

# AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

## CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

|   | As At<br>31.12.2018<br>RM<br>(Unaudited) | As At<br>31.12.2017<br>RM<br>(Audited) |
|---|--|--|
| <b>ASSETS</b>                                 |  |  |
| <b>Non-current assets</b>                     |  |  |
| Investment properties                         | 1,401,700,000                            | 928,700,000                            |
| Other non-current asset                       | -  | 275,000,000                            |
|   | <b>1,401,700,000</b>                     | <b>1,203,700,000</b>                   |
| <b>Current assets</b>                         |  |  |
| Trade and other receivables                   | 6,626,766                                | 2,997,069                              |
| Security deposits in trust accounts           | 20,628,182                               | 21,151,817                             |
| Cash and cash equivalents                     | 34,709,788                               | 196,767,995                            |
| Asset classified as held for sale             | 35,600,000                               | 102,000,000                            |
|   | 97,564,737                               | 322,916,881                            |
| <b>TOTAL ASSETS</b>                           | <b>1,499,264,737</b>                     | <b>1,526,616,881</b>                   |
| <b>LIABILITIES</b>                            |  |  |
| <b>Non-current liabilities</b>                |  |  |
| Borrowings                                    | 670,484,115                              | 738,131,687                            |
| Tenancy deposits                              | 16,018,913                               | 8,994,960                              |
|   | 686,503,028                              | 747,126,647                            |
| <b>Current liabilities</b>                    |  |  |
| Borrowings                                    | -  | 25,000,000                             |
| Tenancy deposits                              | 9,923,732                                | 6,477,949                              |
| Trade and other payables                      | 21,760,644                               | 19,721,698                             |
| Deferred tax liabilities                      | 5,863,577                                | -                                      |
|   | 37,547,953                               | 51,199,647                             |
| <b>TOTAL LIABILITIES</b>                      | <b>724,050,981</b>                       | <b>798,326,294</b>                     |
| <b>NET ASSET VALUE ("NAV")</b>                | <b>775,213,756</b>                       | <b>728,290,587</b>                     |
| <b>FINANCED BY:</b>                           |  |  |
| <b>UNITHOLDERS' FUND</b>                      |  |  |
| Unitholders' capital                          | 519,685,916                              | 519,685,915                            |
| Distributed income - realised                 | 40,697,833                               | 27,059,384                             |
| Undistributed income - unrealised             | 214,830,007                              | 181,545,288                            |
| <b>TOTAL UNITHOLDERS' FUND</b>                | <b>775,213,756</b>                       | <b>728,290,587</b>                     |
| <b>NUMBER OF UNITS IN CIRCULATIONS</b>        | <b>573,219,858</b>                       | <b>573,219,858</b>                     |
| <b>NET ASSET VALUE ("NAV") PER UNIT (RM):</b> |  |  |
| - Before income distribution                  | <b>1.3524</b>                            | <b>1.2705</b>                          |
| - After income distribution                   | <b>1.3379</b>                            | <b>1.2571</b>                          |

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 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 31 DECEMBER 2018  
(UNAUDITED)**

