

AMANAH HARTA TANAH PNB

AUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

|  | AS AT END<br>OF CURRENT<br>QUARTER<br>31.12.2017<br>(Audited)<br>RM'000 | AS AT<br>PRECEDING<br>FINANCIAL<br>YEAR ENDED<br>31.12.2016<br>(Audited)<br>RM'000 |
|--|---|--|
| INVESTMENTS  |   |  |
| Real estate  | 446,770   | 446,096  |
| Deposits with financial institutions               | 21,799  | 9,488  |
|  | <u>468,569</u>  | <u>455,584</u>   |
| OTHER ASSETS                                       |   |  |
| Equipment, furniture and fittings                  | 11  | 13   |
| Tax recoverable                                    | 601   | 601  |
| Trade receivables                                  | 296   | 1,666  |
| Other receivables                                  | 13,326  | 10,854   |
| Cash and bank balances                             | 139   | 92   |
|  | <u>14,373</u>   | <u>13,226</u>  |
| TOTAL ASSETS                                       | <u>482,942</u>  | <u>468,810</u>   |
| LIABILITIES  |   |  |
| Financing  | 189,786   | 196,506  |
| Rental deposits                                    | 5,360   | 4,951  |
| Other payables                                     | 3,926   | 111,211  |
| Amount due to Manager                              | 253   | 138  |
| Deferred tax liability                             | 2,441   | 2,127  |
| TOTAL LIABILITIES                                  | <u>201,766</u>  | <u>314,933</u>   |
| FINANCED BY:-                                      |   |  |
| UNIT HOLDERS' FUND                                 |   |  |
| Unit holders' capital                              | 219,121   | 100,000  |
| Retained Earnings                                  | 62,055  | 53,877   |
| TOTAL NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS | <u>281,176</u>  | <u>153,877</u>   |
| TOTAL UNIT HOLDERS' FUNDS AND LIABILITIES          | <u>482,942</u>  | <u>468,810</u>   |
| NUMBER OF UNITS IN CIRCULATION                     | <u>220,000</u>  | <u>100,000</u>   |
| NET ASSET VALUE ("NAV")                            | <u>281,176</u>  | <u>153,877</u>   |
| NAV (EX-DISTRIBUTION) PER UNIT (RM)                | <u>1.2781</u>   | <u>1.5388</u>  |

(The Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended December 31, 2016.)

AMANAH HARTA TANAH PNB  
AUDITED STATEMENT OF COMPREHENSIVE INCOME

|   | INDIVIDUAL QUARTER                           |  | CUMULATIVE QUARTER                           |  |
|---|--|--|--|--|
|   | Current Year Quarter<br>31.12.2017<br>RM'000 | Preceding Year Quarter<br>31.12.2016<br>RM'000 | Current Year Quarter<br>31.12.2017<br>RM'000 | Preceding Year Corresponding Quarter<br>31.12.2016<br>RM'000 |
| <b>TOTAL REVENUE</b>  | 7,624  | 9,291  | 29,920                                       | 21,147   |
| Gross rental income   |  |  |  |  |
| Realised  | 7,421  | 9,194  | 29,242                                       | 20,836   |
| Unrealised (unbilled lease income receivable)*                | 3,985  | 2,527  | 10,303                                       | 2,527  |
|   | 11,406                                       | 11,721   | 39,545                                       | 23,363   |
| Less: Assessment  | (234)  | (231)  | (919)  | (919)  |
| Quit rent   | (14)   | (14)   | (55)   | (55)   |
| Other property operating expenditure                          | (1,379)                                      | (1,404)  | (5,536)                                      | (5,161)  |
| Depreciation  | -  | -  | (2)  | (2)  |
| Net rental income   | 9,779  | 10,072   | 33,033                                       | 17,226   |
| Interest income from deposits with financial institutions     | 203  | 98   | 678  | 260  |
| Net gain/(loss) on real estate/non-real estate-related asset: |  |  |  |  |
| Realised gain on disposal                                     | -  | (64)   | -  | (4)  |
| Unrealised gain/(loss) on valuation                           | 2,313  | (8,214)  | (4,005)                                      | (8,278)  |
| Dividend income   | -  | (1)  | -  | 51   |
|   | 12,295                                       | 1,891  | 29,706                                       | 9,255  |
| <b>EXPENSES</b>   |  |  |  |  |
| Manager's fee   | 696  | 390  | 2,746  | 1,569  |
| Trustee's fee   | 33   | 32   | 130  | 130  |
| Auditors' remuneration  | 8  | 4  | 18   | 14   |
| Valuation fee   | 100  | 24   | 100  | 24   |
| Professional fee  | 5  | 4  | 30   | 4  |
| Printing, postage and general expenses                        | 36   | 17   | 143  | 108  |
| Finance costs   | 2,109  | 2,158  | 8,536  | 4,549  |
| Deemed finance cost   | -  | 2,314  | 270  | 2,314  |
|   | 2,987  | 4,943  | 11,973                                       | 8,712  |
| <b>INCOME BEFORE TAXATION</b>                                 | 9,308  | (3,052)  | 17,733                                       | 543  |
| <b>TAXATION</b>   | (315)  | 287  | (315)  | 287  |
| <b>INCOME AFTER TAXATION</b>                                  | 8,993  | (2,765)  | 17,418                                       | 830  |
| <b>OTHER COMPREHENSIVE INCOME</b>                             | -  | -  | -  | -  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>              | 8,993  | (2,765)  | 17,418                                       | 830  |

