

Annual Report



Amanah Harta Tanah PNB



*Nota: Lakaran artis bagi cadangan blok podium yang baharu untuk Plaza VADS
Note: Artist's impression of the new proposed podium block at Plaza VADS*

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CORPORATE INFORMATION

MANAGER

Pelaburan Hartanah Nasional Berhad (175967-W)
(Incorporated in Malaysia)

REGISTERED OFFICE OF THE MANAGER

Tingkat 4, Balai PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur

Telephone : 03-20505100
Facsimile : 03-20505878
E-mail : phnb@pnb.com.my

BOARD OF DIRECTORS OF THE MANAGER

Tun Ahmad Sarji bin Abdul Hamid
(Chairman)
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman
Tan Sri Ainum binti Mohamed Saaid
Dato' Seri Mohd. Hussaini bin Abdul Jamil
Dato' Abd. Wahab bin Maskan
Dato' Idris bin Kechot

SECRETARY OF THE MANAGER

Adibah Khairiah binti Ismail @ Daud (MIA 13755)
Tingkat 4, Balai PNB,
201-A Jalan Tun Razak,
50400 Kuala Lumpur.

MANAGEMENT OF THE MANAGER

Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman
(Executive Director)
Dato' Idris bin Kechot
(Executive Director)
Hafidz Atrash Kosai bin Mohd Zihim
(Chief Executive Officer)

TRUSTEE

AmanahRaya Trustees Berhad (766894-T)
Tingkat 2, Wisma TAS
No. 21, Jalan Melaka
50100 Kuala Lumpur
Telephone : 03-20365000
Facsimile : 03-20720320

INVESTMENT MANAGER

Permodalan Nasional Berhad (38218-X)
Tingkat 4, Balai PNB, 201-A, Jalan Tun Razak
50400 Kuala Lumpur

PROPERTY MANAGER

Azmi & Co. Building Services Sdn Bhd (475267-U)
A9-1-1, Jalan Ampang Utama 2/2
One Ampang Business Avenue
68000 Ampang
Selangor Darul Ehsan

REGISTRAR OF THE TRUST IN CHARGE OF THE REGISTER OF UNITHOLDERS

Symphony Share Registrars Sdn. Berhad (378993-D)
26th. Floor, Menara Multi-Purpose
Capital Square, No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone : 03-27212222
Facsmile : 03-27212530

AUDITORS

Messrs. Hanafiah Raslan & Mohamad (AF 0002)

SOLICITORS ADVISING THE MANAGER IN CONNECTION WITH THE TRUST

Messrs. Zainal Abidin & Co.

BANKERS

Maybank Islamic Berhad (787435-M)
CIMB Islamic Bank Berhad (671380-H)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

BOARD DIRECTORS OF THE MANAGER



Tun Ahmad Sarji Bin Abdul Hamid
Chairman



Tan Sri Dato' Sri Hamad Kama Piah
Bin Che Othman



Tan Sri Ainum
Binti Mohamed Saaid



Dato' Seri Mohd. Hussaini
Bin Abdul Jamil



Dato' Abd. Wahab Bin Maskan



Dato' Idris Bin Kechot

MANAGEMENT OF THE MANAGER



Tan Sri Dato' Sri Hamad Kama Piah
Bin Che Othman
Executive Director



Dato' Idris Bin Kechot
Executive Director



Hafidz Atrash Kosai Bin Mohd Zihim
Chief Executive Officer



Adibah Khairiah Binti Ismail @ Daud
Company Secretary



CHAIRMAN'S STATEMENT

TUN AHMAD SARJI BIN ABDUL HAMID
Non-Independent Non-Executive Chairman

On behalf of the Board of Directors of Pelaburan Hartanah Nasional Berhad (PHNB), as the Manager of Amanah Harta Tanah PNB (AHP), it is my pleasure to present the Annual Report of AHP for the year ended December 31, 2011.

FINANCIAL RESULTS

For the financial year ended December 31, 2011, AHP earned a total investment income of RM12.22 million, which represents an increase of 1.83% from RM12.0 million recorded in 2010. The increase was mainly attributed to the improvement in net rental income as well as the unrealised gain arising from the revaluation of its real estates.

The total expenses for 2011 was RM2.12 million, representing an increase of RM0.34 million or 19.1% from RM1.78 million recorded in 2010, which was mainly due to the increase in financing cost. The income before taxation for the year under review was RM10.10 million as compared to RM10.23 million in 2010.

DISTRIBUTION OF INCOME

The Board of Directors and the Trustee, AmanahRaya Trustees Berhad (ART), have approved a final income distribution of 3.70 sen a unit for the period from July 1, 2011, to December 31, 2011, which is payable on February 29, 2012. With an interim income distribution of 3.70 sen a unit for the period from January 1, 2011, to June 30, 2011, which was paid on August 30, 2011, the total income distribution for the financial year ended December 31, 2011, amounts to RM7.4 million or 7.40 sen a unit. This represents an increase of 2.78% from total income distributed last year of RM7.2 million or 7.0 sen a unit.

INVESTMENT PORTFOLIO OF AHP

The value of the investment of AHP as at December 31, 2011, amounted to RM169.68 million. This comprises investment in real estates at a fair value of RM157.8 million, investment in quoted shares at market value of RM1.81 million and short-term investment of RM10.07 million.

INVESTMENT IN REAL ESTATE

As at December 31, 2011, the real estates in the portfolio of AHP has been reduced to 11 following the completion of disposal of two shop premises located at Kangar, Perlis. The average occupancy rate of real estates of AHP was 95.8% with Bangunan AHP, located at Taman Tun Dr. Ismail, Kuala Lumpur and Sri Impian, located at Taman Setiawangsa, Kuala Lumpur securing 100% occupancy level. Plaza VADS, located at Taman Tun Dr. Ismail, Kuala Lumpur, recorded a high occupancy level of 97.4% despite the on-going upgrading and refurbishment works. The remaining eight real estates of AHP, comprising shop premises, recorded average occupancy rates of 77.7% with four of the shop premises recorded 100% occupancy.

The upgrading and refurbishment of Plaza VADS (the Project) has commenced since late 2010 and has now progressed into Phase 2 which involves the construction of a new podium block and is expected to be completed by the end of 2013 with the estimated cost of construction of approximately RM59 million. The upgraded and refurbished Plaza VADS is not only expected to attract new tenancies at a more competitive rate but also improve renewal rate of the existing tenancies.

REVIEW OF THE PROPERTY MARKET

The Malaysian economy continued to record expansion in 2011. However, it was at a slower pace compared with the preceding year as a consequence of slowing global economy. The slowing global economy moderated the growth of advanced and emerging-market economies through the trade and investment channels. In addition, global production was depressed by the supply-chain disruptions arising from Japan's earthquake at the end of first quarter last year. Global economic performance was made worse off by escalating inflationary pressures caused primarily by rising food and energy prices. According to the International Monetary Fund in January, 2012, global economic growth moderated to 3.8% last year from 5.2% in 2010.

On the domestic front, real GDP rose by an estimated 5.1% in 2011 from 7.2% in 2010. Growth was slower in the first half at 4.8% caused by supply chain disruption and slowing exports, but improved during the second half led by domestic demand, particularly consumption. Business activity was also sustained with private investment spending charting a further increase, reflecting positive investor confidence as the Government embarked on the Economic Transformation Programme (ETP). The continuing accommodative monetary policy was also supportive of growth in investment as well as consumption. Interest rate generally remained low last year despite Bank Negara Malaysia (BNM) raising the overnight policy rate by a quarter percentage point to 3.0% in May to help manage inflation. To a greater extent, BNM had to reduce the excess liquidity to stabilize banking system.

The further growth in the economy and business activity together with the various government initiatives under the ETP had contributed to a better overall performance of the domestic property market in 2011. In the first nine months, demand for the purpose-built office (PBO) sub-sector had increased by 154,333 square meters (sq.m.) or 1.07%. Kuala Lumpur had absorbed 18% of the total new space. As at end of the third quarter 2011, the average national occupancy rate stood at 82.3% or equivalent to 14.16 million sq.m. Kuala Lumpur had recorded 80% occupancy rate and dominated 39% of the total occupied space nationwide. On the supply side, the PBO space increased by 3.4% or 562,499 sq.m. of which 24% or 135,888 sq.m were in Kuala Lumpur. The total supply of PBO in Malaysia stood at 17.21 million sq.m. and 40% were in Kuala Lumpur. The average asking rentals in Kuala Lumpur's prime office buildings ranged from RM6.50 per square foot (psf.) to RM11.50 psf. per month.

PROSPECTS

The downside risks to global economy have increased following the worsening of the Euro Zone debt crisis and increased fiscal constraints in the US. The continuing high unemployment rate in the advanced economies together with persistent high inflation are also weighing down the global economic prospects in the current year. The IMF had estimated global growth rate to remain modest this year at 3.3%.

On the domestic front, the year 2012 marks the second year of implementation of the various Government initiatives to propel Malaysia to become a high economy by 2020. The implementation of the ETP projects and those outlined in the 10th Malaysian Plan can be expected to help accelerate growth of domestic investment and overall business activity this year. At the same time, the initiatives under the Budget 2012 to help promote welfare of the people would also help support growth in consumption, amidst continuing accommodative monetary policy. It is projected by the Government that growth of the domestic economy in 2012 will remain steady at 5-6% to be led by the domestic demand.

The performance of the domestic property market is therefore expected to remain encouraging through this year in tandem with the growth prospect of the economy and following higher positive spillover effects of the various ETP, 10th Malaysian Plan and high-impact projects in Kuala Lumpur and other areas in the country. The Valuation and Property Service Department, Ministry of Finance is projecting PBO sub-sector in Malaysia to receive another 2.56 million sq.m. of new supply between 2012 and 2014, of which an estimated 1.19 million sq.m. or 46% will be in Kuala Lumpur.

APPRECIATION

I would like to extend my appreciation to members of the Board of Directors of PHNB for their continuous support throughout the year. On behalf of the members of the Board of Directors of PHNB, I would also like to convey our appreciation to all staff members of PHNB for their hard work and dedication. I also thank AmanahRaya Trustees Berhad and its staff members for their contribution to AHP. I express our appreciation to the unit holders of AHP for their continued support of AHP.

TUN AHMAD SARJI BIN ABDUL HAMID
Chairman

STATEMENT OF PARTICULARS OF DIRECTORS OF THE MANAGEMENT COMPANY

Board of Directors' Attendance Record

Director	Attendance at Board of Directors' Meeting Held on				Date of Appointment
	28.01.2011	05.05.2011	02.08.2011	09.11.2011	
Tun Ahmad Sarji bin Abdul Hamid	✓	✓	✓	✓	22.01.1997
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	✓	✓	✓	✓	24.06.1998
Tan Sri Ainum binti Mohamed Saaid	✓	✓	x	x	31.03.2009
Dato' Seri Mohd. Hussaini bin Abdul Jamil	✓	✓	✓	✓	12.11.1998
Dato' Abd. Wahab bin Maskan	✓	x	x	x	17.09.1990
Dato' Idris bin Kechot	✓	✓	✓	✓	03.03.2010

✓ - Present

x - Absent with Apologies

Other Information

(i) Relationship

There were no family relationship among the Directors and/or major unitholders.

(ii) Conflict of Interest

None of the Directors has any conflict of interest with AHP except Dato' Seri Mohd Hussaini bin Abdul Jamil who holds 12,000 units in AHP.

(iii) Conviction for Offences

None of the directors has been convicted for any offences other than traffic offences within the past ten (10) years.

(iv) Board of Committee

The Board of Directors of the management company has established a Property Investment Committee to assist the Board in discharging its duties. Members of the Property Investment Committee comprise members from the Board of Directors as well as external members, who are as follows:-

No.	Member
1.	Dato' Seri Mohd. Hussaini bin Abdul Jamil (Chairman)
2.	Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman
3.	Dato' Johan bin Ariffin
4.	Dato' Ir. Jamaluddin bin Osman
5.	Professor Datuk Dr. Nik Mohd. Zain bin Nik Yusof

There were no other board committee established by the management company. However, the financial statements of AHP were presented to the Audit Committee of Permodalan Nasional Berhad (PNB), being the holding company of the management company. None of the members of the Audit Committee of PNB were the directors of the management company.

STATEMENT OF PARTICULARS OF DIRECTORS OF THE MANAGEMENT COMPANY (CONTD.)

(v) Directors' Training

All directors have attended various in-house and external programmes to enable them to discharge their duties and responsibilities effectively. In addition, all directors are encouraged to attend seminars, conferences and various training programmes to keep abreast with developments in the real estate industry.

Conferences, seminars and training programmes attended by directors in the current year are as follows:

- PNB Senior Management Programme-Whistle Blowing Policy: Issues Implementation & Best Practices
- Sime Darby Lecture Series featuring HE Shaukat Aziz
- Khazanah Megatrends Forum 2011
- Sime Darby Workshop with Jonathan Porri H
- Economic Transformation Program (ETP) Progress Update
- Assessing the Risk and Control Environment
- ISIS Praxis Seminar: Knowledge for Action in the Coming Year
- The Malaysian Capital Market Summit/Conference
- MICG-The New Corporate Governance Blueprint & Regulatory Updates

STATEMENT OF PARTICULARS OF DIRECTORS OF THE MANAGEMENT COMPANY (CONTD.)

(vi) Other Directorship of Public Companies

Director	Public Companies
Tun Ahmad Sarji bin Abdul Hamid	<ol style="list-style-type: none"> 1. NCB Holdings Berhad 2. Yayasan Pelaburan Bumiputra 3. Permodalan Nasional Berhad 4. Amanah Saham Nasional Berhad 5. Kontena Nasional Berhad 6. The International Commonwealth University of Malaysia Berhad 7. Amanah Mutual Berhad 8. Yayasan Karyawan 9. Professional Golf of Malaysia
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	<ol style="list-style-type: none"> 1. Sime Darby Berhad 2. Chemical Company of Malaysia Berhad 3. Permodalan Nasional Berhad 4. Amanah Saham Nasional Berhad 5. Sime Darby Property Berhad 6. Amanah Mutual Berhad 7. Yayasan Karyawan 8. Securities Industry Dispute Resolution Centre 9. Professional Golf of Malaysia
Tan Sri Ainum binti Mohamed Saaid	<ol style="list-style-type: none"> 1. Permodalan Nasional Berhad 2. Amanah Saham Nasional Berhad
Dato' Seri Mohd. Hussaini bin Abdul Jamil	Nil
Dato' Abd. Wahab bin Maskan	<ol style="list-style-type: none"> 1. Eastern & Oriental Berhad 2. Sime Darby Property Berhad 3. Kuala Lumpur Golf & Country Club Berhad
Dato' Idris bin Kechot	<ol style="list-style-type: none"> 1. Amanah Capital Malaysia Berhad 2. Amanah Saham Nasional Berhad 3. Amanah Mutual Berhad



PROFILE OF DIRECTORS OF THE MANAGER

TUN AHMAD SARJI BIN ABDUL HAMID Non-Independent Non-Executive Chairman

Tun Ahmad Sarji bin Abdul Hamid, aged 73, a Malaysian, was appointed to the Board of Directors of PHNB on January 22, 1997, by virtue of his position as the Chairman of Permodalan Nasional Berhad (PNB). Prior to his appointment as the Chairman of PNB, Tun Ahmad Sarji was the Chief Secretary to the Government. He had more than 35 years of experience in the public service.

