

IRAT HOTELS & RESORTS SDN BHD ("the Issuer")

PROPOSED ISSUANCE OF MEDIUM TERM NOTES PROGRAMME AT NOMINAL VALUE OF UP TO RM313.0 MILLION ("Proposed MTN Programme")

DISCLOSURE ON CONFLICT OF INTEREST SITUATIONS AND APPROPRIATE MITIGATING MEASURES

1. Affin Investment Bank Berhad ("Affin Investment")

As at the date hereof, save for the following potential conflicts of interest arising from the transactions as disclosed below, Affin Investment does not have any equity or financial relationship with the Issuer, its directors or shareholder, which may give rise to a situation of conflict of interest in Affin Investment's advisory capacity to the Issuer under the Proposed MTN Programme.

(a) Relationship with person connected to Affin Investment

Affin Investment is a wholly-owned subsidiary of Affin Holdings Berhad ("AHB"). Irat Hotels & Resorts Sdn Bhd ("IHRSB") is 70% owned by Irat Properties Sdn Bhd ("Irat Properties"), the company which is 99% owned by Lembaga Tabung Angkatan Tentera ("LTAT"). LTAT is also the substantial shareholder of AHB.

Tan Sri Dato' Lodin Wok Kamaruddin, a Director of IHRSB, is the Chief Executive of LTAT, Non-Executive Director of Affin Investment, Deputy Chairman of AHB and Group Managing Director and Deputy Chairman of Boustead Holdings Berhad ("BHB").

Notwithstanding the above, Affin Investment is of the view that the said relationship as described above would not give rise to a situation of conflict of interest in Affin Investment's role as adviser to IHRSB for the Proposed MTN Programme based on the following reasons:-

- (i) The directorship of Tan Sri Dato' Lodin Wok Kamaruddin in Affin Investment is non executive in nature;
- (ii) Tan Sri Dato' Lodin Wok Kamaruddin is not involved in the management and/or operational affairs in relation to corporate assignments undertaken by Debt & Capital Markets Department of Affin Investment;
- (iii) LTAT and AHB do not interfere and are not involved in the management and/or operational affairs in relation to corporate assignments undertaken by Debt & Capital Markets Department of Affin Investment. The management and/or board of directors of Affin Investment are not subjected to the directions of LTAT and AHB in the undertaking of its corporate assignments; and
- (iv) The decision on the amount and facilities to be repaid from the proceeds of the Proposed MTN Programme is at the sole and absolute discretion of IHRSB.

(b) Assumption of Multiple Roles by Affin Investment in respect of the Proposed MTN Programme

Under the Proposed MTN Programme, Affin Investment will be assuming multiple roles including:-

- (i) Principal Adviser and Lead Arranger; and
- (ii) Facility Agent/ Security Agent/ Issue Agent;

Notwithstanding the above, Affin Investment is of the view that the relationships as described above would not give rise to a situation of conflict of interest as the following mitigating measures will be adopted by Affin Investment:-

- Affin Investment, as a licensed investment bank, believes in maintenance of the highest standard of professional responsibility and will ensure that it discharges its professional duty accordingly in relation to the Proposed MTN Programme;
- Affin Investment will ensure that each of the above-mentioned role is governed by legally binding agreements specifying the respective functions and responsibilities; and
- Affin Investment will fully disclose to all prospective investors and relevant parties on the multiple roles to be undertaken by Affin Investment and Affin Investment will undertake its roles on an arms length basis.

The Board of Directors of IHRSB has confirmed that they have been informed and are aware of the situations as described above. Notwithstanding the above, the Board of Directors of IHRSB approves the above said arrangements and is agreeable to proceed with the issuance of the Proposed MTN Programme in accordance with the present arrangement.

2. Messrs. Azzat & Izzat

Messrs. Azzat & Izzat is the solicitors undertaking the legal due diligence on the Issuer and legal documentation solicitors for the Proposed MTN Programme.

Messrs. Azzat & Izzat has confirmed that there is no existing or potential conflict of interest in their capacity as the due diligence and legal documentation solicitors for the Proposed MTN Programme.

Messrs. Azzat & Izzat has also confirmed that there is no conflict of interest notwithstanding that their Senior Partner, Datuk Azzat bin Kamaludin is a Non-Independent Non-Executive Director in BHB, a sister company of Irat Properties. The ultimate holding company of BHB and Irat Properties is LTAT.

In this respect, Messrs. Azzat & Izzat has confirmed that the above situation does not and will not entail conflict of interest in their roles as the due diligence and legal documentation solicitors in relation to the Proposed MTN Programme, as BHB directly or indirectly does not own shares of the Issuer.

It is to be noted that a subsidiary of BHB, Boustead Hotels and Resorts Sdn Bhd ("BHR"), the operator of Royale Chulan Hotel, is currently renting the said hotel building from the Issuer as highlighted under Section A (vii) above on an arm's length basis.

3. Trustee

Equity Trust is the appointed Trustee for the Proposed MTN Programme.

Equity Trust has confirmed that there is no existing or potential conflict of interest in their capacity as the Trustee for the Proposed MTN Programme.