

Strictly Private & Confidential

**ETERNAL ICON SDN. BHD.
(Company No. 1091205-X)**

INFORMATION MEMORANDUM

**Proposed Issuance of Medium Term Notes pursuant to a Medium Term
Notes Programme of Up to RM400,000,000.00 in Nominal Value pursuant
to the Securitisation of the Property known as “Plaza33”**

Principal Adviser / Lead Arranger / Lead Manager



Hong Leong Investment Bank Berhad (10209-W)

This Information Memorandum is dated 26 March 2015.

IMPORTANT NOTICE

Responsibility Statements

This information memorandum ("**Information Memorandum**") has been approved by the directors of Eternal Icon Sdn Bhd ("**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**") ("**Principal Adviser**" or "**Lead Arranger**" or "**Lead Manager**") has been mandated by the Issuer to act as the Principal Adviser, Lead Arranger, and Lead Manager, in connection with the proposed issuance of medium term notes ("**MTNs**") under a medium term notes programme of up to RM400 million in nominal value ("**MTN Programme**").

The opinions and intentions expressed in this Information Memorandum in relation to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and there are no other facts in relation to the Issuer or the MTN Programme the omission of which would, in the context of any issuance of MTNs, make any statement in this Information Memorandum misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. No representation or warranty, expressed or implied, is made such that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer or any statement made in this Information Memorandum. The Issuer and its board of directors accept full responsibility for the information contained in this Information Memorandum.

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in connection with such subscription, purchase or acceptance of the MTNs, (d) the Issuer, Principal Adviser, 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 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, (f) it is subscribing or accepting the MTNs for its own account, and (g) it falls within one or more of the categories of persons specified under Section 4(6) of the Companies Act, 1965 (as amended) and are subject to certain restrictions as described under the "Selling Restriction" as provided in Section 2(n) of the PTC. Each recipient is solely responsible for seeking all appropriate professional 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 Principal Adviser, Lead Arranger and Lead Manager or any other party to participate in the MTN Programme. Further, neither the Issuer or the Principal Adviser, Lead Arranger and Lead Manager 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 appropriate professional advisers.

This Information Memorandum includes certain historical information, estimates or reports thereon derived from sources prepared by the Issuer, Plaza 33 Sdn Bhd ("**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 authorisation from the Securities Commission Malaysia ("**SC**"), which was obtained via its letter dated 2 January 2015 and each recipient of this Information Memorandum acknowledges and agrees that the authorisation of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the 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 Malaysia, pursuant to Sections 229 and 230 of the Capital Markets and Services Act 2007.

The SC shall not be liable for any non-disclosure on the part of the Issuer and the Originator 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 appropriate professional 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.

Statements of Disclaimer by the Securities Commission Malaysia.

THE ISSUANCE OF THE MTN PROGRAMME HAS BEEN AUTHORISED BY THE SC VIDE ITS LETTER TO HLIB DATED 2 JANUARY 2015. THE AUTHORISATION OF THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE MTN PROGRAMME.

SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE ISSUER AND THE ORIGINATOR 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 8.0 ON "INVESTMENT CONSIDERATIONS".

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR OWN APPROPRIATE PROFESSIONAL ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE MTNS TO BE ISSUED UNDER THE MTN PROGRAMME.

Documents Incorporated by Reference

The following documents issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:-

- (i) the audited annual financial statements of the Issuer, if published later; and
- (ii) all supplements or amendments to this Information Memorandum circulated by the Issuer, if any, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

CONFIDENTIALITY

To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and are made strictly on the basis that they will remain confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

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

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APPENDICES

- I. Principal Terms and Conditions of the MTN Programme**
- II. Valuation Certificate from C H William Talhar & Wong Sdn Bhd**
- III. Initial rating presale report by RAM Rating Services Berhad**

DEFINITIONS

The following definitions shall apply throughout this Information Memorandum unless the context otherwise requires:-

ABS Guidelines	: the Guidelines on the Offering of Asset-Backed Securities issued by the SC (updated and effective from 26 July 2004);
Administrator	: TMF Global Services (Malaysia) Sdn Bhd (Company No. 463543-D);
Agreements and Contracts	: all the agreements, contracts, guarantees, insurances and warranties entered into by the Originator in relation to the Property including the existing tenancies;
Building	: a multilevel commercial building identified as "Plaza33" comprising two (2) office towers (namely, Tower A and Tower B), each having fourteen (14) floors of office space, seven (7) levels of elevated parking and two (2) levels of retail space respectively and together having a combined net lettable area of 523,707 square feet, bearing postal address No. 1, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya, Selangor;
Call Option Party	: Plaza 33 Sdn Bhd (Company No. 752331-M) or its nominee or its nominated third party;
CMSA	: Capital Market and Services Act 2007(as amended from time to time and any re-enactment thereof);
Companies Act	: Companies Act, 1965 (as amended from time to time and any re-enactment thereof);
DSRA	: Debt Service Reserve Account as defined in Section 2.5(F)(c) below;
Excluded Parcels	: The following parcels of the Building which had been sold by the Originator:- <ul style="list-style-type: none">(a) all that parcel of corporate office suite known as Level 11, Plaza33, Tower A to FXA Holdings Sdn Bhd (Company No. 1031369-M) pursuant to a sale and purchase agreement dated 8 April 2013;(b) all that parcel of corporate office suite known as Level 12, Plaza33, Tower A to FXA Holdings Sdn Bhd (Company No. 1031369-M) pursuant to a sale and purchase agreement dated 8 April 2013; and(c) all that parcel of corporate office suite known as Level 13, Plaza33, Tower A to Excel Force MSC Berhad (Company No. 570777-X) pursuant to a sale and purchase agreement dated 13 November 2013;

GBI	: Green Building Index;
GBI Accreditation Panel	: an independent panel responsible accreditation and issuance of the GBI certificate;
Green-rated Building	: building that are designed and operated to reduce the overall impact of the built environment on its surroundings;
HLBB	: Hong Leong Bank Berhad (Company No. 97141-X);
Issuer or EISB	: Eternal Icon Sdn Bhd (Company No. 1091205-X);
Land	: Leasehold land held under issue document of title H.S.(D) 159654, Lot No. PT 1, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor;
MSC Status	: recognition by the Government of Malaysia through the Multimedia Development Corporation, for information and communications technology (“ ICT ”) and ICT-facilitated businesses that develop or use multimedia technologies to produce and enhance their products and services;
MTNs	: collectively, the Senior Class MTNs and the Subordinated Class MTNs to be issued under the MTN Programme;
MTN Programme or Proposal	: the medium term notes programme of up to RM400,000,000.00 in nominal value pursuant to the securisation of the Property;
Originator or PSB	: Plaza 33 Sdn Bhd (Company No. 752331-M);
Property	: the Building (excluding the Excluded Parcels) and all amenities, structures, fixtures and fittings on the Land;
Principal Adviser, Lead Arranger and Lead Manager and or HLIB	: Hong Leong Investment Bank Berhad (Company No. 10209-W);
Property Call Option	: Call option to be granted to the Call Option Party by the Issuer in relation to the purchase of the Property;
Purchase Consideration	: purchase consideration of RM300.0 million for the purchase of the Property;
PTC	: the principal terms and conditions of the Proposal enclosed in Appendix I hereof;
Rating Agency	: RAM Rating Services Berhad (Company No. 763588-T)
RPS	: redeemable preference shares;
SC	: Securities Commission Malaysia;
Share Trustee	: TMF Trustees Malaysia Berhad (Company No. 610812-W);
Security Trustee	: Pacific Trustees Berhad (Company No. 317001-A);

Senior Class MTNs	: Senior Class MTNs of up to RM87.0 million to be issued under the MTN Programme;
Senior Class MTNs Call Option	: Call option to be granted to the Call Option Party by the Trustee in relation to the purchase of all the outstanding Senior Class MTNs;
Servicer	: Plaza 33 Sdn Bhd (Company No. 752331-M);
SPA	: As defined in Section 1.1 below;
Subordinated Class MTNs	: Subordinated Class MTNs of up to RM313.0 million to be issued under the MTN Programme;
Trustee	: Pacific Trustees Berhad (Company No. 317001-A);
Valuer	: C H Williams Talhar & Wong (Company No. 18149-U).

1.0 INTRODUCTION

1.1 Overview

EISB has appointed HLIB as the Principal Adviser, Lead Arranger and Lead Manager in respect of the Proposal. The MTNs to be issued under the MTN Programme shall comprise of Senior Class MTNs and Subordinated Class MTNs.

Pursuant to the Proposal, PSB and EISB had on 28 August 2014 entered into a sale and purchase agreement wherein EISB has purchased the Property free from all encumbrances on an “as is where is” basis together with the existing tenancies on the completion date by way of novation of PSB’s benefit in the Agreements and Contracts.

Following that, a letter dated 10 November 2014 had been issued by PSB to EISB in relation to the construction of an additional structure on the rooftop of the Building, which shall form part of the Building, and agreed by EISB on 10 November 2014.

Subsequently, a letter dated 27 February 2015 had been issued by PSB to EISB to request for an extension of one (1) month to comply with conditions precedent of the SPA (as defined below) and further to revise the definition of “Completion Period” therein. EISB had confirmed its agreement in relation to the said letter dated 27 February 2015.

(The sale and purchase agreement dated 28 August 2014, the letter dated 10 November 2014 and the letter dated 27 February 2015 are collectively referred to as the “**SPA**” which expression shall include any other letters, supplemental or variations made subsequent thereof).

The additional structure on the rooftop of Tower B of the Building will comprise a maintenance/management office and store and a solar panel system to be installed on the roof thereof. Pursuant to the letter dated 10 November 2014, PSB, as Servicer, in the course of rendering services to EISB in relation to the Building, is licensed by EISB to occupy and use the said maintenance/management office and store. PSB shall pay for all costs and expenses in relation to the construction and fitting out of the aforementioned maintenance/management office and store.

The letter dated 10 November 2014 also stipulates that PSB shall pay for all costs and expenses in relation to the installation of the solar panel system which will be reimbursed from the proceeds of the MTN Programme and all future income derived from the solar panel system shall belong to EISB.

To, inter-alia, fund the purchase of the Property, EISB shall issue up to RM400 million in nominal value of MTNs under the MTN Programme.

1.2 Background Information on the Issuer

The Issuer is a bankruptcy remote special purpose vehicle incorporated on 28 April 2014 under the Companies Act as a private limited company under the name of Eternal Icon Sdn Bhd. The registered office of the Issuer is located at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

The Issuer is currently dormant and is established for the purpose of undertaking the Proposal.

As at 26 March 2015, the authorised share capital of the Issuer is RM5,000,000.00 divided into 400,000 ordinary shares of RM1.00 each in EISB and 460,000,000 RPS of

RM0.01 each in EISB. Its current paid-up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each. The ordinary shares of EISB are held by the Share Trustee as the appointed share trustee.

1.3 Background Information on the Originator

The Originator was incorporated on 6 November 2006 under the Companies Act as a private limited company under the name of Zenza (M) Sdn Bhd. On 12 July 2007, it changed its name to its present name, Plaza 33 Sdn Bhd. The registered office of the Originator is located at Jaya 33, Courtyard@4, No.3, Jalan Semangat, Section 13, 46100 Petaling Jaya, Selangor.

The Originator is principally involved in property investment and holding. The Originator is the sole beneficial owner of the Property.

As at 26 March 2015, PSB has an authorised share capital of RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 each in PSB. Its current paid-up share capital is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each in PSB. The Originator is wholly owned by Mr. Che King Tow and Mr. Kan Keong Soon, with Mr. Che King Tow and Mr. Kan Keong Soon holding 499,999 ordinary shares and 1 ordinary share respectively in the Originator.

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2.0 DESCRIPTION OF THE STRUCTURE

2.1 The Transaction Structure

EISB will purchase the Property from PSB for the Purchase Consideration via funding raised from the Proposal in the following manner:-

- (i) such portion of the Purchase Consideration amounting as may be necessary to redeem the Property from HLBB (“**Redemption Sum**”) shall be payable to HLBB in accordance with the terms of the SPA, settlement of which is by way of cash;
- (ii) such portion of the Purchase Consideration amounting to all the deposits payable by PSB to EISB and to be deposited into the Deposits Account (as defined in Section 2.5(F)(d) hereunder) under the MTN Programme, settlement of which is by way of cash; and
- (iii) the balance of the Purchase Consideration (being the Purchase Consideration less the amounts payable under paragraphs (i) and (ii) above), shall be payable to PSB’s bank account as notified in writing by PSB to EISB, settlement of which is by way of cash or as otherwise directed by PSB.

