

AMANAHRAYA REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	As At 31.03.2020 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	8,923,132	6,066,341
Security deposits in trust accounts	13,930,157	13,806,908
Cash and cash equivalents	40,265,598	44,481,868
Asset classified as held for sale	8,500,000	8,500,000
	71,618,888	72,855,117
TOTAL ASSETS	1,470,618,888	1,471,855,117
LIABILITIES		
Non-current liabilities		
Borrowings	643,313,899	482,639,876
Tenancy deposits	17,644,522	16,260,454
	660,958,422	498,900,329
Current liabilities		
Borrowings	-	162,200,667
Tenancy deposits	5,451,350	5,904,556
Trade and other payables	17,336,816	17,635,372
Deferred tax liabilities	10,623,000	10,623,000
	33,411,165	196,363,595
TOTAL LIABILITIES	694,369,587	695,263,924
NET ASSET VALUE ("NAV")	776,249,301	776,591,193
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	519,685,915	519,685,915
Distributed income - realised	35,798,800	36,140,692
Undistributed income - unrealised	220,764,585	220,764,585
TOTAL UNITHOLDERS' FUND	776,249,301	776,591,193
NUMBER OF UNITS IN CIRCULATIONS	573,219,858	573,219,858
NET ASSET VALUE ("NAV") PER UNIT (RM):		
- Before income distribution	1.3542	1.3548
- After income distribution	1.3384	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 31 MARCH 2020 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2020 RM	Preceding Year Corresponding Quarter 31.03.2019 RM	Current Year To-date 31.03.2020 RM	Preceding Corresponding Year To-date 31.03.2019 RM
Revenue	22,550,543	23,801,107	22,550,543	23,801,107
Properties expenses				
Property operating expenses	(4,807,122)	(3,699,957)	(4,807,122)	(3,699,957)
Net property income	17,743,421	20,101,150	17,743,421	20,101,150
Interest income	287,539	255,850	287,539	255,850
Other income	17,748	72,921	17,748	72,921
Trust expenses	(2,123,539)	(2,901,967)	(2,123,539)	(2,901,967)
Borrowing costs	(7,227,450)	(8,429,652)	(7,227,450)	(8,429,652)
Realised income before taxation	8,697,719	9,098,302	8,697,719	9,098,302
Changes in fair value of investment properties	-	-	-	-
Income before taxation	8,697,719	9,098,302	8,697,719	9,098,302
Taxation	-	-	-	-
Total Income	8,697,719	9,098,302	8,697,719	9,098,302
Distribution to unitholders				
- from current period realised net income	-	(8,598,532)	-	(8,598,532)
- from previous period realised net income	-	-	-	-
	-	(8,598,532)	-	(8,598,532)
Realised income retained	8,697,719	499,770	8,697,719	499,770
Unrealised income retained / (utilised)	-	-	-	-
Net income for the financial period is made up as follows:				
- realised	8,697,719	9,098,302	8,697,719	9,098,302
- unrealised				
Changes in fair value of investment properties	-	-	-	-
Taxation	-	-	-	-
	8,697,719	9,098,302	8,697,719	9,098,302
EARNINGS PER UNIT (SEN)				
- after manager fees (sen)	1.5173	1.5872	1.5173	1.5872
- before manager fees (sen)	1.8054	1.8743	1.8054	1.8743
EARNINGS PER UNIT (SEN)				
- realised	1.5173	1.5872	1.5173	1.5872
- unrealised	-	-	-	-
DISTRIBUTION PER UNIT (SEN)				
- realised from current period	-	1.5000	-	1.5000
- realised from previous period	-	-	-	-
	-	1.5000	-	1.5000

