILL BE DEPOSITED WITH THE SECURITIES COMMISSION WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

THE SECURITIES COMMISSION SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE ISSUER AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THE INFORMATION MEMORANDUM. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, REFER TO SECTION 10.0 ON “INVESTMENT CONSIDERATIONS”.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR OWN FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE MTNS TO BE ISSUED UNDER THE MTN PROGRAMME.

THE ORIGINATORS DO NOT IN ANY WAY STAND BEHIND THE MTNS NOR GUARANTEE THE REPAYMENT OF THE MTNS.

Purpose

The Issuer has issued this Information Memorandum, which is being provided on a confidential basis to potential investors, who fall within one or more of the categories of persons or in the circumstances falling within the categories set out in Section 4(6) of the Companies Act, 1965 (as amended) and Schedules 6, 7 and 9 of the Capital Markets and Services Act 2007 (as amended from time to time), where applicable and are subject to certain restrictions on resale as described under the 'Selling Restriction' clause as referred to in this Information Memorandum, for the sole purpose of assisting the said potential investors to decide whether to subscribe or purchase the MTNs under the MTN Programme. 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.

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No person is authorised to give any information or data or to make any representation not contained in this Information Memorandum and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by or on behalf of the Issuer, the Lead Arranger, Lead Manager or any other person. The delivery of this Information Memorandum at any time does not imply that the information contained in this Information Memorandum is correct at any time subsequent to its date.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction outside Malaysia ("**Foreign Jurisdiction**"), 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 offer of, or an invitation to subscribe for or purchase the MTNs, 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 Foreign Jurisdictions may be restricted or prohibited by law. Each recipient is required by the Issuer and the Lead Arranger and Lead Manager to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the Lead Arranger and Lead Manager accept any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any Foreign Jurisdiction.

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, purchase or in any other way to receive the MTNs under all jurisdictions to which the recipient is subject, (c) the recipient will comply with all the applicable laws in connection with such subscription, purchase or acceptance of

the MTNs, (d) the Issuer, the Lead Arranger, Lead Manager and all other parties involved in the preparation of this Information Memorandum 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, purchase or acceptance of the MTNs and they shall not have any responsibility or liability in the event that such subscription or acceptance of the MTNs are or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the MTNs is non-transferrable and non-tradable, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the MTNs and is able and prepared to bear the economic and financial risks of investing in or holding the MTNs and (g) it is subscribing or accepting the MTNs for its own account, and (h) it falls within one or more of the categories of persons specified under Section 4(6) of the Companies Act, 1965 (as amended). Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject to.

This Information Memorandum is not, and should not be construed as, a recommendation by the Issuer, the Lead Arranger, the Lead Manager or any other party to participate in the MTN Programme. Further, neither the Issuer or the Lead Arranger nor any of their respective employees or agents makes or gives or purports to make or give any representation or warranty, expressed or implied, as to the merits of the MTN Programme, or the purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or any other person mentioned in this Information Memorandum. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the MTN Programme and all other relevant matters, including but not limited to the information and data set out in this Information Memorandum, and each recipient should consult its own professional advisers.

This Information Memorandum includes certain historical information, estimates or reports thereon derived from sources prepared by the Issuer, the Originator and other publicly available information with respect to the Malaysian economy and certain other matters. Such information, estimates, and projections or reports have been included solely for illustrative purposes. No representation or warranty is made by the Issuer or its advisers as to the accuracy or completeness of any information, estimate and projection or report thereon derived from such and other third party sources and nothing contained herein shall be relied upon as a promise or representation by the Issuer or its advisers as to the past or the future.

All statements contained in this Information Memorandum that are not statements of historical facts constitute 'forward looking statements'. These statements include, among other things, discussion of the Issuer and business strategy and expectation concerning its position in the Malaysian economy, future operations, profitability, liquidity, capital resources, financial position and settlement of indebtedness. All these statements are based on estimates and assumptions made by the Issuer that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer to be materially different from that expected or indicated by such statements and estimates, and no assurance is 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 is not a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved.

All discrepancies in the tables included in this Information Memorandum between the amounts stated therein and totals thereof are due to rounding, and certain numbers appearing in this Information Memorandum are shown after rounding.

The issue, offer or invitation in relation to the MTNs in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including but not limited to the approval from the Securities Commission, which was obtained via its letter dated 7 March 2011 and each recipient of this Information Memorandum acknowledges and agrees that the approval of the Securities Commission shall not be taken to indicate that the Securities Commission recommends the subscription or purchase of the MTNs.

This Information Memorandum is not a prospectus and is not intended to be a prospectus. However, a copy of the this Information Memorandum will be lodged and deposited with the Securities Commission, pursuant to Sections 229 and 230 of the Capital Markets and Services Act 2007.

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

The investors should rely on their own evaluation to assess the merits and risks of investment. It is recommended that prospective investors consult their own financial, legal and other advisers before purchasing or acquiring or subscribing for the securities to be issued under the proposed MTNs issue.

Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

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TABLE OF CONTENTS

ABBREVIATION & DEFINITIONS	10
1. INTRODUCTION	14
1.1. Overview	14
1.2. Background information of the Issuer.....	14
1.3. Background information of the Originator	14
2. DESCRIPTION OF THE STRUCTURE.....	16
2.1. The Transaction Structure.....	16
2.2. Description of the funding structure.....	16
2.3. Utilisation of Proceeds	18
2.4. Designated Accounts.....	20
2.5. Security	23
2.6. Call Options	24
2.7. Ratings.....	26
2.8. Sources of Repayment.....	26
2.9. Regulatory Approval Required.....	26
3. PRINCIPAL TERMS AND CONDITIONS OF THE MTN PROGRAMME	28
4. Information on the Property	56
4.1. Background of Property	56
4.2. Description of the Property	56
4.3. Building.....	57
4.4. Location and accessibilities	58
4.5. Neighbourhood and Surrounding	58
4.6. Competitors.....	60
4.7. Description of the Tenancy Agreement	61
4.8. Description of the Property's Cashflow	62
4.9. Historical Performance of the Property.....	63
4.10. Valuation of the Property	63
5. THE ISSUER	66
5.1. Company Background.....	66
5.2. Share Capital & Shareholding Structure	66
5.3. Board of Directors	66
5.4. Bank Borrowings.....	66

5.5.	Material Commitments and Contingencies.....	67
5.6.	Material Contracts	67
5.7.	Material Litigations	67
6.	THE ORIGINATORS	68
6.1.	Company Background.....	68
7.	The Senior MTNs Call Option Holder and the Property Call Option Holder.....	69
7.1.	Company Background.....	69
7.2.	Share Capital & Shareholding Structure	69
7.3.	Board of Directors	70
7.4.	Historical Financial Highlights.....	70
8.	The Servicer	71
8.1.	Company Background.....	71
8.2.	Share Capital & Shareholding Structure as at 28 February 2011	71
8.3.	Board of Directors as at 28 February 2011	71
8.4.	Highlight of Servicer's Role and Responsibilities	71
8.5.	Servicer Fees.....	72
9.	Corporate Profile of Other Contracting Parties.....	73
9.1.	Trustee and the Security Trustee	73
9.2.	Share Trustee	73
9.3.	Administrator.....	73
10.	Investment Considerations	75
10.1.	Considerations relating to the MTNs	75
10.2.	Considerations relating to Real Property Asset	81
10.3.	Considerations relating to the Revenue of the Property.....	81
10.4.	Considerations relating to the Retail Industry	81
10.5.	Forward Looking Statement	82
10.6.	Change of law	82
11.	OVERVIEW OF THE MALAYSIAN ECONOMY & THE PROPERTY MARKET	83
11.1.	Economic & Financial Developments in Malaysia in the Fourth Quarter of 2010.....	83
11.2.	Overview of the Property Market.....	86
12.	DESCRIPTION OF DOCUMENTATION	90
13.	TAX CONSIDERATIONS AND REGULATIONS	95
13.1	Income Tax/Withholding Tax.....	95
13.2	Real Property Gains Tax and Stamp Duty.....	95

13.3	Tax Status of the Issuer.....	96
14.	CONFLICTS OF INTEREST	97
15.	THE TRANSFER OF THE PROPERTY TO SCSB	98
15.1.	Waiver from Paragraph 4.01(3) of the ABS Guidelines (‘Waiver’).....	98
15.2.	Summary of Legal Opinion on Transfer of the Property to SCSB.....	98

LIST OF APPENDICES

APPENDIX I Valuation certificate from the valuer PPC International Sdn Bhd

APPENDIX II Rating Letter by Malaysian Rating Corporation Berhad dated 18 March 2011

ABBREVIATION & DEFINITIONS

ABS Guidelines	The Guidelines on the Offering of Asset-Backed Securities of the SC, as amended or substituted from time to time;
Act	Companies Act, 1965 (as amended from time to time);
Administrator	EQ Corporate Services (Malaysia) Sdn. Bhd (Company No. 463543-D);
Asset Enhancement Plans	a series of renovation works in stages to improve the tenant mix and retail offerings of the Property;
BNM	Bank Negara Malaysia;
Call Option	The call options granted by the Issuer to the Call Option Party as described under Section 2.4 of this Information Memorandum;
Call Option Party	CMA or its assignee or their respective nominee;
CMA	CapitaMalls Asia Limited (Company No. 200413169H);
CRM	CapitaLand Retail Malaysia Sdn. Bhd (Company No. 842006-U);
DSRA	Debt Service Reserve Account;
Event of Default	Any of the events as set out in Section 3(u) of this Information Memorandum;
Issue Date	The date of first issuance of the Notes;
Issue Documents	Collectively the Trust Deed, the Depository and Paying Agency Agreement, the Programme Agreement, the Agency Agreement, the Senior MTNs Call Option Agreement, the Servicing Agreement, the Administration Agreement, the Property Call Option Agreement, the Security Documents as set out in Section 12 of this Information Memorandum and references to “Issue Document” means any one of them and includes any amendments, variations and/or supplementals made or entered from time to time in respect of any such document and any other documents thereafter agreed by the Issuer and the Trustee in connection with the MTNs to be added to this definition;
Issuer	Special Coral Sdn. Bhd. (Company No. 911874-U) (“ SCSB ”);
Lead Arranger	Hong Leong Investment Bank Berhad (Company No. 43526-P) (“ HLIB ”);
Letter of Undertaking	The letter of undertaking by CMA as set out in Section 2.4 of this Information Memorandum;

MTNs	Medium Term Notes;
MTN Programme	Proposed issuance of up to RM1,100,000,000 nominal value asset-backed MTNs under a medium term notes programme;
MTNs Holders	Collectively, the Senior Class MTNs holders and the Subordinated Class MTNs holders;
NLA	Net Lettable Area;
Notes	Collectively, the Senior Class MTNs and Subordinated Class MTNs;
Originators	C P Mall Sdn. Bhd. (Company No. 683630-T), C P Park Sdn. Bhd. (Company No. 548456-W), Casapark Sdn. Bhd. (Company No. 624294-D), Cool Meadow Sdn. Bhd. (Company No. 746859-U), Dominion Power Sdn. Bhd. (Company No. 736122-K), Genetis Sdn. Bhd. (Company No. 777370-V) and Techdom Sdn. Bhd. (Company No. 728851-D) and references to “Originator” means any one of them;
Property	Such individual units/ strata parcels, accessory parcels area and car parks and all on-site fixtures and fittings, plant and machinery (if any), equipment (if any) movable chattels and autopay stations (if any) located within the shopping mall known as “Queensbay Mall” and bearing the postal address of 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang with amenities and facilities complementing the same (“ Building ”) located on land held under Geran No Hakmilik 97433 Lot 15736, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang (“ Land ”) and more particularly set out in the Sale and Purchase Agreements;
Property Call Option	The option granted by the Issuer in favour of the Call Option Party set out in Section 2.6 and Section 3(w)(vii) of this Information Memorandum under the heading “Property Call Option”;
Rating Agency	Malaysian Rating Corporation Berhad (Company No. 364803-V) (“ MARC ”);
Reinstatement Event	Any of the events set out in Section 3(w)(ix) of this Information Memorandum;
REIT	Real Estate Investment Trust;
RM and Sen	Ringgit Malaysia and sen respectively;
Sale and Purchase Agreements or SPAs	The purchase of the Property by the Issuer is contemplated under the sale and purchase agreements entered into by the Issuer with the Originators, all dated 22 December 2010. The aggregate purchase consideration of the Property is RM650,000,000-00;
Servicer	CRM;

Secured Amount	All amounts which may become due and payable by the Issuer under the MTNs or otherwise outstanding under any of the Issue Documents;
Security Documents	Collectively the Debenture, the Transaction Documents Assignment, the Strata Titles Charge, the Power of Attorney, the Designated Accounts Charge, the Tenancies/Contracts Assignment, the Assignment of Insurance Policies as set out in Section 12 of this Information Memorandum and such other security documents executed from time to time to secure repayment and payment of the all amounts due and payable by the Issuer under the MTNs or otherwise outstanding under any of the Issue Documents or any part thereof, and references to “Security Document” include references to any one or more of them;
Security Trustee	Malaysian Trustees Berhad (Company No. 21666-V);
Senior Class MTNs/Senior Notes	Collectively the Senior Class A MTNs, Senior Class B MTNs, Senior Class C MTNs, Senior Class D MTNs, Senior Class E MTNs and Senior Class F MTNs;
Senior MTNs Call Option	The option granted by the Issuer in favour of the Call Option Party set out in Section 2.6 and Section 3(w)(vii) of this Information Memorandum under the heading “Senior MTNs Call Option”;
Senior Note Holders	The holders of the Senior Class MTNs;
SGD	Singapore Dollar;
Sq. ft	Square feet;
Sq. m	Square metre;
Share Trustee	Equity Trust (Malaysia) Berhad (Company No. 610812-W);
SC	Securities Commission;
Solicitors	Messrs. Zul Rafique & partners;
SSTS	Scripless Securities Trading System;
State Authority	As defined in the National Land Code, 1965
Strata Titles Charge	The charge over the strata titles in relation to the Property to be executed by the Issuer in favour of the Security Trustee to hold for the benefit of the Noteholders as set out in Section 12 of this Information Memorandum;

Transaction Documents	Collectively the documents set out in Section 12 of this Information Memorandum and all other agreements, supplemental letters and documents delivered in connection with the transactions contemplated thereby and where the context requires, any of such documents;
Trigger Event	Any of the events set out in Section 3(w)(v) of this Information Memorandum;
Trust Deed	The trust deed to be entered into between the Issuer and the Trustee in relation to the MTN Programme;
Trustee	Malaysian Trustees Berhad (21666-V);
Valuer	PPC International Sdn. Bhd (Company no. 405011-U).

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1. INTRODUCTION

1.1. Overview

SCSB has appointed Hong Leong Investment Bank Berhad as Principal Adviser and Lead Arranger in respect of the MTN Programme pursuant to the securitisation of the Property.

The transaction will involve the disposal by the Originators to the Issuer of the Property for an aggregate cash consideration of RM650.0 million. To, inter-alia, fund the purchase of the Property, SCSB shall issue up to RM1,100.0 million in nominal value of Notes under the MTN Programme.

1.2. Background information of the Issuer

SCSB is a special purpose vehicle incorporated under the Companies Act 1965 on 16 August 2010 for the sole purpose of undertaking the securitisation of the Property. As at 28 February 2011, its registered office is located at Unit A-22-15, Level 22, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

1.3. Background information of the Originator

There are seven (7) originators in the transaction which comprise the following companies as at 28 February 2011: -

C P Mall Sdn. Bhd. (“CPM”) incorporated in Malaysia on 8 March 2005 and is principally involved in property investment and investment holding. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Authorised capital at RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 each and paid-up capital at RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 each.

C P Park Sdn. Bhd. (“CPP”) incorporated in Malaysia on 23 May 2001 and is principally involved in property investment and property letting. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Authorised capital at RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each and paid-up capital at RM1,000.00 divided into 1,000 ordinary shares of RM1.00 each.

Casapark Sdn. Bhd. (“CSP”) incorporated in Malaysia on 7 August 2003 and is principally involved in property investment and investment holding. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Authorised capital at RM500,000.00 divided into 500,000 ordinary shares of RM1.00 each and paid-up capital at RM150,000.00 divided into 150,000 ordinary shares of RM1.00 each.

Cool Meadow Sdn. Bhd. (“CM”) incorporated in Malaysia on 11 September 2006 and is principally involved in property investment. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Authorised capital at RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each and paid-up capital at RM2.00 divided into 2 ordinary shares of RM1.00 each.

Dominion Power Sdn. Bhd. (“DP”) incorporated in Malaysia on 1 June 2006 and is principally involved in property investment. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Authorised capital at RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 each and paid-up capital at RM675,000.00 divided into 675,000 ordinary shares of RM1.00 each.

Genetis Sdn. Bhd. (“GTS”) incorporated in Malaysia on 15 June 2007 and is principally involved in property investment. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Authorised capital at RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each and paid-up capital at RM2.00 divided into 2 ordinary shares of RM1.00 each.

Techdom Sdn. Bhd. (“THD”) incorporated in Malaysia on 3 April 2006 and is principally involved in property investment. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Authorised capital at RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each and paid-up capital at RM2.00 divided into 2 ordinary shares of RM1.00 each.

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2. DESCRIPTION OF THE STRUCTURE

2.1. The Transaction Structure

The transaction will involve the disposal by the Originators to the Issuer of the “Property”.

The aggregate purchase consideration of the Property is RM650,000,000-00.

After the completion of acquisition of the Property by the Issuer, the Issuer may implement the Asset Enhancement Plans.

2.2. Description of the funding structure

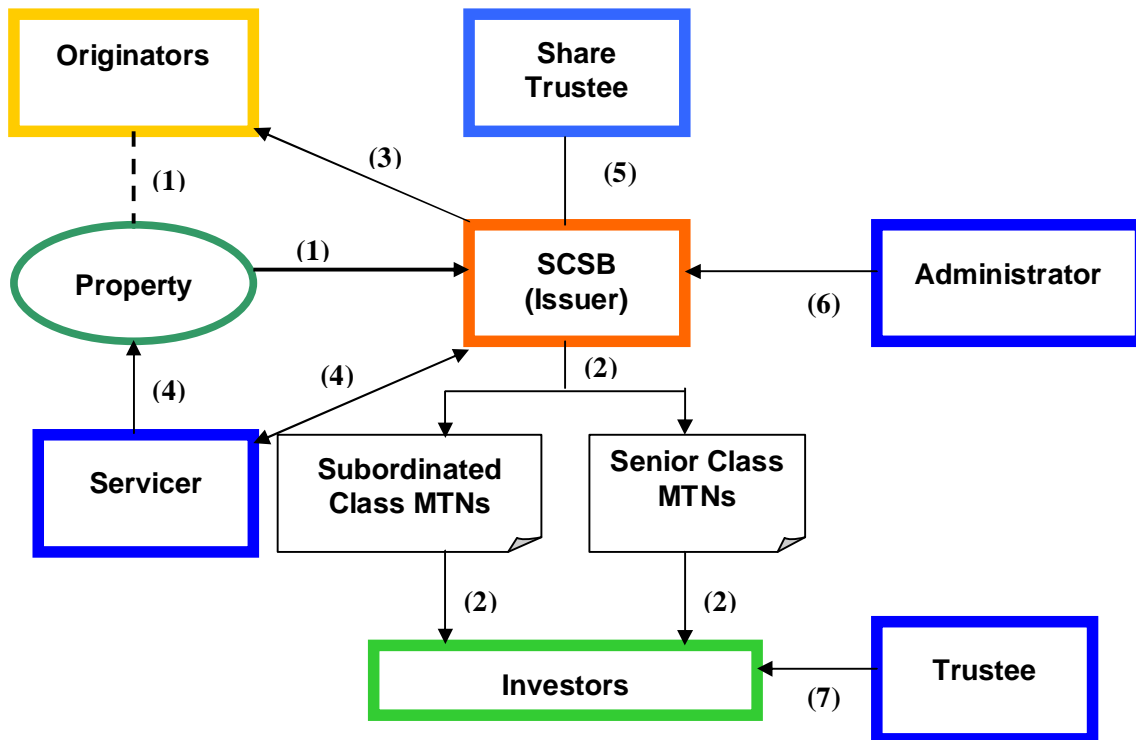
To, inter-alia, fund the purchase of the Property and the Asset Enhancement Plans, the Issuer proposes to issue up to RM1,100,000,000 in nominal value of MTNs under the MTN Programme comprising the following classes of MTNs:

	Nominal value (Up to RM million)	%
<u>Senior Class MTNs:</u>		
Class A MTNs	160	14.54
Class B MTNs	40	3.64
Class C MTNs	35	3.18
Class D MTNs	25	2.27
Class E MTNs	10	0.91
Class F MTNs	30	2.73
(collectively “Senior Class MTNs”)	300	27.27
<u>Subordinated MTNs</u>	800	72.73
TOTAL	1,100	100.0

The MTN Programme shall have a maturity of 20 years from the date of the first issuance. The MTNs constitute direct, unconditional, unsubordinated and secured obligations of the Issuer, and within each Class of MTNs, rank pari passu without discrimination, preference or priority amongst themselves and for all Classes of MTNs, in priority to all present and future unsecured obligations of the Issuer from time to time (subject to those preferred by law). As between the Classes, the MTNs are ranked in the following descending order of priority:

- i) Senior Class A MTNs;
- ii) Senior Class B MTNs;
- iii) Senior Class C MTNs
- iv) Senior Class D MTNs;
- v) Senior Class E MTNs;
- vi) Senior Class F MTNs;
- vii) Subordinated Class MTNs.

A diagrammatic description of the structure of the securitisation transaction is illustrated in the following page.



Notes

- (1) True sale of the Property from the Originators to the Issuer;
- (2) The Issuer issues Senior Class MTNs and Subordinated Class MTNs to investors;
- (3) Proceeds from the first issuance will be utilised to, inter-alia, settle the purchase consideration of the Property;
- (4) Servicer to be appointed to manage the Property in accordance to the servicing agreement to be entered into between the Issuer and the Servicer;
- (5) The Share Trustee holds the shares of the Issuer under a discretionary trust for the benefit of certain charitable organizations;
- (6) The Administrator provides company secretarial services to and administers the statutory duties of the Issuer;
- (7) The Trustee acts as the trustee for the Investors and holds the benefit of the security documents and all amounts received by it from the Issuer in trust for each and every Investor.

The coupon payments of the MTNs will be met from the Property's operating cashflow. The primary source for the redemption of the MTNs is by way of the disposal of the Property.

2.3. Utilisation of Proceeds

The Issuer

The proceeds raised from the MTN Programme shall be utilised by the Issuer as follows:

First Issuance	Amount (Up to RM million)
i. To settle the purchase consideration for the purchase of the Property (including reimbursement for the deposit paid and accrued interest arising thereof (if any)).	650.0 ^(a)
ii. To meet all expenses in relation to the MTN Programme pursuant to the securitisation of the Property (including reimbursement of expenses paid) and the Property including without limitation to meet all expenses in relation to the acquisition of the Property and transfer of Strata Titles, payments of deposits to the relevant authorities, any apportionment of outgoing payments in accordance with the relevant SPAs and any expenses in relation to the MTN Programme.	2.2 ^(b)
iii. First Contribution to the DSRA and the Operating Account.	To be determined ^(c)
Subsequent Issuance	
iv. To finance any capital expenditure ^(d) on the Property and/or for working capital purposes including payment to the DSRA for compliance of the Minimum Balance stipulated under the DSRA.	To be determined
v. To refinance any MTNs on its respective Expected Maturity.	To be determined
TOTAL	1,100.0

Notes

a) This amount may exceed RM650 million in the event the accrued interest becomes payable in accordance with the terms of the relevant SPAs.

b) The figure is merely an estimation and the exact figure may be different. Any unutilized limit in (ii) shall be added to (iv).

c) The amount to be determined is subject to the classes of MTNs that are to be issued and the coupon rates of the MTNs.

d) Refers to the Asset Enhancement Plans where upon the acquisition of the Property by the Issuer, a series of renovation works may be implemented to enhance the returns of the Property.