Pursuant to the terms of the SPA, PSB shall inter-alia, execute novation agreements with EISB and the relevant counterparties in respect of each of the Agreements and Contracts to novate and transfer all PSB’s benefits, rights, title, interest and obligations in and under the foregoing Agreements and Contracts to EISB.

Upon completion of the SPA, PSB’s rights title interest and benefits to and under the Property together with the Agreements and Contracts, shall be novated and transferred to EISB free from encumbrances, save for the existing charge created in favour of HLBB which will be discharged upon payment of the Redemption Sum on the Issue Date (as defined in item 2(v)(xiii) of the PTC), and PSB shall cease to have any rights interest benefits and title in respect of the Property together with the Agreements and Contracts.

2.2 Proposed Issuance

The proposed issuance under the MTN Programme is as follows:-

	Nominal value (up to RM million)	%
Senior Class MTNs	87.0	21.75
Subordinated Class MTNs	313.0	78.25
TOTAL	400.0	100.00

2.3 Utilisation of Proceeds

(A) The Issuer

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

Purpose of Utilisation		Amount (up to RM' million)
First Issuance		
(a)	To settle the Purchase Consideration for the purchase of the Property.	300.0
(b)	To meet all expenses in relation to the MTN Programme (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 title, payments to the relevant authorities, and any apportionment of outgoing payments in accordance with the terms of the SPA.	1.4 ⁽¹⁾
(c)	First contribution to the DSRA.	To be determined ⁽²⁾
(d)	First contribution to the Operating Account (as defined in Section 2.5(F)(b) below) in accordance with the Budget Report (as defined in Section 2.5 (F)(b) below).	To be determined
Subsequent Issuances		
(e)	To finance any capital expenditure ⁽³⁾ on the Property and/or for working capital purposes including payment to the DSRA for compliance of the DSRA Requirements (as defined in Section 2.5 (F)(c) below).	To be determined
(f)	To refinance any MTNs on its respective Expected Maturity Date (as defined in Section 2.5(A) below).	To be determined
TOTAL		400.0

Notes:-

- (1) This amount is an estimation and any excess may be utilised for item (e) above.
- (2) The amount to be determined is subject to the coupon rates of the MTNs.

- (3) *Refers to the asset enhancement plans where pursuant to the acquisition of the Property by the Issuer, a series of renovation works may be implemented over a period of time to enhance the returns of the Property (“**Asset Enhancement Plans**”).*

(B) The Originator

The Originator shall utilise the Purchase Consideration from the sale of the Property received from the Issuer pursuant to the SPA for the following:-

Purpose of Utilisation		Amount (up to RM million)
(a)	For repayment of (i) indebtedness owing to the Originator's shareholders; and (ii) indebtedness owing to the Originator's creditors and bank borrowings granted to the Originator.	141.0 ⁽¹⁾
(b)	For distribution to the Originator's shareholders and for working capital requirements and investments, if any.	159.0
TOTAL		300.0

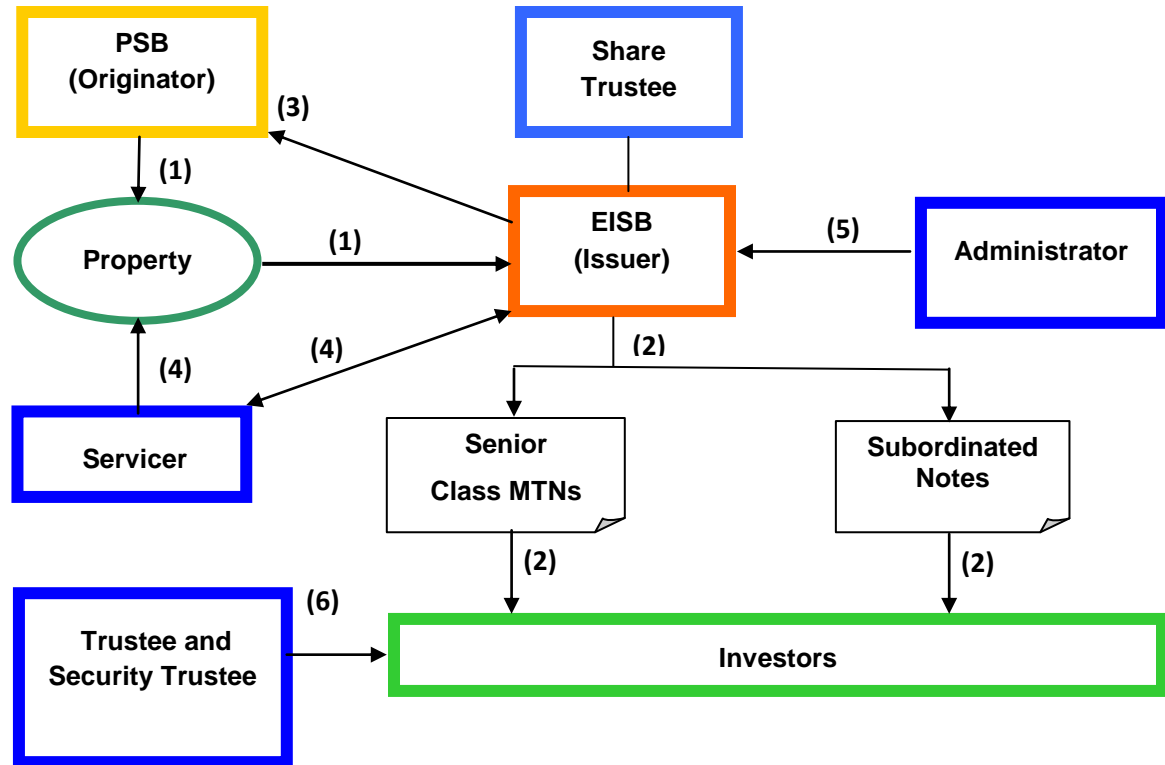
Notes:-

- (1) *This amount is an estimation only. The exact amount may be different from the estimates and any excess may be utilised for item (b) above and vice versa.*
- (2) *The reimbursement by the Issuer of expenses paid by the Originator in relation to the MTN Programme will be distributed to the Originator's shareholders.*

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2.4 Diagrammatic Description

A diagrammatic description of the structure of the securitisation transaction is illustrated as follows:-



Notes:-

- (1) sale of the Property from the Originator to the Issuer;
- (2) the Issuer issues Senior Class MTNs and Subordinated Class MTNs to investors (please refer to section 2.5 below for details);
- (3) proceeds from item (2) above will be utilised to, amongst others, fully settle the Purchase Consideration of the Property and pay for ancillary costs in relation to the purchase of the Property;
- (4) the Servicer will be appointed to manage the Property pursuant to a servicing agreement to be entered into between the Issuer and the Servicer;
- (5) a party, independent from the Issuer and the Originator, is appointed as the administrator 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 attend to any other administration work as may be instructed by the Trustee from time to time; and
- (6) the Trustee and the Security Trustee are appointed in accordance with the terms of the MTN Programme.

2.5 Salient Terms of the MTN Programme

(A) General terms

The MTN Programme shall have a tenure of fifteen (15) years from the date of first issuance of the MTNs under the MTN Programme ("**First Issuance**") which shall take place within six (6) months from the date of authorisation of the SC or such other period as may be specified by the SC. The MTN Programme shall have a maturity date falling fifteen (15) years from the First Issuance ("**Final Maturity Date**").

All MTNs to be issued under the MTN Programme shall have an Expected Maturity Date and a Legal Maturity Date (as defined below).

The expected maturity date of the MTNs shall be of more than one (1) year from the date of issuance of such MTNs ("**Expected Maturity Date**") and the legal maturity date of such MTNs shall be thirty six (36) months after the Expected Maturity Date of such MTNs ("**Legal Maturity Date**") provided that the Legal Maturity Date of the MTNs shall not exceed the Final Maturity Date.

Non-redemption of the MTNs on the relevant Expected Maturity Date will not in itself constitute an Event of Default (as defined in item 2(s)(v)(vii) of the PTC), but a Trigger Event (as defined in item 2(v)(v) of the PTC) is deemed to have occurred.

The MTNs must be fully redeemed on the relevant Legal Maturity Date. Non-redemption of the MTNs on the relevant Legal Maturity Date shall constitute an Event of Default.

The coupon payments of the MTNs will be met from the Property's operating cashflow. In the event that the Issuer has insufficient funds to pay the coupon for the Subordinated Class MTNs on a specific coupon payment date, the unpaid portion of the coupon payable on that date shall be deferred, where the Issuer shall request for deferment by giving a written notice to the Facility Agent and the Trustee not less than five (5) business days before the relevant coupon payment date, and such amount shall be payable on the next coupon payment date ("**Deferred Coupon**"), and so on (i.e. the Deferred Coupon may be further deferred on a cumulative basis). Such unpaid coupon shall not be subject to any penalty interest. Upon occurrence of a Trigger Event, all coupons on the Subordinated Class MTNs will only be paid after all monies payable under the Senior Class MTNs have been fully satisfied.

(B) Ranking of MTNs

The MTNs constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and within each class of the MTNs, rank pari passu without discrimination, preference or priority amongst themselves and for all classes of the MTNs and at least pari passu with all other 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:-

- (1) Senior Class MTNs; and
- (2) Subordinated Class MTNs.

(C) Declaration of Event of Default

Upon occurrence of an Event of Default, subject to the terms of the Trust Deed (as defined in item 2(v)(xii) of the PTC), the Trustee may at its discretion or shall, at the direction of the 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) holding not less than seventy five per centum (75%) in nominal value of the Senior Class MTNs (or the Subordinated Class MTNs in the event all monies payable under or in respect of the Senior Class MTNs have been fully satisfied) by way of an extraordinary resolution, by written notice to the Issuer declare that an Event of Default has occurred whereupon the Trust Deed and the other Issue Documents (as defined in item 2(v)(xi) of the PTC) shall become immediately enforceable in accordance with their respective terms.

The holders of the Subordinated Class MTNs will not be able to declare an Event of Default ahead of the holders of the Senior Class MTNs provided that this restriction will not be applicable if there is no Senior Class MTNs outstanding at the time of declaration of an Event of Default by the holders of the Subordinated Class MTNs.

(D) Call Option on the Senior Class MTNs

The MTN Programme is structured with a call option over the Senior Class MTNs granted by the Trustee in favour of the Call Option Party and exercisable during the Senior Class MTNs Call Option Period (as defined in item 2(v)(vi) of the PTC) but only after occurrence of a Trigger Event or an Event of Default or the Reinstatement Event (as defined in item 2(v)(viii) of the PTC).

Upon the occurrence of a Trigger Event or an Event of Default or the Reinstatement Event, the Trustee shall be entitled to serve a written notice to the Call Option Party to inform the Call Option Party of occurrence of any of such event and thereafter the Call Option Party may exercise the Senior Class MTNs Call Option by serving a notice ("Senior Class MTNs Call Option Exercise Notice") on the Trustee requesting for the sale of all the outstanding Senior Class MTNs at the Senior Class MTNs Call Option Price (as defined in item 2(v)(vi) of the PTC). Payment of the Senior Class MTNs Call Option Price is to be made to the Trustee within fifteen (15) business days (or such other period as may be mutually agreed between the Trustee and the Call Option Party) from the date of the Trustee's receipt of the Senior Class MTNs Call Option Notice. Proceeds from the exercise of the Senior Class MTNs Call Option shall be distributed to the Senior Class MTNs holders.

Further details of the Senior Class MTNs Call Option can be found in item 2(v)(vi) of the PTC.

(E) Call Option on the Property

The MTN Programme is structured with a call option over the Property granted by the Issuer in favour of the Call Option Party and exercisable at any time during the Property Call Option Period solely for the purpose of disposing the Property by the Issuer to the Call Option Party.

