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KRISASSETS HOLDINGS BERHAD^{24123-H}

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- (I) **PROPOSED DISPOSAL OF MID VALLEY MEGAMALL AND THE GARDENS MALL AND THE RELATED ASSETS (AS DEFINED HEREIN) BY THE SUBSIDIARIES OF KRISASSETS HOLDINGS BERHAD ("KRISASSETS") TO IGB REAL ESTATE INVESTMENT TRUST ("IGB REIT") FOR A TOTAL DISPOSAL CONSIDERATION OF RM4,612.6 MILLION TO BE SATISFIED BY THE PROPOSED ISSUANCE OF 3,400 MILLION NEW UNITS IN IGB REIT ("CONSIDERATION UNITS") AT AN ISSUE PRICE OF RM1.00 EACH AND THE BALANCE OF RM1,212.6 MILLION IN CASH ("PROPOSED DISPOSAL");**
- (II) **PROPOSED OFFER FOR SALE BY MID VALLEY CITY GARDENS SDN BHD OF 670 MILLION CONSIDERATION UNITS, IN AN INITIAL PUBLIC OFFERING PURSUANT TO THE PROPOSED LISTING (AS DEFINED HEREIN) ("PROPOSED OFFER FOR SALE");**
- (III) **PROPOSED DISTRIBUTION OF 2,730 MILLION CONSIDERATION UNITS AND THE REMAINING CASH PROCEEDS FROM THE PROPOSED DISPOSAL AND THE PROPOSED OFFER FOR SALE TO THE ENTITLED SHAREHOLDERS OF KRISASSETS ON THE RELEVANT ENTITLEMENT DATES TO BE DETERMINED AND ANNOUNCED LATER; AND**
- (IV) **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF KRISASSETS.**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Joint Principal Advisers



CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)



Hong Leong Investment Bank Berhad (43826-P)
A Member of the Hong Leong Group
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("EGM") and the Proxy Form of KrisAssets are set out in this Circular. If you are unable to attend and vote at the EGM, you are entitled to appoint a proxy or proxies to attend and vote for you. The duly completed and executed Proxy Form must be deposited at the registered office of KrisAssets at Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Date and time of EGM	: Tuesday, 26 June 2012 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the 37th Annual General Meeting of the Company which has been scheduled to be held at the same venue and on the same day at 10.00 a.m.
Venue of EGM	: Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
Last date and time for lodging the Proxy Form	: Sunday, 24 June 2012 at 11.00 a.m.

DEFINITIONS

“Act”	: Companies Act, 1965, as amended from time to time and any re-enactment thereof
“AmTrustee” or “Trustee”	: AmTrustee Berhad (163032-V), the proposed trustee for IGB REIT
“Board”	: The Board of Directors of the Company
“Bonds”	: RM300.0 million nominal value 7-year redeemable convertible secured bonds issued by KrisAssets on 30 March 2011 and constituted by a trust deed dated 7 January 2011 between KrisAssets as the issuer and Pacific Trustees Berhad as the trustee acting for and on behalf of the holders of the Bonds
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“CDS Account”	: An account established by Bursa Depository for a depositor for the recording of the deposit of securities and for dealing in such securities by the depositor
“CIMB”	: CIMB Investment Bank Berhad (18417-M), the Joint Principal Adviser for the Proposals, Joint Global Coordinator and Joint Bookrunner for the Proposed Institutional Offering and the Joint Managing Underwriter and Joint Underwriter for the Proposed Retail Offering
“Consideration Units”	: 3,400 million Units to be issued to the Vendors as part satisfaction of the disposal consideration for the Proposed Disposal at the issue price of RM1.00 per Unit which shall be deemed fully paid
“Deed”	: Deed of trust to be entered into between the Manager and Trustee and to be registered with the SC for the constitution of IGB REIT
“Distributable Income”	: The amount available for distribution to the Unitholders of IGB REIT
“Distribution Units”	: 2,730 million Units to be distributed pursuant to the Proposed Distribution-In-Specie
“EBITDA”	: Earnings before interest, taxation, depreciation and amortisation
“EGM”	: Extraordinary general meeting
“Entitled Shareholders”	: Shareholders of the Company whose names appear in the Record of Depositors as at the Entitlement Date who will be entitled to participate in the Proposed Distribution-In-Specie, Proposed Special Dividend and Proposed Capital Reduction and Repayment (where relevant)
“Entitlement Date(s)”	: The respective date(s) on which shareholders of KrisAssets must be registered in the Record of Depositors in order to participate in the Proposed Offer for Sale, Proposed Distribution-In-Specie, Proposed Special Dividend and Proposed Capital Reduction and Repayment, which shall be determined by the Board and announced later
“EPS”	: Earnings per share

DEFINITIONS (Cont'd)

“Full Conversion of the Bonds”	: After full conversion of the Bonds, in which case the holders of the Bonds will become shareholders of KrisAssets and be entitled to receive the Distribution Units and cash pursuant to the Proposed Distribution
“FYE”	: Financial year ended / ending
“Gross Rental Income”	: Comprises base and percentage rent, service charge and promotional charge
“Henry Butcher” or “Independent Property Valuer”	: Henry Butcher Malaysia Sdn Bhd (160636-P), the independent property valuer for the Subject Properties
“High Court”	: High Court of Malaya
“HLIB”	: Hong Leong Investment Bank Berhad (43526-P), the Joint Principal Adviser for the Proposals, Joint Global Coordinator and Joint Bookrunner for the Proposed Institutional Offering and the Joint Managing Underwriter and Joint Underwriter for the Proposed Retail Offering
“IAC”	: Independent advice circular by the Independent Adviser to the non-interested shareholders of KrisAssets in relation to the Proposed Disposal and Proposed Offer for Sale
“IGB”	: IGB Corporation Berhad (5745-A), the holding company of KrisAssets
“IGB REIT”	: A real estate investment trust to be established in Malaysia and constituted under the Deed, more particularly described in Section 7 and Appendix I of this Circular IGB REIT is proposed to be listed on the Main Market of Bursa Securities
“Institutional Price”	: The price per Offer Unit payable by the investors (excluding the cornerstone investors, if any) pursuant to the Proposed Institutional Offering which will be determined by way of bookbuilding
“KrisAssets” or “the Company” or “the Issuer”	: KrisAssets Holdings Berhad (24123-H), the holding company of the Vendors
“KrisAssets Group” or “Group”	: KrisAssets and its subsidiaries
“KrisAssets RPS”	: Redeemable preference shares of RM0.10 each in KrisAssets
“KrisAssets Share(s)” or “Share(s)”	: Ordinary share(s) of RM1.00 each in KrisAssets
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities and the practice notes therein, including any amendment made from time to time
“LPD”	: 25 May 2012, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (Cont'd)

“M & A Securities” or “Independent Adviser”	: M & A Securities Sdn Bhd (15017-H), the Independent Adviser for the Proposed Disposal and the Proposed Offer for Sale
“Major Shareholder”	: A person (which includes a person who is or was within the preceding 6 months of the date on which the terms of the Proposed Disposal were agreed upon) who has an interest or interests in one or more voting Shares and the nominal amount of that Share, or the aggregate of the nominal amounts of those Shares, is 10% or more of the aggregate of the nominal amounts of all the voting Shares, or 5% or more of the aggregate of the nominal amounts of all the voting Shares where such person is the largest shareholder of KrisAssets. “Interest in shares” shall have the meaning given in Section 6A of the Act
“Manager” or “IGB REIT Management”	: IGB REIT Management Sdn Bhd (908168-A), a wholly-owned subsidiary of IGB, being the proposed management company for IGB REIT
“Mid Valley Megamall”	: A five level retail mall with one mezzanine floor, two levels of basement car park and four levels of elevated car park, bearing the postal address of Mid Valley Megamall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia and constructed on part of the leasehold land of ninety-nine (99) years held under PN 37075, Lot 80 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, being one of the Subject Properties to be acquired by the Trustee on behalf of IGB REIT pursuant to the Proposed Disposal
“Mid Valley Megamall Related Assets”	: Assets such as motor vehicles, machineries, equipment (including software), fixtures and fittings utilised by MVC for the operation of, or in relation to, Mid Valley Megamall which will be disposed together with Mid Valley Megamall to the Trustee on behalf of IGB REIT pursuant to the Mid Valley Megamall SPA
“Mid Valley Megamall SPA”	: Sale and purchase agreement to be entered into between MVC as the Vendor and the Trustee on behalf of IGB REIT as the purchaser in relation to the proposed disposal of Mid Valley Megamall and Mid Valley Megamall Related Assets by MVC to IGB REIT, after the establishment of IGB REIT
“MVC”	: Mid Valley City Sdn Bhd (102986-K), a wholly-owned subsidiary of KrisAssets, the registered land proprietor of the master land on which Mid Valley Megamall is erected on, and the vendor of Mid Valley Megamall and Mid Valley Related Assets
“MVCD”	: Mid Valley City Developments Sdn Bhd (21593-H), a wholly-owned subsidiary of IGB and being the registered land proprietor of the master land on which The Gardens Mall is erected on
“MVCG” or “Offeror”	: Mid Valley City Gardens Sdn Bhd (186198-P), a wholly-owned subsidiary of KrisAssets, the vendor for The Gardens Mall and The Gardens Mall Related Assets, and the Offeror for the 670 million Offer Units pursuant to the Proposed Offer for Sale
“NA”	: Net assets
“NAV”	: Net asset value

DEFINITIONS (Cont'd)

“NLA” or “Net Lettable Area”	: Area in a property that is lettable for Gross Rental Income but excludes space used for building and centre management operations, common areas, carts, storage, signages and automated teller machines
“Offer Units”	: 670 million Units to be offered pursuant to the Proposed Offer for Sale
“Official List”	: A list specifying all securities listed on the Main Market of Bursa Securities
“PAT”	: Profit after tax
“PN17”	: Practice Note 17 of the Listing Requirements
“Proposals”	: Proposed Disposal, Proposed Offer for Sale, Proposed Distribution and Proposed Amendments, collectively
“Proposed Amendments”	: Proposed amendments to the Memorandum and Articles of Association of KrisAssets to facilitate the Proposed Capital Reduction and Repayment
“Proposed Capital Reduction and Repayment”	: Proposed capital repayment by way of a reduction in the share capital and share premium of KrisAssets via cancellation of RM0.98 of the par value of each existing KrisAssets Share and cancellation of the share premium account of KrisAssets in accordance with Sections 60 and 64 of the Act, to the Entitled Shareholders as at the Entitlement Date
“Proposed Disposal”	: Proposed disposal of the Subject Properties and the Related Assets by the Vendors to IGB REIT for the Total Disposal Consideration to be satisfied via the proposed issuance of Consideration Units and the balance in cash
“Proposed Distribution”	: Proposed Distribution-In-Specie, Proposed Special Dividend and Proposed Capital Reduction and Repayment, collectively
“Proposed Distribution-In-Specie”	: Proposed distribution-in-specie of the Distribution Units by KrisAssets to the Entitled Shareholders as at the Entitlement Date
“Proposed Institutional Offering”	: The offer for sale of 469 million Offer Units, subject to clawback and reallocation, to the following: (i) Malaysian institutional and selected investors; and (ii) Institutional and selected investors outside Malaysia and outside the US in reliance upon Regulation S, which includes cornerstone investors, if any, at the Institutional Price (other than the cornerstone investors, if any, which will be at the cornerstone price). The allocation to each investor will be determined at a later date
“Proposed Listing”	: Proposed admission of IGB REIT to the Official List and the listing of and quotation for 3,400 million Consideration Units on the Main Market of Bursa Securities
“Proposed Offer for Sale”	: Proposed offer for sale by MVCG of 670 million Offer Units, via an initial public offering pursuant to the Proposed Listing

DEFINITIONS (Cont'd)

“Proposed Retail Offering”	: Proposed offer for sale of 201 million Offer Units, subject to clawback and reallocation to the Malaysian public via balloting and the Reserved Units
“Proposed Special Dividend”	: Proposed declaration and payment of part of the Remaining Cash Proceeds, at a quantum to be determined later, as an interim special dividend to the Entitled Shareholders as at the Entitlement Date
“Prospectus”	: The prospectus for the Proposed Offer for Sale
“PwC”	: PricewaterhouseCoopers (AF1146), the reporting accountants for the Proposals
“Real Estate”	: Land and things attached to the land both below and above ground and any interest or option or right to use, possession and/or occupation, or other right in or over any land and things attached to the land both below and above ground (other than a security interest arising under a mortgage, lien or other security) whether located in or outside of Malaysia
“Real Estate-Related Assets”	: Includes units of other REITs, listed securities of and issued by property companies, listed or unlisted debt securities of and issued by property companies and real estate-related asset-backed securities
“Record of Depositors”	: A record of securities holders provided by Bursa Depository under the rules of Bursa Depository
“REIT”	: Real estate investment trust
“REIT Guidelines”	: The Guidelines on REIT issued by the SC on 21 August 2008 (and updated on 13 July 2011), as amended from time to time
“Regulation S”	: Regulation S under the US Securities Act of 1933
“Related Assets”	: Mid Valley Megamall Related Assets and The Gardens Mall Related Assets, collectively
“Remaining Cash Proceeds”	: The remaining cash proceeds from the Proposed Distribution and the Proposed Offer for Sale after settlement of all outstanding liabilities in KrisAssets Group which are due and payable after completion of the Proposed Disposal as well as to maintain sufficient cash for the settlement of estimated expenses for the Proposals
“Reserved Units”	: 167 million Offer Units under the Proposed Retail Offering reserved for subscription by: <ul style="list-style-type: none">(i) the eligible directors and employees of the Manager;(ii) the eligible directors and employees of IGB;(iii) the eligible directors and employees of IGB’s eligible subsidiaries (excluding the Manager but including the Vendors); and(iv) the eligible shareholders of IGB, at the Retail Price as part of the Proposed Retail Offering

DEFINITIONS (Cont'd)

“Retail Price”	: The price per Offer Unit payable by investors pursuant to the Proposed Retail Offering, indicatively at RM1.00 per Offer Unit or the Institutional Price, whichever is lower, to be determined on the date on which the Institutional Price and final Retail Price will be determined
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“SC”	: Securities Commission of Malaysia
“SPAs ”	: Mid Valley Megamall SPA and The Gardens Mall SPA, collectively
“sq. ft.”	: Square feet
“State Authority”	: In relation to the States of West Malaysia, the Ruler-in-Council or Governor-in-Council of a State and includes in Negeri Sembilan, the Yang di-Pertuan Besar acting on behalf of himself and the Ruling Chiefs (the Undang of Sungei Ujong, the Undang of Jelebu, the Undang of Johol, the Undang of Rembau and the Tunku Besar of Tampin), and in relation to the Federal Territories of Kuala Lumpur, Putrajaya and Labuan, the minister charged with the responsibility for local government
“Subject Properties”	: Mid Valley Megamall and The Gardens Mall, collectively and “ Subject Property ” means any one of them individually
“Substantial Shareholder”	: A person who has an interest in one or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares in the company, as defined under Section 69D (1) of the Act
“Syndicated Financing Facilities”	: Syndicated financing facilities of up to RM1,300.0 million comprising: (i) Fixed rate term loan facility of up to RM1,200.0 million; and (ii) Standby revolving credit facility of up to RM100.0 million, to be procured by IGB REIT through the Trustee from a syndicate of lenders to part finance the acquisition of the Subject Properties and the Related Assets from the Vendors
“The Gardens Mall”	: An eight level retail mall together with four levels of basement car park and four levels of elevated car park, bearing the postal address of The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia and constructed on part of the leasehold land of ninety-nine (99) years held under PN 37073, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, being one of the Subject Properties to be acquired by the Trustee on behalf of IGB REIT pursuant to the Proposed Disposal
“The Gardens Mall Related Assets”	: Assets such as motor vehicles, machineries, equipment (including software), fixtures and fittings utilised by MVCG for the operation of, or in relation to, The Gardens Mall which will be disposed together with The Gardens Mall to the Trustee on behalf of IGB REIT pursuant to The Gardens Mall SPA

DEFINITIONS (Cont'd)

“The Gardens Mall SPA”	: Sale and purchase agreement to be entered into by MVCD as the registered land proprietor, MVCG as the Vendor and the Trustee on behalf of IGB REIT as the purchaser in relation to the proposed disposal of The Gardens Mall and The Gardens Mall Related Assets by MVCG to IGB REIT, after the establishment of IGB REIT
“Total Disposal Consideration”	: Total disposal consideration of RM4,612.6 million in respect of the Proposed Disposal
“Unitholders”	: Holders of the Units
“Units”	: Undivided interests in IGB REIT as provided for in the Deed
“US”	: United States of America
“Valuation Report(s)”	: Valuation report(s) in respect of the Subject Properties issued by the Independent Property Valuer dated 10 April 2012
“Vendors”	: The vendors of the Subject Properties and the Related Assets, being: <ul style="list-style-type: none">(i) MVC for Mid Valley Megamall and Mid Valley Megamall Related Assets; and(ii) MVCG for The Gardens Mall and The Gardens Mall Related Assets

IMPORTANT NOTICE REGARDING US SHAREHOLDERS

The Distribution Units have not been, and will not be, registered under the US Securities Act of 1933 ("**Securities Act**") or under any securities laws of any state or other jurisdiction of the US and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the US except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the US. Neither receipt of this Circular nor any of its accompanying documents constitutes an offer of the Distribution Units to any person in the US.

Distribution Units will not be allotted to beneficial holders of KrisAssets Shares located in the US or with registered addresses in the US and must not be transferred to any such beneficial holders of KrisAssets Shares. Instead, beneficial holders of KrisAssets Shares in the US will receive the net proceeds from the sale of the Distribution Units which they otherwise would have been entitled to, in the manner set out in the paragraph below.

Shareholders acting on a non-discretionary basis for the account or benefit of a person located in the US are required to sell in transactions outside the US the Distribution Units they receive and thereafter distribute the cash proceeds of such sales to such persons.

Any person in the US who obtains a copy of this Circular or its accompanying documents is required to disregard it.

FOR INVESTORS OUTSIDE THE US

Each recipient of the Distribution Units allotted in reliance on certain exemptions from the registration requirements of the Securities Act will be deemed to have represented and agreed as follows:

1. the recipient and any persons to whom it will transfer or credit, or for whose such account it is acquiring, such Distribution Units are outside the US;
2. the recipient is acquiring the Distribution Units in an offshore transaction, meeting the requirements of Regulation S under the Securities Act;
3. the recipient is aware that the Distribution Units have not been and will not be registered under the Securities Act and are being allotted outside the US in reliance on certain exemptions under the Securities Act; and
4. the recipient acknowledges that KrisAssets, CIMB, HLIB and their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.

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KRISASSETS HOLDINGS BERHAD 24123-H

(Incorporated in Malaysia)

Registered Office:
Level 32, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

5 June 2012

Board of Directors:

Tan Sri Dato' Dr. Lin See Yan (*Independent Non-Executive Chairman*)
Robert Tan Chung Meng (*Group Managing Director*)
Halim bin Haji Din (*Independent Non-Executive Director*)
Le Ching Tai @ Lee Chen Chong (*Independent Non-Executive Director*)
Tan Lei Cheng (*Non-Independent Non-Executive Director*)
Tan Boon Lee (*Non-Independent Non-Executive Director*)
Daniel Yong Chen-I (*Non-Independent Non-Executive Director*)
Elizabeth Tan Hui Ning (*Alternate to Group Managing Director*)

To: Shareholders of KrisAssets

Dear Sir/Madam,

- (I) **PROPOSED DISPOSAL**
 - (II) **PROPOSED OFFER FOR SALE**
 - (III) **PROPOSED DISTRIBUTION**
 - (IV) **PROPOSED AMENDMENTS**
-

1. INTRODUCTION

On 16 April 2012, CIMB and HLIB, the Joint Principal Advisers for the Proposals, on behalf of the Board of Directors of IGB and KrisAssets, announced that IGB is proposing to establish and list IGB REIT on the Main Market of Bursa Securities and KrisAssets is proposing to dispose the Subject Properties through its wholly-owned subsidiaries to IGB REIT.

On 11 May 2012, CIMB and HLIB, on behalf of the Board, announced the details of the Proposed Disposal at a total disposal consideration of RM4,612.6 million, to facilitate the Proposed Listing. Upon the establishment of IGB REIT, the Vendors (together with MVCD, a wholly-owned subsidiary of IGB and the registered land proprietor in the case of The Gardens Mall and The Gardens Mall Related Assets) will enter into the respective SPAs with the Trustee on behalf of IGB REIT as the purchaser in relation to the Proposed Disposal.

In conjunction with the Proposed Listing and following the Proposed Disposal, MVCG shall undertake the Proposed Offer for Sale. Thereafter, the Vendors will distribute the Distribution Units and remaining cash proceeds from the Proposed Disposal and the Proposed Offer for Sale to KrisAssets, following which KrisAssets shall then undertake the Proposed Distribution, comprising the Proposed Distribution-In-Specie, Proposed Special Dividend and Proposed Capital Reduction and Repayment, to reward the shareholders of KrisAssets with the disposal consideration from the Proposed Disposal (including proceeds from the Proposed Offer for Sale).

On 14 May 2012, CIMB and HLIB announced, on behalf of the Board of Directors of IGB, that they had on even date, submitted an application to the SC in relation to the Proposed Listing. The approval of the SC for the Proposed Listing is still pending as at the date of this Circular.

On 14 May 2012, CIMB and HLIB announced, on behalf of the Board, that they had on even date, submitted an application to the SC in relation to the Proposed Distribution-In-Specie. The approval of the SC for the Proposed Distribution-In-Specie is still pending as at the date of this Circular.

M & A Securities has been appointed by the Company on 20 April 2012 as the Independent Adviser to advise the non-interested directors and non-interested shareholders of KrisAssets in relation to the Proposed Disposal which is deemed a related party transaction and a major disposal pursuant to paragraphs 10.02(k) and 10.11A of the Listing Requirements respectively, and Proposed Offer for Sale by virtue of the inter-conditionality of the said proposal with the Proposed Disposal.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSALS, TO SET OUT THE BOARD'S RECOMMENDATION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES AND THE IAC (WHICH WILL BE DESPATCHED TO YOU AT LEAST 14 DAYS PRIOR TO THE EGM) BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM.

2. PROPOSED DISPOSAL

2.1 Details of the Proposed Disposal

The Vendors (together with MVCD, a wholly-owned subsidiary of IGB and the registered land proprietor in the case of The Gardens Mall and The Gardens Mall Related Assets) will enter into the respective SPAs with the Trustee (on behalf of IGB REIT) as the purchaser in relation to the Proposed Disposal, for a total disposal consideration of RM4,612.6 million to be satisfied as follows:

- (i) issuance of 3,400 million Consideration Units at an issue price of RM1.00 per Unit, to be credited as fully paid-up; and
- (ii) cash consideration of RM1,212.6 million to be funded from the drawdown of a portion of the Syndicated Financing Facilities.

There is no arrangement for payment of consideration on a deferred basis.

Details of the Total Disposal Consideration for each of the Subject Properties and the Related Assets are set out below:

Subject	Vendors	Valuation RM'000	Disposal consideration RM'000	To be satisfied via	
				Consideration Units ⁽³⁾ RM'000	Cash consideration ⁽⁴⁾ RM'000
Mid Valley Megamall	MVC	3,440,000 ⁽¹⁾	3,440,000	2,730,000	710,000
Mid Valley Megamall Related Assets	MVC	1,582 ⁽²⁾	1,582	-	1,582
Subtotal		3,441,582	3,441,582	2,730,000	711,582
The Gardens Mall	MVCG	1,160,000 ⁽¹⁾	1,160,000	670,000	490,000
The Gardens Mall Related Assets	MVCG	10,977 ⁽²⁾	10,977	-	10,977
Subtotal		1,170,977	1,170,977	670,000	500,977
Total Disposal Consideration		4,612,559	4,612,559	3,400,000	1,212,559

Notes:

(1) The market value of the Subject Properties as appraised by the Independent Property Valuer as at 10 April 2012.