He was selected as the "Tokoh Maal Hijrah" for the Islamic year 1420 (1999). He was President, Commonwealth Association for Public Administration and Management from 1996 to 1998. Tun Ahmad Sarji also represents the PNB Group as Chairman of several companies.

Tun Ahmad Sarji graduated from the University of Malaya in 1960. He also holds a Masters Degree in Public Administration from Harvard University, the United States of America and a Diploma in Public Administration from the Institute of Social Studies, The Hague, Netherlands.

Tun Ahmad Sarji is formerly the Chairman of the Institute of Islamic Understanding Malaysia, a member of the Board of Trustees, Oxford Centre for Islamic Studies, University of Oxford, the United Kingdom, and the Asian Institute of Management, Manila, the Philippines, and Joint-Chairman, Malaysia Centre for Commonwealth Studies, University of Cambridge, the United Kingdom.



TAN SRI DATO' SRI HAMAD KAMA PIAH BIN CHE OTHMAN
Non-Independent Executive Director

Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman, aged 60, a Malaysian, was appointed as a Director of PHNB on June 24, 1998, following his appointment as the Group Chief Executive of PNB on February 1, 1998. His working experience spans over 29 years in the field of investment and unit trust management and currently he is the President and Group Chief Executive of PNB. He is also a member of the Board of Directors of PNB, Amanah Saham Nasional Berhad and Amanah Mutual Berhad as well as a member of the Board of Trustees of the Merdeka Heritage Trust.

Tan Sri Dato' Sri Hamad Kama Piah is also the Chairman of the Board of Directors of Universiti Malaysia Kelantan since May 2007 and sits on the Board of Directors of a number of Malaysian companies. A graduate of Institut Teknologi MARA (presently known as Universiti Teknologi MARA), he also holds a Masters degree from the University of Swansea, United Kingdom. He is a Senior Fellow of the Financial Services Institute of Australasia (FINSIA). He also holds the designation of a Certified Financial Planner and a Registered Financial Planner, and represents the PNB Group as Director in several other companies.



TAN SRI AINUM BINTI MOHAMED SAAID
Independent Non-Executive Director

Tan Sri Ainum binti Mohamed Saaid, aged 65, a Malaysian, was appointed to the Board of Directors of PHNB on March 31, 2009. She also sits on the Board of Directors of Permodalan Nasional Berhad and Amanah Saham Nasional Berhad. Tan Sri Ainum holds a Bachelor Degree in Law from the University of Singapore and a Masters Degree in Law from the University of Brussels.

Tan Sri Ainum was Deputy Chief Executive in the Securities Commission from 1999 to 2001, and served as Attorney General in 2001. She joined the private sector as an Executive Director in Pengkalan Holdings Berhad in 1996. She served as Group Legal Advisor for the Corus Hotels Group UK and later joined Laura Ashley in UK in 2002. She was then appointed Laura Ashley UK's Joint Chief Executive Officer and resigned as its Chief Executive Officer in January 2005. Tan Sri Ainum was appointed as an Independent Non-Executive Director of Sime UEP Properties Berhad from March 2005, to November 2007.



DATO' SERI MOHD HUSSAINI BIN ABDUL JAMIL
Independent Non-Executive Director

Dato' Seri Mohd. Hussaini bin Abdul Jamil, aged 75, a Malaysian, was appointed to the Board of Directors of PHNB on November 12, 1998. Dato' Seri Mohd. Hussaini graduated with a Bachelor of Arts (Hons) Degree from University of Malaya in 1960 and obtained a Post Graduate Diploma in Development Planning from the University of London, the United Kingdom in 1973.

During his more than 30 years in Government service, he has occupied various senior positions. In 1982, he was appointed as the Deputy Secretary-General of the Treasury of Malaysia. In 1990 he was appointed as Secretary-General of the Ministry of Health until his retirement in 1991. Dato' Seri Mohd. Hussaini is also currently a Director of several other companies.



DATO' ABD. WAHAB BIN MASKAN
Independent Non-Executive Director

Dato' Abd. Wahab bin Maskan, aged 61, a Malaysian, was appointed to the Board of Directors of PHNB on September 17, 1990.

Dato' Abd. Wahab is the Group Chief Operating Officer of Sime Darby Berhad. He is also the Managing Director of Sime Darby Property Berhad. Dato' Abd. Wahab had held the positions of Group Chief Executives of Kumplulan Guthrie Berhad (KGB) and Golden Hope Plantation Berhad.

He has also held positions as Director of a number of local and overseas companies dealing in Property, Plantation and other sectors. He is also a director of listed Eastern & Oriental Berhad.

Dato' Abd. Wahab holds a Bachelor of Science Degree in Management (Real Estate) from the University of Reading, England. He is a Fellow of the Institution of Surveyors (Malaysia), a Fellow of the Royal Institution of Chartered Surveyors (England and UK) and a Fellow of the Incorporated Society Planters (FISP) and a Fellow of Malaysian Institute of Management (FMIM).



DATO' IDRIS BIN KECHOT
Non-Independent Executive Director

Dato' Idris bin Kechot, aged 56, a Malaysian, was appointed to the Board of Directors of PHNB on March 3, 2010. He also sits on the Board of Directors of Amanah Saham Nasional Berhad and Amanah Mutual Berhad. He graduated with a Master of Business Administration (Finance) from University of Stirling, United Kingdom.

Dato' Idris is also the Deputy President, Unit Trust, PNB and has held various key positions in the management of PNB.

PROFILE OF THE CHIEF EXECUTIVE OFFICER OF THE MANAGER



HAFIDZ ATRASH KOSAI BIN MOHD ZIHIM
Chief Executive Officer

Encik Hafidz Atrash Kosai bin Mohd Zihim, aged 36, a Malaysian, was appointed the Chief Executive Officer of PHNB on August 30, 2010. Encik Hafidz Atrash Kosai is an Associate of the Institute of Chartered Accountants in Ireland (ACA Ireland) and a Chartered Accountant (CA) of the Malaysian Institute of Accountants. He also holds a Capital Market Services Representative's License from the Securities Commission of Malaysia. He graduated with a First Class Honours Degree in Accounting and Finance from Leicester DeMontfort University, England.

Encik Hafidz Atrash Kosai has wide experience in the investment and financial sectors. Prior to joining PNB, he was attached with a renowned investment bank and prior to that, was involved in the accounting and auditing sector where he trained professionally and completed his articleship as a Chartered Accountant. He joined PNB in 2003 in the Corporate Finance Department before joining the Office of the President and Group Chief Executive of PNB. Consequently, he was attached to the Corporate Services Department prior to his transfer to PHNB in early 2010.

Besides shouldering professional responsibility in PHNB, Encik Hafidz Atrash Kosai holds important posts in voluntary organizations such as the Secretary Famemas Malaysia Sports Supporters Club and as the Vice President to the Malaysian Irish Alumni Association. Encik Hafidz Atrash Kosai has no family relationship with any of the directors and/or major unitholders of AHP. He also has no conflict of interest with AHP and has not been convicted for any offences other than traffic offences within the past 10 years.

PARTICULARS OF MEMBERS OF THE PROPERTY INVESTMENT COMMITTEE

Investment Committee Members' Attendance Record

Member	Attendance at Property Investment Committee Meeting Held on		Date of Appointment
	21.03.2011	05.12.2011	
Dato' Seri Mohd. Hussaini bin Haji Abdul Jamil	✓	✓	04.01.2004
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	✓	✓	04.01.2004
Dato' Johan bin Ariffin	✓	✓	04.01.2004
Dato' Ir Jamaludin bin Osman	✓	✓	04.01.2004
Professor Datuk Dr. Nik Mohd. Zain bin Nik Yusof	✓	✓	04.01.2004

✓ - Present

Other Information

(i) Conflict of Interest

None of the members of property investment committee has any conflict of interest with AHP except Dato' Seri Mohd Hussaini bin Abdul Jamil who holds 12,000 units in AHP.

(ii) Conviction for Offences

None of the members has been convicted for any offences other than traffic offences within the past ten (10) years.

PROFILE OF MEMBERS OF THE PROPERTY INVESTMENT COMMITTEE

DATO' SERI MOHD. HUSSAINI BIN HAJI ABDUL JAMIL

Independent Chairman

Please refer to Directors' Profile

TAN SRI DATO' SRI HAMAD KAMA PIAH BIN CHE OTHMAN

Non-independent Member

Please refer to Directors' Profile

DATO' JOHAN BIN ARIFFIN

Independent Member

Dato' Johan bin Ariffin, aged 53, a Malaysian, was appointed as a member of the Property Investment Committee of the Board of Directors on January 4, 2004. Dato' Johan graduated with a Bachelor of Arts Degree in Economics from Indiana University, Bloomington Indiana, the United States of America in 1980 and obtained his MBA (Marketing) from University of Miami, Coral Gables, Florida, the United States of America in 1981. Presently, Dato' Johan is the Chairman of Mitraland Properties Sdn Bhd and a Board Member of Malayan Banking Berhad. He is also currently a Director of several other companies.

DATO' IR. JAMALUDIN BIN OSMAN

Independent Member

Dato' Ir Jamaludin bin Osman, aged 56, a Malaysian was appointed as a member of the Property Investment Committee of the Board of Directors on January 4, 2004.

Dato' Ir Jamaludin holds a degree in Civil Engineering from University Teknologi Malaysia and in 1992, completed a Management Development Programme with the Asian Institute of Management. He is a registered professional engineer with the Board of Engineers Malaysia and a member of the Institute of Engineers Malaysia.

Dato' Ir Jamaludin started his career as a civil engineer with the Development Authority of Pahang Tenggara in 1979 and subsequently with Dewan Bandaraya Kuala Lumpur. In 1981, he joined Petronas as a Project Engineer, after which he spent 19 eventful years at Syarikat Perumahan Pegawai Kerajaan (SPPK). This served as a platform for him to nurture his marketing and management skills, which led to his appointment as Managing Director of SPPK in 1999, and eventually as Group Managing Director of renowned Island & Peninsular Berhad, property developer in 2005.

With diverse functional and industry background over a period that spans more than three decades, Dato' Ir. Jamaludin has assumed the role of Group Managing Director of the I&P Group of Companies with full accountability across the areas of operational excellence, financial controls, strategic planning and human resource development with an excellent track record in providing leadership to the I&P Group. He also sits on the board of the I&P Group and several other companies including Petaling Garden Sdn. Berhad, Perumahan Kinrara Berhad and Projek Lintasan Kota Holdings Sdn. Berhad.

PROF. DATUK DR. NIK MOHD. ZAIN BIN NIK YUSOF

Independent Member

Prof. Datuk Dr. Nik Mohd. Zain bin Haji Nik Yusof, aged 64, a Malaysian, was appointed as a member of the Property Investment Committee of the Board of Directors on January 4, 2004.

Prof. Datuk Dr. Nik Mohd Zain graduated with honours from University of Malaya in 1969. Obtained his Masters in Wisconsin, the United States of America (USA) and later gained a PhD in law from University of Kent, the United Kingdom.

Previously, Prof. Datuk Dr. Nik Mohd Zain held key positions in both private and government bodies such as Director of Bank Rakyat and FELDA group of Companies, Director General of Department of Land and Mines, Malaysia, Secretary General of Ministry of Land and Cooperative Development, and Federal Lands Commissioner of Malaysia. In 2002, he represented Malaysia on the dispute over Pulau Sipadan and Pulau Ligitan at the International Court of Justice (ICJ) in Hague, Holland.

Prof. Datuk Dr. Nik Mohd Zain served as professor at the School of Land Administration and Land Development of Universiti Teknologi Malaysia from 2003 to January 2005. Presently he runs his own land and property consulting company called BIG Property Consultants Sdn. Berhad. Board member of Felda Property Sdn. Berhad and a member of the Malaysian Administrative & Diplomatic Service and the Chairman of Yayasan Peneroka Negara. He is also an Adjunct Professor at the Department of Land Management of University Putra Malaysia from January 2006.

PERFORMANCE DATA

PERFORMANCE HIGHLIGHT

Financial Year Ended 31 December,	2011	2010	2009
Total Asset Value (RM'000)	171,151	159,324	155,473
Net Asset Value (RM'000)	156,469	153,667	150,792
Net Asset Value a Unit (sen)	156.47	153.67	150.79
Highest Net Asset Value a unit (sen)	156.47	153.67	151.15
Lowest Net Asset Value a unit (sen)	151.65	148.39	148.08
Unit in Circulation ('000)	100,000	100,000	100,000
Highest Traded Price a Unit (sen)	111.0	100.0	94.0
Lowest Traded Price a Unit (sen)	95.0	90.0	70.0
Distribution to Unitholders (RM'000)	7,400 *	7,200 *	7,000 *
Income Distribution a Unit			
Interim (sen)	3.70*	3.60*	3.25*
Date of Distribution	28/08/2011	27/08/2010	28/08/2009
Final (sen)	3.70*	3.60*	3.75*
Date of Distribution	29/02/2012	28/02/2011	25/02/2010
Net Asset Value a Unit After Income Distribution (sen)	152.77	150.07	147.04
Distribution Yield (%)	7.05	7.27	7.61
Management Expense Ratio (%)	1.37	1.17	1.41
Portfolio Turnover Ratio (times)	0.06	0.08	0.08

Note: * Exempted from tax at Trust level

COMPUTATION OF RETURN

Total return : $((1 + \text{capital return}/100) \times (1 + \text{income return}/100) - 1) \times 100$

Capital return : $\frac{(\text{End of year market price} - \text{Beginning of year market price}) \times 100}{\text{Beginning of year market price}}$

Income return : $\frac{\text{Income distribution}}{\text{End of year market price}}$

NOTE:

Past performance is not necessarily indicative of future performance. Unit prices and investment returns fluctuate.