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The Originators

The Originators will utilise the purchase consideration for the sale of the Property received from the Issuer for the following:-

	Amount (RM million) Up to
i. Repayment of inter-company advances, debts to creditors, related companies and bank borrowings, and advances to related companies.	262.2
ii. Working capital requirement and investment if any.	387.8
TOTAL	650.0

Note: The amount stated above are based on estimate figures as at 30 November 2010

SCHEDULE OF UTILISATION OF THE ISSUE PROCEEDS

The proceeds from the MTN Programme shall be utilised by the Issuer as follows:

First Issuance	Amount (Up to RM million)	Period of Utilisation
i. To settle the purchase consideration for the purchase of the Property (including reimbursement for the deposit paid and accrued interest arising thereof (if any)).	650.0	Within 6 months from date of SC's approval
ii. To meet all expenses in relation to the MTN Programme pursuant to the securitisation of the Property (including reimbursement of expenses paid) and the Property including without limitation to meet all expenses in relation to the acquisition of the Property and transfer of Strata Titles, payments of deposits to the relevant authorities, any apportionment of outgoing payments in accordance with the relevant SPAs and any expenses in relation to the MTN Programme.	2.2	
iii. First Contribution to the DSRA and the Operating Account.	To be determined	
Subsequent Issuance		
iv. To finance any capital expenditure on the Property and/or for working capital purposes including payment to the DSRA for compliance of the Minimum Balance stipulated under the DSRA.	To be determined	On going as and when required
v. To refinance any MTNs on its respective Expected Maturity.	To be determined	
TOTAL	1,100.0	

2.4. Designated Accounts

The Issuer is required to open the Designated Accounts, which shall include the **Revenue Account**, **Operating Account** and the **Debt Service Reserve Account**.

A) Revenue Account

The Revenue Account shall be operated solely by the Trustee.

The following shall be deposited into the Revenue Account:

1. proceeds from the issuance of the MTNs, save and except for the following all of which may be paid directly to the relevant payees:
 - (i) proceeds to be utilised for purposes pursuant to the first issuance as set out in the paragraph with heading “First Issuance of the MTNs” below;
 - (ii) the proceeds for refinancing of any outstanding MTNs.
2. All amounts received from tenant(s) of the Property;
3. All deposits received from tenant(s) of the Property (“**Deposits**”);
4. Proceeds from the sale of the Property pursuant to the exercise of the Power of Attorney or the exercise of the Property Call Option;
5. All insurance proceeds;
6. All other amounts derived from the Property or any part thereof including any service charges;
7. All proceeds from Permitted Investment, including earnings therefrom;
8. Funds from the Debt Service Reserve Account and the Operating Account upon occurrence of a Trigger Event or an Event of Default; and
9. Any other monies received and/or paid to the Issuer from time to time.

First Issuance of the MTNs:

Proceeds from the first issuance of the MTNs shall be utilised for the following purposes:

1. To settle the purchase consideration for the purchase of the Property (including reimbursement for the deposit paid and accrued interest arising thereof (if any));
2. To meet all expenses in relation to the MTN Programme pursuant to the securitisation of the Property (including reimbursement of expenses paid) and the Property including without limitation to meet all expenses in relation to the acquisition of the Property and transfer of Strata Titles, payments of deposits to the relevant authorities, any apportionment of outgoing payments in accordance with the terms of the relevant sale and purchase agreements with the Originators and any expenses in relation to the MTN Programme;
3. Contribution to the Debt Service Reserve Account;
4. First contribution to the Operating Account in accordance to the Budget Report (being an annual budget report setting out the estimated operating and capital expenditure accruing to the Property and a revised operating budget report during the period as may be deemed necessary by the Servicer).

Post first issuance of the MTNs, funds in the Revenue Account shall be applied in the order of priority as follows:

(A) With no occurrence of Trigger Events or Events of Default:

- a) Pay/set aside taxes due;
- b) Contribution to the Debt Service Reserve Account;
- c) To reimburse any refund of Deposits made by the Servicer under the Operating Account;
- d) Contributions to Operating Account pursuant to the Operating Account clause;
- e) Fees and expenses payable by the Issuer (other than fees and expenses set out in the Operating Account) including fees, costs charges, expenses and liabilities incurred by, and all other amounts then due to the Trustee, the Facility Agent, the Rating Agency, the Administrator, the Servicer, the Solicitors and expenses of the Issuer and tax agents and audit fees of the Issuer and fees and expenses to effect the transfer and charge of the strata titles in relation to the Property;
- f) To meet principal payments due under the Senior Class A MTNs;
- g) To meet principal payments due under the Senior Class B MTNs;
- h) To meet principal payments due under the Senior Class C MTNs;
- i) To meet principal payments due under the Senior Class D MTNs;
- j) To meet principal payments due under the Senior Class E MTNs;
- k) To meet principal payments due under the Senior Class F MTNs;
- l) Reimbursement to CapitaMalls Asia Limited for the topping-up of the DSRA Requirement (as defined in Section 3(w)(iii)(C) "Debt Service Reserve Account");
- m) To meet coupon payments due on the Subordinated Class MTNs;
- n) To pay dividend on the redeemable preference shares ("**RPS**") (if any) in accordance with the terms of the RPS (if any);
- o) To be invested in Permitted Investment;
- p) Upon expiry or termination of the MTN Programme and full redemption of all Senior Class MTNs:
 - i) To meet principal payments due under the Subordinated Class MTNs;
 - ii) To pay/set aside all fees, costs and expenses incurred or to be incurred in connection with or incidental to the winding up of the Issuer;
 - iii) To redeem all outstanding RPS (if any); and
 - iv) To pay bonus fee to the Servicer.

(B) With occurrence of Trigger Events upon the exercise of the Power of Attorney by the Security Trustee:

- a) Pay/set aside taxes due;
- b) To reimburse any refund of Deposits made by the Servicer under the Operating Account;
- c) Contributions to Operating Account pursuant to the Operating Account clause;
- d) Fees and expenses of the Issuer (other than fees and expenses set out in the Operating Account) including fees, costs charges, expenses and liabilities incurred by, and all other amounts then due to the Trustee, the Facility Agent, the Rating Agency, the Administrator, the Servicer, Solicitors and expenses of the Issuer and tax agents and audit fees of the Issuer and fees and expenses to effect the transfer and charge of the strata titles in relation to the Property;
- e) To meet the coupon payments due under the Senior Class A MTNs;
- f) To meet the principal payments due under the Senior Class A MTNs;
- g) To meet the coupon payments due under the Senior Class B MTNs;
- h) To meet the principal payments due under the Senior Class B MTNs;
- i) To meet the coupon payments due under the Senior Class C MTNs;

- j) To meet the principal payments due under the Senior Class C MTNs;
- k) To meet the coupon payments due under the Senior Class D MTNs;
- l) To meet the principal payments due under the Senior Class D MTNs;
- m) To meet the coupon payments due under the Senior Class E MTNs;
- n) To meet the principal payments due under the Senior Class E MTNs;
- o) To meet the coupon payments due under the Senior Class F MTNs;
- p) To meet the principal payments due under the Senior Class F MTNs;
- q) Reimbursement to CapitaMalls Asia Limited for the topping-up of the DSRA Requirement (as defined in Section 3(w)(iii)(C) “Debt Service Reserve Account”);
- r) To meet coupon and principal payments due under the Subordinated Class MTNs;
- s) To pay/set aside all fees, costs and expenses incurred or to be incurred in connection with or incidental to the winding up of the Issuer;
- t) To pay dividends on the RPS (if any);
- u) To redeem all the outstanding RPS (if any); and
- v) To pay bonus fee to the Servicer.

Upon Occurrence of an Event of Default

Subject to clause “Consequences of Event of Default”, funds in this account (save for the Deposits) will be applied to meet the expenditures in the order of priority set out under Section 3(w)(vi) “Consequences of Event of Default”.

B) Operating Account

The Operating Account shall be operated solely by the Servicer on behalf of the Issuer. However, upon the occurrence of a Trigger Event or an Event of Default, the Operating Account shall be solely operated by the Trustee.

Funds in this account are to be applied to meet all operating, management, repairs, service/maintenance and capital expenses (capital expenditure and asset enhancement works) on the Property including insurance premiums and maintenance charges and sinking fund payable by the Issuer pursuant to any applicable laws or by-laws.

The Operating Account will be funded by contributions from the Revenue Account as per the Budget Reports (and the revised Budget Reports during the period as necessary) to be approved by the Trustee.

The Budget Reports (and the revised Budget Reports) shall be deemed approved by the Trustee if it is prepared and recommended by the Servicer and approved by the Board of Directors of the Issuer.

Any expenditure in excess of the total amount in the annual operating budget report shall also be deemed approved by the Trustee subject to the following:

- i) Such operating expenditures which do not exceed such percentage to be agreed upon of the total amount approved under the Budget Report; or
- ii) Emergency in nature as evidenced by supporting reports and documents satisfactory to the Trustee; or
- iii) Such capital expenditure in relation to the Asset Enhancement Plans which shall be financed by the proceeds from the issuance of the Subordinated Class MTNs; or
- iv) Refund of any Deposits for any occupation agreement(s).

The Servicer shall be permitted to change the allocation of the expenses within the approved Budget Report from time to time as it deems necessary without affecting the performance of the Property.

Upon the occurrence of a Trigger Event or an Event of Default, funds in the Operating Account will be transferred to the Revenue Account and be applied to meet the expenditures pursuant to the Revenue Account clause above.

C) Debt Service Reserve Account

The DSRA shall be operated solely by the Trustee to capture the next coupon payments for all the outstanding Senior Class MTNs (“**DSRA Requirement**”).

Funds to be deposited in the DSRA shall be built-up equally over a period commencing one (1) month from the date of issuance of the respective Senior Class MTNs or one (1) month from the Senior Class MTNs coupon payment date (as the case may be) till the date which is one (1) month prior to the next coupon payment due date of the Senior Class MTNs. The DSRA Requirement is defined as the Senior Class MTNs coupon payment amount required to be deposited in the DSRA one (1) month prior to the next coupon payment due date of the Senior Class MTNs.

Funds in the DSRA may be utilised to meet coupon payment due under the Senior Class MTNs in the following priority:

- i) To meet coupon payments due on the Senior Class A MTNs;
- ii) To meet coupon payments due on the Senior Class B MTNs;
- iii) To meet coupon payments due on the Senior Class C MTNs;
- iv) To meet coupon payments due on the Senior Class D MTNs;
- v) To meet coupon payments due on the Senior Class E MTNs;
- vi) To meet coupon payments due on the Senior Class F MTNs;

Any shortfall in the DSRA Requirement must be topped-up within seven (7) days, failing which a Trigger Event shall be deemed to have occurred.

CapitaMalls Asia Limited shall be granting an irrevocable and unconditional letter of undertaking in favour of the Issuer to top-up any shortfall in the DSRA Requirement as and when required prior to the occurrence of a Trigger Event. The said undertaking to top-up the shortfall in the DSRA shall cease upon completion of the exercise of the Senior MTNs Call Option.

Funds standing to the credit of the DSRA may be invested in Permitted Investment, provided such funds utilised for Permitted Investment shall be remitted to the DSRA in a timely manner before any payment obligations of the Issuer under the DSRA becomes due and payable.

2.5. Security

Both the Senior Class MTNs and Subordinated Class MTNs are intended to be secured by the following securities, with the Senior Class A MTNs ranking first, then followed by the Senior Class B MTNs, Senior Class C MTNs, Senior Class D MTNs, Senior Class E MTNs, Senior Class F MTNs and lastly the Subordinated Class MTNs:

- 1) Prior to the issuance of all the strata titles to the Property (“Strata Titles”) and the creation of the first legal charge over all the Strata Titles, a legal assignment of the Issuer’s rights under the sale and purchase agreements in relation to the Property;

- 2) Post issuance of all the Strata Titles, the Strata Titles Charge;
- 3) Debenture over all assets of the Issuer;
- 4) Charge/Assignment over the Designated Accounts;
- 5) Assignment over the Issuer's present and future rights, title, interest and benefits in and under the tenancy agreements and contracts and all warranties and guarantees pertaining to the Property, wherever possible and applicable ("Contracts Assignment");
- 6) Assignment over the proceeds from all the relevant insurances required to be taken up by the Issuer for the Property ("Insurance Assignment");
- 7) Irrevocable Power of Attorney in respect of the Property executed in favour of the Security Trustee to grant full authority to the Security Trustee to (a) dispose the Property upon the occurrence of a Trigger Event in accordance with clause section 3(w)(viii); (b) to dispose the Property pursuant to the exercise of the Property Call Option; (c) to perfect the Strata Titles Charge upon issuance of the Strata Titles in the event the Issuer fails to do so; ("Power of Attorney");
- 8) Assignment of the Issuer's rights under the Property Call Option;
- 9) Assignment of the Issuer's rights under the Servicing Agreement; and
- 10) Any other securities deemed appropriate.

2.6. Call Options

Call Option for the MTN Programme

The MTN Programme is structured with the following:

- a) A call option over outstanding Senior Class MTNs ("Senior MTNs Call Option") granted by the Trustee in favour of CapitaMalls Asia Limited or its nominee (hereinafter defined as the "Call Option Party"); and
- b) A call option over the Property ("Property Call Option") granted by the Issuer in favour of the Call Option Party.

Details are as follows:

(A) Senior MTNs Call Option

Granted by the Trustee in favour of the Call Option Party and exercisable only after occurrence of a Trigger Event or an Event of Default or a Reinstatement Event.

Underlying Assets

All outstanding Senior Class MTNs under the MTN Programme.

Senior MTNs Call Option Period

Commencing from the date of grant of the Senior MTNs Call Option (but only exercisable after the occurrence of a Trigger Event or an Event of Default or a Reinstatement Event) and expiring on the earlier of the following:

- a) On the day of expiry of the MTN Programme and due satisfaction in full of all monies owing thereunder;
- b) After expiry of the MTN Programme, on the day of satisfaction in full of all MTNs under the MTN Programme;
- c) In the event of exercise of the Property Call Option, on the day of due completion thereof; and

- d) On the day the Security Trustee has exercised the Power of Attorney pursuant to the occurrence of a Trigger Event.

Senior MTNs Call Option Price

An amount as shall be equivalent to the principal amount outstanding under the Senior Class MTNs together with interest payable (including default interest, if any) on all outstanding Senior Class MTNs up to the Senior MTNs Call Option Settlement Date (as defined herein).

In the case of MTNs which are issued at par, principal amount is defined as the nominal value of the MTNs. In the case MTNs which are issued at a discount, principal amount is defined as the original discounted proceeds of the MTNs.

Mechanism

The Call Option Party may exercise the Senior MTNs Call Option at any time after the occurrence of a Trigger Event or an Event of Default or a Reinstatement Event by serving a notice ("Senior MTNs Call Option Notice") on the Trustee requesting for the sale of all outstanding Senior Class MTNs at the Senior MTNs Call Option Price. Payment of the Senior MTNs Call Option Price is to be made to the Trustee on day falling within 15 business days (or such other period as may be mutually agreed) from the date of the Trustee's receipt of the Senior MTNs Call Option Notice ("Senior MTNs Call Option Settlement Date"). Proceeds from the exercise of the Senior MTNs Call Option shall be distributed in the order of priority as follows:

- i) Senior Class A MTNs holders;
- ii) Senior Class B MTNs holders;
- iii) Senior Class C MTNs holders;
- iv) Senior Class D MTNs holders;
- v) Senior Class E MTNs holders;
- vi) Senior Class F MTNs holders.

(B) Property Call Option

Granted by the Issuer in favour of the Call Option Party and exercisable any time from the date of first issuance of the MTNs under the MTN Programme solely for the purpose of disposing the Property from the Issuer into a REIT. For the avoidance of doubt, the condition for disposing the Property into a REIT shall not apply upon occurrence of a Trigger Event or an Event of Default or a Reinstatement Event.

Underlying Assets

The Property.

Property Call Option Period

Commencing from the date of grant of the Property Call Option (but only exercisable after the first issuance of the MTNs under the MTN Programme) and expiring on the earlier of the following:

- i) On the day of expiry of the MTN Programme and due satisfaction in full of all monies owing thereunder;
- ii) After expiry of the MTN Programme, on the day of satisfaction in full of all MTNs under the MTN Programme;
- iii) On the day the Security Trustee has exercised the Power of Attorney pursuant to the occurrence of a Trigger Event; and
- iv) Upon occurrence of the Termination Event.

Property Call Option Price

The then prevailing market value of the Property (subject to the same being no lower than the outstanding principal and accrued interest on the Senior Class MTNs after providing for all prior payments for taxes and other fees and expenses).

In the case of MTNs which are issued at par, principal amount is defined as the nominal value of the MTNs. In the case of MTNs which are issued at a discount, principal amount is defined as the original discounted proceeds of the MTNs.

Mechanism

During the Property Call Option Period, the Call Option Party may at any time exercise the Property Call Option by serving a notice to the Trustee ("Property Call Option Exercise Notice"). Upon serving the Property Call Option Notice, the Issuer may proceed to execute the sale and purchase agreement ("Call Option SPA") in relation to the Property with the Call Option Party. Upon the Call Option SPA becomes unconditional or on such other date as the parties to the Call Option SPA deem fit, serve an irrevocable written notice ("Settlement Notice") to the Trustee informing the payment settlement date ("Settlement Date") of the Call Option SPA. The Settlement Notice must be served no less than three (3) business days prior to the Settlement Date. Proceeds from the sale of the Property shall be distributed in the order of priority as set out under the "Termination Event" clause stipulated herein.

For the avoidance of doubt, there shall be no limitation on the number of times the Call Option Party may exercise the Property Call Option within the Property Call Option Period so long as the Call Option SPA entered into pursuant to the exercise of the Property Call Option cannot be completed due to non-compliance of the conditions precedent stipulated therein.

2.7. Ratings

MARC has been appointed as the rating agency for the MTN Programme pursuant to the securitisation of the Property. MARC has assigned the following ratings to the MTN Programme:

MTN Programme	Rating
<u>Senior Class MTNs:</u>	
Class A MTNs	AAA
Class B MTNs	AA
Class C MTNs	A
Class D MTNs	BBB
Class E MTNs	BB
Class F MTNs	B
Subordinated Class MTNs	B-

2.8. Sources of Repayment

The coupon payments of the MTNs will be met from the Property's operating cashflow. The primary source for the redemption of the MTNs is by way of the disposal of the Property.

2.9. Regulatory Approval Required

The proposed MTN Programme requires the approval from the SC, which has been procured on 7 March 2011.

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3. PRINCIPAL TERMS AND CONDITIONS OF THE MTN PROGRAMME

(a) Names of the parties involved in the proposed transaction (where applicable)

(i)	Principal Adviser(s)/Lead Arranger(s)	Hong Leong Investment Bank Berhad (Company No. 43526-P) (“ HLIB ”)
(ii)	Arranger(s)	Not applicable.
(iii)	Valuers	PPC International Sdn Bhd (Company No. 405011-U)
(iv)	Solicitors	Messrs. Zul Rafique & partners
(v)	Financial Adviser	Not applicable
(vi)	Technical Adviser	Not applicable
(vii)	Guarantor	Not applicable
(viii)	Trustee	Malaysian Trustees Berhad (Company No. 21666-V)
(ix)	Facility Agent	HLIB
(x)	Primary Subscriber(s) and amount subscribed (where applicable)	Not applicable
(xi)	Underwriter(s) and amount underwritten	Not applicable
(xii)	Central Depository	Bank Negara Malaysia (“ BNM ”)
(xiii)	Paying Agent	BNM
(xiv)	Reporting Accountant	Not applicable
(xv)	Others (please specify)	
	(1) Security Trustee	Malaysian Trustees Berhad (Company No. 21666-V)
	(2) Tax Adviser	KPMG Tax Services Sdn Bhd (Company No. 96860-M)
	(3) Accounting Adviser	KPMG (Firm No. AF 0758)

(4) Lead Manager	HLIB and other lead manager(s) as may be appointed for the transaction prior to the issuance of the MTNs. HLIB will inform the SC upon such appointment.
(5) Co-arranger	Co-arranger(s) may be appointed for the transaction prior to the issuance of the MTNs. HLIB will inform the SC upon such appointment.
(6) Share Trustee	Equity Trust (Malaysia) Berhad (Company No. 610812-W)
(7) Administrator	EQ Corporate Services (Malaysia) Sdn. Bhd. (Company No. 463543-D). The Administrator is appointed to provide company secretarial services to and administer the statutory duties of the Issuer, including the filing of the relevant returns with the regulatory authorities and to act on any other administration work as may be instructed by the Trustee from time to time.
(8) Servicer	CapitaLand Retail Malaysia Sdn Bhd (Company no. 842006-U)
(9) Call Option Party	CapitaMalls Asia Limited (Company No. 200413169H) or its nominee.
(b) Facility description	<p>Proposed Issuance Programme of up to RM1,100,000,000 (Ringgit Malaysia One Billion and One Hundred Million) in nominal value Medium Term Notes (“MTNs”) (“MTN Programme”) pursuant to the securitisation of the Property⁽¹⁾.</p> <p>The MTN Programme shall comprise Senior Class MTNs and Subordinated Class MTNs.</p> <p>(1) The acquisition by the Issuer from the relevant Originators of such individual units/ strata parcels, accessory parcels area and car parks and all on-site fixtures and fittings, plant and machinery (if any), equipment (if any) movable chattels and autopay stations (if any) located within the shopping mall known as “Queensbay Mall” and bearing the postal address of 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang with amenities and facilities complementing the same (“Building”) located on land held under Geran No Hakmilik 97433 Lot 15736, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang (“Land”) and more particularly set out in the sale and purchase agreements dated 22 December 2010 between the Issuer and the Originators, respectively (“SPAs”).</p>

(c) **Issue size (RM)**

The issue size of the MTN Programme is up to RM1,100,000,000 in nominal value comprising the following indicative classes:

			Nominal Value (up to RM million)
<u>Senior Class MTNs:</u>			
	Senior Class A MTNs		160
	Senior Class B MTNs		40
	Senior Class C MTNs		35
	Senior Class D MTNs		25
	Senior Class E MTNs		10
	Senior Class F MTNs		30
(Collectively	“Senior	Class	300
MTNs”)			
<i>Subtotal</i>			
	Subordinated Class	MTNs	800
TOTAL			1,100

(d) **Issue price (RM)**

The MTNs may be issued at a discount and/or at par to the nominal value.

The issue price shall be computed in accordance with the formula specified in the FAST Rules issued by BNM or such other applicable guidelines and rules as may be issued from time to time by relevant regulatory authorities.

(e) **Tenure of the facility/issue**

Tenure of the MTN Programme

The MTN Programme shall have a tenure of twenty (20) years from the date of first issuance.

Tenure of the MTNs

All MTNs to be issued under the MTN Programme shall have an Expected Maturity and a Legal Maturity.

The Expected Maturity shall be of more than one (1) year and the Legal Maturity of the MTNs shall be eighteen months (18) months after the Expected Maturity PROVIDED that the Legal Maturity of the MTNs shall not exceed the tenor of the MTN Programme.

Non-redemption of the MTNs on the Expected Maturity will not in itself constitute an Event of Default, but a Trigger Event is deemed to have occurred. The non-redemption of the MTNs on the Legal Maturity shall be an Event of Default.