(2) Based on the audited net book value of each Related Assets as follows:

	Audited net book value as at 31 December 2011 RM'000
<u>Mid Valley Megamall Related Assets</u>	
- Motor vehicle	149
- Furniture and fittings	1,128
- Computer	106
- Equipment	199
Subtotal	1,582
<u>The Gardens Mall Related Assets</u>	
- Motor vehicle	319
- Furniture, fixtures and fittings	3,225
- Computer	28
- Equipment	7,405
Subtotal	10,977
Total	12,559

(3) At an issue price of RM1.00 per Unit.

(4) The cash consideration is to be raised through the drawdown of a portion of the Syndicated Financing Facilities.

Upon completion of the Proposed Disposal, IGB REIT will also assume certain assets, being the cash equivalent amount of tenant deposits and unamortised incentives, as well as certain liabilities, being the tenant deposits amount.

2.2 Information on Subject Properties

2.2.1 Mid Valley Megamall

Mid Valley Megamall is a five level retail mall with one mezzanine floor, two levels of basement car park and four levels of elevated car park. It has 454 tenants as at the LPD. It has three anchor tenants, being AEON, Carrefour and Metrojaya. It also houses an 18-screen cineplex and a bowling alley. There is an exhibition centre of approximately 66,395 sq. ft. in the retail mall.

As at the LPD, the 10 largest tenants of Mid Valley Megamall based on occupied NLA are AEON, Carrefour, Metrojaya, Mid Valley Exhibition Centre, Golden Screen Cinemas, Celebrity Fitness, Cosmic Bowl, Forever 21, Why Pay More / Studio R and Puma and Ace Hardware, and they collectively accounted for approximately 56.7% of the occupied NLA. The top 3 tenants, AEON, Carrefour and Metrojaya, accounted for approximately 17.6%, 12.3% and 11.7% of the occupied NLA, respectively as at the LPD. For FYE 31 December 2011, the average Gross Rental Income per sq. ft. of NLA was approximately RM10.21.

Further information on Mid Valley Megamall is as follows:

Postal address	:	Mid Valley Megamall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Master title information	:	PN 37075, Lot 80 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Tenure	:	Leasehold interest of 99 years expiring on 6 June 2103
Unexpired leasehold period	:	Approximately 91 years remaining as at the LPD
Existing use	:	Retail mall
Rental, rent related income and car park income	:	RM254.8 million per annum based on the audited financial statements of MVC for FYE 31 December 2011
Category of land use	:	Building (<i>Bangunan</i>)
Age of building	:	Approximately 13 years (from the date of the Temporary Certificate of Fitness for Occupation ("TCF") which was issued in year 1999) as at the LPD
Occupancy rate	:	Approximately 99.85% as at the LPD
Gross built-up area	:	6,107,103 sq. ft.
NLA	:	Approximately 1,718,925 sq. ft. as at the LPD
Audited net book value as at FYE 31 December 2011	:	RM2,360.0 million
Endorsement	:	Nil
Encumbrances in master title ⁽¹⁾	:	<ul style="list-style-type: none"> • Land charge registered in favour of Malaysian Trustees Berhad (Company No. 21666-V) vide presentation no. 24812/2004 on 10 November 2004 • Land charge registered in favour of Malaysian Trustees Berhad (Company No. 21666-V) vide presentation no. 32452/2006 on 27 December 2006⁽²⁾
Restrictions in interest in master title	:	This land shall not be transferred, leased, secured or charged except with the consent of the Federal Territory Land Executive Committee Secretariat (<i>Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur</i>)
Disposal consideration	:	RM3,440.0 million

Notes:

- (1) *All the encumbrances in the aforesaid master title will be discharged or withdrawn as soon as practicable after the drawdown of the Syndicated Financing Facilities and the repayment of the existing indebtedness of KrisAssets Group.*
- (2) *This charge is in respect of the RM200.0 million nominal value medium term notes programme which has been cancelled and is no longer subsisting but the official discharged documents have yet to be presented to-date.*

Salient features of Henry Butcher's Valuation Report dated 10 April 2012 on Mid Valley Megamall

- (i) The current market value of Mid Valley Megamall is RM3,440.0 million.
- (ii) The valuation of Mid Valley Megamall had been carried out in accordance with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia.
- (iii) Mid Valley Megamall encompasses a titled land area of approximately 1,047,532 sq. ft. which is irregular in shape and is flat in terrain and lies about the same level with the surrounding service roads.
- (iv) The basis of valuation adopted for Mid Valley Megamall is the market value which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing-buyer and a willing-seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- (v) Henry Butcher adopted the Investment Method and cross-checked with the Comparison Method in formulating its opinion of the current market value of Mid Valley Megamall. Henry Butcher adopted the market value of RM3,440.0 million derived from the Investment Method as Mid Valley Megamall is an income generating commercial property.
- (vi) In the Investment Method, the capital value of Mid Valley Megamall is derived from an estimate of the market rental which Mid Valley Megamall can reasonably be let for. Rental evidence may be obtained from actual passing rents commanded by the building itself if it is tenanted. Outgoings, such as property taxes, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate current market yield to arrive at its indicative capital value.
- (vii) The Comparison Method is the market approach of comparing Mid Valley Megamall with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element, quantum discount for en-bloc sale and other relevant factors to arrive at Henry Butcher's opinion of value of RM3,306.0 million, derived from the Comparison Method.

2.2.2 The Gardens Mall

The Gardens Mall is an eight level retail mall together with four levels of basement car park and four levels of elevated car park. It has 209 tenants as at the LPD, with a wide range of mid- to high-end and luxury brand retail boutiques offering a variety of products including fashion, entertainment, health and beauty, electronics and dining services. Some of its tenants include anchor departmental stores such as Robinsons from Singapore and Isetan from Japan, among numerous other international and local brands, spas and wellness clinics and a cineplex.

As at the LPD, the 10 largest tenants of The Gardens Mall based on occupied NLA are Isetan, Robinsons, GSC Signature, X-Tra, mYoga, Marketplace by Cold Storage, Borders, Red Box, Marks & Spencer and Hokkaido Ichiba, and they collectively accounted for approximately 52.0% of the occupied NLA. The top 2 tenants, Isetan and Robinsons, accounted for approximately 18.1% and 13.1% of the occupied NLA, respectively as at the LPD. For FYE 31 December 2011, the average Gross Rental Income per sq. ft. of NLA was approximately RM8.43.

Further information on The Gardens Mall is as follows:

Postal address	:	The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Master title information	:	PN 37073, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Tenure	:	Leasehold interest of 99 years expiring on 6 June 2103
Unexpired leasehold period	:	Approximately 91 years remaining as at the LPD
Existing use	:	Retail mall
Rental and rent related income, net of rent rebates and car park income	:	RM112.9 million per annum based on the audited financial statements of MVCG for FYE 31 December 2011
Category of land use	:	Building (<i>Bangunan</i>)
Age of building	:	Approximately 5 years (from the date of the first TCF which was issued in year 2007) as at the LPD
Occupancy rate	:	Approximately 99.7% as at the LPD
Gross built-up area	:	3,379,510 sq. ft.
NLA	:	Approximately 816,753 sq. ft. as at the LPD
Audited net book value as at FYE 31 December 2011	:	RM930.0 million
Endorsement	:	Application for subdivision of the land vide presentation no. 2198/2010 on 5 October 2010
Encumbrances in master title ⁽¹⁾	:	<ul style="list-style-type: none"> • Private caveat lodged by MVCG vide presentation no. 5949/2005 on 17 May 2005. • Private caveat lodged by Public Bank Berhad (Company No. 6463-H) vide presentation no. 8085/2008 on 26 May 2008. • Private caveat lodged by MVCG vide presentation no. 4067/2012 on 16 March 2012.
Restrictions in interest in master title	:	This land shall not be transferred, leased, secured or charged except with the consent of the Federal Territory Land Executive Committee Secretariat (<i>Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur</i>)
Disposal consideration	:	RM1,160.0 million

Note:

(1) All the encumbrances in the aforesaid master title will be discharged or withdrawn as soon as practicable after the drawdown of the Syndicated Financing Facilities and the repayment of the existing indebtedness of MVCG.

Salient features of Henry Butcher's Valuation Report dated 10 April 2012 on The Gardens Mall

- (i) The current market value of The Gardens Mall is RM1,160.0 million.
- (ii) The valuation of The Gardens Mall had been carried out in accordance with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia.
- (iii) The Gardens Mall encompasses a titled land area of approximately 421,773 sq. ft. which is irregular in shape and is flat in terrain and lies about the same level with the surrounding service roads.
- (iv) The basis of valuation adopted for The Gardens Mall is the market value which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing-buyer and a willing-seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- (v) Henry Butcher adopted the Investment Method and cross-checked with the Comparison Method in formulating its opinion of the current market value of The Gardens Mall. Henry Butcher adopted the market value of RM1,160.0 million derived from the Investment Method as The Gardens Mall is an income generating commercial property.
- (vi) In the Investment Method, the capital value of The Gardens Mall is derived from an estimate of the market rental which The Gardens Mall can reasonably be let for. Rental evidence may be obtained from actual passing rents commanded by the building itself if it is tenanted. Outgoings, such as property taxes, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate current market yield to arrive at its indicative capital value.
- (vii) The Comparison Method is the market approach of comparing The Gardens Mall with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element, quantum discount for en-bloc sale and other relevant factors to arrive at Henry Butcher's opinion of value of RM1,160.0 million, derived from the Comparison Method.

2.3 Salient terms of the draft SPAs

2.3.1 Overview of the draft SPAs

Pursuant to the SPAs, the Trustee will acquire the Subject Properties and the Related Assets from the Vendors free from encumbrances but subject to, among others, the following:

- (i) all conditions of title and all restrictions-in-interest whether express or implied in the master titles to the lands where the Subject Properties have been constructed upon and the strata titles to the Subject Properties when issued; and
- (ii) all the leases, tenancies and licences in respect of any part or parts of the Subject Properties together with all the rights, benefits and obligations thereunder.

The SPAs are interdependent and the Trustee is not obliged to complete the purchase of either Subject Property unless the purchases of the Subject Properties are completed concurrently under the SPAs.

2.3.2 Total disposal consideration

The total disposal consideration for the Subject Properties and the Related Assets amounting to RM4,612.6 million shall be satisfied by the Trustee in the following manner:

- (i) the issuance and allotment of Consideration Units to be credited into the CDS Account as may be notified by the Vendors, on the completion date of the SPAs or such other date as the parties thereto may agree in writing; and
- (ii) the balance of the disposal consideration of approximately RM1,212.6 million for the Subject Properties and Related Assets shall be satisfied by way of cash which shall, on the completion date of the SPAs, be paid firstly towards settlement of the redemption sum required to redeem the Subject Properties from the lenders of KrisAssets Group and the balance (if any) shall be paid to the Vendors in their respective proportions.

Based on the latest audited financial statements of KrisAssets for FYE 31 December 2011, the total redemption sum required to redeem the Subject Properties is approximately RM432.8 million and the major lenders are Public Bank Berhad, Great Eastern Life Assurance (Malaysia) Berhad, and Employees Provident Fund.

2.3.3 Conditions precedent

The sale, purchase and transfer of the Subject Properties are conditional upon, among others:

- (i) the consents of the lenders of KrisAssets Group to the sale of the Subject Properties and Related Assets by the Vendors being obtained, if required, by the respective Vendors;
- (ii) the consents of the holders of the Bonds to the sale of the Subject Properties and Related Assets by the Vendors having been obtained by the Vendors;
- (iii) the consent of the State Authority for the transfer of the Subject Properties in favour of the Trustee having been obtained by the Vendors;
- (iv) the approval of Bursa Securities for the Proposed Listing having been obtained by the Manager;
- (v) the Prospectus having been issued; and
- (vi) the receipt by the Trustee's solicitors of the written confirmation from the Manager addressed to the Trustee's solicitors confirming that all the conditions, variations or revisions imposed by the SC and Bursa Securities in respect of the acquisition of the Subject Properties which are capable of being satisfied up to the date of such written confirmation have been satisfied and that MVCG is satisfied with the results of the bookbuilding exercise under the Proposed Institutional Offering.

As at the LPD, the consents and approval for (i) to (iv) above have not been obtained. The consents and approval for (i) to (iv) above are expected to be obtained by the third quarter of 2012.

2.3.4 Strata titles and State Authority's consents to transfer the Subject Properties

- (i) Pursuant to the Mid Valley Megamall SPA, MVC undertakes and covenants, among others, to:
 - (a) apply for the subdivision of title for the master land on which Mid Valley Megamall is constructed and for the issuance of the strata titles to Mid Valley Megamall; and

- (b) ensure that the consent of the State Authority to transfer Mid Valley Megamall from MVC in favour of the Trustee on behalf of IGB REIT shall remain valid and subsisting pending the issuance of the strata titles to Mid Valley Megamall and the transfer and registration of the same in favour of the Trustee on behalf of IGB REIT.
- (ii) Pursuant to The Gardens Mall SPA:
- (a) MVCD had, among others, undertaken and covenanted to apply for the subdivision of title for the master land on which The Gardens Mall is constructed and for the issuance of the strata titles to The Gardens Mall; and
 - (b) MVCD and MVCG had, among others, undertaken and covenanted to ensure that the consents of the State Authority to transfer The Gardens Mall from MVCD to MVCG and to transfer The Gardens Mall in favour of IGB REIT shall remain valid and subsisting pending the issuance of the strata titles to The Gardens Mall and the transfer and registration of the same in favour of the Trustee on behalf of IGB REIT.

As at the LPD, the issuance of the strata titles of the Subject Properties is still outstanding. The application for the strata titles can only be submitted upon, among others, amalgamation of the master land titles for Mid Valley Megamall and issuance of permanent Certificate of Fitness for Occupation of The Gardens Mall.

2.3.5 Completion

Subject to the fulfillment of the conditions precedent set out in Section 2.3.3 above, on the completion date of the SPAs, among others:

- (i) all the rights, title, interests, benefits or claims in and to the Subject Properties shall pass from the Vendors to the Trustee subject to the aforesaid consents of the State Authority remaining valid and subsisting;
- (ii) all the rights, benefits and interests in all the tenancies in respect of the Subject Properties which are subsisting on the completion date of the SPAs will be assigned by the Vendors to the Trustee;
- (iii) all outgoing in respect of the Subject Properties shall be apportioned on the completion date of the SPAs and the Vendors shall bear and settle the outgoing due and payable up to the date immediately preceding the completion date of the SPAs and the Trustee shall bear and settle the outgoing due and payable on and from the completion date of the SPAs;
- (iv) all income in respect of the Subject Properties shall be apportioned on the completion date of the SPAs and the Vendors shall be entitled to all income received by the Vendors and/or the Trustee for the period immediately preceding the completion date of the SPAs and the Trustee shall be entitled to all income received by the Trustee and/or the Vendors for the period on and from the completion date of the SPAs; and
- (v) all security deposits, rental and other payments paid by the tenants to the Vendors, on and after the completion date of the SPAs, will be held on trust for the Trustee and the Vendors will pay the same to the Trustee in accordance with the terms of the SPAs.

2.3.6 Representations and warranties

The Vendors have given specific representations and warranties relating to, among others, the Subject Properties and the tenancies and have agreed to indemnify the Trustee against all losses, damages, costs, expenses and outgoing for a breach of such representations and warranties.

2.4 Basis and justification for the Total Disposal Consideration

2.4.1 Subject Properties

The disposal consideration for the Subject Properties was arrived at on a willing-buyer willing-seller basis based on the market value of the Subject Properties as appraised by the Independent Property Valuer in the Valuation Reports. The valuations of the Subject Properties were carried out using the Comparison Method and Investment Method. The appraised market values of Mid Valley Megamall and The Gardens Mall are respectively RM3,440.0 million and RM1,160.0 million as at 10 April 2012. The valuation certificates issued by the Independent Property Valuer for the respective Subject Properties are set out in Appendix IV of this Circular.

2.4.2 Related Assets

The disposal consideration for the Related Assets was arrived at on a willing-buyer willing-seller basis based on the audited net book value of the Related Assets as at 31 December 2011 of RM12.6 million.

2.5 Basis and justification for determining the issue price of the Consideration Units

The issue price of the Consideration Units of RM1.00 per Unit is determined after taking into consideration the proforma NAV of IGB REIT upon its establishment of approximately RM1.00 per Unit based on the enlarged fund size of 3,400 million Units.

2.6 Ranking of the Consideration Units

The Consideration Units shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* with other Units without any preference or priority among themselves.

2.7 Listing of the Consideration Units on the Main Market of Bursa Securities

An application will be made by the Manager to Bursa Securities for the listing of and quotation for the Consideration Units to be issued on the Main Market of Bursa Securities.

2.8 Liabilities to be assumed

There are no liabilities to be assumed by IGB REIT as a result of the Proposed Disposal.

2.9 Date and original cost of investment

The original cost of investment of MVC in Mid Valley Megamall incurred in December 1999 was approximately RM717.2 million.

The original cost of investment of MVCG in The Gardens Mall incurred in December 2007 was approximately RM644.1 million.

3. PROPOSED OFFER FOR SALE

Following the Proposed Disposal, MVCG, the vendor of The Gardens Mall will undertake a Proposed Offer for Sale comprising the Proposed Retail Offering and Proposed Institutional Offering, in the following manner:

Categories	No of Units ('000)	% of total Offer Units
Proposed Retail Offering:		
Malaysian public (via balloting)	34,000	1.0
Reserved Units		
- eligible directors and employees ⁽¹⁾	47,000	1.4
- eligible shareholders of IGB ⁽²⁾	120,000	3.5
	201,000	5.9
Proposed Institutional Offering	469,000	13.8
Total⁽³⁾	670,000	19.7

Notes:

⁽¹⁾ A portion of the Reserved Units have been reserved for application by the directors and employees of the Manager, IGB and IGB's eligible subsidiaries (excluding the Manager but including the Vendors) in order to reward them for their past, current and future contributions to the success of the Subject Properties.

⁽²⁾ A portion of the Reserved Units have also been reserved for application by IGB's shareholders who have a minimum shareholding of 100 IGB shares, based on an entitlement of 8 Units for every 100 IGB shares held at the Entitlement Date.

As an illustration, if a shareholder of IGB has 50 IGB shares standing to his credit as at the Entitlement Date, the shareholder of IGB will not be eligible to apply for any Units. If a shareholder of IGB has 150 IGB shares standing to his credit as at the Entitlement Date, the shareholder of IGB will be eligible to apply for 12 Units.

Fractional entitlements of the Reserved Units to IGB's shareholders shall be dealt with by the Board of IGB in such manner as they deem fit. IGB shall not allocate fractions of a Reserved Unit to the eligible IGB shareholder. Each eligible IGB shareholder's entitlement to the Reserved Units will be rounded down to the nearest Reserved Unit based on an entitlement of 8 Units for 100 IGB shares held at the Entitlement Date.

The Entitlement Date shall be announced prior to the issuance of the Prospectus. Forms for the Reserved Units to the eligible IGB shareholders will be despatched by ordinary post to the eligible IGB shareholders on the issue date of the Prospectus.

The share price of IGB shall not be adjusted on the announcement of the Entitlement Date for the Reserved Units to eligible IGB shareholders.

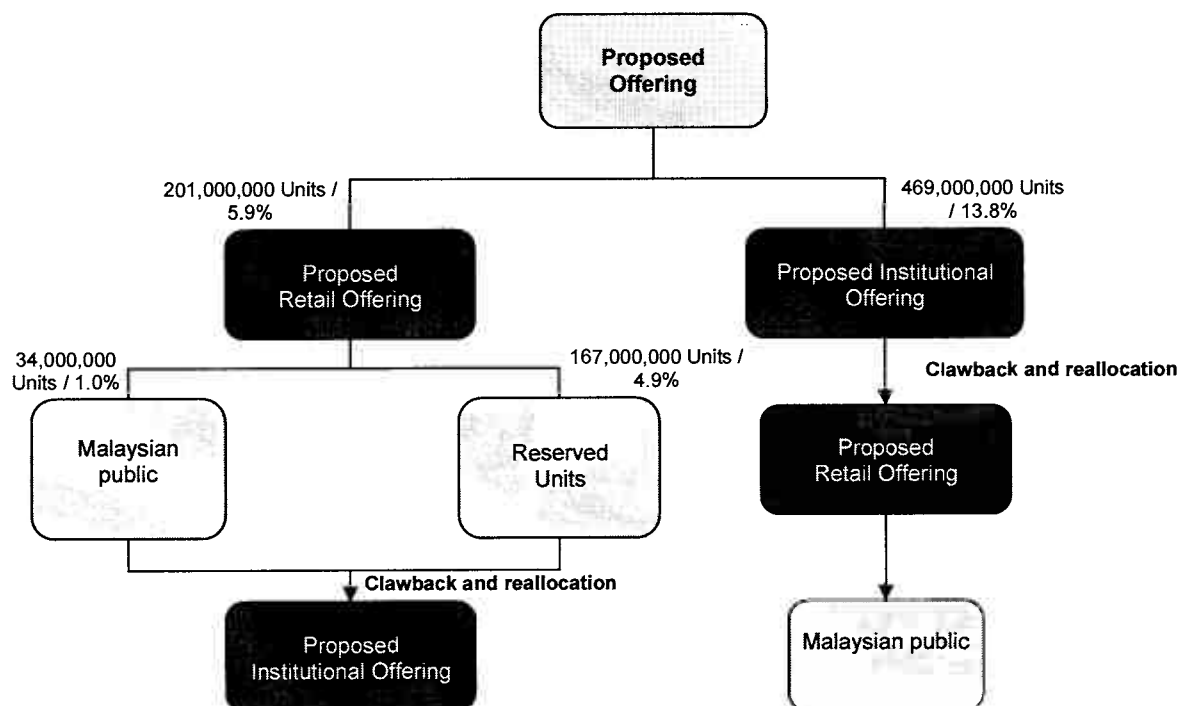
⁽³⁾ MVCG is the offeror of the 670 million Offer Units so as to result in IGB holding at least 50% Unitholding in IGB REIT after the Proposed Offer for Sale and the Proposed Distribution-In-Specie, and also for purposes of ease in administering the Proposed Offer for Sale and the Proposed Distribution-In-Specie.

For illustration purposes, the estimated total fees payable by KrisAssets for the placement and/or bookbuilding arrangements, underwriting and other fees payable in conjunction with the Proposed Offer for Sale of the 670 million Offer Units will amount to approximately RM27.0 million.

3.1 Clawback and reallocation arrangements

The Offer Units may be re-allocated between the Proposed Institutional Offering and the Proposed Retail Offering at the discretion of the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters (in consultation with the Manager and the Offeror), in the event of an over-subscription in one and a corresponding under-subscription in the other.

The clawback and reallocation shall not apply in the event of over-subscription in both the Proposed Retail Offering and the Proposed Institutional Offering. An illustration of the clawback and reallocation is as follows:



3.2 Offer price for the Proposed Offer for Sale

At this juncture, the offer price for the Proposed Offer for Sale has not been determined. The offer price for the Proposed Offer for Sale will be determined later by way of a bookbuilding exercise.

3.3 Ranking of the Offer Units

The Offer Units shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* with other Units without any preference or priority among themselves.

3.4 Proceeds from Proposed Offer for Sale

The proceeds from the Proposed Offer for Sale will accrue entirely to the Offeror which will then be distributed to KrisAssets and form part of the Remaining Cash Proceeds to be distributed to the Entitled Shareholders.

Further information on the utilisation of proceeds from the Proposed Offer for Sale is set out in Section 6 of this Circular.

4. PROPOSED DISTRIBUTION

4.1 Vendors

Upon receiving the cash proceeds from the Proposed Disposal and the Proposed Offer for Sale, the Vendors will utilise part of the cash proceeds to settle all outstanding liabilities in the respective companies which are due and payable.

