

AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	As At 30.09.2020 RM (Unaudited)	As At 31.12.2019 RM (Audited)
ASSETS		
Non-current assets		
Investment properties	1,399,000,000	1,399,000,000
	1,399,000,000	1,399,000,000
Current assets		
Trade and other receivables	13,057,344	6,066,341
Security deposits in trust accounts	14,118,874	13,806,908
Cash and cash equivalents	29,298,250	44,481,868
Asset classified as held for sale	8,500,000	8,500,000
	64,974,468	72,855,117
TOTAL ASSETS	1,463,974,468	1,471,855,117
LIABILITIES		
Non-current liabilities		
Borrowings	643,480,363	482,639,876
Tenancy deposits	17,229,111	16,260,454
	660,709,473	498,900,329
Current liabilities		
Borrowings	-	162,200,667
Tenancy deposits	5,572,266	5,904,556
Trade and other payables	10,536,323	17,635,372
Deferred tax liabilities	10,623,000	10,623,000
	26,731,590	196,363,595
TOTAL LIABILITIES	687,441,063	695,263,924
NET ASSET VALUE ("NAV")	776,533,405	776,591,193
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	519,685,915	519,685,915
Distributed income - realised	36,082,905	36,140,692
Undistributed income - unrealised	220,764,585	220,764,585
TOTAL UNITHOLDERS' FUND	776,533,405	776,591,193
NUMBER OF UNITS IN CIRCULATIONS	573,219,858	573,219,858
NET ASSET VALUE ("NAV") PER UNIT (RM):		
- Before income distribution	1.3547	1.3548
- After income distribution	1.3547	1.3228

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached.

AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED STATEMENT OF PROFIT OF LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2020 RM	Preceding Year Corresponding Quarter 30.09.2019 RM	Current Year To-date 30.09.2020 RM	Preceding Corresponding Year To-date 30.09.2019 RM
Revenue	22,547,101	24,049,564	63,386,626	71,997,373
Properties expenses Property operating expenses	(5,412,871)	(4,910,523)	(14,674,728)	(13,537,876)
Net property income	17,134,230	19,139,041	48,711,898	58,459,497
Interest income	159,244	269,288	531,108	807,254
Other income	38,588	16,110	55,387	60,176
Trust expenses	(2,149,423)	(2,164,076)	(6,785,841)	(7,127,781)
Borrowing costs	(6,158,492)	(8,125,957)	(20,230,758)	(25,056,460)
Realised Income before taxation	9,024,147	9,134,406	22,281,794	27,142,687
Changes in fair value of investment properties	-	-	-	-
Income before taxation	9,024,147	9,134,406	22,281,794	27,142,687
Taxation	-	-	-	-
Total Income	9,024,147	9,134,406	22,281,794	27,142,687
Distribution to unitholders				
- from current period realised net income	-	(8,598,410)	(12,594,765)	(25,795,499)
- from previous period realised net income	-	-	-	-
	-	(8,598,410)	(12,594,765)	(25,795,499)
Realised income retained	9,024,147	535,996	9,687,029	1,347,188
Unrealised income retained / (utilised)	-	-	-	-
Net income for the financial period is made up as follows:				
- realised	9,024,147	9,134,406	22,281,794	27,142,687
- unrealised	-	-	-	-
Changes in fair value of investment properties	-	-	-	-
Taxation	-	-	-	-
	9,024,147	9,134,406	22,281,794	27,142,687
EARNINGS PER UNIT (SEN)				
- after manager fees (sen)	1.5743	1.5935	3.8871	4.7351
- before manager fees (sen)	1.8668	1.8850	4.7556	5.6037
EARNINGS PER UNIT (SEN)				
- realised	1.5743	1.5935	3.8871	4.7351
- unrealised	-	-	-	-
DISTRIBUTION PER UNIT (SEN)				
- realised from current period	-	1.5000	2.1972	4.5000
- realised from previous period	-	-	-	-
	-	1.5000	2.1972	4.5000

The Condensed Statement of Profit or Loss and Other Comprehensive Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached.

AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2020

	Unitholder's Capital RM	----- Undistributed Income -----		Total RM
		Realised RM	Unrealised RM	
At 1 January 2020	519,685,915	36,140,692	220,764,585	776,591,193
Operation for the financial period ended 30 September 2020				
Total comprehensive income for the financial period	-	22,281,794	-	22,281,794
<i>Increase in net assets resulting from operations</i>	-	22,281,794	-	22,281,794
Unitholders' transactions				
Distribution to unitholders - 2019 final	-	(9,745,090)	-	(9,745,090)
Distribution to unitholders - S1, 2020	-	(12,594,491)	-	(12,594,491)
<i>Increase in net assets resulting from unitholders' transactions</i>	-	(22,339,582)	-	(22,339,582)
At 30 September 2020	519,685,915	36,082,905	220,764,585	776,533,405

	Unitholder's Capital RM	----- Undistributed Income -----		Total RM
		Realised RM	Unrealised RM	
At 1 January 2019	519,685,915	40,697,832	214,830,007	775,213,755
Operation for the financial period ended 31 December 2019				
Total comprehensive income for the financial period	-	37,136,577	(1,642,444)	35,494,133
Realisation of income from disposal of property	-	7,592,978	(7,592,978)	-
<i>Increase in net assets resulting from operations</i>	-	(15,170,000)	15,170,000	-
<i>Increase in net assets resulting from operations</i>	-	29,559,555	5,934,578	35,494,133
Unitholders' transactions				
Distribution to unitholders - 2018 final	-	(8,320,814)	-	(8,320,814)
Distribution to unitholders - Q1, 2019	-	(8,598,967)	-	(8,598,967)
Distribution to unitholders - Q2, 2019	-	(8,598,542)	-	(8,598,542)
Distribution to unitholders - Q3, 2019	-	(8,598,372)	-	(8,598,372)
<i>Increase in net assets resulting from unitholders' transactions</i>	-	(34,116,695)	-	(34,116,695)
At 31 December 2019	519,685,915	36,140,692	220,764,585	776,591,193

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached.

AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2020

	Current Year To-date 30.09.2020 RM	Preceding Year To-date 31.12.2019 RM
Cash Flows From Operating Activities		
Net income before taxation	22,281,794	40,984,574
<i>Adjustments for:-</i>		
Borrowing costs	20,230,758	33,167,462
Interest income	(531,108)	(1,096,842)
Change in the fair value of properties	-	(3,116,979)
Operating income before changes in working capital	41,981,444	69,938,215
Changes in working capital:-		
Trade and other receivables	(7,287,264)	6,907,456
Trade and other payables	2,914,835	(8,684,488)
Net cash generated from operating activities	37,609,015	68,161,182
Cash Flows From Investing Activities		
Interest received	515,404	1,040,119
Proceeds from disposal of investment properties	-	35,400,000
Improvement of properties	-	(2,683,021)
Net cash used in investing activities	515,404	33,757,099
Cash Flows From Financing Activities		
Distribution paid to unitholders		
- in respect of current financial year	(12,594,491)	(17,197,509)
- in respect of previous financial year	(18,343,462)	(16,085,149)
Repayment of term loan	(1,234,000)	(25,996,000)
Payment of financing expenses	(402,500)	-
Interest paid	(20,733,582)	(32,867,544)
Net cash (used in)/ generated from financing activities	(53,308,036)	(92,146,202)
Net (decrease)/ increase in cash and cash equivalents	(15,183,617)	9,772,079
Cash and cash equivalents at beginning of financial period	44,481,868	34,709,789
Cash and cash equivalents at end of financial period	29,298,250	44,481,868

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached.

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 30 September 2020 PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD ("MFRS")

A1. BASIS OF PREPARATION

This quarterly financial report is unaudited and has been prepared in accordance with Malaysian Financial reporting Standards (MFRSs) where applicable to AmanahRaya Real Estate Investment Trust ("ARREIT" or "Trust") that are effective for annual periods beginning on or after 1 January 2019. In preparing this quarterly financial report MFRS 134: Interim Financial Reporting has been applied. In addition, this quarterly financial report has been prepared in accordance with Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This financial report comprise ARREIT and its wholly-owned special purpose company, ARREIT MTN 1 Sdn Bhd, company incorporated in Malaysia, of which the principal activity is to raise financing and on behalf of ARREIT.