- | | | |
|-----|--|--|
| (f) | Interest/Coupon (%)
(please specify) | <p>Coupon on any Senior Class MTNs issued shall be based on a fixed rate to be determined prior to each issuance.</p> <p>A step-up coupon rate shall apply to all the outstanding Senior Class MTNs for the period from Expected Maturity to Legal Maturity, which will be determined prior to each issuance.</p> <p>Coupon on Subordinated Class MTNs shall be based on a fixed rate to be determined prior to each issuance.</p> |
| (g) | Interest/Coupon Payment frequency and basis | <p><u>Senior Class MTNs</u>
Coupon of the Senior Class MTNs shall be paid semi-annually in arrears based on actual days / 365 days.</p> <p><u>Subordinated Class MTNs</u>
Coupon of the Subordinated Class MTNs issued shall be paid semi-annually in arrears on actual number of days over 365 days basis. In the event the Issuer has insufficient funds to pay coupon on the Subordinated Class MTNs on the coupon payment date, the coupon payable on that date shall be deferred and be payable on the next coupon payment date, and so on (i.e. on a cumulative basis). Such unpaid coupon shall not be subject to penalty interest. Upon occurrence of a Trigger Event, no coupon on the Subordinated Class MTNs will be paid until all the Senior Class MTNs have been fully repaid.</p> |
| (h) | Yield to Maturity (%) | <p>The YTM for the MTNs will be determined prior to each issuance with reference to the then prevailing market rates.</p> |
| (i) | Security/Collateral (if any) | <p>Both the Senior Class MTNs and Subordinated Class MTNs are intended to be secured by the following securities, with the Senior Class A MTNs ranking first, then followed by the Senior Class B MTNs, Senior Class C MTNs, Senior Class D MTNs, Senior Class E MTNs, Senior Class F MTNs and lastly the Subordinated Class MTNs:</p> <ol style="list-style-type: none"> 1. Prior to the issuance of all the strata titles to the Property (“Strata Titles”) and the creation of the first legal charge over all the Strata Titles, a legal assignment of the Issuer’s rights under the sale and purchase agreements in relation to the Property; 2. Post issuance of all the Strata Titles, the Strata Titles Charge; 3. Debenture over all assets of the Issuer; 4. Charge/Assignment over the Designated Accounts; |

5. Assignment over the Issuer's present and future rights, title, interest and benefits in and under the tenancy agreements and contracts and all warranties and guarantees pertaining to the Property, wherever possible and applicable ("**Contracts Assignment**");
6. Assignment over the proceeds from all the relevant insurances required to be taken up by the Issuer for the Property ("**Insurance Assignment**");
7. Irrevocable Power of Attorney in respect of the Property executed in favour of the Security Trustee to grant full authority to the Security Trustee to (a) dispose the Property upon the occurrence of a Trigger Event in accordance with Section 3(w)(v); (b) to dispose the Property pursuant to the exercise of the Property Call Option; (c) to perfect the Strata Titles Charge upon issuance of the Strata Titles in the event the Issuer fails to do so ("**Power of Attorney**");
8. Assignment of the Issuer's rights under the Property Call Option;
9. Assignment of the Issuer's rights under the Servicing Agreement; and
10. Any other securities deemed appropriate.

(j) Details on utilisation of proceeds

The Issuer

The proceeds raised from the MTN Programme shall be utilised by the Issuer as follows:

First Issuance	Amount (Up to RM million)
i. To settle the purchase consideration for the purchase of the Property (including reimbursement for the deposit paid and accrued interest arising thereof (if any)).	650.0 ^(a)
ii. To meet all expenses in relation to the MTN Programme pursuant to the securitisation of the Property (including reimbursement of expenses paid) and the Property including without limitation to meet all expenses in relation to the acquisition of the Property and transfer of Strata Titles, payments of deposits to the relevant authorities, any apportionment of outgoing payments in accordance with the SPAs and any expenses in relation to the MTN	2.2

Programme ^(b) .	
iii. First contribution to the DSRA and the Operating Account.	To be determined ^(c)
Subsequent Issuance	
iv. To finance any capital expenditure ^(d) on the Property and/or for working capital purposes including payment to the DSRA for compliance of the Minimum Balance stipulated under the DSRA.	To be determined
v. To refinance any MTNs on its respective Expected Maturity.	To be determined
TOTAL	1,100.0

Note

- a) This amount may exceed RM650 million in the event the accrued interest becomes payable in accordance with the terms of the relevant sale and purchase agreements with the Originators.
- b) The figure is merely an estimation and the exact figure may be different. Any unutilized limit in (ii) shall be added to (iv).
- c) The amount to be determined is subject to the classes of MTNs that are to be issued and the coupon rates of the MTNs.
- d) Refers to the Asset Enhancement Plans where upon the acquisition of the Property by the Issuer, a series of renovation works may be implemented to enhance the return of the Property.

The Originators

The Originators will utilise the purchase consideration for the sale of the Property received from the Issuer for the following:

	Amount (RM million)
(i) For repayment of inter-company advances; debts to creditors and related companies and bank borrowings, and advances to related companies.	262.2
(ii) Working capital requirements and investments, if any.	387.8
TOTAL	650.0

Note: The amount stated above are based on estimate figures as at 30 November 2010

- (k) **Sinking Fund (if any)** None
- (l) **Rating** The rating agency, Malaysian Rating Corporation Berhad (“**MARC**”), has assigned the following ratings to the MTN Programme:

	Nominal Value (up to RM million)	Rating
<u>Senior Class MTNs:</u>		
Class A MTNs	160	AAA
Class B MTNs	40	AA
Class C MTNs	35	A
Class D MTNs	25	BBB
Class E MTNs	10	BB
Class F MTNs	30	B
(Collectively “ Senior Class MTNs ”)	300	
Subordinated Class MTNs	800	B-
	1,100	

- (m) **Form and Denomination** The MTNs will be issued in bearer form and represented at all times by global certificates to be deposited with Central Depository (exchangeable for definitive certificates only in limited circumstances) and will be prescribed under the Scripless Securities Trading System (“**SSTS**”) maintained by BNM.

The MTNs shall be issued in the denomination of RM100,000 each and in multiples of RM100,000 thereof or such other denomination as may be mutually agreed between the Issuer and the Lead Arranger or the Facility Agent.

- (n) **Mode of Issue**
- Senior Class MTNs
The Senior Class MTNs will be issued by way of tender or private placement without prospectus.
- Subordinated Class MTNs
The Subordinated Class MTNs will be issued by way of private placement without prospectus.

(o)	Selling Restriction	The MTNs may not be offered, sold, delivered or disposed of, directly or indirectly, nor may any documents or other materials in connection therewith be distributed in Malaysia or anywhere else, other than to persons who are within the categories set out in Section 4(6) of the Companies Act, 1965, (as amended from time to time) and Schedules 6, 7 and 9 of the Capital Markets and Services Act 2007 (as amended from time to time), where applicable.
(p)	Listing Status	The MTNs will not be listed or quoted on Bursa Malaysia Securities Berhad or any other stock exchange.
(q)	Minimum Level of Subscription (RM or %)	100%
(r)	Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)	None
(s)	Conditions Precedent	<p data-bbox="667 1048 1126 1081"><u>Conditions Precedent for First Issuance</u></p> <p data-bbox="667 1115 1198 1149">Shall include but not limited to the following:</p> <ol data-bbox="667 1182 1351 1928" style="list-style-type: none"> <li data-bbox="667 1182 1351 1272">1. Latest valuation report on the Property to be furnished by a professional valuer acceptable to the Principal Adviser; <li data-bbox="667 1283 1351 1339">2. Approval of the SC in writing and the compliance with all conditions imposed by the SC; <li data-bbox="667 1350 1351 1440">3. Receipt of board resolution of the Issuer authorising, among others, the MTN Programme and the execution of the Issue Documents; <li data-bbox="667 1451 1351 1541">4. Receipt of certified true copies of the Issuer's certificate of incorporation, memorandum and articles of association, Forms 24, 44 and 49; <li data-bbox="667 1552 1351 1832">5. Satisfactory completion and execution of all relevant legal documentation in relation to the issuance of the MTN Programme (other than the presentation of the Strata Titles Charge at the relevant Land Office/Registry, the Contracts Assignment and the Insurance Assignment) and all relevant legal documentation shall have been duly endorsed as exempted under the Stamp Duty Exemption (No 12) Order 2001; <li data-bbox="667 1843 1351 1899">6. The MTN Programme shall be assigned a minimum rating by MARC as defined in Section 3(l) "Rating". <li data-bbox="667 1910 1351 1928">7. Receipt of satisfactory report of the relevant company

- search on the Issuer;
- 8. Receipt of satisfactory winding-up search report on the Issuer or the relevant statutory declaration of the Issuer;
- 9. Opening of the Designated Accounts;
- 10. Receipt of satisfactory legal opinion from the Solicitors confirming that all conditions precedents of the SPAs have been duly fulfilled or deemed to have been fulfilled or waived;
- 11. Satisfactory legal opinion from the Solicitors as to the legality, validity and enforceability of all legal documents;
- 12. Receipt of letter of undertaking from CapitaMalls Asia Limited (as set out in Section 3(w)(iii)(C) “Debt Service Reserve Account”); and
- 13. Such other conditions precedent as may be reasonably stipulated by the Lead Arranger and/or the Solicitors.

Conditions Precedent for Subsequent Issuance

Shall include but not limited to the following:

- 1. Issuer’s certification that it is in compliance with all Representations and Warranties and Covenants under the Issue Documents (as set out in Section 3(w)(xii) “Documentation”);
- 2. No Trigger Event and/or Event of Default has occurred and continues to subsist.

(t) Representations and Warranties

Including but not limited to the following:

- 1) The Issuer is a company duly incorporated and existing under Malaysian law and has the power and authority to enter into the business in which it is engaged;
- 2) The Issuer has the power to enter into, exercise its rights under and perform its obligations under the Issue Documents;
- 3) All necessary actions, authorisations and consents required under the Issue Documents by the Issuer have been taken, fulfilled and obtained and remain in full force and effect;
- 4) The Issuer’s entry into the Issue Documents, exercise of its rights under and performance of the Issue Documents do not and will not violate any existing law or any agreements to which it is a party.
- 5) Such other Representation and Warranties as may be advised by the Solicitors.

(u) Events of Default

Shall include but not limited to the following:

- 1) Failure to pay any amount due under the Senior Class MTNs when due and payable save and except for non-repayment on Expected Maturity;
- 2) Failure to pay any amount due under the Subordinated Class MTNs when due and payable on date of expiry or termination of the MTN Programme. For the avoidance of doubt, failure to pay any amount due under the Subordinated Class MTNs during the tenure of the MTN Programme shall not constitute an Event of Default;
- 3) The proceeds raised from the disposal of the Property subsequent to the occurrence of a Trigger Event is insufficient to repay/redeem all the outstanding MTNs;
- 4) Failure on the Issuer to observe or perform any material obligations or covenants under any of the Issue Documents or under any undertaking or arrangement entered into in connection therewith (other than the obligation under paragraph (1) and (2) above) and in the case of failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within such period as to be agreed upon in the Issue Documents after receipt by the Issuer of a written notification from the Trustee of the failure;
- 5) Any representation, warranty, covenant or undertaking made or given by the Issuer under the Issue Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Issue Documents proves to have been incorrect in any material respect on or as of the date made or deemed made and in the case of a breach which is in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy such breach within such period as to be agreed upon in the Issue Documents after receipt by the Issuer of a written notification from the Trustee of such breach;
- 6) Where any other indebtedness for borrowed monies or guarantee of the Issuer becomes due and payable prior to its stated maturity or is not discharged at maturity or where the security created for such indebtedness for borrowed monies becomes immediately enforceable;
- 7) The Issuer fails to obtain, renew, maintain or comply in any material respect with all governmental approvals, licences and/or permits which are necessary for the performance by the Issuer of its obligations under the Issue Documents and such failure continues for such period as to be agreed upon

- in the Issue Documents after written notice is delivered to the Issuer;
- 8) Any corporate action is taken or any legal proceedings are commenced for the winding up of the Issuer, except where any such step is of a vexatious or frivolous nature and the Issuer has taken action in good faith to set aside such proceedings within such period as to be agreed upon in the Issue Documents from the date of service thereof;
 - 9) Where any scheme of arrangement under Section 176 of the Companies Act 1965 (as amended) has been instituted against the Issuer;
 - 10) Insolvency, i.e. the Issuer is:
 - a) deemed unable to pay its debts within the meaning of Section 218(2) of the Companies Act 1965 (as amended) or becomes unable to pay its debts as they fall due; or
 - b) suspends or threatens to suspend making payments (whether of principal or coupon or otherwise) with respect to all or any class of its debts arising from borrowed moneys or a moratorium is agreed or declared in respect of or affecting all or any substantial part of the borrowed moneys of the Issuer or any security party;
 - 11) At any time any of the provisions of the Issue Documents is or becomes illegal, void, voidable or unenforceable;
 - 12) The Issuer repudiates any of the Issue Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Issue Documents;
 - 13) A receiver or a manager or a receiver/manager has been appointed over the whole or any substantial part of the assets of the Issuer;
 - 14) Such other events of default as prescribed by the SC's Guidelines on the Minimum Contents Requirements for Trust Deed and such other events of default stipulated by the Lead Arranger and/or the Legal Counsel.

Upon occurrence of any of the above events, the Trustee may and shall, at the direction of an agreed majority of the Senior Class MTN holders (or the holders of the Subordinated Class MTNs in the event all monies payable under or in respect of the Senior Class MTNs have been fully satisfied), by written notice to the Issuer declare that an Event of Default has occurred and the provisions under Section 3(w)(vi) "Consequences of Event of Default" shall apply.

- (v) **Principal terms and conditions for warrants (where applicable)** Not applicable
- (w) **Other principal terms and conditions for the issue**
- (i) **Positive Covenants** Shall include but not limited to the following:
- 1) Perform all its obligations under the MTN Programme;
 - 2) Preserve and keep in force and effect all consents and rights necessary for the conduct of its business;
 - 3) Open and maintain the Designated Accounts and pay all amounts into such accounts and make all payments from such accounts only as permitted under the Issue Documents;
 - 4) Take out and maintain the necessary insurance policies;
 - 5) 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 the Trust Deed;
 - 6) Comply with the provisions of the Capital Markets and Services Act 2007, the SC's PDS Guidelines and ABS Guidelines, Guidelines on the Minimum Contents Requirements for Trust Deed and all laws and regulations;
 - 7) Notify the Trustee and the Rating Agency immediately of:
 - a) Any circumstances that has occurred that would materially prejudice the Issuer;
 - b) Any change in the withholding tax position or taxing jurisdiction of the Issuer insofar it affects the payment obligations of the Issuer;
 - c) Any Event of Default;
 - d) Any right or remedy under the terms of the Trust Deed becomes immediately enforceable;
 - 8) Such other positive covenants as prescribed by the SC's Guidelines on the Minimum Contents Requirements for Trust Deeds and such other positive covenants as may be required by the Lead Arranger and/or the Legal Counsel.
- (ii) **Negative Covenants** Shall include but not limited to the following:
- 1) Not to make any investments (save for Permitted Investment as set out in Section 3(w)(iv) "Permitted Investment") or any advances or loans to any party;
 - 2) Not to grant guarantees, indemnities or similar assurances against financial loss in respect of any indebtedness of any party;

- 3) Not to assign its rights or transfer its obligations under the Issue Documents;
- 4) Not to enter into any amalgamation, merger, consolidation, reconstruction or winding up of itself (except in accordance with the SC's ABS Guidelines);
- 5) Not to amend its Memorandum and Articles of Association, save for amendments required by law or regulation;
- 6) Not to maintain or cause to be maintained any other accounts save for the Designated Accounts and the Permitted Investment;
- 7) Not to incur any additional indebtedness save and except for those incurred or to be incurred in the ordinary course of business of the Issuer;
- 8) Such other negative covenants as may be prescribed by the SC's Guidelines on the Minimum Contents Requirements for Trust Deeds and such other negative covenants as may be required by the Lead Arranger and/or the Legal Counsel.

(iii) Designated Accounts

The Issuer is required to open the following Designated Accounts; **Revenue Account, Operating Account** and the **Debt Service Reserve Account**.

A) Revenue Account

The Revenue Account shall be operated solely by the Trustee.

The following shall be deposited into the Revenue Account:

- 1) Proceeds from the issuance of the MTNs, save and except for the following all of which may be paid directly to the relevant payees:
 - (i) proceeds to be utilised for purposes pursuant to the first issuance as set out in the paragraph with heading "First Issuance of the MTNs" below;
 - (ii) the proceeds for refinancing of any outstanding MTNs,
- 2) All amounts received from tenant(s) of the Property;
- 3) All deposits received from tenant(s) of the Property ("**Deposits**");
- 4) Proceeds from the sale of the Property pursuant to the exercise of the Power of Attorney or the exercise of the Property Call Option;
- 5) All insurance proceeds;
- 6) All other amounts derived from the Property or any

- part thereof including any service charges;
- 7) All proceeds from Permitted Investment, including earnings therefrom;
- 8) Funds from the Debt Service Reserve Account and the Operating Account upon occurrence of a Trigger Event or an Event of Default; and
- 9) Any other monies received and/or paid to the Issuer from time to time.

First Issuance of the MTNs:

Proceeds from the first issuance of the MTNs shall be utilised for the following purposes:

1. To settle the purchase consideration for the purchase of the Property (including reimbursement for the deposit paid and accrued interest arising thereof (if any));
2. To meet all expenses in relation to the MTN Programme pursuant to the securitisation of the Property (including reimbursement of expenses paid) and the Property including without limitation to meet all expenses in relation to the acquisition of the Property and transfer of Strata Titles, payments of deposits to the relevant authorities, any apportionment of outgoing payments in accordance with the terms of the relevant sale and purchase agreements with the Originators and any expenses in relation to the MTN Programme;
3. Contribution to the Debt Service Reserve Account;
4. First contribution to the Operating Account in accordance to the Budget Report (being an annual budget report setting out the estimated operating and capital expenditure accruing to the Property and a revised operating budget report during the period as may be deemed necessary by the Servicer).

Post first issuance of the MTNs, funds in the Revenue Account shall be applied in the order of priority as follows:

(A) With no occurrence of Trigger Events or Events of Default:

- a) Pay/set aside taxes due;
- b) Contribution to the Debt Service Reserve Account;
- c) To reimburse any refund of Deposits made by the Servicer under the Operating Account;
- d) Contributions to Operating Account pursuant to the Operating Account clause;
- e) Fees and expenses payable by the Issuer (other than fees and expenses set out in the Operating Account)

including fees, costs charges, expenses and liabilities incurred by, and all other amounts then due to the Trustee, the Facility Agent, the Rating Agency, the Administrator, the Servicer, the Solicitors and expenses of the Issuer and tax agents and audit fees of the Issuer and fees and expenses to effect the transfer and charge of the strata titles in relation to the Property;

- f) To meet principal payments due under the Senior Class A MTNs;
- g) To meet principal payments due under the Senior Class B MTNs;
- h) To meet principal payments due under the Senior Class C MTNs;
- i) To meet principal payments due under the Senior Class D MTNs;
- j) To meet principal payments due under the Senior Class E MTNs;
- k) To meet principal payments due under the Senior Class F MTNs;
- l) Reimbursement to CapitaMalls Asia Limited for the topping-up of the DSRA Requirement (as defined in Section 3(w)(iii)(C) “Debt Service Reserve Account”);
- m) To meet coupon payments due on the Subordinated Class MTNs;
- n) To pay dividend on the redeemable preference shares (“RPS”) (if any) in accordance with the terms of the RPS (if any);
- o) To be invested in Permitted Investment.
- p) Upon expiry or termination of the MTN Programme and full redemption of all Senior Class MTNs:
 - i) To meet principal payments due under the Subordinated Class MTNs;
 - ii) To pay/set aside all fees, costs and expenses incurred or to be incurred in connection with or incidental to the winding up of the Issuer;
 - iii) To redeem all outstanding RPS (if any); and
 - iv) To pay bonus fee to the Servicer.

(B) With occurrence of Trigger Events upon the exercise of the Power of Attorney by the Security Trustee:

- a) Pay/set aside taxes due;
- b) To reimburse any refund of Deposits made by the Servicer under the Operating Account;
- c) Contributions to Operating Account pursuant to the Operating Account clause;
- d) Fees and expenses of the Issuer (other than fees and expenses set out in the Operating Account) including

fees, costs charges, expenses and liabilities incurred by, and all other amounts then due to the Trustee, the Facility Agent, the Rating Agency, the Administrator, the Servicer, Solicitors and expenses of the Issuer and tax agents and audit fees of the Issuer and fees and expenses to effect the transfer and charge of the strata titles in relation to the Property;

- e) To meet the coupon payments due under the Senior Class A MTNs;
- f) To meet the principal payments due under the Senior Class A MTNs;
- g) To meet the coupon payments due under the Senior Class B MTNs;
- h) To meet the principal payments due under the Senior Class B MTNs;
- i) To meet the coupon payments due under the Senior Class C MTNs;
- j) To meet the principal payments due under the Senior Class C MTNs;
- k) To meet the coupon payments due under the Senior Class D MTNs;
- l) To meet the principal payments due under the Senior Class D MTNs;
- m) To meet the coupon payments due under the Senior Class E MTNs;
- n) To meet the principal payments due under the Senior Class E MTNs;
- o) To meet the coupon payments due under the Senior Class F MTNs;
- p) To meet the principal payments due under the Senior Class F MTNs;
- q) Reimbursement to CapitaMalls Asia Limited for the topping-up of the DSRA Requirement (as defined in clause (w)(iii)(C) “Debt Service Reserve Account”);
- r) To meet coupon and principal payments due under the Subordinated Class MTNs;
- s) To pay/set aside all fees, costs and expenses incurred or to be incurred in connection with or incidental to the winding up of the Issuer;
- t) To pay dividends on the RPS (if any);
- u) To redeem all the outstanding RPS (if any); and
- v) To pay bonus fee to the Servicer.

Upon Occurrence of an Event of Default

Subject to clause “Consequences of Event of Default”, funds in this account (save for the Deposits) will be applied to meet the expenditures in the order of priority set out under clause (w)(vi) “Consequences of Event of Default”.

B) Operating Account

The Operating Account shall be operated solely by the Servicer on behalf of the Issuer. However, upon the occurrence of a Trigger Event or an Event of Default, the Operating Account shall be solely operated by the Trustee.

Funds in this account are to be applied to meet all operating, management, repairs, service/maintenance and capital expenses (capital expenditure and asset enhancement works) on the Property including insurance premiums and maintenance charges and sinking fund payable by the Issuer pursuant to any applicable laws or by-laws.

The Operating Account will be funded by contributions from the Revenue Account as per the Budget Reports (and the revised Budget Reports during the period as necessary) to be approved by the Trustee.

The Budget Reports (and the revised Budget Reports) shall be prepared and recommended by the Servicer and approved by the Board of Directors of the Issuer and shall be deemed approved by the Trustee.

Any expenditures in excess of the total amount in the annual operating budget report shall also be deemed approved by the Trustee subject to the following:

- i) Such operating expenditures which do not exceed such percentage to be agreed upon of the total amount approved under the Budget Report; or
- ii) Emergency in nature as evidenced by supporting reports and documents satisfactory to the Trustee; or
- iii) Such capital expenditure in relation to the Asset Enhancement Plans which shall be financed by the proceeds from the issuance of the Subordinated Class MTNs; or
- iv) Refund of any Deposits for any occupation agreement(s).

The Servicer shall be permitted to change the allocation of the expenses within the approved Budget Report from time to time as it deems necessary without affecting the performance of the Property.

Upon the occurrence of a Trigger Event or an Event of Default, funds in the Operating Account will be transferred to the Revenue Account and be applied to meet the expenditures pursuant to the Revenue Account clause above.

C) Debt Service Reserve Account

The DSRA shall be operated solely by the Trustee to capture the next coupon payments for all the outstanding Senior Class MTNs (“**DSRA Requirement**”).