AVERAGE ANNUAL RETURN

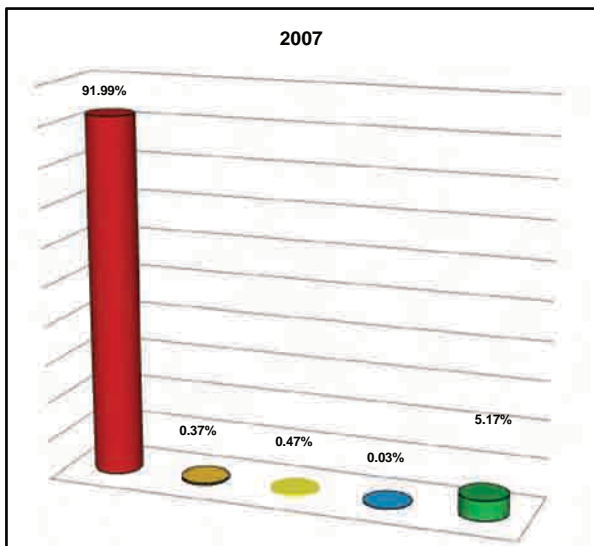
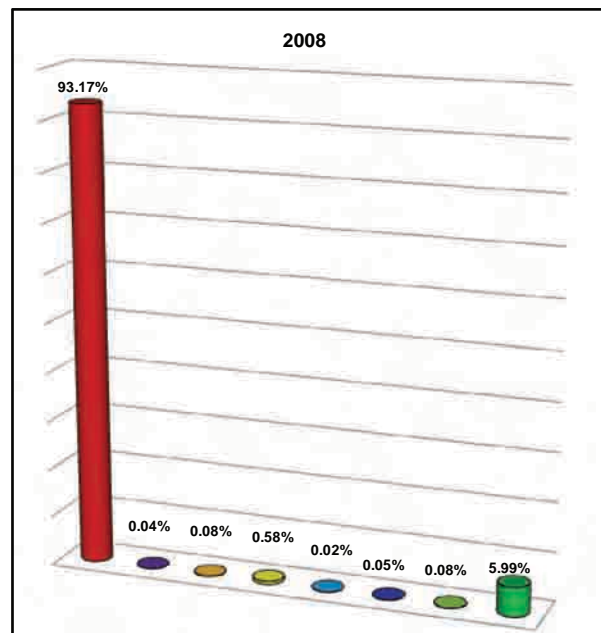
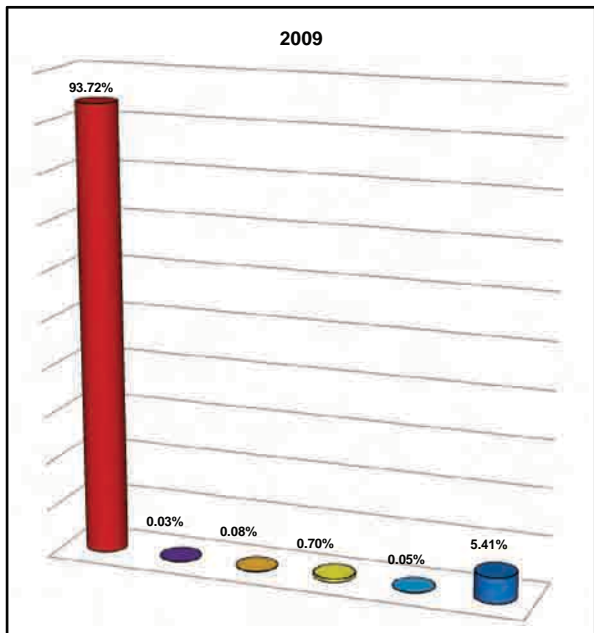
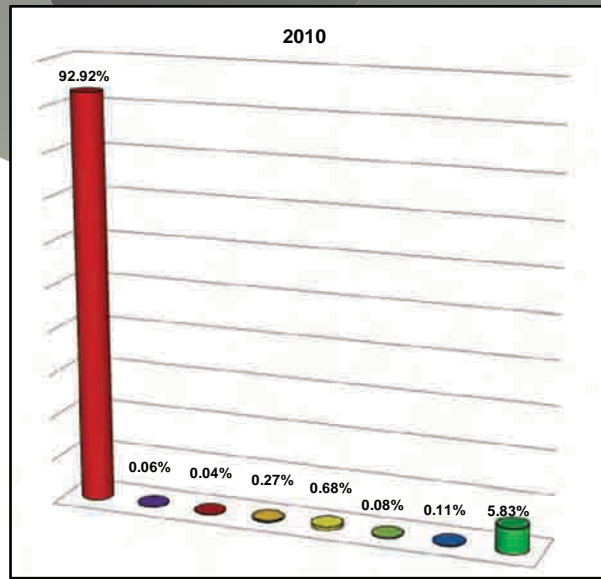
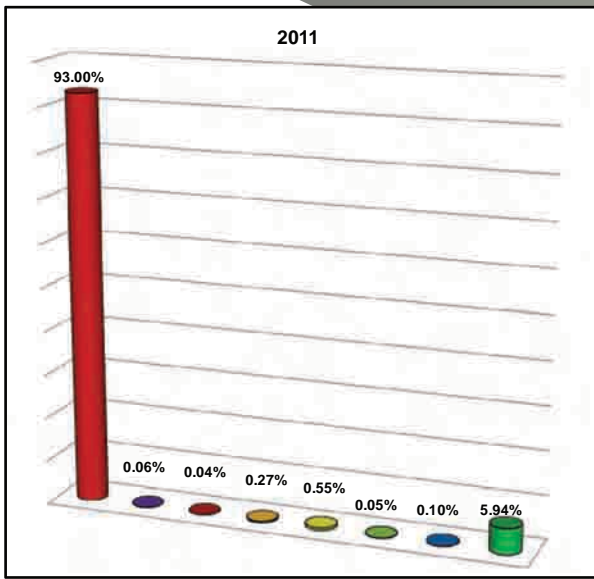
	One Year %	Three Years %	Five Years %	Since 1989 %
AHP	13.54	28.51	19.64	7.85
Kuala Lumpur Composite Index (KLCI)	0.78	20.19	6.91	6.53
Property Index	(2.07)	25.08	7.59	0.54

ANNUAL TOTAL RETURN FOR THE LAST FIVE FINANCIAL YEAR

Financial Year Ended December 31,	2011	2010	2009	2008	2007
Total Return (%)	13.54	15.43	32.00	(4.68)	21.19
Capital Return (%)	6.06	7.61	22.67	(12.28)	13.25
Income Return (%)	7.05	7.27	7.61	8.67	7.02
Benchmark *	(2.07)	30.59	53.03	(50.68)	49.34

* Benchmark : Property index

COMPOSITION OF INVESTMENT PORTFOLIO

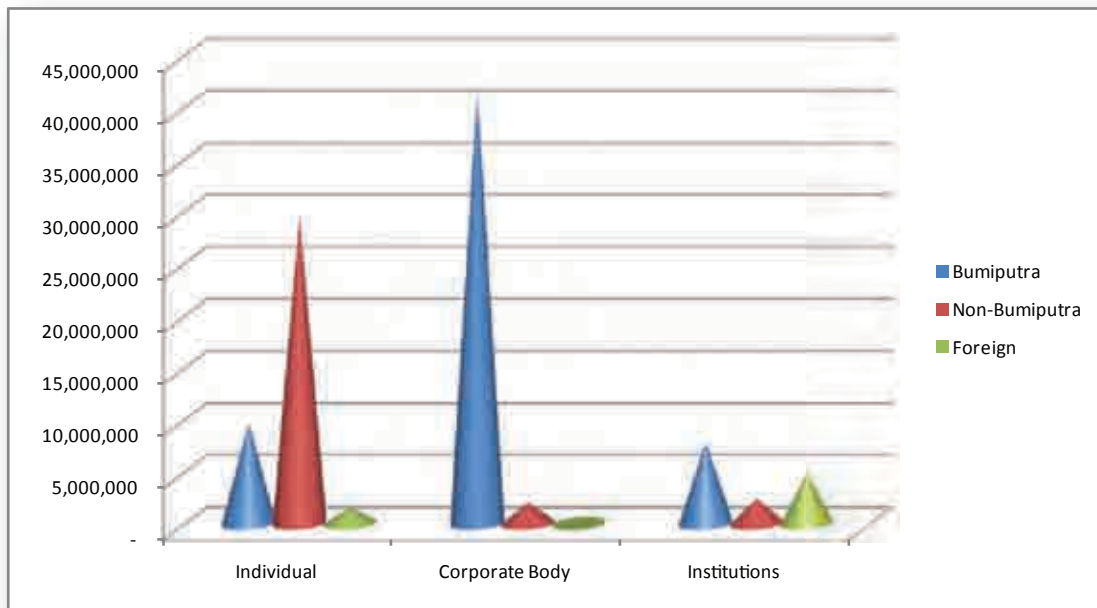


- Real Estate
- Real Estate Investment Trust
- Consumer Products *
- Finance *
- Trading *
- Infrastructure Project *
- Industrial Product
- Plantations *
- Property *
- Short-term investment and cash

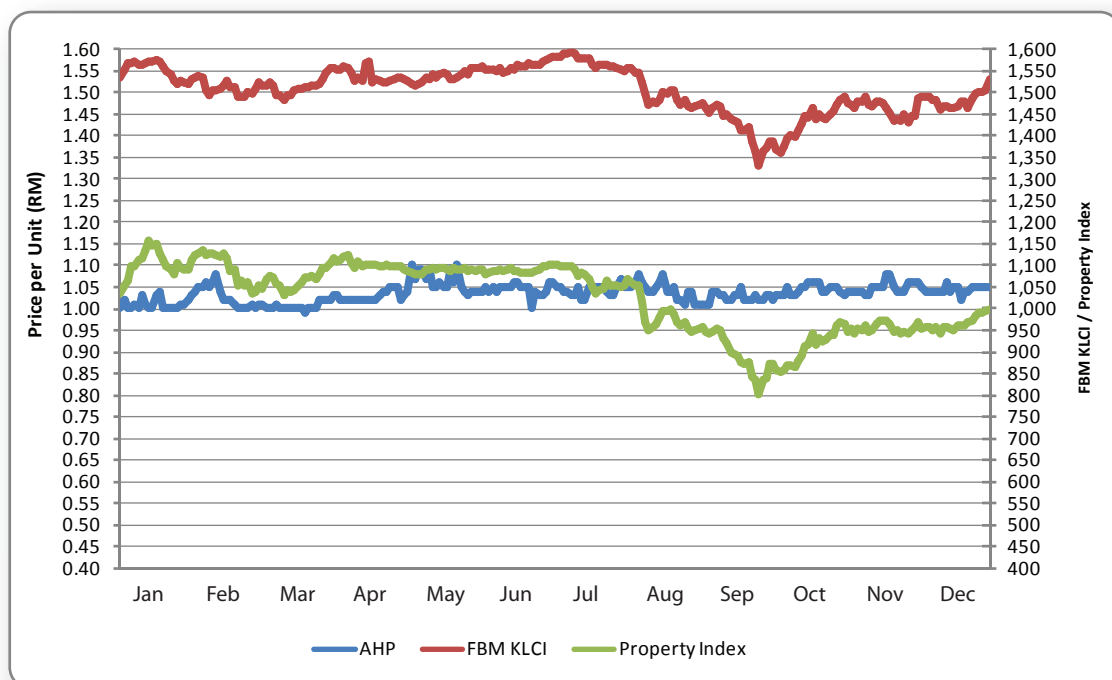
Note: * Investment in Quoted Shares

UNIT HOLDINGS AND MARKET PRICE

ANALYSIS OF UNITHOLDINGS AS AT 31 DECEMBER 2011



MARKET PRICE : PER UNIT FOR THE YEAR ENDED 31 DECEMBER 2011



PROPERTY PORTFOLIO

LIST OF REAL ESTATE AS AT 31 DECEMBER 2011

Description of Real Estate and Location	Land Tenure	Age of Building (years)	Net Lettable Area (sq. ft.)	Date of Acquisition	Cost of Acquisition (RM '000)	Additions (RM '000)	Cost of Acquisitions and Additions (RM '000)	Valuation in 2011 (RM '000)	Net Book Value (RM '000)	Revaluation Surplus / (Deficit)		Method of Valuation (Date of Valuation)
										Valuation in 2011 (RM '000)	Valuation in 2010 (RM '000)	
1. 24-Storey Office Building known as Plaza VADS Taman Tun Dr. Ismail Kuala Lumpur	Freehold	21	194,275	21/03/1989	45,909	15,841	61,750	93,000	93,000	(245)	878	Comparison and Investment Methods (1.12.2011)
2. Four-Storey Commercial building known as Bangunan AHP, Taman Tun Dr. Ismail Kuala Lumpur	Freehold	22	96,154	21/03/1989	16,323	16,748	33,071	42,000	42,000	900	800	Comparison and Investment Methods (1.12.2011)
3. Three-Storey shopoffice Jalan Wan Kadir 4 Taman Tun Dr. Ismail Kuala Lumpur	Freehold	13	5,280	16/10/1995	910	-	910	2,800	2,800	300	300	Comparison and Investment Methods (1.12.2011)
4. Ground & First Floor, Blok G Asia City Kota Kinabalu, Sabah	Leasehold (99 years expiring on 31.12.2082)	14	3,100	12/12/1995	1,653	-	1,653	1,500	1,500	95	-	Comparison and Investment Methods (1.12.2011)
5. Four-storey office building known as Sri Impian, Taman Setiawangsa, Kuala Lumpur	Freehold	21	38,290	15/05/1996	13,318	188	13,506	11,000	11,000	500	-	Comparison and Investment Methods (1.12.2011)
6. Four-storey shophouse Miri Waterfront Commercial Centre, Jalan Permaisuri Miri, Sarawak	Leasehold (60 years expiring on 30.9.2082)	14	3,998	24/05/1996	949	4	953	950	950	70	-	Comparison and Investment Methods (1.12.2011)
7. Four-storey Shopoffice No. 308&309, Lorong Selangor Pusat Bandar Melawati Kuala Lumpur	Freehold	13	14,688	15/06/1996	2,168	39	2,207	3,000	3,000	500	-	Comparison and Investment Methods (3.11.2011)
8. Four-storey Shopoffice Lot 224, Jalan Negara 2, Pusat Bandar Melawati, Kuala Lumpur	Freehold	21	6,705	30/08/1996	783	31	814	1,100	1,100	100	15	Comparison and Investment Methods (1.12.2011)
9. Four-Storey Shopoffice Jalan Chaimfery, Taman Inderawasih Butterworth, Penang	Freehold	13	4,854	12/11/1996	966	-	966	900	900	(50)	-	Comparison and Investment Methods (1.12.2011)
10. 3 1/2-Storey Shophouse Jalan Semabok Melaka	Freehold	12	5,116	18/09/1997	660	5	665	550	550	90	-	Comparison and Investment Methods (1.12.2011)
11. Four-Storey Shopoffice Off Jalan Rubber Kuching, Sarawak	Leasehold (874 years expiring on 31.12.2811)	12	4,432	30/08/2002	855	-	855	1,000	1,000	(100)	-	Comparison and Investment Methods (1.12.2011)
		TOTAL			84,494	32,856	117,350	157,800	157,800	2,160	1,993	

PROPERTY PORTFOLIO (CONTD.)