|   | INDIVIDUAL QUARTER                          |  | CUMULATIVE QUARTER                          |   |
|---|---|--|---|---|
|   | Current Year<br>Quarter<br>31.12.2018<br>RM | Restated<br>Preceding Year<br>Corresponding<br>Quarter<br>30.12.2017<br>RM | Current<br>Year To-date<br>31.12.2018<br>RM | Restated<br>Preceding<br>Year To-date<br>30.12.2017<br>RM |
| Revenue   | 27,928,573                                  | 15,092,242   | 96,684,553                                  | 60,417,996  |
| Properties expenses   |   |  |   |   |
| Property operating expenses                                       | (3,709,130)                                 | (2,522,509)  | (17,673,739)                                | (6,649,712)   |
| <b>Net property income</b>  | <b>24,219,443</b>                           | <b>12,569,733</b>  | <b>79,010,813</b>                           | <b>53,768,284</b>   |
| Interest income   | 381,001                                     | 288,299  | 1,338,781                                   | 791,896   |
| Other income  | (4,675,736)                                 | 764  | 89,774                                      | 764   |
| Gains from investment properties disposal                         | -   | -  | 3,000,000                                   | -   |
| Trust expenses  | (2,453,612)                                 | (1,942,867)  | (9,450,124)                                 | (7,582,987)   |
| Borrowing costs   | (8,702,862)                                 | (4,116,612)  | (36,023,502)                                | (15,327,652)  |
| <b>Realised income before taxation</b>                            | <b>8,768,234</b>                            | <b>6,799,317</b>   | <b>37,965,742</b>                           | <b>31,650,306</b>   |
| Changes in fair value of investment properties                    | (17,996,242)                                | 42,603,621   | 49,148,296                                  | 42,603,621  |
| <b>Income before taxation</b>                                     | <b>(9,228,008)</b>                          | <b>49,402,939</b>  | <b>87,114,039</b>                           | <b>74,253,927</b>   |
| Taxation  | (5,863,577)                                 | -  | (5,863,577)                                 | -   |
| <b>Total Income</b>   | <b>(15,091,585)</b>                         | <b>49,402,939</b>  | <b>81,250,462</b>                           | <b>74,253,927</b>   |
| <b>Distribution to unitholders</b>                                |   |  |   |   |
| - from current period realised net income                         | (8,320,660)                                 | (7,683,228)  | (34,964,726)                                | (31,543,854)  |
| - from previous period realised net income                        | -   | -  | -   | -   |
|   | <b>(8,320,660)</b>                          | <b>(7,683,228)</b>   | <b>(34,964,726)</b>                         | <b>(31,543,854)</b>                                       |
| <b>Realised income retained</b>                                   | <b>447,575</b>                              | <b>(883,911)</b>   | <b>3,001,016</b>                            | <b>106,451</b>  |
| <b>Unrealised income retained / (utilised)</b>                    | <b>(23,859,819)</b>                         | <b>42,603,621</b>  | <b>43,284,719</b>                           | <b>42,603,621</b>   |
| <b>Net income for the financial period is made up as follows:</b> |   |  |   |   |
| - realised  | 8,768,234                                   | 6,799,317  | 37,965,742                                  | 31,650,306  |
| - unrealised  |   |  |   |   |
| Changes in fair value of investment properties                    | (17,996,242)                                | 42,603,621   | 49,148,296                                  | 42,603,621  |
| Taxation  | (5,863,577)                                 | -  | (5,863,577)                                 | -   |
|   | <b>(15,091,585)</b>                         | <b>49,402,939</b>  | <b>81,250,462</b>                           | <b>74,253,927</b>   |
| <b>EARNINGS PER UNIT (SEN)</b>                                    |   |  |   |   |
| - after manager fees (sen)  | (2.6328)                                    | 8.6185   | 14.1744                                     | 12.9538   |
| - before manager fees (sen)                                       | (2.3328)                                    | 8.8767   | 15.3606                                     | 13.9776   |
| <b>EARNINGS PER UNIT (SEN)</b>                                    |   |  |   |   |
| - realised  | 1.5296                                      | 1.1862   | 6.6232                                      | 5.5215  |
| - unrealised  | (4.1624)                                    | 7.4323   | 7.5512                                      | 7.4323  |
| <b>DISTRIBUTION PER UNIT (SEN)</b>                                |   |  |   |   |
| - realised from current period                                    | 1.4516                                      | 1.3404   | 6.1000                                      | 5.5029  |
| - realised from previous period                                   | -   | -  | -   | -   |
|   | <b>1.4516</b>                               | <b>1.3404</b>  | <b>6.1000</b>                               | <b>5.5029</b>   |