AMANAH HARTA TANAH PNB

AUDITED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

|   | INDIVIDUAL QUARTER                           |  | CUMULATIVE QUARTER                           |  |
|---|--|--|--|--|
|   | Current Year Quarter<br>31.12.2017<br>RM'000 | Preceding Year Quarter<br>31.12.2016<br>RM'000 | Current Year Quarter<br>31.12.2017<br>RM'000 | Preceding Year Corresponding Quarter<br>31.12.2016<br>RM'000 |
| NET INCOME AFTER TAXATION<br>IS MADE UP OF THE FOLLOWING: |  |  |  |  |
| - Realised  | 3,010  | 2,635  | 11,435                                       | 6,294  |
| - Unrealised  | 5,983  | (5,400)  | 5,983  | (5,464)  |
|   | <u>8,993</u>                                 | <u>(2,765)</u>                                 | <u>17,418</u>                                | <u>830</u>   |
| EARNINGS PER UNIT (SEN)                                   | <u>4.09</u>                                  | <u>(2.77)</u>                                  | <u>7.92</u>                                  | <u>0.83</u>  |

- \* Recognition of unrealised rental income - unbilled lease income receivable pursuant to the requirements of MFRS 117 Leases, to recognise income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the lease agreement.

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended December 31, 2016.)

AMANAH HARTA TANAH PNB

AUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED DECEMBER 31, 2017

|   | Unit holders'<br>Capital<br>(RM'000) | Retained Earnings                               |   | Total NAV<br>Attributable<br>to unit<br>Holders<br>(RM'000) |
|---|--------------------------------------|---|---|---|
|   |                                      | Distributable<br>Realised<br>Income<br>(RM'000) | Non-<br>Distributable<br>Unrealised<br>Income<br>(RM'000) |   |
| Current Year To-date                                      |                                      |   |   |   |
| At 1 January 2017   | 100,000                              | 13,382  | 40,495  | 153,877   |
| Issuance of rights units                                  | 120,000                              | -   | -   | 120,000   |
| Expenses related to rights issue                          | (879)                                | -   | -   | (879)   |
| Total comprehensive<br>income for the period              | -                                    | 11,435  | 5,983   | 17,418  |
| Income distribution during<br>the period:                 |                                      |   |   |   |
| Final income distribution<br>(Year ended Dec. 31, 2016)   | -                                    | (3,300)   | -   | (3,300)   |
| Interim income distribution<br>(Year ended Dec. 31, 2017) | -                                    | (5,940)   | -   | (5,940)   |
| At December 31, 2017                                      | <u>219,121</u>                       | <u>15,577</u>                                   | <u>46,478</u>   | <u>281,176</u>  |
| Preceding Year To-date                                    |                                      |   |   |   |
| At 1 January 2016   | 100,000                              | 13,588  | 45,959  | 159,547   |
| Total comprehensive<br>income for the period              | -                                    | 6,294   | (5,464)   | 830   |
| Income distribution during<br>the period:                 |                                      |   |   |   |
| Final income distribution<br>(Year ended Dec. 31, 2015)   | -                                    | (3,500)   | -   | (3,500)   |
| Interim income distribution<br>(Year ended Dec. 31, 2016) | -                                    | (3,000)   | -   | (3,000)   |
| At December 31, 2016                                      | <u>100,000</u>                       | <u>13,382</u>                                   | <u>40,495</u>   | <u>153,877</u>  |

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended December 31, 2016.)