TENANCY DETAILS AS AT 31 DECEMBER 2011

Property	Net Lettable Area (sq.ft.)	Parking Spaces (Bays)	Major Tenants	Occupancy Rate (%)	Maintenance Cost (RM)	Average Tenancy Period	Year of Expiry	Rental Review	Average Rental (RM/sq.ft./month)
1. Plaza VADS	194,275	402	1. VADS Berhad 2. YSP Industries (M) Sdn. Bhd. 3. IBM Malaysia Sdn. Bhd. 4. Vacant	77.90 9.02 10.43 2.65 ----- 100.00 =====	651,844	8 3 2	2015 2012 2012	2012 2012 2012	3.54
2. Bangunan AHP	96,154	200	1. Hwang-DBS Investment Bank Bhd. 2. Silverlake Innovative Partners Sdn Bhd 3. VADS Berhad 4. PMI Education Sdn. Bhd. 5. Optimax Eye Specialist Centre Sdn. Bhd. 6. Others	28.51 25.69 18.71 9.24 7.91 9.94 ----- 100.00 =====	285,786	3 3 3 3 3	2013 2011 2013 2013 2012	2013 2011 2013 2013 2012	3.34
3. Sri Impian	38,290	-	1. I&P Harta Sdn. Bhd.	100.00	16,436	2	2013	2013	2.20
4. Eight (8) Shop premises	48,173	-	1. Amanah Saham Nasional Berhad 2. Gemilang Maintenance Sdn Bhd 3. ARH Jurukur Bahan Sdn. Bhd. 4. Others 5. Vacant	21.51 15.94 13.92 28.85 19.78 ----- 100.00 =====	25,791	3.0 3 2 2.7	2012 2011 2012 2012/2013	2012 2011 2012 2012/2013	1.50
Total	376,892	602	Total Occupied Area Total Vacant Area	95.79 4.21	979,857				

Disposal of Real Estate During the Year

Real Estate	Date of SPA/ Completion of Disposal	Valuation Date / Name of Valuer	Market Value (RM)	Disposal Price (RM)	Gain/Loss on Disposal (RM)	Purchaser
Three-Storey Shopoffice at Jalan Indera Kayangan, Kangar, Perlis	4 March 2010 / 11 February 2011	15.12.2010 / Anjaniman Abu Kassim (IFC Island Property Consultants Sdn. Bhd.)	550,000	550,000	-	Permodalan Nasional Berhad (Substantial shareholder of the Manager)

ANALYSIS OF UNIT HOLDINGS

Unit Holders' Capital as at 31 December 2011

Authorised : 1,000,000,000 units
 Issued and fully paid : 100,000,000 units

Distribution of Unit Holders as at 31 December 2011

Unit Class	No. of Unit Holders	Percentage of Unit Holders	No. of Unit Holdings	Percentage of Unit Holdings
Less than 100	14	0.19	330	0.00
100 - 1,000	2,948	40.77	2,508,425	2.51
1,001 - 10,000	3,448	47.70	13,925,654	13.92
10,001 - 100,000	750	10.37	22,976,391	22.98
100,001 to less than 5% of issued units	68	0.94	14,517,200	14.52
5% and above of issued units	2	0.03	46,072,000	46.07
Total	7,230	100.00	100,000,000	100.00

Classification of Unit Holders as at 31 December 2011

Category of Unit Holders	Number of Unit Holders			Numbers of Unit Holdings			Percentage		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
Individuals	2,516	4,079	54	9,681,500	29,443,090	1,595,410	9.68	29.44	1.59
Body Corporate									
a. Banks/Finance Companies	6	-	-	46,086,000	-	-	46.09	-	-
b. Investment Trusts/Foundations	-	4	-	-	505,000	-	-	0.51	-
c. Other Types of Companies	12	32	1	396,900	2,196,900	20,000	0.40	2.19	0.02
Government Agencies/Institutions	2	-	-	24,000	-	-	0.02	-	-
Nominees	271	179	74	2,716,900	2,425,100	4,909,200	2.72	2.43	4.91
Total	2,807	4,294	129	58,905,300	34,570,090	6,524,610	58.91	34.57	6.52
	7,230			100,000,000			100.00		

ANALYSIS OF UNIT HOLDINGS

30 Largest Unit Holders as at 31 December 2011

No	Unit Holders	Units Held	Percentage of Units in Issue
1.	Amanah Raya Nominees (Tempatan) Sdn. Berhad (Skim Amanah Saham Bumiputera) ⁽¹⁾	41,008,500	41.01
2.	Permodalan Nasional Berhad ^{(1) (2)}	5,063,500	5.06
3.	Chong Kon Ling	797,800	0.80
4.	Chan Oi Lin	500,000	0.50
5.	Popular Industries Sdn. Berhad	461,300	0.46
6.	Toh Hock Chooi	422,100	0.42
7.	Khoo Hai Chew	411,000	0.41
8.	BOH Plantations Sdn. Berhad	385,000	0.39
9.	Abdul Rahim bin Bidin	377,900	0.38
10.	BOH Plantations Sdn. Berhad	333,800	0.33
11.	TA Nominees (Tempatan) Sdn. Berhad (A/C for Chor Sek Choon)	310,000	0.31
12.	Richfund Sdn. Berhad	291,000	0.29
13.	RAM Holdings Berhad	286,900	0.29
14.	Neoh Foundation (1979)	280,000	0.28
15.	Kenanga Nominees (Asing) Sdn. Bhd. (A/C for Philip Securities Pte. Ltd. (Client Account))	270,000	0.27
16.	Ng Heng Heem	265,700	0.27
17.	Yik Poh Chan @ Yek Poh Chan	263,100	0.26
18.	AmSec Nominees (Tempatan) Sdn. Berhad (AmLife Insurance Berhad (FM-AMAB-LF))	260,000	0.26
19.	HSBC Nominees (Tempatan) Sdn Bhd (Exempt a/c for Pictet & CIE)	260,000	0.26
20.	Lee Chin Yik	258,000	0.26
21.	Toh Han Ein	251,900	0.25
22.	HDM Nominees (Tempatan) Sdn. Berhad (DBS Vickers Secs (S) Pte. Ltd. For Winston Jong Khi Min)	249,800	0.25
23.	Liew Yoon Yee	243,500	0.24
24.	Premjit Singh a/l Onkar Singh	240,000	0.24
25.	Tan Teck Peng	228,000	0.23
26.	Mayban Nominees (Tempatan) Sdn Bhd (A/C for Ng Hong Tee)	220,000	0.22
27.	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Liew Sun Yick)	219,600	0.22
28.	PB Trustee Services Berhad (Lim Chin Sim)	212,000	0.21
29.	HDM Nominees (Asing) Sdn. Berhad (DBS Vickers Secs (S) Pte Ltd for Hia Chec Phang)	200,000	0.20
30.	HDM Nominees (Asing) Sdn. Berhad (DBS Vickers Secs (S) Pte Ltd for Yeo Chye Neo Angeline)	200,000	0.20
Total		54,770,400	54.77

Note:

(1) Substantial unitholder

(2) Related company to Manager

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MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

Pelaburan Hartanah Nasional Berhad ("PHNB"), the Manager of Amanah Harta Tanah PNB ("AHP" or "the Fund"), has pleasure in presenting the Manager's Report on the Fund together with the audited financial statements of the Trust for the financial year ended 31 December 2011.

THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

AHP, a Real Estate Investment Trust, was constituted under a Deed of Trust dated 20 March 1989, between the Manager, PHNB, the Trustee, Amanah Raya Berhad and the several persons who acquire units in the Trust.

AHP was launched on 21 March 1989 and was listed on Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 December 1990. The principal activity of the Fund is investment in real estates and other authorised investments with the objectives of achieving steady returns and for long term capital growth. There has been no significant change in the nature of this activity during the year.

The Manager, a company incorporated in Malaysia, is a subsidiary company of Permodalan Nasional Berhad ("PNB"). The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the year.

PNB is a company incorporated in Malaysia. Its principal activity is investment holding which is mainly for the purpose of promoting greater ownership of shares in the corporate sector in Malaysia by the Bumiputera.

MANAGEMENT FEE AND COMMISSIONS

No initial service charge, fee or commission has been earned by the Manager in managing the Fund other than the management fee of RM1,535,575 (2010: RM1,504,598) as disclosed in Note 6 to the financial statements. As provided in the Deed of Trust, the Manager is entitled to a management fee not exceeding 2% per annum of the net asset value of the Fund on each day of the accrual period. The management fee charged for the year ended 31 December 2011 is 1% (2010: 1%) per annum of the daily net asset value of the Fund.

TERM OF THE FUND

The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 23 of the Third Supplemental Deed of Trust.

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

INVESTMENT OBJECTIVE

The main investment objective of the Fund is to provide reasonable level of income return to unit holders and allow them to gain from capital growth through the acquisition of a selected portfolio of real estate investments which have potential for long term capital growth.

INVESTMENT POLICY AND STRATEGY

The investment policy of the Fund is directed towards the expansion of the Fund to be carried out through continuous search of quality real estates which give reasonable yield and capital appreciation.

The Manager will continue to exercise prudent investment strategy with a view of generating stable and consistent income for the Fund. Property selection for the Fund will be based on a process with the main focus on criteria such as the location of the property, the potential for capital growth, physical quality of the property as well as the quality of the tenancy.

During the financial year, the Manager continued to exercise prudent investment strategy with a view of generating stable and consistent income for the Fund. The Manager continued to establish good rapport with the tenants to ensure sustainable long term relationship with the tenants, thus ensuring continuous flow of rental income to the Fund.

INVESTMENTS OF THE FUND

Total investments of the Fund, including cash and bank balances as at 31 December 2011 was RM169,684,633 (2010: RM156,858,259). Details of the investment portfolio of the Fund are as follows:

	2011		2010	
	RM	%	RM	%
At fair value:				
Real estates				
- Commercial and office buildings	157,800,000	93.00	145,745,000	92.92

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

INVESTMENTS OF THE FUND (CONTD.)

	2011		2010	
	RM	%	RM	%
At fair value:				
Real estate related-assets				
- Quoted shares by sector				
- Property	36,400	0.02	34,377	0.02
- Real Estate Investment Trust	66,039	0.04	59,250	0.04
Non-real estate related-assets				
- Quoted shares by sector				
- Consumer products	70,000	0.04	70,200	0.04
- Finance	452,810	0.27	426,097	0.27
- Infrastructure project	91,670	0.05	125,660	0.08
- Plantation	161,400	0.10	174,300	0.11
- Trading	935,377	0.55	1,070,790	0.68
At amortised cost:				
Deposits with financial institutions, cash and bank balances				
	10,070,937	5.94	9,152,585	5.83
	<u>169,684,633</u>	<u>100.00</u>	<u>156,858,259</u>	<u>100.00</u>

Details of the investment in real estates are as disclosed in Note 12 to the financial statements.

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

PERFORMANCE OF THE FUND

	2011	2010
Total net asset value (RM)	<u>156,468,623</u>	<u>153,666,898</u>
Units in circulation (units)	<u>100,000,000</u>	<u>100,000,000</u>
Net asset value per unit attributable to unit holders (sen)	<u>156.47</u>	<u>153.67</u>
Market price per unit (sen)	<u>105.00</u>	<u>99.00</u>
Highest traded price (sen)	<u>111.00</u>	<u>100.00</u>
Lowest traded price (sen)	<u>95.00</u>	<u>90.00</u>

There is no significant change in the assets allocation since the last report.

RESULTS OF THE OPERATIONS OF THE FUND

The results of the operations of the Fund for the year are as follows:

	RM
Net income before taxation	10,101,725
Taxation	-
Net income after taxation	<u>10,101,725</u>

During the financial year, the Fund has recorded net income before taxation of RM10,101,725 as compared with RM10,225,104 recorded last financial year. Lower net income before taxation during the year was due to higher expenditure as a results of borrowing costs of RM216,381 and allowance of impairment of trade receivables of RM99,027.

In terms of net rental income, the Fund has recorded an increase of RM123,958 or 1.29% from RM9,513,900 recorded in previous year, following the increase in rental rate charges for renewal and new tenancies. The Fund's total expenditure showed an increase of RM337,532 or 18.96% from RM1,779,858 recorded last financial year.

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

REVIEW OF THE PROPERTY MARKET

The Malaysian economy continued to record expansion in 2011. However, it was at a slower pace compared with the preceding year as a consequence of slowing global economy. The slowing global economy moderated the growth of advanced and emerging-market economies through the trade and investment channels. In addition, global production was depressed by the supply-chain disruptions arising from Japan's earthquake at the end of first quarter last year. Global economic performance was made worse off by escalating inflationary pressures caused primarily by rising food and energy prices. According to the International Monetary Fund in January, 2012, global economic growth moderated to 3.8% last year from 5.2% in 2010.

On the domestic front, real GDP rose by an estimated 5.1% in 2011 from 7.2% in 2010. Growth was slower in the first half at 4.8% caused by supply chain disruption and slowing exports, but improved during the second half led by domestic demand, particularly consumption. Business activity was also sustained with private investment spending charting a further increase, reflecting positive investor confidence as the Government embarked on the Economic Transformation Programme (ETP). The continuing accommodative monetary policy was also supportive of growth in investment as well as consumption. Interest rate generally remained low last year despite Bank Negara Malaysia (BNM) raising the overnight policy rate by a quarter percentage point to 3.0% in May to help manage inflation. To a greater extent, BNM had to reduce the excess liquidity to stabilize banking system.

The further growth in the economy and business activity together with the various government initiatives under the ETP had contributed to a better overall performance of the domestic property market in 2011. In the first nine months, demand for the purpose-built office (PBO) sub-sector had increased by 154,333 square meters (sq.m.) or 1.07%. Kuala Lumpur had absorbed 18% of the total new space. As at end of the third quarter 2011, the average national occupancy rate stood at 82.3% or equivalent to 14.16 million sq.m. Kuala Lumpur had recorded 80% occupancy rate and dominated 39% of the total occupied space nationwide. On the supply side, the PBO space increased by 3.4% or 562,499 sq.m. of which 24% or 135,888 sq.m were in Kuala Lumpur. The total supply of PBO in Malaysia stood at 17.21 million sq.m. and 40% were in Kuala Lumpur. The average asking rentals in Kuala Lumpur's prime office buildings ranged from RM6.50 per square foot (psf.) to RM11.50 psf. per month.

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

PROSPECTS

The downside risks to global economy have increased following the worsening of the Euro Zone debt crisis and increased fiscal constraints in the US. The continuing high unemployment rate in the advanced economies together with persistent high inflation are also weighing down the global economic prospects in the current year. The IMF had estimated global growth rate to remain modest this year at 3.3%.

On the domestic front, the year 2012 marks the second year of implementation of the various Government initiatives to propel Malaysia to become a high economy by 2020. The implementation of the ETP projects and those outlined in the 10th Malaysian Plan can be expected to help accelerate growth of domestic investment and overall business activity this year. At the same time, the initiatives under the Budget 2012 to help promote welfare of the people would also help support growth in consumption, amidst continuing accommodative monetary policy. It is projected by the Government that growth of the domestic economy in 2012 will remain steady at 5-6% to be led by the domestic demand.

The performance of the domestic property market is therefore expected to remain encouraging through this year in tandem with the growth prospect of the economy and following higher positive spillover effects of the various ETP, 10th Malaysian Plan and high-impact projects in Kuala Lumpur and other areas in the country. The Valuation and Property Service Department, Ministry of Finance is projecting PBO sub-sector in Malaysia to receive another 2.56 million sq.m. of new supply between 2012 and 2014, of which an estimated 1.19 million sq.m. or 46% will be in Kuala Lumpur.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DISTRIBUTION OF INCOME

The distributions paid and proposed by the Fund since 31 December 2010:

In respect of the financial year ended 31 December 2010:

	Per Unit		Total	
	Gross Sen	Net of tax Sen	Gross RM	Net of tax RM
Final income distribution of 3.60 sen per unit paid on 28 February 2011	3.60	3.60	3,600,000	3,600,000

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

In respect of financial year ended 31 December 2011:

	Per Unit		Total	
	Gross Sen	Net of tax Sen	Gross RM	Net of tax RM
Interim income distribution of 3.70 sen per unit paid on 25 August 2011	3.70	3.70	3,700,000	3,700,000

For the financial year ended 31 December 2011, final income distribution of 3.70 sen a unit (tax exempt at the Fund level), amounting to RM3,700,000 to be paid on 29 February 2012, was declared by the Manager and approved by the Trustee on 26 January 2012. The financial statements of the current year do not reflect this proposed distribution. Such distribution will be accounted for as an appropriation of undistributed income in the next reporting period ending 30 June 2012. In general, the Fund has shown a competitive level of income return and was able to meet its objective of providing reasonable level of income return to the investors.