The Call Option Party may at any time during the Property Call Option Period exercise the Property Call Option by serving a notice to the Trustee ("**Property Call Option Exercise Notice**"). Upon serving the Property Call Option Exercise

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, the Issuer shall serve an irrevocable written notice (“**Property Call Option Settlement Notice**”) to the Trustee informing the payment settlement date of the Call Option SPA (“**Property Call Option Settlement Date**”). The Property Call Option Settlement Notice must be served no less than three (3) business days prior to the Property Call Option Settlement Date. Proceeds from the sale of the Property pursuant to the Property Call Option shall be distributed in the order of priority as set out in item 2(k)(a)(C) of the PTC.

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.

Further details of the Property Call Option can be found in item 2(v)(vi) of the PTC.

(F) Designated Accounts

Under the MTN Programme, the Issuer shall open and maintain the following designated accounts:-

(a) Revenue Account

The Revenue Account shall be operated solely by the Security Trustee.

The following shall be deposited into the Revenue Account:-

- (i) proceeds from the issuance of the MTNs, save and except for the following all of which may be paid directly to the relevant payees/accounts:-
 - (1) proceeds raised from the First Issuance to be utilised in accordance with Section 2.3 (A) above; and
 - (2) proceeds raised from the subsequent issuance to refinance any MTNs on its respective Expected Maturity Date;
- (ii) all amounts (except for deposits received or to be received from the tenant(s) of the Property (“**Deposits**”) which are to be credited into the Deposits Account) received from the tenant(s) of the Property;
- (iii) proceeds from the sale of the Property;
- (iv) such portion of the insurance premium in respect of the Excluded Parcels received from the owners of the Excluded Parcels;
- (v) all insurance proceeds;

- (vi) all other amounts derived from the Property or any part thereof including any service charges;
- (vii) all proceeds from Permitted Investment (as defined in item 2(v)(iv) of the PTC), including earnings therefrom;
- (viii) all amounts equivalent to the Deposits forfeited in accordance with the terms of the relevant tenancy agreement(s) transferred from the Deposits Account;
- (ix) funds from the Operating Account upon occurrence of an Event of Default or the Termination Event (as defined in item 2(v)(vii) of the PTC);
- (x) funds from the DSRA upon occurrence of a Trigger Event or an Event of Default or the Termination Event;
- (xi) funds from the Operating Account upon completion of disposal of the Property pursuant to the exercise of the Power of Attorney by the Security Trustee upon occurrence of a Trigger Event;
- (xii) funds from the Operating Account and the DSRA upon termination of the SPA due to the Reinstatement Event;
- (xiii) funds in excess of the DSRA Requirements ; and
- (xiv) any other monies received by and/or paid to the Issuer from time to time.

The application of the funds in the Revenue Account shall be in accordance with item 2(k)(a) of the PTC.

(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 Security Trustee.

The Operating Account will be funded by contributions from the Revenue Account in accordance with the monthly allocation as provided in the prevailing annual budget report ("**Budget Report**").

The Budget Report shall be prepared by the Servicer and submitted to the Security Trustee, the Trustee and the Rating Agency thirty (30) business days prior to each calendar year end. The Budget Report should include details of the relevant operating and capital expenditure accruing to the Property. The Budget Report may be revised or updated on a quarterly basis as may be deemed necessary by the Servicer provided that the variation/revision does not exceed ten per centum (10%) of the total amount approved under the Budget Report. Any variation/revision exceeds ten per centum (10%) of the total amount approved under the Budget Report will require consent from the Trustee (for and on behalf of the 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)).

The Budget Report shall be in form and substance acceptable to the Security Trustee and the Trustee and submitted together with a certified true copy of the approval from the board of directors of the Issuer.

Funds in the Operating Account are to be applied to meet all operating, management, repairs, service/maintenance and capital expenses (capital expenditure and asset enhancement works as per the Asset Enhancement Plans (as defined in Section 2.3 Notes (3) above)) on the Property including insurance premiums and maintenance charges and sinking fund payable by the Issuer pursuant to any applicable laws or by-laws.

Any expenditure in excess of the total amount in the Budget Report shall also be deemed acceptable by the Security Trustee subject to the following:-

- (i) such operating expenditures which do not exceed such percentage (to be agreed upon in the Issue Documents) of the total amount approved under the Budget Report; or
- (ii) emergency in nature as evidenced by supporting reports and documents satisfactory to the Security 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.

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.

Funds held in the Operating Account may be utilised for investments in the Permitted Investment.

Upon the:-

- (1) occurrence of (i) an Event of Default or (ii) the Termination Event, funds in the Operating Account will be transferred to the Revenue Account and be applied to meet the expenditures in accordance with item 2(k)(a)(C) of the PTC;
- (2) completion of disposal of the Property pursuant to the exercise of the Power of Attorney by the Security Trustee upon occurrence of a Trigger Event, funds in the Operating Account will be transferred to the Revenue Account and be applied to meet the expenditures in accordance with item 2(k)(a)(B) of the PTC; and
- (3) termination of the SPA due to the Reinstatement Event, funds in the Operating Account will be transferred to the Revenue Account and be applied to meet the expenditures in accordance with item 2(k)(a)(D) of the PTC.

(c) DSRA

The DSRA shall be operated solely by the Security Trustee.

The Issuer shall deposit and maintain the following DSRA requirements ("**DSRA Requirements**"):-

- (i) an amount equivalent to the immediate next twelve (12) months coupon payment of all the outstanding Senior Class MTNs whereby an amount equivalent to the next six (6) months coupon payment shall be deposited into the DSRA from the proceeds raised from the MTN Programme and the balance amount equivalent to the next six (6) months coupon payment shall be built-up in six (6) equal monthly installments commencing from the corresponding issuance date. Such amount shall be maintained throughout the tenure of the MTN Programme; and
- (ii) in addition to the requirement under (i) above, an amount equivalent to the immediate next six (6) months coupon payment of all the outstanding Senior Class MTNs which may be utilised to meet the Issuer's payment obligations in respect of any coupon falling due and payable under the Senior Class MTNs to be built-up as follows.

In respect of the first coupon payment period, an amount of one sixth (1/6) of the first coupon payment of the respective Senior Class MTNs shall be deposited into the DSRA on a monthly basis commencing from the Issue Date of the respective Senior Class MTNs and the last one sixth (1/6) coupon payment build-up shall be deposited into the DSRA one (1) month prior to the first coupon payment date of the respective Senior Class MTNs. In respect of the subsequent coupon payment period, an amount of one sixth (1/6) of one (1) coupon payment of the respective Senior Class MTNs shall be deposited into the DSRA on a monthly basis commencing from the preceding coupon payment date of the respective Senior Class MTNs and the last one sixth (1/6) coupon payment build-up shall be deposited into the DSRA one (1) month prior to the relevant coupon payment date of the respective Senior Class MTNs.

In the event that funds held in the DSRA exceed the DSRA Requirements, the excess shall be released to the Issuer at the request of the Issuer. Funds held in the DSRA may be utilised for investments in the Permitted Investment.

Any shortfall in the DSRA Requirements must be topped-up by the Issuer from the Revenue Account within seven (7) days from the date of receipt of notice from the Security Trustee to the Issuer, failing which a Trigger Event shall be deemed to have occurred.

Upon the:-

- (1) occurrence of a Trigger Event, funds in the DSRA will be transferred to the Revenue Account and be applied to meet the expenditures in accordance with item 2(k)(a)(B) of the PTC;
- (2) occurrence of (i) an Event of Default or (ii) the Termination Event, funds in the DSRA will be transferred to the Revenue Account and be applied to meet the expenditures in accordance with item 2(k)(a)(C) of the PTC; and
- (3) termination of the SPA due to the Reinstatement Event, funds in the DSRA will be transferred to the Revenue Account and be applied to meet the expenditures in accordance with item 2(k)(a)(D) of the PTC

(d) Deposits Account

The Deposits Account shall be operated solely by the Security Trustee to capture the Deposits.

Funds in the Deposits Account shall not be withdrawn save and except for the following:-

- (i) withdrawals of such amount necessary to meet the payment of refund payable to the relevant tenant(s) in accordance with the terms of the relevant tenancy agreement(s);
- (ii) withdrawal of such amount necessary equivalent to the Deposits which is required to be transferred to the new purchaser of the Property in the event that the Property is being disposed;
- (iii) withdrawal of such amount equivalent to the Deposits forfeited in accordance with the terms of the relevant tenancy agreement(s) to the Revenue Account; or
- (iv) payments for investments in the Permitted Investment.

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2.6 Description of Documentation

(A) Transaction Documents

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

(B) Sale and Ancillary Documents

Sale and Ancillary Documents include but not limited to:-

(a) SPA

The SPA was entered into by PSB (as vendor) and EISB (as purchaser) on 28 August 2014. The terms of the SPA include, inter alia, PSB agreeing to sell to EISB and EISB agreeing to purchase the Property free from all encumbrances on an “as is where is” basis together with the existing tenancies on the completion date by way of novation of PSB’s benefit in the Agreements and Contracts. Subsequently a letter dated 10 November 2014 had been issued by PSB to EISB in relation to the construction of an additional structure on the rooftop of the Building and agreed by EISB on 10 November 2014; and

(b) Novation Agreements

The Novation Agreements are to be entered into between PSB (as transferor), EISB (as transferee) and the counterparties of the Agreements and Contracts wherein PSB novates and transfers to EISB all its rights, title, interest, benefits and obligations under and to the Agreements and Contracts.

(C) Issue Documents

Issue Documents include but not limited to:-

(a) Trust Deed

The Trust Deed is to be 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 holders of the MTNs. The Trust Deed contains provisions to comply with the SC’s Trust Deeds Guidelines (effective 12 August 2011) and the SC’s Guidelines on the Offering of Asset-Backed Securities (effective 26 July 2004).

(b) Programme Agreement

The Programme Agreement is to be entered into between the Issuer, the Lead Arranger and Lead Manager and Hong Leong Investment Bank Berhad (as facility agent). The Programme Agreement sets out, amongst others, the terms and conditions of the MTN Programme, the conditions precedent to the issuance of the MTNs and the status of the MTNs.

(c) Administration Agreement

The Administration Agreement is to be entered into between the Issuer, the Administrator and the Trustee wherein the Issuer appoints the Administrator to manage certain day to day management and administrative and secretarial services of the Issuer upon the terms and subject to the conditions therein contained.

(d) Servicing Agreement

The Servicing Agreement is to be entered into between the Issuer, the Servicer and the Trustee wherein the Issuer appoints the Servicer to provide the services as set out in Section 6.2 below upon the terms and subject to the conditions therein contained.

(e) Property Call Option Agreement

The Property Call Option Agreement is to be entered into between the Issuer and the Call Option Party in relation to the call option on the Property as set out in Section 2.5(E) above upon the terms and subject to the conditions therein contained.

(f) Senior Class MTNs Call Option Agreement

The Senior Class MTNs Call Option Agreement is to be entered into between the Trustee and the Call Option Party in relation to the call option on the Senior Class MTNs as set out in Section 2.5(D) above upon the terms and subject to the conditions therein contained.

(g) Power of Attorney

The Power of Attorney is to be entered into between the Issuer and the Security Trustee wherein the Issuer grants full authority to the Security Trustee to (i) dispose the Property upon the occurrence of a Trigger Event; (ii) to dispose the Property pursuant to the exercise of the Property Call Option; and (iii) to perfect the land charge of the individual strata titles in respect of the Property upon issuance thereof.

(h) Land Charge

The Land Charge is to be created by the Issuer in favour of the Security Trustee wherein the Issuer charges the Land by way of first fixed legal charge under the provisions of the National Land Code 1965 as security for the MTNs.

(i) Debenture

The Debenture is to be created by the Issuer in favour of the Security Trustee wherein the Issuer charges by way of first fixed and floating charge over all the Issuer's present and future property, undertakings and assets as security for the MTNs.

(j) Assignment of Sale and Purchase Agreement

The Assignment of Sale and Purchase Agreement is to be created by the Issuer in favour of the Security Trustee wherein the Issuer assigns

absolutely all its rights, interest, titles and benefits whatsoever, present or future in and under the SPA as security for the MTNs.

(k) Assignment of Property Agreements

The Assignment of Property Agreements is to be created by the Issuer in favour of the Security Trustee wherein the Issuer assigns absolutely all its rights, interest, titles and benefits whatsoever, present or future in and under the Agreements and Contracts as security for the MTNs.