A2. METHOD OF COMPUTATION AND CHANGES IN ACCOUNTING POLICIES

The methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial statements and audited information of ARREIT for the financial year ended 31 December 2019.

A3. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2019

The audit report of the Trust's financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A5. UNUSUAL ITEMS

There were no items of unusual nature that affect the assets, liabilities, equities, net income or cash flows to be disclosed for the quarter under review.

A6. CHANGES IN ESTIMATES

There were no changes in estimates that have had material effect in the current quarter.

A7. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

A8. INCOME DISTRIBUTION

In consideration of the uncertainty and impact of the pandemic outbreak, the income distribution frequency will be changed from quarterly to semi-annually distribution pattern effective from calendar year 2020.

The Trust has made a provision for first interim income distribution for 2020 amounting to RM12,594,765 payable on 2 October 2020.

A9. SEGMENTAL REPORTING

No segmental information was prepared as the Trust's activities are predominantly in one segment of the industry and occur predominantly in Malaysia.

A10. VALUATION OF INVESTMENT PROPERTIES

For the period under review, there were no increase in the fair values of the investment properties held since last revaluation exercise.

A11. RENTAL INCOME FROM TENANCIES (MFRS 117)

Rental income receivable under tenancy agreement is recognised as straight-line basis over the term of the lease.

A12. MATERIAL AND SIGNIFICANT EVENT

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

A13. CHANGES IN THE COMPOSITION AND FUND SIZE OF THE TRUST

There were no changes in the composition of ARREIT for the current quarter and the total number of units issued stands at 573,219,858.

A14. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 30 September 2020 PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD ("MFRS")

A15. TRADE AND OTHER PAYABLES

Included in the Current and Non-Current Liabilities - Trade and Other Payables are tenant deposits of RM22.8 million received from lessees for tenancy contracts with tenure of one to twenty five years (Current; RM5.6 million and Non Current: RM17.2 million).

A16. TRADE AND OTHER RECEIVABLES

Included in the Current Assets - Trade and Other Receivables are RPGT refundable from AIC disposal of RM0.3 million, outstanding rental of RM5.3 million and properties utilities deposit amounting to RM2.0 million.

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

For the period ended 30 September 2020, the Trust recorded a cumulative rental income of RM63.4 million as against preceding corresponding period of RM72.0 million. The major decrease in rental income was mainly due to the decrease in income at Vista Tower and Dana 13. The Covid-19 pandemic and the resulting Movement Control Order (MCO) imposed by the Government of Malaysia also has contributed to the drop of revenue. In this regard, the Trust has provided rental assistance or relief for the affected tenants. Interest income and other income drop to RM0.28 million, a decrease of 32.4% compared with the cumulative preceding quarter.

A total of RM14.7 million was incurred for property expenses during cumulative quarter, an increase of 8.4% as compared to the preceding corresponding period. The increase of the expenses was mainly due to higher property expenses incurred at Dana 13 and Selayang Mall following the change of lease arrangement earlier this year. The net property income were recorded lower at RM48.7 million in comparison to the cumulative preceding quarter of RM58.5 million resulting from lower rental income and rental assistance or relief provided to affected tenants due to Covid-19 pandemic.

On the other hand, total cumulative non-property expenses for the period fell to RM27.0 million mainly underpinned by lower borrowing cost from RM25.1 million in 2019 to RM20.2 million in 2020 due to the settlement of Affin Term Loan and the decrease in the Overnight Policy Rate (OPR) to 1.75% from 3.0%.

For the cumulative quarter under review, net income drop by 17.9% to RM22.3 million from RM27.1 million mainly due to lower rental income and rental assistance provided to affected tenants due to Covid-19 pandemic.

Gearing ratio was 43.86%, increased from last quarter of 43.95% and well below the regulatory limit of 50.0%.