The Distribution Units will be distributed to KrisAssets by way of dividends-in-specie while the remaining cash proceeds from the Proposed Disposal and the Proposed Offer for Sale will be distributed to KrisAssets via proposed special dividend and/or proposed capital reduction exercise in the respective Vendors which is expected to take place concurrently with the Proposed Capital Reduction and Repayment undertaken by KrisAssets.

Based on the audited financial statements for the FYE 31 December 2011, the outstanding liabilities of MVC and MVCG were RM240.1 million and RM292.4 million, respectively. After settling the above outstanding liabilities, the remaining cash proceeds of RM470.0 million and RM198.6 million respectively from MVC and MVCG will be distributed to KrisAssets.

MVC and MVCG will then be disposed to IGB at the remaining NAV, after completion of the Proposed Distribution.

4.2 KrisAssets

Upon receiving the Distribution Units and the remaining cash proceeds from the Vendors, KrisAssets will utilise part of the cash proceeds to settle all outstanding liabilities in the Company as well as to maintain sufficient cash for the settlement of estimated expenses of approximately RM33.8 million for the Proposals.

Thereafter, KrisAssets will undertake the Proposed Distribution, comprising the following:

- (i) Distribution Units
Proposed Distribution-In-Specie to distribute the Distribution Units to the Entitled Shareholders.
- (ii) Cash Distribution via:
 - (a) Proposed Special Dividend; and
 - (b) Proposed cash distribution of the Remaining Cash Proceeds to the Entitled Shareholders via the Proposed Capital Reduction and Repayment.

The Proposed Distribution shall be undertaken on a pro-rata basis to all Entitled Shareholders based on their respective shareholdings in KrisAssets at the respective Entitlement Dates.

For illustration purposes, the table below sets out the details of the Proposed Distribution after Full Conversion of the Bonds and based on the audited financial statements of KrisAssets Group for FYE 31 December 2011:

	RM'000
Proposed Distribution:	
- Proposed Distribution-In-Specie ⁽¹⁾	2,730,000
- Proposed Special Dividend ⁽²⁾	15,217
- Proposed Capital Reduction and Repayment ⁽³⁾	1,251,773
Total	3,996,990

Notes:

- (1) *The RM equivalent of the Distribution Units to be distributed pursuant to the Proposed Distribution-In-Specie at an issue price of RM1.00 per Unit*
- (2) *Based on the available proforma retained earnings of KrisAssets after the Proposed Distribution-In-Specie*
- (3) *Capital repayment of RM0.98 per Share based on the enlarged share capital of approximately 521 million KrisAssets Shares (after Full Conversion of the Bonds and cancellation of 100,000 treasury shares) and cancellation of share premium of RM741.2 million*

4.2.1 Proposed Distribution-In-Specie

The Proposed Distribution-In-Specie entails the distribution of 2,730 million Distribution Units out of the retained earnings of the Company to the Entitled Shareholders.

The Board will determine the basis of distribution prior to the announcement of the Entitlement Date for the Proposed Distribution-In-Specie. An announcement will be made to advise the shareholders of KrisAssets on the basis of the distribution.

Fractional entitlements of the Distribution Units arising from the Proposed Distribution-In-Specie shall be dealt with by the Board in such manner as they deem fit. KrisAssets will not distribute fractions of a Distribution Unit to the Entitled Shareholders. Each Entitled Shareholder's entitlement to the Distribution Units will be rounded down to the nearest Distribution Unit based on his shareholding in the Record of Depositors of KrisAssets as at the Entitlement Date.

The balance of the undistributed Distribution Units held by KrisAssets, if any, after the Proposed Distribution-In-Specie, are expected to be insignificant and shall be dealt with in such manner as the Board may deem fit and in the best interest of the Company and its shareholders.

4.2.2 Proposed Special Dividend

The Proposed Special Dividend entails the declaration and payment of part of the Remaining Cash Proceeds as a single-tier interim special dividend to the Entitled Shareholders. The Proposed Special Dividend is to be paid out of the retained profits of KrisAssets (after the Proposed Distribution-in-Specie). For illustration purposes, based on the audited financial statements of KrisAssets for FYE 31 December 2011 and after adjusting for subsequent events upon completion of the Proposed Disposal and the Proposed Distribution-in-Specie, the Proposed Special Dividend is estimated to be approximately RM15.2 million.

The amount of retained profits of KrisAssets available for distribution under the Proposed Special Dividend will be dependent on, among others, the timing of the completion of the Proposed Disposal and the Proposed Distribution-In-Specie. The Board reserves the discretion to adjust the final amount of the Proposed Special Dividend subject to, among others, the availability of KrisAssets' retained profits after the completion of the Proposed Disposal and the Proposed Distribution-in-Specie.

4.2.3 Proposed Capital Reduction and Repayment

The Proposed Capital Reduction and Repayment, which shall be undertaken upon obtaining the High Court's sanction for the Proposed Capital Reduction and Repayment, entails the following:

- (i) proposed capital reduction which will involve the reduction of the Company's existing issued and paid-up share capital via the cancellation of RM0.98 of the par value of each existing Share pursuant to Section 64 of the Act; and
- (ii) proposed cancellation of the share premium account of the Company pursuant to Sections 60 and 64 of the Act.

The credit arising from the reduction of the issued and paid-up share capital of KrisAssets and the cancellation of the share premium account will be applied towards distributing the Remaining Cash Proceeds to the Entitled Shareholders at the Entitlement Date.

4.3 Illustration of an existing shareholder holding 1,000 KrisAssets Shares

For illustration purposes, assuming an existing shareholder holds 1,000 KrisAssets Shares, he would be entitled to the following cash payment and Consideration Units based on the audited financial statements of KrisAssets for FYE 31 December 2011:

	As at the LPD	After Proposed Distribution-In- Specie	After Proposed Special Dividend	After Capital Reduction and Repayment
Number of KrisAssets Shares held	1,000	1,000	1,000	1,000
Par value (RM)	1.00	1.00	1.00	0.02
Proposed Distribution-In- Specie ⁽¹⁾ (RM)	-	5,240.00	5,240.00	5,240.00
Proposed Special Dividend (RM)	-	-	29.20	29.20
Proposed Capital Reduction and Repayment (RM)	-	-	-	2,402.74
Total value received⁽²⁾ (RM)	-	5,240.00	5,269.20	7,671.94
Number of Distribution Units	-	5,240	5,240	5,240
Cash (RM)	-	-	29.20	2,431.94

Notes:

(1) Based on the illustrative offer price of RM1.00 per Unit

(2) Based on the enlarged issued and paid-up share capital of KrisAssets after the cancellation of the treasury shares and the Full Conversion of the Bonds

Assuming an existing shareholder disposed 1,000 KrisAssets Shares in the open market on the LPD, he would receive cash of RM7,750 (excluding transaction cost) based on the closing market price of KrisAssets Shares of RM7.75 as at the LPD.

5. PROPOSED AMENDMENTS

The Proposed Amendments is undertaken to facilitate the Proposed Capital Reduction and Repayment and entails amendments to the Company's Memorandum and Articles of Association whereby the par value of the Shares in KrisAssets is to be altered from RM1.00 to RM0.02 pursuant to the Proposed Capital Reduction and Repayment.

Details of the Proposed Amendments are as follows:

Clause/ Article	Existing provisions	New provisions
Clause 5 of the Memorandum of Association of the Company	The Authorised Share Capital of the Company is RM1,000,000,000 divided into 999,700,000 ordinary shares of RM1.00 each and 3,000,000 Redeemable Preference Shares of RM0.10 each, with power to increase or reduce the capital, when permitted by Law, and to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, and to modify in any manner permitted by the rights, privileges or conditions, and to modify in any manner permitted by the Articles of Association of the Company for the time being in force any rights for the time being attached to any class or classes of shares.	The Authorised Share Capital of the Company is RM1,000,000,000 divided into 49,985,000,000 ordinary shares of RM0.02 each and 3,000,000 Redeemable Preference Shares of RM0.10 each, with power to increase or reduce the capital, when permitted by Law, and to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, and to modify in any manner permitted by the rights, privileges or conditions, and to modify in any manner permitted by the Articles of Association of the Company for the time being in force any rights for the time being attached to any class or classes of shares.
Article 3 of the Articles of Association of the Company	The Authorised Share Capital of the Company is RM1,000,000,000 divided into 999,700,000 ordinary shares of RM1.00 each and 3,000,000 Redeemable Preference Shares of RM0.10 each, which shall be attached with the special rights, privileges and restrictions as contained in Article 6 with power for the Company to increase, subdivide, consolidate or reduce such capital or to divide the shares forming the capital original, increased or reduced into several classes.	The Authorised Share Capital of the Company is RM1,000,000,000 divided into 49,985,000,000 ordinary shares of RM0.02 each and 3,000,000 Redeemable Preference Shares of RM0.10 each, which shall be attached with the special rights, privileges and restrictions as contained in Article 6 with power for the Company to increase, subdivide, consolidate or reduce such capital or to divide the shares forming the capital original, increased or reduced into several classes.

6. UTILISATION OF PROCEEDS

The Proposed Disposal and Proposed Offer for Sale are expected to raise a total gross cash proceeds of RM1,882.6 million, as follows:

Gross proceeds:	RM'000
Cash from the Proposed Disposal	1,212,559
Cash from the Proposed Offer for Sale ⁽¹⁾	670,000
Total	1,882,559

Note:

(1) Based on the illustrative offer price of RM1.00 per Unit

For illustration purposes and based on the audited financial statements of KrisAssets for FYE 31 December 2011, the total cash proceeds of RM1,882.6 million will be utilised in the following manner:

Utilisation:	Amount RM'000	Estimated time frame for full utilisation of proceeds from the date of the Proposed Listing
Estimated expenses for the Proposals ⁽¹⁾	33,750	Within 1 month
Repayment of borrowings ⁽¹⁾⁽²⁾	473,600	Within 3 months
Settlement of all other liabilities ⁽¹⁾⁽³⁾	108,219	Within 3 months
Cash distribution to the Entitled Shareholders pursuant to the Proposed Capital Reduction and Repayment and the Proposed Special Dividend ⁽¹⁾	1,266,990	Within 6 months
Total	1,882,559	

Notes:

⁽¹⁾ *Should the actual expenses incurred for the Proposals, repayment of borrowings and/or settlement of all other liabilities exceed the above estimated amount, the shortfall will be derived from the amount of cash available for distribution to the Entitled Shareholders pursuant to the Proposed Special Dividend and/or the Proposed Capital Reduction and Repayment. On the other hand, should the actual expenses incurred for the Proposals, repayment of borrowings and/or settlement of all other liabilities be lower than the estimated amount, the surplus cash shall be distributed to the Entitled Shareholders pursuant to the Proposed Special Dividend and/or the Proposed Capital Reduction and Repayment. The timing of the Proposed Capital Reduction and Repayment may vary i.e. it may take place earlier or later than that indicated above, depending on the directions and timelines given by the High Court in respect of the application for the order to sanction the Proposed Capital Reduction and Repayment.*

⁽²⁾ *The repayment of borrowings is expected to result in interest savings of approximately RM20.8 million per annum based on a simple average interest rate of 4.4% per annum. As at the LPD, the total borrowings of KrisAssets Group stood at approximately RM750.0 million. The major lenders for the abovementioned borrowings are Public Bank Berhad, Great Eastern Life Assurance (Malaysia) Berhad, and Employees Provident Fund.*

⁽³⁾ *Prior to undertaking the Proposed Capital Reduction and Repayment, KrisAssets Group will settle all outstanding liabilities within KrisAssets Group which are due and payable (after the completion of the Proposed Disposal) using part of the cash proceeds raised from the Proposed Disposal. The Remaining Cash Proceeds will be distributed to the Entitled Shareholders via the Proposed Special Dividend and the Proposed Capital Reduction and Repayment.*

Pending such time when the proceeds are fully utilised in accordance with the proposed utilisation stated in the table above, the Remaining Cash Proceeds will be placed in interest-bearing deposits with a licensed financial institution. Further information on the interest income is set out in Section 11.4 of this Circular.

7. INFORMATION ON IGB REIT

IGB REIT is a REIT that will be constituted by the Deed. The proposed investment objectives of IGB REIT will be to provide Unitholders with sustainable long-term Unit price and Distributable Income growth, while maintaining an appropriate capital structure. The proposed authorised fund size subject to the approval of the SC is 3,550 million Units and the proposed total issued fund size upon Proposed Listing is 3,400 million Units.

Subject to the approvals of the relevant authorities, IGB REIT proposes to undertake the Proposed Listing. Application to the SC in relation to the Proposed Listing has been made on 14 May 2012, the details of which are set out in Section 1 of this Circular.

Further information on IGB REIT and its Manager are set out in Appendices I and II of this Circular.

8. RATIONALE FOR THE PROPOSALS

8.1 Proposed Disposal

The Proposed Disposal will enable KrisAssets to unlock value and realise its investment in the Subject Properties. The Proposed Disposal accords an avenue to KrisAssets Group to realign its assets in a more tax-efficient structure of a REIT and thereby providing more value to its shareholders through the Proposed Distribution. The rationale for the Proposed Distribution is set out in Section 8.3 of this Circular.

On a proforma basis, after taking into consideration the market value of the Subject Properties of RM4,600.0 million (as appraised by the Independent Property Valuer as at 10 April 2012), KrisAssets Group is expected to realise a gain of approximately RM1,303.2 million (after deducting estimated expenses of approximately RM6.8 million) from the Proposed Disposal.

8.2 Proposed Offer for Sale

The Proposed Offer for Sale will enable KrisAssets Group to raise the cash proceeds which will form part of the Remaining Cash Proceeds for distribution to the Entitled Shareholders pursuant to the Proposed Distribution. The Proposed Offer for Sale is undertaken in conjunction with the Proposed Listing and to form part of the required public unitholding spread in the Proposed Listing.

8.3 Proposed Distribution

The Proposed Distribution is undertaken to reward the shareholders of KrisAssets.

The Proposed Distribution-In-Specie provides an opportunity to shareholders of KrisAssets to participate in IGB REIT and continue to have beneficial interest in the Subject Properties through ownership of the Distribution Units. Further, the shareholders of KrisAssets may benefit from the potential future upside and envisaged growth of IGB REIT, which may or may not result in capital gains to the Unitholders in terms of appreciation in Unit price and/or enjoy the stable and regular distribution characteristic of a REIT. In addition, upon completion of the Proposed Distribution-In-Specie, IGB REIT will be able to meet the public spread requirement, where at least 25% of the total number of Units in issue is to be held by public Unitholders.

8.4 Proposed Amendments

The Proposed Amendments is undertaken to amend the necessary clause and article of the Company's Memorandum and Articles of Association to accommodate the implementation of the capital reduction exercise pursuant to the Proposed Capital Reduction and Repayment.

9. FUTURE PLANS AND LISTING STATUS OF KRISASSETS

Following the completion of the Proposed Disposal, KrisAssets will be a company without any business or operations. In the event the Proposed Distribution is not carried out after the Proposed Disposal, KrisAssets will have no assets other than the Total Disposal Consideration which is in the form of Distribution Units and cash.

In this regard, Bursa Securities may classify KrisAssets as a “Cash Company” pursuant to Paragraph 8.03(1) of the Listing Requirements which is defined as “a listed company whose assets on a consolidated basis, consist of 70% or more of cash or short term investments, or a combination of both”.

In addition, Bursa Securities may also classify KrisAssets as a “PN17 Company” upon completion of the Proposed Disposal as KrisAssets will be deemed to have triggered the following prescribed criteria, under PN17:

- (i) suspended or ceased all of its business or its major business or its entire or major operations; or
- (ii) have an insignificant business or operations.

A PN17 Company is a listed company where the financial condition and level of operations of the listed company on a consolidated basis do not warrant continued trading or listing on the Official List of Bursa Securities.

However, the Board has no intention to maintain the listing status of KrisAssets. KrisAssets will be voluntarily wound-up upon completion of the Proposed Distribution, and accordingly be de-listed by Bursa Securities pursuant to paragraph 16.11(2)(c) of the Listing Requirements and the shareholders of KrisAssets will then hold unlisted shares in the Company until the completion of the winding-up process and be entitled to cash distribution resulting from the recoverability of the remaining assets (net of liabilities), if any, on a pro-rata basis.

As at the LPD, KrisAssets hold 100,000 treasury shares. The Board has the discretion to distribute the treasury shares as dividends to reward shareholders and/or resell the treasury shares and/or cancel the treasury shares. The Board proposes to cancel the 100,000 treasury shares presently held by the Company in order for IGB to have more than 50% in IGB REIT after the Proposed Offer for Sale and Proposed Distribution-In-Specie.

10. RISK FACTORS IN RELATION TO THE PROPOSALS

Shareholders are advised to read and carefully consider in addition to all other relevant information contained in this Circular and the IAC (which will be despatched at least 14 days prior to the EGM), the following risk factors (which may not be exhaustive) prior to voting on the resolutions pertaining to the Proposals:

10.1 Risk of delay or non-completion of the Proposed Disposal

The completion of the Proposed Disposal is conditional upon the satisfaction (or waiver as the case may be) of the conditions precedent of the SPAs which include among others, the issuance of the Prospectus. The SPAs are conditional upon various other conditions precedent as set out in Section 2.3.3 of this Circular and there can be no assurance that all such conditions precedent will be fulfilled or obtained in a timely manner or at all.

Failure to complete the implementation of the Proposed Disposal will preclude the shareholders of KrisAssets from the opportunity to participate in IGB REIT. Nevertheless, KrisAssets Group will continue to own the Subject Properties and the shareholders of the Company will continue to benefit from such ownership.

Notwithstanding this, the parties to the SPAs will take all reasonable steps to ensure the satisfaction and/or waiver (as the case may be) of the conditions precedent of the SPAs to ensure completion of the Proposed Disposal.

10.2 Risk of delay or non-completion of the Proposed Distribution

Despite obtaining the approval on the Proposals from the shareholders of KrisAssets at the EGM, the Proposed Capital Reduction and Repayment is subject to confirmation by the High Court pursuant to Sections 60 and 64 of the Act. The High Court has the ultimate discretion as to whether to allow the said proposed reduction in the share capital and share premium and in arriving at its decision, it will consider, among others, the compliance by KrisAssets of the requirements of the Act, whether the proposed reduction in the share capital and share premium of KrisAssets is fair and equitable to the shareholders and whether the rights and interest of the creditors of KrisAssets are safeguarded. The High Court could either require KrisAssets to obtain the consent of its creditors or direct or order KrisAssets to secure the debt or undertake to set aside an amount sufficient to satisfy the debts due to creditors (if any).

As such if, the High Court's sanction is delayed or not obtained, this will delay or result in non-completion of the Proposed Capital Reduction and Repayment and the shareholders of KrisAssets will have to wait for a longer period or may not receive any cash distribution pursuant to the Proposed Capital Reduction and Repayment. In such event, the Company will have to consider other options available to return the Remaining Cash Proceeds to the shareholders. In the event an alternative proposal is required, there may be additional costs and expenses which may be incurred in respect of the same.

Further, as the Proposed Distribution is conditional upon the completion of the Proposed Disposal, any delay in the completion of the Proposed Disposal would have a consequential impact on the timeliness of the implementation of the Proposed Distribution.

The shareholders of KrisAssets should also note that in the event the Proposed Distribution is not carried out, upon the completion of the Proposed Disposal, KrisAssets will not have any assets other than the Total Disposal Consideration. In such an event, Bursa Securities may consider KrisAssets to be a Cash Company and/or an affected listed issuer under PN17. A Cash Company and/or a PN17 Company must comply with the requirements as may be prescribed by Bursa Securities, failing which Bursa Securities may suspend the trading of the listed company or de-list it, or both.

10.3 The price of the Units may decline after the Proposed Listing

The trading price of the Units will depend on many factors, including, but not limited to:

- (i) the perceived prospects of IGB REIT's business and investments and the market for retail properties or Real Estate-Related Assets;
- (ii) differences between IGB REIT's actual financial and operating results and those expected by investors and analysts;
- (iii) changes in analysts' recommendations or projections, if any;
- (iv) changes in general economic or market conditions;
- (v) the market value of IGB REIT's assets;
- (vi) the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the real estate sector;
- (vii) the balance of buyers and sellers of the Units;
- (viii) the size and liquidity of the Malaysian REIT market;
- (ix) any changes to the regulatory system, including the tax system, both generally and specifically in relation to Malaysian REITs;

- (x) the ability on the Manager's part to implement successfully its investment and growth strategies; and
- (xi) broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets.

Units may trade at prices that are higher or lower than the NAV per Unit. To the extent that IGB REIT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of IGB REIT's:

- (i) total asset value, which includes all assets, including all investments in which IGB REIT may invest, subject to the provisions of the REIT Guidelines and other assets (after consulting with the auditor) to be in the nature of assets in accordance with generally accepted accounting practices in Malaysia, for the time being held or deemed to be held in accordance with the Deed; and
- (ii) NAV,

may not correspondingly increase the market price of the Units. Any failure to meet market expectations with regards to future earnings and cash distributions may adversely affect the market price for the Units.

Where new Units are issued at less than the market price of Units, the value of an investment in Units may be affected. The Units are not capital-protected/guaranteed products. If IGB REIT is terminated or liquidated, investors may lose a part or all of their investment in the Units.

10.4 Cyclical market and economic conditions may affect the price and demand for the Units

Cyclical movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return compared to other investments.

There can be no assurance that the performance of the Malaysian securities markets will continue to improve. The Malaysian securities markets are smaller than certain other international securities markets. Malaysian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

10.5 The REIT market in Malaysia is relatively undeveloped and the Units have never been publicly traded; the listing of the Units on the Main Market of Bursa Securities may not result in an active or liquid market for the Units

There is no public market for the Units prior to the Proposed Listing and an active public market for the Units may not develop or be sustained after the Proposed Listing. Listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Shareholders of KrisAssets, who will be holding the Units pursuant to the Proposed Distribution-In-Specie, must be prepared to hold their Units for an indefinite length of time.

Furthermore, it may be difficult to assess IGB REIT's performance against either domestic or international benchmarks. The REIT market in Malaysia is relatively undeveloped which could lead to a lack of liquidity for the Units and a general lack of investor demand for Malaysian REITs such as IGB REIT. There can be no assurance that an active market for REITs will develop in Malaysia.

10.6 There is no assurance that the Proposed Listing will proceed or the Units will remain listed on Bursa Securities and/or not be suspended from trading

The Proposed Listing may not be implemented for various reasons, including among others, deterioration of market conditions or the requisite approvals (or waivers as the case may be) for the Proposed Listing not being granted. There can be no assurance that the Proposed Listing will be undertaken within a stipulated timeframe or that the Proposed Listing will be undertaken at all.

The proforma public unitholding spread of IGB REIT upon the Proposed Listing is approximately 17.8% (excluding the expected unitholdings of the directors and substantial shareholders of the Manager, substantial Unitholders of IGB REIT, including the associates of such directors and substantial Unitholders). However, upon completion of the Proposed Distribution-In-Specie, IGB REIT is expected to achieve a public unitholding spread of approximately 46.5%, as represented by the Units offered for sale pursuant to the Proposed Offer for Sale and the Units to be held by the minority shareholders of KrisAssets via the Proposed Distribution-In-Specie (after excluding the Units expected to be held by the directors and substantial shareholder of the Manager, and the substantial Unitholders of IGB REIT, including the associates of such directors and substantial Unitholders), and thereby meeting the public spread requirement. The Proposed Distribution-In-Specie is expected to be completed within 1 month from the date of listing of IGB REIT. An application will be submitted to Bursa Securities to seek its approval for an extension of time of 1 month from the date of listing of IGB REIT to meet the public spread requirement.

Although it is intended that the Units will remain listed on Bursa Securities, there is no guarantee of the continued listing of the Units. Among other factors, IGB REIT may not continue to satisfy the public spread requirement under the Listing Requirements. Accordingly, Unitholders will not be able to sell their Units through trading on Bursa Securities if the Units are no longer listed on Bursa Securities and/or are suspended from trading for an indefinite period.

11. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on the issued and paid-up share capital, substantial shareholding structure, NA, gearing and earnings of KrisAssets.

11.1 Share capital

Save for the Proposed Capital Reduction and Repayment, the Proposals will not have any effect on the issued and paid-up share capital of KrisAssets. The proforma effects of the Proposed Capital Reduction and Repayment on the issued and paid-up share capital of KrisAssets are shown below:

	Par Value (RM)	No. of KrisAssets Shares ('000)	RM'000
Issued and paid-up share capital as at the LPD	1.00	440,432	440,432
Cancellation of treasury shares	1.00	(100)	(100)
To be issued assuming Full Conversion of the Bonds	1.00	80,645	80,645
		<hr/>	<hr/>
		520,977	520,977
To be cancelled pursuant to the Proposed Capital Reduction and Repayment	0.98	-	(510,557)
		<hr/>	<hr/>
Issued and paid-up capital upon completion of the Proposals	0.02	520,977	10,420
		<hr/>	<hr/>

11.2 NA per Share and gearing

The proforma effects of the Proposed Disposal, the Proposed Offer for Sale and the Proposed Distribution on the consolidated NA per share and gearing of KrisAssets Group based on its audited consolidated financial statements for FYE 31 December 2011 are set out as follows:

	Audited as at 31 December 2011	Proforma I	Proforma II	Proforma III
	RM'000	RM'000	RM'000	RM'000
Share capital	440,432	521,077	520,977	10,420
Share premium	547,669	741,436	741,216	-
Treasury shares	(220)	(220)	-	-
Capital redemption reserve	4,093	4,093	393	393
Retained earnings	987,760	866,994	15,217	-
Other reserves	14,628	-	-	-
Equity attributable to the owners of the Company	1,994,362	2,133,380	1,277,803	10,813
Non-controlling interest	-	670,000	-	-
Total equity	1,994,362	2,803,380	1,277,803	10,813
No of KrisAssets Shares in issue ⁽¹⁾ ('000)	440,332	520,977	520,977	520,977
NA per Share (RM)	4.53	4.09	2.45	0.02
Borrowings (RM'000)	728,508	1,205,559 ⁽³⁾	-	-
Gearing ratio ⁽²⁾ (times)	0.37	0.57	-	-

Notes:

- (1) *Less 100,000 treasury shares*
- (2) *Derived based on the borrowings divided by the equity attributable to the owners of the Company*
- (3) *The increase in borrowings is due to consolidation of the borrowings of IGB REIT of approximately RM1,205.6 million (net of estimated transaction costs of RM7.0 million) which is offset by the settlement of the existing borrowings of KrisAssets Group*
- Proforma I* *After Proposed Disposal, Proposed Offer for Sale, Full Conversion of the Bonds and settlement of all liabilities at KrisAssets Group*
- Proforma II* *After Proforma I, cancellation of treasury shares and Proposed Distribution-In-Specie*
- Proforma III* *After Proforma I, Proforma II and Proposed Distribution*

11.3 Substantial shareholders' shareholding

The Proposals will not have any effect on the substantial shareholding structure of KrisAssets.

11.4 Earnings and EPS

KrisAssets Group expects to realise a net gain on disposal of approximately RM1,303.2 million in FYE 31 December 2012 upon the completion of the Proposed Distribution. However, upon completion of the Proposed Disposal and Proposed Distribution, KrisAssets will not have any business operation and will be voluntarily wound-up and de-listed from the Main Market of Bursa Securities.

For illustration purposes, based on the audited consolidated financial statements of KrisAssets Group for FYE 31 December 2011 and on the assumption that the Proposed Disposal and the Proposed Distribution had been effected on that date, the proforma effects on the consolidated earnings and EPS of KrisAssets Group will be as follows:

	Proforma consolidated earnings RM '000	Proforma consolidated EPS⁽²⁾ RM
Net profit for FYE 31 December 2011	555,478	1.07
Add: Proforma non-recurring gain on disposal ⁽¹⁾	1,303,250	2.50
Proforma net profit for FYE 31 December 2011	1,858,728	3.57

Notes:

(1) The proforma non-recurring gain on disposal is computed as follows:

	Book Value⁽¹⁾ RM'000	Disposal Consideration RM'000	Gain on disposal RM'000
Proposed Disposal of:			
Mid Valley Megamall	2,360,000	3,440,000	1,080,000
Mid Valley Megamall Related Assets	1,582	1,582	-
	2,361,582	3,441,582	1,080,000
The Gardens Mall	930,000	1,160,000	230,000
The Gardens Mall Related Assets	10,977	10,977	-
	940,977	1,170,977	230,000
Subtotal	3,302,559	4,612,559	1,310,000
Less: Estimated expenses for the Proposed Disposal			(6,750)
Total			1,303,250

Note:

(1) Based on the audited consolidated financial statements of KrisAssets Group for FYE 31 December 2011.

(2) Calculated based on the enlarged issued and paid-up share capital of KrisAssets after the cancellation of the treasury shares and the Full Conversion of the Bonds.

Upon completion of the Proposed Disposal and Proposed Distribution, the Subject Properties and the Related Assets will no longer contribute to KrisAssets Group's earnings moving forward. For FYE 31 December 2011, the Subject Properties and the Related Assets contributed approximately 99% of the overall net profit of KrisAssets Group. On the other hand, as set out in Section 6 of this Circular, the Company will place the Remaining Cash Proceeds in interest-bearing deposits with a licensed financial institution until the Proposed Capital Reduction and Repayment is undertaken, which is expected to take place up to 6 months from the date of the Proposed Listing. Assuming the Remaining Cash Proceeds of RM1,267.0 million is placed in an interest-bearing account with a licensed financial institution at an interest rate of 3.10% per annum (Source: *Malayan Banking Berhad website as at the LPD*), the Company is expected to derive interest income of approximately RM19.6 million for an assumed period of 6 months or contribute RM0.04 to the proforma consolidated EPS of the Company based on the proforma enlarged issued and paid-up share capital of KrisAssets of 521 million Shares.

12. CONDITIONS AND APPROVALS/CONSENTS REQUIRED

12.1 Proposed Disposal

The Proposed Disposal is subject to and conditional upon approvals/consents being obtained from the following:

- (i) approval of the State Authority in respect of the restrictions-in-interest endorsed on the master titles to the Subject Properties for the transfer of the Subject Properties in favour of the Trustee;
- (ii) consent of KrisAssets Group's financiers, in accordance with the terms of the financing arrangement or financing facilities granted to KrisAssets Group; and
- (iii) approval of the shareholders of KrisAssets at the EGM.

12.2 Proposed Offer for Sale

The Proposed Offer for Sale is subject to and conditional upon approvals being obtained from the following:

- (i) approval of the SC and Bursa Securities in respect of the Proposed Listing;
- (ii) approval of IGB's shareholders for the Proposed Listing at an EGM to be held by IGB; and
- (iii) approval of the shareholders of KrisAssets at the EGM.

12.3 Proposed Distribution-In-Specie

The Proposed Distribution-In-Specie is subject to and conditional upon approvals being obtained from the following:

- (i) approval of the SC; and
- (ii) approval of the shareholders of KrisAssets at the EGM.

12.4 Proposed Capital Reduction and Repayment

The Proposed Capital Reduction and Repayment is subject to and conditional upon approvals being obtained from the following:

- (i) grant of an order by the High Court sanctioning the reduction in the share capital and share premium of KrisAssets pursuant to Sections 60 and 64 of the Act under the Proposed Capital Reduction and Repayment; and
- (ii) approval of the shareholders of KrisAssets at the EGM.

12.5 Proposed Amendments

The Proposed Amendments is subject to and conditional upon approvals being obtained from the shareholders of KrisAssets at the EGM.

As at the LPD, the consent and approvals for Sections 12.1 to 12.5 above have not been obtained. The consent and approvals for Sections 12.1 to 12.5 above are expected to be obtained by the third quarter of 2012.

12.6 Conditionality of the Proposals

- (i) The Proposed Disposal and the Proposed Offer for Sale are inter-conditional upon each other.
- (ii) The Proposed Distribution (which includes the Proposed Distribution-In-Specie, the Proposed Special Dividend and the Proposed Capital Reduction and Repayment) are conditional upon the completion of the Proposed Disposal and not vice versa.
- (iii) The Proposed Disposal and the Proposed Amendments are not conditional upon each other.
- (iv) The Proposed Special Dividend and the Proposed Capital Reduction and Repayment are conditional upon the Proposed Offer for Sale and not vice versa.
- (v) The Proposed Distribution-In-Specie, the Proposed Amendments and the Proposed Offer for Sale are not conditional upon each other.
- (vi) The Proposed Amendments and the Proposed Capital Reduction and Repayment are inter-conditional upon each other.
- (vii) The Proposed Special Dividend and the Proposed Capital Reduction and Repayment are conditional upon the Proposed Distribution-In-Specie and not vice versa.
- (viii) The Proposed Special Dividend and the Proposed Capital Reduction and Repayment are inter-conditional upon each other.
- (ix) The Proposals are conditional upon the approval of the relevant authorities for the Proposed Listing.

Save for the above, the Proposals are not conditional upon any other proposals.

In the event the Proposed Listing is rejected by the relevant authorities, the Proposals would not be implemented.

12.7 Overview of the different outcomes of the Proposals

In view of the conditionality of the Proposals, the possible voting outcomes for the Proposals are set out below for easy reference:

Scenario	A	B	C
Outcome of EGM	Shareholders: <ul style="list-style-type: none"> • Approve the resolutions for the Proposed Disposal and the Proposed Offer for Sale • Do NOT approve the resolutions for the Proposed Distribution-In-Specie, the Proposed Capital Reduction and Repayment and the Proposed Amendments 	Shareholders: <ul style="list-style-type: none"> • Approve the resolutions for the Proposed Disposal, the Proposed Offer for Sale and the Proposed Distribution-In-Specie • Do NOT approve the resolutions for the Proposed Capital Reduction and Repayment and the Proposed Amendments 	Shareholders: <ul style="list-style-type: none"> • Approve the resolutions for the Proposed Disposal, the Proposed Offer for Sale, the Proposed Distribution-In-Specie, the Proposed Capital Reduction and Repayment and the Proposed Amendments
Proposals			
- Proposed Disposal ⁽¹⁾	✓	✓	✓
- Proposed Offer for Sale ⁽¹⁾	✓	✓	✓
- Proposed Distribution-In-Specie	x	✓	✓
- Proposed Capital Reduction and Repayment ⁽²⁾	x	x	✓
- Proposed Amendments ⁽²⁾	x	x	✓
Remarks on the possible outcome of the Proposals	<p>The Proposed Disposal and the Proposed Offer for Sale would be implemented.</p> <p>However, the proceeds from the Proposed Disposal and the Proposed Offer for Sale would remain in the Group. In such event, the Company will have to consider other options available to return the proceeds to the shareholders.</p>	<p>The Proposed Disposal, the Proposed Offer for Sale and the Proposed Distribution-In-Specie would be implemented.</p> <p>However, the cash proceeds from the Proposed Disposal and the Proposed Offer for Sale would remain in the Group. In such event, the Company will have to consider other options available to return the cash proceeds to the shareholders.</p>	<p>The Proposed Disposal, the Proposed Offer for Sale, the Proposed Distribution-In-Specie, the Proposed Capital Reduction and Repayment and the Proposed Amendments would be implemented.</p>

Notes:

- (1) *As the Proposed Disposal and the Proposed Offer for Sale are inter-conditional upon each other, shareholders of KrisAssets would need to approve both the resolutions in order for the Proposed Disposal and the Proposed Offer for Sale to be implemented*
- (2) *As the Proposed Capital Reduction and Repayment and the Proposed Amendments are inter-conditional upon each other, shareholders of KrisAssets would need to approve both the resolutions in order for the Proposed Capital Reduction and Repayment and the Proposed Amendments to be implemented*

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances and subject to the fulfillment of all the relevant approvals set out in Section 12 of this Circular and all condition precedents in the relevant SPAs, the Proposed Disposal and the Proposed Offer for Sale are expected to be completed by the third quarter of 2012 and the Proposed Distribution is expected to be completed by the first quarter of 2013, the details are as follows:

Event	Tentative Date
Last date for issuance of the IAC	12 June 2012
EGM for KrisAssets' shareholders' approval on the Proposals	26 June 2012
Completion of the Proposed Disposal	Mid-August 2012
Completion of the Proposed Offer for Sale	Mid-August 2012
Listing of IGB REIT	Mid-August 2012
Entitlement Date for the Proposed Distribution-In-Specie	Early September 2012
Completion of the Proposed Distribution-In-Specie to the shareholders of KrisAssets	End September 2012
High Court sanction for the Proposed Capital Reduction and Repayment	Mid-March 2013
Entitlement Date for the Proposed Capital Reduction and Repayment	End March 2013
Completion of the Proposed Capital Reduction and Repayment	End March 2013
Completion of the Proposals	End March 2013

Note:

The timing of the Proposed Capital Reduction and Repayment may vary i.e. it may take place earlier or later than that indicated above, depending on the directions and timelines given by the High Court in respect of the application for the order to sanction the Proposed Capital Reduction and Repayment.

The expected delisting date of KrisAssets would be dependent on, among others, the timing and completion of the liquidation and voluntary winding-up process of KrisAssets.

14. OTHER CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Save for the Proposals, KrisAssets Group has not announced any corporate proposal which has yet to be implemented and/or completed as at the LPD.

15. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

15.1 Proposed Disposal and Proposed Offer for Sale

Save as disclosed below, none of the Company's Directors, Major Shareholders or persons connected to them have any interest, direct or indirect, in the Proposed Disposal:

- (i) Robert Tan Chung Meng is the Group Managing Director and a Major Shareholder of both KrisAssets and IGB. He is the father of Elizabeth Tan Hui Ning (alternate to Robert Tan Chung Meng on the Board and a director of MVCG) and Gabrielle Tan Hui Chween (a director of MVCG); a brother of Pauline Tan Suat Ming (a Non-Independent Non-Executive Director of IGB and a Major Shareholder of both KrisAssets and IGB); and Tony Tan @ Choon Keat (a Non-Independent Non-Executive Director of IGB and a Major Shareholder of both KrisAssets and IGB).
- (ii) Tan Lei Cheng is a Non-Independent Non-Executive Director of both KrisAssets and IGB. She is a sister of Tan Boon Lee and Tan Boon Seng (both are Executive Directors of IGB).
- (iii) Tan Boon Lee is a Non-Independent Non-Executive Director of KrisAssets and an Executive Director of IGB. He is a brother of Tan Lei Cheng and Tan Boon Seng.
- (iv) Daniel Yong Chen-I is a Non-Independent Non-Executive Director of KrisAssets and alternate to Pauline Tan Suat Ming on the Board of IGB, a Director of MVC and several subsidiaries of IGB. He is a son of Pauline Tan Suat Ming.
- (v) Elizabeth Tan Hui Ning is alternate to Robert Tan Chung Meng on the Board. She is a daughter of Robert Tan Chung Meng.
- (vi) IGB is a Major Shareholder of KrisAssets and a person connected to Goldis Berhad, Robert Tan Chung Meng, Pauline Tan Suat Ming, Tony Tan @ Choon Keat, Tan Chin Nam Sdn Bhd, Tan Kim Yeow Sdn Bhd and Wah Seong (Malaya) Trading Co Sdn Bhd, all of whom are Major Shareholders of both KrisAssets and IGB ("**Interested Major Shareholders**").

Robert Tan Chung Meng, Tan Lei Cheng, Tan Boon Lee, Daniel Yong Chen-I and Elizabeth Tan Hui Ning ("**Interested Directors**") are deemed interested in the Proposed Disposal. In addition, by virtue of the Interested Directors being entitled to the Reserved Units under the Proposed Offer for Sale, they are also deemed interested in the Proposed Offer for Sale.

Accordingly, the Interested Directors have abstained and will continue to abstain from Board deliberations pertaining to the Proposed Disposal and Proposed Offer for Sale and abstain from voting in respect of their direct and/or indirect shareholdings in KrisAssets on the resolutions pertaining to the Proposed Disposal and Proposed Offer for Sale at the EGM. They have undertaken to ensure persons connected to them will abstain from voting on the resolutions pertaining to the Proposed Disposal and the Proposed Offer for Sale at the EGM.

The Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in KrisAssets on the Proposed Disposal and the Proposed Offer for Sale and have undertaken to ensure persons connected to them abstain from voting on the resolutions pertaining to the Proposed Disposal and the Proposed Offer for Sale at the EGM.

The direct and indirect shareholdings of the Interested Directors and the Interested Major Shareholders in KrisAssets based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD are as follows:

	Direct		Indirect	
	No. of KrisAssets Shares held	% ⁽¹⁾	No. of KrisAssets Shares held	% ⁽¹⁾
<u>Interested Directors</u>				
Robert Tan Chung Meng	662,730	0.15	333,322,333 ⁽³⁾	75.70
Tan Lei Cheng	51,201	0.01	39,916 ⁽⁴⁾	0.01
Tan Boon Lee	1,100	-(²)	-	-
Daniel Yong Chen-I	9,949	-(²)	-	-
Elizabeth Tan Hui Ning	-	-	-	-
<u>Interested Major Shareholders</u>				
IGB	330,843,083	75.13	-	-
Goldis Berhad	2,236,435	0.51	330,843,083 ⁽⁵⁾	75.13
Robert Tan Chung Meng	662,730	0.15	333,322,333 ⁽³⁾	75.70
Pauline Tan Suat Ming	68	-(²)	333,322,333 ⁽³⁾	75.70
Tony Tan @ Choon Keat	-	-	333,322,333 ⁽³⁾	75.70
Tan Chin Nam Sdn Bhd	-	-	333,214,547 ⁽³⁾	75.67
Tan Kim Yeow Sdn Bhd	73,765	0.02	333,248,568 ⁽³⁾	75.68
Wah Seong (Malaya) Trading Co Sdn Bhd	-	-	333,214,547 ⁽³⁾	75.67

Notes:

(1) Based on the issued and paid-up share capital of 440,332,058 Shares (after deducting 100,000 treasury shares).

(2) Less than 0.01%.

(3) Deemed interest via IGB, Goldis Berhad and other corporation(s) by virtue of Section 6A of the Act.

(4) Deemed interest via other corporation by virtue of Section 6A of the Act.

(5) Deemed interest via IGB by virtue of Section 6A of the Act.

15.2 Proposed Distribution

None of the Company's Directors, Major Shareholders or persons connected with them has any interest, direct or indirect, in the Proposed Distribution save and except for their respective entitlements to the Proposed Distribution, which is on a pro-rata basis and available to all Entitled Shareholders.

15.3 Proposed Amendments

None of the Company's Directors, Major Shareholders or persons connected with them has any interest, direct or indirect, in the Proposed Amendments.

16. RELATED PARTY TRANSACTIONS

Save for the acquisition of 100% equity interest in MVCG by KrisAssets from IGB for a purchase consideration of RM222.7 million (adjusted from the purchase consideration of RM215.7 million pursuant to the adjustment clause in the share sale agreement between IGB and KrisAssets dated 25 March 2011), which was completed on 29 July 2011 and the mandated recurrent related party transactions approved by the shareholders, there are no related party transactions with IGB and its subsidiaries for the 12 months preceding the LPD. The total amount of related party transaction between KrisAssets Group and IGB and its subsidiaries transacted for the 12 months preceding LPD amounted to RM239.1 million.

17. AUDIT COMMITTEE'S STATEMENT

In forming its views in relation to the Proposed Disposal and the Proposed Offer for Sale, the Audit Committee (save for Tan Lei Cheng who is deemed interested in the Proposed Disposal and the Proposed Offer for Sale), having considered all aspects of the Proposed Disposal and the Proposed Offer for Sale including the rationale, the salient terms and conditions of the SPAs and the financial effects of the Proposed Disposal and the Proposed Offer for Sale on KrisAssets Group, and having sought the independent advice from the Independent Adviser, has concurred with the views of the Independent Adviser on the Proposed Disposal and the Proposed Offer for Sale, including the evaluation of the Total Disposal Consideration, that the Proposed Disposal and the Proposed Offer for Sale is:

- (i) in the best interests of KrisAssets;
- (ii) fair and reasonable based on normal commercial terms; and
- (iii) not detrimental to the interests of the non-interested shareholders of KrisAssets.

18. DIRECTORS' RECOMMENDATION

18.1 Proposed Disposal

The Board (save for the Interested Directors), having considered the views of the Independent Adviser, the Audit Committee and all relevant aspects of the Proposed Disposal, including the basis and justification for the Total Disposal Consideration as set out in Section 2.4 of this Circular, the rationale as set out in Section 8.1 of this Circular and the salient terms and conditions of the SPAs, is of the opinion that the Proposed Disposal is fair, reasonable and in the best interests of the Company and the non-interested shareholders of KrisAssets.

In view of the information set out in Section 2.1 of this Circular, whereby part of the Total Disposal Consideration shall be satisfied in cash by IGB REIT, the Board is satisfied that IGB REIT has adequate financial resources to satisfy the cash portion of the Total Disposal Consideration through the cash proceeds expected to be raised from the drawdown of the Syndicated Financing Facilities.

The Board (save for the Interested Directors) is not seeking other alternative bids to make an offer to acquire the Subject Properties and the Related Assets.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution for the Proposed Disposal to be tabled at the EGM.

18.2 Proposed Offer for Sale

The Board (save for the Interested Directors), having considered the views of the Independent Adviser, the Audit Committee and all relevant aspects of the Proposed Offer for Sale, including the rationale as set out in Section 8.2 of this Circular and in view that the cash proceeds arising from the Proposed Offer for Sale is intended to form part of the Remaining Cash Proceeds for distribution to the Entitled Shareholders pursuant to the Proposed Distribution, and also having considered that the Offer Units will form part of the public shareholding spread in the Proposed Listing, is of the opinion that the Proposed Offer for Sale is fair, reasonable and in the best interests of the Company and the non-interested shareholders of KrisAssets.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution for the Proposed Offer for Sale to be tabled at the EGM.

18.3 Proposed Distribution

In view that the Proposed Distribution is intended to facilitate the distribution of the Consideration Units and Remaining Cash Proceeds arising from the Proposed Disposal and the Proposed Offer for Sale, the Board, having considered all aspects of the Proposed Distribution, is of the opinion that the Proposed Distribution is in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolution for the Proposed Distribution to be tabled at the EGM.

18.4 Proposed Amendments

In view that the Proposed Amendments is intended to facilitate the Proposed Capital Reduction and Repayment, the Board, having considered all aspects of the Proposed Amendments, is of the opinion that the Proposed Amendments is in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolution for the Proposed Amendments to be tabled at the EGM.

19. INDEPENDENT ADVISER

In view that the Proposed Disposal is deemed a related party transaction and a major disposal pursuant to paragraphs 10.02(k) and 10.11A respectively of the Listing Requirements and by virtue of the inter-conditionality of the Proposed Offer for Sale with the Proposed Disposal, M & A Securities has been appointed by the Company as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of KrisAssets in relation to the Proposed Disposal and the Proposed Offer for Sale. The IAC containing the Independent Adviser's evaluation and recommendation on the Proposed Disposal and the Proposed Offer for Sale will be despatched to the shareholders of KrisAssets by 12 June 2012.

Non-interested shareholders are advised to read and consider the contents of the IAC before voting on the resolutions pertaining to the Proposed Disposal and the Proposed Offer for Sale at the EGM.

20. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Tuesday, 26 June 2012 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the 37th Annual General Meeting of the Company which has been scheduled to be held at the same venue and on the same day at 10:00 a.m., for the purpose of considering and, if thought fit, passing the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you are requested to complete and return the Proxy Form in accordance with the instruction printed thereon to KrisAssets' registered office at Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time fixed for the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

21. FURTHER INFORMATION

You are advised to refer to the appendices for further information.