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 2017 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 31 DECEMBER 2018

|  | Unitholder's<br>Capital<br>RM | ----- Undistributed Income ----- |                    | Total<br>RM        |
|--|-------------------------------|----------------------------------|--------------------|--------------------|
|  |                               | Realised<br>RM                   | Unrealised<br>RM   |                    |
| <b>At 1 January 2018</b>   | 519,685,916                   | 27,059,384                       | 181,545,288        | 728,290,588        |
| <b>Operation for the financial period ended 31 December 2018</b>       |                               |                                  |                    |                    |
| Total comprehensive income for the financial period                    | -                             | 37,965,742                       | 43,284,719         | 81,250,462         |
| Realisation of income from disposal of property                        | -                             | 10,000,000                       | (10,000,000)       | -                  |
| <i>Increase in net assets resulting from operations</i>                | -                             | 47,965,742                       | 33,284,719         | 81,250,462         |
| <b>Unitholders' transactions</b>                                       |                               |                                  |                    |                    |
| Distribution to unitholders - 2017 final                               | -                             | (7,683,228)                      | -                  | (7,683,228)        |
| Distribution to unitholders - Q1, 2018                                 | -                             | (7,762,497)                      | -                  | (7,762,497)        |
| Distribution to unitholders - Q2, 2018                                 | -                             | (11,117,235)                     | -                  | (11,117,235)       |
| Distribution to unitholders - Q3, 2018                                 | -                             | (7,764,334)                      | -                  | (7,764,334)        |
| <i>Increase in net assets resulting from unitholders' transactions</i> | -                             | (34,327,294)                     | -                  | (34,327,294)       |
| <b>At 31 December 2018</b>   | <b>519,685,916</b>            | <b>40,697,833</b>                | <b>214,830,007</b> | <b>775,213,756</b> |

## FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2017

|  | Unitholder's<br>Capital<br>RM | ----- Undistributed Income ----- |                    | Total<br>RM        |
|--|-------------------------------|----------------------------------|--------------------|--------------------|
|  |                               | Realised<br>RM                   | Unrealised<br>RM   |                    |
| <b>At 1 January 2017</b>   | 519,685,915                   | 27,434,146                       | 138,941,667        | 686,061,728        |
| <b>Operation for the financial period ended 31 December 2017</b>       |                               |                                  |                    |                    |
| Total comprehensive income for the financial period                    | -                             | 31,650,305                       | 42,603,621         | 74,253,926         |
| Realisation of income from disposal of property                        | -                             | -                                | -                  | -                  |
| <i>Increase in net assets resulting from operations</i>                | -                             | 31,650,305                       | 42,603,621         | 74,253,926         |
| <b>Unitholders' transactions</b>                                       |                               |                                  |                    |                    |
| Distribution to unitholders - 2016 final                               | -                             | (8,164,441)                      | -                  | (8,164,441)        |
| Distribution to unitholders - Q1, 2017                                 | -                             | (8,178,311)                      | -                  | (8,178,311)        |
| Distribution to unitholders - Q2, 2017                                 | -                             | (7,661,823)                      | -                  | (7,661,823)        |
| Distribution to unitholders - Q3, 2017                                 | -                             | (8,020,492)                      | -                  | (8,020,492)        |
| <i>Increase in net assets resulting from unitholders' transactions</i> | -                             | (32,025,067)                     | -                  | (32,025,067)       |
| <b>At 31 December 2017</b>   | <b>519,685,915</b>            | <b>27,059,384</b>                | <b>181,545,288</b> | <b>728,290,587</b> |

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 2017 and the accompanying explanatory notes attached.

# AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

## CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2018

|   | <b>Current<br/>Year To-date<br/>31.12.2018<br/>RM</b> | <b>Preceding<br/>Year To-date<br/>31.12.2017<br/>RM</b> |
|---|---|---|
| <b>Cash Flows From Operating Activities</b>                       |   |   |
| Net income before taxation  | 87,114,039  | 74,253,926  |
| <i>Adjustments for:-</i>  |   |   |
| Borrowing costs   | 36,023,502  | 15,327,652  |
| Interest income   | (1,338,781)   | (791,896)   |
| Change in the fair value of properties                            | (49,148,296)  | (42,603,621)  |
| <b>Operating income before changes in working capital</b>         | <b>72,650,464</b>                                     | <b>46,186,061</b>                                       |
| Changes in working capital:-                                      |   |   |
| Trade and other receivables                                       | (3,051,974)   | 9,026,121   |
| Trade and other payables  | 5,013,938   | (12,007,645)  |
| <b>Net cash generated from operating activities</b>               | <b>74,612,428</b>                                     | <b>43,204,537</b>                                       |
| <b>Cash Flows From Investing Activities</b>                       |   |   |
| Interest received   | 1,284,692   | 767,432   |
| Proceeds from disposal of investment properties                   | 105,000,000   | -   |
| Acquisition of investment property                                | (180,000,000)   | -   |
| Deposit for acquisition of investment property                    | -   | (275,000,000)   |
| Improvement of properties   | (4,451,704)   | (1,696,379)   |
| Gain on disposal of investment property                           | (3,000,000)   | -   |
| <b>Net cash used in investing activities</b>                      | <b>(81,167,011)</b>                                   | <b>(275,928,947)</b>                                    |
| <b>Cash Flows From Financing Activities</b>                       |   |   |
| Distribution paid to unitholders                                  |   |   |
| - in respect of current financial year                            | (18,879,732)  | (8,164,441)   |
| - in respect of previous financial year                           | (7,683,228)   | (15,840,134)  |
| Drawdown of term loan   | -   | 450,000,000   |
| Repayment of term loan  | (91,278,477)  | -   |
| Payment of financing expenses                                     | (1,369,094)   | (1,567,035)   |
| Interest paid   | (36,293,092)  | (15,227,460)  |
| <b>Net cash (used in)/ generated from financing activities</b>    | <b>(155,503,623)</b>                                  | <b>409,200,930</b>                                      |
| <b>Net (decrease)/ increase in cash and cash equivalents</b>      | <b>(162,058,207)</b>                                  | <b>176,476,520</b>                                      |
| <b>Cash and cash equivalents at beginning of financial period</b> | <b>196,767,995</b>                                    | <b>20,291,475</b>                                       |
| <b>Cash and cash equivalents at end of financial period</b>       | <b>34,709,788</b>                                     | <b>196,767,995</b>                                      |

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached.

## A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 DECEMBER 2018 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). 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 AmanahRaya Real Estate Investment Trust (ARREIT or "Trust" ) 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.

On 1 January 2018, ARREIT adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2018:

- \* Amendments to MFRSs 9, Financial Instruments (2014)
- \* Amendments to MFRSs 15, Revenue from Contracts with Customers
- \* Clarification to MFRSs 15, Revenue from Contracts with Customers
- \* Amendments to MFRSs 1, First-time Adoption of Malaysia Financial Reporting Standards
- \* Amendments to MFRSs 140, Investment Property - Transfer of Investment Property

The adoption of MFRS 9 and MFRS 15 do not have a significant impact on the financial results 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 2017. The impact is not expected to be material upon the adoption of MFRSs on the financial reports.

### A3. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2017

The audit report of the Trust's financial statements for the financial year ended 31 December 2017 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

The Trust has paid its first interim income distribution on 13 July 2018 amounting to RM7.8 million. The Trust has also made the payment for second interim income distribution amounting to RM11.1 million which had been paid on 12 October 2018. For the third quarter, the Trust has paid RM7.8 million which had been distributed to the unitholders on 19 January 2019.

### 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 increase of RM49.1 million in the fair values of the investment properties held since last revaluation exercise.

### A11. MATERIAL AND SIGNIFICANT EVENT

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

Shareholders Agreement between ARB and KDA Capital to regulate the relationship between ARB and KDA Capital as shareholders of ARRM; and

REIT Unit Sale Agreement between ARB and KDA Capital in respect of the proposed purchase of 85,982,979 REIT units representing 15% of AmanahRaya REIT's units from ARB by KDA Capital at RM1.00 per REIT unit equivalent to RM85,982,979 by way of Direct Business Transaction.

The agreement has been completed on 13 March 2017.

The management company is now known as AmanahRaya-Kenedix Reit Manager Sdn Bhd.

### A12. 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.

### A13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

### A14. TRADE AND OTHER PAYABLES

Included in the Current and Non-Current Liabilities - Trade and Other Payables are tenant deposits of RM25.9 million received from lessees for tenancy contracts with tenure of one to twenty five years (Current; RM9.9 million and Non Current: RM16.0 million).