Funds to be deposited in the DSRA shall be built-up equally over a period commencing one (1) month from the date of issuance of the respective Senior Class MTNs or one (1) month from the Senior Class MTNs coupon payment date (as the case may be) till the date which is one (1) month prior to the next coupon payment due date of the Senior Class MTNs. The DSRA Requirement is defined as the Senior Class MTNs coupon payment amount required to be deposited in the DSRA one (1) month prior to the next coupon payment due date of the Senior Class MTNs.

Funds in the DSRA may be utilised to meet coupon payment due under the Senior Class MTNs in the following priority:

- i) To meet coupon payments due on the Senior Class A MTNs;
- ii) To meet coupon payments due on the Senior Class B MTNs;
- iii) To meet coupon payments due on the Senior Class C MTNs;
- iv) To meet coupon payments due on the Senior Class D MTNs;
- v) To meet coupon payments due on the Senior Class E MTNs;
- vi) To meet coupon payments due on the Senior Class F MTNs;

Any shortfall in the DSRA Requirement must be topped-up within seven (7) days, failing which a Trigger Event shall be deemed to have occurred.

CapitaMalls Asia Limited shall be granting an irrevocable and unconditional letter of undertaking in favour of the Issuer to top-up any shortfall in the DSRA Requirement as and when required prior to the occurrence of a Trigger Event. The said undertaking to top-up the shortfall in the DSRA shall cease upon completion of the exercise of the Senior MTNs Call Option.

Funds standing to the credit of the DSRA may be invested in Permitted Investment, provided such funds utilised for Permitted Investment shall be remitted to the DSRA in a timely manner before any payment obligations of the

Issuer under the DSRA becomes due and payable.

(iv) Permitted Investment

Permitted Investment means the following:

- 1) Deposits in accounts (including repos) and negotiable certificates of deposits issued by licensed financial institutions with a minimum rating of AA-/AA₃ by RAM Rating Services Berhad /MARC;
- 2) Promissory notes, bonds, treasury bills and similar instruments issued or guaranteed by the Government;
- 3) Other debt or capital market instruments of private entities subject to minimum short term rating of P1/MARC-1 and a minimum long term rating not lower than AAA.

(v) Trigger Events

The occurrence of any of the following events will constitute a Trigger Event:

- 1) The Issuer fails to meet the DSRA Requirement within the stipulated timeframe;
- 2) The Issuer fails to redeem or refinance any of the outstanding MTNs on its Expected Maturity;

Upon the occurrence of a Trigger Event, the Trustee shall be entitled to serve a written notice (“**Trigger Event Notice**”) to the Call Option Party to grant the Call Option Party the right to either:

- a. exercise the Senior MTNs Call Option; or
- b. exercise the Property Call Option.

The Call Option Party shall within 7 business days (or such other period as may be mutually agreed) of receipt of the Trigger Event Notice, notify the Trustee of its decision in relation to (a) or (b) above, failing which, the Security Trustee shall have the discretion to proceed with the disposal of the Property. The disposal process shall be managed by the Trustee, under the rights conferred to the Trustee pursuant to the Power of Attorney. The disposal price shall be determined in accordance with a pre-agreed mechanism.

The sale proceeds from the Property disposal shall be deposited into the Revenue Account and shall be dealt with in accordance to the provisions stipulated therein.

The occurrence of a Trigger Event shall not constitute an Event of Default.

In the event the sale proceeds from the Property disposal is not sufficient to redeem all outstanding amount of the

Senior Class MTNs, the Senior Class MTN holders shall have the right to declare an Event of Default.

**(vi) Consequences of
Event of Default**

Upon occurrence of an Event of Default, subject to the terms of the Trust Deed, the Trustee may and shall, at the direction of an agreed majority of the Senior Class MTNs holders (or the holders of the Subordinated Class MTNs in the event all monies payable under or in respect of the Senior Class MTNs have been fully satisfied), by written notice to the Issuer declare that an Event of Default has occurred whereupon the Trust Deed and the security documents shall become immediately enforceable in accordance with their respective terms.

Amounts standing to the credit of the Revenue Account, (save for the Deposits) the DSRA and the Operating Account shall be applied in the following order of priority:

- a) To pay/set aside any taxes due;
- b) To pay any fees and expenses due to and/or incurred by the Trustee and other parties to the transaction in the following order of priority:
 - i) Central Depository and Paying Agent fees and expenses;
 - ii) Trustee fees and expenses;
 - iii) Security Trustee fees and expenses;
 - iv) Rating fees and expenses;
 - v) Facility Agent fees and expenses;
 - vi) Administrator fees and expenses;
 - vii) Any other fees and expenses due to or incurred by other parties in relation to the transaction (including Servicer fees)
- c) To pay any accrued and unpaid coupon in respect of the Senior Class A MTNs;
- d) To pay the principal outstanding of the Senior Class A MTNs*;
- e) To pay any accrued and unpaid coupon in respect of the Senior Class B MTNs;
- f) To pay the principal outstanding of the Senior Class B MTNs*;
- g) To pay any accrued and unpaid coupon in respect of the Senior Class C MTNs;
- h) To pay the principal outstanding of the Senior Class C MTNs*;
- i) To pay any accrued and unpaid coupon in respect of the Senior Class D MTNs;
- j) To pay the principal outstanding of the Senior Class D MTNs*;
- k) To pay any accrued and unpaid coupon in respect of the Senior Class E MTNs;

- l) To pay the principal outstanding of the Senior Class E MTNs*;
- m) To pay any accrued and unpaid coupon in respect of the Senior Class F MTNs;
- n) To pay the principal outstanding of the Senior Class F MTNs*;
- o) To pay accrued and unpaid coupon in respect of the Subordinated Class MTNs;
- p) To pay the principal outstanding of the Subordinated Class MTNs;
- q) To pay/set aside all fees, costs and expenses incurred or to be incurred in connection with or incidental to the winding up of the Issuer; and
- r) To pay dividends on the RPS (if any);
- s) To redeem all the outstanding RPS (if any); and
- t) To pay bonus fee.

** In the case of MTNs which are issued at par, principal outstanding is defined as nominal value of the MTNs. In the case of MTNs which are issued at a discount, the principal outstanding is defined as the original discounted proceeds of the MTNs.*

(vii) Call Options

Senior MTNs Call Option

All Senior Class MTNs are issued subject to the Trustee's overriding right to sell the same on or after occurrence of a Trigger Event or an Event of Default or a Reinstatement Event pursuant to the Senior MTNs Call Option as referred to below.

The Senior MTNs Call Option is granted by the Trustee in favour of the Call Option Party and exercisable only after occurrence of a Trigger Event or an Event of Default or a Reinstatement Event.

Underlying Assets

All outstanding Senior Class MTNs under the MTN Programme.

Senior MTNs Call Option Period

Commencing from the date of grant of the Senior MTNs Call Option (but only exercisable after the occurrence of a Trigger Event or an Event of Default or a Reinstatement Event) and expiring on the earlier of the following:

- i) On the day of expiry of the MTN Programme and due satisfaction in full of all monies owing thereunder;
- ii) After expiry of the MTN Programme, on the day of satisfaction in full of all MTNs under the MTN Programme;

- iii) In the event of exercise of the Property Call Option, on the day of due completion thereof; and
- iv) On the day the Security Trustee has exercised the Power of Attorney pursuant to the occurrence of a Trigger Event.

Senior MTNs Call Option Price

An amount as shall be equivalent to the principal amount outstanding under the Senior Class MTNs together with interest payable (including default interest, if any) on outstanding Senior Class MTNs up to the Senior MTNs Call Option Settlement Date (as defined in the paragraph with heading “Mechanism” below)

In the case of MTNs which are issued at par, principal amount is defined as the nominal value of the MTNs. In the case MTNs which are issued at a discount, principal amount is defined as the original discounted proceeds of the MTNs.

Mechanism

The Call Option Party may exercise the Senior MTNs Call Option at any time after the occurrence of a Trigger Event or an Event of Default or a Reinstatement Event by serving a notice (“**Senior MTNs Call Option Exercise Notice**”) on the Trustee requesting for the sale of all outstanding Senior Class MTNs at the Senior MTNs Call Option Price. Payment of the Senior MTNs Call Option Price is to be made to the Trustee on day falling within fifteen (15) business days (or such other period as may be mutually agreed) from the date of the Trustee’s receipt of the Senior MTNs Call Option Notice (“**Senior MTNs Call Option Settlement Date**”). Proceeds from the exercise of the Senior MTNs Call Option shall be distributed in the order of priority as follows:

- i) Senior Class A MTNs holders;
- ii) Senior Class B MTNs holders;
- iii) Senior Class C MTNs holders;
- iv) Senior Class D MTNs holders;
- v) Senior Class E MTNs holders;
- vi) Senior Class F MTNs holders.

Property Call Option

Granted by the Issuer in favour of the Call Option Party and exercisable any time from the date of first issuance of the MTNs under the MTN Programme solely for the purpose of disposing the Property from the Issuer into a REIT. For the avoidance of doubt, the condition for disposing the Property into a REIT shall not apply upon occurrence of a Trigger Event or an Event of Default.

Underlying Assets

The Property.

Property Call Option Period

Commencing from the date of grant of the Property Call Option (but only exercisable after the first issue of the MTNs under the MTN Programme) and expiring on the earlier of the following:

- i) On day of expiry of the MTN Programme and due satisfaction in full of all monies owing thereunder;
- ii) After expiry of the MTN Programme, on day of satisfaction in full of all MTNs under the MTN Programme;
- iii) On the day the Security Trustee has exercised the Power of Attorney pursuant to the occurrence of a Trigger Event;
- iv) upon occurrence of a Termination Event.

Property Call Option Price

Then prevailing market value of the Property (subject to the same being no lower than the outstanding principal and accrued interest on the Senior Class MTNs after providing for all prior payments for taxes and other fees and expenses). In the case of MTNs which are issued at par, principal amount is defined as the nominal value of the MTNs. In the case of MTNs which are issued at a discount, principal amount is defined as the original discounted proceeds of the MTNs.

Mechanism

During the Property Call Option Period, the Call Option Party may at any time exercise the Property Call Option by serving a notice to the Trustee (“**Property Call Option Exercise Notice**”). Upon serving the Property Call Option Notice, the Issuer may proceed to execute the sale and purchase agreement (“**Call Option SPA**”) in relation to the Property with the Call Option Party. Upon the Call Option SPA becomes unconditional or on such other date as the parties to the Call Option SPA deem fit, serve an irrevocable written notice (“**Settlement Notice**”) to the Trustee informing the payment settlement date (“**Settlement Date**”) of the Call Option SPA. The Settlement Notice must be served no less than three (3) business days prior to the Settlement Date. Proceeds from the sale of the Property shall then be distributed in the order of priority as set out under the “Termination Event” clause stipulated herein.

For the avoidance of doubt, there shall be no limitation on

the number of times the Call Option Party may exercise the Property Call Option within the Property Call Option Period so long as the Call Option SPA entered into pursuant to the exercise of the Property Call Option cannot be completed due to non-compliance of the conditions precedent stipulated therein.

(viii) Termination Event

A Termination Event is deemed to have occurred upon completion of the sale and purchase of the Property pursuant to the exercise of the Property Call Option.

Upon occurrence of a Termination Event:

- a) All MTNs shall be subject to mandatory redemption;
- b) No further issuances under the MTN Programme is permitted; and
- c) The amounts standing to the credit of the Revenue Account (save for the Deposits) and Operating Account shall be applied in the following order of priority:
 - i) To pay/set aside any taxes due;
 - ii) To pay/set aside any fees and expenses due to or incurred by the Trustee and other parties to the transaction in the following order of priority:
 - (aa) Central Depository and paying agent fees and expenses;
 - (bb) Trustee fees;
 - (cc) Security Trustee fees and expenses;
 - (dd) Rating fees and expenses;
 - (ee) Facility Agent fees and expenses;
 - (ff) Administrator fees and expenses; and
 - (gg) Any other fees and expenses due to or incurred by other parties in relation to the transaction (including Servicer fees);
 - iii) To pay any accrued and unpaid coupon due in respect of the Senior Class A MTNs;
 - iv) To pay the principal outstanding of the Senior Class A MTNs*;
 - v) To pay any accrued and unpaid coupon due in respect of the Senior Class B MTNs;
 - vi) To pay the principal outstanding of the Senior Class B MTNs*;
 - vii) To pay any accrued and unpaid coupon due in respect of the Senior Class C MTNs;
 - viii) To pay the principal outstanding of the Senior Class C MTNs*;
 - ix) To pay any accrued and unpaid coupon due in respect of the Senior Class D MTNs;

- x) To pay the principal outstanding of the Senior Class D MTNs*;
- xi) To pay any accrued and unpaid coupon due in respect of the Senior Class E MTNs;
- xii) To pay the principal outstanding of the Senior Class E MTNs*;
- xiii) To pay any accrued and unpaid coupon due in respect of the Senior Class F MTNs;
- xiv) To pay the principal outstanding of the Senior Class F MTNs*;
- xv) To pay accrued and unpaid coupon due in respect of the Subordinated Class MTNs;
- xvi) To pay the principal outstanding of the Subordinated Class MTNs*;
- xvii) To set aside/pay all fees, costs and expenses incurred or to be incurred in connection with or incidental to the winding up of the Issuer;
- xviii) To pay dividends on the RPS (if any);
- xix) To redeem all the outstanding RPS (if any); and
- xx) To pay bonus fee to the Servicer.

** In the case of MTNs which are issued at par, principal outstanding is defined as nominal value of the MTNs. In the case of MTNs which are issued at a discount, the principal outstanding is defined as the original discounted proceeds of the MTNs.*

(ix) Reinstatement Event

The occurrence of an event under the terms of any of the SPA(s) which entitles the Issuer as the purchaser to terminate the relevant SPA (“**Affected Sale and Purchase Agreement(s)**”) and seek a refund of the relevant purchase price.

Upon occurrence of a Reinstatement Event:

- a) the Call Option Party shall be entitled to exercise the Senior MTNs Call Option; and
- b) the Senior Noteholders may by a specified majority, decide whether to terminate the Affected Sale and Purchase Agreement(s).

(x) Default Interest

1% p.a. above the base lending rate of Malayan Banking Berhad on the amount unpaid from the relevant due date up to the date of actual payment, calculated based on the actual number of days elapsed and a year of 365 days.

No default interest will be charged on the unpaid coupon payment of the Subordinated Class MTNs prior to its Legal Maturity.

(xi) Redemption	The MTNs under the MTN Programme shall be redeemed on their respective maturity dates at their nominal value.
(xii) Documentation	<p>The MTN Programme shall be evidenced by documentation prepared by solicitors who will incorporate the terms and conditions herein and shall include such other terms and conditions standard for facilities of this nature including but not limited to events of default, cross default, right of set-off, assignment, appropriation and such other terms as may be advised by the solicitors. Issue Documents includes but not limited to:</p> <ul style="list-style-type: none"> a) The Programme Agreement; b) The Agency Agreement; c) The Trust Deed; d) The notes to be issued under the MTN Programme; e) The security documents referred to above; and f) The Property Call Option on the Property. <p>Sale and Ancillary Documents includes but not limited to:</p> <ul style="list-style-type: none"> a) The SPAs; and b) The existing tenancies in respect of the Property in accordance with the provisions of the SPAs. <p>Transaction Documents means “the Issue Documents” and “the Sale and Ancillary Documents”.</p>
(xiii) Issue Date	The first issuance under the MTN Programme shall not be later than six (6) months from the date of the SC’s approval for the MTN Programme.
(xiv) Tender Panel Members	To be identified by the Lead Arranger and are financial institutions and/or person falling within the Selling Restriction.
(xv) Ranking	<p>The MTNs constitute direct, unconditional, unsubordinated and secured obligations of the Issuer, and within each Class of MTNs, rank pari passu without discrimination, preference or priority amongst themselves and for all Classes of MTNs, in priority to all present and future unsecured obligations of the Issuer from time to time (subject to those preferred by law). As between the Classes, the MTNs are ranked in the following descending order of priority:</p> <ul style="list-style-type: none"> i) Senior Class A MTNs; ii) Senior Class B MTNs; iii) Senior Class C MTNs; iv) Senior Class D MTNs; v) Senior Class E MTNs;

- vi) Senior Class F MTNs;
- vii) Subordinated Class MTNs.

**(xvi) Limited
Recourse/Non-Petition**

The liability of the Issuer to make coupon and principal repayments on the MTN Programme is limited to the assets of the Issuer available for this purpose in accordance with and subject to the order of priority of payments as set out in the Trust Deed.

Once the securities have been exhausted and there are still obligations of the Issuer remain outstanding, the outstanding obligations shall be deemed extinguished and the MTN holders shall be deemed to agree that they shall not have any legal rights as against the Issuer and accordingly, they shall not be entitled to file a petition for or institute or join any other person in instituting proceedings for the reorganization, liquidation, winding-up or receivership of the Issuer or other similar proceedings under any applicable laws.

(xvii) Taxation

All payments by the Issuer shall be made in full without any present or future levies, withholding or deductions of whatever nature and of any tax, whether it be of a withholding nature or otherwise unless the levy, withholding or deduction is required by the laws of Malaysia, in which event, the Issuer shall:

- a) Ensure that the deduction or withholding does not exceed the minimum legally required;
- b) Pay to the relevant taxation or other authorities within the period for payment permitted by applicable law, the full amount of the deduction or withholding; and
- c) Furnish to the Trustee, upon its request, an official receipt of the relevant taxation or other authorities involved for all amounts deducted or withheld as aforesaid

(xviii) Governing Law

Law of Malaysia

(ixx) Role of Servicer

The Servicer shall appoint (where necessary) a Malaysian licensed property manager as defined under the Valuers, Appraisers and Estate Agents Act 1981 to carry out such functions where required, and monitor such appointed property manager in relation to such functions which includes (but not limited to) the following functions:

- i) To let out, maintain and manage the Property in accordance with the regulations and laws binding the Issuer and the Property;
- ii) To collect all payments (including Deposits, be it forfeited or otherwise) and interest on overdue

- payment, other income generated directly or indirectly from the Property and pay the same to and for the account of the Issuer;
- iii) As project manager to plan and implement Asset Enhancement Plans;
 - iv) To implement strategies and policies by doing all acts necessary or prudent including but not limited to maximising the revenue arising from the Property;
 - v) Take up and maintain the necessary insurances over the Property, promptly notify of any event which will or may give rise to any claim or right of action under the insurances and to cause the name of the Trustee to be endorsed on such insurance policy as the loss payee and beneficiary;
 - vi) Operate (including but not limitation ensuring that all payments are made into and out of) the Operating Account in accordance with the terms and conditions of the Trust Deed;
 - vii) Prepare a detailed budget on a periodic basis for the purposes of the Trustee's approval setting out the estimated operating and capital expenditure and estimated receipts of, derived from or accruing to the Property; and
 - viii) Prepare and deliver to the Trustee the Servicer Report containing certain information on the Property and such other information on each Servicer Report on a periodic basis

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4. INFORMATION ON THE PROPERTY

4.1. Background of Property



Queensbay Mall (“The Mall”) is a shopping complex located within the Queensbay integrated waterfront development project in Bayan Lepas, Penang. It represents a major proportion of the commercial developments Queensbay, which is a mixed development project comprises of commercial and residential zones. The Queensbay project is undertaken by CP Landmark Sdn Bhd, which undertook the revival of the Bayan Bay Project (a joint venture project between Penang Development Corporation and Anson Perdana Bhd) and renamed it to Queensbay. CP Landmark Sdn Bhd is a member of the CP Group, which was founded by Dato’ Tan Chew Piau. CP Group has business in property development, construction, retail investing and the hospitality industry.

4.2. Description of the Property

Queensbay Mall, located on a land of approximately 55,100 sq. m (593,091 sq. ft) in size was completed in 2006. The Mall was issued the Certificate of Fitness for occupancy by the Majlis Perbandaran Pulau Pinang on 1 April 2008 and was officially opened on 1 December 2006.

The Properties forms part of an eight (8) storey shopping complex with two (2) levels of basement known as “Queensbay Mall”, held under Master Title Geran 97433, Lot No. 15736, Mukim 12, District of Barat Daya, State of Pulau Pinang. It bears the postal address of Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang.

The Mall with a gross floor area of approximately 2.5 million sq. ft offers a total NLA of approximately 1.0 million sq. ft. A summary of the NLA owned by CP Group is tabulated as follows:

Floor	Net Lettable Area (as per the Tenancy Schedule)		Net Lettable Area (as per the Surveyed Floor Area)	
	Square Metres	Square Feet	Square Metres	Square Feet
Basement 1	14,443.79	155,471.63	14,879.91	160,165.98
Ground Floor	19,558.59	210,526.88	19,694.00	211,984.45
First Floor	18,237.50	196,306.77	18,454.94	198,647.37
Second Floor	18,263.66	196,588.35	18,446.00	198,551.08
Third Floor	12,246.01	131,815.00	13,423.15	144,485.56
Total	82,749.55	890,708.63	84,898.00	913,834.44

The Mall also offers conveniences and services for the shoppers such as ATM(s) & banking services, car wash service, florist, locksmith & cobbler, post office, news stand, surau/muslim prayer room, security services and wheel chairs for the disabled.

4.3. Building

Queensbay Mall is an eight (8) storey shopping complex offering five (5) levels of retail space and approximately 2,500 car park bays spread over two (2) levels of basement car parks and six (6) levels of elevated car parks. It enjoys dual frontages with the main entrances fronts onto the north-western side of Persiaran Bayan Indah whilst the secondary frontage faces the south-eastern side of the Bayan Lepas and Sungai Nibong Expressways.

The building is basically constructed on reinforced concrete floors, reinforced concrete framework infilled with plastered brickwalls and a reinforced concrete flat roof.

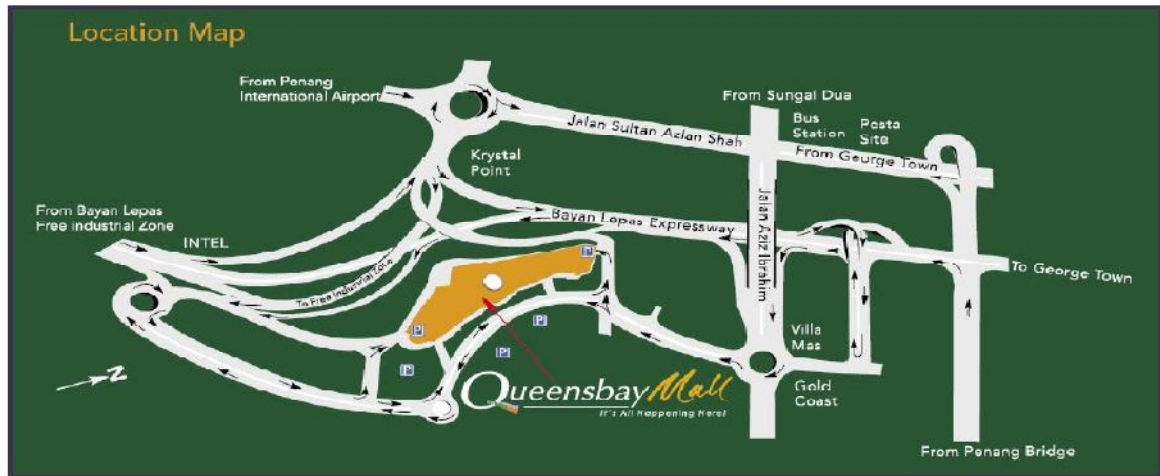
Generally the external and internal walls are finished with cement plaster and the ground floor front/rear/side façades are mainly of powder coated aluminum framed glass curtain walling. The internal walls of the lift lobbies are lined with polished granite to ceiling height whilst the internal walls of the toilets are finished with glazed wall tiles to ceiling height.

Internal partitions are generally a combination of plastered brickwalls, glass panels and gypsum boards. The doors are mainly of mild steel roller shutters except the doors of the office which are of flushed plywood whilst the windows are of steel framed glass panels.

