

AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	As At 31.03.2019 RM (Unaudited)	As At 31.12.2018 RM (Audited)
ASSETS		
Non-current assets		
Investment properties	1,401,700,000	1,401,700,000
	1,401,700,000	1,401,700,000
Current assets		
Trade and other receivables	8,724,999	6,626,765
Security deposits in trust accounts	20,819,510	20,628,182
Cash and cash equivalents	33,945,700	34,709,788
Asset classified as held for sale	35,600,000	35,600,000
	99,090,210	97,564,735
TOTAL ASSETS	1,500,790,210	1,499,264,735
LIABILITIES		
Non-current liabilities		
Borrowings	670,572,222	670,484,115
Tenancy deposits	15,048,915	16,018,913
	685,621,136	686,503,028
Current liabilities		
Tenancy deposits	11,137,285	9,923,732
Trade and other payables	22,176,968	21,760,644
Deferred tax liabilities	-	5,863,577
	33,314,253	37,547,953
TOTAL LIABILITIES	718,935,389	724,050,981
NET ASSET VALUE ("NAV")	781,854,821	775,213,754
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	519,685,916	519,685,915
Undistributed income - realised	41,475,320	40,697,832
Undistributed income - unrealised	220,693,584	214,830,007
TOTAL UNITHOLDERS' FUND	781,854,820	775,213,754
NUMBER OF UNITS IN CIRCULATIONS	573,219,858	573,219,858
NET ASSET VALUE ("NAV") PER UNIT (RM):		
- Before income distribution	1.3640	1.3524
- After income distribution	1.3490	1.3379

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 MARCH 2019
(UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2019 RM	Preceding Year Corresponding Quarter 31.03.2018 RM	Current Year To-date 31.03.2019 RM	Preceding Year To-date 31.03.2018 RM
Revenue	23,801,107	22,906,989	23,801,107	22,906,989
Properties expenses				
Property operating expenses	(3,699,957)	(3,773,573)	(3,699,957)	(3,773,573)
Net property income	20,101,150	19,133,416	20,101,150	19,133,416
Interest income	255,850	380,803	255,850	380,803
Other income	72,921	7,952	72,921	7,952
Trust expenses	(2,901,967)	(1,979,129)	(2,901,967)	(1,979,129)
Borrowing costs	(8,429,652)	(9,370,218)	(8,429,652)	(9,370,218)
Realised income before taxation	9,098,302	8,172,824	9,098,302	8,172,824
Changes in fair value of investment properties	-	67,144,539	-	67,144,539
Income before taxation	9,098,302	75,317,363	9,098,302	75,317,363
Taxation	-	-	-	-
Total Income	9,098,302	75,317,363	9,098,302	75,317,363
Distribution to unitholders				
- from current period realised net income	(8,598,532)	(7,764,182)	(8,598,532)	(7,764,182)
- from previous period realised net income	-	-	-	-
	(8,598,532)	(7,764,182)	(8,598,532)	(7,764,182)
Realised income retained	499,770	408,642	499,770	408,642
Unrealised income retained / (utilised)	-	67,144,539	-	67,144,539
Net income for the financial period is made up as follows:				
- realised	9,098,302	8,172,824	9,098,302	8,172,824
- unrealised	-	67,144,539	-	67,144,539
Changes in fair value of investment properties				
	9,098,302	75,317,363	9,098,302	75,317,363
EARNINGS PER UNIT (SEN)				
- after manager fees (sen)	1.5872	13.1393	1.5872	13.1393
- before manager fees (sen)	1.8743	13.3931	1.8743	13.3931
EARNINGS PER UNIT (SEN)				
- realised	1.5872	1.4258	1.5872	1.4258
- unrealised	-	11.7136	-	11.7136
DISTRIBUTION PER UNIT (SEN)				
- realised from current period	1.5000	1.3545	1.5000	1.3545
- realised from previous period	-	-	-	-
	1.5000	1.3545	1.5000	1.3545

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 2018 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 MARCH 2019

	Unitholder's Capital RM	----- Undistributed Income -----		Total RM
		Realised RM	Unrealised RM	
At 1 January 2019	519,685,916	40,697,832	214,830,007	775,213,756
Operation for the financial period ended 31 March 2019				
Total comprehensive income for the financial period	-	9,098,302	5,863,577	14,961,879
Realisation of income from disposal of property	-	-	-	-
<i>Increase in net assets resulting from operations</i>	-	<i>9,098,302</i>	<i>5,863,577</i>	<i>14,961,879</i>
Unitholders' transactions				
Distribution to unitholders - 2018 final	-	(8,320,814)	-	(8,320,814)
<i>Increase in net assets resulting from unitholders' transactions</i>	-	<i>(8,320,814)</i>	-	<i>(8,320,814)</i>
At 31 March 2019	519,685,916	41,475,320	220,693,584	781,854,820