Yours faithfully,
for and on behalf of the Board
KRISASSETS HOLDINGS BERHAD

Tan Sri Dato' Dr Lin See Yan
Independent Non-Executive Chairman

INFORMATION ON IGB REIT

IGB REIT will be established upon the registration and lodgement of the Deed with the SC. A summary of the proposed main features of the IGB REIT is as follows:

Name of proposed fund	:	IGB REIT
Fund category	:	REIT
Authorised fund size	:	RM3,550.0 million
Total issued fund size upon Proposed Listing	:	RM3,400.0 million
Fund type	:	Income stability and growth
Investment policy	:	The principal investment policy of IGB REIT is to invest, directly and indirectly, in a diversified portfolio of income producing Real Estate to be used primarily for retail purposes in Malaysia and overseas as well as Real Estate-Related Assets.
Investment objective	:	To provide Unitholders with sustainable long-term Unit price and Distributable Income growth, while maintaining an appropriate capital structure.
Key investment strategies	:	<p>The Manager intends to increase the income and, consequently, the value of the Subject Properties, through the following strategies:</p> <ul style="list-style-type: none"> (i) Active asset management strategy – The Manager will seek to optimise the rental rates, occupancy rates and NLA of the Subject Properties in order to improve the returns from IGB REIT’s property portfolio; (ii) Acquisition growth strategy – The Manager will source for and acquire properties that fit within IGB REIT’s investment strategy to enhance returns to Unitholders and capitalise on opportunities for future income and NAV growth. In doing so, IGB REIT expects to benefit from a right of first refusal from IGB as sponsor for IGB REIT (“Sponsor”) to acquire the Sponsor’s future properties used primarily for retail purposes and will also pursue acquisitions from third parties that, in each case, fit with the investment criteria and investment objective of IGB REIT; and (iii) Capital and risk management strategy – The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions, will seek to minimise refinancing risk and will also seek to minimise interest rate risk by utilising interest rate hedging strategies where appropriate.
Investor profile	:	IGB REIT may appeal to an investor with long-term investment objectives who seeks regular income distribution and long term capital appreciation, and who understands the risks related to the real estate industry and REITs.

INFORMATION ON IGB REIT (Cont'd)

Income distribution policy	: The Deed provides that the Manager shall, with the approval of the Trustee, for each distribution period, distribute all (or such other percentage as determined by the Manager at its absolute discretion) of IGB REIT's Distributable Income. It is the intention of the Manager to distribute up to 100.0% of IGB REIT's Distributable Income for the period from the date of establishment of IGB REIT to 31 December 2014 and thereafter at least 90.0% of IGB REIT's Distributable Income on a half-yearly basis (or such other intervals as the Manager may determine at its absolute discretion). The actual proportion of Distributable Income to be distributed to Unitholders beyond 31 December 2014, which shall be at the absolute discretion of the Manager may be greater than 90.0% of IGB REIT's Distributable Income to the extent that the Manager believes it to be appropriate, having regard to IGB REIT's funding requirements, other capital management considerations and the availability of funds. Distributions when made will be in Ringgit Malaysia. The first distribution which will be in respect of the period from the date of establishment of IGB REIT to 31 December 2012, will be paid by the Manager within two months from the end of the financial period ending 31 December 2012.
Borrowing limitations and gearing policy	: Up to 50.0% of the total asset value of IGB REIT at the time the borrowing is incurred (or such other limit permitted by the REIT Guidelines from time to time). However, IGB REIT's total borrowings may exceed this limit with the prior approval of the Unitholders. Upon completion of the Proposed Listing, IGB REIT will have total indebtedness of approximately RM1,205.6 million (net of estimated transaction costs of RM7.0 million) representing approximately 26.0% of its estimated total asset value.
Listing	: Main Market of Bursa Securities
Manager	: IGB REIT Management Sdn Bhd, the proposed management company to be appointed for IGB REIT. Please refer to Appendix II of this Circular for further details.
Trustee	: AmTrustee Berhad

INFORMATION ON THE MANAGER

1. DATE AND PLACE OF INCORPORATION

The Manager was incorporated as a private limited company under the Act under the name of IGB REIT Management Sdn Bhd on 21 March 2012.

2. DESCRIPTION OF BUSINESS

Pursuant to the Deed, the Manager will be appointed to administer and manage IGB REIT in accordance with the investment policy of IGB REIT and provisions of the Deed, for the benefit of the Unitholders.

3. SHARE CAPITAL

The authorised and issued and paid-up share capital of the Manager as at the LPD are as follows:

	No. of shares	Par Value RM	RM
Authorised			
Ordinary shares	1,000,000	1.00	1,000,000
Issued and fully paid-up			
Ordinary shares	2	1.00	2

Upon the approvals of the regulatory authorities for the Proposed Listing being obtained, the issued and paid-up share capital of the Manager will be increased to at least RM1.0 million comprising 1 million ordinary shares of RM1.00 each as required of a management company of a REIT pursuant to the REIT Guidelines.

4. DIRECTORS AND THEIR SHAREHOLDINGS

The directors of the Manager and their direct and indirect shareholdings in the Manager based on the Register of Directors' Shareholdings as at the LPD are as follows:

	Designation	Nationality	Direct		Indirect	
			No. of shares	%	No. of shares	%
Tan Sri Dato' Dr. Lin See Yan	Chairman and Independent Non-Executive Director	Malaysian	-	-	-	-
Robert Tan Chung Meng	Chief Executive Officer and Executive Director	Malaysian	-	-	2 ⁽¹⁾	100.00
Halim bin Haji Din	Independent Non-Executive Director	Malaysian	-	-	-	-
Le Ching Tai @ Lee Chen Chong	Independent Non-Executive Director	Malaysian	-	-	-	-

INFORMATION ON THE MANAGER (Cont'd)

	Designation	Nationality	Direct		Indirect	
			No. of shares	%	No. of shares	%
Tan Boon Lee	Non-Independent Non-Executive Director	Malaysian	-	-	-	-
Tan Lei Cheng	Non-Independent Non-Executive Director	Malaysian	-	-	-	-
Daniel Yong Chen-l	Non-Independent Executive Director	Malaysian	-	-	-	-
Elizabeth Tan Hui Ning	Non-Independent Executive Director	Malaysian	-	-	-	-
Tan Yee Seng	Non-Independent Non-Executive Director	Malaysian	-	-	-	-

Note:

(1) Deemed interest via IGB by virtue of Section 6A of the Act

5. SHAREHOLDERS AND THEIR SHAREHOLDINGS

The Manager is a wholly-owned subsidiary of IGB.

6. SUBSIDIARIES AND ASSOCIATED COMPANY

The Manager does not have any subsidiary or associate companies as at the LPD.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON



The Board of Directors
 KrisAssets Holdings Berhad
 Level 32, The Gardens South Tower
 Mid Valley City, Lingkaran Syed Putra
 59200 Kuala Lumpur

1 June 2012

PwC/SHKY/EN/WO/py/0011C

Dear Sirs,

Report on Pro Forma Consolidated Statements of Financial Position

- 1 We report on the Pro Forma Consolidated Statements of Financial Position of KrisAssets Holdings Berhad (“KrisAssets” or “the Company”) and its subsidiaries (“the Group”) as at 31 December 2011, as set out in Appendix (which we have stamped for the purpose of identification), which have been prepared for inclusion in the Circular to Shareholders to be dated 5 June 2012 in relation to the following:
- (i) Proposed disposal of Mid Valley Megamall and The Gardens Mall together with the related assets which include motor vehicles, machineries, equipment (including software), fixtures and fittings (“Related Assets”) by Mid Valley City Sdn Bhd (“MVC”) and Mid Valley City Gardens Sdn Bhd (“MVCG”) respectively (collectively, the “Vendors”), the wholly-owned subsidiaries of KrisAssets to IGB Real Estate Investment Trust (“IGB REIT”) for a total disposal consideration of RM4,612.6 million to be satisfied by the proposed issuance of new units in IGB REIT (“Units”) amounting to 3,400 million Units (“Consideration Units”) and the balance in cash (“Proposed Disposal”);
 - (ii) Proposed offer for sale by MVCG, a wholly-owned subsidiary of KrisAssets, of 670 million Units (“Offers Units”), in an initial public offering pursuant to the proposed admission of IGB REIT to the Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the listing of and quotation for 3,400 million issued Units, comprising the Consideration Units, on the Main Market of Bursa Securities (“Proposed Offer for Sale”); and
 - (iii) Proposed distribution of 2,730 million Units (“Distribution Units”) and the remaining cash proceeds (after settlement of all outstanding liabilities in KrisAssets Group which are due and payable after completion of the Proposed Disposal as well as to maintain sufficient cash for the settlement of estimated expenses for the Proposals (as defined herein)) arising from the Proposed Disposal and the Proposed Offer for Sale to all the entitled shareholders of KrisAssets on the relevant entitlement dates to be determined and announced later.

(collectively to be referred to as “the Proposals”).

*PricewaterhouseCoopers (AF 1146), Chartered Accountants,
 Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
 T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my*

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)



The Board of Directors
KrisAssets Holdings Berhad
PwC/SHKY/EN/WO/py/0011C
1 June 2012

- 2 The Pro Forma Consolidated Statements of Financial Position have been prepared, for illustrative purposes only, to show the effects of the Proposals on the audited consolidated statements of financial position of the Group as at 31 December 2011 had the Proposals been effected on that date.

Responsibilities

- 3 It is the sole responsibility of the Directors of the Company to prepare the Pro Forma Consolidated Statements of Financial Position on the basis set out in the notes thereon.
- 4 It is our responsibility to form an opinion on the Pro Forma Consolidated Statements of Financial Position.
- 5 In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the preparation of the Pro Forma Consolidated Statements of Financial Position nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

- 6 We conducted our work in accordance with the approved standard for assurance engagements in Malaysia, ISAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". Our work, which involved no independent examination of any of the underlying financial information, consisted of comparing the unadjusted information with the audited consolidated financial statements of the Company, considering the evidence supporting the adjustments and discussing the Pro Forma Consolidated Statements of Financial Position with the Directors of the Company.
- 7 We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Consolidated Statements of Financial Position have been properly prepared on the basis stated.
- 8 As the Pro Forma Consolidated Statements of Financial Position are prepared for illustrative purposes only, such information, because of its nature, do not give a true picture of the effects of the Proposals on the financial position of the Group had the transaction or event occurred at the reporting date. Further, such information does not purport to predict the Group's future financial position.

Our opinion

- 9 In our opinion, the Pro Forma Consolidated Statements of Financial Position have been properly prepared on the basis set out in the notes thereon.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011
AND THE NOTES THEREON (Cont'd)



**The Board of Directors
KrisAssets Holdings Berhad
PwC/SHKY/EN/WO/py/0011C
1 June 2012**

Other matter

- 10 This report is issued for the sole purpose of inclusion in the submission Circular to Shareholders in connection with the Proposals and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Proposals.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'RicewaterhouseCoopers', with a long horizontal flourish extending to the right.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

APPENDIX

Page 1

KRISASSETS HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON

The Pro forma Consolidated Statements of Financial Position of KrisAssets Holdings Berhad ("KrisAssets" or "the Company") and its subsidiaries ("the Group"), set out below are provided for illustrative purposes to show the effects on the audited consolidated statements of financial position of KrisAssets Group as at 31 December 2011 had the Proposals described in Note 3 been affected on that date, and should be read in conjunction with the accompanying notes:

Description	Audited as at 31.12.2011 RM'000	Proforma I After Proposed Disposal and Proposed Offer for Sale RM'000	Proforma II After Proposed Disposal, Proposed Offer for Sale and Proposed Distribution-In- Specie RM'000	Proforma III After Proposed Disposal, Proposed Offer for Sale and Proposed Distribution RM'000
Non-current assets				
Property, plant, and equipment	16,162	16,162	-	-
Investment properties	3,290,000	3,290,000	-	-
Cash and bank balances	1,983	-	-	-
	3,308,145	3,306,162	-	-
Current assets				
Trade and other receivables	25,439	11,303	-	-
Amount due from fellow subsidiaries	4,025	-	-	-
Tax recoverable	809	809	809	809
Cash and bank balances	99,236	1,317,969	1,276,994	10,004
	129,509	1,330,081	1,277,803	10,813
Current liabilities				
Trade and other payables	108,805	27,401	-	-
Borrowings - internal	477	-	-	-
Borrowings - external	105,018	12,559	-	-
Current tax liabilities	9,504	-	-	-
	223,804	39,960	-	-
Net current (liabilities)/assets	(94,295)	1,290,121	1,277,803	10,813
	3,213,850	4,596,283	1,277,803	10,813
Non-current liabilities				
Trade and other payables	35,480	35,480	-	-
Borrowings - external	623,013	1,193,000	-	-
Deferred taxation	560,995	564,423	-	-
	1,219,488	1,792,903	-	-
Capital and reserves				
Share capital	440,432	521,077	520,977	10,420
Share premium	547,669	741,436	741,216	-
Treasury shares	(220)	(220)	-	-
Capital redemption reserve	4,093	4,093	393	393
Retained earnings	987,760	866,994	15,217	-
Other reserves	14,628	-	-	-
	1,994,362	2,133,380	1,277,803	10,813
Non-controlling interest	-	670,000	-	-
Total Equity	1,994,362	2,803,380	1,277,803	10,813
	3,213,850	4,596,283	1,277,803	10,813

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

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KRISASSETS HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (CONTINUED)

1 INTRODUCTION

- 1.1 The Pro forma Consolidated Statements of Financial Position of the Group have been prepared for the purpose of submission to the Securities Commission in relation to the Proposals described in Note 3.

2 BASIS OF PREPARATION

- 2.1 The Pro forma Consolidated Statements of Financial Position of the Group have been prepared based on the audited consolidated statements of financial position of the Group as at 31 December 2011, which was reported on without modification, had the Proposals described in Note 3 been effected on that date, and are based on the accounting policies and bases consistent with those normally adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 31 December 2011 except for the adoption of the following new accounting policy:

Distribution-in-specie

The Group measures the liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets distributed. At end of each reporting period and at the date of settlement, the Group review and adjust the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution. When the Group settles the dividend payable, it shall recognise the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss.

3 PROPOSALS

The Proposals comprise the following:

3.1 Proposed Disposal

The Proposed Disposal entails the disposal of Mid Valley Megamall and The Gardens Mall (collectively known as Subject Properties) together with the related assets which include motor vehicles, machineries, equipment (including software), fixtures and fittings ("Related Assets") by Mid Valley City Sdn Bhd ("MVC") and Mid Valley City Gardens Sdn Bhd ("MVCG") respectively (collectively, the "Vendors"), the wholly-owned subsidiaries of KrisAssets, to IGB Real Estate Investment Trust ("IGB REIT") for a total disposal consideration of RM4,612.6 million to be satisfied by the proposed issuance of new units in IGB REIT ("Units") amounting to 3,400 million Units ("Consideration Units") and the balance in cash ("Proposed Disposal").

Out of the 3,400 million Consideration Units to be issued to the Vendors, 2,730 million Units ("Distribution Units") will be issued to MVC and the balance of 670 million Units will be issued to MVCG.

The illustrative fair value of the Consideration Units is RM3,400 million (based on the illustrative value of RM1.00 per Unit).

Upon completion of the Proposed Disposal, IGB REIT will also assume certain assets, being the cash equivalent amount of tenant deposits and unamortised incentives, as well as certain liabilities, being the tenant deposits.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

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KRISASSETS HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (CONTINUED)

3 PROPOSALS (CONTINUED)

3.1 Proposed Disposal (continued)

IGB REIT is a real estate investment trust proposed to be established in Malaysia and constituted under the deed of trust for the proposed acquisition of the Subject Properties and the Related Assets. IGB REIT is proposed to be admitted to the Official List to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the entire issued Units of IGB REIT, comprising the 3,400 million Consideration Units is proposed to be listed and quoted on the Bursa Securities ("Proposed Listing").

The disposal consideration for the Subject Properties was arrived at on a willing-buyer willing-seller basis based on the market value of the Subject Properties as appraised by the Independent Property Valuer, Henry Butcher Malaysia Sdn Bhd, in its valuation reports dated 10 April 2012. The valuations of the Subject Properties were carried out using the investment method.

The disposal consideration for the Related Assets was arrived at on a willing-buyer willing-seller basis based on the audited net book value of the Related Assets as at 31 December 2011.

Upon receiving the disposal consideration, KrisAssets will utilise part of the cash proceeds received to settle certain outstanding liabilities in KrisAssets Group which are due and payable.

The cash portion of the disposal consideration for the Subject Properties and the Related Assets shall be financed through drawdown of a portion of the syndicated financing facilities amounting to approximately RM1,213 million.

3.2 Proposed Offer for Sale by MVCG

The Proposed for Sale by MVCG shall comprise the offer for sale by MVCG of 670 million Units ("Offer Units"), in an initial public offering pursuant to the proposed listing of IGB REIT, as follows:

- (i) 201 million Offer Units made available for application by the Malaysian public, the eligible directors and employees of IGB REIT Management Sdn Bhd ("Manager") the eligible directors and employees of IGB Corporation Berhad ("IGB"), the eligible directors and employees of the eligible subsidiaries of IGB (excluding the Manager but including the Vendors) and the eligible shareholders of IGB at the retail price or the institutional price, whichever is lower, to be determined on a price determination date; and
- (ii) 469 million Offer Units made available for application by Malaysian and foreign institutional investors and selected investors and cornerstone investors (outside the United States of America in reliance upon Regulation S under the United States Securities Act of 1933), at the institutional price being the price per Unit to be paid by the investors (other than the cornerstone investors) which will be determined by way of bookbuilding.

The Proposed Disposal and the Proposed Offer For Sale are inter-conditional upon each other.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

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KRISASSETS HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (CONTINUED)

3 PROPOSALS (CONTINUED)

3.3 Proposed Distribution

The Proposed Distribution entails the proposed distribution of 2,730 million Units ("Distribution Units") and the remaining cash proceeds (after settlement of all outstanding liabilities in KrisAssets Group which are due and payable after completion of the Proposed Disposal as well as to maintain sufficient cash for the settlement of estimated expenses for the Proposals) ("Remaining Cash Proceeds") arising from the Proposed Disposal and Proposed Offer for Sale to all the entitled shareholders of KrisAssets on an entitlement date which shall be determined later ("Proposed Distribution").

KrisAssets will undertake the Proposed Distribution, comprising the following:

- (a) Proposed Distribution-In-Specie – Proposed Distribution-In-Specie of 2,730 million Distribution Units (based on the illustrative value of RM1.00 per unit) to all the entitled shareholders of KrisAssets based on their respective shareholdings KrisAssets on an entitlement date which shall be determined later. The Proposed Distribution-in-Specie will be effected through a reduction in the retained earnings.
- (b) Proposed Special Dividend – Proposed declaration and payment of part of the Remaining Cash Proceeds as a single-tier interim special tax-exempt dividend of RM15.2 million to all the entitled shareholders of KrisAssets on an entitlement date which shall be determined later.
- (c) Proposed Capital Reduction and Repayment:
 - (i) a capital repayment of RM0.98 for each ordinary share(s) of RM1.00 each in KrisAssets to all the entitled shareholders on an entitlement date which shall be determined later; and
 - (ii) the cancellation of the share premium reserves as at 31 December 2011 for payment of cash to all the entitled shareholders on an entitlement date which shall be determined later,

via a capital reduction and repayment exercise under Sections 60 and 64 of the Companies Act, 1965.

(collectively known as "Proposed Distribution").

The Proposed Distribution is conditional upon the completion of the Proposed Disposal but not vice versa.

The Proposed Special Dividend and the Proposed Capital Reduction and Repayment are inter-conditional upon each other.

The Proposed Special Dividend and the Proposed Capital Reduction and Repayment are conditional upon the Proposed Distribution-In-Specie but not vice versa.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

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KRISASSETS HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (CONTINUED)

4 EFFECTS ON PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Pro forma Consolidated Statements of Financial Position of the Group have been prepared for illustrative only, to show the effects on the audited consolidated statements of financial position of the Group as at 31 December 2011, had the Proposals as set out in Note 3 been effected on that date.

Proforma I, II and III are mutually exclusive.

4.1 Pro forma I

Pro forma I incorporates on a pro forma basis the effects of the Proposed Disposal and Proposed Offer for Sale as described in Notes 3.1 and 3.2.

The Proposed Disposal is an intragroup transaction and the related effects are eliminated in full. Upon completion of the Proposed Disposal and the Proposed Offer for Sale, KrisAssets will hold 2,730 million of the 3,400 million total issued units in IGB REIT, representing approximately 80.3% interest in IGB REIT. Hence, IGB REIT will become a subsidiary of KrisAssets.

For illustrative purposes,

- (a) the estimated tax effects amounting to RM87.0 million at MVC and MVCG comprises current tax liabilities of RM78.7 million and reversal of deferred taxation of RM8.3 million in relation to the Proposed Disposal are recognised in the profit or loss.
- (b) assumed settlement of trade and other receivables and amount due from fellow subsidiaries and settlement of outstanding liabilities in the KrisAssets Group which are due and payable as follows:

	As at 31.12.2011 RM'000
Settlement by cash:	
Fixed term loans	230,414
Revolving credit	40,272
Redeemable secured bonds	202,437
Trade and other payables	81,404
Amount owing to ultimate holding company	477
Current tax liabilities	88,216
Settlement by issuance of shares:	
Redeemable convertible secured bonds ("RCSB") *	254,908
TOTAL	898,128

* Assumption of conversion of RCSB to ordinary shares based on the contractual conversion price of RM3.72 per share.

- (c) the estimated expenses in relation to the Proposed Disposal of RM6.8 million and the Proposed Offer for Sale of RM27.0 million respectively are charged out as an expense in the profit or loss.
- (d) the estimated transaction cost of RM7.0 million arising from the syndicated financing facilities raised by IGB REIT is debited against the carrying value of the facilities.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (CONTINUED)

4 EFFECTS ON PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.2 Pro forma II

Pro forma II incorporates on a pro forma basis the effects of the Proposed Disposal, Proposed Offer for Sale and Proposed Distribution-In-Specie as described in Notes 3.1 to 3.3(a). Upon completion of the Proposed Distribution-In-Specie, IGB REIT becomes a 51 % subsidiary of IGB Corporation Berhad ("IGB"), the holding company of KrisAssets.

For illustrative purposes:

- (a) net gain on disposal of investment properties of RM1,303.3 million (net of estimated expenses of RM6.8 million) is recognised in the profit or loss, which is based on the market value of the Subject Properties as appraised by the Independent Property Valuer, Henry Butcher Malaysia Sdn Bhd, in its valuation reports dated 10 April 2012.
- (b) the estimated tax effects amounting to RM477.4 million comprises current tax liabilities of RM78.7 million and reversal of deferred taxation of RM556.1 million in relation to the Proposed Disposal are recognised in the profit or loss.
- (c) assumed settlement of trade and other receivables and amount due from fellow subsidiaries and settlement of outstanding liabilities in the KrisAssets Group which are due and payable as follows:

	As at 31.12.2011 RM'000
Settlement by cash:	
Fixed term loans	230,414
Revolving credit	40,272
Redeemable secured bonds	202,437
Trade and other payables	81,404
Amount owing to ultimate holding company	477
Current tax liabilities	88,216
Settlement by issuance of shares:	
RCSB *	254,908
TOTAL	898,128

* Assumption of conversion of RCSB to ordinary shares based on the contractual conversion price of RM3.72 per share.

- (d) the estimated expenses in relation to the Proposed Offer for Sale of RM27.0 million is charged out as an expense in the profit or loss.
- (e) the Proposed Distribution-in-Specie of 2,730 million Distribution Units is effected through a reduction in the retained earnings.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

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KRISASSETS HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (CONTINUED)

4.3 Pro forma III

Pro forma III incorporates on a pro forma basis the effects of the Proposed Disposal, Proposed Offer for Sale and Proposed Distribution as described in Notes 3.1 to 3.3. Upon completion of the Proposed Distribution, IGB REIT becomes a 51 % subsidiary of IGB, the holding company of KrisAssets.