The ceilings are mainly of plastered ceiling/suspended acoustic/mineral fiber boards incorporating incandescent lighting, air conditioning vents, sprinkler system, PA system and recessed light fittings. The lift lobbies and common areas have smoke detectors and emergency lighting.

The floor finishes are generally of homogenous tiles/ceramic tiles for common areas such as foyer, lift lobby corridor and covered terraces, wall to wall carpeted and ceramic/vinyl tiles to the office areas, ceramic tiles for the toilets whilst other areas are basically of cement screed. The emergency staircases and loading/unloading bays are of cement screed.

4.4. Location and accessibilities



Queensbay Mall is situated along the north-western side of Persiaran Bayan Indah, Bayan Lepas, Penang. It is located approximately 6.25 miles (10 kilometres) to the south-west of the Georgetown commercial district.

The present approach to Queensbay Mall from Georgetown commercial district is via the Jelutong Expressway, the Bayan Lepas Expressway, exiting at the Jalan Aziz Ibrahim interchange and thence onto Persiaran Bayan Indah to where the shopping complex is located.

Accessibility is expected to improve in the medium to long-term with the development of the proposed Penang Second Bridge and the Penang Outer Ring Road (PORR) carriageway. The Penang Second Bridge will connect Batu Kawan from the mainland Seberang Perai and Batu Maung on Penang Island, which is further south of Penang Island and five minutes away from Queensbay Mall. Upon completion of Penang Second Bridge, Queensbay Mall will be located in between the Penang Bridge and the Penang Second Bridge. The Penang Second Bridge is expected to provide easier traffic access from the neighbouring states such as Perak, Kedah and Perlis compared to the highly congested Penang Bridge. Meanwhile, the PORR will connect the northern part of Penang Island from Tanjung Tokong to Gelugor, and also across Gurney drive up to the Penang Bridge. Whilst reducing traffic in the town area, the PORR is expected to provide better logistic integration between other highly populated areas along the east coast of the Penang Island to the Queensbay area.

4.5. Neighbourhood and Surrounding

The Mall is also located close to the Bayan Lepas Expressway which provides direct access to the Georgetown commercial district. This strategic location offers convenient access to the city's key business and banking districts, as well as to hawker food enclaves and heritage sites in the inner city.

The vicinity surrounding the Mall comprises of mainly 3-storey shop offices, showrooms, medium to high-end condominium, apartment blocks, semi-detached and detached houses as well as the newly completed Eastin Hotel. The hotel is located to the north-east of the Mall.

Some of the prominent condominium developments in the area include Villa Mas, Gold Coast, Putra Marine and Putra Place condominiums.

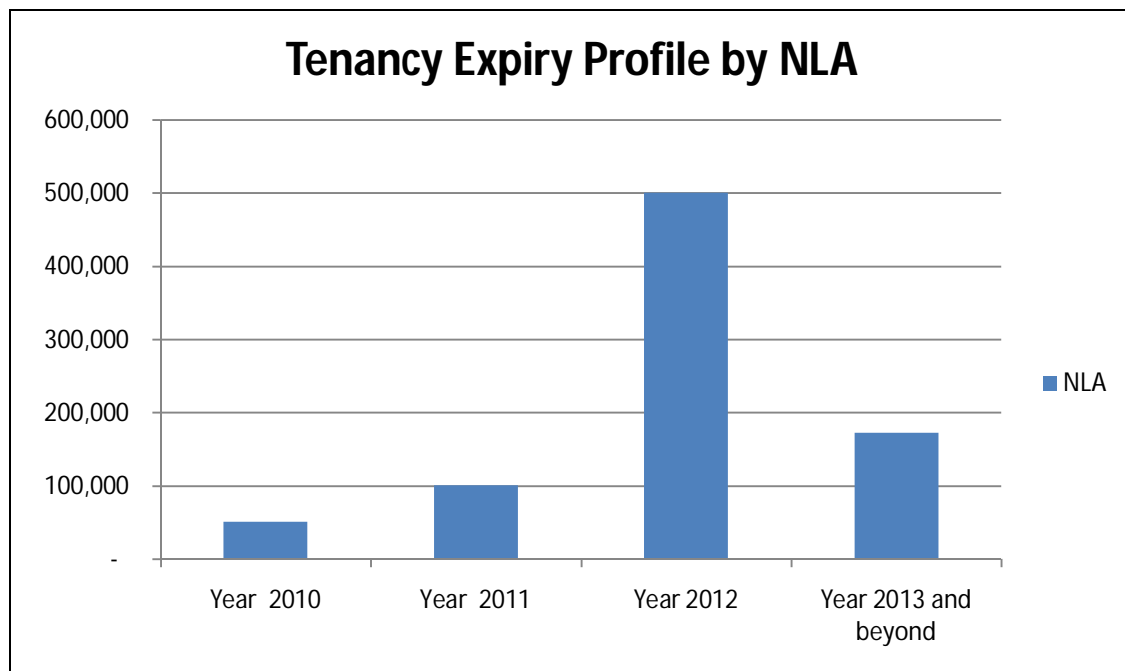
Currently there are also undeveloped commercial plots within the immediate locality of the Mall earmarked for future development comprising amongst others, low and high-rise office buildings, high-end condominiums and service apartments and hotel.

Tenant Mix

Queensbay Mall houses a diverse tenant mix comprising well-known international and local brand outlets. The Mall houses Jusco as the major anchor tenant who occupies approximately 255,020 sq ft (equivalent to approximately 30% of the total net lettable area (“NLA”)). The renewal of the Jusco tenancy agreement is currently under negotiation. The Mall is also anchored by other mini anchor tenants such as Golden Screen Cinemas, Neway Karaoke, CYC Sega Leisure World, Harvey Norman, Sen Q, Borders, Popular Bookstore and Padini Concept Store. The Mall also houses popular food and beverage outlets such as Mc’ Donalds, Pizza Hut, Kentucky Fried Chicken, Coffee Bean, Starbucks and Nando’s.

The complex enjoys good occupancy rate of approximately 95% and it is well patronised.

Tenancy Expiry in Year	% of Total Area
2010	13%
2011	11%
2012	56%
2013 and beyond	20%



Generally the majority of the current term tenancies i.e. 56% are set to expire in the year 2012. The rent for the tenancies of the current term are either a fixed rental or at an increasing staggered rental periodically. The tenants are also granted with an option to renew the tenancy term thereafter at the prevailing market rates or a rate to be agreed upon both parties before to expiration of the current term.

4.6. Competitors

Gurney Plaza/Gurney Plaza Extension

Gurney Plaza is an eight (8) storey shopping complex with two (2) levels of basement which adjoins a 9-storey retail extension block. It is located along Persiaran Gurney, within the locality famously known as Gurney Drive, Georgetown. Together, it has a total NLA area of approximately 78,270 sq. m (842,500 sq. ft) with 1,833 car park bays. The main building has approximately 65,728 sq. m (707,500 sq. ft) of NLA and 1,075 car park bays whilst the extension has approximately 12,542 sq. m (135,000 sq. ft) of NLA and 758 car park bays. Previously owned by Gurney Plaza Sdn Bhd, the main building is now owned by CapitaMalls Malaysia Trust. The anchor tenant of the shopping complex is Parkson Grand whilst the major/key tenants include Cold Storage, Studio R, MPH, Best Denki, senQ, Rozzini, World of Cartoons, Popular, Food Avenue, Guardian, Redbox Karaoke, Padini Concept Store, Factory Outlet Store (FOS), Reject Shop, Toys "R" Us, Golden Screen Cinemas and Celebrity Fitness.

Key Tenants

The main key tenant of Gurney Plaza is Parkson. Occupying three levels from ground floor up to the second floor at the old wing and four levels from ground to the third floor at the new wing. Parkson is one of the leading departmental stores in Malaysia. It was established in 1987 and is currently one of the largest retail chains in Malaysia.

Tenant Trade Mix

The centre currently enjoys a 96.4% ¹ occupancy rate. Of the total committed NLA, fashion and accessories outlets occupy 23% the department store occupies 16.6% and leisure and entertainment outlets occupy 12.8%². The centre offers a wide range of retail stores. The largest tenants of Gurney Plaza include Malaysian and international retailers with strong brand recognition in the Malaysian retail market, such as Parkson, Padini Concept Store, Esprit/Red Earth and Cold Storage.

The table below tabulates the list of top 10 tenants in relation to the contribution to the total monthly gross rent in Gurney Plaza³.

Tenant	Trade	% Gross Rental Income
Parkson	Department Store	5.60%
Padini Concept Store	Fashion	2.60%
Esprit/Red Earth	Fashion	1.80%
Cold Storage	Supermarket	1.60%
Nichii	Fashion	1.40%
Reject Shop	Fashion	1.40%
Golden Screen Cinemas	Entertainment	1.40%
G2000	Fashion	1.40%
Quiksilver	Fashion	1.40%
Celebrity Fitness	Beauty and Health	1.30%
Other Tenants		80.10%
Total		100%

¹ Source: CMMT prospectus – 28 June 2010. Occupancy as at 30 April 2010

² Source: CMMT prospectus – 28 June 2010. Trade Mix as at 30 April 2010

³ Source: CMMT prospectus – 28 June 2010. Top 10 Tenants as at 30 April 2010

AEON Seberang Prai City

AEON Seberang Prai City is a six (6) level shopping complex with a basement floor where the retail spaces are on the Ground, 1st and 2nd floor whilst the car park bays are on the basement, 3rd floor and rooftop. It is located along Jalan Perda Timur, off Jalan Permatang Batu, within the locality of Bandar Perda, Bukit Mertajam in Seberang Prai. It was officially opened to public on 22 August 2008.

Being the largest shopping complex in Seberang Prai, it has a gross floor area of approximately 211,819 sq. m (2,280,000 sq. ft) and a NLA of approximately 62,709 sq. m (675,000 sq. ft) with more than 3,000 car park bays. It is owned by AEON Co., formerly known as Jaya Jusco Stores Bhd, the local-arm of the Japanese retail giant AEON Japan. The anchor tenant of the complex is Jusco whilst the major/key tenants include Digital Mall, Popular, Poh Kong, Big Apple Donuts & Coffee, Fitness Concept, KFC, Secret Recipe, Watson, Hush Puppies, Giordano and TGV Cinemas.

D’Piazza Mall

D’Piazza Mall is a mixture of internal and external shopping mall concept. In addition, it also accommodates 62 units of bazaar shop-lots. It is located along Jalan Mahsuri within Bandar Baru Bayan. In total, the mall has a total gross floor area of and NLA of approximately 48,774 sq. m (525,000 sq. ft) and approximately 31,587 sq. m (340,000 sq. ft) respectively with about 800 car parking bays of which 560 bays are in the basement. The mall is owned by Seraimas Bina Group. Whilst it does not have an anchor tenant space, the major/key tenants include Pelita Nasi Kandar, Promptip Thai Restaurant, Amway, and Body Glove.

Birch the Plaza

Known as Birch the Plaza, Phase 1 of the Penang Times Square development, is a six (6) storey retail podium consisting three (3) floors of retail spaces, two (2) floors of car parking bays, loading bay on the basement and a floor of facilities and amenities, with the residential condominium block on top of it. The retail podium has a NLA of approximately 26,461 sq. m (284,828 sq. ft) and comprises 179 retail lots was launched in year 2006 and officially opened in February 2010. The developer of this project is Ivory Properties Group Berhad. The anchor tenant of the shopping mall is Sunshine City whilst the major/key tenants include SEC More, Family Leisure Centre, Boss Café & Lounge, Marrybrown and Lafonis Playland.

4.7. Description of the Tenancy Agreement

Relevant and salient features of a typical Tenancy Agreement are as follows:-

- i) The tenancy term – the duration of the tenancies varies from 1 to 3 years;
- ii) The optional term – an option to renew the tenancy for a term of 1 to 3 years is available to the tenant at such rent to be mutually agreed upon between the parties;
- iii) Landlord’s covenants include the responsibilities to supply water and/or electricity for use at the common areas of the building during business hours and payment of all charges in respect of the quit rent, rates, taxes, assessment and other outgoings and external and structural repairs;
- iv) The Landlord is responsible to keep and maintain the common property and the building in a clean and sanitary condition and to provide the services in an effective and efficient manner; and
- v) Tenant’s covenants include the responsibilities of paying all charges and outgoings in respect of utilities consumed or supplied to the respective units (including water and electricity) as well as the upkeep and maintenance of the internal of the units.

4.8. Description of the Property's Cashflow

The major source of income of the Property is derived from rental collections and car park collections. The said rental and car park collections shall be ring-fenced (all revenues of the Property to be credited into the revenue account of the Issuer), for amongst others, coupon servicing of the MTNs issued under the MTN Programme.

The total revenue for the year 2011 is estimated at RM62.5 million. A breakdown of the 2011 estimated revenue is as follow:

Revenue Breakdown	% of revenue
Rental income (inclusive of service charge)	92.1
Car park income	5.0
Other income	2.9
Total	100.0

Rental income

Rental income consists of rental of retail space and Gross Turn Over ("GTO") derived from the property.

Estimated average month rental income and rental per sq ft for the Property for year 2011 as follow:-

Floor	NLA (sq. Ft)	Average Rental per sq ft (RM)	Estimated Monthly Rental Income (RM'000)
Basement 1	155,471.63	6.48	1,007
Ground Floor	210,526.88	6.00	1,263
First Floor	196,306.77	5.30	1,041
Second Floor	196,588.35	4.27	840
Third Floor	131,815.00	3.94	519
GTO	NA	NA	127
Total	890,708.63	5.24	4,797

The estimated average monthly rental income and rental per sq ft stated in the above table has taken into account the rental rate in respect of the AEON lease calculated at the revised monthly rental rate of RM1.65 per sq ft. As of 28 February 2011, C P Mall Sdn. Bhd. is receiving monthly rental at the rate of RM1.50 per sq ft in respect of the AEON Lease. Pursuant to the terms of the AEON Lease, the monthly rental shall be revised upwards once every three years based on the prevailing market rental provided always that the revised monthly rental shall not exceed 10% of the rent last payable for the preceding year. If AEON is not agreeable to the revised monthly rental rate of RM 1.65 per sq ft. then the average monthly rental income receivable from the Property stated in the above table shall be reduced by less than 1%.

Car park income

The management of the car park is currently contracted out to Secure Parking (Northern) Sdn Bhd who manages approximately 2,500 car parking bays within Queensbay Mall. Pursuant to the acquisition by SCSB, Secure Parking (Northern) Sdn Bhd will continue to manage the car park. For the multi level car park, visitors will be charged RM1.00 for 1st three (3) hours or part and RM1.00 for every subsequent hour or part from Monday to Friday. Visitors to the Mall on Saturday, Sunday and Public holiday will be charged RM2.00 for 1st three (3) hours or part and RM1.00 for every subsequent hour or part. For the basement car park, visitors will be charged RM1.00 for 1st two (2) hours or part and RM1.00 for every subsequent hour or part from Monday to Friday. On Saturday to

Sunday and public holidays, visitors will be charged RM2.00 for 1st two (2) hours or part and RM1.00 for every subsequent hour or part.

The estimated car park income for the year 2011 is RM 262,000.00 per month.

Other income

Other income consists of fit out fee, promotion income, push carts rental, late payment interest and other miscellaneous collections which is estimated to achieve approximately RM151,000 per month.

Outgoing

The projected outgoings for the Property covers service charge, assessment, quit rent, insurance and maintenance charges should average at RM2.20 per square foot per month for 2011. The total operating expenses is estimated at approximately 40.8% of total revenue for 2011.

4.9. Historical Performance of the Property

Financial Year	2007	2008	2009
Revenue (RM million)	50.65	58.12	59.72
Earnings before interest, tax, depreciation and amortisation (RM million)	27.40	33.67	35.20

Queensbay Mall has been registering improving occupancy rates for the last four years to 2010. This may be attributed to the continuous asset enhancement initiatives undertaken by CP Mall Sdn Bhd. The occupancy rate of the entire mall has improved significantly to approximately 95% as of September 2010 from approximately 80% in December 2007. Based on MARC's analysis, the risk of cancellation of tenancy agreements is deemed low, with only seven early terminations for the past 12 months which represent only 0.4% of the total net lettable area, almost all of which have been replaced with new tenants.

4.10. Valuation of the Property

The Property is valued by using the Comparison and Income Capitalisation Methods, the latter being the primary approach.

Comparison Method

The Comparison Method entails comparing the Property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions if any, occupancy status, built-up area, building construction, finishes and services, age and condition of building and other relevant characteristics.

The Valuer analysis has taken into account several factors that Queensbay Mall is more superior than other shopping complexes in Penang for the following reasons:

- i) The Property are located within Queensbay Mall, Queensbay, Bayan Lepas which is an emerging prime business district within Penang Island known as and is situated within close proximity to the Bayan Lepas Free Trade Zone (FTZ) and Penang International Airport.

The neighbourhood is mainly developed with shop offices, luxury condominium/apartments, showrooms and exclusive residential premises. In addition, there are parcels of commercial land

within the immediate locality earmarked for high rise office buildings, high end condominiums and service apartments 4 to 6 star hotels and other commercial activities which would further spur the pace of development in the neighbourhood.

- ii) Queensbay Mall is generally a well-managed shopping complex enjoying almost full occupancy with a large pool of prospective tenant on the waiting list to take up retail space.
- iii) Given strong demand of retail space within the complex, the Property enjoys stable rental values and is competitive with other similar shopping complexes in Penang.

Therefore the Valuer has taken into consideration sale evidences which are almost similar prime retail complexes for analysis purposes.

In addition, the Valuer also noted that some of the car parks within Gurney Park Condominiums were transacted recently and the details are as follows:

No	Car Park No	Date	Consideration (Per Bay)
1	Lot 609	22-Dec-09	RM 20,000.00
2	Lot 613	1-Dec-09	RM 20,000.00
3	Lot 646	21-Jan-10	RM 20,000.00

The Valuer's valuation working adopted the Comparison Method, derives a Market Value of RM658,000,000.00.

Income Capitalisation Method

The Income Capitalisation Method is most appropriate for the valuation of an income producing properties which is held for investment purposes such as the Property. The Income Capitalisation Method involves the following steps:

- i) Estimate the gross income receivable from the Property.
- ii) Estimate annual outgoings and service charges to cover annual expenditures such as quit rent, assessment rates, repairs and maintenance, insurance, water and electricity, cleaning, pest control, management, etc.
- iii) The estimated net income is obtained by deducting (ii) from (i).

The estimated net income is then capitalised by using an appropriate rate of interest (yield) reflecting the security of future incomes in relation to the use that the Property is being put to.

The market value based on the Income Capitalisation Method is RM660,000,000.

Opinion of Value

Having regard to the foregoing, the Valuer's opinion is that the Market Value of the freehold interest in the Properties, (1) Strata and Accessory Parcels (Retail Spaces) on Lower Ground, Ground, First, Second and Third, Floors, (2) Accessory Parcels (2,552 Car Parking Bays) on Basement 1 & 2, Third, Fourth, Fifth, Sixth, Seventh and Eighth Floors together; forming part of an eight (8) storey shopping complex with two (2) levels of basement known as "Queensbay Mall" held under Master Title Geran 97433, Lot No. 15736, Mukim 12, District of Barat Daya, State of Pulau Pinang, as described in the "TITLE PARTICULARS", subject to the existing tenancies, lease to Aeon Co. (M) Bhd, free from

the existing charge, private caveat and lien holder's caveat registered / lodged by CIMB Bank Berhad and all other encumbrances, as at 1 October 2010, is RM660,000,000.

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5. THE ISSUER

5.1. Company Background

SCSB is a bankruptcy remote special purpose vehicle incorporated under the Companies Act 1965 on 16 August 2010 for the sole purpose of undertaking the securitisation of the Property. As at 28 February 2011, its registered office is located at Unit A-22-15, Level 22, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

5.2. Share Capital & Shareholding Structure

Authorised capital as at 28 February 2011

RM1,000,000.00 divided into 100,000 ordinary shares of RM1.00 each and 90,000,000 preference shares of RM0.01 each

Paid-up capital as at 28 February 2011

RM2.00 divided into 2 ordinary shares of RM1.00 each.

As at 28 February 2011:

Shareholder	No. of ordinary shares	% of shareholdings
Equity Trust (Malaysia) Berhad*	2	100%

*Equity Trust (Malaysia) Berhad (Company No. 610812-W) holds the shares as shares trustee under a discretionary trust for the benefit of certain charitable organizations.

5.3. Board of Directors

The Directors of the Issuer as at 28 February 2011 and their profiles are as follows:

CHIA SIEW CHIN (F), age 58, a Malaysian, was articled in London and qualified as a Chartered Accountant in England & Wales. She is a member of Malaysian Institute of Accountants (“MIA”), Malaysian Institute of Taxation (“MIT”) and Society of Trust and Estate Practitioners, UK (“STEP”). She is also a Certified Financial Planner (“CFP”) and an approved trust officer by Labuan Offshore Financial Services Authority (“LOFSA”).

She has more than 25 years experience in corporate management, accounting, taxation and trust in Malaysia and UK. She has been advising corporations and individuals on cross border transactions and offshore structuring.

NG LAY LENG (F), age 43, a Malaysian, is an associate of the Institute of Chartered Secretaries and Administrators, United Kingdom (“ACIS”). She began her career in 1991 as an operation officer and in 1993; she joined a secretarial firm as a Company Secretarial Assistant.

She has more than 14 years experience in corporate secretarial in advising clients on technical issues and corporate secretarial practices.

5.4. Bank Borrowings

As at 28 February 2011, SCSB has not undertaken any bank borrowings.

5.5. Material Commitments and Contingencies

As at 28 February 2011, SCSB does not have any material commitments and contingencies.

5.6. Material Contracts

As at 28 February 2011, SCSB has not entered into any material contracts that are not in the ordinary course of business.

5.7. Material Litigations

As at 28 February 2011, SCSB is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of SCSB are not aware of any proceedings pending or threatened against SCSB or of any facts likely to give rise to any proceedings which may materially affect the financial position of business of SCSB.

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6. THE ORIGINATORS

6.1. Company Background

Collectively, there are seven (7) originators in the transaction which comprise the following:

As at 28 February 2010:

C P Mall Sdn. Bhd. incorporated in Malaysia on 8 March 2005 and is principally involved in property investment and investment holding. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

C P Park Sdn. Bhd. incorporated in Malaysia on 23 May 2001 and is principally involved in property investment and property letting. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Casapark Sdn. Bhd. incorporated in Malaysia on 7 August 2003 and is principally involved in property investment and investment holding. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Cool Meadow Sdn. Bhd. incorporated in Malaysia on 11 September 2006 and is principally involved in property investment. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Dominion Power Sdn. Bhd. incorporated in Malaysia on 1 June 2006 and is principally involved in property investment. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Genetis Sdn. Bhd. incorporated in Malaysia on 15 June 2007 and is principally involved in property investment. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

Techdom Sdn. Bhd. incorporated in Malaysia on 3 April 2006 and is principally involved in property investment. Its registered address is located at Penthouse, C P Tower, 11 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan.

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7. THE SENIOR MTNS CALL OPTION HOLDER AND THE PROPERTY CALL OPTION HOLDER

7.1. Company Background

Name	CMA
Registration Number	200413169H
Date of Incorporation	12 October 2004
Registered Office	39 Robinson Road, #18-01 Robinson Point Singapore 068911

CMA is one of the largest listed shopping mall developers, owners and managers in Asia by total property value of assets and geographic reach. CMA has an integrated shopping mall business model encompassing retail real estate investment, development, mall operations, asset management and fund management capabilities. It has interests in and manages a pan-Asian portfolio of 91 shopping malls across 49 cities in the five countries of Singapore, China, Malaysia, Japan and India, with a total property value of approximately S\$23.7 billion and a total GFA of approximately 73.4 million square feet.