(l) Assignment of Insurances

The Assignment of Insurances is to be created by the Issuer in favour of the Security Trustee wherein the Issuer assigns absolutely all its rights, interest, titles and benefits whatsoever, present or future in and under all policies and contracts of insurance which are now or may hereafter be required to be entered into or procured by the Issuer in relation to the Property, and all benefits thereof including all claims whatsoever, any returns of premiums and all monies which may at any time become payable to, or for the account of the Issuer pursuant to the terms of such policies or contracts of insurance as security for the MTNs.

(m) Assignment of Property Call Option Agreement

The Assignment of Property Call Option Agreement is to be created by the Issuer in favour of the Security Trustee wherein the Issuer assigns absolutely all its rights, interest, titles and benefits whatsoever, present or future in and under the Property Call Option Agreement as security for the MTNs.

(n) Assignment of Servicing Agreement

The Assignment of Servicing Agreement is to be created by the Issuer in favour of the Security Trustee wherein the Issuer assigns absolutely all its rights, interest, titles and benefits whatsoever, present or future in and under the Servicing Agreement as security for the MTNs.

(o) Assignment and Charge of Designated Accounts

The Assignment and Charge of Designated Accounts is to be created by the Issuer in favour of the Security Trustee wherein the Issuer assigns absolutely all its rights, interest, titles and benefits whatsoever, present or future in and under the Designated Accounts and charges by way of first fixed charge of all monies from time to time standing to the credit of the Designated Accounts as security for the MTNs.

2.7 Rating

The Senior Class MTNs have been accorded a preliminary rating of AAA by the Rating Agency. The Senior Class MTNs are transferrable and tradable subject to the Selling Restriction as provided in Section 2(n) of the PTC.

Notwithstanding the above and subject to the compliance of the relevant requirements in accordance to the guidelines as may be issued by the SC from time to time, the Issuer has the option to discontinue the credit rating for the Senior Class MTNs issued under the MTN Programme and maintain tradability and transferability of such Senior Class MTNs

provided that approval from the holders of the Senior Class MTNs vide an extraordinary resolution has been obtained upon the fulfillment of the following conditions:-

- (a) such Senior Class MTNs have been issued in the market for at least a period of two (2) years; and
- (b) at least one (1) annual rating review in respect of such Senior Class MTNs has been conducted and completed after 1 January 2015.

The Subordinated Class MTNs are unrated. The Subordinated Class MTNs are non-transferrable and non-tradable.

Notwithstanding this and subject to the compliance of the relevant requirements in accordance to the guidelines as may be issued by the SC from time to time, the Subordinated Class MTNs issued under the MTN Programme may be transferable and tradable subject to the Selling Restriction as provided in Section 2(n) of the PTC provided that:-

- (a) such Subordinated Class MTNs have been issued in the market for at least a period of two (2) years; and
- (b) such Subordinated Class MTNs shall only be offered or sold, directly or indirectly, to persons fall within the following categories:
 - (i) Section 4(6) of the Companies Act; and
 - (ii) Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA.

2.8 Sources of Repayment

The MTNs is expected to be repaid by utilising primarily the rental income from the Property. The secondary source of repayment for the MTNs is expected from the proceeds of disposal of the Property.

2.9 Regulatory Approval Required

The MTNs Programme requires the authorisation from the SC, which has been procured on 2 January 2015.

2.10 Principal Terms and Conditions

Kindly refer to Appendix I attached herein for further references.

3.0 INFORMATION ON THE BUILDING

3.1 Background of the Building



The Building is located at the junction of Jalan Kemajuan and Jalan Semangat bordering Section 13 and Section 14 of Petaling Jaya, designed for efficient and versatile use of space. The Building provides an ideal environment for its residents to work and socialise.

The Building holds great appeal for discerning corporations looking to set up office or headquarters in Petaling Jaya's new central business district. The Building was designed to the highest specifications to fulfill the most demanding design, information technology and power supply needs of today's technology-powered corporations.

The Building has been given MSC Status accreditation by MSC Malaysia, which permits the Building to host MSC Status companies in the building. In addition to that, the Building also has been certified with a provisional GBI certificate by GBI Accreditation Panel.

3.2 Description of the Building

The Building which is located on a land approximately 9,277.18 square metres in size was completed on December 2012 and has been issued with a Certificate of Completion and Compliance by Malaysia Board of Architects on 23 May 2013 and commenced operation thereafter.

The Building is a multilevel commercial building identified as "Plaza33" comprising two (2) office towers, Tower A and Tower B, each having fourteen (14) floors of office space, seven (7) levels of elevated parking and two (2) levels of retail space respectively and together having a combined net lettable area of five hundred twenty three thousand

seven hundred and seven (523,707) square feet held under master title HS(D) 159654, Lot No. PT 1. It bears the postal address of No. 1, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya, Selangor.

The Building is constructed on reinforced concrete floors, reinforced concrete framework infilled with plastered brickwalls with aluminum and glazing shop-front and a reinforced concrete flat roof.

Generally the external walls are finished with spray tile and internal walls are cement plastered painted with emulsion paint. The internal walls of the lift lobbies are finished with granite and glass whilst the internal walls of the toilet are finished with tiles and glass. The doors are two (2) hours fire rated and equipped with locksets.

The ceilings are mainly of plastered ceiling, suspended acoustic, mineral fiber boards incorporating lightings, air conditioning vents and sprinkler system. The Building is also installed with smoke detectors, emergency lightings at common areas and emergency staircase exits. Further, magnetic card access control system is installed in all office lifts and emergency staircase exits. The Building is also equipped with a ten (10) gigabyte fibre optic backbone for telecommunications.

The floor finishes are generally granite for common areas such as main lobby, typical floors lobbies and lift lobbies. The emergency staircases are cement rendered and finished with two (2) hour fire rated door.

The access/driveway to the main entrance foyer into the building is finished with concrete imprint. The compound is generally well landscaped and maintained.

3.3 Location and Accessibility

Being sited along Jalan Semangat, the Building is accessible through Jalan Utara and Jalan Barat, which are connected to the Lebuhraya Persekutuan. In addition, the Building is approximately 0.6km away from the Asia Jaya Light Rail Transit (LRT) Station.

A covered pedestrian bridge over Jalan Semangat also provides easy accessibility to the commercial centre of Section 14.

3.4 Neighbourhood and Surrounding

The Building is conveniently located next to Jaya33, a commercial building with a well-stocked supermarket, dental surgery, beauty salon, florist, pharmacy, gymnasium, spa and various retail outlets in one area.

The Building is also a stroll away from Jaya One, also a commercial centre with various retail outlets, entertainment, restaurants, yoga centres and various other amenities.

The arterial Federal Highway connects Section 13 to Kuala Lumpur via the Jalan Utara (Asiajaya) and Jalan Barat (Amcorp Mall) interchanges. There are also six (6) hotels in the vicinity ranging from budget, business and five-star namely Armada Hotel, Hilton Petaling Jaya Hotel, Crystal Crown Hotel, Lisa De Inn, Shah Motel and Eastin Hotel.

3.5 Tenant Mix

The Building houses a diverse tenant mix comprising of well-known corporations and restaurants. The Building houses AIA Berhad as the major anchor tenant who occupies approximately 86,325 square feet which is equivalent to approximately 18.0% of the total net lettable area.

The Building is also anchored by other mini anchor tenant such as Global Enterprise International Malaysia Sdn Bhd, The Nielsen Company (Malaysia) Sdn Bhd and Novartis Corporation (Malaysia) Sdn Bhd.

The Building also houses popular fine dining outlets like Kampachi Japanese restaurant, Noble Mansion Chinese restaurant and Coliseum.

The Building currently enjoys a good occupancy rate of 82.0% and is well patronised.

3.6 Competitors

The Building has a dual compliance status in the form of MSC status accreditation and provisional GBI certificate, both of which are plus points in attracting ICT and multimedia companies to set up their offices in the Building.

In addition, the lack of purpose-built office buildings with well-thought facilities in the immediate vicinity of Petaling Jaya also gives the Building an advantage in attracting potential tenants. Furthermore, compared to the older office buildings in Petaling Jaya, the Building offers larger floor space of about 17,000 square feet per floor to meet the growing demand for office space in Petaling Jaya and its vicinity.

Currently, there are no major competitors for the Building in Petaling Jaya. However, the Building may encounter competition in future from the new developments in Petaling Jaya, namely PJ Sentral Garden City and Pacific Star Towers, which are mixed developments with office units, retail outlets, residential components and other amenities.

3.7 Description of Tenancy Agreement

Majority of the tenancies for the Building are for periods of three (3) to four (4) years expiring within the period of 2016 to 2017, with options to extend upon expiration of the initial tenancy period.

The landlord's covenants include the responsibilities to supply water, electricity for the 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 in the Building.

The tenants' covenants include the responsibilities of paying all charges and outgoings in respect of the consumption of water, electricity and any other utilities supplied to the respective units as well as maintain the exterior and interior of the units in clean, good and tenantable condition at all times.

The tenants also covenants with the landlord to ensure that the Building continues to perform efficiently and is environmentally friendly, as part of the landlord's on-going sustainability efforts to maintain the Building's Green-rated Building status.

3.8 Description of the Property's Cashflow

The main source of income of the Property is derived from rental collections from the tenants and car park collections. All revenues of the Property to be credited into the Revenue Account of the Issuer, excluding deposits received from tenants/licensees which will be deposited into the Deposits Account.

The total revenue for the year 2013 is RM5.6 million and 2014 is estimated at RM23.1 million. A breakdown of the total revenue for the year 2013 and 2014 is as follows:-

Revenue Breakdown	% of Revenue	
	Year 2013	Year 2014
Rental Income (inclusive of service charge)	70.0	76.0
Car park income	23.0	18.0
Other income (if any)	7.0	6.0
Total	100.0	100.0

The estimated monthly rental income and rental per square feet for the Property for year 2014 is as follows:-

Retail Tenant

Floor/Level	Lettable Area (Square feet)	Average Rental per square feet (RM)	Estimated monthly rental income (RM)
Podium – Ground	17,492	7.20	125,887.00
Podium – First Floor	23,087	6.31	145,594.00
Total			271,481.00

Office Tenant

Floor/Level	Lettable Area (Square feet)	Average Rental per square feet (RM)	Estimated monthly rental income (RM)
Office - Tower A TA-L9	16,381	4.50	73,714.50
Office - Tower A TA-L10	17,265	4.20	72,513.00
Office - Tower A TA-L14	16,371	4.66	76,354.34
Office - Tower A TA-L15	17,265	4.20	72,513.00

Floor/Level	Lettable Area (Square feet)	Average Rental per square feet (RM)	Estimated monthly rental income (RM)
Office - Tower A TA-L16	17,265	4.13	71,386.50
Office - Tower A TA-L17	17,265	4.45	76,766.00
Office - Tower A TA-L18	17,265	3.90	67,333.50
Office - Tower A TA-L19	17,265	3.90	67,333.50
Office - Tower A TA-L20	17,265	3.90	67,333.50
Office - Tower A TA-L21	17,265	3.90	67,333.50
Office - Tower A TA-L22	17,265	3.90	67,333.50
Office - Tower A TB-L9	17,171	4.33	74,407.67
Office - Tower B TA-L10 - Vacant	17,130	-	-
Office - Tower B TB-L11 - Vacant	17,130	-	-
Office - Tower B TB-L12 - Vacant	17,171	-	-
Office - Tower B TB-L13-1	8,880	4.50	39,960.00
Office - Tower B TB-L13-2 - Vacant	8,056	-	-
Office - Tower B TB-L14	15,392	4.25	65,362.00
Office - Tower B TB-L15	17,171	4.00	68,684.00
Office - Tower B TB-L16	17,171	4.00	68,684.00

Floor/Level	Lettable Area (Square feet)	Average Rental per square feet (RM)	Estimated monthly rental income (RM)
Office - Tower B TB-L17	17,171	4.13	70,967.74
Office - Tower B TB-L18	17,171	4.04	67,760.41
Office - Tower B TB-L19	17,171	4.10	70,401.10
Office - Tower B TB-L20	16,865	4.46	75,176.90
Office - Tower B TB-L21	17,171	4.10	70,401.10
Office - Tower B TB-L22	17,171	4.10	70,401.10
Total			1,522,120.86

Pursuant to the Existing Tenancies, the monthly rental shall be revised upwards once every 3 years based on the prevailing market rental subject to a maximum increase of 20%.

In addition, in the past, the Originator had occasionally experienced timing mismatch of one (1) to three (3) months between the rental due dates and the collection dates in relation to some of the Existing Tenancies.