For illustrative purposes:

- (a) net gain on disposal of investment properties of RM1,303.3 million (net of estimated expenses of RM6.8 million) is recognised in the profit or loss, which is based on the market value of the Subject Properties as appraised by the Independent Property Valuer, Henry Butcher Malaysia Sdn Bhd, in its valuation reports dated 10 April 2012.
- (b) the estimated tax effects amounting to RM477.4 million comprises current tax liabilities of RM78.7 million and reversal of deferred taxation of RM556.1 million in relation to the Proposed Disposal are recognised in the profit or loss.
- (c) assumed settlement of trade and other receivables and amount due from fellow subsidiaries and settlement of outstanding liabilities in the KrisAssets Group which are due and payable as follows:

	As at 31.12.2011 RM'000
Settlement by cash:	
Fixed term loans	230,414
Revolving credit	40,272
Redeemable secured bonds	202,437
Trade and other payables	81,404
Amount owing to ultimate holding company	477
Current tax liabilities	88,216
Settlement by issuance of shares:	
RCSB *	254,908
TOTAL	898,128

* Assumption of conversion of RCSB to ordinary shares based on the contractual conversion price of RM3.72 per share.

- (e) the estimated expenses in relation to the Proposed Offer for Sale of RM27.0 million are charged out as an expense in the profit or loss.
- (f) the Proposed Distribution-in-Specie of 2,730 million Distribution Units is effected through a reduction in the retained earnings.
- (g) the Proposed Special Dividend of RM15.2 million is debited to retained earnings.
- (h) the Proposed Capital Reduction and Repayment is effected through reduction in share capital of RM510.6 million and cancellation of the share premium reserves of RM741.2 million.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

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KRISASSETS HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP
AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (CONTINUED)

5 MOVEMENTS IN CAPITAL AND RESERVES

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital redemption reserves RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
As shown in the audited consolidated financial statements of KrisAssets as at 31 December 2011	440,432	547,669	(220)	4,093	14,628	987,760	1,994,362	-	1,994,362
Effects of:									
- conversion of RCSB	80,645	193,767	-	-	(14,628)	-	259,784	-	259,784
- Proposed Disposal	-	-	-	-	-	(93,766)	(93,766)	-	(93,766)
- Proposed Offer for Sale	-	-	-	-	-	(27,000)	(27,000)	670,000	643,000
As shown in Proforma I	521,077	741,436	(220)	4,093	-	866,994	2,133,380	670,000	2,803,380

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (CONTINUED)

5 MOVEMENTS IN CAPITAL AND RESERVES (CONTINUED)

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital redemption reserves RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
As shown in the audited consolidated financial statements of KrisAssets as at 31 December 2011	440,432	547,669	(220)	4,093	14,628	987,760	1,994,362	-	1,994,362
Effects of:									
- conversion of RCSB	80,645	193,767	-	-	(14,628)	-	259,784	-	259,784
- cancellation of treasury shares	(100)	(220)	220	-	-	-	(100)	-	(100)
- net gain on disposal of investment properties	-	-	-	-	-	1,303,250	1,303,250	-	1,303,250
- tax effects of Proposed Disposal	-	-	-	-	-	477,407	477,407	-	477,407
- Proposed Offer for Sale	-	-	-	-	-	(27,000)	(27,000)	670,000	643,000
- Proposed Distribution-In-Specie	-	-	-	(3,700)	-	(2,726,200)	(2,729,900)	(670,000)	(3,399,900)
After Proposed Disposal, Proposed Offer for Sale and Proposed Distribution-In-Specie	80,545	193,547	220	(3,700)	(14,628)	(972,543)	(716,559)	-	(716,559)
As shown in Proforma II	520,977	741,216	-	393	-	15,217	1,277,803	-	1,277,803

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (Cont'd)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF KRISASSETS GROUP
AS AT 31 DECEMBER 2011 AND THE NOTES THEREON (CONTINUED)

S MOVEMENTS IN CAPITAL AND RESERVES (CONTINUED)

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital redemption reserves RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
As shown in the audited consolidated financial statements of KrisAssets as at 31 December 2011	440,432	547,669	(220)	4,093	14,628	987,760	1,994,362	-	1,994,362
Effects of:									
- conversion of RCSB	80,645	193,767	-	-	(14,628)	-	259,784	-	259,784
- cancellation of treasury shares	(100)	(220)	220	-	-	-	(100)	-	(100)
- net gain on disposal of investment properties	-	-	-	-	-	1,303,250	1,303,250	-	1,303,250
- tax effects of Proposed Disposal	-	-	-	-	-	477,407	477,407	-	477,407
- Proposed Offer for Sale	-	-	-	-	-	(27,000)	(27,000)	670,000	643,000
- Proposed Distribution-In-Specie	-	-	-	(3,700)	-	(2,726,200)	(2,729,900)	(670,000)	(3,399,900)
- Proposed Special Dividend	-	-	-	-	-	(15,217)	(15,217)	-	(15,217)
- Proposed Capital Reduction and Repayment	(510,557)	(741,216)	-	-	-	-	(1,251,773)	-	(1,251,773)
After Proposed Disposal, Proposed Offer for Sale and Proposed Distribution	(430,012)	(547,669)	220	(3,700)	(14,628)	(987,760)	(1,983,549)	-	(1,983,549)
As shown in Proforma III	10,420	-	-	393	-	-	10,813	-	10,813

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES

**HENRY BUTCHER MALAYSIA**

International Asset Consultants

Our Ref: VR/01-12/0053 (A)

Date : **5 JUN 2012****KrisAssets Holdings Berhad**

Level 32, The Gardens South Tower,
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur.

Dear Sirs

CERTIFICATE OF VALUATION OF A 5 LEVEL RETAIL MALL WITH 1 MEZZANINE FLOOR, 2 LEVELS OF BASEMENT CAR PARK AND 4 LEVELS OF ELEVATED CARPARK KNOWN AS MID VALLEY MEGAMALL("SUBJECT PROPERTY")

We were instructed by KrisAssets Holdings Berhad ("**KrisAssets**"), the holding company of Mid Valley City Sdn Bhd, being the vendor of the Subject Property ("**Vendor**" or "**MVC**") to conduct a valuation of the Subject Property. The full details of the valuation are included in our Valuation Report bearing reference no. VR/01-12/0053(A) dated April 10, 2012.

This certificate has been prepared for the purpose of inclusion in the circular to shareholders of KrisAssets dated **5 JUN 2012** for the proposed disposal.

The Subject Property was inspected on February 24, 2012. The relevant date of valuation for this valuation exercise is as at April 10, 2012.

We confirm that we have valued the Subject Property based on the valuation basis stated below. The valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

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

HENRY BUTCHER MALAYSIA Sdn Bhd (160636-P)

25, Jalan Yap Ah Shak, 50300 Kuala Lumpur, Malaysia.

t • +603-2694 2212 f • +603-2694 3484 (valuation)

e • hbmalsia@henrybutcher.com.my (valuation) w • www.henrybutcher.com.my

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VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

Property Description

Property Type/ Interests Valued	A 5 level retail mall (from Level LG to 3) with 1 mezzanine floor, 2 levels of basement car park (Basement 1 & 2) and 4 levels of elevated car park (from Level 1 to 3 & Mezzanine Floor) known as Mid Valley Megamall.
Name and Address of the Subject Property	Mid Valley Megamall forms part of the Phase 1 development of the prestigious scheme known as Mid Valley City. It bears official address as Mid Valley Megamall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.
Location	It is situated approximately 6 kilometres west of Kuala Lumpur City Centre and 4 kilometres east of Petaling Jaya. It is linked by major arterial roads such as Jalan Syed Putra which connects to the Federal Highway, and also by Jalan Maarof, Jalan Tun Sambathan, East – West Link Highway and Sprint Highway. The Subject Property is easily accessible from Kuala Lumpur City Centre by using Jalan Tun Razak. From there, connect to Jalan Kuching and head south towards Jalan Kinabalu, thence turn onto Jalan Syed Putra and exit onto Mid Valley City. Further, the Subject Property is also accessible from Petaling Jaya via the Federal Highway or Sprint Highway heading west towards Kuala Lumpur.
Age of Building	13 years (from the date of the Temporary Certificate of Fitness For Occupation (TCF) which was issued in year 1999).
Building Description	<p>The building is generally constructed on reinforced concrete framework resting on deep piled foundation with brick infill rendered externally and plastered internally, with waterproof reinforced concrete flat roof concealed behind parapet walls, which also serve as the foundation for the abovementioned office towers and hotels.</p> <p>Generally, the Subject Property is segmented into three sections, namely North Court, South Court and Center Court. Each section has its own entry point to the mall which is generally fitted with frameless automatic sliding glass door further secured with roller shutter. The Center Court has two main entrances for patrons' convenience, which are the East Entrance (near Coffee Bean) and the West Entrance, located near the Starbucks Café.</p> <p>The Subject Property is also well connected to The Gardens Mall via an air-conditioned pedestrian bridge located on Level 1 and Level 2, as well as through the lower ground level which is occupied by individual tenants along the passageway.</p>
Existing Use of the Subject Property	Retail mall
Average Current Base Rental	RM 9.81 per sq. ft. per month

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

Occupancy rate	Year	As at the date of valuation)	2011	2010	2009
	Occupancy rate	99.04%	100.00%	99.86%	100.00%

(Source : The management team of MVC)

Terms of Tenancy The typical terms of tenancy is 3 years with the option of renewal option between 1 to 3 years.

Title Particulars

Master Title No. PN37075, Lot 80, Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur

Tenure Leasehold for 99 years expiring on June 6, 2103 thus leaving an unexpired term of approximately 91 years as at the date of this certificate.

Category of land use Building (*Bangunan*)

Land Area 1,047,532 square feet ("sq. ft.") (97,319 square metre "sq. m.")

Gross Floor Area Approximately 6,107,103 sq. ft. (567,369 sq. m.)

Net Lettable Area ("NLA") Approximately 1,729,108 sq. ft. (based on rental roll as at March 26, 2012)

No. of Car Park Bays 6,092 bays (as at March 26, 2012)

Registered Owner Mid Valley City Sdn Bhd("MVC")

Express Condition This land shall be used for commercial building only(*Tanah ini hendaklah hanya untuk bangunan perdagangan sahaja*)

*Restriction In Interest This land shall not be transferred, leased, secured or charged except with the consent of the Federal Territory Land Executive Committee Secretariat (*Tanah ini tidak boleh dipindah milik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur*)

* We wish to draw your attention that the Subject Property carries a restriction in interest which stipulates that the land shall not be transferred, leased, secured or charged except with the consent of the Federal Territory Land Executive Committee Secretariat. In this regard, our valuation is on the basis that the written consent from the Federal Territory Land Executive Committee Secretariat in respect of the aforesaid restriction in interest will not be unreasonable withheld.

INDIVIDUAL BLOCK STRATA TITLES IN RESPECT OF THE SUBJECT PROPERTY HAS NOT BEEN ISSUED BY THE RELEVANT AUTHORITY. OUR VALUATION IS ON THE BASIS/ASSUMPTION THAT INDIVIDUAL BLOCK STRATA TITLES IN RESPECT OF THE SUBJECT PROPERTY WILL BE ISSUED BY THE RELEVANT AUTHORITY AND WHEN ISSUED, WILL BE FREE FROM ALL ENCUMBRANCES OVER THE RESPECTIVE FLOOR AREAS.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)**Planning Approvals**

Planning Approval	The Subject Property is located within an area designated for commercial purposes.
Date of Certificate of Fitness for Occupation	The Subject Property was issued with Certificate of Fitness for Occupation (“CFO”) dated 8 December, 2001. An amended building plan has been submitted on 27 March 2012 to Dewan Bandaraya Kuala Lumpur (“DBKL”) for approval.

Occupancy Details & Tenancy Profile

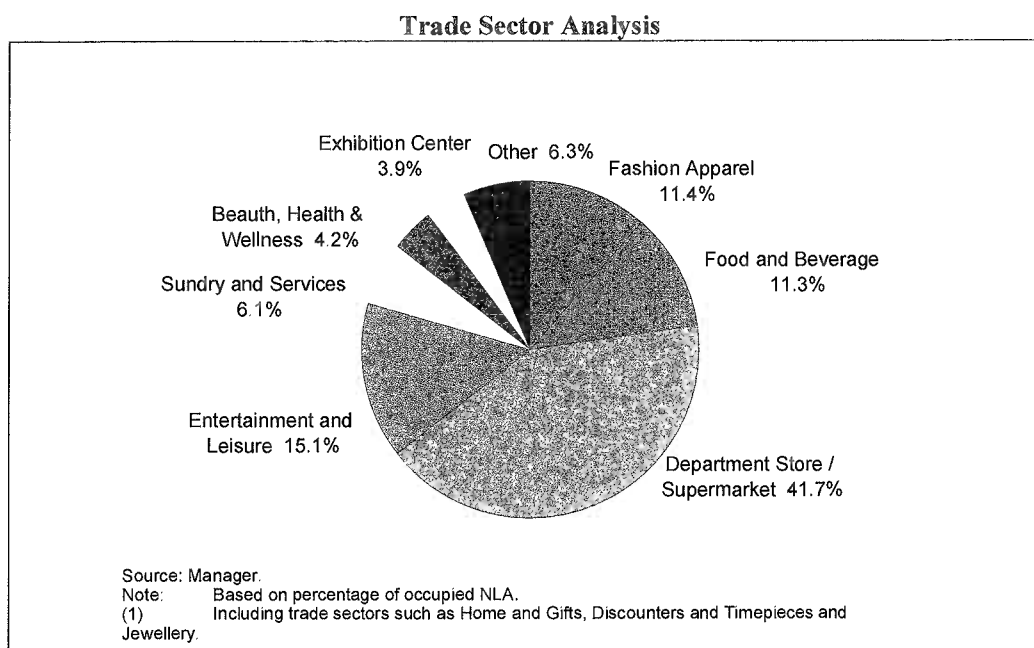
Occupancy Rate	99.04% as at the date of valuation
Tenancy Profile	The Subject Property has three major anchor tenants, namely AEON, Metrojaya and Carrefour which occupy approximately 713,307 sq. ft. of retail space. There are also 18 others junior anchor tenants such as Golden Screen Cinema, Mega Kidz, MPH Bookstore, Kamdar and Toys ‘R’ Us.
Tenancy Term	The landlord is assumed to be responsible for all external and structural repairs, statutory outgoings, service charges (if any) and building insurance for the property.

Overall, the tenant mix of the Subject Property can be summarised as follows:-

Trade sector	Percentage of Occupied NLA (%)	Percentage of Gross Rental Income (%)
Departmental Store / Supermarket	41.7	14.7
Entertainment and Leisure	15.1	11.1
Fashion Apparel	11.4	30.6
Food and Beverage	11.3	16.7
Sundry and Services	6.1	11.1
Beauty, Health & Wellness	4.2	6.1
Exhibition Centre	3.9	1.3
Home and Gifts	3.4	3.0
Discounters	1.8	1.3
Timepiece and Jewellery	1.1	4.1
Total	100.0	100.0

(Source : The management team of MVC)

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)



The table below illustrates the tenant mix table of the Subject Property:-

Type of Tenant	Area Occupied of NLA	Rental Income on base rental
Key Tenant	48.30%	14.86 %
Normal Tenant	51.07%	82.37 %
Kiosk	0.63%	2.76%

The table below illustrates the tenancy expiry profile of the Subject Property as at 31/12/2011.

Period (financial year ending 31 December)	Number of tenancies expiring	Percentage of Occupied NLA expiring (%)	Percentage of Gross Rental Income expiring (%)
2012	193	26.33	34.68
2013	174	26.50	32.24
2014	91	34.55	32.70
2015 and thereafter	2	12.61	0.37
Total	460	100.00	100.00

* Excluding carts, storage, signage, light boxes, auto-teller machines, payphone and kiddy rides.
 (Source : The management team of MVC)

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

We have adopted the “**Investment Method**” and “**Comparison Approach**” in formulating our opinion of the **Market Value** of the Subject Property.

Investment Method

In the “**Investment Method**”, the capital value of the Subject Property is derived from an estimate of the Market Rental which the Subject Property can reasonably be let for. Rental evidence may be obtained from actual passing rents commanded by the building itself if it is tenanted. Outgoings, such as property taxes, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalized at an appropriate current market yield to arrive at its indicative capital value.

For our calculation purpose, we have categorised the tenancy into 3 categories:-

- i) Key Tenant (i.e. Carrefour, AEON, Metrojaya, Uniqlo, Toys ‘R’ Us, Kamdar, Oasis Food Court and Golden Screen Cinema)
- ii) Normal Tenant (tenants other than the Key Tenant)
- iii) Kiosks

1) Gross Rental

Gross rental is divided into 2 categories which is term rental and reversionary rental. The term rental is the expected rental that the Subject Property is expected to achieve and is derived from the current rental tenancy.

The reversionary rental is the expected rental that the Subject Property is expected to achieve upon expiry of term rental. We have use the average term tenancy rental as a benchmark to arrive at our reversionary rental. However, some of the term rental is on the low side as compared to the prevailing term rental rate of its neighbouring lots on the 2nd and 3rd floor of Mid Valley Megamall and therefore, we have adjusted the reversionary rental upwards.

The term rental rate for key tenants has been increased 10% upon the reversionary period as it is stipulated in the tenancy agreements that rental increase upon expiry will be in the range of about 10% to 20% and we have adopted a 10% increment upon reversionary.

Average current base rental	RM 9.81 per sq. ft. per month
Average reversionary base rental	RM 10.20 per sq. ft. per month

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

2) Other Income

Revenue	2011	2010	2009	2008
Rental income - percentage rent (RM)	31,006,000	26,823,000	23,240,000	23,329,000
Other Income:- Leasing (ATM, Storage, Cart, Signage, Interior, Website) (RM)	7,372,000	7,378,000	6,980,000	6,810,000
Advertisement and Promotion/ Mailbox/ Paid Phone/ Sundry Income (RM)	7,848,000	5,802,000	5,258,000	4,744,000
Car park income (RM)	24,454,000	20,911,000	20,098,000	19,505,000

(Source : The management team of MVC)

We have adopted an average gross annual income for year 2010 and 2011 of RM28,900,000 for percentage rent, RM22,680,000 for car park income and RM14,200,000 for leasing and advertisement and promotion.

3) Operating Expenses (Outgoings)

These are the expenses incurred in maintaining the Subject Property, which comprise staff costs, operational costs of the Subject Property, general expenses, headquarters support expenses and maintenance cost.

We have been informed by the client that the tenants of the Subject Property are currently paying RM 1.50 per sq. ft. per month for service charge.

It should be noted that the historical operating costs exclude part of lower ground floor with the NLA of approximately 25,467 sq. ft. which is designated as part of the Subject Property are currently under the management of Mid Valley City Gardens Sdn Bhd, the owner and operator of The Gardens Mall.

The historical operating cost is presented as follows:-

Outgoings	2011	2010	2009	2008
Outgoing (RM)*	57,068,000	54,988,000	56,481,000	59,693,000
Outgoing (RM/ per sq. ft.)**	2.79	2.69	2.76	2.92

(Source : The management team of MVC)

* This outgoing covers staff cost, property cost, general expenses, advertising and promotion costs, headquarters support expenses and property upgrade expenses for retail.

** Based on NLA of 1,703,641 sq.ft. which excludes 25,467 sq. ft.

The average historical operating expenses excluding the major capital expenditure of property upgrading over the past 4 years is approximately RM57,057,500 per annum (RM2.75 per sq. ft.). Therefore, we have adopted RM2.70 per sq. ft. which is similar to the operating expenses in year 2010 in our valuation computation.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

To arrive at the outgoing for the retail area (i.e. excluding the carpark) we have deducted the estimated outgoing for the carpark portion. We have allowed the carpark outgoing as 15% of the carpark revenue. Therefore, outgoings for the retail area portion after deducting the carpark outgoing are as follows:-

	Analysed outgoing	NLA (sq. ft.)	Outgoings to be collected per annum
Key tenant	RM 1.70 per sq. ft.	835,095	RM 17,036,000
Normal tenant	RM 3.30 per sq. ft.	883,053	RM 34,969,000
Kiosk	RM 3.30 per sq. ft.	10,960	RM 434,000
TOTAL		1,729,108	RM 52,439,000 (RM2.53 per sq. ft.)
Add carpark expenses adopted 15% of revenue RM22,680,000			RM 3,402,000
Total outgoing (retail area and carpark)			RM55,841,000 (RM2.70 per sq. ft.)

We have been informed by the client that the security services and the maintenance of the common area (including escalators) within the Key Tenant lots are being managed by the Key Tenants themselves. Thus, we have adopted an analysed lower rate at RM 1.70 per sq. ft. per month as operating expenses for key tenants.

We have analysed actual carpark outgoings for the subject properties to be in the range of 3% - 6% without taking into accounts the shared cost between the retail mall portion and the car park portion such as security charges, utilities charges, property maintenance charges, etc. We have also noted that other retail mall of the similar capacity and location such as Pavilion Mall and Sunway Pyramid Mall is also adopting 15% of the carpark income as their carpark outgoing. As such, we have adopted 15% of the carpark income as outgoings rate which is reflective of realistic outgoing rate.

We have compiled the following outgoings rate for other retail malls in Klang Valley as comparables:-

	Net Lettable Area (sq.ft.)	Monthly Outgoing (per sq.ft.)	Year Ending
Pavillion	1,335,119	3.60	2011
Subang Parade	521,807	2.65	2011
Sunway Pyramid	1,685,568	2.75	2009
IPC	394,943	2.63	2010

(Source : Prospectus of respective malls)

Monthly outgoings for other retail malls in Klang Valley are in between RM2.63 per sq. ft. to RM3.60 per sq. ft. Thus, the analysed outgoings we have adopted for Mid Valley Megamall is within the market range.

4) Yield

This yield is used to capitalise the annual net rental to arrive at the capital value. We have adopted the following capitalisation rate for the Subject Property.

Period	Rates (Normal Tenant)	Rates (Key Tenant)	Rates (Kiosk)
Tenancy period	6.00%	5.00%	5.75%
Reversionary Period (upon tenancy expiry)	* 6.25%	* 5.25%	* 6.00%

*Higher rate to reflect risk due to uncertainty.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

The following are the analyzed yields for other retail malls in Klang Valley:-

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property	Pavilion Kuala Lumpur Mall	Sungei Wang Plaza	Starhill Gallery	Lot 10 Shopping Centre	Sunway Pyramid
Location	Jalan Bukit Bintang	Jalan Bukit Bintang	Jalan Bukit Bintang	Jalan Sultan Ismail	Bandar Sunway
NLA (sq. ft.)	1,335,119	450,470	297,354	256,811	1,685,568
Consideration Price	RM 3,190,300,000	RM 724,000,000	RM 629,000,000	RM 401,000,000	RM 2,132,025,000
Transaction Year	2011	2010	2010	2010	2010
Source	Prospectus of Pavilion REIT	Prospectus of CapitaMalls Malaysia Trust	Bursa Securities' Announcement	Bursa Securities' Announcement	Bursa Securities' Announcement
Transacted Price Per. sq. ft.	RM 2,390	RM 1,607	RM 2,115	RM 1,561	RM 1,265
Net income (includes carpark income and other income)	RM 203,326,000	RM 54,419,000	RM 42,800,000	RM 27,250,000	RM 146,000,000
Analysed Yield	6.37%	6.90%	6.80%	6.80%	6.85%
Average net income per NLA	RM 12.69 per sq. ft.	RM 9.24 per sq. ft.	RM 11.99 per sq. ft.	RM 8.84 per sq. ft.	RM 7.22 per sq. ft.