Shopping malls in the portfolio include ION Orchard and Plaza Singapura – which are located in one of the world’s most famous shopping streets, Orchard Road – Raffles City Singapore and Clarke Quay in Singapore. CMA’s landmark shopping malls in China are Xizhimen Mall and Wangjing Mall in Beijing, Raffles City Beijing and Raffles City Shanghai. The portfolio also includes Gurney Plaza in Penang, Malaysia; Vivit Square in Tokyo, Japan; as well as Forum Value Mall in Bangalore, India.

CMA’s principal business strategy is to invest in, develop and manage a diversified portfolio of real estate used primarily for retail purposes in Asia, and to strengthen its market position as a leading developer, owner and manager of shopping malls in Asia.

CapitaLand, one of Asia’s largest real estate companies, owns 65.50% of CMA.

(Source: Adapted from www.capitamallsasia.com and www.capitaland.com, as at 25 January 2011)

7.2. Share Capital & Shareholding Structure

As at 28 February 2011:

Authorised Capital:	N.A.
Share capital:	SGD4,605,000,000
Shareholding Structure:	65.50% owned by CapitaLand Limited.

7.3. Board of Directors

As at 28 February 2011:

1. Mr. Liew Mun Leong,
2. Ms. Chua Kheng Yeng, Jennie,
3. Mr. Lim Tse Ghow Olivier,
4. Mr. Lim Beng Chee,
5. Mr. Sunil Tissa Amarasuriya,
6. Dr. Loo Choon Yong,
7. Mrs. Arfat Pannir Selvam,
8. Prof. Tan Kong Yam,
9. Mr. Yap Chee Keong.

7.4. Historical Financial Highlights

Financial Year End 31 December	2010 (unaudited)	2009	2008
Revenue (SGD million)	245.402	228.946	205.210
Profit Before Tax (SGD million)	446.829	409.683	141.402
Shareholders Fund (SGD million)	5,888.230	5,512.885	1,585.001

(Source: Adapted from www.capitamallsasia.com and CMA Annual Report Year ended 31 December 2009)

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8. THE SERVICER

8.1. Company Background

Name: CapitaLand Retail Malaysia Sdn Bhd

Registration Number: 842006-U

Date of Registration: 19 December 2008

Registered Office Level 2, Ascott Kuala Lumpur, No. 9 Jalan Pinang, 50450 Kuala Lumpur.

8.2. Share Capital & Shareholding Structure as at 28 February 2011

As at 28 February 2011:

Authorised Capital: RM1,000,000.00

Issued and paid-up Capital: RM500,000.00

Shareholding Structure: 100% owned by CapitaLand Retail (MY) Pte Ltd

8.3. Board of Directors as at 28 February 2011

As at 28 February 2011:-

1. Mr. Ho Chee Hwee Simon
2. Ms. Lim Hwee Li
3. Mr. Lee Hui Yeow

8.4. Highlight of Servicer's Role and Responsibilities

The Servicer shall appoint (where necessary) a Malaysian licensed property manager as defined under the Valuers, Appraisers and Estate Agents Act 1981 to carry out such functions where required, and monitor such appointed property manager in relation to such functions which includes the following functions:

- i) To let out, maintain and manage the Property in accordance with the regulations and laws binding the Issuer and the Property;
- ii) To collect all payments (including Deposits, be it forfeited or otherwise) and interest on overdue payment, other income generated directly or indirectly from the Property and pay the same to and for the account of the Issuer;
- iii) As project manager to plan and implement Asset Enhancement Plans;
- iv) To implement strategies and policies by doing all acts necessary or prudent including but not limited to maximising the revenue arising from the Property;
- v) Take up and maintain the necessary insurances over the Property, promptly notify of any event which will or may give rise to any claim or right of action under the insurances and to cause the name of the Trustee to be endorsed on such insurance policy as the loss payee and beneficiary;
- vi) Operate (including but not limitation ensuring that all payments are made into and out of) the Operating Account in accordance with the terms and conditions of the Trust Deed;

- vii) Prepare a detailed budget on a periodic basis for the purposes of the Trustee's approval setting out the estimated operating and capital expenditure and estimated receipts of, derived from or accruing to the Property; and
- viii) Prepare and deliver to the Trustee the Servicer Report containing certain information on the Property and such other information on each Servicer Report on a periodic basis.

8.5. Servicer Fees

The Servicer shall receive as remuneration for provision of the services in the servicing agreement as follows:

- a) the fee payable in arrears on a quarterly basis (save and except for the first and the last servicing period) which is equivalent to an amount of up to five per cent (5%) of the gross revenue received by the Issuer in relation to the Property during the relevant quarterly period (the "Servicer Base Fee");
- b) the project management fee payable based on the percentage of project completion stages and construction cost to be incurred; and
- c) a bonus fee equivalent to the remaining funds in the Revenue Account which is only payable to the Servicer to the extent that there are remaining funds in the Revenue Account after all the Notes have been fully paid and declaration of preferential dividend, if any, and sufficient amounts have been set aside for the winding-up cost of the Issuer and fees, costs and expenses which are not due at the time of application of the funds in the Revenue Account in accordance with the priority of payments set out in the Trust Deed (the "Servicer Bonus Fee");

provided that the Servicer Bonus Fee is only payable in the event there are remaining funds in the Revenue Account after all Notes have been fully paid and all outstanding redeemable preference shares (if any) have been redeemed and sufficient amounts (as determined by an adviser to be appointed by the Trustee within 2 Business Days from the date of issuance of the Acceleration Notice pursuant to the declaration of an Event of Default or from the date when all conditions precedent have been satisfied under the sale Agreement pursuant to a Termination Event) have been set aside for the winding-up cost of the Issuer and fees, costs and expenses which are not due at the time of application of the funds in the Revenue Account in accordance with the priority of payments set out under clause "Consequences of Event of Default" (as set out in Section 3.0 of this Information Memorandum). In the event that the amounts set aside in the Revenue Account is insufficient to pay the actual payments, the Servicer shall refund such Servicer Bonus Fee as shall be equivalent to the shortfall but shall not be liable for any shortfall exceeding the Servicer Bonus Fee. In the event that the amount set aside in the Revenue Account is in excess of the actual payments, the excess amount shall be distributed to the Servicer as Servicer Bonus Fee in accordance with the priority of payments set out under clause "Consequences of Event of Default" (as set out in Section 3.0 of this Information Memorandum). Save as provided aforesaid, the Servicer will have no claim against the Issuer for any Servicer Bonus Fee or any shortfall in the Servicer Bonus Fee to the extent there are no remaining funds or any shortfall of funds aforesaid and such amounts will not accrue but will be forthwith extinguished. The Issuer shall bear any consumption tax including any goods and services tax and/or service tax payable on the Servicer Base Fee.

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9. CORPORATE PROFILE OF OTHER CONTRACTING PARTIES

9.1. Trustee and the Security Trustee

General

Under the terms of the Trust Deed, the Issuer has appointed Malaysian Trustees Berhad (Company No. 21666-V) as Trustee and the Security Trustee for the Noteholders and to hold the benefit of the security documents and all amounts received by it from the Issuer in trust for each and every Noteholder.

Information of the Trustee

The Trustee is Malaysian Trustees Berhad (Company No. 21666-V), a company incorporated in Malaysia in 1975 and registered as a trust company under the Trust Companies Act 1949. Its registered address and business address are at Level 19 and Level 2, Menara Prudential, 10 Jalan Sultan Ismail, 50250 Kuala Lumpur respectively. The fees payable to Malaysian Trustees Berhad will be based on arm's length terms.

9.2. Share Trustee

General

Under the terms of the Declaration of Trust, Equity Trust (Malaysia) Berhad (Company No. 610812-W) holds the shares in the Issuer as shares trustee under a discretionary trust for the benefit of certain charitable organizations.

Information of the Share Trustee

The Share Trustee is Equity Trust (Malaysia) Berhad (Company No. 610812-W), incorporated in Malaysia in as a private company on 30 March 1998. Its registered address is Unit A-22-15, Level 22, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur. The Share Trustee is principally engaged in providing nominee services to hold shares on trust for the benefit of named beneficiaries.

The fees payable to Equity Trust (Malaysia) Berhad will be based on arm's length terms.

9.3. Administrator

General

Under the terms of the Administration Agreement, the Issuer has appointed EQ Corporate Services (Malaysia) Sdn. Bhd. (Company No. 463543-D) to provide company secretarial services to and administer the statutory duties of the Issuer, including the filing of the relevant returns with the regulatory authorities and to act on any other administration work as may be instructed by the Trustee from time to time.

Information of the Administrator

The Administrator is EQ Corporate Services (Malaysia) Sdn. Bhd. (Company No. 463543-D), incorporated in Malaysia as a private company on 5 June 1998. Its registered address is Unit A-22-15, Level 22, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur. The nature of its business is providing corporate secretarial services and other related administration services to special purpose vehicles.

The fees payable to EQ Corporate Services (Malaysia) Sdn. Bhd. will be based on arm's length terms.

The fees payable to the trustee, security trustee, administrator, share trustee, rating agency and agency fees are estimated at approximately RM382,000 per annum (excluding reimbursements and service taxes) and will be paid when they are due.

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10. INVESTMENT CONSIDERATIONS

Prospective investors of the MTNs shall carefully read this Information Memorandum in its entirety. In evaluating an investment in the MTNs, prospective investors shall consider, among other things, all information contained in this Information Memorandum, including the particular risks and considerations referred to below. The MTNs are subject to certain risks that could adversely affect the performance of the Property. The following section does not purport to be complete and exhaustive. Prospective investors shall undertake their own investigations and analysis on the performance of the Property and risks associated with the Notes.

Each class of the MTNs carries different risks and all potential investors are strongly encouraged to evaluate each class of Notes on its own merits and risks of investment.

10.1. Considerations relating to the MTNs

(a) Rating

The rating agency, MARC has assigned the following ratings to the MTN Programme:

	Nominal Value (up to RM million)	Rating
<u>Senior Class MTNs:</u>		
Class A MTNs	160	AAA
Class B MTNs	40	AA
Class C MTNs	35	A
Class D MTNs	25	BBB
Class E MTNs	10	BB
Class F MTNs	30	B
(Collectively “Senior Class MTNs”)	300	
Subordinated Class MTNs	800	B-
Total	1,100	

Selective MARC’s Rating Definitions

<u>Investment Grade</u>
<i>AAA Indicates that the ability to repay principal and pay interest on a timely basis is extremely high.</i>
<i>AA Indicates a very strong ability to repay principal and pay interest on a timely basis, with limited increment risk compared to issues rated in the highest category.</i>
<i>A Indicates the ability to repay principal and pay interest is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings.</i>
<i>BBB The lowest investment grade category; indicates an adequate capacity to repay principal and pay interest. More vulnerable to adverse developments, both internal and external, than obligations with higher ratings.</i>
<u>Non-Investment Grade</u>
<i>BB While not investment grade, this rating suggests that likelihood of default is considerably less than for lower-rated issues. However, there are significant uncertainties that could affect the ability to adequately service debt obligations.</i>
<i>B Indicates a higher degree of uncertainty, and therefore, greater likelihood of default. Adverse developments could negatively affect repayment of principal and payment of interest on a timely basis.</i>

As the rating indicates the likelihood of the receipt of the coupon and principal repayment of the Senior Class MTNs and Subordinated Class MTNs, it is not a recommendation to purchase, hold or sell the Senior Class MTNs and Subordinated Class MTNs.

The Senior Class MTNs and Subordinated Class MTNs are subject to rating reviews by the Rating Agency throughout the tenure of the MTN Programme. As a result of these rating reviews, there can be no assurance that the current rating of the Senior Class MTNs and Subordinated Class MTNs will remain and there is a possibility that the ratings may be revised or withdrawn by the Rating Agency if circumstances in the future so warrant. In such instances, the market price of the Senior Class MTNs and Subordinated Class MTNs may decrease, and no person or entity would be obligated to provide any additional credit enhancement with respect to the Notes. Any reduction or withdrawal of rating will not constitute an event of default nor an event obliging the Issuer to prepay the Senior Class MTNs and Subordinated Class MTNs.

The Senior Class MTNs (in relation to Class E MTNs & Class F MTNs) and the Subordinated Class MTNs are rated non-investment grade. As such the rating of the Senior Class MTNs (in relation to Class E MTNs & Class F MTNs) and the Subordinated Class MTNs indicates a higher degree of uncertainty and greater likelihood of default compared to the other classes of the Senior Class MTNs.

(b) Coupon Payment on Subordinated Class MTNs

There is no guarantee that the holders of the Subordinated Class MTNs will receive periodic coupon payment. In the event the Issuer has insufficient funds to pay coupon on the Subordinated Class MTNs on the coupon payment date, the coupon payable on that date shall be deferred and be payable on the next coupon payment date, and so on (i.e. on a cumulative basis). Such unpaid coupon shall not be subject to penalty interest. Upon occurrence of a Trigger Event, no coupon on the Subordinated Class MTNs will be paid until all the Senior Class MTNs have been fully repaid.

Non-payment of any amount due under the Subordinated Class MTNs during the tenure of the MTN Programme shall not constitute an Event of Default. Failure to pay any amount due under the Subordinated Class MTNs when due and payable on date of expiry or termination of the MTN Programme shall constitute an Event of Default.

(c) DSRA

A DSRA will be required to be established under the MTN Programme to capture funds for purposes of servicing the coupon payment of the Senior Class MTNs from time to time. Funds in the DSRA shall be built-up equally over a period commencing one (1) month from the date of issuance of the respective Senior Class MTNs or one (1) month from the Senior Class MTNs' coupon payment date (as the case may be) till the date which is one (1) month prior to the next coupon payment due date of the Senior Class MTNs. The DSRA Requirement is defined as the Senior Class MTNs coupon payment amount required to be deposited in the DSRA one (1) month prior to the next coupon payment due date of the Senior Class MTNs.

To mitigate the liquidity risk in relation to the coupon payment of the Senior Class MTNs, an irrevocable and unconditional undertaking from CMA has been incorporated into the MTN Programme for CMA to top up any shortfall in the DSRA Requirement upon written notice from the Trustee prior to the occurrence of a Trigger Event. The undertaking covers the shortfall of one coupon payment of all outstanding Senior Class MTNs. Any shortfall in the DSRA Requirement must be topped-up within 7 days, failing which a Trigger Event is deemed to have occurred.

(d) Liquidity/Market Risk

Although the MTNs are tradable in the market, there can be no assurance that there is always liquidity in the market for the investors to dispose of their MTNs at prices which the investors would be able to sell. This is especially so for the Senior Class MTNs (in relation to Class E MTNs & Class F MTNs) and the Subordinated Class MTNs which are rated non-investment grade.

(e) Refinancing Risk

Proceeds from the issuance of the MTNs will be utilised to fund the purchase of a long term asset, i.e. the Property, resulting in a mismatch in funding. Furthermore, the MTNs to be issued under this transaction will not be underwritten. There shall be no assurance on the full take up for any subsequent issuance and/or rollover of the Senior Class A, Class B, Class C, Class D, Class E, and Class F MTNs.

However, this risk is mitigated by the incorporation of the Senior Class MTNs Call Option which provides a potential take out source for the principal outstanding under Senior Class MTNs. In addition, the Security Trustee shall be granted a PA to effect the disposal of the Property should the outstanding MTNs not be redeemed at its Expected Maturity. The Security Trustee will have a period of up to eighteen (18) months from the Expected Maturity (“the Legal Maturity”) to complete the disposal of the Property, and the proceeds of the disposal shall be utilised to, amongst others, redeem all MTNs that are outstanding.

(f) Termination Event

A Termination Event is deemed to have occurred upon completion of the sale and purchase of the Property pursuant to the exercise of the Property Call Option which permits the Call Option Party to exercise its rights under the Property Call Option to acquire the Property at the Property Call Option Price any time after the first issuance of the MTNs under the MTN Programme solely for the purpose of disposing the Property from the Issuer into a REIT.

Upon the exercise of the Property Call Option, all outstanding MTNs will be subject to the mandatory redemption at a price equivalent to the sum of the principal amount of the MTNs and the accrued interests. In the case of MTNs which are issued at par, principal amount is defined as the nominal value of the MTNs. In the case MTNs which are issued at a discount, principal amount is defined as the original discounted proceeds of the MTNs. However, the redemption of all outstanding MTNs may not occur on a coupon payment date and there may be break-funding costs to be incurred by the investors. The Issuer has no obligation to bear such break-funding costs or to indemnify the investors for such break-funding costs.

(g) Trigger Events

The occurrence of any of the following events will constitute a Trigger Event:

- 1) The Issuer fails to meet the DSRA Requirement within the stipulated timeframe;
- 2) The Issuer fails to redeem or refinance any of the outstanding MTNs on its Expected Maturity.

Upon the occurrence of a Trigger Event, the Trustee shall be entitled to serve a written notice (“Trigger Event Notice”) to the Call Option Party to grant the Call Option Party the right to either:

- a) exercise the Senior MTNs Call Option (as set out in clause (w)(vii) “Call Options”); or

b) exercise the Property Call Option (as set out in clause (w)(vii) “Call Options”).

The Call Option Party shall within 7 business days (or such other period as may be mutually agreed) of receipt of the Trigger Event Notice, notify the Trustee of its decision in relation to (a) or (b) above, failing which, the Security Trustee shall have the discretion to proceed with the disposal of the Property. The disposal process shall be managed by the Trustee, under the rights conferred to the Trustee pursuant to the Power of Attorney. The disposal price shall be determined in accordance with a pre-agreed mechanism.

The sale proceeds from the Property disposal shall be deposited into the Revenue Account and shall be dealt with in accordance to the provisions stipulated therein.

The occurrence of a Trigger Event shall not constitute an Event of Default.

In the event the sale proceeds from the Property disposal is not sufficient to redeem all outstanding amount of the Senior Class MTNs, the Senior Class MTN holders shall have the right to declare an Event of Default.

(h) Rights of the Senior Class MTNs Holders

All Senior Class MTNs are issued subject to the Trustee’s overriding right to sell the same on or after occurrence of an Event of Default, Trigger Event or Reinstatement Event pursuant to the Senior MTNs Call Option. Upon occurrence of an Event of Default, Trigger Event or Reinstatement Event, the Call Option Party shall have the right to call all outstanding Senior Class MTNs at the Senior MTNs Call Option Price. Thereafter, the Trustee shall be obligated to sell all the outstanding Senior Class MTNs to the Call Option Party.

(i) Right to Call for an Event of Default

Upon occurrence of an Event of Default, the Trustee may and shall, at the direction of a special resolution of the MTNs Holders of the Senior Class MTNs (or the holders of the Subordinated Class MTNs in the event all monies payable under or in respect of the Senior Class MTNs have been fully satisfied), by written notice to the Issuer declare that an Event of Default has occurred.

(j) Voting by way of Poll

At any meeting of MTNs Holders, a resolution put to the vote shall be decided by a poll only. On a poll every MTN Holder who is entitled to attend and vote at a meeting and who is present in person or by proxy or by its duly authorised representative shall have one (1) vote for every Ringgit Malaysia One (RM1.00) nominal value Notes of which he/it is the holder with respect to any such resolution.

A resolution to declare an Event of Default must be passed by way of a special resolution decided by poll by the MTNs Holders of the Senior Class MTNs (or the holders of the Subordinated Class MTNs in the event all monies payable under or in respect of the Senior Class MTNs have been fully satisfied).

(k) Limited Recourse/Non-Petition

MTN holders shall be deemed to agree that they shall not have any legal rights as against the Issuer and accordingly, they shall not be entitled to file a petition for or institute or join any other person in

instituting proceedings for the reorganization, liquidation, winding-up or receivership of the Issuer or other similar proceedings under any applicable laws.

All payments by the Issuer shall be made in full without any present or future levies, withholding or deductions of whatever nature and of any tax, whether it be of a withholding nature or otherwise unless the levy, withholding or deduction is required by the laws of Malaysia, in which event, the Issuer shall:

- a) Ensure that the deduction or withholding does not exceed the minimum legally required;
- b) Pay to the relevant taxation or other authorities within the period for payment permitted by applicable law, the full amount of the deduction or withholding; and
- c) Furnish to the Trustee, upon its request, an official receipt of the relevant taxation or other authorities involved for all amounts deducted or withheld as aforesaid

(l) Reinstatement Events

The occurrence of an event under the terms of any of the SPA(s) which entitles the Issuer as the purchaser to terminate the relevant SPA ("**Affected Sale and Purchase Agreement(s)**") and seek a refund of the relevant purchase price.

Upon occurrence of a Reinstatement Event:

- a) the Call Option Party shall be entitled to exercise the Senior MTNs Call Option; and
- b) the Senior Noteholders may by a specified majority, decide whether to terminate the Affected Sale and Purchase Agreement(s).

In the event the Issuer seeks a refund from the Originators pursuant to a Reinstatement Event, there is a possibility that the Originators may not have the necessary capability to fully refund the relevant purchase price.

(m) Strata Titles

The strata titles for the Property have yet to be issued by the relevant authority. Pursuant to the terms of the SPAs, the Originators have agreed and covenanted inter-alia that: -

- a) The registered proprietor of the Land has submitted its application for subdivision of the Building and for issuance of the individual strata titles to the Property;
- b) Upon the issuance of the strata titles to the Property, the relevant Originators shall within 21 days execute a valid and registrable memorandum of transfer in respect of the Property in favour of SCSB or its nominee or permitted assigns ("Transfer") and deliver the Transfer together with, inter alia, the individual strata titles to the Property to SCSB, its nominee or permitted assigns or the Security Trustee, as the case may be.

CP Mall Sdn. Bhd. ("**CP Mall**") being the registered proprietor of the Land has submitted its application for subdivision of the Building and for issuance of the strata titles to the Property. However, as of 28 February 2011, the strata titles have yet to be issued by the relevant authority. Until the strata titles are issued and transferred to the Issuer, the Issuer will not have control over the Land or the legal title to the Property. CP Mall may deal with the legal title to the Land in a manner inconsistent with its legal obligations under the SPAs.

To protect its interest in the Property, the Issuer may lodge a private caveat over the Land to prevent dealing in the Land to its detriment pending the issuance and transfer of the strata titles in its favour. Pursuant to the terms of the SPAs, the Originators have agreed and covenanted inter-alia that

- a) the Originators shall not further encumber the respective units / strata parcels comprised in the Property in any manner whatsoever; and
- b) upon the issuance of the strata titles to the Property, the relevant Originators shall within 21 days execute or deliver to the Issuer a valid and registrable memorandum of transfer in respect of the Property in favour of SCSB or its nominee or permitted assigns (“**Transfer**”) and deliver the Transfer together with, inter alia, the individual strata titles to the Property to the Issuer, its nominee or permitted assigns or the Security Trustee, as the case may be.

(n) Security Interest of the MTNs Holders

As the strata titles in relation to the Property have yet to be issued, the Strata Titles Charge can only be perfected upon issuance of the strata titles and subsequent transfer to SCSB. Pursuant to the terms of the SPAs, upon the issuance of the strata titles to the Property, the relevant Originators shall within 21 days execute a valid and registrable memorandum of transfer in respect of the Property in favour of SCSB or its nominee or permitted assigns (“Transfer”) and deliver the Transfer together with, inter alia, the individual strata titles to the Property to SCSB, its nominee or permitted assigns or the Security Trustee, as the case may be.

(o) State Authority's Approval

Approval of the State Authority is required prior to any transfer or any creation of a lease or sub-lease or a charge over the Land or any dealings with regards to the Land. Therefore, the strata titles to the Property when issued by the relevant authority will be subject to the same restriction in interest and the approval of the State Authority will be required to transfer the strata titles to the Issuer and the creation of charge in favour of the Security Trustee. Under the SPAs, the Originators have undertaken, inter-alia that it shall within 21 days upon the issuance of the Strata Titles by the relevant authority execute or deliver to the Issuer the Transfer together with the requisite approval from the State Authority to transfer the relevant strata titles and if required by the Issuer, it shall assist SCSB to submit its application for the approval of the State Authority to create a charge over the strata titles simultaneous with their application for the State Authority's approval to transfer such strata titles.