Car Park Income

The Property provides a total of 1,055 car parking bays and has issued 1,084 seasoned car park passes. The distribution of the car parking bays is as follows:-

Floor/Level	No. of Car Parking Bays
Ground	20
2	139
3	175
4	170
5	170
6	170
7	170
8	41
Total	1,055

The tenants of the Property pay a parking rate between RM200.00 to RM300.00 for seasoned car park bays. Daily visitors are charged RM3.00 for the first hour. Thereafter, RM3.00 is charged for every subsequent hours or part thereof. A flat rate of RM3.00 per entry will be charged after 6 pm daily, in the weekends and on public holidays

The estimated gross car park income for the year 2014 is RM330,000.00 per month.

Other Income

Other income consists of signage rental income, service charges, interest income and other miscellaneous collections which is estimated to achieve approximately RM121,000.00 per month.

Outgoings

The projected outgoings for the Property covers assessment, quit rent, insurance, manpower costs, cleaning expenses and utilities charges, which average at RM1.00 per square feet per month for the year 2014. Total operating expenses average around 28.0% of total rental income, excluding car park rental income and car park maintenance expense, in 2014.

3.9 Valuation of the Property

The Property is valued by using the Investment Method and Comparison Method where the Valuer had adopted the market value derived from Investment Method as a fair representation of the market value of the Property in view of the fact that the Property is an income generating Property as follows:-

Valuation Method	Market value (RM' million)
Investment method	300.0
Comparison method	302.0

Investment Method

The Investment Method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

In arriving at the market value based on the above Investment Method, the rental adopted for tenanted area in the current term is based on the current passing rent as per the existing tenancies. For the renewal term, the Valuer has adopted a 10% increase of the rental from the existing term for both retail and office area. For the reversionary term rental, the Valuer has adopted a 10% increase of the rental from the existing term for both retail and office area or the market value whichever is lower.

In order to derive the market value, the Valuer has considered the following:-

- (i) rental from the conclude/asking rentals of selected similar buildings and car parks income in the vicinity;

- (ii) the yield of recent transacted commercial office buildings ranges from 4.65% to 6.20% subject to location, building specification, green building features, MSC status and tenure; and
- (iii) average outgoings of the Property of RM1.00 per square feet in view that the Property was completed in 2013 and most of the maintenance and repairs were still under defect liability period in 2013.

The market value of the Property derived from the Investment Method is as follows:-

Property components	Market value (RM' million)
Office and retail space, and nursery	262.87
Other income	9.84
Car park	26.87
Total	299.58
Value adopted	300.00

Comparison Method

The Comparison Method entails recent transactions and asking prices of similar property in the larger locality are analysed for comparison purposes with adjustments made for differences in location, quality, finishes, size, tenure, green building features, MSC status, condition of the building, title restrictions and other relevant characteristics to arrive at the market value.

In arriving at the market value of the Property based on the Comparison Method, the Valuer has considered transactions of office buildings within the immediate and surrounding localities. The recorded evidences have been analysed taking into consideration of various factors such as time factor, location/visibility, age and condition of the building, design/finishes/specification, size, title restrictions, tenure, public amenities, green features, MSC status and other relevant characteristics.

The market value of the Property derived from the Comparison Method is RM302 million.

Notes:-

- (1) *With reference to item 2(q)(i) of the PTC, the Lead Arranger had agreed to waive the requirement for the valuation report to be dated not more than six (6) months prior to the first issuance of the MTNs considering that the valuation report dated 22 August 2014 is overdue by approximately one (1) month and the current rent roll of the Property has not reduced as compared to the rent roll in the valuation report.*

4.0 INFORMATION ON THE ISSUER

4.1 Company Background

The Issuer is a bankruptcy remote special purpose vehicle incorporated on 28 April 2014 under the Companies Act as a private limited company under the name of Eternal Icon Sdn Bhd. The registered office of the Issuer is located at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

4.2 Share Capital and Shareholding Structure

The authorised, issued and paid-up capital of the Issuer as at 26 March 2015 is as follows:-

Share Capital	No. of Shares	Par Value (RM)	Total Value (RM)
Authorised	(i) 400,000 ordinary shares; and (ii) 460,000,000 RPS	(i) 1.00; and (ii) 0.01	5,000,000.00
Issued and paid-up	2 ordinary shares	1.00	2.00

The ordinary shares of the Issuer are held by the Share Trustee as the appointed share trustee.

4.3 Board of Directors

The directors of the Issuer and their respective profiles as at 26 March 2015 are as follows:-

Lim Lee Kuan **Malaysian**

Lim Lee Kuan, age 43, is a qualified company secretary under Section 139A of the Companies Act and an Associate of The Malaysian Institute of Chartered Secretaries and Administrators.

She started her career in a public listed company in 1995 and subsequently entered a secretarial firm prior to becoming the head of corporate secretarial in TMF Administrative Services Malaysia Sdn. Bhd. in 2012.

During her nineteen (19) years of experience in company secretarial practice she has served in various capacities which include but are not limited to corporate restructuring exercises, initial public offering and submitting applications to various regulatory authorities. She is experienced in providing such services to multinational companies, public listed companies, investment banks, private limited companies and various other organisations.

Wong Yu Chee
Malaysian

Wong Yu Chee, age 42, is currently the Director of Accounting Services in TMF Group, Kuala Lumpur office. Prior to this, he worked in the Shanghai office of TMF Group for two (2) years and in the accounting firms of PricewaterhouseCoopers, Malaysia and Ernst & Young, Shanghai for more than eleven (11) years. He has more than eighteen (18) years of experience in audit, accounting, taxation and business advisory services including advising corporations on listing and corporate exercises locally and in the international market.

He is a member of the Malaysian Institute of Accountants (MIA) and a Fellow of Association of Chartered Certified Accountants (FCAA).

4.4 Bank Borrowings

As at 26 March 2015, EISB has not undertaken any banking facilities.

4.5 Material Contracts

As at 26 March 2015, EISB has not entered into any material contracts which is not in its ordinary course of business since incorporation.

4.6 Material Litigations

As at 26 March 2015, EISB is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of EISB are not aware of any proceedings pending or threatened against EISB or of any facts likely to give rise to any proceedings which may materially affect the financial position of business of EISB.

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5.0 INFORMATION ON THE ORIGINATOR

5.1 Company Background

PSB was incorporated on 6 November 2006 under the Companies Act 1965. The registered office of PSB is located at Jaya33, Courtyard@4, No. 3, Jalan Semangat, Section 13, 46100 Petaling Jaya, Selangor Darul Ehsan. PSB is a single asset investment holding company and is principally involved in the business of property investment and holding. PSB is the sole beneficial owner of the Property

5.2 Share Capital and Shareholding Structure

The authorised, issued and paid-up capital of PSB as at 26 March 2015 is as follows:-

Share Capital	No. of Shares	Par Value (RM)	Total Value (RM)
Authorised	1,000,000 ordinary shares	1.00	1,000,000.00
Issued and paid-up	500,000 ordinary shares	1.00	500,000.00

PSB is wholly owned by Mr. Che King Tow and Mr. Kan Keong Soon, with Mr. Che King Tow and Mr. Kan Keong Soon holding 499,999 ordinary shares and 1 ordinary share respectively in the Originator.

5.3 Board of Directors

The directors of the Originator and their respective profiles as at 26 March 2015 are as follows:-

Che King Tow **Malaysian**

Che King Tow, age 60, is a registered real estate agent and a member of the Malaysian Institute of Estate Agents and the Real Estates and Housing Developer Association of Malaysia.

He has been involved in property development and real estate management since 1981 and has extensive experience in project management and development, project sales and marketing and in construction project.

Over the past 36 years, he has successfully managed and developed numerous projects, ranging from small to large-scale with value in excess of RM1.0 billion.

Kan Keong Soon
Malaysian

Kan Keong Soon, age 54, graduated from Universiti Sains Malaysia with a degree in BSc (Hons) in Housing Building & Planning.

He has 29 years of experience in property development planning and management. He was formerly a senior project manager with Domain Resources Sdn Bhd where he was involved in TPPT Sdn Bhd's rehabilitation housing projects, Bukit Rimau development projects and Carrefour hypermarkets projects.

Prior to that, he was with CH William Talhar & Wong as building manager for Wisma Daiman & Sentosa Kompleks respectively in Johor Bahru and subsequently was attached to Far East Group in managing Plaza Atrium KL.

5.4 Bank Borrowings

As at 26 March 2015, PSB has been granted credit facilities of up to an aggregate principal sum of RM111,000,000.00 by HLBB ("**Facility**").

The Facility is secured by:-

- (a) first party debenture by PSB in favour HLBB;
- (b) first party assignment by PSB in favour HLBB;
- (c) personal guarantee and indemnity by Che King Tow to HLBB; and
- (d) first party legal land charge PSB in favour HLBB.

5.5 Material Contracts

As at 26 March 2015, PSB has not entered into which are not in the ordinary course of business since incorporation.

5.6 Material Litigations

As at 26 March 2015, PSB is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of PSB are not aware of any proceedings pending or threatened against PSB or of any facts likely to give rise to any proceedings which may materially affect the financial position of business of PSB.

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6.0 THE SERVICER

6.1 Company Background

The Servicer will be PSB. Please refer to Section 5.0 for information on PSB.

6.2 Highlight of Servicer's Role and Responsibilities

The Servicer's role and responsibilities shall include but not limited to the following:-

- (a) to let out, maintain and manage the Property in accordance with the regulations and laws binding the Issuer and the Property;
- (b) 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;
- (c) as project manager to plan and implement Asset Enhancement Plans;
- (d) to implement strategies and policies by doing all acts necessary or prudent including but not limited to maximising the revenue arising from the Property;
- (e) 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;
- (f) 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;
- (g) prepare the Budget Report on a periodic basis setting out the estimated operating and capital expenditure and estimated receipts of, derived from or accruing to the Property;
- (h) 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;
- (i) negotiate and finalise the terms and conditions of appointment of such service providers and/or contractors and/or other party(ies) as the attorney, and on behalf of, the Issuer;
- (j) set any relevant key performance indicators for the respective service providers and/or contractors and/or other party(ies); and
- (k) recommend and assist in determining the appropriate mix of financing or refinancing for any maturing MTNs.

The Servicer shall receive as remuneration for provision of the services equivalent to an amount of up to five per cent (5%) of the gross revenue received by the Issuer in relation to the Property. The servicing fee shall be payable in arrears on or before the last day of each month on a monthly basis commencing from the date of the First Issuance under the MTN Programme by the Issuer from the Operating Account in accordance with the terms of the Trust Deed.

In addition, the Servicer shall also receive a bonus fee which is only payable in the event there are remaining funds in the Revenue Account after all MTNs have been fully paid, all outstanding RPS (if any) have been redeemed, 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 under the Revenue Account (the “**Servicer Bonus Fee**”). 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 the Revenue Account. 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 tax (excluding income tax arising under the Income Tax Act 1967), impost, levy or charge payable by the Issuer and/or the Servicer, as the case may be under the Sales Tax Act 1972 and the Services Tax Act 1975 or the Goods and Services Tax Act 2014, as the case may be, in relation to the provision of services by the Servicer.

6.3 The Licensed Property Manager

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 where required.

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7.0 CORPORATE PROFILE OF OTHER CONTRACTING PARTIES

7.1 Trustee

General

Pacific Trustees Berhad (Company No. 317001-A) has been appointed as the Trustee for the Issuer.

Information of the Trustee

The Trustee is Pacific Trustees Berhad (Company No. 317001-A), a company incorporated in Malaysia on 21 September 1994 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Unit A-9-8, 9th Floor, Megan Avenue 1, No. 189, Jalan Tun Razak, Off Persiaran Hampshire, 50400 Kuala Lumpur.

The fees payable to Pacific Trustees Berhad will be based on arm's length terms.

7.2 Security Trustee

General

Pacific Trustees Berhad (Company No. 317001-A) has been appointed as the Security Trustee for the Issuer.

Information of the Security Trustee

The Security Trustee is Pacific Trustees Berhad (Company No. 317001-A), a company incorporated in Malaysia on 21 September 1994 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Unit A-9-8, 9th Floor, Megan Avenue 1, No. 189, Jalan Tun Razak, Off Persiaran Hampshire, 50400 Kuala Lumpur.