The effect of the final income distributions in terms of the net asset value per unit attributable to unit holders as at 31 December 2011:

	Before distribution sen	After distribution sen
Net asset value per unit attributable to unit holders	156.47	152.77

BREAKDOWN OF UNITHOLDINGS

Unit Class	Number of Unitholders	Percentage of Unit holders (%)	Number of Unitholdings	Percentage of Unitholdings (%)
5,000 and below	5,736	79.34	10,732,419	10.73
5,001 to 10,000	674	9.32	5,701,990	5.70
10,001 to 50,000	650	8.99	15,415,400	15.42
50,001 to 500,000	167	2.31	21,280,391	21.28
500,001 and above	3	0.04	46,869,800	46.87
	<u>7,230</u>	<u>100.00</u>	<u>100,000,000</u>	<u>100.00</u>

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

DIRECTORS OF THE MANAGER

The directors of the Manager since the date of the last report and at the date of this report are as follows:

Tun Ahmad Sarji bin Abdul Hamid
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman
Tan Sri Ainum binti Mohd Saaid
Dato' Seri Mohd. Hussaini bin Haji Abdul Jamil
Dato' Abd. Wahab bin Maskan
Dato' Idris bin Kechot

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager or the Fund was a party, whereby the directors might acquire benefits by means of acquisition of shares or debentures of the Manager or any other body corporate or of the acquisition of units of the Fund.

Since the end of the previous financial year, no director of the Manager has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in note to the financial statements of PHNB, or a fixed salary of a full-time employee of PNB) by reason of a contract made by the Manager or the Fund or a related corporation with any director or with a firm of which he is a member, or with a company in which he has substantial financial interest.

DIRECTORS' INTEREST

According to the register of the Manager directors' shareholdings, the directors of the Manager who were in office as at 31 December 2011 and have interests in the Fund during the financial year are as follows:

	Number of Units			31 December 2011
	1 January 2011	Bought	Sold	
Dato' Seri Mohd. Hussaini bin Haji Abdul Jamil	12,000	-	-	12,000

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

None of the other directors in office at the end of the financial year had any interest in the Fund during the financial year. During and at the end of financial year, no material contracts have been entered into involving any directors and major unit holders.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Fund were made out, the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

- (b) At the date of this report, the Manager is not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts in respect of the financial statements of the Fund; and
 - (ii) the values attributed to the current assets in the financial statements of the Fund misleading.

- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Fund misleading or inappropriate.

- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Fund which would render any amount stated in the financial statements misleading.

- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Fund which has arisen since the end of the financial year which secures the liabilities of any other person; orany contingent liability of the Fund which has arisen since the end of the financial year.

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

- (f) In the opinion of the directors of the Manager:
- (i) no contingent or other liability of the Fund has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Fund to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Fund for the financial year in which this report is made.
- (g) Neither the Manager nor its delegates receive any soft commission from its brokers by virtue of transactions transacted by the Fund.
- (h) AHP has not been involved or undertaken any corporate social responsibility ("CSR") activities or practices. However, PNB Group, the larger entity to which the Manager is part of, is highly committed in a variety of CSR programmes which include education, social and welfare programmes for members of the public.

AUDITORS

The auditors, Messrs. Hanafiah Raslan & Mohamad, have indicated their willingness to continue in office.

Signed on behalf of PELABURAN HARTANAH NASIONAL BERHAD in accordance with a resolution of the directors of the Manager dated 26 January 2012.

**TUN AHMAD SARJI
BIN ABDUL HAMID**

**TAN SRI DATO' SRI HAMAD KAMA PIAH
BIN CHE OTHMAN**

Kuala Lumpur, Malaysia

STATEMENT BY MANAGER

We, TUN AHMAD SARJI BIN ABDUL HAMID and TAN SRI DATO' SRI HAMAD KAMA PIAH BIN CHE OTHMAN, being two of the directors of PELABURAN HARTANAH NASIONAL BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 39 to 91 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia, the Securities Commission's Guidelines on Real Estate Investment Trusts and the provisions of the Trust Deed so as to give a true and fair view of the financial position of AMANAH HARTA TANAH PNB as at 31 December 2011 and of its results and the cash flows for the year then ended.

Signed on behalf of PELABURAN HARTANAH NASIONAL BERHAD in accordance with a resolution of the directors of the Manager dated 26 January 2012.

**TUN AHMAD SARJI
BIN ABDUL HAMID**

**TAN SRI DATO' SRI HAMAD KAMA PIAH
BIN CHE OTHMAN**

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

I, DATO' MOHD NIZAM BIN ZAINORDIN, being the officer of the Manager primarily responsible for the financial management of AMANAH HARTA TANAH PNB, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 91 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed DATO' MOHD NIZAM BIN ZAINORDIN
at Kuala Lumpur in the Federal Territory
on 26 January 2012

DATO' MOHD NIZAM BIN ZAINORDIN

Before me,

Commissioner for Oaths,
Kuala Lumpur, Malaysia

STATEMENT BY TRUSTEE

To the Unit holders of
AMANAH HARTA TANAH PNB

We, AmanahRaya Trustees Berhad, have acted as Trustee of AMANAH HARTA TANAH PNB for the financial year ended 31 December 2011. In our opinion, PELABURAN HARTANAH NASIONAL BERHAD, the Manager, has managed AMANAH HARTA TANAH PNB in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year then ended.

We are of the opinion that:

- (a) The procedures and processes employed by the Manager to value and/ or price the units of AMANAH HARTA TANAH PNB are adequate and that such valuation/ pricing is carried out in accordance with the Deed and other regulatory requirements; and
- (b) The distribution of returns made by AMANAH HARTA TANAH PNB as declared by the Manager is in accordance with the investment objective of AMANAH HARTA TANAH PNB.

Yours faithfully
AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI
General Manager

Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF AMANAH HARTA TANAH PNB

Report on the financial statements

We have audited the financial statements of AMANAH HARTA TANAH PNB ("the Fund"), which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 91.

Manager's and Trustee's responsibility for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Fund as at 31 December 2011, and of its financial performance, changes in equity and cash flows for the year then ended.

Other matters

This report is made solely to the unit holders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

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

Kuala Lumpur, Malaysia

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 RM	2010 RM
INCOME			
Gross rental income	4	14,965,939	14,790,450
Less: Real estates operating expenditure	5	(5,326,330)	(5,274,782)
Depreciation		(1,751)	(1,768)
Net rental income		9,637,858	9,513,900
Interest income from deposits with financial institutions		309,915	235,548
Gross dividends from investments in:			
- Real estate-related assets		5,666	4,460
- Non-real estate-related assets		214,788	83,939
Unrealised gain on valuation of:			
- Real estates	12	2,159,873	1,931,109
Net gain/(loss) from financial assets at fair value through profit and loss ("FVTPL"):			
- Real estate-related assets	13	8,338	13,062
- Non-real estate-related assets	14	(117,324)	222,944
		<u>12,219,114</u>	<u>12,004,962</u>
EXPENSES			
Management fee	6	(1,535,575)	(1,504,598)
Trustee's fee	7	(130,000)	(130,000)
Auditors' remuneration		(13,500)	(13,500)
Tax agent's fee		(4,100)	(3,800)
Valuation fee		(32,950)	(3,500)
Printing, postage and general expenses		(85,857)	(101,441)
Financing costs	8	(216,380)	(23,019)
Allowance for impairment of trade receivables	18	(99,027)	-
		<u>(2,117,389)</u>	<u>(1,779,858)</u>
NET INCOME BEFORE TAXATION		10,101,725	10,225,104
TAXATION	9	-	-
NET INCOME AFTER TAXATION		10,101,725	10,225,104
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>10,101,725</u>	<u>10,225,104</u>

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)**

	Note	2011 RM	2010 RM
NET INCOME AFTER TAXATION IS MADE UP OF THE FOLLOWING:			
Realised		7,938,387	8,109,374
Unrealised		2,163,338	2,115,730
		<u>10,101,725</u>	<u>10,225,104</u>
EARNINGS PER UNIT	10	<u>10.10 sen</u>	<u>10.23 sen</u>
EARNINGS PER UNIT (BEFORE MANAGEMENT FEE)			
- Gross of tax		11.64 sen	11.73 sen
- Net of tax		<u>11.64 sen</u>	<u>11.73 sen</u>
NET INCOME DISTRIBUTION			
	11		
Interim income distribution of 3.70 sen per unit (2010: 3.60 sen per unit) paid on 25 August 2011 (2010: paid on 27 August 2010)		<u>3,700,000</u>	<u>3,600,000</u>
Final income distribution of 3.70 sen per unit (2010: 3.60 sen per unit) payable on 29 February 2012 (2010: paid on 28 February 2011)		<u>3,700,000 *</u>	<u>3,600,000</u>
FINAL INCOME DISTRIBUTION PER UNIT			
	11		
- Gross of tax		3.70 sen *	3.60 sen
- Net of tax		<u>3.70 sen *</u>	<u>3.60 sen</u>
INTERIM INCOME DISTRIBUTION PER UNIT			
	11		
- Gross of tax		3.70 sen	3.60 sen
- Net of tax		<u>3.70 sen</u>	<u>3.60 sen</u>

* Proposed final income distribution for the year ended 31 December 2011.

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Note	As at 31 December 2011 RM	As at 31 December 2010 RM
INVESTMENTS			
Real estates	12	157,800,000	145,745,000
Real estate-related assets	13	102,439	93,627
Non-real estate-related assets	14	1,711,257	1,867,047
Deposits with financial institutions	15	10,025,578	8,969,450
TOTAL INVESTMENTS		169,639,274	156,675,124
OTHER ASSETS			
Equipment, furniture and fittings	16	12,486	1,375
Tax recoverable	17	656,625	648,076
Trade receivables	18	452,962	976,062
Other receivables	19	343,965	839,799
Cash and bank balances	20	45,359	183,135
TOTAL OTHER ASSETS		1,511,397	2,648,447
TOTAL ASSETS		171,150,671	159,323,571
LIABILITIES			
Financing	21	9,649,096	933,689
Rental deposits	22	4,202,646	4,071,624
Other payables	23	696,434	520,594
Amount due to Manager	24	133,872	130,766
TOTAL LIABILITIES		14,682,048	5,656,673
EQUITY			
Unit holders' capital		100,000,000	100,000,000
Retained earnings		56,468,623	53,666,898
TOTAL EQUITY	25	156,468,623	153,666,898
TOTAL EQUITY AND LIABILITIES		171,150,671	159,323,571

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 (CONTD.)**

	As at 31 December 2011 RM	As at 31 December 2010 RM
NUMBER OF UNITS IN CIRCULATION	<u>100,000,000</u>	<u>100,000,000</u>
NET ASSET VALUE ("NAV")	<u>156,468,623</u>	<u>153,666,898</u>
NAV (EX-DISTRIBUTION) PER UNIT	<u>1.5647</u>	<u>1.5367</u>

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011**

<---- Retained Earnings ---->				
Note	Unit holders' Capital RM	Distributable Realised Income RM	Distributable Unrealised Gain RM	Total Equity RM
At 1 January 2010	100,000,000	17,212,474	33,579,241	150,791,715
Transfer to realised income	-	(67,653)	67,653	-
Total comprehensive income for the year	-	8,109,374	2,115,730	10,225,104
Income distribution:	11			
Final distribution				
- 31 December 2009	-	(3,749,921)	-	(3,749,921)
Interim distribution				
- 31 December 2010	-	(3,600,000)	-	(3,600,000)
At 31 December 2010	<u>100,000,000</u>	<u>17,904,274</u>	<u>35,762,624</u>	<u>153,666,898</u>
At 1 January 2011	100,000,000	17,904,274	35,762,624	153,666,898
Transfer to realised income	-	147,874	(147,874)	-
Total comprehensive income for the year	-	7,938,387	2,163,338	10,101,725
Income distribution:	11			
Final distribution				
- 31 December 2010	-	(3,600,000)	-	(3,600,000)
Interim distribution				
- 31 December 2011	-	(3,700,000)	-	(3,700,000)
At 31 December 2011	<u>100,000,000</u>	<u>18,690,535</u>	<u>37,778,088</u>	<u>156,468,623</u>

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before taxation	10,101,725	10,225,104
Adjustments for:		
Depreciation	1,751	1,768
Allowance for impairment of trade receivables	99,027	-
Unrealised gain on valuation of real estates	(2,159,873)	(1,931,109)
Net gain from financial assets at fair value through profit and loss ("FVTPL"):		
- Real estate-related assets	(8,338)	(13,062)
- Non-real estate-related assets	117,324	(222,944)
Interest income from deposit with financial institutions	(309,915)	(235,548)
Gross dividends from investments in:		
- Real estate-related assets	(5,666)	(4,460)
- Non-real estate-related assets	(214,788)	(83,939)
Financing costs	216,380	23,019
Operating profit before working capital changes	<u>7,837,627</u>	<u>7,758,829</u>
Increase in tax recoverable	(8,549)	(10,785)
Decrease in receivables	862,744	137,253
Increase/(decrease) in other payables	175,840	(99,126)
Increase in rental deposits	131,022	131,187
Increase in amount due to the Manager	3,106	2,602
Net cash generated from operating activities	<u>9,001,790</u>	<u>7,919,960</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in real estates	(10,445,127)	(1,983,891)
Proceeds from disposal of:		
- Real estates	495,000	1,460,000
- Real estate-related assets	-	-
- Non-real estate-related assets	58,248	351,785
Purchase of fixed assets	(12,862)	-
Purchase of non-real estate related-assets		
- Real estate-related assets	(474)	(32,316)
- Non-real estate-related assets	(19,784)	(723,492)
Interest received	314,356	223,604

**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2011 (CONTD.)**

	2011	2010
	RM	RM
Dividends received from investments in:		
- Real estate-related assets	5,666	4,460
- Non-real estate-related assets	215,022	90,290
Net cash used in investing activities	<u>(9,389,955)</u>	<u>(609,560)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from revolving credit facility	8,715,407	933,689
Financing costs paid	(108,890)	(15,597)
Payment of income distributions	(7,300,000)	(7,349,921)
Net cash used in financing activities	<u>1,306,517</u>	<u>(6,431,829)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 918,352	 878,571
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	 <u>9,152,585</u>	 <u>8,274,014</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	 <u>10,070,937</u>	 <u>9,152,585</u>
 CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	45,359	183,135
Deposits with financial institutions (Note 15)	10,025,578	8,969,450
	<u>10,070,937</u>	<u>9,152,585</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Amanah Harta Tanah PNB ("AHP" or "the Fund"), a Real Estate Investment Trust, was constituted under a Deed of Trust dated 20 March 1989, between the Manager, Pelaburan Hartanah Nasional Berhad ("PHNB"), the Trustee, Amanah Raya Berhad and the several persons who acquire units in the Fund. The Fund was launched on 21 March 1989 and was listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 December 1990.