There can be no assurance that the State Authority will approve the application for approval to transfer land in favour of the Issuer or the creation of charge in favour of the Security Trustee. In the event the Transfer cannot be registered in favour of the Issuer, the SPAs contain provisions entitling the Issuer:-

- a) to terminate the SPAs and reverse the entire sale and purchase transaction; or
- b) to continue with the sale and purchase transaction whereby the Originators will continue to hold the areas which are affected by such non-registration as bare trustee for and on behalf of the Issuer and to execute an irrevocable and unconditional power of attorney granting to the Issuer the power to fully deal with the affected areas (including the power to sell, transfer, charge and dispose the said affected areas in accordance with applicable laws including the right to receive the sale proceeds for itself) as if the Issuer was the true and rightful owner of such affected areas.

10.2. Considerations relating to Real Property Asset

The Property is a real estate property asset, the value of which is subject to factors affecting the real property market including but not limited to changes in the domestic and international economy conditions, demographic and social conditions, location of the property, changes in governmental rules and regulations, the supply and demand for commercial properties, interest rates, inflation and market competitiveness. As such, there are uncertainties in relation to the amount of realisations from the disposal of the Property in the event foreclosure proceedings are commenced in respect of the Property. In an adverse market conditions, not only the market value of the Property may be adversely affected, there may also be a delay in disposing the Property.

10.3. Considerations relating to the Revenue of the Property

Timely Receipt of Rental Income

SCSB's ability to make payments on the MTNs is dependent upon the timely receipt of income generated by the Property, which comprises mainly the rental income from the tenants. Other sources of income include the car park fees, external advertising income, promotional income, kiosks, push carts, and others. Any delay in the receipt of income by SCSB may affect the ability of SCSB in servicing its debt obligations.

Risk of Non-renewal of Expiring Tenancies/Termination

Based on the current tenancy agreements, leases are mostly on 2 or 3-year tenancies. As a result, the Property experiences tenancy cycles within which a few of the tenancies expire each year. As such, it makes the Property susceptible to rental market fluctuation which, may lead to higher vacancies if the tenancies are not renewed or replaced on a timely basis.

The risk is however mitigated by the increasing occupancy rate of the Property, which signify a strong demand of space for the property. There is also a list of tenants waiting for available space. It can also readily tap on the CapitaMalls Asia's extensive network of local and international tenants.

In addition, Asset Enhancement Plans may be undertaken (subject to the approval of relevant authorities if required) to further improve the tenant mix and retail offerings, optimise the rental revenue through reconfiguration of less efficient and unproductive area, which is envisaged to increase the attractiveness of the tenancy lots and hence the revenue and value of the Property over time.

Car Park Arrangement

The car park located within an eight (8) storey shopping complex with two (2) levels of basements will be managed by SCSB and the income therefrom is accrued to SCSB.

10.4. Considerations relating to the Retail Industry

SCSB is subject to certain risks inherent in the retail industry. These risks include but are not limited to entry of new players, competition, changes in consumers' taste and preference, changes in disposable income, changes in the legal and environment framework within which the retail industry operates and changes in the local and international political environment which may have a repercussion in the retail industry.

The retail industry is generally very competitive. SCSB faces competition from other shopping complexes, which houses retailers offering similar goods and services as well as potential new entrants. The retail industry is characterised by a large number of players in the market and stiff competition in the form of price, location, range of products and services offered.

10.5. Forward Looking Statement

This Information Memorandum contains forward-looking statements i.e. those other than statements of historical facts. Although SCSB believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct moving forward, which may cause the actual results, performance or achievements to differ materially from the expected results, performance or achievements expressed or implied in such forward looking statements. In light of these and other uncertainties, the inclusion of a forward looking statement in this Information Memorandum shall not be regarded as a representation or warranty by SCSB or its advisers or arrangers that plans and objectives of SCSB will be achieved.

10.6. Change of law

The structure of the transaction and, Inter-alia, the issuance of the MTNs are based on Malaysian law, tax and administrative practice in effect at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practice. No assurance can be given that Malaysian law, tax, or administrative practice will not change after the issuance of the Notes or that such change will not adversely impact the structure of the transaction and the treatment of the MTNs.

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11. OVERVIEW OF THE MALAYSIAN ECONOMY & THE PROPERTY MARKET

11.1. Economic & Financial Developments in Malaysia in the Fourth Quarter of 2010

The Malaysian economy registered a growth of 4.8% in the fourth quarter of 2010. Higher private and public sector spending contributed to the expansion in domestic demand. The slower growth in the global economy, however, had led to weaker growth in external demand. On the supply side, all economic sectors, with the exception of the primary sectors, continued to expand further during the quarter. For the year as a whole, the Malaysian economy registered a growth of 7.2% (2009:-1.7%). Domestic demand strengthened by 5.7% in the fourth quarter (3Q 10: 5%), due mostly to the strong expansion in private consumption and capital spending. Private consumption increased by 6.5% (3Q 10: 7.1%) supported by favourable labour market conditions, positive consumer confidence and higher income levels. Public consumption, on the other hand, declined by 0.3% (3Q 10: -10.2%), arising from lower expenditure on supplies and services. Gross fixed capital formation increased by 9.2% (3Q 10: 9.8%) driven by both public and private capital spending. Private sector capital spending was led by the expansion in the production of domestic-oriented industries amid high levels of capacity utilisation. Public sector capital investment rose as a result of higher development expenditure mainly in the education and transportation sectors.

On the supply side, all economic sectors, with the exception of the primary sectors, continued to expand further in the fourth quarter. Growth in the services sector was higher at 6.2% (3Q 10: 5.4%) with expansion in all subsectors, supported mainly by domestic economic activity. The construction sector also registered higher growth of 5.6% (3Q 10: 2.8%), reflecting expansion in the non-residential and civil engineering sub-sectors. The manufacturing sector expanded at a more moderate pace of 6.2% (3Q 10: 7.5%) mostly on account of the weaker external demand. The agriculture sector, however, registered a contraction of 4.3% (3Q 10: 2.7%) attributed to the decrease in palm oil output. The mining sector contracted further (-1.3%; 3Q 10: -1%) due to continued decline in production of crude oil.

The headline inflation rate, as measured by the change in the Consumer Price Index (CPI), increased by 2% on an annual basis in the fourth quarter (3Q 10: 1.9%). The increase in inflation was attributable mainly to higher price of *food and non-alcoholic beverages* which rose by 2.9% and *transport* (4Q 10: 2.5%, 3Q 10: 2.1%) reflecting the further removal of fuel subsidies by the Government which resulted in an upward adjustment of 5 sen/litre for RON95 petrol and diesel prices.

In the external sector, the trade surplus widened to RM25.5 billion in the fourth quarter (3Q 10: RM22.3 billion). Both gross exports and imports increased at a more moderate pace of 3.7% and 10.1% respectively (3Q 10: 10.4% and 16.5% respectively), in line with the moderation of the global economy. The slower growth in exports was due mainly to the lower exports of manufactured products, reflecting the softening global demand for electronics. The moderation in gross imports reflected mainly lower intermediate imports while imports of capital and consumption goods were sustained amidst strengthening domestic demand.

On a cash basis, gross inflows of foreign direct investment (FDI) were higher at RM11.8 billion in the fourth quarter (3Q 10: +RM8.5 billion), reflecting mainly larger inflows of equity capital. After adjusting for gross outflows due to repayment of inter-company loans, net FDI increased to RM8.3 billion (3Q 10: +RM4.4 billion). FDI was channelled mainly into the services, manufacturing and mining sectors. Investments in the services sector were primarily undertaken by companies in the finance, insurance and business services, as well as wholesale and retail trade sub-sectors. In the manufacturing sector, the FDI was channeled into the electrical and electronics as well as petroleum-

related industries. Direct investment abroad (DIA) by Malaysian companies recorded a lower net outflow of RM3.2 billion in the fourth quarter (3Q 10: -RM5.4 billion) due to lower net extensions of inter-company loans to subsidiaries abroad. These investments were undertaken by the services sector, particularly in the finance, insurance and business services, and wholesale and retail trade sub-sectors. There were also sizeable investments in the oil and gas and the agriculture sectors. Portfolio investment registered a smaller net inflow of RM2.8 billion in the fourth quarter (3Q 10: +RM9.8 billion), due partly to net foreign liquidation of debt securities in November as investors reacted to the sovereign debt concerns in the eurozone.

Nevertheless, steady growth in the domestic economy has continued to attract inflows of foreign funds into the domestic equity and bond markets. The international reserves of Bank Negara Malaysia amounted to RM328.6 billion (equivalent to USD106.5 billion) as at 31 December 2010. This level of reserves has taken into account the quarterly adjustment for foreign exchange revaluation gain, following the strengthening of most major currencies against the ringgit during the quarter. As at 31 January 2011, the reserves position amounted to RM333.5 billion (equivalent to USD108.1 billion), sufficient to finance 8.7 months of retained imports and is 4.2 times the short-term external debt.

Monetary policy is supportive of economic activity

The Overnight Policy Rate (OPR) was left unchanged at 2.75% in the fourth quarter of 2010 and also at the MPC meeting held on 27 January 2011. At the prevailing level, the OPR remains accommodative and is considered to be appropriate and consistent with the assessment of growth and inflation prospects. Reflecting the unchanged OPR, the average overnight interbank rate was stable. In terms of the commercial banks' lending rates, the average lending rate edged lower following a foreign currency loan issued at a lower lending rate by a foreign banking institution. The average fixed deposit (FD) rates were unchanged.

Financing conditions remained supportive of economic activity. The demand for financing from both the public and private sectors was supported by continued access to financing, the reasonably low cost of borrowing and ample liquidity in the financial system. Total gross financing raised by the private sector through the banking system and capital market increased to RM220.9 billion in the fourth quarter (3Q 10: RM189.4 billion). On a net basis, banking system loans and PDS outstanding rose by an annual rate of 11.4% as at end-December (3Q 10: 10.9%). Major loan indicators remained strong in the fourth quarter. Net funds raised in the capital market by both the public and private sectors amounted to RM30.5 billion (3Q 10: RM16.8 billion). In the private sector, fund raising activity was mainly from the bond market. In the public sector, funds were raised through issuances of Malaysian Government Securities (MGS) and Government Investment Issues (GII).

Monetary aggregates continued to grow at a sustained pace in the fourth quarter. M3, or broad money, expanded at an annual growth rate of 7% as at end-December 2010 (3Q 10: 8.5%). During the quarter, the ringgit appreciated marginally (+0.1%) against the US dollar. The appreciation of the ringgit towards the end of the year following renewed optimism on the growth outlook for Asia roughly offset its earlier depreciation in October and November amid higher risk aversion following concerns over the European sovereign debt problems and tensions in the Korean Peninsula. The ringgit also appreciated against the euro (+2.9%), pound sterling (+2.2%) but depreciated against the Japanese yen (-2.4%). Against regional currencies, the ringgit broadly depreciated in the range -0.1% to -1.7% as country specific factors led to the strengthening of these currencies against the ringgit. The ringgit, however, strengthened by 0.7% against the Indonesian rupiah.

Financial stability preserved

Financial stability was maintained throughout the fourth quarter, supported by sound financial institutions and orderly financial markets which provided continued support for financial intermediation in the domestic economy. On 3 November 2010, the Bank introduced the maximum limit on loan-to-value (LTV) ratio of 70% for the third house financing facility taken by a borrower. The implementation of the LTV ratio is aimed at promoting a stable and sustainable property market, and ensuring the continued affordability of homes for the general public.

The banking sector remained financially resilient, with strong capital buffers of more than RM60 billion. Profitability was sustained amidst continued growth in lending activity with average returns on assets and equity at 1.5% and 16.5% respectively. Financing was broad-based, with financing to households and SME's accounting for about 70% of total outstanding financing. Capitalisation was strong with risk-weighted capital ratio of 14.6% and core capital ratio of 12.8%. Meanwhile, the level of net non-performing loans (including impaired financing) improved slightly to account for 2% of total loans. The loan loss coverage strengthened further to 99.5%, providing additional buffer to the banking sector.

The capital adequacy ratio for the insurance industry was 225.7% (3Q 10: 222.7%). For the year as a whole, profits of insurance and takaful operators improved to RM16.3 billion (2009: RM14.6 billion) due mainly to improved investment performance, more favourable claims experience in the general business segment and continued business expansion.

Recovery to remain uneven across different regions

Going forward, the global economic recovery is expected to remain uneven across the different regions. While short-term prospects for the advanced economies have improved recently, uncertainties remain over weak fiscal positions, high unemployment and constrained lending conditions. In contrast, the growth outlook for Asia remains favourable, supported by robust domestic demand. The regional economies are, however, confronted with the challenges of rising inflationary pressures, particularly from high commodity and fuel prices, and the large and volatile capital flows. The pace of growth of the Malaysian economy will be affected by the environment of moderating external demand. Growth will, nevertheless, be supported by continued firm expansion in domestic demand. Private consumption spending will continue to benefit from the favourable labour market conditions, firm commodity prices and access to financing. The roll-out of construction and infrastructure activities and the implementation of the economic transformation programme by the Government are likely to provide significant support to the growth momentum in private investment.

(Source: BNM's quarterly economic review titled: "ECONOMIC AND FINANCIAL DEVELOPMENTS IN MALAYSIA IN THE FOURTH QUARTER OF 2010)

Neither the Issuer, the Lead Arranger, CMA nor any other party has verified or will be held responsible for any information contained herein.

11.2. Overview of the Property Market

Penang Property Market Overview

Penang is amongst the top three Malaysian states which enjoy high property investments after Kuala Lumpur and Johor. Over the past few years, the demand for commercial properties has increased with interest shown by foreign property investors, i.e. Japanese, South Korean, Singaporeans and Europeans. Tourism being the second largest economic component for Penang after manufacturing has continued to see increase in tourist arrival namely from Indonesia, Singapore, China, Japan and Taiwan and this has contributed for the demand of commercial properties. Retail business in Penang receives strong support from the tourism sector. Given Penang's special characteristics and latest property development trends, Penang has the potential to be a World Class tourism destination. In addition, Penang was named as the UNESCO World Class Heritage Site in 2008 and this has led to a series of events and activities focusing on all cultural and heritage aspect of Penang, underpinning the potential of Penang being the major tourist centre of Malaysia. The launch of Visit Penang Year 2010-2012 is expected to attract more tourists from neighbouring countries such as Singapore, Indonesia and Thailand and also local tourists.

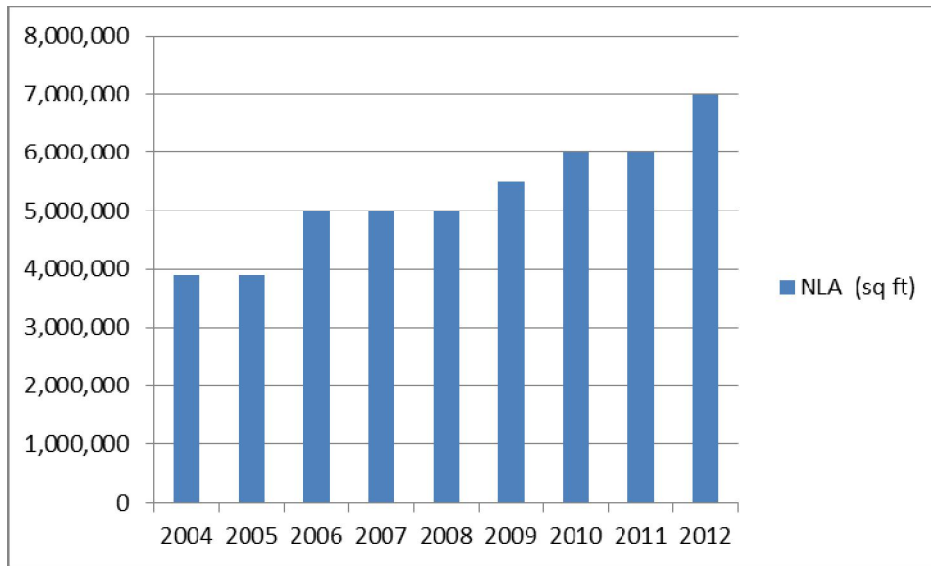
Retailing in the past was conducted in shophouses in shopping streets and this continued until the early seventies when medium-sized emporia came into the scene. The first modern shopping complex, KOMTAR, was only opened in the early eighties. Because of the absence of any competition, it remained as the premier shopping complex for more than 15 years until the mid-nineties when the Bukit Jambul Complex, Midlands One Stop Centre and Island Plaza were opened. The sudden surge in retail space provided the much needed competition and a much more vibrant environment ensued with better grade tenants and well known brands being brought in. The recession during the late nineties affected the development of retail malls and some were abandoned. This created a lull in the incoming supply.

Existing and future supply

The total NLA of purpose built shopping malls in Penang Island as at 4Q2009 is approximately 5.3 million sq ft, of which 43% is located in the city. The average growth in supply over the past five years (2005-2009) was recorded at 5.9%. The existing supply saw an addition of 0.1 million sq ft following the completion of Gurney Plaza's extension in 2008 and another 0.3 million sq ft with the completion of Penang Times Square Phase 1 in 2009. Prime retail supply accounted for 34% (1.8 million sq ft) of total existing supply.

Supply under construction

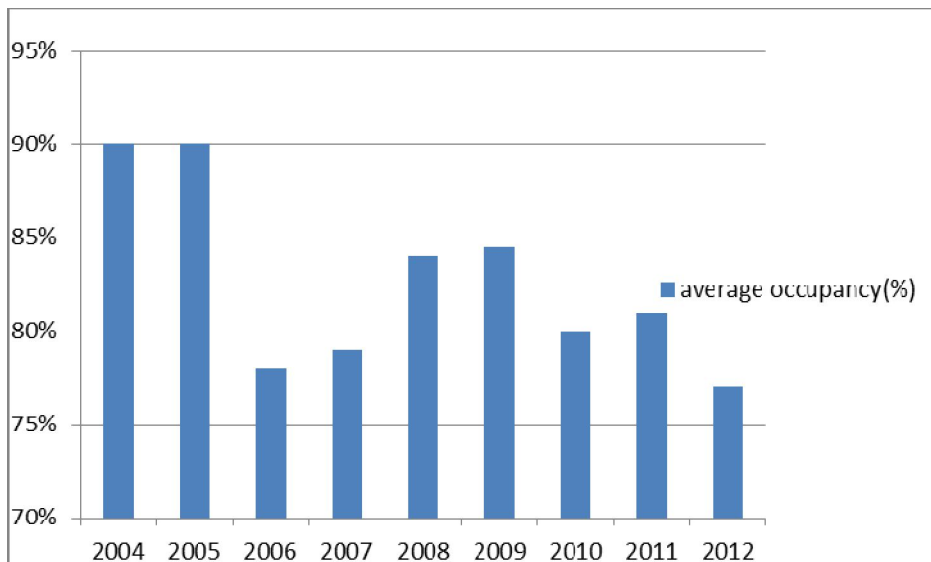
The anticipated completion of both Penang Times Square Phase 2 and 1st Avenue in 2010, both located within the city centre, will contribute an additional 659,000 sq ft to the existing supply of purpose built shopping space. Come 2012/2013, another 700,000 sq ft will enter the market if Gurney Paragon gets completed as scheduled. Works on the retail mall has commenced. Gurney Paragon is an integrated development spread over 10.2 acres and comprises the retail mall, two blocks of high end condominium and a heritage building.



Source: Valuation and Property Services Department, Malaysia/ Knight Frank Research

Demand analysis

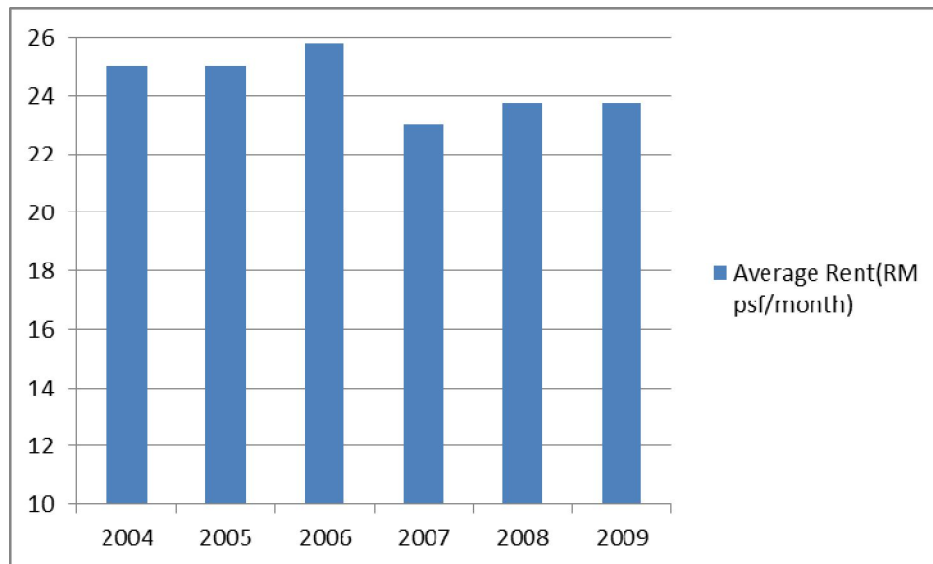
The average occupancy rate for shopping centres in Penang Island has generally remained constant at around or above 80% mark since 2004 and 2005 were at a high of 90.3% but declined to 79.3% in 2006 and subsequently increased to 79.6% in 2007 and 83.4% in 2008. In 2009, the occupancy rate is estimated at 84%. The average annual take up for shopping centres in Penang Island was estimated at 193,854 sq ft over the last five years. With the expected completion of another 660,000sq ft of retail space in 2010 from two malls currently under construction, the average occupancy rate may dip to around 80% or so. The completion of Gurney Paragon scheduled in 2012/2013 may put more pressure on occupancy rate then.



Source: Valuation and Property Services Department, Malaysia/ Knight Frank Research

Gross Monthly Rental

Rentals in prime malls have generally shown gradual increases as against little or no increase in rental movement within secondary complexes. Asking rentals for both categories of complexes were noted to be lower in view of the economic situation in late 2008 and early 2009. Ground floor rents of prime centres vary according to size and location of the shop lots. The chart below shows the average ground floor rent of prime centres in Penang Island currently at about RM 23 per sq ft per month



Source: Valuation and Property Services Department, Malaysia/ Knight Frank Research

Occupancy Rate

Since year 2007, the occupancy rates of the shopping complexes in Penang have slowly improved and higher rental rates are fetched in the newer complexes in comparison to the older ones. However, in the year 2009, the occupancy rate of the retail space in Penang generally dropped from 70% to 67% in the previous year. This drop is mainly contributed by the high vacancy rate in older shopping centres and the inability of the new shopping centres to achieve full occupancy status.

Although there was a decline in occupancy rates in Penang between the first quarter (Q1) and the second quarter (Q2) of Year 2009, the occupancy rate slowly improved with the recovery of the overall economy in Malaysia and stood at 71.1% in Q2 2010.

Overall Occupancy Rate of Shopping Complexes in Penang, (2007 – 2009)

Year	Occupancy Rate
2007	65.6%
2008	69.7%
2009	70.5%

Source: Press Release Malaysia Property Market 2007,2008 & 2009

Occupancy Rate of Major Shopping Complexes in Penang, 2010

Shopping Complex	Occupancy Rate
Gurney Plaza	100.0%
Gurney Plaza Extension	98.7%
Birch the Plaza	80.0%
D’Piazza Mall	90.0%
Queensbay Mall	91.7%

Source: PPC Research

However, the occupancy for major shopping complexes in Penang ranges between 80% to 100% depending on the location, accessibility, types of product offered and how established it has made itself over the years

(Source: Valuation Report by PPC International dated 28 December 2010 and CapitaMalls Malaysia Trust Prospectus dated 28 June 2010)

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12. DESCRIPTION OF DOCUMENTATION

The main documents include but not limited to:-

TRANSACTION DOCUMENTS

Transaction Documents means the Sale and Ancillary Documents and the Issue Documents.