AMANAH HARTA TANAH PNB

AUDITED CONDENSED STATEMENT OF  
CASH FLOW FOR THE PERIOD ENDED DECEMBER 31, 2017

|   | Current Year<br>To-date<br>31.12.2017<br>(RM'000) | Preceding Year<br>To-date<br>31.12.2016<br>(RM'000) |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |   |   |
| Net income before taxation                              | 17,733  | 543   |
| Adjustments for non-cash flow:                          |   |   |
| Non-cash items  | 4,007   | 8,280   |
| Non-operating items                                     | 7,858   | 4,242   |
| Operating profit before working capital changes         | 29,598  | 13,065  |
| Changes in working capital                              |   |   |
| Net change in current assets                            | (3,073)   | (5,741)   |
| Net change in current liabilities                       | 2,643   | 109,674   |
| Net cash generated from operating activities            | 29,168  | 116,998   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |   |   |
| Real estate   | (112,497)   | (243,483)   |
| Real estate-related asset/non-real estate-related asset | -   | 2,312   |
| Interest received                                       | 674   | 264   |
| Net cash generated from investing activities            | (111,823)   | (240,907)   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>              |   |   |
| Financial service reserve account pledged               | (11)  |   |
| Increase in deposit restricted                          | (5)   |   |
| Payment of income distribution                          | (9,240)   | (6,500)   |
| Proceed from right issue                                | 120,000   | -   |
| Proceed from revolving credit facility                  | -   | 136,611   |
| Financing costs paid                                    | (15,731)  | (2,090)   |
| Net cash used in financing activities                   | 95,013  | 128,021   |
| NET INCREASE IN CASH AND CASH EQUIVALENTS               | 12,358  | 4,112   |
| CASH AND CASH EQUIVALENTS AT BEGINNING<br>OF THE PERIOD | 9,580   | 5,468   |
| CASH AND CASH EQUIVALENTS AT END<br>OF THE PERIOD       | 21,938  | 9,580   |

(The Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended December 31, 2016.)

AMANAH HARTA TANAH PNB

EXPLANATORY NOTES AS REQUIRED BY MFRS 134 INTERIM FINANCIAL REPORTING ("MFRS 134")

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A1. BASIS OF PREPARATION

The quarterly financial report has been prepared in accordance with MFRS 134: Interim Financial Reporting and should be read in conjunction with the audited financial statements for the year ended December 31, 2016.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2016.

A2. AUDIT REPORT FOR PRECEDING FINANCIAL YEAR

The audit report of the financial statements for the preceding year ended December 31, 2016, was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Trust are not affected by material seasonal or cyclical factors.

A4. UNUSUAL ITEMS

There were no unusual items to be disclosed for the quarter under review.

A5. CHANGES IN ESTIMATES

This is not applicable as no estimates were previously reported.

A6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and year-to-date, save for the partial repayment of RM6.72 million of the Revolving Credit-I Facility which was mainly to finance the upgrading and refurbishment of Plaza VADS. Consequently, the gearing ratio has reduced to 39.30% from 40.73% during the year.

A7. INCOME DISTRIBUTION

No income distribution was paid during the current quarter.

A8. SEGMENTAL REPORTING

No segment information is prepared as the Trust's assets are located in Malaysia and hence, revenue is generated in Malaysia.

A9. VALUATIONS OF INVESTMENT IN REAL ESTATE

A revaluation exercise was carried out on the entire real estate investments of AHP during the quarter under review pursuant to Clause 10.03 of the REIT Guidelines issued by the Securities Commission. The revaluation exercise reveals total market value of RM459.6 million resulting in unrealised gain on revaluation of RM6.3 million or 1.39% from carrying value of RM453.3 million.

A10. MATERIAL EVENTS

There were no material event as at the latest practicable date from the date of this report.