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 31 MARCH 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 31 March 2020				
Total comprehensive income for the financial period	-	8,697,719	-	8,697,719
Realisation of income from disposal of property	-	-	-	-
<i>Increase in net assets resulting from operations</i>	-	8,697,719	-	8,697,719
Unitholders' transactions				
Distribution to unitholders - 2019 final	-	(9,039,611)	-	(9,039,611)
Distribution to unitholders - Q1, 2020	-	-	-	-
Distribution to unitholders - Q2, 2020	-	-	-	-
Distribution to unitholders - Q3, 2020	-	-	-	-
<i>Increase in net assets resulting from unitholders' transactions</i>	-	(9,039,611)	-	(9,039,611)
At 31 March 2020	519,685,915	35,798,800	220,764,585	776,249,301

	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)	-
		(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 31 MARCH 2019

	Current Year To-date 31.03.2020 RM	Preceding Year To-date 31.12.2019 RM
Cash Flows From Operating Activities		
Net income before taxation	8,697,719	40,984,574
<i>Adjustments for:-</i>		
Borrowing costs	7,227,450	33,167,462
Interest income	(287,539)	(1,096,842)
Change in the fair value of properties	-	(3,116,979)
Operating income before changes in working capital	<u>15,637,630</u>	<u>69,938,215</u>
Changes in working capital:-		
Trade and other receivables	(2,887,082)	6,907,456
Trade and other payables	10,009,823	(8,684,488)
Net cash generated from operating activities	<u>22,760,371</u>	<u>68,161,182</u>
Cash Flows From Investing Activities		
Interest received	194,580	1,040,119
Proceeds from disposal of investment properties	-	35,400,000
Improvement of properties	-	(2,683,021)
Net cash used in investing activities	<u>194,580</u>	<u>33,757,099</u>
Cash Flows From Financing Activities		
Distribution paid to unitholders		
- in respect of current financial year	-	(17,197,509)
- in respect of previous financial year	(17,637,983)	(16,085,149)
Repayment of term loan	(1,225,667)	(25,996,000)
Payment of financing expenses	(402,500)	-
Interest paid	(7,905,071)	(32,867,544)
Net cash (used in)/ generated from financing activities	<u>(27,171,221)</u>	<u>(92,146,202)</u>
Net (decrease)/ increase in cash and cash equivalents	(4,216,270)	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	<u>40,265,598</u>	<u>44,481,868</u>

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 31 MARCH 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 Trust will not be declaring a first interim distribution per unit this quarter and the income distribution frequency will be changed from quarterly to semi-annually distribution pattern effective from calendar year 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 31 MARCH 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 RM23.1 million received from lessees for tenancy contracts with tenure of one to twenty five years (Current; RM5.5 million and Non Current: RM17.6 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 RM2.4 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 31 March 2020, the Trust recorded a cumulative rental income of RM22.6 million as against preceding corresponding period of RM23.8 million. The major decrease in rental income was mainly due the loss of settlement income as per Stake Holder Agreement dated 6 September 2017 which ended on 1 November 2019. Interest income and other income drop to RM0.31 million, a decrease of 7.1% compared with the cumulative preceding quarter.

A total of RM4.8 million was incurred for property expenses during cumulative quarter, an increase of 29.9% as compared to the preceding corresponding period. The increase of the expenses was mainly due to refurbishment cost and maintenance expenses incurred at the properties especially at Vista Tower, Selayang Mall and Dana 13. The net property income were recorded lower at RM17.7 million in comparison to the cumulative preceding quarter of RM20.1 million resulting from higher of property expenses.

On the other hand, total cumulative non-property expenses for the period fell to RM9.35 million mainly underpinned by lower borrowing cost from RM8.4 million in 2019 to RM7.2 million in 2020 due to the settlement of Affin Term Loan and the decrease in the Overnight Policy Rate (OPR) in January and February 2020 to 2.5% from 3.0%.

For the cumulative quarter under review, net income drop by 4.4% to RM8.7 million from RM9.1 million mainly due to lower of rental income and higher of property expenses.

Gearing ratio was 43.74%, reduced from last quarter of 43.81% and well below the regulatory limit of 50.0%.