The principal activity of the Fund is investment in real estates and other authorised investments with the objectives of achieving steady returns and for long term capital growth. There has been no significant change in the nature of this activity during the year.

The Manager, a company incorporated in Malaysia, is a subsidiary company of Permodalan Nasional Berhad ("PNB"). The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the year.

PNB is a company incorporated in Malaysia. Its principal activity is investment holding which is mainly for the purpose of promoting greater ownership of share capital in the corporate sector in Malaysia by the Bumiputera.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 26 January 2012.

2. TERM OF THE FUND

The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 23 of the Third Supplemental Deed of Trust of AHP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Fund have been prepared under the historical cost convention except for investment in real estates and quoted securities which are stated at fair value.

The financial statements comply with the applicable Financial Reporting Standards ("FRSs") and applicable Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and revised FRSs and IC Interpretations which are effective for financial year beginning on or after 1 January 2011. The new and revised FRSs and IC Interpretations do not give rise to any significant effects on the financial statements of the Fund.

(c) Standards Issued but Not Yet Effective

The Manager expects that the adoption of the other standards and interpretations which have been issued but not yet effective for the financial year ended 31 December 2011 will not have a material impact on the financial statements in the period of initial application.

(d) Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund become a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Fund determines the classification of its financial assets at initial recognition, and its financial assets include receivables, deposits with financial institutions, real estate related-assets held at FVTPL, non-real estate related-assets held at FVTPL and, cash and bank balances.

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading include quoted equity securities acquired principally for the purpose of selling in the near term. Subsequent to initial recognition, financial assets held at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in 'net gain or loss on financial assets held at FVTPL'. Interest earned and dividend revenue elements of such instruments are recorded separately in 'interest income' and 'gross dividend income', respectively. Exchange differences on financial assets held at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets held at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables. The Fund includes short term receivables in this classification. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(e) Impairment of Financial Assets

The Fund assess at each reporting date whether there is any objective evidence that a financial asset is impaired. For trade and other receivables, to determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequent assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables. If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Fund become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities. The Fund's financial liabilities which include trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(g) Equipment, Furniture and Fittings and Depreciation

Equipment, furniture and fittings are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(i). Depreciation of equipment, furniture and fittings is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Equipment	20%
Furniture and fittings	20%
Computer equipment	25%

Upon the disposal of an item of equipment, furniture and fittings, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

(h) Real Estates

Real estates consist of land and buildings which are stated at fair value at each statement of assets and liabilities date, representing open-market value determined by external valuers. Gains and losses arising from changes in fair values of real estates are recognised in profit or loss for the period in which they arise. Upon the disposal of a real estate, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Impairment of Non-financial Assets

At each statement of financial position date, the Manager reviews the carrying amounts of the Fund's non-financial assets other than real estates, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. An impairment loss is charged to the profit or loss immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(j) Income Recognition

(i) Rental Income

Rental income from real estates is accounted for on an accrual basis.

(ii) Gross Dividend Income

Gross dividend income from quoted shares are recognised on a declared basis, when the right to receive dividends has been established.

(iii) Other Income

Interest income, car park income and other real estates income are accounted for on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Proposed Distribution

Proposed distribution is recognised once the obligation to pay has been established. Proposed distribution will be disclosed by way of note to the financial statements and such distribution will be accounted for as an appropriation of undistributed income in the period where the obligation to pay has been established.

(l) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

(m) Unit holder's Capital

The unit holder's capital of the Fund meet the definition of puttable instruments classified as equity instruments under the revised FRS 132 Financial Instruments: Presentation.

(n) Segment Reporting

For management purposes, the Fund has one operating segment - real estates. The operating results are regularly reviewed by the Manager, who assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to each investment segment.

(o) Income Tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected amount of income taxes payable in respect of the undistributed taxable profit for the year and is measured using the tax rates that have been enacted at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Significant Accounting Estimates and Judgements

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. GROSS RENTAL INCOME

Gross rental income of the Fund consists of the following:

	2011 RM	2010 RM
Rental income	14,329,607	14,198,590
Other real estates income	636,332	591,860
	<u>14,965,939</u>	<u>14,790,450</u>

Included in the rental income is an amount of RM570,501 (2010: RM662,351) received from related companies as disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

5. REAL ESTATES OPERATING EXPENDITURE

Included in the amounts are the following:

	2011	2010
	RM	RM
Maintenance, repairs and improvements expenses	979,857	967,711
Assessment	889,571	894,875
Quit rent	56,640	57,595
Property Manager's fee*	<u>135,700</u>	<u>131,700</u>

* The Property Manager, Azmi & Co Building Services Sdn. Bhd. ("ACBS"), is entitled to a property management fee in respect of the maintenance of the real estates owned by the Fund, as provided in the Deed of Trust. The fee is based on a certain graduated scale as provided in the Deed of Trust and as prescribed in the revised Valuers, Appraisers and Estate Agents Act 1981 and its rules.

6. MANAGEMENT FEE

The Manager is entitled to a fee not exceeding 2% per annum of the net asset value of the Fund on each day of the accrual period, as defined in the Deed of Trust. The management fee charged for the year ended 31 December 2011 is 1% (2010: 1%) per annum of the daily net asset value of the Trust.

No other fee, commission or initial service charges has been paid or is payable to the Manager.

7. TRUSTEE'S FEE

The Trustee is entitled to a fee not exceeding 0.1% per annum of the net asset value of the Fund on each day of the accrual period, as defined in the Deed of Trust. The Trustee's fee charged for the year ended 31 December 2011 is RM 130,000 (2010: RM130,000).

8. FINANCING COSTS

	2011	2010
	RM	RM
Interest expense on borrowings	<u>216,380</u>	<u>23,019</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

9. TAXATION

	2011 RM	2010 RM
Tax expense for the year	-	-

The Fund has been exempted from income tax on all income provided that at least 90% of its total income pursuant to Section 61(A) of the Income Tax Act, 1967 is distributed to the unit holders in the basis period effective from year of assessment 2007.

If less than 90% of its total income is distributed, then all the income of the REIT will be subject to tax at 25% (2010: 25%). The amount distributed from the REIT will be grossed up to take into account the underlying tax of the REIT and the unit holder will be taxed on the gross distribution at the relevant tax rates. Such distributions carry a tax credit, which will be available for set-off against the income tax chargeable on the unit holder.

There is no tax expense for the current financial year as AHP will distribute its entire total chargeable income to tax for the current year of assessment 2010. The Malaysian tax rate is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to net income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	2011 RM	2010 RM
Net income before taxation	10,101,725	10,225,104
Taxation at Malaysia statutory tax rate of 25% (2010: 25%)	2,525,431	2,556,276
Effect of income not subject to tax	(590,201)	(603,729)
Effect of expenses not deductible for tax purposes	79,288	62,544
Effect of income distribution exempted from tax at Fund level	(1,961,586)	(1,963,509)
Utilisation of current year capital allowances	(52,932)	(51,582)
Tax expense for the year	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

10. EARNINGS PER UNIT

The earnings per unit for the year has been calculated by dividing the net income after taxation for the year of RM10,101,725 (2010: RM10,225,104) by the number of units in circulation as at the statement of financial position date of 100,000,000 (2010: 100,000,000).

11. INCOME DISTRIBUTION

	2011		2010	
	Gross RM	Net RM	Gross RM	Net RM
Interim income distribution of 3.70 sen sen per unit paid on 25 August 2011 (2010: 3.60 sen per unit paid on 27 August 2010)	3,700,000	3,700,000	3,600,000	3,600,000
Final income distribution of 3.70 sen per unit payable on 29 February 2012 (2010: 3.60 sen per unit paid on 28 February 2011)	<u>3,700,000 *</u>	<u>3,700,000 *</u>	<u>3,600,000</u>	<u>3,600,000</u>
Total distribution for the year	<u>7,400,000</u>	<u>7,400,000</u>	<u>7,200,000</u>	<u>7,200,000</u>
Distribution per unit (sen)	<u>7.40</u>	<u>7.40</u>	<u>7.20</u>	<u>7.20</u>

* For the financial year ended 31 December 2011, final income distribution of 3.70 sen per unit (tax exempt at Fund level), amounting to RM3,700,000 to be paid on 29 February 2012, was declared by the Manager and approved by the Trustee on 26 January 2012. The financial statements for the current year do not reflect this proposed distribution. Such distribution will be accounted for as an appropriation of undistributed income in the next reporting period ending 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

11. INCOME DISTRIBUTION (CONTD.)

Source of Distribution

Distribution to unitholders is from the following sources:

	2011	2010
	RM	RM
Net rental income	9,517,389	8,979,858
Gross dividends from investments in:		
- Real estate-related assets	-	-
- Non-real estate-related assets	-	-
Interest income from deposits with financial institutions	-	-
	<u>9,517,389</u>	<u>8,979,858</u>
Less: Expenses	<u>(2,117,389)</u>	<u>(1,779,858)</u>
Total distribution	<u>7,400,000</u>	<u>7,200,000</u>
Gross income distribution per unit (sen)	7.40	7.20
Net income distribution per unit (sen)	<u>7.40</u>	<u>7.20</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

12. REAL ESTATES

	2011	2010
	RM	RM
At 1 January	145,745,000	143,290,000
Upgrading and renovation costs	10,445,127	1,983,891
Disposals	(550,000)	(1,460,000)
Fair value adjustment	2,159,873	1,931,109
At 31 December	<u>157,800,000</u>	<u>145,745,000</u>

The following real estates are held under lease terms:

	As at	As at
	31 December	31 December
	2011	2010
	RM	RM
Leasehold land and buildings (at fair value)	<u>3,450,000</u>	<u>3,935,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

12. REAL ESTATES (CONTD.)

Description of Real Estate	Tenure	Date of Acquisition	Cost of Acquisition and Additions RM	Fair Value* RM
Plaza VADS, Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	21/03/1989	64,590,353	93,000,000
Bangunan AHP, Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	21/03/1989	33,070,869	42,000,000
Sri Impian, Taman Setiawangsa, Kuala Lumpur	Freehold	15/05/1996	13,505,811	11,000,000
Strata shop office in Butterworth	Freehold	12/11/1996	965,776	900,000
Strata shop office, Asia City, Kota Kinabalu	Leasehold	12/12/1995	1,652,917	1,500,000
Three storey shop house in Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	16/10/1995	909,879	2,800,000
2 units of a four storey shop office, Pusat Bandar Melawati, Kuala Lumpur ^	Freehold	15/06/1996	2,207,063	3,000,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

12. REAL ESTATES (CONTD.)

Details of investment in real estates and basis of valuation are as follows (Contd.):

Description of Real Estate	Tenure	Date of Acquisition	Cost of Acquisition and Additions RM	Fair Value* RM
Four storey shop office, Pusat Bandar Melawati, Kuala Lumpur	Freehold	30/08/1996	814,016	1,100,000
Four storey shop house, Miri	Leasehold	24/05/1996	952,930	950,000
Three storey shop house, Melaka	Freehold	18/09/1997	665,506	550,000
Four storey, shop office, Jalan Rubber, Kuching	Leasehold	30/8/2002	854,556	1,000,000
			<u>120,189,676</u>	<u>157,800,000</u>

* Market values based on revaluation exercise carried out on 1 December 2011 by independent firms of professional valuers by using the comparison and the investment methods of valuation in accordance with the Malaysian Valuation Standards.

^ Market value based on revaluation exercise carried out on 3 November 2011 by independent firm of professional valuers by using the comparison and the investment methods of valuation in accordance with the Malaysian Valuation Standards.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

12. REAL ESTATES (CONTD.)

The details of the valuers are as follows:

Real Estate	Name of Firm	Name of Valuer and Qualification
Plaza VADS, Taman Tun Dr. Ismail, Kuala Lumpur. Bangunan AHP, Taman Tun Dr. Ismail, Kuala Lumpur. Three storey shop house, Taman Tun Dr. Ismail, Kuala Lumpur. Strata shop office, Asia City, Kota Kinabalu, Sabah. Four storey shop office, Pusat Bandar Melawati, Kuala Lumpur. Four storey shop house, Jalan Permaisuri, Miri, Sarawak. Sri Impian, Taman Setiawangsa, Kuala Lumpur.	Jurunilai Bersekutu Sdn. Bhd.	Sr. Robiah Wan Yusoff Diploma in Estate Management Mara Institute of Technology M.I.S.M., M.M.I.E.A., M.R.I.C.S. Registered Valuer - V476

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

12. REAL ESTATES (CONTD.)

The details of the valuers are as follows:

Real Estate	Name of Firm	Name of Valuer and Qualification
Three storey shop house, Jalan Semabok, Melaka	Azmi & Co Sdn. Bhd.	Mohd Noor Azeni Nordin Advanced Diploma Estate Management, Universiti Teknologi Mara M.I.S.M, P.E.P.S Registered Valuer - V0764
Four storey shop office, Jalan Rubber, Kuching, Sarawak.		
Strata shop office, Jalan Chainferry, Butterworth, Penang.		
Two Units of four storey shop office, Pusat Bandar Melawati, Kuala Lumpur.	Irhamy & Co Chartered Surveyors	Irhamy Ahmad Bsc Land Admistration North East London Polytechnic M.R.I.C.S., M.I.S.M., A.P.E.P.S., I.R.R.V., M.B.I.F.M. Registered Valuer - V457

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

13. REAL ESTATE-RELATED ASSETS

	2011	2010
	RM	RM
Quoted shares, at FVTPL	102,439	93,627
Net gain on real estate-related assets at FVTPL during the year comprised:		
Unrealised changes in fair values	8,388	13,062

Quoted Shares	Units	Cost	Fair	Percentage of
				Value
		RM	RM	Over Net
				Asset Value
				%
- Property	20,222	32,315	36,400	0.02
- Real Estate Investment Trust	25,206	32,337	66,039	0.04
	<u>45,428</u>	<u>64,652</u>	<u>102,439</u>	<u>0.06</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

14. NON-REAL ESTATE-RELATED ASSETS

	2011	2010
	RM	RM
Quoted shares, at FVTPL	<u>1,711,257</u>	<u>1,867,047</u>
Net (loss)/ gain on real estate-related assets at FVTPL during the year comprised:		
Realised loss on disposals	(112,451)	51,385
Unrealised changes in fair values	(4,873)	171,559
	<u>(117,324)</u>	<u>222,944</u>

Quoted Shares	Units	Cost	Fair	Percentage of
				Value
		RM	RM	Over Net
				Asset Value
				%
- Consumer products	10,000	63,325	70,000	0.05
- Finance	52,775	358,733	452,810	0.29
- Infrastructure project	51,500	111,698	91,670	0.06
- Plantation	30,000	163,981	161,400	0.11
- Trading	120,300	883,546	935,377	0.61
	<u>264,575</u>	<u>1,581,283</u>	<u>1,711,257</u>	<u>1.12</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

15. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2011	2010
	RM	RM
Fixed deposits	6,134,693	2,671,225
Short term deposits	2,206,771	4,267,626
Al Mudharabah deposits	1,684,114	2,030,599
	<u>10,025,578</u>	<u>8,969,450</u>

The weighted average effective interest/profit rates ("WAEIPR") per annum and the average maturity of deposits with financial institutions as at the statement of assets and liabilities date were as follows:

	2011		2010	
	WAEIPR	Average	WAEIPR	Average
	(% p.a.)	Maturity	(% p.a.)	Maturity
		(Days)		(Days)
Licensed banks	<u>3.32</u>	<u>48</u>	<u>2.97</u>	<u>16</u>

Included in the deposits are the amount of RM366,161 (2010: RM2,094,652) placed with Malayan Banking Berhad ("MBB"), a licensed bank related to the Manager.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

16. EQUIPMENT, FURNITURE AND FITTINGS

	Equipment	Furniture and	Computer	Total
	RM	Fittings	Equipment	RM
Cost		RM	RM	
At 1 January 2011	47,248	53,755	18,679	119,682
Additions	6,250	990	5,622	12,862
At 31 December 2011	<u>53,498</u>	<u>54,745</u>	<u>24,301</u>	<u>132,544</u>
Accumulated Depreciation				
At 1 January 2011	45,900	53,735	18,672	118,307
Charge for the year	1,117	56	578	1,751
At 31 December 2011	<u>47,017</u>	<u>53,791</u>	<u>19,250</u>	<u>120,058</u>
Net Book Value				
At 31 December 2011	<u>6,481</u>	<u>954</u>	<u>5,051</u>	<u>12,486</u>
At 31 December 2010	<u>1,348</u>	<u>20</u>	<u>7</u>	<u>1,375</u>
Depreciation charge for 2010	<u>1,768</u>	<u>-</u>	<u>-</u>	<u>1,768</u>

Included in equipment, furniture and fittings of the Fund are RM110,941 (2010: RM113,291) of cost of fully depreciated assets which are still in use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

17. TAX RECOVERABLE

The tax recoverable amount represents tax deducted at source on dividend income arising in Malaysia and is recoverable from the Malaysian Inland Revenue Board.