A11. EFFECT OF CHANGES IN THE COMPOSITION OF THE TRUST

The composition of the investment portfolio of the Trust is as follows:

| Investments  | Audited as at end of<br>current quarter |               | Audited as at preceeding<br>financial year end |               |
|--|---|---------------|--|---------------|
|  | (RM'000)                                | (%)           | (RM'000)                                       | (%)           |
| Real estate  | 446,770                                 | 95.32         | 446,096  | 97.90         |
| Deposits with financial<br>institutions, cash and<br>bank balances | 21,938                                  | 4.68          | 9,580  | 2.10          |
|  | <u>468,708</u>                          | <u>100.00</u> | <u>455,676</u>                                 | <u>100.00</u> |

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

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B1. REVIEW OF PERFORMANCE

For the quarter ended December 31, 2017, the Trust recorded a total revenue of RM7.624 million, representing a decrease of RM1.667 million or 17.94% from RM9.291 million achieved in the corresponding quarter in 2016.

Total expenditure for the quarter under review was RM4.614 million, representing a decrease of RM1.978 million or 30.01% from RM6.592 million recorded in the corresponding period in 2016. The decrease was mainly due to the deemed financing cost incurred in relation to the acquisition of Mydin Seremban 2.

For the quarter under review, the Trust recorded a profit before taxation of RM9.308 million which represents an increase of RM12.36 million or 404.98% from loss before taxation of RM3.052 million recorded in the corresponding period last year.

B2. CHANGES IN THE STATE OF AFFAIRS

There was no material change in the state of affairs of the Trust for the quarter under review.

B3. SUMMARY OF EARNINGS PER UNIT, NET ASSET VALUE AND MARKET PRICE

|                                     | Current Year<br>To-date | As at Preceding<br>Financial<br>Year End |
|-------------------------------------|-------------------------|--|
| Authorised units ('000)             | 1,000,000               | 1,000,000                                |
| Number of units in issue ('000)     | 220,000 *               | 100,000 *                                |
| Total comprehensive income (RM'000) | 17,418                  | 830                                      |
| Earnings per unit (sen)             | 7.92                    | 0.83                                     |
| Net asset value (RM'000)            | 281,176                 | 153,877                                  |
| Net asset value per unit (RM)       | 1.2781                  | 1.5388                                   |
| Market price per unit (RM)          | 0.835                   | 0.975                                    |

\* The Manager did not hold any unit in the Trust, however, Permodalan Nasional Berhad, a holding company of the Manager, held 11,139,700 units, representing approximately 5.06% of the total units in issue as at 31 December 2017, (5,063,500 units, representing approximately 5.06% as at preceding financial year end).

B4. PROSPECTS

The Ministry of Finance (MOF) projected slightly lower growth of Gross Domestic Product (GDP) for 2018 between 5.0% - 5.5% compared to the year 2017 of between 5.2% - 5.7% as forecasted by both MOF and Bank Negara Malaysia.

Meanwhile, the Malaysian Institute of Economic Research (MIER) forecasted the growth projection for 2018 will be maintained at a range of 4.7% - 5.3% as at October 2017 while awaiting fresh leads.

As for the property market activities, it is expected that it will be another challenging year for 2018. It is forecasted that property market activities will be soft in view of the downtrend in transaction volumes transacted, challenges in occupancy and sluggish rental reversion upwards.

It was also reported by NAPIC that there will be an additional supply of approximately 22 mil. sq. ft of PBO and 20 mil. sq. ft. of shopping complexes in the market by 2018. The additional space will definitely increase the total supply available in both segments which may result in lower occupancy rates if not supported by market demand.

Taking consideration on the scenario, PHNB as the manager of AHP will continue to improve occupancy rates while injecting new accretive assets with the aim of generating better yield to ensure a sustainable income stream for AHP.



B5. STATUS OF CORPORATE PROPOSALS

There were no proceeds raised from any corporate proposal.

B6. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There were no issuances of new units for the quarter under review.

B7. CIRCUMSTANCES AFFECTING INTEREST OF UNIT HOLDERS

There were no unusual circumstances which materially affect the interest of the unit holders for the quarter under review.

B8. MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of the issuance of this report.

B9. MAINTENANCE COST AND MAJOR CAPITAL EXPENDITURE

There were no major maintenance cost incurred during the quarter under review. However, capital expenditure amounting to RM3.662 million has been incurred during the quarter under review.

B10. SOFT COMMISSION

There was no soft commission received by the Manager or its delegates during the quarter under review.

B11. INCOME RECOGNITION

(i) Rental Income

Rental income arising from operating lease on real estates is accounted for on a straight-line basis over the lease terms.

Pursuant to the requirements of MFRS 117 Leases to recognise income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the lease agreement, unrealised rental income relating to the unbilled rental income receivable are also included in the rental income for the year.

(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 estate income are accounted for on an accrual basis.