SALE AND ANCILLARY DOCUMENTS

Sale and Ancillary Documents include but not limited to:

A. Sale and Purchase Agreements

The Sale and Purchase Agreements were entered into by the Originators as seller and SCSB as purchaser. The terms of the SPAs include, inter alia, the Originators agreeing to sell to SCSB and SCSB agreeing to purchase the Property (a) on an “as is where is” basis; (b) free from all Encumbrances (as defined in the SPAs) save for the lease over part of the Land in favour of Tenaga Nasional Berhad and the lease over part of the Land in favour of AEON Co. (M) Berhad; (c) subject further to all conditions express or implied in the strata titles to the Property when issued by the relevant authority; and (d) on the terms and conditions in the respective SPAs together with the existing tenancies and car park management arrangements (as the case may be) in respect of the Property upon the terms and conditions in the SPAs.

The Originators have submitted their application for subdivision of the Building and for issuance of the individual strata titles to the Property. In addition, the Originators have agreed to, upon the issuance of the strata titles to the Property, execute or procure the execution of a valid and registrable memorandum of transfer in respect of the Property in favour of SCSB, its nominee or permitted assigns as the case may be.

ISSUE DOCUMENTS

Issue Documents include but not limited to:-

A. Trust Deed

The Trust Deed is entered into between the Issuer and the Trustee. Under the Trust Deed, the Trustee shall hold the benefit of the Trust Deed and all amounts received by it from the Issuer in trust for the Noteholders. The Trust Deed contains provisions to comply with the SC’s Guidelines on the Minimum Content Requirements for Trust Deeds, the ABS Guidelines and SC’s Guidelines on the Offering of Private Debt Securities (26 July 2004).

B. Depository and Paying Agency Agreement

The Depository and Paying Agency Agreement is entered into between the Issuer, the Trustee, BNM and the Lead Arranger substantially in the form prescribed by BNM. Essentially, it contains provisions dealing with the appointment of BNM as the central depository and the paying agent and the roles and obligations of the respective parties.

Under the Depository and Paying Agency Agreement, the Issuer appoints BNM to act as the depository and paying agent for the Notes. As the central depository, BNM shall hold in custody the

Global Certificates of the Notes, permit the Notes to be traded through the Scripless Securities Trading System operated by BNM and maintain records relating to the holding of the Notes. As the paying agent, BNM shall make payments of nominal amount and interest in respect of the Notes through the relevant authorised depository institution under the SSTS.

C. Programme Agreement

The Programme Agreement is entered into between the Issuer, the Facility Agent and the Lead Arranger. The Programme Agreement essentially sets out amongst others the terms and conditions for the issuance of Notes of up to the nominal amount of RM1,100.0 million under the MTN Programme, the conditions precedent to the issuance of the Notes, the utilisation of the Notes proceeds, the status of MTNs and the representations and warranties to be given by the Issuer.

D. Agency Agreement

The Agency Agreement is entered into between the Facility Agent, the Trustee and the Issuer for the appointment of the Facility Agent upon the terms and subject to the conditions therein contained.

E. Senior MTNs Call Option Agreement

The Senior MTNs Call Option Agreement is entered into between CMA, the Issuer and the Trustee on behalf of the Senior Class MTNs Holders. Under the terms of the Senior MTNs Call Option Agreement, the Trustee shall grant in favour of the Call Option Party an option over all outstanding Senior Class MTNs under the MTN Programme exercisable at any time after occurrence of a Trigger Event or an Event of Default to require the Trustee to sell all outstanding Senior Class MTNs under the MTN Programme at the Senior MTNs Call Option Price on the terms and subject to the conditions therein contained.

F. Servicing Agreement

The Servicing Agreement is executed by the Servicer, Trustee and the Issuer.

Under the terms of the Servicing Agreement, the Servicer is to appoint (where necessary) a Malaysian licensed property manager as defined under Valuers, Appraiser and Estate Agents Act 1981 to carry out such functions where required, and monitor such appointed property manager in relation to such functions which includes the following functions:-

- i) To let out, maintain and manage the Property in accordance with the regulations and laws binding the Issuer and the Property;
- ii) To collect all payments (including Deposits, be it forfeited or otherwise) and interest on overdue payment, other income generated directly or indirectly from the Property and pay the same to and for the account of the Issuer;
- iii) As project manager to plan and implement Asset Enhancement Plans;
- iv) To implement strategies and policies by doing all acts necessary or prudent including but not limited to maximising the revenue arising from the Property;
- v) Take up and maintain the necessary insurances over the Property, promptly notify of any event which will or may give rise to any claim or right of action under the insurances and to cause the name of the Trustee to be endorsed on such insurance policy as the loss payee and beneficiary;
- vi) Operate (including but not limitation ensuring that all payments are made into and out of) the Operating Account in accordance with the terms and conditions of the Trust Deed;

- vii) Prepare a detailed budget on a periodic basis for the purposes of the Trustee's approval setting out the estimated operating and capital expenditure and estimated receipts of, derived from or accruing to the Property; and
- viii) Prepare and deliver to the Trustee the Servicer Report containing certain information on the Property and such other information on each Servicer Report on a periodic basis.

G. Administration Agreement

The Administration Agreement is entered into between the Issuer and the Administrator wherein the Issuer appoints the Administrator to manage the affairs and to provide certain corporate, secretarial and administrative services of the Issuer.

The Administrator's responsibilities include:

- i) preparing and maintaining such books and records, including but not limited to the necessary registers in Malaysia as may be required under applicable law in the normal course of the Securitisation Transaction and as may be agreed between the parties and in order to comply with any laws or regulations of Malaysia and in such form and manner as may be agreed upon from time to time;
- ii) providing corporate secretarial services to the Issuer including, but not limited, to the filing of all necessary forms and statutory returns to comply with the Companies Act, 1965 and the regulations made thereunder, preparing notices of and resolutions of shareholders and directors and preparing minutes of meetings of shareholders and directors, procuring, coordinating, liaising and arranging with the Company Secretary of the Issuer all meetings of the shareholders and the Directors of the Issuer;
- iii) preparing and maintaining such accounting records in Malaysia as may be required in the normal course of the business, as well as monthly management accounts.

H. Property Call Option Agreement

The Property Call Option Agreement is entered into between CMA and the Issuer. Under the terms of the Property Call Option Agreement, the Issuer shall grant in favour of CMA or its nominee(s) an option over the Property exercisable any time from the date of first issuance of the MTNs under the MTN Programme solely for the purpose of disposing the Property from the Issuer into a REIT at the Property Call Option Price (as defined in the Property Call Option Agreement). Upon exercise of the Property Call Option by the Call Option Party, the Servicer is authorized to finalise the terms of the sale of the Property on behalf of the Issuer.

SECURITY DOCUMENTS

I. Debenture

The Debenture is created by the Issuer in favour of the Security Trustee to hold for the benefit of the Noteholders. By the Debenture, the Issuer will charge in favour of the Security Trustee by way of a first fixed and floating charge over all the Issuer's present and future property, undertakings and assets as security for the payment of the Secured Amounts.

J. Transaction Documents Assignment

The Transaction Documents Assignment is executed by the Issuer in favour of the Security Trustee to hold for the benefit of the Noteholders. Pursuant to the Transaction Documents Assignments, the Issuer will assign in favour of the Security Trustee all its rights, title and interest in relation to the SPAs, the Servicing Agreement, the Administration Agreement, the Property Call Option Agreement and the Letter of Undertaking and all benefits accrued and to accrue to it thereunder together with all claims for damages thereunder, as security for the payment of the Secured Amounts.

K. Strata Titles Charge

Upon the issuance of the strata titles to the Property and subsequent transfer to the Issuer, the Strata Titles Charge is created by the Issuer in favour of the Security Trustee to hold for the benefit of the Noteholders creating a first legal charge over the strata titles to the Property in favour of the Security Trustee. Pursuant to the Strata Titles Charge, the Issuer will charge to the Security Trustee the strata titles in respect of the Property under the provisions of the National Land Code, 1965, as security for the payment of the Secured Amounts.

L. Designated Accounts Charge

The Designated Accounts Charge is created by the Issuer in favour of the Security Trustee to hold for the benefit of the Noteholders. Pursuant to the Designated Accounts Charge, the Issuer will charge to the Security Trustee the assigned moneys and the Designated Accounts and over all Permitted Investments out of such accounts as security for the payment of the Secured Amounts.

M. Tenancies/Contracts Assignment

The Tenancies/Contracts Assignment is executed by the Issuer in favour of the Security Trustee to hold for the benefit of the Noteholders. Pursuant to the Tenancies/Contracts Assignment, the Issuer will assign in favour of the Security Trustee all its rights, title and interest in relation to the Property including tenancy agreements, lease agreements, undertaking letters, contracts, all warranties and guarantees and all other documents arising therefrom and/or issued or created pursuant to the SPAs wherever possible and applicable, all collections and all other revenue, income, rentals, proceeds and monies standing to the credit of the Issuer of whatever kind and from whatever source received or to be received by the Issuer in relation to the Property, as security for the payment of the Secured Amounts.

N. Assignment of Insurance Policies

The Assignment of Insurance Policies is executed by the Issuer in favour of the Security Trustee to hold for the benefit of the Noteholders. Pursuant to the Assignment of Insurance Policies, the Issuer will assign in favour of the Security Trustee all its rights, title and interest in, to and under the insurance policies issued from time to time, in relation to the Property (“Insurances”) and all proceeds and monies standing to the credit of the Issuer of whatever kind from whatever source received or to be received by the Issuer and/or are due and payable to the Issuer in respect of any of the Insurances and all claims for damages in respect of any breach by any of the underwriters or brokers or insurance companies or other persons appointed by the Issuer in writing from time to time with whom any Insurance is effected, as security for the payment of the Secured Amounts.

O. Issuer's Power of Attorney

The Issuer's Power of Attorney is executed by the Issuer in favour of the Security Trustee to hold for the benefit of the Noteholders. Pursuant to the Issuer's Power of Attorney, the Issuer will appoint the Security Trustee as its attorney with power to do and execute all or one of the act and things stated therein to (a) dispose the Property upon the occurrence of a Trigger Event; (b) to dispose the Property pursuant to the exercise of the Property Call Option; (c) to perfect the Strata Titles Charge upon issuance of the strata titles in relation to the Property in the event the Issuer fails to do so and to exercise all rights, power and privileges and to do all such other acts, things and deed as may be necessary or expedient which may be required in relation to any of the matters stated therein.

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13. TAX CONSIDERATIONS AND REGULATIONS

13.1 Income Tax/Withholding Tax

All interest/coupon/discount paid or credited to any individual, unit trust and listed closed-end fund in respect of debentures, other than convertible loan stock, approved by the SC are exempted from tax.

For Malaysian tax purposes, interest payments paid or credited to non-residents are generally subject to withholding tax at the rate of 15% (which may be reduced by applicable double tax treaties signed between Malaysia and the recipient's country of residence). Notwithstanding that: -

- a) Paragraph 33A(b), Schedule 6 of the Income Tax Act 1967 exempts from tax the interest paid or credited to any company not resident in Malaysia, other than such interest accruing to a place of business in Malaysia of such company in respect of Islamic securities or debenture issued in Ringgit Malaysia, other than convertible loan stock, approved by the SC. Accordingly, where the Notes are held by a non-resident company and the said conditions are met, no withholding tax will be applicable on the coupon payments to such Noteholders;
- b) Paragraph 35, Schedule 6 of the Income Tax Act 1967 exempts from tax, amongst others, the interest paid or credited to any individual in respect of debentures other than convertible loan stock, approved by the SC. Accordingly, where the Notes are held by an individual and the said conditions are met, no withholding tax will be applicable on the coupon payments to such Noteholders.

13.2 Real Property Gains Tax and Stamp Duty

Under Section 9(3) of the Real Property Gains Tax Act 1976, the Minister of Finance has been conferred with powers to make orders which include exemption orders. Pursuant to the Real Property Gains Tax (Exemption) Order 2001, the Minister of Finance has exempted any person from the payment of real property gains tax in respect of chargeable gains accruing on the disposal of any chargeable assets in the following scenarios for the purposes of securitization transaction:-

- (a) when the disposal is to or in favour of a special purpose vehicle; or
- (b) in connection with the repurchase of the chargeable assets, to or in favour of the person from whom those assets were acquired.

“Securitisation transaction” is defined as “*an arrangement which involves the transfer of assets or risks to a third party where such transfer is funded by the issuance of debt securities to investors and approved by the SC pursuant to section 212 of the Capital Markets and Services Act, 2007.*”

“Special purpose vehicle” is defined as “*any entity which issues asset-backed debt securities and which satisfies all criteria as stipulated by the SC on the offering of asset-backed debt securities.*”

In addition, pursuant to Real Property Gains Tax (Exemption) (No 4) Order 2003, the Minister of Finance exempts any person from the payment of real property gains tax in respect of chargeable gains accruing on the disposal of any chargeable assets to a Real Estate Investment Trust (REIT) or a Property Trust Fund (PTF) which is approved by the SC.

Accordingly, real property gains tax is not chargeable in relation to the disposal of the Property by the Originators to the Issuer.

Pursuant to the Stamp Duty (Exemption) (No 12) Order 2001, specific instruments as set out in the said Order for the purpose of a securitisation transaction are exempted from stamp duty. In addition, there is also exemption from stamp duty on all instruments relating to the issuance of debentures approved by the SC pursuant to and as set out in the Stamp Duty (Exemption) (No 23) Order 2000. Accordingly, the Transaction Documents as defined in this Information Memorandum, which together constitute instruments employed for the purposes of the securitisation transaction and in the issuance of the Notes, should thereby be exempted from stamp duty pursuant to the aforesaid Orders.

13.3 Tax Status of the Issuer

All payments by the Issuer shall be made in full without any present or future levies, withholding or deductions of whatever nature and of any tax, whether it be of a withholding nature or otherwise unless the levy, withholding or deduction is required by the laws of Malaysia, in which event, the Issuer shall:

- a) Ensure that the deduction or withholding does not exceed the minimum legally required;
- b) Pay to the relevant taxation or other authorities within the period for payment permitted by applicable law, the full amount of the deduction or withholding; and
- c) Furnish to the Trustee, upon its request, an official receipt of the relevant taxation or other authorities involved for all amounts deducted or withheld as aforesaid.

Section 8 of the Income Tax Act 1967 provides that SCSB will be a tax resident of Malaysia as long as it is ensured that the management and control of its business or affairs is exercised in Malaysia during the basis period for a year of assessment. It is subject to tax on all income accruing or derived from Malaysia, including rental income and interest income. Deductible expenses include interest/coupon payments and discounts on the Notes. In addition, where SCSB's rental income is viewed as income from a business source, SCSB would be able to claim tax deductions on all outgoings and expenses wholly and exclusively incurred in the production of its gross income and where it has incurred qualifying expenditure on assets, it is entitled to claim capital allowances.

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14. CONFLICTS OF INTEREST

Save as disclosed below, we are not aware of any circumstances, which may potentially give rise to a conflict of interest situation in this transaction.

- i) CRM is 100% indirectly owned by CMA. CRM is acting as the Servicer in respect of the MTN Programme. CMA is the holder of Senior MTNs Call Option and the Property Call Option.

As the Servicer to this transaction, CRM will be obligated to ensure its responsibilities are carried out professionally and without bias. The terms of the Servicing Agreement will motivate CRM to optimize the returns on this transaction for the benefit of the MTN Programme investors.

- ii) EQ Corporate Services (Malaysia) Sdn. Bhd. is acting as the Administrator as well as providing Directors for the Issuer. In addition, EQ Corporate Services (Malaysia) Sdn. Bhd., the Administrator is an affiliated company of Equity Trust (Malaysia) Berhad, the Share Trustee. However, the role undertaken by EQ Corporate Services (Malaysia) Sdn. Bhd. as the Administrator will be governed by the administration agreement which sets out the rights, duties and responsibilities of EQ Corporate Services (Malaysia) Sdn. Bhd. in the provision of administrative services to the Issuer.

Furthermore, the administration agreement will be assigned by the Issuer to the Security Trustee (for and on behalf of the holders of the MTNs) as part of the security for the MTN Programme. Hence, the holders of the MTNs via the Security Trustee would be entitled to enforce the rights under the administration agreement. The role undertaken by Equity Trust (Malaysia) Berhad as Share Trustee will be governed by the Deed of Trust which sets out the rights, duties and responsibilities of Equity Trust (Malaysia) Berhad as the share trustee.

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15. THE TRANSFER OF THE PROPERTY TO SCSB

15.1. Waiver from Paragraph 4.01(3) of the ABS Guidelines ('Waiver')

Paragraph 4.01(3) of the ABS Guidelines provides that one of the criteria for the assets that are the subject matter of a securitisation transaction is that there are no impediments (contractual or otherwise) that prevent the effective transfer of the assets or the rights in relation to such assets from an originator to a special purpose vehicle. For example:

- (a) that the necessary regulatory or contractual consents have been obtained in order to effect the transfer of such assets from an originator to a special purpose vehicle;
- (b) that the originator has not done or omitted to do any act which enables a debtor of the originator to exercise the right of set-off in relation to such assets.

The SC has, vide its letter dated 7 March 2011, granted a waiver from compliance with the above requirement.

15.2. Summary of Legal Opinion on Transfer of the Property to SCSB

A summary of the legal opinion by Zul Rafique & partners on the risk and mitigating measures of the transfer of assets pending the State Authority's consent is reproduced as follows:

- a) The law in Malaysia is clear that the seller of a property, after receipt of the full purchase price, is a bare trustee for the buyer of the said property notwithstanding that the transfer of the said property may not have been effected or perfected. The conveyance of real property without an available separate issue document of title in Malaysia is effected by way of a legal assignment of all rights, interests and title in respect of the property under the principal sale and purchase agreement (made between the developer (as the first seller) and the first buyer) in favour of a new buyer.
- b) Similarly, in the case of the Property, pending the State Authority approval having been obtained and before the registration of the transfer of the Strata Titles, the beneficial interest, rights and benefits of the Property will be vested in SCSB on completion of the SPAs. In respect of those units which are not owned by C P Mall Sdn Bhd and were purchased by the other Originators from the earlier purchasers, the SPAs provide that the said Originators will execute and deliver to SCSB a deed of assignment for the purpose of assigning to SCSB absolutely on the interest, rights and benefits in respect of the said units under and pursuant to the principal sale and purchase agreement) made between the developer (as the seller) and the first buyer).

In addition, for the purpose of passing the interest, rights and benefits in respect of the existing tenancies and leases and other relevant contracts (including the income to be derived therefrom) which the Originators have entered into with third parties in respect of their respective units / property, the Originators have undertaken to deliver the duly executed deeds of novation or assignments to SCSB on or within the specified period after completion of the SPAs.

It is also expressly provided under SPAs that on completion, all income and outgoings to be derived from the Property will be apportioned as between the Originators and SCSB. Hence, SCSB will enjoy the income of the Property on completion of the SPAs notwithstanding that the legal transfer has yet to be perfected.

- c) Under the SPAs, the Originators have undertaken to SCSB, inter-alia, that it shall within 21 days upon the issuance of the Strata Titles by the relevant authority execute or deliver to SCSB the instrument of transfer together with the requisite approval from the State Authority to transfer the relevant strata titles and if required by SCSB, it shall assist SCSB to submit its application for the approval of the State Authority to create a charge over the Strata Titles simultaneous with their application for the State Authority's approval to transfer such strata titles.

In the event the instrument of transfer cannot be registered in favour of SCSB, the SPAs contain provisions entitling SCSB:

- i) to terminate the SPAs and reverse the entire sale and purchase transaction; or
 - ii) to continue with the sale and purchase transaction whereby the Originators will continue to hold the areas which are affected by such non-registration as bare trustee for and on behalf of the Issuer and to execute an irrevocable and unconditional power of attorney granting to the Issuer the power to fully deal with the affected areas (including the power to sell, transfer, charge and dispose the said affected areas in accordance with applicable laws including the right to receive the sale proceeds for itself) as if SCSB was the true and rightful owner of such affected areas.
- d) Other measures under the terms of the SPAs to protect the interests of SCSB include the right to lodge a private caveat over the master title of the Property under the provisions of the National Land Code, 1965 to protect SCSB's interests, pending State Authority approval and transfer of the Strata Titles to SCSB, which will prevent the registered proprietor of the Land from effecting any dealings on the master title of the Property without first removing the private caveat or obtaining the written consent of SCSB.
- e) The measures mentioned in paragraphs (b) (c) and (d) above will enable SCSB to be recognised as the beneficial owner of the Property and be entitled to all interests, rights and benefits to the Property.
- f) Prior to the issuance of the Strata Titles and the creation of the first legal charge over the Strata Titles, SCSB will execute an assignment over all the relevant transaction documents ("**Transaction Documents Assignment**") in favour of the Security Trustee which includes an absolute legal assignment of all SCSB's present and future rights, benefits, title and interest in, to and under each of the SPAs.

It was decided in the Federal Court case of *Phileoallied Bank (M) Berhad v Bupinder Singh a/l Avatar Singh & Anor [2002] 2 MLJ 513*, that an absolute assignment to a financier of the rights and interest under a sale and purchase as security for the repayment of a loan creates an equitable mortgage which enable a mortgagee to exercise his common law power of sale without the necessity of a court order. It was further held in the High Court case of *Hong Leong Bank Bhd v Goh Sin Khai [2005] MLJ 154*, even after the issuance of an individual title, both the equitable mortgage and the absolute assignment continue to subsist and will not be extinguished.

Therefore, in the event there is an event of default resulting in the need to enforce the security, the Security Trustee being the assignee under the Transaction Documents Assignment will be entitled to dispose the Property in accordance with the terms and conditions of the Transaction Documents Assignment and does not require a court order to realize the Property. Such right will not be affected by the issuance of the Strata Titles.

- g) SCSB will also grant a power of attorney in favour of the Security Trustee to deal with the Property (“**Power of Attorney**”) including the power to enforce all covenants in the SPAs, to dispose the Property upon the occurrence of a trigger event or the exercise of the call option over the Property.
- h) In addition, SCSB will be granting a debenture in favour of the Security Trustee by way of a first fixed charge and floating charge over the assets of SCSB which would include the Property (“**Debenture**”). Pursuant to the Debenture, the Security Trustee may appoint a receiver upon occurrence of an event of default under the MTN Programme.
- i) The execution and delivery by SCSB to the Security Trustee the Transaction Documents Assignment, the Power of Attorney and the Debenture will enable the Security Trustee to exercise, among others, the right of disposal in relation to the Property or any part thereof upon occurrence of any event of default under the MTN Programme. The right of the Security Trustee being the assignee under the Transaction Documents Assignment will be entitled to dispose the Property pending the issuance of the Strata Titles and the State Authority Approval. As an alternative to the Transaction Documents Assignment, the Security Trustee may elect to exercise its power under the Power of Attorney and/or the Debenture.

NOTE

THE ABOVE IS A SUMMARY OF THE LETTER OF ADVICE BY ZUL RAFIQUE & PARTNERS IN RELATION TO THE TRANSFER OF THE PROPERTY TO SCSB WHICH IS FOR THE SOLE BENEFIT OF SCSB AND HAS BEEN COPIED TO THE LEAD ARRANGER AND THE SC FOR INFORMATION ONLY. THEREFORE NO RELIANCE SHOULD BE PLACED BY ANY OTHER PARTY ON THIS SUMMARY. ZUL RAFIQUE & PARTNERS TAKE NO RESPONSIBILITY FOR THE RELIANCE BY ANY THIRD PARTY ON THIS SUMMARY AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THIS SUMMARY.

APPENDIX I

APPENDIX II