	Unitholder's Capital RM	----- Undistributed Income -----		Total RM
		Realised RM	Unrealised RM	
At 1 January 2018	519,685,915	27,059,384	181,545,288	728,290,587
Operation for the financial period ended 31 December 2018				
Total comprehensive income for the financial period	-	37,965,743	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>	-	<i>47,965,743</i>	<i>33,284,719</i>	<i>81,250,462</i>
Unitholders' transactions				
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	-	(7,764,335)	-	(7,764,335)
<i>Increase in net assets resulting from unitholders' transactions</i>	-	<i>(34,327,295)</i>	-	<i>(34,327,295)</i>
At 31 December 2018	519,685,915	40,697,832	214,830,007	775,213,754

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 2018 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 MARCH 2019

	Current Year To-date 31.03.2019 RM	Preceding Year To-date 31.12.2018 RM
Cash Flows From Operating Activities		
Net income before taxation	9,098,302	87,114,039
<i>Adjustments for:-</i>		
Borrowing costs	8,429,652	36,023,502
Interest income	(255,850)	(1,338,781)
Change in the fair value of properties	-	(49,148,296)
Operating income before changes in working capital	<u>17,272,105</u>	<u>72,650,464</u>
Changes in working capital:-		
Trade and other receivables	(2,230,915)	(3,051,972)
Trade and other payables	692,381	5,013,938
Net cash generated from operating activities	<u>15,733,571</u>	<u>74,612,430</u>
Cash Flows From Investing Activities		
Interest received	197,202	1,284,693
Proceeds from disposal of investment properties	-	105,000,000
Acquisition of investment property	-	(180,000,000)
Improvement of properties	-	(4,451,704)
Gain on disposal of investment property	-	(3,000,000)
Net cash used in investing activities	<u>197,202</u>	<u>(81,167,011)</u>
Cash Flows From Financing Activities		
Distribution paid to unitholders		
- in respect of current financial year	-	(7,683,228)
- in respect of previous financial year	(8,320,814)	(18,879,734)
Repayment of term loan	-	(91,278,477)
Payment of financing expenses	-	(1,369,094)
Interest paid	(8,374,047)	(36,293,093)
Net cash (used in)/ generated from financing activities	<u>(16,694,861)</u>	<u>(155,503,626)</u>
Net (decrease)/ increase in cash and cash equivalents	(764,088)	(162,058,207)
Cash and cash equivalents at beginning of financial period	34,709,788	196,767,995
Cash and cash equivalents at end of financial period	<u>33,945,700</u>	<u>34,709,788</u>

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached.

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 MARCH 2019 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 2018.

A3. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2018

The audit report of the Trust's financial statements for the financial year ended 31 December 2018 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 made a provision for first interim income distribution for 2019 amounting to RM8,598,532 payable on 12 July 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 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 31 MARCH 2019 PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD ("MFRS") - Cont'd

A15. TRADE AND OTHER PAYABLES

Included in the Current and Non-Current Liabilities - Trade and Other Payables are tenant deposits of RM26.2 million received from lessees for tenancy contracts with tenure of one to twenty five years (Current; RM11.1 million and Non Current: RM15.0 million).

A16. 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 March 2019, the Trust recorded a cumulative rental income of RM23.8 million as against preceding corresponding period of RM22.9 million. The increase in rental income of 3.9% was mainly due to the contribution from Vista Tower after mitigated with loss of rental from Holiday Villa Alor Star and Wisma AIC which being vacant. Interest income and other income drop to RM0.3 million, a decrease of 15.4% compared with the cumulative preceding quarter.

A total of RM3.7 million was incurred for property expenses during cumulative quarter, a decrease of 2% as compared to the preceding corresponding period. Despite the lower expenses, higher maintenance costs are being incurred including statutory payment, property manager fee and refurbishment cost which incurred at Help University, Toshiba Building, Segi University, Selayang Mall and Vista Tower. The net property income were recorded higher at RM20.1 million in comparison to the cumulative preceding quarter of RM19.1 million.

On the other hand, total cumulative non-property expenses for the period also fell to RM11.3 million mainly underpinned by lower borrowing cost due to the settlement of Affin Term Loan and Revolving Credit amounting to RM93 million on Q2 2018. However, the expenses such as manager fee, leasing commission fee and property agency fee have rose by 0.9 million compared to the preceding corresponding period.