The Income Tax Act 1967 was amended on 28 December 2007 to introduce the single tier corporate tax system with effect from the year of assessment 2008. Under the single tier corporate tax system, dividend distribution to shareholders will be exempted from tax.

However, there will be a transitional period of six years (year of assessment 2008 to 31 December 2013) to allow companies which meet certain conditions, to continue to pay dividends under a limited (transitional) imputation system. Dividends paid under the limited (transitional) imputation system will be subject to tax in the hands of the shareholders. Shareholders can claim the tax deducted at source on the dividend payment as tax credit.

Companies that do not meet the conditions required to pay dividends under the limited (transitional) imputation system will pay dividends under the single tier tax system. With effect from 1 January 2014, all companies will pay dividends under the single tier tax system.

The potential impact on the Fund will be as follows:

During the transitional period, if the Fund receives dividend income from investee companies which pay dividends under the limited (transitional) imputation system, the Fund can continue to claim the tax deducted at source as a refund from the Malaysian Inland Revenue Board provided that the Fund meets certain conditions. However, since single tier dividends are tax exempt and thus, no tax will be deducted at source on dividend, there will be no tax credit that can be claimed from such dividends received by the Fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

18. TRADE RECEIVABLES

	As at 31 December 2011 RM	As at 31 December 2010 RM
Trade receivables	452,962	976,062

The Fund's normal credit term is 30 days. The trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Fund has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Ageing analysis of trade receivables

The ageing analysis of the Fund's trade receivables is as follows:

	As at 31 December 2011 RM	As at 31 December 2010 RM
Neither past due nor impaired	197,947	659,361
31 to 60 days past due not impaired	84,398	20,354
61 to 90 days past due not impaired	17,629	1,850
91to 120 days past due not impaired	-	1,850
More than 121 days past due not impaired	53,961	292,647
	<u>353,935</u>	<u>976,062</u>
Impaired	99,027	-
	<u>452,962</u>	<u>976,062</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

18. TRADE RECEIVABLES (CONTD.)

The Fund's trade receivables that are impaired at the reporting date are as follows:

	As at 31 December 2011 RM	As at 31 December 2010 RM
Trade receivables	99,027	-
Less: Allowance for impairment	(99,027)	-
	<u>-</u>	<u>-</u>

The movement in the allowance account used to record impairment allowance for trade receivables are as follows:

	As at 31 December 2011 RM	As at 31 December 2010 RM
At 1 January	-	-
Charge for the year	99,027	-
At 31 December	<u>99,027</u>	<u>-</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Fund.

None of the Fund's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Fund has trade receivables amounting to RM354,042 (31 December 2010: RM316,701) that are past due at the reporting date of which RM99,027 (2010: RM nil) was impaired during the financial year. The remaining receivables that are past due but not impaired are expected to be collected in the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

19. OTHER RECEIVABLES

	As at 31 December 2011 RM	As at 31 December 2010 RM
Amount due from tenants in respect of electricity and water charges, air conditioning services, space for antenna equipment, hawkers centre and others	66,788	203,106
Dividends	966	1,200
Interest income	13,236	17,677
Deposits	120,206	151,046
Prepayments	142,769	411,770
Others	-	55,000
	<u>343,965</u>	<u>839,799</u>

The Fund has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

20. CASH AND BANK BALANCES

Included in the cash and bank balances is an amount of RM22,315 (2010: RM16,603) placed with MBB, a licensed bank related to the Manager.

21. FINANCING

On 17 July 2008, the Fund obtained an Islamic revolving credit facility of RM65 million from CIMB Islamic Bank Berhad for financing the upgrading and refurbishment of Plaza Vads, which includes the construction of 4-storey podium block. The total drawdowns amount as at the date of the Statement of Financial Position is as follows:

	As at 31 December 2011 RM	As at 31 December 2010 RM
Secured:		
Revolving credit (floating rate)	<u>9,649,096</u>	<u>933,689</u>

The maturities of the above financing is within one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

22. RENTAL DEPOSITS

	As at 31 December 2011 RM	As at 31 December 2010 RM
Payable within 12 months	1,564,957	1,369,220
Payable after 12 months	2,637,689	2,702,404
	<u>4,202,646</u>	<u>4,071,624</u>

Included in the rental deposit is an amount of RM170,913 (2010: RM215,262) received from companies related to the Manager as disclosed in Note 29.

23. OTHER PAYABLES

	As at 31 December 2011 RM	As at 31 December 2010 RM
Accruals for real estate operating expenditure	253,207	218,545
Rental received in advance	84,238	116,314
Financing costs payable	114,912	7,422
Sundry payables	244,077	178,313
	<u>696,434</u>	<u>520,594</u>

24. AMOUNT DUE TO MANAGER

The amount due to Manager is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

25. TOTAL EQUITY

The components of total equity of the Fund as at the statement of financial position date are as follows:

	Note	As at 31 December 2011 RM	As at 31 December 2010 RM
Unit in circulation	26	100,000,000	100,000,000
Retained earnings		56,468,623	53,666,898
		<u>156,468,623</u>	<u>153,666,898</u>
Retained earnings is made up of the following:			
Net realised distributable income		18,690,535	17,904,274
Net unrealised non-distributable income		37,778,088	35,762,624
		<u>56,468,623</u>	<u>53,666,898</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

26. UNITS IN CIRCULATION

Authorised: At 1 January/ 31 December	Number of Units	
	2011	2010
	1,000,000,000	1,000,000,000

Issued and fully paid: At 1 January/ 31 December	Number of Units		Amount	
	2011	2010	2011 RM	2010 RM
	100,000,000	100,000,000	100,000,000	100,000,000

As at 31 December 2011, the Manager did not hold any unit in the Fund. However, PNB held 5,063,500 (2010: 5,063,500) units, representing approximately 5.06% (2010: 5.06%) of the total units in issue. Based on market price as at 31 December 2011 of RM1.05 (2010: RM0.99) per unit, the value of units held by PNB was RM5,316,675 (2010: RM5,012,865).

27. NET ASSET VALUE PER UNIT

	As at 31 December 2011	As at 31 December 2010
Net asset value attributable to unit holders (RM)	156,468,623	153,666,898
Number of units issued	100,000,000	100,000,000
Net assets value per unit (sen)	156.47	153.67

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

28. TRANSACTIONS WITH STOCKBROKING COMPANIES

During the financial year, the Manager made purchases and sales of investments for the Fund with one stockbroking company. The details of the transactions are as follows:

Stock Broker	Value of Trade RM	Percentage of Total Trade %	Brokerage Fees RM	Percentage of Brokerage Fees %
Maybank Investment Bank Bhd. *	42,500	100.00	96	100.00

Neither PHNB nor PNB has any direct equity holding in the above stockbroking company.

* PNB has direct equity holdings in the ultimate holding company of the stockbroking company.

The dealings with the above stockbroking company has been transacted at arm's length based on the normal terms in the stockbroking industry.

29. RELATED PARTY DISCLOSURES

	2011 RM	2010 RM
Amanah Saham Nasional Berhad ("ASNB"), a wholly-owned subsidiary of PNB		
- Rental income received	309,250	401,100
- Rental deposits received	98,600	142,950
MBB, a substantial shareholder of the Manager		
- Rental income received	261,251	261,251
- Interest income from deposit placement	32,493	32,866
- Rental deposits received	72,313	64,804

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

30. PORTFOLIO TURNOVER RATIO

	2011	2010
Portfolio Turnover Ratio ("PTR")	<u>0.06 times</u>	<u>0.08 times</u>

PTR is the ratio of the average of acquisitions and disposals of investments for the year to the average net asset value of the Fund, calculated on a yearly basis.

Since the average net asset value of the Fund is calculated on a yearly basis, comparison of the PTR of the Fund with other units trusts which use different basis of calculation may not be an accurate comparison.

31. MANAGEMENT EXPENSE RATIO

	2011	2010
Management Expense Ratio ("MER")	<u>1.37%</u>	<u>1.17%</u>

MER is calculated based on the total fees and expenses incurred by the Fund divided by the average net asset value of the Fund for the year.

Since the average net asset value of the Fund is calculated on a yearly basis, comparison of the MER of the Fund with other units trusts which use different basis of calculation may not be an accurate comparison.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

32. SEGMENTAL REPORTING

The Manager is responsible for allocating resources available to the Fund in accordance with the overall investment policies and strategies of which to invest in a diversified portfolio of income producing real estate. The Fund's operating segment is in respect of real estates only.

The investment objective of the real estates segment is to provide to the unit holder with long term and sustainable distribution of income and potential capital growth. The segment information provided is presented to the Manager.

	Real estates portfolio 2011 RM	Real estates portfolio 2010 RM
Net rental income representing total segment	9,637,858	9,513,900
Unrealised gain on valuation of real estates	2,159,873	1,931,109
Total segment operating income	<u>11,797,731</u>	<u>11,445,009</u>
	As at 31 December 2011 RM	As at 31 December 2010 RM
Investments	157,800,000	145,745,000
Trade receivables	452,962	976,062
Other receivables	329,763	765,922
Total segment assets	<u>158,582,725</u>	<u>147,486,984</u>
Rental deposits	4,202,646	4,071,624
Other payables	337,445	334,859
Revolving credit facility	9,649,096	933,689
Total segment liabilities	<u>14,189,187</u>	<u>5,340,172</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

32. SEGMENTAL REPORTING (CONTD.)

Certain income and expenses of the Fund are not considered part of the performance of the operating segment. The following table provides a reconciliation between the net reportable segment income and operating profits:

	2011	2010
	RM	RM
Net reportable segment operating income	11,797,731	11,445,009
Interest income	309,915	235,548
Realised gain on disposal of quoted equity investments	(112,451)	51,385
Unrealised gain on valuation of quoted equity investments	3,465	184,621
Gross dividends	220,454	88,399
Expenses	(2,117,389)	(1,779,858)
Net income before tax	<u>10,101,725</u>	<u>10,225,104</u>
Taxation	-	-
Net income after tax	<u>10,101,725</u>	<u>10,225,104</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

32. SEGMENTAL REPORTING (CONTD.)

Certain assets and liabilities are not considered to be part of the net assets or liabilities of an individual segment. The following table provides a reconciliation between the net reportable segment assets and liabilities and total assets and liabilities of the Fund.

	As at 31 December 2011 RM	As at 31 December 2010 RM
Total segment assets	158,582,725	147,486,984
Equipment, furniture and fittings	12,486	1,375
Quoted equity investments	1,813,696	1,960,674
Deposits with financial institutions	10,025,578	8,969,450
Tax recoverable	656,625	648,076
Other receivables	14,202	73,877
Cash and bank balances	45,359	183,135
Total assets of the Fund	<u>171,150,671</u>	<u>159,323,571</u>
Total segment liabilities	14,189,187	5,340,172
Other payables and accruals	358,989	185,735
Amount due to Manager	133,872	130,766
Total liabilities of the Fund	<u>14,682,048</u>	<u>5,656,673</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

33. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 3(d), 3(e) and 3(f) describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at 31 December 2011 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Loans and Receivables RM	Financial liabilities at amortised cost RM	Total RM
2011				
Assets				
Quoted equity investments	1,813,696	-	-	1,813,696
Deposits with financial institution	-	10,025,578	-	10,025,578
Trade receivables	-	452,962	-	452,962
Other receivables	-	343,965	-	343,965
Cash and bank balances	-	45,359	-	45,359
Total financial assets	<u>1,813,696</u>	<u>10,867,864</u>	<u>-</u>	<u>12,681,560</u>
Total non-financial assets				<u>158,469,111</u>
				<u>171,150,671</u>
Liabilities				
Revolving credit facility	-	-	9,649,096	9,649,096
Rental deposits	-	-	4,202,646	4,202,646
Other payables	-	-	696,434	696,434
Amount due to Manager	-	-	133,872	133,872
	<u>-</u>	<u>-</u>	<u>14,682,048</u>	<u>14,682,048</u>
Realised loss on disposal of investments	(112,451)	-	-	(112,451)
Unrealised gain on valuation of investments	3,465	-	-	3,465
Dividends	220,454	-	-	220,454
Interest income	-	309,915	-	309,915
Financing costs	-	-	(216,380)	(216,380)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

33. FINANCIAL INSTRUMENTS (CONTD.)

(a)

	Financial assets at FVTPL RM	Loans and Receivables RM	Financial liabilities at amortised cost RM	Total RM
2010				
Assets				
Quoted equity investments	1,960,674	-	-	1,960,674
Deposits with financial institution	-	8,969,450	-	8,969,450
Trade receivables	-	976,062	-	976,062
Other receivables	-	839,799	-	839,799
Cash and bank balances	-	183,135	-	183,135
Total financial assets	1,960,674	10,968,446	-	12,929,120
Total non-financial assets				146,394,451
				<u>159,323,571</u>
Liabilities				
Revolving credit facility	-	-	933,689	933,689
Rental deposits	-	-	4,071,624	4,071,624
Other payables	-	-	520,594	520,594
Amount due to Manager	-	-	130,766	130,766
	-	-	5,656,673	5,656,673
Realised loss on disposal of investments	51,385	-	-	51,385
Unrealised gain on valuation of investments	184,621	-	-	184,621
Dividends	88,399	-	-	88,399
Interest income	-	235,548	-	235,548
Financing costs	-	-	(23,019)	(23,019)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

33. FINANCIAL INSTRUMENTS (CONTD.)

(b) Financial instrument that are carried at fair value

The Fund's financial assets at FVTPL are carried at fair value. The fair values of these financial assets were determined using prices in active markets for identical assets.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

For instruments quoted on Bursa Malaysia, the market bid prices are determined by reference to the theoretical closing market price as published by Bursa Malaysia.