B2. COMPARISON OF INCOME BEFORE TAXATION BETWEEN CURRENT QUARTER AND PRECEDING QUARTER

	Current Quarter 30.09.2020 RM	Preceding Corresponding Quarter 30.09.2019 RM
Revenue		
- Gross revenue (rental income)	22,547,101	24,049,564
- Interest and other income	197,832	285,399
Total	<u>22,744,933</u>	<u>24,334,962</u>
Expenses		
Property expenses	(5,412,871)	(4,910,523)
Non-property expenses	(8,307,915)	(10,290,033)
Total	<u>(13,720,786)</u>	<u>(15,200,556)</u>
Realised Income before taxation	<u>9,024,147</u>	<u>9,134,406</u>

B3. PROSPECTS

The Manager is continuously ensuring the existing assets within the portfolio are well maintained to ensure the stability of rental income and the Trust benefits from capital appreciations.

The Manager is continuously ensuring the existing assets within the portfolio are well maintained to ensure the stability of rental income and the Trust benefits from capital appreciations.

Apart from that, the Manager is actively identifying good assets for new acquisition to continuously improve the yield and further diversify the portfolio to minimise the sectoral risk.

The strategy of having assets with long-term leases by reputable lessees shall continue to be the focus of ARREIT to ensure sustainable return.

AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD - Cont'd

B4. TAXATION

Pursuant to Section 61A(1) of the Income Tax Act, 1967 under the Finance Act 2006, where in the basis period for a year of assessment, 90% or more of the total income of the Trust is distributed to its unitholders, the total income of the Trust for that year of assessment shall be exempted from tax.

Thus, based on the income distribution made for the current quarter, the Trust has not provided any tax expenses for the period. A numerical reconciliation between the applicable income tax expense and effective income tax expense on the Trust is as follows:

	Current Quarter 30.09.2020 RM	Preceding Corresponding Quarter 30.09.2019 RM	Current Year To-date 30.09.2020 RM	Preceding Year To-date 30.09.2019 RM
Earnings before taxation	9,024,147	9,134,406	22,281,794	27,142,687
Taxation at Malaysia				
Statutory tax rate @ 25%	2,256,037	2,274,576	5,570,449	2,274,576
Non-deductible expenses	131,052	155,429	359,163	155,429
Effect of interest income and other income not subject to tax	(39,811)	(63,963)	(132,777)	(63,963)
Effect of income not subject to tax	-	-	-	-
Effect of income distribution exempted from tax	(2,347,278)	(2,366,042)	(5,796,835)	(2,366,042)
Tax expenses	-	-	-	-

B5. As at 30 September 2020 The Trust's composition of investment portfolio are as follows:

	Acquisition cost (Asset & Enhancement) RM	Fair value as at 30.09.2020 RM	Percentage of fair value to Net Asset Value %	Percentage of fair value to Total Asset %
Investment properties				
<i>Office</i>				
* Vista Tower	456,193,730	525,000,000	67.61	35.86
* Dana 13	99,372,673	122,500,000	15.78	8.37
* Contraves	40,232,532	42,000,000	5.41	2.87
* Wisma Comcorp	30,000,000	37,000,000	4.76	2.53
Toshiba	32,142,972	32,200,000	4.15	2.20
Block A & B, South City Plaza	18,300,000	8,500,000	1.09	0.58
<i>Education</i>				
* SEGi University	146,062,993	186,000,000	23.95	12.71
* Help University	53,946,379	75,500,000	9.72	5.16
SEGi College	52,500,000	73,500,000	9.47	5.02
<i>Industrial</i>				
* Deluge Factory	24,216,510	26,000,000	3.35	1.78
<i>Hospitality</i>				
* Holiday Villa Langkawi	59,536,443	84,000,000	10.82	5.74
Holiday Villa Alor Setar	31,000,000	27,300,000	3.52	1.86
<i>Retail</i>				
* Selayang Mall	132,608,183	168,000,000	21.63	11.48
	1,176,112,415	1,407,500,000	181.25	96.14

++ Asset held for sale

* Charged to financial institution for credit facility

AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD - Cont'd

B5. As at 30 September 2020 The Trust's composition of investment portfolio are as follows: - Cont'd

Others

Deposits placed with licensed financial institutions	17,000,000	2.19	1.16
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B6. VARIANCES OF PROFIT FORECAST OR PROFIT GUARANTEE

This is not applicable as no profit forecast or profit guarantee was issued for this financial quarter.

