

PELABURAN HARTANAH NASIONAL BERHAD

AMANAH HARTA TANAH PNB

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT PERIOD 30.09.2019 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2018 (Audited) RM'000
INVESTMENTS		
Real estate	411,771	438,991
Deposits with financial institutions	26,154	19,619
	437,925	458,610
OTHER ASSETS		
Equipment, furniture and fittings	7	9
Tax recoverable	47	675
Trade receivables	5,864	1,792
Other receivables	27,524	21,483
Cash and bank balances	400	212
	33,842	24,171
TOTAL ASSETS	471,767	482,781
LIABILITIES		
Financing	180,288	187,438
Rental deposits	4,976	5,560
Other payables	2,917	4,938
Amount due to Manager	234	243
Deferred tax liability	2,132	2,437
TOTAL LIABILITIES	190,547	200,616
FINANCED BY:-		
UNIT HOLDERS' FUND		
Unit holders' capital	219,121	219,121
Retained Earnings	62,099	63,044
TOTAL NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS	281,220	282,165
TOTAL UNIT HOLDERS' FUNDS AND LIABILITIES	471,767	482,781
NUMBER OF UNITS IN CIRCULATION	220,000	220,000
NET ASSET VALUE ("NAV")	281,220	282,165
NAV (EX-DISTRIBUTION) PER UNIT (RM)	1.2783	1.2826

(The Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended December 31, 2018.)

PELABURAN HARTANAH NASIONAL BERHAD

AMANAH HARTA TANAH PNB

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2019 RM'000	Preceding Year Quarter 30.09.2018 RM'000	Current Year To-date 30.09.2019 RM'000	Preceding Year To-date 30.09.2018 RM'000
TOTAL REVENUE	8,099	8,190	23,459	23,720
Gross rental income				
Realised	7,892	8,046	23,000	23,242
Unrealised (unbilled lease income receivable) ¹	1,934	2,062	5,824	6,420
	9,826	10,108	28,824	29,662
Less: Assessment	(218)	(231)	(674)	(687)
Quit rent	(12)	(14)	(39)	(41)
Other property operating expenditure	(1,244)	(1,348)	(3,992)	(4,528)
Depreciation	(1)	(1)	(2)	(2)
Net rental income	8,351	8,514	24,117	24,404
Interest income from deposits with financial institutions	207	144	459	478
Net gain/(loss) on real estate/non-real estate-related asset:				
Realised gain on disposal	-	-	1,835	-
Unrealised gain/(loss) on valuation ²	(2,034)	(2,062)	(5,924)	(6,420)
	6,524	6,596	20,487	18,462
EXPENSES				
Manager's fee	711	699	2,104	2,095
Trustee's fee	33	32	98	97
Auditors' remuneration	5	4	16	13
Valuation fee	-	-	13	-
Professional fee	-	-	42	11
Printing, postage and general expenses ³	12	(25)	64	71
Finance costs	2,024	2,195	6,286	6,492
Allowance for impairment of trade receivable ⁴	(17)	-	(17)	60
	2,768	2,905	8,606	8,839
INCOME BEFORE TAXATION	3,756	3,691	11,881	9,623
TAXATION	-	-	-	-
INCOME AFTER TAXATION	3,756	3,691	11,881	9,623
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,756	3,691	11,881	9,623

AMANAH HARTA TANAH PNB

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2019 RM'000	Preceding Year Quarter 30.09.2018 RM'000	Current Year To-date 30.09.2019 RM'000	Preceding Year To-date 30.09.2018 RM'000
NET INCOME AFTER TAXATION IS MADE UP OF THE FOLLOWING:				
- Realised	3,856	3,691	11,981	9,623
- Unrealised	(100)	-	(100)	-
	<u>3,756</u>	<u>3,691</u>	<u>11,881</u>	<u>9,623</u>
EARNINGS PER UNIT (SEN) ⁵	<u>1.71</u>	<u>1.68</u>	<u>5.40</u>	<u>4.37</u>

- 1 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.
- 2 Recognition of unrealised rental income as per Note 1 above and inclusive of fair value adjustment for shopoffice located at Asia City, Kota Kinabalu of RM0.1 million pursuant to the Sale and Purchase Agreement dated 9 August 2019 for the disposal of the property. The disposal is expected to be completed in 1Q 2020.
- 3 Negative figure for previous year's quarter was due to reclassification of expenses to property expenditure.
- 4 Reversal of the impairment due to the arrangement for the settlement of the outstanding amount by the tenant.
- 5 The earnings per unit has been calculated based on the income after taxation for the period divided by the number units in circulation.

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended December 31, 2018.)