For the cumulative quarter under review, net income escalated 11.3% to RM9.1 million from RM8.2 million contributed by lower property expenses and total expenditure incurred. This translates to a Q1 2019 distributable income per unit of 1.500 sen, which is higher by 10.7% compared with distributable income per unit of 1.3545 sen recorded in Q1 2018.

Gearing ratio was 44.68%, reduce from last quarter of 44.57% and well below the regulatory limit of 50.0%.

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

	Current Quarter 31.03.2019 RM	Preceding Corresponding Quarter 31.03.2018 RM
Revenue		
- Gross revenue (rental income)	23,801,107	22,906,989
- Interest and other income	328,771	388,755
Total	<u>24,129,878</u>	<u>23,295,744</u>
Expenses		
Property expenses	(3,699,957)	(3,773,573)
Non-property expenses	(11,331,619)	(11,349,347)
Total	<u>(15,031,576)</u>	<u>(15,122,920)</u>
Realised Income before taxation	<u>9,098,302</u>	<u>8,172,824</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.

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 31.03.2019 RM	Preceding Corresponding Quarter 31.03.2018 RM	Current Year To-date 31.03.2019 RM	Preceding Year To-date 31.03.2018 RM
Earnings before taxation	9,098,302	75,317,363	9,098,302	8,172,824
Taxation at Malaysia				
Statutory tax rate @ 25%	2,274,576	2,359,673	2,274,576	2,359,673
Non-deductible expenses	155,429	123,952	155,429	123,952
Effect of interest income and other income not subject to tax	(63,963)	(206,717)	(63,963)	(206,717)
Effect of income distribution exempted from tax	(2,366,042)	(2,276,908)	(2,366,042)	(2,276,908)
Tax expenses	-	-	-	-

B5. As at 31 March 2019 The Trust's composition of investment portfolio are as follows:

	Acquisition cost (Asset & Enhancement) RM	Fair value as at 31.03.2019 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	67.15	34.98
* Dana 13	99,372,673	119,000,000	15.22	7.93
* Contraves	40,232,532	42,000,000	5.37	2.80
* Wisma Comcorp	30,000,000	37,000,000	4.73	2.47
Toshiba	32,142,972	32,000,000	4.09	2.13
Block A & B, South City Plaza	18,300,000	10,000,000	1.28	0.67
<i>Education</i>				
* SEGi University	145,362,993	185,000,000	23.66	12.33
* Help University	53,946,379	75,700,000	9.68	5.04
SEGi College	52,500,000	73,500,000	9.40	4.90
<i>Industrial</i>				
*++ AIC Factory	19,207,022	26,800,000	3.43	1.79
* Deluge Factory	24,111,510	25,000,000	3.20	1.67
++ Gurun Automotive Warehouse	23,970,000	8,800,000	1.13	0.59
<i>Hospitality</i>				
* Holiday Villa Langkawi	59,536,443	83,500,000	10.68	5.56
Holiday Villa Alor Setar	31,000,000	28,000,000	3.58	1.87
<i>Retail</i>				
* Selayang Mall	130,730,163	166,000,000	21.23	11.06
	1,216,606,416	1,437,300,000	183.83	95.77
++ Asset held for sale				
* Charged to financial institution for credit facility				
Others				
Deposits placed with licensed financial institutions		32,639,856	4.17	2.17

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

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 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.

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 31.03.2019 RM	Preceding Year To-date 31.12.2018 RM
Long term borrowings		
- Term Loan 1,II,III and IV	222,150,000	222,150,000
- Unrated medium term notes	450,000,000	450,000,000
- Unamortised transaction costs	<u>(1,577,778)</u>	<u>(1,665,885)</u>

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 5.11% (preceding correspondence quarter: 5.05%). The gearing ratio is currently 44.68%.

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 March 2019, 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 March 2019, 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 March 2019, 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>
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 2012 to 31 December 2019
Non-resident unitholders;	
- Non-resident company	Withholding tax at 24%; effective from 1 January 2012 to 31 December 2019
- 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

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

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 31.03.2019 RM	Preceding Corresponding Quarter 31.03.2018 RM
Earnings after taxation	9,098,302	75,317,363
Total number of units issued	573,219,858	573,219,858
Earnings per unit (sen)		
- realised	1.5872	1.4258
- unrealised	-	11.7136
	1.5872	13.1393

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 31.03.2019 RM	Preceding Corresponding Quarter 31.03.2018 RM
Provision for income distribution	8,598,532	7,764,182
Total number of units issued	573,219,858	573,219,858
Distribution per unit (sen) (realised)	1.5000	1.3545

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 March 2019 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 24 May 2019.

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: 24 May 2019