The fees payable to Pacific Trustees Berhad will be based on arm's length terms.

7.3 Share Trustee

General

TMF Trustees Malaysia Berhad (Company No. 610812-W) has been appointed as the Share Trustee for the Issuer.

The ordinary shares of EISB are held by the Share Trustee as the appointed share trustee.

Information of the Share Trustee

The Share Trustee is TMF Trustees Malaysia Berhad (Company No. 610812-W), incorporated in Malaysia as a public company on 1 April 2003 and registered as a trust company under the Trust Companies Act, 1949 with its registered address at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

The fees payable to TMF Trustees Malaysia Berhad will be based on arm's length terms.

7.4 Administrator

General

The Issuer has appointed TMF Global 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 TMF Global Services (Malaysia) Sdn Bhd (Company No. 463543-D), incorporated in Malaysia as a private company on 5 June 1998 with its registered address at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur. The nature of its business is providing corporate secretarial services and other related administration services.

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

The fees payable to the Trustee, Security Trustee, Administrator and Share Trustee are estimated at approximately RM98,000.00 per annum (excluding reimbursements and service taxes) and will be paid when they are due.

7.5 Conflict of Interest

7.5.1 HLIB as the Principal Adviser, Lead Arranger and Lead Manager of the Proposal

As at the date hereof and after making enquiries as were reasonable in the circumstances, to the best of its knowledge and belief, HLIB is not aware of any circumstances that would give rise to a conflict of interest situation or a potential conflict of interest situation in its capacity as the Principal Adviser, Lead Arranger and Lead Manager for the Proposal.

7.5.2 Pacific Trustees Berhad as the Trustee and Security Trustee for the holders of the MTNs

As at the date hereof and after making enquiries as were reasonable in the circumstances, to the best of its knowledge and belief, Pacific Trustees Berhad is not aware of any circumstances that would give rise to a conflict of interest situation or a potential conflict of interest situation in its capacity as the Trustee and the Security Trustee for the holders of the MTNs.

7.5.3 TMF Trustees Malaysia Berhad as the Share Trustee for the Issuer

As at the date hereof and after making enquiries as were reasonable in the circumstances, to the best of its knowledge and belief, TMF Trustees Malaysia Berhad is not aware of any circumstances that would give rise to a conflict of interest situation or a potential conflict of interest situation in its capacity as the Share Trustee for the Issuer.

7.5.4 TMF Global Services (Malaysia) Sdn Bhd as the Administrator for the Issuer

As at the date hereof and after making enquiries as were reasonable in the circumstances, to the best of its knowledge and belief, TMF Global Services (Malaysia) Sdn. Bhd is not aware of any circumstances that would give rise to a conflict of interest situation or a potential conflict of interest situation in its capacity as the Administrator for the Issuer.

7.5.5 Messrs. Albar & Partners as the solicitors for Principal Adviser, Lead Arranger and Lead Manager of the Proposal

As at the date hereof and after making enquiries as were reasonable in the circumstances, to the best of its knowledge and belief, Messrs. Albar & Partners is not aware of any circumstances that would give rise to a conflict of interest situation or a potential conflict of interest situation in its capacity as the solicitors for the Principal Adviser, Lead Arranger and Lead Manager of the Proposal.

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8.0 INVESTMENT CONSIDERATION

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

8.1 Considerations Relating to the MTN Programme

A. Rating

The Rating Agency has assigned a preliminary rating of AAA/Stable to the Senior Class MTNs which indicates superior safety for payment of financial obligations. This is the highest long-term rating assigned by the Rating Agency.

Notwithstanding the above and subject to the compliance of the relevant guidelines as may be issued by the SC from time to time, the Issuer has the option to discontinue the credit rating for the Senior Class MTNs issued under the MTN Programme and maintain tradability and transferability of such Senior Class MTNs provided that approval from the holders of the Senior Class MTNs vide an extraordinary resolution has been obtained upon the fulfillment of the following conditions:-

- (a) such Senior Class MTNs have been issued in the market for at least a period of two (2) years; and
- (b) at least one (1) annual rating review in respect of such Senior Class MTNs has been conducted and completed after 1 January 2015.

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

The Senior 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 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 may decrease, and no person or entity would be obligated to provide any additional credit enhancement with respect to the MTNs. Any reduction or withdrawal of rating will not constitute an event of default nor an event obliging the Issuer to prepay the MTNs.

The Subordinated Class MTNs are unrated and is subordinated below the Senior Class MTNs in terms of status and ranking. The Subordinated Class MTNs are non-transferable and non-tradable.

Notwithstanding this, the Issuer has the option to convert the Subordinated Class MTNs to be transferable and tradable subject to the compliance of the relevant guidelines as may be issued by the SC from time to time as detailed in Section 2.7 above.

B. Coupon Payment on Senior Class MTNs

The Issuer's ability to service the coupon payments and redeem the Senior Class MTNs on its due date premises on the cashflow strength of the Issuer. In the event that there is a temporary shortage of funds to pay coupon on the Senior Class MTNs, a buffer of six (6) months coupon payment which will be built-up and reserved in the DSRA as detailed in Section 2.5F(c) above to meet immediate coupon payment obligations. In addition, under the DSRA Requirements, the Issuer is also required to maintain an additional amount equivalent to twelve (12) months coupon payment of the outstanding Senior Class MTNs at all time.

C. 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. the Deferred Coupon may be further deferred 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 the Final Maturity Date or on the date of termination of the MTN Programme shall constitute an Event of Default.

D. Liquidity/Market Risk

Although the Senior Class MTNs are tradable in the market, there can be no assurance that there is always liquidity in the market for the investors to trade their Senior Class MTNs at prices acceptable to the investors.

The Subordinated Class MTNs are non-transferable and non-tradable. Notwithstanding this, the Issuer has the option to convert the Subordinated Class MTNs to be transferable and tradable subject to the compliance of the relevant guidelines as may be issued by the SC from time to time as detailed in Section 2.7 above.

E. Refinancing Risk

Redemption of principal is expected to be met through (i) the exercise of the Property Call Option upon the Expected Maturity Date or a combination of cashflow derived from the Property and refinancing through the issuances of the Subordinated Class MTNs, or (ii) through the sale of the Property by the Security Trustee upon the occurrence of a Trigger Event or an Event of Default. There shall be no assurance on the full take up for any subsequent issuance.

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 which can be exercised upon the occurrence of a Trigger Event or an Event of Default or the Reinstatement Event. There shall be no assurance that the Call Option Party will have the adequate financial means to meet such obligations to exercise the Senior Class MTNs Call Option. In addition, the Security Trustee shall be granted a power of attorney to effect the disposal of the Property should the outstanding MTNs not be redeemed at its Expected Maturity Date. The Security Trustee will have a period of up to thirty six (36) months from the Expected Maturity Date 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 by the Issuer to the Call Option Party.

The Property Call Option Price will be the then prevailing market value of the Property or the redemption price of all the outstanding principal and accrued coupon on the Senior Class MTNs, whichever is the higher.

Upon completion of the sale and purchase of the Property pursuant to 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 coupon. Subject to the cashflow waterfall payment, the Subordinated Class MTNs will only be redeemed after all monies payable under the Senior Class MTNs have been fully satisfied.

G. Trigger Events

The occurrence of any of the following events would 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 Date; or
- (3) the Issuer fails to achieve a net operating income of at least RM15.0 million per annum.

Upon the occurrence of a Trigger Event:-

- (i) the Issuer shall not be obliged to meet its payment obligations in respect of principal payments falling due and payable under the Senior Class MTNs up to its applicable Legal Maturity Date; and
- (ii) 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 Class MTNs Call Option; or
- (b) exercise the Property Call Option.

The Call Option Party will have the rights to call but not the obligation to exercise in accordance to the provisions stipulated therein. There shall be no assurance that the Call Option Party will have the adequate financial means to meet such obligations when exercised.

The Call Option Party shall within seven (7) business days (or such other period as may be mutually agreed between the Trustee and the Call Option Party) 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 pursuant to the power of attorney. The disposal process shall be managed by the Security Trustee, under the rights conferred to the Security Trustee pursuant to the power of attorney. The disposal price shall be determined by the Security Trustee at its absolute discretion.

The Issuer shall redeem all the outstanding MTNs upon disposal of the Property. The sale proceeds from the disposal of the Property shall be deposited into the Revenue Account and shall be dealt with in accordance to the provisions stipulated therein.

For avoidance of doubt, the occurrence of a Trigger Event shall not constitute an Event of Default.

In the event the sale proceeds from the Property disposal is insufficient to redeem all the outstanding amount of the Senior Class MTNs, the holders of the Senior Class MTN shall have the right to declare an Event of Default.

Upon the occurrence of Trigger Event (2), the coupon rate for the outstanding Senior Class MTNs shall subject to a step up coupon rate which will be determined prior to each issuance.

H. Rights of the Senior Class MTNs Holders

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

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

I. 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 holders of the MTNs 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 reorganisation, liquidation, winding-up or receivership of the Issuer or other similar proceedings under any applicable laws.

J. Reinstatement Event

The occurrence of an event under the terms of the SPA which entitles the Issuer as the purchaser to terminate the SPA and seek a refund of the relevant purchase consideration for the purchase of the Property. Such event includes non-registration of transfer of the Property in favour of the Issuer as the purchaser.

Upon the occurrence of the Reinstatement Event, the Issuer shall be entitled to serve a written notice ("**Reinstatement Event Notice**") to the Call Option Party to grant the Call Option Party the right to exercise the Senior Class MTNs Call Option. The Call Option Party shall within seven (7) business days (or such other period as may be mutually agreed between the Issuer and the Call Option Party in any event not exceeding fifteen (15) business days of receipt of the Reinstatement Event Notice) of receipt of the Reinstatement Event Notice, notify the Issuer of its decision, failing which, the Issuer shall have the discretion to proceed with the termination of the SPA and seek a refund of the relevant purchase consideration for the purchase of the Property.

The refund proceeds from the termination of the SPA shall be deposited into the Revenue Account and shall be dealt with in accordance to the provisions stipulated therein.

In the event the Call Option Party decides to exercise the Senior Class MTNs Call Option, the Issuer shall withdraw the rating for the Senior Class MTNs and the MTN Programme shall be cancelled upon the completion of the Senior Class MTNs Call Option and the Call Option Party may decide whether to terminate the SPA.

K. Strata Titles

As at the date of this Information Memorandum, the Originator has yet to submit the application for subdivision of Building and strata titles for the Building to the relevant authority as the final title of the Land has yet to be issued by the land authority. There is no mandatory requirement under the Strata Titles Act 1985 for the Originator to submit application for the strata titles if final title has not been issued by the land authority.

Upon registration of the transfer in favour of the Issuer, the Issuer as the owner will be the party to submit the application for subdivision of Building and strata titles for the Building at the Originator's costs and expenses and with the Originator's assistance take such steps as may be necessary to procure the issuance of the separate strata titles in respect of the Building. The Issuer may at any time after the First Issuance and registration of the land charge over the Land, submit the application for the subdivision of Building and strata titles for the Building to the relevant land authority regardless whether the final title of the Land has been issued by the relevant land authority.

To facilitate the application for subdivision of Building and strata titles for the Building, the land charge over the Land will be discharged by the Security Trustee without the necessity to obtain the consent from the holders of the MTNs.

Upon the Issuer's receipt of the strata titles in respect of the Excluded Parcels, the Issuer shall deliver such strata titles to the respective owners of the Excluded Parcels and create a first ranking legal charge over the individual strata titles in respect of the Property in favour of the Security Trustee.

Upon the Issuer's receipt of the relevant memoranda of transfer from the owners of the Excluded Parcels, the Issuer shall execute and deliver such memoranda of transfer to the owners of the Excluded Parcels where the owners of the Excluded Parcels shall attend to the necessary presentation and registration at the relevant land office/registry at the owners of the Excluded Parcels own costs and expenses.

L. Leasehold Title

The Property sits on a leasehold land for ninety nine (99) years with remaining lease tenure of about fifty five (55) years as at the date of this Information Memorandum, expiring on 13 January 2070. There is no guarantee that the remaining lease tenure of the Property at the Expected Maturity Date or Legal Maturity Date will not have an impact on the Property's capital value and saleability in the market, thus the longer tail period of thirty six (36) months to allow the Security Trustee to dispose the Property in the market in the event of non-exercise of the Property Call Option or the Senior Class MTNs Call Option by the Call Option Party.