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

	Current Quarter 31.03.2020 RM	Preceding Corresponding Quarter 31.03.2019 RM
Revenue		
- Gross revenue (rental income)	22,550,543	23,801,107
- Interest and other income	305,287	328,771
Total	22,855,830	24,129,878
Expenses		
Property expenses	(4,807,122)	(3,699,957)
Non-property expenses	(9,350,989)	(11,331,619)
Total	(14,158,111)	(15,031,576)
Realised Income before taxation	8,697,719	9,098,302

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 31.03.2020 RM	Preceding Corresponding Quarter 31.03.2019 RM	Current Year To-date 31.03.2020 RM	Preceding Year To-date 31.03.2019 RM
Earnings before taxation	8,697,719	9,098,302	8,697,719	9,098,302
Taxation at Malaysia				
Statutory tax rate @ 25%	2,174,430	2,274,576	2,174,430	2,274,576
Non-deductible expenses	134,437	155,429	134,437	155,429
Effect of interest income and other income not subject to tax	(71,885)	(63,963)	(71,885)	(63,963)
Effect of income not subject to tax	-	-	-	-
Effect of income distribution exempted from tax	(2,236,982)	(2,366,042)	(2,236,982)	(2,366,042)
Tax expenses	-	-	-	-

B5. As at 31 March 2020 The Trust's composition of investment portfolio are as follows:

	Acquisition cost (Asset & Enhancement) RM	Fair value as at 31.03.2020 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	67.63	35.70
* Dana 13	99,372,673	122,500,000	15.78	8.33
* Contraves	40,232,532	42,000,000	5.41	2.86
* Wisma Comcorp	30,000,000	37,000,000	4.77	2.52
Toshiba	32,142,972	32,200,000	4.15	2.19
Block A & B, South City Plaza	18,300,000	8,500,000	1.10	0.58
<i>Education</i>				
* SEGi University	146,062,993	186,000,000	23.96	12.65
* Help University	53,946,379	75,500,000	9.73	5.13
SEGi College	52,500,000	73,500,000	9.47	5.00
<i>Industrial</i>				
* Deluge Factory	24,216,510	26,000,000	3.35	1.77
<i>Hospitality</i>				
* Holiday Villa Langkawi	59,536,443	84,000,000	10.82	5.71
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	21.64	11.42
	1,176,112,415	1,407,500,000	181.32	95.71

++ Asset held for sale

* Charged to financial institution for credit facility

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

B5. As at 31 March 2020 The Trust's composition of investment portfolio are as follows: - Cont'd

Others

Deposits placed with licensed financial institutions	29,700,000	3.83	2.02
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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 Q2 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 31.03.2020 RM	Preceding Year To-date 31.03.2019 RM
Long term borrowings		
- Term Loan 1,II,III and IV	33,920,000	196,154,000
- Unrated medium term notes tranche I & II	611,000,000	450,000,000
- Unamortised transaction costs	(1,614,434)	(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 4.68% (preceding correspondence quarter: 4.90%). The gearing ratio is currently 43.74%.

B10. INCOME DISTRIBUTION

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

Types of unit holders

Rates of tax

Resident unitholders;

- Resident company
- Unitholders other than a resident company

No withholding tax; tax at prevailing corporate tax rate
Withholding tax at 10%; effective from 1 January 2020 to 31 December 2025

Non-resident unitholders;

- Non-resident company
- Non-resident institutional investor
- Non-resident other than company and institutional investors

Withholding tax at 24%; effective from 1 January 2020 to 31 December 2025

Withholding tax at 10%; effective from 1 January 2020 to 31 December 2025

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 31 March 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 31 March 2020, there was no purchase or disposal of investment in quoted securities.

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 31 March 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 31.03.2020 RM	Preceding Corresponding Quarter 31.03.2019 RM
Earnings after taxation	8,697,719	9,098,302
Total number of units issued	573,219,858	573,219,858
Earnings per unit (sen)		
- realised	1.5173	1.5872
- unrealised	-	-
	1.5173	1.5872

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 31.03.2020 RM	Preceding Corresponding Quarter 31.03.2019 RM
Provision for income distribution	-	8,598,532
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 31 March 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 23 June 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: 23 June 2020