PELABURAN HARTANAH NASIONAL BERHAD

AMANAH HARTA TANAH PNB

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Unit holders' Capital (RM'000)	Retained Earnings		Total NAV Attributable to unit Holders (RM'000)
		Distributable Realised Income (RM'000)	Non- Distributable Unrealised Income (RM'000)	
Current Year To-date				
At 1 January 2019	219,121	16,645	46,399	282,165
Transfer to realised income	-	6,104	(6,104)	-
Total comprehensive income for the period	-	11,981	(100)	11,881
Income distribution during the period:				
Final income distribution (Year ended Dec. 31, 2018)	-	(6,556)	-	(6,556)
Interim income distribution (Year ended Dec. 31, 2019)	-	(6,270)	-	(6,270)
At September 30, 2019	<u>219,121</u>	<u>21,904</u>	<u>40,195</u>	<u>281,220</u>
Preceding Year To-date				
At 1 January 2018	219,121	15,577	46,478	281,176
Total comprehensive income for the period	-	9,623	-	9,623
Income distribution during the period:				
Final income distribution (Year ended Dec. 31, 2017)	-	(5,500)	-	(5,500)
Interim income distribution (Year ended Dec. 31, 2018)	-	(5,830)	-	(5,830)
At September 30, 2018	<u>219,121</u>	<u>13,870</u>	<u>46,478</u>	<u>279,469</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended December 31, 2018.)

PELABURAN HARTANAH NASIONAL BERHAD

AMANAH HARTA TANAH PNB

UNAUDITED CONDENSED STATEMENT OF
CASH FLOW FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Current Year To-date 30.09.2019 (RM'000)	Preceeding Year To-date 30.09.2018 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	11,881	9,623
Adjustments for non-cash flow:		
Non-cash items	84	6,422
Non-operating items	3,992	6,014
Operating profit before working capital changes	<u>15,957</u>	<u>22,059</u>
Changes in working capital		
Net change in current assets	(3,676)	(9,586)
Net change in current liabilities	<u>(2,499)</u>	<u>(983)</u>
Net cash generated from operating activities	<u>9,782</u>	<u>11,490</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in real estate	(1,224)	(183)
Proceed from disposal of real estate	24,150	-
Interest received	392	451
Net cash generated from investing activities	<u>23,318</u>	<u>268</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of income distribution	(12,826)	(11,330)
Financing costs paid	(6,401)	(6,446)
Financing repayment	<u>(7,150)</u>	<u>(2,348)</u>
Net cash used in financing activities	<u>(26,377)</u>	<u>(20,124)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,723	(8,366)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>19,831</u>	<u>21,938</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>26,554</u>	<u>13,572</u>

(The Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended December 31, 2018.)

PELABURAN HARTANAH NASIONAL BERHAD

AMANAH HARTA TANAH PNB

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

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, 2018.

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 2018 except for the adoption of the following standards that became effective for financial period beginning 1 January 2019 :

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Trust does not expect the adoption of MFRS 16 to have a significant impact on the financial statements of the Trust upon the initial adoption.

A2. AUDIT REPORT FOR PRECEDING FINANCIAL YEAR

The audit report of the financial statements for the preceding year ended December 31, 2018, 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 RM2.41 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 38.22% from 38.23% recorded in June 2019.

A7. INCOME DISTRIBUTION PAID

An income distribution of RM6.270 million or 2.85 sen a unit (of which 2.80 sen per unit is taxable and 0.05 sen per unit is non-taxable) for the six-month period ended June 30, 2019, was paid during the current quarter on August 30, 2019.

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

The value of the real estate has been brought forward from the previous annual financial statements without amendment except for the shopoffice located at Asia City, Kota Kinabalu where the value has been adjusted from RM1.9 million to RM1.8 million which resulted in unrealised loss of RM0.1 million during the quarter. The adjustment was made pursuant to the Sale and Purchase Agreement dated 9 August 2019 for the disposal of the property which is expected to be completed in 1Q 2020. During the quarter under review, AHP has incurred a capital expenditure amounting to RM0.07 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	Unaudited as at end of current period		Audited as at preceeding financial year end	
	(RM'000)	(%)	(RM'000)	(%)
Real estate	411,771	93.94	438,991	95.68
Deposits with financial institutions, cash and bank balances	<u>26,554</u>	<u>6.06</u>	<u>19,831</u>	<u>4.32</u>
	<u><u>438,325</u></u>	<u><u>100.00</u></u>	<u><u>458,822</u></u>	<u><u>100.00</u></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

B1. REVIEW OF PERFORMANCE

Current quarter results

For the quarter ended September 30, 2019, the Trust recorded a total revenue of RM8.099 million, representing a decrease of RM0.091 million or 1.11% from RM8.190 million achieved in the corresponding quarter in 2018.

Total expenditure for the quarter under review was RM4.343 million, representing a decrease of RM0.156 million or 3.47% from RM4.499 million recorded in the corresponding period in 2018. The decrease was mainly due to the lower property operating expenditure during the current quarter in 2019.

For the quarter under review, the Trust recorded an income before taxation of RM3.756 million, an increase of RM0.06 million or 1.76% from RM3.691 million recorded in the corresponding quarter 2018.

Current period results

For the current period ended September 30, 2019, the Trust recorded a total revenue of RM23.459 million, representing a decrease of RM0.261 million or 1.10% from RM23.720 million achieved in 2018. The decrease was mainly due to termination of tenancy of 17,823 sq.ft. at Plaza VADS.