### A15. TRADE AND OTHER RECEIVABLES

Included in the Current Assets - Trade and Other Receivables are RPGT refund from LHDN of RM3.4 million and properties utilities deposit amounting to RM1.5 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 31 December 2018, the Trust recorded a cumulative rental income of RM96.7 million as against preceding corresponding period of RM60.4 million. The increase in rental income of 60.0% was mainly due to the contribution from Vista Tower since on 16 January 2018. Interest income and other income rose to RM1.43 million, an increase of 80.2% compared with the cumulative preceding quarter due to higher income from deposit placement. There was also a RM3.0 million disposal gain from Silverbird Factory disposal which completed on 25 May 2018.

A total of RM17.7 million was incurred for property expenses during cumulative quarter, an increase of RM11.0 million as compared to the preceding corresponding period. The higher expenses were mainly due to major repair and refurbishment cost incurred for Help University. Higher maintenance costs are also being incurred which is in line with the increase in number of assets especially for Vista Tower including statutory and property manager fee as compared to year 2017. However, the net property income were recorded higher at RM79.6 million in comparison to the cumulative preceding quarter of RM54.4 million.

On the other hand, total cumulative non-property expenses for the period also increased by approximately 100% to RM45.4 million in line with the increased borrowings from Public Bank Berhad Medium term notes of RM450 million which have been disbursed on 22 December 2017. Consequently, the increase of Net Asset Value had increased the Manager and Trustee Fee.

For the cumulative quarter under review, the fund had also recorded an increase in fair value of its investment properties (unrealised gain) amounting to RM49.1 million. Net income before tax inclusive of unrealised gain was RM87.1 million as against RM74.3 million in the previous corresponding period. Realised income is recorded higher than the preceding corresponding period at RM38.0 million (preceding corresponding period - RM31.7 million).

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

|  | <b>Current<br/>Quarter<br/>31.12.2018<br/>RM</b> | <b>Preceding<br/>Corresponding<br/>Quarter<br/>30.12.2017<br/>RM</b> |
|--|--|--|
| Revenue  |  |  |
| - Gross revenue (rental income)                  | 27,928,573                                       | 15,092,242   |
| - Interest and other income                      | (4,294,735)                                      | 289,063  |
| - Changes in fair value of investment properties | -  | -  |
| Total  | 23,633,838                                       | 15,381,305   |
| Expenses   |  |  |
| Property expenses                                | (3,709,130)                                      | (2,522,509)  |
| Non-property expenses                            | (11,156,474)                                     | (6,059,479)  |
| Total  | (14,865,604)                                     | (8,581,988)  |
| Realised Income before taxation                  | 8,768,234  | 6,799,317  |

The Trust's rental income for the current quarter ended 31 December 2018 is higher by 85% than the preceding corresponding quarter contributed by the acquisition of Vista Tower on 16 January 2018. Interest income was slightly higher than last corresponding quarter by 32.3%.

The Trust's property expenses incurred for the current quarter was significantly higher in comparison to the preceding quarter partly due to higher major repair and inclusion of Vista Tower. However, the net property income were recorded higher at RM24.8 million in comparison to the cumulative preceding quarter of RM13.2 million. Non-property expenses are also higher than the previous corresponding quarter due to Public Bank Berhad coupon rate from Medium term notes of RM450 million which have been disbursed on 22 December 2017. The increase in Net Asset Value (NAV) will rise the Manager and Trustee Fee consequently increase the expenses.

Net realised income before tax is recorded at RM8.8 million, an increase of 30% compared to the preceding corresponding quarter.

**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.

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.

**B4. VARIANCES OF PROFIT FORECAST OR PROFIT GUARANTEE**

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

**B5. ACQUISITION OR DISPOSAL OF INVESTMENT PROPERTIES**

On September 2017, ARREIT entered into sale and purchase agreement for the acquisition of an investment property Vista Tower for a total consideration of RM455 million. The acquisition have been completed on 16 January 2018.