M. Security Interest of the Holders of the MTNs

As the master title of the Building is currently charged to HLBB by the Originator, the land charge over the Land can only be perfected upon receipt of the redemption sum by HLBB from the proceeds raised from the issuance of the MTNs.

To protect the Issuer's interest in the Property, the Issuer has lodged with the relevant land office/registry a private caveat against any dealing with the Property prior to the registration of the transfer in favour of the Issuer.

Pursuant to the terms of the SPA:-

- (1) both the Originator and Issuer shall execute and deliver a valid and registrable memorandum of transfer whereby the Originator will transfer and convey to the Issuer the Property on the completion date.
- (2) the Originator has agreed and covenanted inter-alia not to further charge, mortgage, encumber or permit any other creation of security interest whatsoever howsoever created or arising with the Property.

N. Minister's Consent

PSB was issued with a licence by the Ministry of Energy, Green Technology and Water ("**Minister**") on 8 April 2013 under the Electricity Supply Act 1990 to use, work or operate any installation of electrical distribution facilities at the Building for duration of ten (10) years. The said licence is non-transferable and non-assignable except with the prior approval/consent from the Minister. In addition, any creation of charge, mortgage, pledge, lien or other securities over the land used for the generating facility is prohibited without the express written consent of the Minister. However, the Land does not have a generating facility.

The Minister has approved the transfer of the Property to EISB pursuant to the MTN Programme through the Energy Commission's letter dated 26 March 2015.

In addition to the above, there can be no assurance that the Minister will consent to the transfer of the Property in the future pursuant to the exercise of the Property Call Option or sale of the Property by the Security Trustee upon the occurrence of a Trigger Event or an Event of Default.

O. GBI Certificate

Based on the Building's design assessment, the Building has been certified with a provisional GBI certificate by GBI Accreditation Panel on 2 August 2012, which shall be valid for a period of three (3) years.

The final GBI certificate will be issued by the GBI Accreditation Panel upon completion of the completion and verification assessment ("**CVA**") which will be submitted by PSB as the certificate holder.

The GBI rating on the final GBI certificate will be based on the scores achieved for the GBI classification in respect of the Building.

PSB is in the midst of completing the CVA to obtain the final GBI certificate.

Pursuant to the above, there can be no assurance that the final GBI Certificate will be issued by the GBI Accreditation Panel upon completion of the CVA.

P. Dependence on Servicer

The collection of rentals and income from the tenants and car parks are dependent upon the proper performance by the Servicer of its obligations under the servicing agreement to be entered. The performance of the Servicer is to a certain extent in turn dependent upon the performance of its employees who will be performing the various roles of the Servicer and the continued services of these employees.

Like other employers, the Servicer has to compete for the best employees and its long term prospects will depend on its success in recruiting and retaining its employees. In recognising such importance, the Servicer believes that it can offer attractive remuneration packages comprising of comprehensive benefit schemes for various levels of its employees, as well as prepare a succession plan for its continuity.

Additionally, in the event that the Servicer becomes insolvent and/or for any reason whatsoever no longer capable of performing its functions under the Servicer Agreement, the Issuer may appoint a new servicer.

Q. Early Redemption Risk

The Issuer may not redeem the MTNs prior to its respective maturity unless approved by the holders of the MTNs by way of an extraordinary resolution. If an early redemption occurs or exercise of the Property Call Option, this may result in loss of interest income to the holders of the MTNs and the holders of the MTNs not being able to reinvest the redemption proceeds in other investments with the requisite rate of return.

R. Credit Enhancement

The Originator does not in any way guarantee the MTNs to be issued or issued by the Issuer, nor does it provide any credit enhancement in relation to the MTN Programme.

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8.2 Considerations Relating to the Property and its Operating Environment

A. Economic and political risks

Notwithstanding that the Property is 82% tenanted, the continued occupancy of the Property is closely linked to the economic performance and political stability of Malaysia. As the Property is predominantly rented out to various corporations and restaurants, any adverse developments in the political and economic environment and uncertainties in Malaysia especially in relation to the operating environment for foreign owned corporations, would affect the continuance of the existing leases and the financial performance of the Property. Political and economic uncertainties include (but are not limited to) changes in general economic, business and credit conditions, government legislations and policies affecting real estate industry, inflation, interest rates, taxation, fluctuation in foreign exchange rates, foreign policies and political or social developments in Malaysia.

B. Changes to regulatory regime

EISB, as the beneficial owner to the Property, is subject to certain regulatory regime including the ABS Guidelines. There can be no assurance that the rules set out in the ABS Guidelines will not from time to time be amended by the SC. The regulatory regime that is currently applicable to EISB may be changed. No assurance can be given that future legislation and regulations, administrative and regulatory rulings, court decisions or changes to the ABS Guidelines will not affect the rights conferred upon the Security Trustee via the power of attorney to dispose the Property upon the occurrence of an Event of Default. Notwithstanding this, the Security Agent could exercise its rights under the legal charges over the Property for enforcement should the need arises.

C. General risks attached to the Property

Real estate is subject to various risks, amongst others and including: (a) adverse changes in national or economic conditions, (b) adverse local market conditions; (c) changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies, changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market; (d) competition among property owners for tenants; (e) inability of the property manager to provide or procure the provision of adequate maintenance and other services; (f) acts of God and other factors.

Many of these factors may cause fluctuations in occupancy rates, rent schedules, collection of rental income or operating expenses, causing a negative effect on the value of the Property and income derived from the Property. Increased operating costs and other expenses incurred for maintenance and capital expenditure, insurance premiums, property taxes and other statutory charges may also affect the value of the Property. The valuation of the Property will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of the Property may be significantly diminished in the event of a decrease in real estate market prices and the ability to generate sufficient income to service the obligations under the MTNs Programme may be adversely affected.

D. Insurance coverage

The Property is currently insured against standard fire, glass, consequential loss and such other risks via insurance policies that may be deemed prudent and normal for similar business operations. Nonetheless, the Property could suffer physical damage caused by flood, earthquake or other causes which may result in losses (including loss of rent), and may not be fully compensated by insurance. In addition, certain types of risks (such as war risk and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. The financial performance of the Property may be adversely affected should an uninsured loss or a loss in excess of insured limits occur. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

E. Risk of non-renewal of expiring tenancies

Majority of the tenancies for the Property are for periods of three (3) to four (4) years expiring within the period of 2016 to 2017, with options to extend upon expiration of the initial tenancy period.

There is no assurance that the current tenants will renew their tenancy agreements upon its initial expiry and hence the Property is susceptible to rental market fluctuation which, in a declining market, may lead to higher vacancies following the expiry of the tenancy, which in turn decreases the rental income of the Property and the new agreed tenancy may not be as favourable as the previous tenancy. Such risks could have a material adverse effect on the revenues expected to be generated from the Property.

F. Gross rental income and the value of the Property may be affected by a number of factors

The gross rental income and value of the Property may be affected by a number of factors, including:-

- (a) vacancies following expiry or termination of tenancy that lead to decrease in the occupancy rates and gross rental income of the Property;
- (b) collection of rental from tenants on a timely basis or at all;
- (c) tenants seeking for protection under the bankruptcy laws could result in delays of rental payments or inability to pay rental at all or termination of tenancy prior to expiry;
- (d) tenants that breached the terms and conditions of the tenancy that result in termination of their tenancy or non-payment of rental;
- (e) surge in operating expenses of the Property;
- (f) the rental rates and the terms of the renewed leases being less favourable than the current tenancy; and
- (g) changes in statutory laws, regulations or government policies which may affect the value of the Property.

G. Increase in operating and other expenses

The financial performance of the Property could be affected if its operating and other expenses increase without a corresponding increase in revenue or tenant reimbursements of operating and other costs.

Factors which could increase operating and other costs include, amongst others:

- (a) inflation and the surge in oil prices;
- (b) increases in payroll expenses, transportation and utility costs;
- (c) increases in property taxes and other statutory charges;
- (d) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (e) increases in sub contracted service costs;
- (f) increases in property management cost and management fee;
- (g) increases in insurance premiums; and
- (h) defects affecting the Property which need to be rectified, leading to unforeseen capital expenditure.

H. Compulsory acquisition by the Government

The Government of Malaysia has the power to acquire compulsorily any land in Malaysia pursuant to the provisions of applicable legislation including the Land Acquisition Act, 1960 for certain purposes.

In the event of any compulsory acquisition of property in Malaysia, the amount of compensation to be awarded is based on the fair market value of a property and is assessed on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws. If the Property was acquired compulsorily by the Government of Malaysia at a point in time when the fair market value of the property has decreased, the level of compensation paid for the Property may be less than the purchase price paid by EISB or the amounts owing under the issued and outstanding MTNs, which may have an adverse effect on the ability of the Issuer to repay its obligations under the MTN Programme.

8.3 Forward Looking Statement

This Information Memorandum contains forward-looking statements i.e. those other than statements of historical facts. Although EISB 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 EISB or its advisers or arrangers that the plans and objectives of EISB will be achieved.

8.4 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 MTNs or that such change will not adversely impact the structure of the transaction and the treatment of the MTNs.

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9.0 OVERVIEW OF THE MALAYSIAN ECONOMY & PROPERTY MARKET

9.1 Economic and Financial Development in Malaysia in the Third Quarter of 2014

The Malaysian economy expanded by 5.6% during the third quarter of 2014 (Q2 2014: 6.5%) supported by domestic activities amid a moderation in the external sector. On the supply side, the services sector remained as the key driver of growth, sustaining its pace at 6.1% (Q2 2014: 6.2%) spurred by the wholesale and retail, communication and business services subsectors. Meanwhile, the manufacturing sector expanded at a slower pace of 5.3% (Q2 2014: 7.3%) due to a more challenging external environment. The subsectors supporting manufacturing growth were electronics and electrical (E&E), transport and equipment as well as food, beverage and tobacco. The construction sector grew steadily by 9.6% (Q2 2014: 9.9%) supported by strong activity in the residential and non-residential subsectors. The agriculture sector grew 4% (Q2 2014: 7.1%) amid slower production of oil palm, which was mitigated by higher output of forestry and other agriculture subsectors. Meanwhile, the mining sector increased 1.4% (Q2 2014: 2.1%) supported by higher production of crude oil despite lower output of natural gas.

The private sector remained the key driver of growth with private spending increasing 6.7% during the third quarter of 2014 (Q2 2014: 8.1%). Private consumption sustained its resilience growing by 6.7% (Q2 2014: 6.5%) while investment expanded at a moderate pace of 6.8% (Q2 2014: 12.1%). Public sector expenditure declined marginally by 1.2% during the quarter (Q2 2014: -1.6%), weighed down by slower investment activity. Subsequently, domestic demand increased 4.8% (Q2 2014: 5.8%). Private consumption was supported by favourable labour market conditions. The major consumption indicators showed a positive performance, in particular, sales tax collection (27.1%) and sales of food (12.1%). Meanwhile, public consumption rebounded by 5.3% (Q2 2014: -0.5%) due to higher spending on supplies and services.

On the investment side, gross fixed capital formation grew 1.1% (Q2 2014: 7.2%) mainly driven by the private sector. Private investment accounted for 67.1% of total investment (Q2 2014: 71.1%), mostly in the construction and manufacturing sectors. This was reflected in the performance of major investment indicators, including loans disbursed to the business sector which grew strongly by 19.7%, as well as higher imports of intermediate goods at 11.1% and imports of iron and steel at 7.8%. Public investment shrank 8.9% (Q2 2014: -3.3%) amid a decline in Government development expenditure and slower capital spending of public enterprises.

Interest rates remain supportive of growth

During the third quarter of 2014, the Monetary Policy Committee (MPC) raised the Overnight Policy Rate (OPR) by 25 bps to 3.25% on 10 July 2014, but kept the OPR unchanged during its meeting on 18 September 2014. The base lending rate (BLR) of commercial banks subsequently rose to 6.79% as at end-September 2014 (end-June 2014: 6.53%), the first increase since December 2011. Similarly, the weighted average lending rate (ALR) of commercial banks increased 15 bps to 5.52% (end-June 2014: 5.37%). The savings deposit rate also edged up seven bps to 1.08% (end-June 2014: 1.01%). Correspondingly, the rates for 1-month to 12-month fixed deposits of commercial banks increased to between 3.07% and 3.30% (end-June 2014: 2.91% and 3.15%). With the adjustment, the real return on fixed deposits of all maturities have turned positive as the inflation rate in the third quarter of 2014 moderated to 3% (Q2 2014: 3.3%).