The analysed yield of the retail malls set out above shows a range between 6.37% to 6.90%. We have adopted Pavilion Kuala Lumpur Mall as the best comparable due to its similarity in terms of large NLA space and also its date of transaction which is close to date of this exercise. Based on the analysed yield of Pavilion Kuala Lumpur Mall of 6.37%, we have further made downward adjustments on the following factors:-

- 1) Average net income per sq. ft. for Pavilion Kuala Lumpur Mall is RM12.69 per sq. ft. whereas the Subject Property average net income per sq. ft. is RM8.95 per sq. ft. for year 2011. As the average net income per sq. ft. of the Subject Property is lower than Pavilion Kuala Lumpur Mall, the risk also should be lower and therefore a lower yield was adopted.
- 2) Average occupancy rate for Pavilion Kuala Lumpur Mall and the Subject Property for the past 3 years are as follows:-

Year	2011	2010	2009
Pavilion Kuala Lumpur Mall (as at June 30, 2011)	98.50%	96.50%	98.70%
Subject Property	100.00%	99.86%	100.00%

(Source : The management team of MVC)

It can be seen that the occupancy rate for the Subject Property is higher, this shows the risk is lower therefore a lower yield adopted.

Based on the above factors, we find that the 6% yield adopted for Normal Tenants is fair. As for Key Tenants, the tenancy periods are longer and the rental rates are lower and therefore we have adopted a lower yield of 5% due to its stability. As for Kiosks, we have adopted a yield of 5.75% which is slightly lower than Normal Tenant as it is generally easier to rent out and has a high demand.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

We have adopted 6% yield for carpark and leasing and advertising and promotion income as it is considered to be stable whilst 8% was for turnover rent income is to reflect its more fluctuating nature.

The overall analysed average yield of the Subject Property is 5.32% taking into consideration the lower rentals as compared to the comparables and the fact that the key tenants make up approximately 48.30% of total net lettable area.

5) Voids

We have adopted a 3.0% for void allowance for vacancy periods, marketing and rent free periods offered to new tenants as the Subject Property has recorded an occupancy rate of more than 99% over the past few years.

Year	As at the date of valuation)	2011	2010	2009
Occupancy rate	99.04%	100.00%	99.86%	100.00%

(Source : The management team of MVC)

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)**Comparison Method**

This approach is the Market Approach of comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element, quantum discount for en-bloc sale and other relevant factors to arrive at our opinion of value.

Our findings from the data of the Valuation and Property Services Department, Ministry of Finance Malaysia data revealed that there are few transactions of retail malls within the vicinity. For the purpose of this valuation, we have adopted the following comparables.

Comparables	1	2	3	4
Property	Pavilion Kuala Lumpur Mall	Sungei Wang Plaza	Starhill Gallery	Lot 10 Shopping Centre
Source	Prospectus of Pavilion REIT	Prospectus of CapitaMalls Malaysia Trust	Bursa Securities' Announcement	Bursa Securities' Announcement
Tenure	Leasehold for 99 years expiring on October 26, 2109	Freehold	Freehold	Leasehold for 99 years expiring on July 29, 2076
Age (as at transaction date)	Approximately 5 years	Approximately 34 years	Approximately 15 years	Approximately 20 years
Nett Lettable Area	1,335,119 sq. ft.	450,470 sq. ft.	297,354 sq. ft.	256,811 sq. ft.
Consideration	RM3,190,300,000	RM724,000,000	RM629,000,000	RM401,000,000
Transaction Date	01/06/2011	10/06/2010	16/04/2010	16/04/2010
Vendor	Urusharta Cemerlang Sdn Bhd	Vast Winner Sdn Bhd	Mayban Trustee Berhad	Mayban Trustee Berhad
Purchaser	AmTrustee Berhad, the trustee of Pavilion REIT	AmTrustee Berhad, the trustee of CapitaMalls Malaysia Trust (CMMT)	HSBC Institutional Trust Services (Singapore) Limited, the trustee of Starhill Global REIT	HSBC Institutional Trust Services (Singapore) Limited, the trustee of Starhill Global REIT
Value per sq. ft.	RM2,390	RM1,607	RM2,115	RM1,561
Adjustment Made	- Location - Accessibility - Income	- Time - Location - Condition - Accessibility - Tenure - Size	- Time - Location - Accessibility - Tenure - Size - Master Lease Agreement	- Time - Location - Accessibility - Tenure - Size - Master Lease Agreement
Final Adjusted Value (per sq. ft.)	RM 1,912	RM 1,527	RM 1,798	RM 1,640

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

After final adjustment, we have arrived at a range of **RM1,527 per sq. ft. to RM1,912 per sq. ft.** Having taken the above into consideration, we are of the opinion that comparable No. 1, Pavilion Kuala Lumpur Mall is the best comparable to the Subject Property due to its similarities in size and compatibility in Kuala Lumpur. It is therefore our opinion that **RM1,912 per sq. ft.** reflects the fair and reasonable current market value for the Subject Property.


The value summary from both methods of valuation and the reconciliation rationale are as follows:-

Investment Method	RM 3,440,000,000
Comparison Method	RM 3,306,000,000

In arriving at a market value for a homogeneous property such as vacant lands and residential properties, the Comparison Approach is the most appropriate method of valuation as there are less adjustments and analysis on comparables. However, for a more complex property and other income generating or investment properties, qualitative and quantitative adjustments are more difficult to compute to reflect the differences of the comparables and the property being valued. Therefore, we have adopted the Investment Method as the main method in arriving at our opinion of the current Market Value. We are of the opinion that this is the best method to be used in this instance as the Subject Property is an income generating commercial property.

It is our opinion that the current Market Value of the Subject Property with the remaining unexpired term of approximately 91 years, with Certificate of Fitness for Occupation issued, subject to the existing tenancies and the individual block strata titles being issued free from encumbrances, as at April 10, 2012, is **RM 3,440,000,000.**

Yours faithfully,
HENRY BUTCHER MALAYSIA SDN BHD


LONG TIAN CHEK
B.Sc., MRICS, MRISM
Registered Valuer (V-241)

LTC/yeo/april/sk

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

**HENRY BUTCHER MALAYSIA**

International Asset Consultants

Our Ref: VR/01-12/0053 (B)

Date: **5 JUN 2012****KrisAssets Holdings Berhad**

Level 32, The Gardens South Tower,
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur.

Dear Sirs

**CERTIFICATE OF VALUATION OF AN 8 LEVEL RETAIL MALL TOGETHER WITH
4 LEVELS OF BASEMENT CAR PARK AND 4 LEVELS OF ELEVATED CAR PARK
KNOWN AS THE GARDENS MALL (“SUBJECT PROPERTY”)**

We were instructed by KrisAssets Holdings Berhad (“**KrisAssets**”), the holding company of Mid Valley City Garden Sdn Bhd, being the vendor of the Subject Property (“**Vendor**” or “**MVCG**”) to conduct a valuation of the Subject Property. The full details of the valuation are included in our Valuation Report bearing reference no. VR/01-12/0053(B) dated April 10, 2012.

This certificate has been prepared for the purpose of inclusion in the circular to shareholders of KrisAssets dated **5 JUN 2012** for the proposed disposal.

The Subject Property was inspected on February 24, 2012. The relevant date of valuation for this valuation exercise is as at April 10, 2012.

We confirm that we have valued the Subject Property based on the valuation basis stated below. The valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

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

HENRY BUTCHER MALAYSIA Sdn Bhd (160636-P)

25, Jalan Yap Ah Shak, 50300 Kuala Lumpur, Malaysia.

t • +603-2694 2212 f • +603-2694 3484 (valuation)

e • hbmalsia@henrybutcher.com.my (valuation) w • www.henrybutcher.com.my

Valuation | Real Estate Agency | Investment Advisory | International Marketing | Market Research | Development Consultancy
Project Marketing | Asset Management | Retail Planning & Consultancy | Auctions | Plant & Machinery | Art Consultancy



V (1) 0008

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

Property Description

Property Type/ Interest Valued	An 8 level retail mall (Level LG to Level 6) together with 4 levels of basement car park (Basement P1 to P4) and 4 levels of elevated car park (Level 4 to Level 7) known as The Gardens Mall.								
Name and Address of the Subject Property	The Gardens Mall forms part of the prestigious development scheme known as Mid Valley City. It bears the official address of The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.								
Location	It is situated approximately 6 kilometres west of Kuala Lumpur City Centre and 4 kilometres east of Petaling Jaya. It is linked by major arterial roads such as Jalan Syed Putra which connects to the Federal Highway, and also by Jalan Maarof, Jalan Tun Sambathan, East – West Link Highway and Sprint Highway. The Subject Property is easily accessible from Kuala Lumpur City Centre by using Jalan Tun Razak. From there, connect to Jalan Kuching and head south towards Jalan Kinabalu, thence turn onto Jalan Syed Putra and exit onto Mid Valley City. Further, the Subject Property is also accessible from Petaling Jaya via the Federal Highway or Sprint Highway heading west towards Kuala Lumpur.								
Age of Building	5 years from the date of the first Temporary Certificate of Fitness For Occupation (“TCF”) which was issued in 2007.								
Building Description	<p>The building is generally constructed on reinforced concrete framework resting on deep piled foundation with brick infill rendered externally and plastered internally. The building also has a water proof concealed reinforced concrete flat roof and metal deck roofing on top. We noted that a portion of the roof was constructed with steel roof trusses covered with glass panel to allow for natural skylight to the podium.</p> <p>The Gardens Mall has two main drop off entrances to the mall which is generally fitted with frameless automatic sliding glass door. One drop off entrance is fronting Lingkaran Syed Putra, the main service road within Mid Valley City whilst another is fronting an internal carriageway between The Gardens Mall and Mid Valley Megamall.</p> <p>The Gardens Mall is also well connected to Mid Valley Megamall via an air-conditioned pedestrian bridge located on Level 1 and Level 2, as well as through the lower ground level which is occupied by individual tenants along the passageway.</p>								
Existing Use Of The Subject Property	Retail mall								
Average Current Base Rental	RM 5.92 per sq.ft. per month								
Occupancy Rate	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Year</th> <th style="text-align: center;">2011</th> <th style="text-align: center;">2010</th> <th style="text-align: center;">2009</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Occupancy Rate</td> <td style="text-align: center;">99.64%</td> <td style="text-align: center;">98.17%</td> <td style="text-align: center;">96.70%</td> </tr> </tbody> </table> <p>(Source : The management team of MVCG)</p>	Year	2011	2010	2009	Occupancy Rate	99.64%	98.17%	96.70%
Year	2011	2010	2009						
Occupancy Rate	99.64%	98.17%	96.70%						
Term of tenancy	The typical terms of tenancy is 3 years with the option of renewal option between 1 to 3 years.								

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

Title Particulars

Master Title No.	PN37073, Lot 79, Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Tenure	Leasehold for 99 years expiring on June 6, 2103 thus leaving an unexpired term of approximately 91 years as at the date of this certificate.
Category of land use	Building (<i>Bangunan</i>)
Land Area	Approximately 421,773 square feet (“sq. ft.”) (39,184 square metre (“sq.m.”) or 9.68 acres)
Gross Floor Area	Approximately 3,379,510 sq. ft. (313,967 sq. m.)
Net Lettable Area (“NLA”)	Approximately 814,860 sq. ft. (based on rental roll as at December 31, 2011)
No. of Car Park Bays	4,128 bays (as at December 31, 2011)
Registered Owner	Mid Valley City Developments Sdn Bhd *
Express Condition	This land shall be used for commercial building only(<i>Tanah ini hendaklah hanya untuk bangunan perdagangan sahaja</i>)
**Restriction In Interest	This land shall not be transferred, leased, secured or charged except with the consent of the Federal Territory Land Executive Committee Secretariat. (<i>Tanah ini tidak boleh dipindah milik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur</i>)

*The Subject Property is currently owned and operated by MVCG, a wholly-owned subsidiary of KrisAssets. However, the master land on which the Subject Property is constructed is still held under a master title registered in the name of Mid Valley City Developments Sdn. Bhd. The subdivision of the master title and the issuance of individual strata titles to the various components constructed on the master land are pending.

**We wish to draw your attention that the Subject Property carries a restriction in interest which stipulates that the land shall not be transferred, leased, secured or charged except with the Consent of the Federal Territory Land Executive Committee Secretariat. In this regard, our valuation is on the basis that the written consent from the Federal Territory Land Executive Committee Secretariat in respect of the aforesaid restriction in interest will not be unreasonable withheld.

INDIVIDUAL BLOCK STRATA TITLES IN RESPECT OF THE SUBJECT PROPERTY HAS NOT BEEN ISSUED BY THE RELEVANT AUTHORITY. OUR VALUATION IS ON THE BASIS/ASSUMPTION THAT INDIVIDUAL BLOCK STRATA TITLES IN RESPECT OF THE SUBJECT PROPERTY WILL BE ISSUED BY THE RELEVANT AUTHORITY AND WHEN ISSUED, WILL BE FREE FROM ALL ENCUMBRANCES OVER THE RESPECTIVE FLOOR AREAS.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

Planning Approvals

Planning Approval	The Subject Property is located within an area designated for commercial purposes.
Date of Certificate of Fitness for Occupation	The Subject Property was issued with the latest TCF dated January 16, 2012 which expired on June 29, 2012. An amended building plan has been prepared and pending submission to Dewan Bandaraya Kuala Lumpur (“DBKL”) for approval.

Occupancy Details & Tenancy Profile

Occupancy Rate	99.64 % as at date of valuation
Tenancy Profile	The Subject Property has three major anchor tenants being Isetan and Robinson departmental stores and GSC Signature which occupy approximately 284,878 sq. ft. of retail space. There are also numerous junior anchor tenants such as Marks & Spencer, Marketplace by Cold Storage, Borders, Hokkaido Ichiba and Redbox.
Tenancy Term	The landlord is assumed to be responsible for all external and structural repairs, statutory outgoings, service charges (if any) and building insurance for the property.

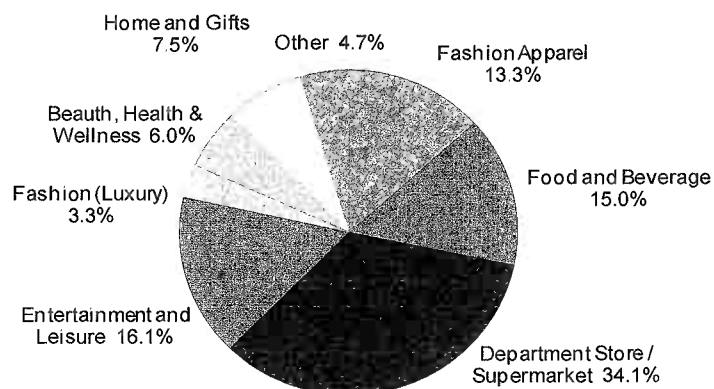
Overall, the tenant mix of the Subject Property can be summarised as follows:-

Trade sector	Percentage of Occupied NLA (%)	Percentage of Gross Rental Income (%)
Departmental Store/ Supermarket	34.1	15.0
Entertainment and Leisure	16.1	11.0
Food and Beverage	15.0	19.2
Fashion Apparel	13.3	24.5
Home & Gifts	7.5	6.7
Beauty, Health & Wellness	6.0	4.8
Fashion (Luxury)	3.3	7.3
Sundry and Services	2.9	5.8
Timepieces & Jewellery	1.8	5.7
Total	100.0	100.0

(Source : The management team of MVCG)

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

Trade Sector Analysis



Source: Manager.

Note: Based on percentage of occupied NLA.

(1) Including trade sectors such as Sundry and Services, and Timepieces and Jewellery

The table below illustrates the tenant mix table of the Subject Property:-

Type of Tenant	Area Occupied of NLA	Rental Income on base rental
Key Tenant	34.96 %	4.89 %
Normal Tenant	63.72 %	88.74 %
Kiosk	1.32 %	6.36 %

The table below illustrates the tenancy expiry profile of the Subject Property as at 31/12/2011.

Period (financial year ending 31 December)	Number of tenancies expiring	Percentage of occupied lettable area expiring (%)	Percentage of gross rental income expiring (%)
2012	62	13.2	17.8
2013	126	52.9	54.3
2014	39	32.2	24.8
2015 and thereafter	6	1.7	3.2
Total	233	100.0	100.0

(Source : The management team of MVCG)

*Excluding carts, storage, signage, auto-teller machines and kiddy rides.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

We have adopted the “**Investment Method**” and “**Comparison Approach**” in formulating our opinion of the **Market Value** of the Subject Property.

Investment Method

In the “**Investment Method**”, the capital value of the Subject Property is derived from an estimate of the Market Rental which the subject property can reasonably be let for. Rental evidence may be obtained from actual passing rents commanded by the building itself if it is tenanted. Outgoings, such as property taxes, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalized at an appropriate current market yield to arrive at its indicative capital value.

For our calculation purpose, we have categorised the tenants into 3 categories:-

- i) Key Tenant i.e Isetan, Robinson & GSC Signature
- ii) Normal Tenant (tenants other than the Key Tenant)
- iii) Kiosks

1) Gross Rental

Gross rental is divided into 2 categories which is term rental and reversionary rental. The term rental is the expected rental that the Subject Property is expected to achieve and is derived from the current rental tenancy.

The reversionary rental is the expected rental that the Subject Property is expected to achieve upon expiry of term rental. We have use the average term tenancy rental as a benchmark to arrive at our reversionary rental. The term rental rate for key tenants has been increased 10% upon the reversionary period as it is stipulated in the tenancy agreements that rental increase upon expiry will be in the range of about 10% to 20% and we have adopted a 10% increment upon reversionary.

Average current base rental	RM 5.92 per sq. ft. per month
Average reversionary base rental	RM 6.32 per sq. ft. per month

2) Other Income

Revenue	2011 (RM)	2010 (RM)	2009 (RM)	2008 (RM)
Rental income - percentage rent	5,752,000	5,774,000	3,867,000	1,847,000
Other Income:- Leasing (ATM, Storage, Cart, Signage Interior, Antenna, Website)	1,931,000	1,536,000	1,221,000	519,000
Advertisement , promotion & Others	1,055,000	802,000	753,000	547,000
Car park income	15,476,000	12,996,000	9,283,000	6,140,000

(Source : The management team of MVCG)

We have adopted an estimated gross annual income of RM5, 800,000 for percentage rent, RM15, 476,000 for car park income and RM3, 000,000 for leasing, advertisement and promotion.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

3) Operating Expenses (Outgoings)

These are the expenses incurred in maintaining the Subject Property and include staff costs, operational costs of the Subject Property, general expenses, headquarters support expenses and maintenance cost.

We have been informed by the client that the tenants of the Subject Property are currently paying service charge of RM2.50 per sq. ft. per month.

It should be noted that the historical operating costs include part of lower ground floor with the NLA of approximately 25,467 sq. ft. which is designated as part of the Mid Valley Megamall Sdn. Bhd. but are currently under the management of the Subject Property, the owner and operator of The Gardens Mall. The historical operating cost is presented as follows:-

Outgoings	2011	2010	2009	2008
Net Outgoing*	36,048,000	34,363,000	35,211,000	37,057,000
Outgoing (RM/ per sq.ft.)**	RM 3.57	RM 3.41	RM 3.49	RM 3.67

(Source : The management team of MVCG)

*Total outgoings include staff cost, property cost, general expenses, advertising and promotion cost, headquarters support expenses and property upgrade expenses for retail

** Based on NLA of 840,327 sq.ft. which includes 25,467 sq.ft.

The average historical operating expenses of property upgrading over the past 4 years is approximately RM35,670,000 per annum (RM3.54 per sq. ft.). Therefore, we have adopted average of RM3.54 per sq. ft. for retail area and carpark portion.

To arrive at the outgoing for the retail area (i.e. excluding the carpark) we have deducted the estimated outgoing for the carpark portion. We have allowed the carpark outgoing as 15% of the carpark revenue. Therefore, outgoings for the retail area portion after deducting the carpark outgoing are as follows:-

	Analysed outgoing	NLA (sq. ft.)	Outgoings to be collected per annum
Key tenant	RM 3.30 per sq. ft.	284,878	RM 11,281,000
Normal tenant	RM 3.30 per sq. ft.	519,189	RM 20,560,000
Kiosk	RM 3.30 per sq. ft.	10,793	RM 427,000
TOTAL		814,860	RM 32,268,000 (RM3.30 per sq. ft.)
Add carpark expenses adopted 15% of revenue	RM15,476,000		RM 2,321,000
Total outgoing (retail area and carpark)			RM34,589,000 (RM3.54 per sq. ft.)

We have analysed actual carpark outgoings for the subject properties to be in the range of 3% - 6% without taking into accounts the shared cost between the retail mall portion and the car park portion such as security charges, utilities charges, property maintenance charges, etc. We have also noted that other retails mall of the similar capacity and location such as Pavilion Mall and Sunway Pyramid Mall is also adopting 15% of the carpark income as their carpark outgoing. As such, we have adopted 15% of the carpark income as outgoings rate which is reflective of realistic outgoing rate.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

We have compiled the following outgoing rate for other retail malls in Klang Valley as comparables:-

	Net Lettable Area (sq.ft.)	Monthly Outgoing (per sq.ft.)	Year Ending
Pavillion	1,335,119	3.60	2011
Subang Parade	521,807	2.65	2011
Sunway Pyramid	1,685,568	2.75	2009
IPC	394,943	2.63	2010

(Source : Prospectus of respective malls)

Monthly outgoing for other retail malls in Klang Valley are in between RM2.63 per sq. ft. to RM3.60 per sq. ft. Thus, the analysed outgoing we have adopted for The Gardens Mall is within the market range.

4) Yield

This yield is used to capitalise the annual net rental to arrive at the capital value. We have adopted the following capitalisation rate for the Subject Property:-

Period	Rates (Normal Tenant)	Rates (Key Tenant)	Rates (Kiosk)
Tenancy period	6.00%	5.00%	5.75%
Reversionary Period (upon tenancy expiry)	* 6.25%	* 5.25%	* 6.00%

*Higher rate to reflect risk due to uncertainty.

The following are the analyzed yields for other retail malls in Klang Valley:-

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property	Pavilion Kuala Lumpur Mall	Sungei Wang Plaza	Starhill Gallery	Lot 10 Shopping Centre	Sunway Pyramid
Location	Jalan Bukit Bintang	Jalan Bukit Bintang	Jalan Bukit Bintang	Jalan Sultan Ismail	Bandar Sunway
NLA (sq. ft.)	1,335,119	450,470	297,354	256,811	1,685,568
Consideration Price	RM 3,190,300,000	RM 724,000,000	RM 629,000,000	RM 401,000,000	RM 2,132,025,000
Transaction Year	2011	2010	2010	2010	2010
Source	Prospectus of Pavilion REIT	Prospectus of CapitaMalls Malaysia Trust	Bursa Securities' Announcement	Bursa Securities' Announcement	Bursa Securities' Announcement
Transacted Price per sq.ft.	RM 2,390	RM 1,607	RM 2,115	RM 1,561	RM 1,265
Net income (includes carpark income and other income)	RM 203,326,000	RM 54,419,000	RM 42,800,000	RM 27,250,000	RM 146,000,000
Analysed Yield	6.37%	6.90%	6.80%	6.80%	6.85%
Average net income per NLA	RM 12.69 per sq.ft.	RM 9.24 per sq.ft.	RM 11.99 per sq.ft.	RM 8.84 per sq.ft.	RM 7.22 per sq.ft.

The analysed yield of the retail malls set out above shows a range between 6.37% to 6.90%. We have adopted Pavilion Kuala Lumpur Mall as the best comparable due to its similarity of large

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

NLA space and also its date of transaction which is close to date of this exercise. Based on the analysed yield of Pavilion Kuala Lumpur Mall of 6.37%, we have further made downward adjustments on the following factors:-

- 1) Average net income per sq. ft. for Pavilion Kuala Lumpur Mall is RM12.69 per sq. ft. whereas the Subject Property average net income per sq. ft. is RM7.03 per sq. ft. for year 2011. As the average net income per sq. ft. of the Subject Property is lower than Pavilion Kuala Lumpur Mall, the risk should also be lower and therefore a lower yield was adopted.
- 2) Average occupancy rate for Pavilion Kuala Lumpur Mall and the Subject Property for the past 3 years are as follows:-

Year	2011	2010	2009
Pavilion Kuala Lumpur Mall	98.50% (as at June 30, 2011)	96.50%	98.70%
Subject Property	99.64%	98.17%	96.70%

(Source : The management team of MVCG for Subject Property)

It can be seen that the occupancy rate for the Subject Property is higher for year 2010 and 2011, this shows the risk is lower therefore a lower yield adopted.