Total expenditure for the current period ended September 30, 2019 was RM13.413 million, representing a decrease of RM0.684 million or 4.85% from RM14.097 million recorded in 2018. The decrease was mainly due to the lower property operating expenditure during the period ended September 30, 2019.

For the period under review, the Trust recorded an income before taxation of RM11.881 million which represents an increase of RM2.258 million or 23.46% from income before taxation of RM9.623 million recorded in 2018. Income before taxation for 2019 was higher due to the gain on disposal of three shopoffices located in Taman Tun Dr Ismail, Taman Melawati and Taman Setiawangsa during the period.

Total net asset value for the period was RM281.220 million (RM1.2783 per unit), representing an increase of RM1.751 million (0.796 sen per unit) or 0.63% from RM279.469 million (RM1.2703 per unit) recorded in 2018.

B2. MATERIAL CHANGE IN INCOME BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

Income before taxation for the quarter ended September 30, 2019 was RM3.756 million, representing a decrease of RM1.240 million or 24.82% as compared to income before taxation of RM4.996 million recorded in the immediate preceding quarter ended June 30, 2019. Income before taxation for the current quarter ended June 30, 2019 was higher due to gain on disposal of shopoffice in Taman Setiawangsa, Kuala Lumpur, which was completed on 3 June 2019.

B3. CHANGES IN THE STATE OF AFFAIRS

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

B4. SUMMARY OF EARNINGS PER UNIT, NET ASSET VALUE AND MARKET PRICE

	Current Year To-date	As at Preceding Financial Year End
Number of units in circulation/listed ('000)	220,000 *	220,000 *
Total comprehensive income (RM'000)	11,881	12,319
Earnings per unit (sen)	5.40	5.60
Net asset value (RM'000)	281,220	282,165
Net asset value per unit (RM)	1.2783	1.2826
Market price per unit (RM)	0.775	0.780

* 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 September 30, 2019 (11,139,700 units, representing approximately 5.06% as at preceding financial year end).

B5. PROSPECTS

The Trust's prospects are driven by the overall property market where the value of the property and the occupancy level influence the performance of the Trust. For the current period, the Trust's occupancy rate remains stable at 87%. In view of the sustainable level of occupancy of the Trust's property portfolio, Management anticipates that the performance of the Trust will remain positive for the current financial year.

B6. STATUS OF CORPORATE PROPOSALS

There were no proceeds raised from any corporate proposal.

B7. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

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

B8. 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.

B9. MATERIAL LITIGATION

There were no pending material litigation since the date of the last audited financial statements up to the date of this report.

B10. MAINTENANCE COST AND MAJOR CAPITAL EXPENDITURE

There were no major maintenance cost incurred during the quarter under review. However, capital expenditure amounting to RM0.07 million has been incurred during the quarter under review.

B11. SOFT COMMISSION

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

B12. INCOME RECOGNITION

(i) Rental

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) Other Income

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

B13. 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% (2018: 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 during the quarter.

B14. 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 RM32,500 (2018: RM32,500).

B15. TRANSACTIONS WITH STOCKBROKING COMPANIES

No transaction recorded during the current quarter.

B16. COMPOSITION OF THE INVESTMENT PORTFOLIO

		Total	Fair	Percentage
<u>Investments</u>	<u>Units</u>	<u>Cost</u>	<u>Value</u>	of Fair
		(RM'000)	(RM'000)	Value Over
				Net Asset
				<u>Value</u>
				(%)
Real estate	4	395,764	411,771	146.42
Deposits with financial institutions, cash and bank balances		26,554	26,554	9.44
Total		<u>422,318</u>	<u>438,325</u>	155.87

B17. TAXATION

The Trust is 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, 2019.

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 Quarter RM'000	Year to-date RM'000
Income before taxation	<u>3,756</u>	<u>11,881</u>
Taxation at Malaysian statutory tax rate of 24%	901	2,851
Effect on income not subject to tax	(50)	(551)
Effect on expenses not deductible for tax purposes	5	33
Effect on income distribution exempted from tax at trust level	<u>(856)</u>	<u>(2,333)</u>
Tax expense for the period	<u>-</u>	<u>-</u>

B18. BORROWINGS AND DEBT SECURITIES

As at 30 September 2019, there were no debt securities issued.

Total borrowings as at 30 September 2019 were as follows:

<u>Denominated in RM</u>	Secured RM'000
Islamic revolving credit (current)	55,288
Islamic term loan (non-current)	<u>125,000</u>
	<u>180,288</u>

B19. INCOME DISTRIBUTION DECLARED

No income distribution has been declared for the quarter ended September 30, 2019.

B20. OTHER INFORMATION

The following items which are required to be disclosed pursuant to Part A of Appendix 9B of the Main Market Listing Requirements are not applicable to the Trust:

- a. provision for and write off of inventories
- b. foreign exchange gain or loss
- c. gain or loss on derivatives

B21. 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 September 30, 2019 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 15 November 2019.

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)