Higher Private Sector Financing

Gross private sector financing raised through the banking system and capital market rose 18% year-on-year (y-o-y) to RM302.1 billion in the third quarter of 2014 (Q2 2014: 13.6%; RM281 billion). The growth was due to higher loan disbursements by the banking system as well as increased private debt securities (PDS) issuance as compared to the previous quarter. Loan disbursements by the banking system rose 12.2% y-o-y to RM269.6 billion (Q2 2014: 11.5%; RM258.1 billion), while equity issuances rose sharply by 217.7% to RM8.8 billion (Q2 2014: 7.2%; RM5.2 billion). Similarly, gross PDS issuance excluding Cagamas, increased 83% to RM23.6 billion (Q2 2014: 59.8%; RM17.7 billion).

Loan indicators in the banking system turned more favourable during the third quarter of 2014. Loan applications rebounded by 2.3% to RM219.1 billion (Q2 2014: -0.7%; RM207.2 billion), while loan approvals turned positive by 2.5% to RM105.7 billion (Q2 2014: -5.6%; RM98.1 billion). Meanwhile, loan disbursements continued to register a double-digit growth of 12.2% to RM269.6 billion (Q2 2014: 11.5%; RM258.1 billion). The household sector continued to account for the largest share of total loans disbursed at 27.5% or RM74.2 billion (Q2 2014: 29.9%; RM77.3 billion), followed by the wholesale and retail trade, accommodation and restaurant as well as manufacturing sectors at 20.3% or RM54.9 billion and 19.1% or RM51.5 billion, respectively (Q2 2014: 20.4%, RM52.8 billion; 20.4%, RM52.8 billion).

As at end-September 2014, total loans outstanding in the banking system increased further by 9% to RM1,298.1 billion (end-June 2014: 9.3%; RM1,272.5 billion). The household sector remained the largest contributor to total loans outstanding at 57.3% or RM744 billion (end-June 2014: 57.2%; RM727.6 billion).

Mixed Performance of Ringgit

During the third quarter of 2014, the ringgit eased against the US dollar by 1.9%. However, the ringgit strengthened against the yen (5.9%), the euro (5.5%) and the pound (2.8%). The ringgit also appreciated in the range of 0.9% and 5.6% against regional currencies except against the renminbi (-2.8%) and the baht (-2.1%) and was unchanged against the Singapore dollar and the rupiah. The ringgit's performance against the US dollar was largely influenced by investors' concerns of a faster-than-expected interest rate increase by the Fed, which could lead to outflow of funds from regional financial markets.

Global Growth Strengthens Moderately

The global economy is forecast to grow at a moderate pace in the last quarter of 2014 supported by better performance of the US economy. Growth in the US is expected to benefit from improved consumer spending and a recovering housing market as well as declining rate of unemployment. In the euro area, a weak recovery is expected, supported by an accommodative monetary policy to stem the threat of deflationary pressure and further unemployment. Meanwhile, Japan's growth is expected to improve gradually with private consumption and capital investment driving the economy despite the risk of real wages decreasing as a result of the sales tax hike. The growth in emerging markets is expected to slow down due to lacklustre domestic demand and gradual tightening of fiscal policy. In China, growth is expected to decline as the economy transitions to a more sustainable growth path. Challenges to the global outlook include excessive government deficit and debt, high unemployment, sluggish productivity in addition to the impact of increasing geopolitical tensions as well as the expansion of the Ebola outbreak in Africa.

On the domestic front, the economy is expected to remain on a steady growth trajectory in the 4th quarter of 2014. Private sector spending will remain the key driver of growth, with private investment continuing to expand steadily. Federal Government development expenditure is expected to pick up amid a rebound in NFPEs' investment projects in utilities, oil and gas as well as infrastructure. On the supply side, all key sectors are envisaged to register positive growth. The services and manufacturing sectors will continue to lead growth, benefiting from resilient domestic private sector spending despite a moderating external sector.

(Source: Extracted from Economic and Financial Developments in Malaysia Economy in the Third Quarter of 2014 issued by Bank Negara Malaysia)

9.2 Overview of the Property Market

The strong economic growth of 6.4% registered in the second quarter of 2014 paved a promising path for the country's property market. The low interest rate regime with the average base lending rate (BLR) of commercial banks prevailed at 6.53% and the weighted average lending rate stabilised at 5.37% till end-June 2014 remained supportive of property market activity.

In the first half of 2014 (H1 2014), the property sector grew at 3.3% in market volume and 19.1% in market value. The marginal growth was a turnaround for the property market after registering contractions in similar halves of 2012 and 2013. The Bank Negara Malaysia's property cooling-off strategy i.e. implementation of a maximum loan-to-value (LTV) ratio of 70.0% on the third house financing facility effective from November 2010 had seen its toll on the property market over the last two years. Market readjustments has ensued the pick-up in market activity in H1 2014.

The moderate expansion in the construction sector in the review period has seen the contractions in housing approval by a further 28.8% in H1 2014 (H1 2013: -29.9%). On the same note, loans disbursed to the construction sector and real estate sector reduced by 24.3% and 19.3% respectively to RM31.3 billion and RM24.7 billion. Prudent practice was also evident in the disbursement of loans for purchase of residential properties, down by 25.9% to RM39.7 billion in H1 2014 (H1 2013: RM53.6 billion).

Property Market Activity

The performance of Malaysian property market made a comeback in H1 2014, after recording a lacklustre performance in the same period of 2013. A total of 193,405 transactions worth RM82.03 billion were recorded, indicating an increase of 3.3% in volume and a higher two-digit growth of 19.3% in value.

The residential sub-sector led the overall property market, with 63.5% contribution. This was followed by agricultural sub-sector (19.5%), commercial (9.1%), development land (5.9%) and industrial (2.0%). In terms of value, residential took the lead with 49.1% share, followed by commercial (19.8%), development land (14.3%), industrial (8.4%) and agricultural (8.3%).

Market movements across the sub-sectors were on a recovery path with the exception of one. Residential, commercial, agricultural and development land sub-sectors each recorded a positive upturn of 2.3%, 6.5%, 4.2% and 9.7% respectively against H1 2013. On the other hand, industrial sub-sector contracted by 3.3%. Nevertheless, it was lower than the contraction rate recorded in H1 2013 (-13.9%).

In terms of value, all sub-sectors were also on the recovery trend, spearheaded by development land sub-sector (42.5%), industrial (20.0%), residential (19.4%), commercial (10.2%) and agricultural (8.0%).

(Source: Extracted from the Property Market Report First Half 2014 issued by the Valuation and Property Services Department, Ministry of Finance)

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10.0 TAX CONSIDERATIONS AND REGULATIONS ON THE ISSUER

10.1 Income Tax

The basis of taxation of EISB is dependent on whether it is regarded as an investment holding company (“IHC”) or holding the Property as part of its business operation.

With effect from year of assessment (“YA”) 2006, an IHC under Section 60F(2) of the Income Tax Act, 1967 (“ITA”) has been redefined as:

“...a company whose activities consist mainly in the holding of investments and not less than eighty per cent of its gross income other than gross income from a source consisting of a business of holding of an investment (whether exempt or not) is derived therefrom.”

The ITA also defines “business of holding of an investment” as:

“...business of letting of property where a company in any year of assessment provides any maintenance or support services in respect of the property.”

Letting of real property is deemed as a business source and the income received from it is charged to tax under paragraph 4(a) of the ITA if maintenance services or support services should be comprehensively and actively provided.

As the ITA does not define the meaning of “maintenance services or support services”, the tax agent has relied on the definition provided in the Public Ruling 4/2011: Income From Letting of Real Property which states that “maintenance services or support services comprehensively and actively provided” means services which include:-

- (a) doing generally all things necessary such as cleaning services or repairs for the maintenance and management of the real property such as the structural elements of the building, stairways, fire escapes, entrances and exits, lobbies, corridors, lift/escalators, compounds, drains, water tanks, sewers, pipes, wires, cables or other fixtures and fittings; and
- (b) doing generally all things necessary for the maintenance and management of the exterior parts of the real property such as playing fields, recreational areas, driveways, car parks, open spaces, landscapes areas, walls and fences, exterior lighting or other external fixtures and fittings; or

If a person only provides security services or other facilities, that person is not providing maintenance services or support services comprehensively.

Services actively provided means the person who owns or lets out the real property:

- (a) provides himself; or
- (b) hires another person or another firm to provide the maintenance services or support services mentioned above.

Based on the Proposal, the Servicer who is also the Originator, is responsible to manage and maintain the Property on behalf of the Issuer.

Pursuant to the above, the Issuer’s rental income would meet the definition of a business of holding of an investment, as the Issuer provides comprehensive and active services, i.e. maintenance services of the Property. As such, the rental income will be brought to tax as business income under Section 4(a) of the ITA.

In conclusion, the Issuer will be able to claim capital allowances on its qualifying capital expenditure and claim tax deductions on expenses which are wholly and exclusively incurred in the production of its gross income. Any unabsorbed capital allowances and tax losses can be carried forward to be utilised against future income.

10.2 Stamp Duty

Stamp duty is payable where instruments of transfer are involved on conveyance of Malaysian assets. However, Stamp Duty (Exemption) (No. 12) Order 2001 provides exemption from stamp duty on all instruments executed on or after 1 January 2001 for the purpose of a securitisation transaction.

A “securitisation transaction” is defined as:

“an arrangement which involves the transfer of assets or risks to third party where such transfer is funded by the issuance of debt securities to investors and approved by the SC pursuant to Section 32 of the Securities Commission Act 1993”.

Note:-

Part IV of the Securities Commission Act 1993 has been consolidated into the CMSA with effect from 28 September 2007. The equivalent Section 32 of the Securities Commission Act 1993 is Section 212 of the CMSA.

Order No. 12 provides for stamp duty exemptions for instruments specified as follows:

- (1) Any instrument that operates or transfer, convey, assign, vest, effect or complete a disposition of any legal or equitable right or interest in or title to any asset or change or mortgage which in this Schedule is referred to as “the rights” to or in favour of a special purpose vehicle.
- (2) Any instrument that operates to create or effect any charge, assignment, trust deed or letter of guarantee or any other instrument or document for the purposes of credit enhancement.
- (3) Any instrument that operates to transfer, convey, assign, vest, effect or complete a disposition of any of the rights in connection with the repurchase of the rights from a special purpose vehicle to or in favour of the person from whom the rights were acquired.
- (4) Any other instrument or document in which a special purpose vehicle is a party to.

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10.3 Real Property Gains Tax (“RPGT”)

The Property Call Option is exercisable by the Call Option Party for the purpose of disposing the Property by the Issuer to the Call Option Party.

Future disposal of the Property to a third party

In the event the Property is disposed off to a third party in future, the gain on disposal will be subjected to RPGT and the rates with effect from 1 January 2014 are as follows:-

Holding period	RPGT rates
Within three (3) years	30%
In the fourth (4 th) year	20%
In the fifth (5 th) year	15%
In the sixth (6 th) year onwards	5%

The RPGT (Exemption) Order 2001 would not apply unless the disposal is in relation to another securitisation transaction.

Future disposal of the Property to a Real Estate Investment Trust (“REIT”)

The Real Property Gain Tax (Exemption) (No. 4) Order 2003 provides that:

“The Minister 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 or Property Trust Fund which is approved by the Securities Commission”.

Whether the disposal of property if by a property owner (i.e. the Issuer) to a REIT approved by the SC, exemptions from RPGT have been provided for pursuant to the above Order. This exemption applies only to acquisitions of properties by an approved REIT. Where the approved REIT subsequently sells properties, the RPGT exemption would not apply.

Hence, in the event the Property is transferred to a REIT approved by the SC, the gain on the disposal of the Property is exempted from RPGT.

10.4 Tax Residency Status of the Issuer

Pursuant to Section 8 of the ITA, a company is tax resident in Malaysia if its management and control is exercised in Malaysia. Management and control is normally considered to be exercised at the place where directors’ meetings are held concerning management and control of the company.

Therefore, it is important to ensure that the directors’ meetings concerning management and control of the Issuer are held in Malaysia.

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