Based on the above factors, we find that the 6% yield adopted for Normal Tenants is fair. As for Key Tenants, the tenancy periods are longer and the rental rates are lower and therefore we have adopted a lower yield of 5% due to its stability. As for Kiosks, we have adopted a yield of 5.75% which is slightly lower than Normal Tenant as it is generally easier to rent out and has a high demand.

We have adopted 6% yield for carpark and leasing and advertising and promotion income as it is considered to be stable whilst 8% was for turnover rent income is to reflect its more fluctuating nature.

The overall analysed average yield of the Subject Property is 6.11% taking into consideration the lower rentals as compared to the comparables.

5) Voids

We have adopted 3.0% for void allowance for vacancy periods, marketing and rent free periods offered to new tenants as the Subject Property has recorded an occupancy rate of more than 96% over the past few years.

Year	2011	2010	2009
Occupancy Rate	99.64%	98.17%	96.70%

(Source : The management team of MVCG)

Comparison Method

This approach is the Market Approach of comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element, quantum discount for en-bloc sale and other relevant factors to arrive at our opinion of value.

Our findings from the data of the Valuation and Property Services Department, Ministry of Finance, Malaysia revealed that there are few transactions involving retail malls within the vicinity. For the purpose of this valuation, we have adopted the following comparables.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

Comparables	1	2	3	4
Property	Pavilion Kuala Lumpur Mall	Sungei Wang Plaza	Starhill Gallery	Lot 10 Shopping Centre
Source	Prospectus of Pavilion REIT	Prospectus of CapitaMalls Malaysia Trust	Bursa Securities' Announcement	Bursa Securities' Announcement
Tenure	Leasehold for 99 years expiring on October 26, 2109	Freehold	Freehold	Leasehold for 99 years expiring on July 29, 2076
Age (as at transaction date)	Approximately 5 years	Approximately 34 years	Approximately 15 years	Approximately 20 years
Net Lettable Area	1,335,119 sq. ft.	450,470 sq. ft.	297,354 sq. ft.	256,811 sq. ft.
Consideration	RM3,190,300,000	RM724,000,000	RM629,000,000	RM401,000,000
Transaction Date	01/06/2011	10/06/2010	16/04/2010	16/04/2010
Vendor	Urusharta Cemerlang Sdn Bhd	Vast Winner Sdn Bhd	Mayban Trustee Berhad	Mayban Trustee Berhad
Purchaser	AmTrustee Berhad, the trustee of Pavilion REIT	AmTrustee Berhad, the trustee of CapitaMalls Malaysia Trust (CMMT)	HSBC Institutional Trust Services (Singapore) Limited, the trustee of Starhill Global REIT	HSBC Institutional Trust Services (Singapore) Limited, the trustee of Starhill Global REIT
Value per sq. ft.	RM2,390	RM1,607	RM2,115	RM1,561
Adjustment Made	- Location - Accessibility - Income	- Time - Location - Condition - Accessibility - Tenure - Size	- Time - Location - Accessibility - Tenure - Size - Master Lease Agreement	- Time - Location - Accessibility - Tenure - Size - Master Lease Agreement
Final Adjusted Value (per sq. ft.)	RM 1,792	RM 1,527	RM 1,798	RM 1,640

After final adjustment, we have arrived at a range of **RM1,527 per sq. ft. to RM1,792 per sq. ft.** Having taken the above into consideration, we are of the opinion that comparable No. 1, Pavilion Kuala Lumpur Mall is the best comparable to the Subject Property due to its similarities in size and compatibility in Kuala Lumpur. It is therefore our opinion that **RM1,792 per sq. ft.** reflects the fair and reasonable current market value for the Subject Property.

VALUATION CERTIFICATES FOR THE SUBJECT PROPERTIES (Cont'd)

The value summaries from both methods of valuation and the reconciliation rationale are as follows:-

Investment Method	RM 1,160,000,000
Comparison Method	RM 1,460,000,000

In arriving at a market value for a homogeneous property such as vacant lands and residential properties, the Comparison Approach is the most appropriate method of valuation as there are less adjustments and analysis on comparables. However, for a more complex property and other income generating or investment properties, qualitative and quantitative adjustments are more difficult to compute to reflect the differences of the comparables and the property being valued. Therefore, we have adopted the Investment Method as the main method in arriving at our opinion of the current Market Value. We are of the opinion that this is the best method to be used in this instance as the Subject Property is an income generating commercial property.

It is our opinion that the current Market Value of the Subject Property with the remaining unexpired term of approximately 91 years, with Temporary Certificate of Fitness for Occupation issued, subject to the existing tenancies and individual block strata titles being issued free from encumbrances, as at April 10, 2012, is **RM 1,160,000,000**.

Yours faithfully,

HENRY BUTCHER MALAYSIA SDN BHD



LONG TIAN CHEK
B.Sc., MRICS, MRISM
Registered Valuer (V-241)

LTC/yeo/april/sk

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENTS AND DECLARATIONS**2.1 CIMB**

CIMB has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

CIMB acts as (i) the Joint Principal Adviser to KrisAssets for the Proposals; (ii) Joint Principal Adviser to IGB REIT in respect of the proposed establishment of IGB REIT, Proposed Disposal, Proposed Offer for Sale and Proposed Listing, Joint Global Coordinator and Joint Bookrunner for the Proposed Institutional Offering, and Joint Managing Underwriter and Joint Underwriter for the Proposed Retail Offering; and (iii) Joint Principal Adviser to IGB for the Proposed Listing. As at the LPD, CIMB confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the Joint Principal Adviser in respect of the Proposals.

2.2 HLIB

HLIB has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

HLIB acts as (i) the Joint Principal Adviser to KrisAssets for the Proposals; (ii) Joint Principal Adviser to IGB REIT in respect of the proposed establishment of IGB REIT, Proposed Disposal, Proposed Offer for Sale and Proposed Listing, Joint Global Coordinator and Joint Bookrunner for the Proposed Institutional Offering, and Joint Managing Underwriter and Joint Underwriter for the Proposed Retail Offering; and (iii) Joint Principal Adviser to IGB for the Proposed Listing. As at the LPD, HLIB confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the Joint Principal Adviser in respect of the Proposals.

2.3 M & A Securities

M & A Securities has given and has not subsequently withdrawn its written consent to the inclusion in this Circular, of its name, IAC (which will be despatched at least 14 days prior to the EGM) and all references thereto in the form and context in which it appears in this Circular.

As at the LPD, M & A Securities confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the Independent Adviser for the Proposed Disposal and the Proposed Offer for Sale.

2.4 PwC

PwC has given and has not subsequently withdrawn its written consent to the inclusion in this Circular, of its name, Reporting Accountants' letter on the proforma consolidated statements of financial position of KrisAssets Group as at 31 December 2011 and the notes thereon and all references thereto, in the form and context in which it appears in this Circular.

FURTHER INFORMATION (Cont'd)

As at the LPD, PwC confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the reporting accountants for the Proposals.

2.5 Henry Butcher

Henry Butcher Malaysia Sdn Bhd has given and has not subsequently withdrawn its written consent to the inclusion in this Circular, of its name, valuation certificates and all references thereto in the form and context in which it appears in this Circular.

As at the LPD, Henry Butcher confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the Independent Property Valuer for the Subject Properties.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES
3.1 Material commitments

There are no material commitments incurred or known to be incurred by KrisAssets Group as at the LPD.

3.2 Contingent liabilities

There are no contingent liabilities incurred or known to be incurred by KrisAssets Group as at the LPD.

4. MATERIAL CONTRACTS
4.1 KrisAssets Group

Save as disclosed below, KrisAssets Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) for the 2 years immediately preceding the LPD:

- (i) Share Sale Agreement dated 25 March 2011 between KrisAssets and IGB (“SSA”) on the acquisition of 100% equity interest in MVCG for a cash consideration of RM222.7 million (revised from RM215.7 million pursuant to the adjustment clause in the SSA) (“MVCG Acquisition”). The MVCG Acquisition was approved by the shareholders at the EGM held on 7 July 2011, and was completed on 29 July 2011; and
- (ii) Subscription Agreement dated 11 January 2011 between KrisAssets as the Issuer and HLIB as the Lead Manager, Primary Subscriber and Lead Arranger in respect of the issuance of the Bonds. The Bonds were issued on 30 March 2011. The funds had since been utilised for subscription of loan stocks in MVCG on 29 July 2011 in relation to the MVCG Acquisition.

4.2 IGB REIT

As at the LPD, IGB REIT has yet to be established.

5. MATERIAL LITIGATION

As at the LPD, KrisAssets Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against KrisAssets Group or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of KrisAssets Group.

FURTHER INFORMATION (Cont'd)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Memorandum and Articles of Association of KrisAssets;
- (ii) letters of consent referred to in Section 2 of this Appendix V;
- (iii) audited consolidated financial statements of KrisAssets Group for FYE 31 December 2010 and 31 December 2011 and the unaudited consolidated quarterly results for the 3-months financial period ended 31 March 2012;
- (iv) Reporting Accountants' letter on the proforma consolidated statements of financial position of KrisAssets Group as at 31 December 2011 and the notes thereon referred to in Appendix III of this Circular;
- (v) draft SPAs to be entered into by the Vendors (together with MVCD, a wholly-owned subsidiary of IGB and the registered land proprietor in the case of The Gardens Mall and The Gardens Mall Related Assets) with the Trustee on behalf of IGB REIT as the purchaser for the Proposed Disposal;
- (vi) Valuation Reports on the Subject Properties dated 10 April 2012 together with the valuation certificates dated 10 April 2012, prepared by the Independent Property Valuer, as referred to in Appendix IV of this Circular; and
- (vii) material contracts referred to in Section 4 of this Appendix V.

KRISASSETS HOLDINGS BERHAD 24123-H

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of KrisAssets Holdings Berhad (“KrisAssets” or “Company”) will be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Tuesday, 26 June 2012 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the 37th Annual General Meeting of the Company which has been scheduled to be held at the same venue and on the same day at 10:00 a.m., for the purpose of considering and, if thought fit, passing the following resolutions, with or without modification:

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL BY MID VALLEY CITY SDN BHD AND MID VALLEY CITY GARDENS SDN BHD (“THE VENDORS”), BOTH WHOLLY-OWNED SUBSIDIARIES OF KRISASSETS, OF RESPECTIVELY MID VALLEY MEGAMALL AND THE GARDENS MALL (“SUBJECT PROPERTIES”) TOGETHER WITH ASSETS SUCH AS MOTOR VEHICLES, MACHINERIES, EQUIPMENT (INCLUDING SOFTWARE), FIXTURES AND FITTINGS UTILISED BY THE RESPECTIVE VENDORS OF THE SUBJECT PROPERTIES FOR THE OPERATION OF, OR IN RELATION TO THE SUBJECT PROPERTIES (“RELATED ASSETS”) TO IGB REAL ESTATE INVESTMENT TRUST (“IGB REIT”), FOR A TOTAL DISPOSAL CONSIDERATION OF RM4,612.6 MILLION TO BE SATISFIED BY THE PROPOSED ISSUANCE OF 3,400 MILLION NEW UNITS IN IGB REIT (“CONSIDERATION UNITS”) AND THE BALANCE IN CASH (“PROPOSED DISPOSAL”)

“THAT, subject to the passing of Ordinary Resolution 2 and contingent upon the approvals of the relevant authorities/parties to be obtained (where required), including but not limited to the approval-in-principle of the Securities Commission (“SC”) for the establishment of IGB REIT and the proposed listing of the Consideration Units (“Proposed Listing”), approval be and is hereby given, for the disposal of the Subject Properties and the Related Assets by the Vendors, upon the terms and conditions set out in the respective draft sale and purchase agreements to be entered into by the respective Vendors (together with Mid Valley City Developments Sdn Bhd, a wholly-owned subsidiary of IGB Corporation Berhad and being the registered land proprietor of The Gardens Mall and The Gardens Related Assets) and AmTrustee Berhad, the trustee of IGB REIT (“SPAs”), for a total disposal consideration of RM4,612.6 million to be satisfied by the proposed issuance of the Consideration Units and the balance in cash;

THAT, the Board of Directors of KrisAssets (“Board”) be and is hereby empowered and authorised to determine and at any time following determination vary if deemed fit, necessary and/or expedient, any adjustments to be made to the final disposal consideration for any or all of the Subject Properties and the Related Assets in such manner as the Board shall in its absolute discretion deem fit or expedient or in the best interests of the Company;

AND THAT, the Board be and is hereby authorised and empowered to give full effect to the Proposed Disposal and the proposed listing of the Units with full powers to negotiate, approve, agree and/or assent to any conditions, variations, revaluations, modifications and/or amendments in any manner as may be required/permitted by the relevant authorities or deemed necessary by the Board, to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to execute and deliver and/or cause to be executed and delivered the SPAs, the applications for the approval of the state authority in respect of the restrictions-in-interest for the disposal and transfer of the Subject Properties, licensing and other arrangements in connection with the proposed listing of the Units and all such other agreements, arrangements, undertakings, indemnities, transfers, extensions, assignments, deeds, confirmations, declarations and/or guarantees to any party or parties as may be deemed necessary and to do all such acts and matters as it may consider necessary to implement, finalise and give full effect to and complete the Proposed Disposal and the listing of the Consideration Units subsequent thereto.”

ORDINARY RESOLUTION 2

PROPOSED OFFER FOR SALE BY MID VALLEY CITY GARDENS SDN BHD OF 670 MILLION CONSIDERATION UNITS (“OFFER UNITS”), IN AN INITIAL PUBLIC OFFERING PURSUANT TO THE PROPOSED LISTING (“PROPOSED OFFER FOR SALE”)

“THAT, subject to the passing of Ordinary Resolution 1 and contingent upon the approvals of the relevant authorities/parties to be obtained (where required), including but not limited to the approval-in-principle of the SC for the establishment of IGB REIT and the Proposed Listing, approval be and is hereby given to KrisAssets for its subsidiary, Mid Valley City Gardens Sdn Bhd to undertake and implement the proposed offer for sale of 670 million Offer Units, in an initial public offering pursuant to the Proposed Listing;

AND THAT, the Board be and is hereby empowered and authorised to take all such steps and to do all acts, deeds and things to execute, enter into, sign and deliver for and on behalf of KrisAssets, all such documents as it may deem necessary, expedient and/or appropriate to implement and give full power to fix and vary the entitlement date and time, payment date and/or effective date for the Proposed Offer for Sale and assent to and accept any conditions, modifications, variations, arrangements and/or amendments as may be required or imposed or permitted by the relevant authorities/parties and with full power to make any amendments, variations or modifications to the terms and/or conditions of the Proposed Offer for Sale in any manner as the Board may in its absolute discretion deem fit, necessary, expedient and/or appropriate in the best interests of the Company.”

ORDINARY RESOLUTION 3

PROPOSED DISTRIBUTION-IN-SPECIE OF 2,730 MILLION CONSIDERATION UNITS (“DISTRIBUTION UNITS”) ARISING FROM THE PROPOSED DISPOSAL TO ALL THE ENTITLED SHAREHOLDERS OF KRISASSETS ON THE RELEVANT ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED DISTRIBUTION-IN-SPECIE”)

“THAT, subject to the passing of Ordinary Resolution 1, and contingent upon the approval by the SC for the purpose of a distribution-in-specie exercise and Proposed Listing, approval be and is hereby given to KrisAssets to undertake and implement the proposed distribution-in-specie of 2,730 million Distribution Units to all the entitled shareholders of KrisAssets at an entitlement date to be determined and announced later;

AND THAT, the Board be and is hereby empowered and authorised to take all such steps and to do all acts, deeds and things to execute, enter into, sign and deliver for and on behalf of KrisAssets, all such documents as it may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed Distribution-In-Specie with full power to fix and vary the entitlement date and time, payment date and/or effective date for the Proposed Distribution-In-Specie and assent to and accept any conditions, modifications, variations, arrangements and/or amendments as may be required or imposed or permitted by the relevant authorities/parties and with full power to make any amendments, variations or modifications to the terms and/or conditions of the Proposed Distribution-In-Specie in any manner as the Board may in its absolute discretion deem fit, necessary, expedient and/or appropriate in the best interests of the Company.”

SPECIAL RESOLUTION 1

PROPOSED CAPITAL REDUCTION EXERCISE IN ACCORDANCE WITH SECTIONS 60 AND 64 OF THE COMPANIES ACT, 1965 (“ACT”) INVOLVING A REDUCTION OF THE SHARE CAPITAL AND SHARE PREMIUM VIA CANCELLATION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KRISASSETS (“PROPOSED CAPITAL REDUCTION AND REPAYMENT”)

“THAT, subject to the passing of Ordinary Resolutions 1, 2 and 3 and Special Resolution 2, the confirmation by the High Court of Malaya (“**High Court**”) pursuant to Sections 60 and 64 of the Act being granted, approval by the SC for the Proposed Listing and the approvals of all relevant authorities and/or persons being obtained, approval be and is hereby given to the Board to effect a capital repayment to return to the entitled shareholders of KrisAssets at an entitlement date to be determined and announced later, vide a capital reduction and repayment exercise under Sections 60 and 64 of the Act involving:

- (i) the reduction of the entire issued and paid-up share capital of KrisAssets which entails the cancellation of RM0.98 from the existing par value of RM1.00 for every existing KrisAssets Share; and
- (ii) the cancellation of the share premium account as at 31 December 2011 for payment of cash.

AND THAT, the Board be and is hereby empowered and authorised to take all such steps and to do all acts, deeds and things to execute, enter into, sign and deliver for and on behalf of KrisAssets, all such documents as it may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed Capital Reduction and Repayment with full power to fix and vary the entitlement date and time, payment date and/or effective date for the Proposed Capital Reduction and Repayment and assent to and accept any conditions, modifications, variations, arrangements and/or amendments as may be required or imposed or permitted by the relevant authorities/parties and/or the High Court and with full power to make any amendments, variations or modifications to the terms and/or conditions of the Proposed Capital Reduction and Repayment in any manner as the Board may in its absolute discretion deem fit, necessary, expedient and/or appropriate in the best interests of the Company.”

SPECIAL RESOLUTION 2

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF KRISASSETS PURSUANT TO THE PROPOSED CAPITAL REDUCTION AND REPAYMENT (“PROPOSED AMENDMENTS”)

“**THAT**, subject to the passing of Special Resolution 1 and approval by the SC for the Proposed Listing, approval be and is hereby given for Clause 5 of the Memorandum of Association and Article 3 of the Articles of Association of KrisAssets to be deleted in its entirety and replaced with the following:

Clause 5 of the Memorandum of Association of the Company

The Authorised Share Capital of the Company is RM1,000,000,000 divided into 49,985,000,000 ordinary shares of RM0.02 each and 3,000,000 Redeemable Preference Shares of RM0.10 each, with power to increase or reduce the capital, when permitted by Law, and to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, and to modify in any manner permitted by the rights, privileges or conditions, and to modify in any manner permitted by the Articles of Association of the Company for the time being in force any rights for the time being attached to any class or classes of shares.

Article 3 of the Articles of Association of the Company

The Authorised Share Capital of the Company is RM1,000,000,000 divided into 49,985,000,000 ordinary shares of RM0.02 each and 3,000,000 Redeemable Preference Shares of RM0.10 each, which shall be attached with the special rights, privileges and restrictions as contained in Article 6 with power for the Company to increase, subdivide, consolidate or reduce such capital or to divide the shares forming the capital original, increased or reduced into several classes.

AND THAT, the Board be and is hereby empowered and authorised to take all such steps and to do all acts, deeds and things to execute all documents as may be necessary, to give full effect to and complete the Proposed Amendments with full power to assent to and accept any conditions, modifications, variations and/or amendments as may be required or imposed or permitted by the relevant authorities/parties.”

BY ORDER OF THE BOARD

Tina Chan
Company Secretary

Kuala Lumpur
5 June 2012

Notes:

(1) Major Disposal pursuant to paragraph 10.11A(1)(d) of the Main Market Listing Requirements

Pursuant to paragraph 10.11(A)(d) of the Main Market Listing Requirements, the resolution on the Proposed Disposal must be approved by at least 75% in value of shareholders present and voting, either in person or by proxy, at the EGM of the Company.

(2) Appointment of proxy

- (a) A member is entitled to appoint not more than two (2) proxies and they need not be members;
- (b) A member, who is an exempt authorised nominee as defined under the Securities Industry (Central Depositories Act) 1991 which holds shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds;
- (c) A member who appoints a proxy must execute the proxy form, and if two (2) proxies are appointed, the number of shares to be represented by each proxy must be clearly indicated;
- (d) A corporate member who appoints a proxy must execute the proxy form under seal or the hand of its officer or attorney duly authorised;
- (e) Only members registered in the Record of Depositors as at 20 June 2012 shall be eligible to attend the EGM or appoint a proxy to attend and vote on his behalf; and
- (f) The executed proxy form must be deposited at the Registered Office not less than 48 hours before the time set for the EGM.

(3) Registration of members/proxies

Registration will start at 8.00 a.m. on the day of the EGM. Members/proxies are required to produce identification documents for registration, and parking tickets for endorsement.

KRISASSETS HOLDINGS BERHAD 24123-H

(Incorporated in Malaysia)

PROXY FORM

I/We (name as per Identification/ Certificate of Incorporation),.....

Identification / Company No.....

CDS Account No.....

of (address)

being a member of **KRISASSETS HOLDINGS BERHAD** hereby appoint (name as per Identification/Passport)

Identification / Passport No.....

of (address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the EGM of KrisAssets Holdings Berhad to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, on Tuesday, 26 June 2012, at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the 37th Annual General Meeting of the Company which has been scheduled to be held at the same venue and on the same day at 10:00 a.m., or at any adjournment thereof, in the manner indicated below.

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1 - PROPOSED DISPOSAL⁽¹⁾		
ORDINARY RESOLUTION 2 - PROPOSED OFFER FOR SALE		
ORDINARY RESOLUTION 3 - PROPOSED DISTRIBUTION-IN-SPECIE		
SPECIAL RESOLUTION 1 - PROPOSED CAPITAL REDUCTION AND REPAYMENT		
SPECIAL RESOLUTION 2 - PROPOSED AMENDMENTS		

(Please indicate with an "X" how you wish your vote to be cast. In the absence of specific instruction your proxy will vote or abstain as he/she thinks fit).

Signed (and sealed) this _____ day of _____ 2012

Number of shares held

.....
Signature of Member/ Common seal



Notes:

- (1) Pursuant to Paragraph 10.11(A)(d) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution on the Proposed Disposal must be approved by at least 75% in value of the shareholders present and voting, either in person or by proxy, at the EGM of the Company.
- (2)
 - (a) A member is entitled to appoint not more than two (2) proxies and they need not be members;
 - (b) A member, who is an exempt authorised nominee as defined under the Securities Industry (Central Depositories Act) 1991 which holds shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds;
 - (c) A member who appoints a proxy must execute the proxy form, and if two (2) proxies are appointed, the number of shares to be represented by each proxy must be clearly indicated;
 - (d) A corporate member who appoints a proxy must execute the proxy form under seal or the hand of its officer or attorney duly authorised;
 - (e) Only members registered in the Record of Depositors as at 20 June 2012 shall be eligible to attend the EGM or appoint a proxy to attend and vote on his behalf; and
 - (f) The executed proxy form must be deposited at the Registered Office not less than 48 hours before the time set for the EGM.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary/ Share Registrar
KrisAssets Holdings Berhad (24123-H)
Level 32, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

1st fold here