B7. ACQUISITION OR DISPOSAL OF INVESTMENT PROPERTIES

On 30 April 2019, ARREIT has accepted an offer from a prospective buyer and has agreed to sell South City Plaza for a total consideration of RM8.5 million. The transaction has yet to complete at end of reporting period and expected to complete by Q4 2020.

B8. CORPORATE PROPOSAL AND DEVELOPMENT

There were no new corporate proposal and development announced during the current quarter.

B9. BORROWINGS AND DEBT SECURITIES

	Current Year To-date 30.09.2020 RM	Preceding Year To-date 31.03.2019 RM
Long term borrowings		
- Term Loan IV	33,920,000	196,154,000
- Unrated medium term notes tranche I & II	611,000,000	450,000,000
- Unamortised transaction costs	(1,439,637)	(1,313,458)

The borrowings are secured by way of legal charge on certain properties of the Trust. The weighted average effective interest rate (annualised) for these borrowings is 3.68% (preceding correspondence quarter: 4.90%). The gearing ratio is currently 43.95%.

B10. INCOME DISTRIBUTION

The following withholding tax rates would be applicable on distribution of income which is tax exempt at Trust level:-

<u>Types of unit holders</u>	<u>Rates of tax</u>
Resident unitholders;	
- Resident company	No withholding tax; tax at prevailing corporate tax rate
- Unitholders other than a resident company	Withholding tax at 10%; effective from 1 January 2020 to 31 December 2025
Non-resident unitholders;	
- Non-resident company	Withholding tax at 24%; effective from 1 January 2020 to 31 December 2025
- Non-resident institutional investor	Withholding tax at 10%; effective from 1 January 2020 to 31 December 2025
- Non-resident other than company and institutional investors	Withholding tax at 10%; effective from 1 January 2020 to 31 December 2025

B11. UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF NEW UNITS

There is no issuance of new units during the financial quarter under review.

B12. SOFT COMMISSION

During the financial quarter ended 30 September 2020, the Manager or its delegates did not receive any soft commission from its broker, by virtue of transactions conducted by the Trust.

B13. PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

During the financial quarter ended 30 September 2020, there was no purchase or disposal of investment in quoted securities.

AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD - Cont'd

B14. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Trust has no financial instrument with off balance sheet risks as at the latest practicable date from the date of the issuance of this report that might materially affect the position or business of the Trust.

B15. MATERIAL LITIGATION

During the financial quarter ended 30 September 2020, there was no material litigation.

B16. EARNINGS PER UNIT

The earnings per unit of the Trust have been computed by dividing the income before taxation for the period by the total number of units issued during the period.

	Current Quarter 30.09.2020 RM	Preceding Corresponding Quarter 30.09.2019 RM
Earnings after taxation	9,024,147	9,134,406
Total number of units issued	573,219,858	573,219,858
Earnings per unit (sen)		
- realised	1.5743	1.5935
- unrealised	-	-
	1.5743	1.5935

B17. DISTRIBUTION PER UNIT

The distribution per unit of the Trust has been computed by dividing the distribution amount for the period by the total number of units issued.

	Current Quarter 30.09.2020 RM	Preceding Corresponding Quarter 30.09.2019 RM
Provision for income distribution	-	8,598,410
Total number of units issued	573,219,858	573,219,858
Distribution per unit (sen) (realised)	-	1.5000

B18. 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 fair view of the financial position of ARREIT as 30 September 2020 and of its financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of the Manager on 27 November 2020.

By Order of the Board
JERRY JESUDIAN A/L JOSEPH ALEXANDER
LEONG SHIAK WAN (f)
RIZANA BINTI AHMAD RITHAUDDEEN
Joint Company Secretaries
AmanahRaya-KENEDIX REIT Manager Sdn Bhd (Company No. 856167-A)
(As the Manager of AmanahRaya Real Estate Investment Trust)
Kuala Lumpur
Dated: 27 November 2020