On December 2017, ARREIT also entered into sale and purchase agreement for the disposal of an investment property Silver Bird Factory for a total consideration of RM105 million. The disposal have been completed on 25 May 2018.

On December 2018, ARREIT also entered into sale and purchase agreement for the disposal of an investment property Gurun Warehouse for a total consideration of RM8.8 million. The disposal expected to be completed by Quarter 2, 2019.

On December 2018, ARREIT also entered into sale and purchase agreement for the disposal of an investment property Wisma AIC for a total consideration of RM26.8 million. The disposal expected to be completed by Quarter 2, 2019.

## AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

### B6. 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<br>Quarter<br>31.12.2018<br>RM | Preceding<br>Corresponding<br>Quarter<br>30.12.2017<br>RM | Current<br>Year<br>To-date<br>31.12.2018<br>RM | Preceding<br>Year<br>To-date<br>30.12.2017<br>RM |
|--|--|---|--|--|
| Earnings before taxation   | 8,768,234                              | 49,402,939  | 37,965,742                                     | 31,650,306                                       |
| Taxation at Malaysia   |  |   |  |  |
| Statutory tax rate @ 25%   | 2,192,060                              | 2,359,673   | 9,491,437                                      | 2,359,673  |
| Non-deductible expenses  | 171,764                                | 123,952   | 628,123  | 123,952  |
| Effect of interest income and other<br>income not subject to tax | (95,251)                               | (206,717)   | (334,696)                                      | (206,717)  |
| Effect of income not subject to tax                              | -                                      | -   | -  | -  |
| Effect of income distribution<br>exempted from tax               | (2,268,573)                            | (2,276,908)   | (9,784,864)                                    | (2,276,908)                                      |
| Tax expenses   | -                                      | -   | -  | -  |

### B7. CORPORATE PROPOSAL AND DEVELOPMENT

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

B8. As at 31 December 2018 The Trust's composition of investment portfolio are as follows:

|  | Acquisition cost<br>(Asset &<br>Enhancement)<br>RM | Fair value as at<br>31.12.2018<br>RM | Percentage of<br>fair value to<br>Net Asset Value<br>% | Percentage of<br>fair value to<br>Total Asset<br>% |
|--|--|--------------------------------------|--|--|
| <b>Investment properties</b>                           |  |                                      |  |  |
| <i>Office</i>  |  |                                      |  |  |
| * Vista Tower  | 456,193,730  | 525,000,000                          | 67.72  | 35.02  |
| * Dana 13  | 99,372,673   | 119,000,000                          | 15.35  | 7.94   |
| * Contraves  | 40,232,532   | 42,000,000                           | 5.42   | 2.80   |
| * Wisma Comcorp  | 30,000,000   | 37,000,000                           | 4.77   | 2.47   |
| Toshiba  | 32,142,972   | 32,000,000                           | 4.13   | 2.13   |
| Block A & B, South City Plaza                          | 18,300,000   | 10,000,000                           | 1.29   | 0.67   |
| <i>Education</i>                                       |  |                                      |  |  |
| * SEGi University                                      | 145,362,993  | 185,000,000                          | 23.86  | 12.34  |
| * Help University                                      | 53,946,379   | 75,700,000                           | 9.77   | 5.05   |
| SEGi College   | 52,500,000   | 73,500,000                           | 9.48   | 4.90   |
| <i>Industrial</i>                                      |  |                                      |  |  |
| *++ AIC Factory  | 19,207,022   | 26,800,000                           | 3.46   | 1.79   |
| * Deluge Factory                                       | 24,111,510   | 25,000,000                           | 3.22   | 1.67   |
| ++ Gurun Automotive Warehouse                          | 23,970,000   | 8,800,000                            | 1.14   | 0.59   |
| <i>Hospitality</i>                                     |  |                                      |  |  |
| * Holiday Villa Langkawi                               | 59,536,443   | 83,500,000                           | 10.77  | 5.57   |
| Holiday Villa Alor Setar                               | 31,000,000   | 28,000,000                           | 3.61   | 1.87   |
| <i>Retail</i>  |  |                                      |  |  |
| * Selayang Mall  | 130,730,163  | 166,000,000                          | 21.41  | 11.07  |
|  | <u>1,216,606,416</u>                               | <u>1,437,300,000</u>                 | <u>185.41</u>  | <u>95.87</u>                                       |
| ++ Asset held for sale                                 |  |                                      |  |  |
| * Charged to financial institution for credit facility |  |                                      |  |  |