B12. MANAGEMENT FEE

The Manager is entitled to a fee not exceeding 2% per annum of the net asset value of the Trust on each day of the accrual period, as defined in the Deed of Trust. The management fee charged for the current quarter is 1% (2016: 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.

B13. TRUSTEE'S FEE

The Trustee is entitled to a fee not exceeding 0.1% per annum of the net asset value of the Trust on each day of the accrual period, as defined in the Deed of Trust. The Trustee's fee charged for the current quarter is RM130,000 (2016: RM130,000).

B14. TRANSACTIONS WITH STOCKBROKING COMPANIES

No transaction recorded during the current quarter.

B15. COMPOSITION OF THE INVESTMENT PORTFOLIO

| <u>Investments</u>  | <u>Units</u> | Total<br><u>Cost</u><br>(RM'000) | Fair<br><u>Value</u><br>(RM'000) | Percentage<br>of Fair<br>Value Over<br>Net Asset<br><u>Value</u><br>(%) |
|---|--------------|----------------------------------|----------------------------------|---|
| Real estate   | 7            | 409,573                          | 446,770                          | 158.89  |
| Deposits with financial institutions,<br>cash and bank balances |              | <u>21,938</u>                    | <u>21,938</u>                    | 7.80  |
| Total   |              | <u><u>431,511</u></u>            | <u><u>468,708</u></u>            | 166.70  |

B16. TAXATION

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

The Trust estimates that it will distribute at least 90% of its chargeable income for the whole financial year and accordingly the Trust is not subject to income tax for the year ended December 31, 2017.

A reconciliation of income tax expense applicable to income before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Trust is as follows:-

|   | Current<br>Quarter<br>RM'000 | Year<br>to-date<br>RM'000 |
|---|------------------------------|---------------------------|
| Income before taxation  | <u>9,308</u>                 | <u>17,733</u>             |
| Taxation at Malaysian statutory tax rate of 24%                   | 2,234                        | 4,256                     |
| Effect on income not subject to tax                               | (1,290)                      | 112                       |
| Effect on expenses not deductible for tax purposes                | 34                           | 76                        |
| Effect on income distribution exempted from<br>tax at trust level | <u>(663)</u>                 | <u>(4,129)</u>            |
| Tax expense for the period  | <u><u>315</u></u>            | <u><u>315</u></u>         |

B17. BORROWINGS AND DEBT SECURITIES

There were no borrowings or debt securities except for the Revolving Credit Facility of RM64.78 million mainly to finance the upgrading and refurbishment of Plaza VADS and the Commodity Murabahah Term Financing Facility of RM125 million to part finance the acquisition of Mydin Mall/Hypermarket in Seremban 2.

B18. INCOME DISTRIBUTION

Income distribution for the current year to-date, is as follows:

|   | Gross<br>RM'000 | Net<br>RM'000 |
|---|-----------------|---------------|
| Interim income distribution of 2.70 sen<br>per unit (Payment date : 30 August 2017)         | 5,940           | 5,940         |
| Proposed final income distribution of 2.50 sen<br>per unit (Payment date: 28 February 2018) | 5,500           | 5,500         |
| Total distribution for the period   | <u>11,440</u>   | <u>11,440</u> |
| Distribution per unit (sen)   | <u>5.20</u>     | <u>5.20</u>   |

B19. SOURCE OF DISTRIBUTION

Distribution to unit holders is from the following sources:

|   | RM'000          |
|---|-----------------|
| Net rental income   | 22,730          |
| Interest income from deposits with financial institutions | 678             |
| Retained earnings   | 5               |
|   | <u>23,413</u>   |
| Less: Expenses  | <u>(11,973)</u> |
| Total distribution  | <u>11,440</u>   |
|   | Per Unit (sen)  |
| Gross/net interim income distribution                     | 2.70            |
| Gross/net final income distribution                       | 2.50            |
| Total distribution  | <u>11,440</u>   |

B20. STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Directors of the Manager, the quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Amanah Harta Tanah PNB as at December 31, 2017 and its results and the cash flows for the quarter ended on that date and duly authorised for release by the Board of the Manager on January 17, 2018.

BY ORDER OF THE BOARD

ADIBAH KHAIRIAH BINTI ISMAIL @ DAUD (MIA 13755)  
Company Secretary  
PELABURAN HARTANAH NASIONAL BERHAD (175967-W)  
(as the Manager of Amanah Harta Tanah PNB)