(c) Financial instruments that are carried at fair value and whose carrying amounts are reasonable approximation of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value are as follows:

- (i) Deposits with financial institutions
- (ii) Trade receivables
- (iii) Other receivables/payables
- (iv) Amount due to Manager
- (v) Revolving credit facility

The carrying amount of these financial assets and liabilities are reasonable approximation of fair values due their short term nature.

There are no financial instruments which are not carried at fair values and whose carrying amounts are not reasonable approximation of their respective fair values.

The methods and basis for the determination of fair value of the Fund's financial instruments in the current financial year are consistent with that of the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund maintains investment portfolios in a variety of listed financial instruments as dictated by its Trust Deed and investment management strategy.

The Fund is exposed to a variety of risks including market risk (which includes interest rate risk, and price risk), credit risk, and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

The Fund's objective in managing risk is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Trust Deed, the Securities Commission's Guidelines on Real Estate Investments Trusts and the Capital Markets and Services Act, 2007.

(b) Risk management structure

The Fund's Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Fund.

(c) Risk measurement and reporting system

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Manager and the Trustee. These limits reflect the investment strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(d) Risk mitigation

The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager ensures that the Fund complies with the various regulations and guidelines as stipulated in its Trust Deed, the Securities Commission's Guidelines on Real Estate Investment Trust and the Capital Markets and Services Act, 2007.

It is, and has been throughout the current and previous financial year, the Fund's policy that no derivatives shall be undertaken for either investment risk management purposes.

(e) Excessive risk concentration

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio in accordance with the Fund's Trust Deed, and the Securities Commission's Guidelines on Real Estate Investment Trusts. Portfolio diversification across a number of sectors and industries minimises the risk not only of any single company's securities becoming worthless but also of all holdings suffering uniformly adverse business conditions. Specifically, the Fund's Trust Deed and Securities Commission's Guidelines on Real Estate Investment Trusts limits the Fund's exposure to a single entity/industry sector to a certain percentage of its NAV.

(f) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(f) Market risk (Contd.)

(i) Interest rate risk

The Fund's investments in deposits with financial institutions carry fixed interest rates and are usually rolled-over on a daily/month basis.

The Fund's revolving credit facility carries floating rate and usually rolled-over on maturity date.

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Fund's profit/(loss) for the year and other comprehensive income to a reasonably possible change in interest rates, with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(f) Market risk (Contd.)

(i) Interest rate risk (Contd.)

Interest rate risk sensitivity (Contd.)

The sensitivity is the effect of the assumed changes in interest rates on:

- the financing costs for one year, based on the floating rate financial liability held at the end of the reporting period; and
- changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the end of the reporting period.

	Sensitivity of other Changes in basis points *	Sensitivity of interest income and profit Increase/ (decrease) RM
2011		
Deposit with financial institution	+50 /-50	50,128/ (50,128)
Financing	+50 /-50	48,245/ (48,245)
2010		
Deposit with financial institution	+50/-50	44,847/ (44,847)

* The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(f) Market risk (Contd.)

(ii) Interest rate risk exposure

The following table analyses the Fund's interest rate risk exposure. The Fund's assets and liabilities are included at fair value and categorised by maturity dates.

	0-3 months RM	3 months - 1 year RM	Non-interest bearing RM	Effective Interest rate * %
2011				
Assets:				
Financial assets				
held at FVTPL	-	-	1,813,696	-
Deposits with				
financial				
institutions	9,163,095	862,483	-	3.32
Other assets	-	-	784,033	-
Total assets	<u>9,163,095</u>	<u>862,483</u>	<u>2,597,729</u>	
Liabilities:				
Financing	-	9,649,096	-	4.05
Other liabilities	-	-	4,779,745	-
Total liabilities	<u>-</u>	<u>9,649,096</u>	<u>4,779,745</u>	
Total interest				
sensitivity gap	<u>9,163,095</u>	<u>(8,786,613)</u>	<u>(2,182,016)</u>	

* Computed based on interest-bearing assets only

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(f) Market risk (Contd.)

(ii) Interest rate risk exposure (Contd.)

	0-3 months RM	3 months - 1 year RM	Non-interest bearing RM	Effective Interest rate * %
2010				
Assets:				
Financial assets held at FVTPL	-	-	1,960,674	-
Deposits with financial institutions	8,253,416	716,034	-	2.97
Other assets	-	-	1,790,478	-
Total assets	8,253,416	716,034	3,751,152	
Liabilities:				
Financing	-	933,689	-	3.72
Other liabilities	-	-	4,504,439	-
Total liabilities	-	933,689	4,504,439	
 Total interest sensitivity gap	 8,253,416	 (217,655)	 (753,287)	

* Computed based on interest-bearing assets only

(iii) Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equity securities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(f) Market risk (Contd.)

(iv) Equity price sensitivity

Management's best estimate of the effect on the profit/(loss) for the year and other comprehensive income due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below:

Market index	Changes in equity price %	Effects on profit for the year increase/ (decrease) RM
2011		
FTSE Bursa Malaysia KLCI	+10 /-10	181,370 / (181,370)
2010		
FTSE Bursa Malaysia KLCI	+10/-10	196,067/ (196,067)

An equivalent decrease in each of the indices shown above would have resulted in an equivalent, but opposite, impact.

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

Equity price concentration

All the equity investments of the Fund are made in Malaysia.

The Fund's concentration of equity price risk analysed by the Fund's equity instruments by sector is as disclosed in Note 13 and 14.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(g) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a tenant and issuer/counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely repayments of interest, principal, settlement of receivables and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the tenant and issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable tenant and counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties e.g., brokers, custodians, banks, etc.

Credit risk exposures

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 18.

(h) Liquidity Risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(h) Liquidity Risk (Contd.)

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements. Liquid assets comprise cash, deposits with financial institutions and other instruments which are capable of being converted into cash within 7 days.

The following table summarises the maturity profile of the Fund's units in issue (classified as equity instruments) and financial liabilities. Balances due within six months equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Fund's contractual commitments and liquidity.

	Less than 1 month	1 month to 3 months	3 months to 1 year	Total
	RM	RM	RM	RM
2011				
Financial assets:				
Financial assets held at				
FVTPL	1,813,696		-	1,813,696
Deposits with				
financial institutions	9,163,095	862,483	-	10,025,578
Other assets	396,242	387,791	-	784,033
Total undiscounted financial assets	11,373,033	1,250,274	-	12,623,307
Financial liabilities:				
Financing	-	-	9,649,096	9,649,096
Other liabilities	4,779,745	-	-	4,779,745
Total undiscounted financial liabilities	4,779,745	-	9,649,096	14,428,841
Liquidity gap	6,593,288	1,250,274	(9,649,096)	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(h) Liquidity Risk (Contd.)

	Less than 1 month	1 month to 3 months	3 months to 1 year	Total
	RM	RM	RM	RM
2010				
Financial assets:				
Financial assets held at				
FVTPL	1,960,674	-	-	1,960,674
Deposits with				
financial institutions	8,253,416	716,034	-	8,969,450
Other assets	814,416	976,062	-	1,790,478
Total undiscounted financial assets	11,028,506	1,692,096	-	12,720,602
Financial liabilities:				
Revolving credit				
	-	-	933,689	933,689
Other liabilities	4,504,439	-	-	4,504,439
Total undiscounted financial liabilities	4,504,439	-	933,689	5,438,128
Liquidity gap	6,524,067	1,692,096	(933,689)	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTD.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(h) Liquidity Risk (Contd.)

(i) Financial assets

Analysis of financial assets at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. Quoted equity instruments have been included in the "Less than 1 month category" on the assumption that these are highly liquid investments which can be realised should all of the Fund's unit holders' capital are required to be redeemed. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised/maturity dates of the financial assets.

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

35. CURRENCY

All amount are stated in Ringgit Malaysia ("RM").

UNIT HOLDERS

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The following information is intended to help you in answering the “What to do?” questions that you may have in managing some of the common issues concerning your investment in AHP.

1. I am holding unit certificate of Amanah Harta Tanah PNB. What is the status of my units and what should I do?

- * “Old” unit certificates issued in 1989 (pink in colour) is no longer valid as they have been replaced with “new” certificates (blue in colour) in 1990.
- * If you are holding the “new” unit certificate issued in 1990, it is very likely that your units have been transferred to the Minister of Finance by virtue of Section 29 of the Securities Industry (Central Depositories) (Amendment)(No. 2) Act 1998 (refer to “What if my units have been transferred to the Minister of Finance?”).
- * If you have the “old” certificate but do not have the “new” unit certificate, kindly check your CDS account as you may have already deposited the “new” certificate into your CDS account. There is also possibility that you have sold/transferred the units subsequent to depositing the certificate into your CDS account.
- * It is recommended that you check your records (bank statements, CDS statements, etc) to determine the status of your units before contacting the Share Registrar (Symphony Share Registrars Sdn Bhd). It is very difficult and time consuming for the Share Registrar to check records which are over 7 years old (please note that the Share Registrar is not obligated to keep records which are over 7 years old).

2. How to update any change in correspondence address?

- * You simply need to update the details of your CDS account in which your units are deposited into.
- * To update your CDS account details, simply contact your broker or the “CDS Department” of the securities company at which you opened your CDS account.
- * During each income distribution, the Share Registrar will obtain a copy of Record of Depositors (ROD) from Bursa Malaysia Depository Sdn Bhd which contains information such as your name, your CDS account no., correspondence address and the number of AHP units that you have. The data in the ROD corresponds with the details of your CDS account. Thus, by updating your CDS account, the Share Registrar can “obtain” your latest address from the ROD.

UNIT HOLDERS RESOURCE PAGE

3. AHP had made income distribution but I still have not received my income distribution warrant.

- * If you have not deposited your units into CDS account, your units would have been transferred to the Minister of Finance (refer to “What if my units have been transferred to the Minister of Finance?”).
- * If your correspondence address have changed after the entitlement date of the income distribution, your warrant would have been sent to your old address. Kindly check at your old address or you could also request for a replacement warrant in which case it is treated as lost income distribution warrant (refer to “How do I obtain a replacement income distribution warrant?”).
- * If you have not moved and there is no change in your correspondence address and it has been more than 2 weeks after the payment date of the income distribution, it is highly possible that the warrant is lost in mail and therefore you could contact the Share Registrar for a replacement warrant (refer to “How do I obtain a replacement income distribution warrant?”).

4. How do I obtain a replacement income distribution warrant?

- * Contact the Share Registrar (Symphony Share Registrars Sdn Bhd) to request for a replacement warrant.
- * Any request for replacement warrant involves a fee of RM5.00.
- * Contact details of the Share Registrar:
SYMPHONY SHARE REGISTRARS SDN BHD
LEVEL 6, SYMPHONY HOUSE
BLOCK D13, PUSAT DAGANGAN DANA 1
JALAN PJU 1A/46
47301 PETALING JAYA
SELANGOR
Tel: 03-7841 8000
Fax: 03-7841 8151 / 8152

5. How do I get my expired/out-dated warrant replaced?

- * Income distribution warrant is valid for six months from the payment date
- * Expired/out-dated warrants can be replaced by contacting the Share Registrar (refer to “How do I obtain a replacement income distribution warrant?”).

UNIT HOLDERS

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6. What if my units have been transferred to the Minister of Finance?

- * Under Section 29 of the Securities Industry (Central Depositories) (Amendment)(No. 2) Act 1998, any securities not deposited into CDS account by 1 December 1998 would be transferred to the Minister of Finance.
- * Affected unit holders were given until 1 June 1999 to file a claim with the authorities for the recovery of their units.
- * Unit holders who failed to file a claim for recovery, now can only claim for refund of proceeds from the sale of the units by submitting relevant forms and supporting documents to the Jabatan Akauntan Negara (refer to “How to claim for refund of sale proceeds from Jabatan Akauntan Negara?”).

7. If a unit holder passed-away, what happened to his/her units?

- * If the units have been deposited into CDS account of the deceased, the units will remain in the account and the duly authorised administrator or beneficiaries can submit application for the units to be transferred into their CDS account (refer to “I am the authorised administrator of the estate of a deceased unit holder. How do I get the units transferred?”).
- * If the units have not been deposited into CDS account, duly authorised administrator or beneficiaries can submit application to the Jabatan Akauntan Negara for refund of proceeds from the disposal of the units (refer to “How to claim for refund of sale proceeds from Jabatan Akauntan Negara?”).

8. I am the authorised administrator of the estate of a deceased unit holder. How do I get the units of the deceased transferred to my CDS account?

- * If the units are to be transferred to you, you should have a Central Depository System Account (CDS Account) opened in your name.
- * CDS account can be opened at any stock broking companies. A minimal one-time fee of RM10.00 is applicable.
- * If you are in the Klang Valley, you may proceed directly to the Customer Service Counter of Bursa Malaysia (located on the ground floor) to fill-in the relevant forms and submit certified copy of the relevant Letter of Administration or Grant of Probate.
- * If you are outside of Klang Valley, you may submit your application through the stock broking company at which your CDS account is maintained.

UNIT HOLDERS

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9. How to claim for refund of sale proceeds from Jabatan Akauntan Negara?

- * Obtain Form SPS2 and UMA7 from Jabatan Akauntan Negara or from the Share Registrar (Symphony Share Registrars Sdn Bhd).
- * Duly completed forms and supporting documents should be submitted to:
JABATAN AKAUNTAN NEGARA
SEKSYEN PENGURUSAN SEKURITI
TINGKAT 42, MENARA MAYBANK
100, JALAN TUN PERAK
50050 KUALA LUMPUR
Tel: 03-2034 1850 (ext. 119/123/124/125)
Faks: 03-2026 7430
- * Relevant supporting documents:
 - i. Original unit certificate
 - ii. Certified copy of identity card
 - iii. Certified copy of Letter of Administration/Grant of Probate (for deceased case)
- * Additional supporting documents if original unit certificate is lost:
 - i. Confirmation letter from the Share Registrar
 - ii. Copy of newspaper advertisement if value of claim in excess of RM10,000 (contact Jabatan Akauntan Negara to confirm the value of claim)
 - iii. Statutory declaration
 - iv. Original/certified copy of police report
 - v. Form UMA-8 (with RM10 revenue stamp duly endorsed by IRB)

10. How can I buy/sell units of AHP?

- * AHP is a real estate investment trust which is listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities).
- * As a listed counter, the process of buying/selling units of AHP is similar to those of other listed counters.
- * Buying and selling of units can only be carried out through licensed stock broking companies.