**Others**

|  |            |      |      |
|--|------------|------|------|
| Deposits placed with licensed financial institutions | 32,647,848 | 4.21 | 2.18 |
|--|------------|------|------|

**B9. BORROWINGS AND DEBT SECURITIES**

|                                 | Current Year<br>To-date<br>31.12.2018<br>RM | Preceding Year<br>To-date<br>31.12.2017<br>RM |
|---------------------------------|---|---|
| Long term borrowings            |   |   |
| - Term Loan 1,II,III and IV     | 222,150,000                                 | 290,150,000                                   |
| - Unrated medium term notes     | 450,000,000                                 | 450,000,000                                   |
| - Unamortised transaction costs | (1,665,885)                                 | (2,018,313)                                   |

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 5.05% (preceding correspondence quarter: 4.65%). The gearing ratio is currently 44.72%.

|                             | Current Year<br>To-date<br>31.12.2018<br>RM | Preceding Year<br>To-date<br>31.12.2017<br>RM |
|-----------------------------|---|---|
| Short term borrowings       |   |   |
| - revolving credit facility | -   | 25,000,000                                    |

The average effective interest rate for these facility is COF + 1.0% (floating rate) and base on the tenure of 1, 3 and 6 months. The borrowing have been fully paid from proceeds from the Silverbird disposal on May 2018.

**B10. UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF NEW UNITS**

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

**B11. SOFT COMMISSION**

During the financial quarter ended 31 December 2018, the Manager or its delegates did not receive any soft commission from its broker, by virtue of transactions conducted by the Trust.

**B12. PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES**

During the financial quarter ended 31 December 2018, there was no purchase or disposal of investment in quoted securities.

**B13. 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.

**B14. MATERIAL LITIGATION**

During the financial quarter ended 31 December 2018, there was no material litigation.

**B15. 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>   |
|---|---|
| <b>Resident unitholders;</b>                                  |   |
| - 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 2012 to 31 December 2019 |
| <b>Non-resident unitholders;</b>                              |   |
| - Non-resident company  | Withholding tax at 24%; effective from 1 January 2016 to 31 December 2017 |
| - Non-resident institutional investor                         | Withholding tax at 10%; effective from 1 January 2012 to 31 December 2019 |
| - Non-resident other than company and institutional investors | Withholding tax at 10%; effective from 1 January 2012 to 31 December 2019 |

## AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

### 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.

|                              | <b>Current<br/>Quarter<br/>31.12.2018<br/>RM</b> | <b>Preceding<br/>Corresponding<br/>Quarter<br/>30.12.2017<br/>RM</b> |
|------------------------------|--|--|
| Earnings after taxation      | (15,091,585)                                     | 49,402,939   |
| Total number of units issued | 573,219,858                                      | 573,219,858  |
| Earnings per unit (sen)      |  |  |
| - realised                   | 1.5296   | 1.1862   |
| - unrealised                 | (4.1624)   | 7.4323   |
|                              | (2.6328)   | 8.6185   |

### 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.

|  | <b>Current<br/>Quarter<br/>31.12.2018<br/>RM</b> | <b>Preceding<br/>Corresponding<br/>Quarter<br/>30.12.2017<br/>RM</b> |
|--|--|--|
| Provision for income distribution      | 8,320,660  | 7,683,228  |
| Total number of units issued           | 573,219,858                                      | 573,219,858  |
| Distribution per unit (sen) (realised) | 1.4516   | 1.3404   |

### 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 31 December 2018 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 14 February 2019.

By Order of the Board  
JERRY JESUDIAN A/L JOSEPH ALEXANDER  
LEONG SHIAK WAN (f)  
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: 14 February 2019