



2016



AMANAH HARTA TANAH PNB

LAPORAN TAHUNAN  
ANNUAL REPORT



Corporate Information	02
Chairman's Statement	03
Profile of Directors of the Manager	05
Particulars of Directors of the Manager	09
Profile and Particulars of Members of the Property Investment Committee	11
Financial Summary	13
Performance Data	14
Composition of Investment Portfolio	16
Real Estate Snapshot	17
Real Estate Portfolio	18
Analysis of Unitholdings	23
Financial Statements	25
Unit Holders Resource Page	68
Notice of Annual General Meeting	71

contents

## CORPORATE INFORMATION

### MANAGER

Pelaburan Hartanah Nasional Berhad (175967-W) (Incorporated in Malaysia)

### REGISTERED OFFICE OF THE MANAGER

Tingkat 4, Balai PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur  
Telephone : 03-20505100 | Facsimile : 03-20505878 | E-mail : phnb@pnb.com.my

### BOARD OF DIRECTORS OF THE MANAGER

Tan Sri Abdul Wahid bin Omar (Chairman)  
Dato' Abdul Rahman bin Ahmad  
Dato' Idris bin Kechot  
Dato' Nafisah binti Radin  
Dato' Johan bin Ariffin  
Encik Hafidz Atrash Kosai bin Mohd Zihim

### SECRETARY OF THE MANAGER

Adibah Khairiah binti Ismail @ Daud (MIA 13755)  
Tingkat 4, Balai PNB, 01-A, Jalan Tun Razak, 50400 Kuala Lumpur

### MANAGEMENT OF THE MANAGER

Hafidz Atrash Kosai bin Mohd Zihim (Executive Director/Chief Executive Officer)  
Mohamad Sabarani bin Sulaiman (Head of Asset Management)  
Huda binti Che Mohd Noh (Manager, Asset Management)  
Nur Adzlina binti Kamaruddin (Head of Finance & Operations)  
Meor Amirudin Fikri bin Meor Adam (Manager, Finance & Operations)  
Hamdi bin Othman (Manager, Finance & Operations)  
Normala binti Lamin (Head of Strategy & Investment)

### TRUSTEE

AmanahRaya Trustees Berhad (766894-T)  
Tingkat 2, Wisma Amanah Raya II, No. 21, Jalan Melaka, 50100 Kuala Lumpur  
Telefon : 03-20365000 | Facsimile : 03-20720320

### INVESTMENT MANAGER

Permodalan Nasional Berhad (38218-X)  
Tingkat 4, Balai PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur

### PROPERTY MANAGER

IM Global Property Consultants Sdn Bhd (701223-X)  
47-2, 2nd Floor, Wisma IMG, Jalan 3/76D, Desa Pandan, 55100 Kuala Lumpur

### REGISTRAR OF THE TRUST IN CHARGE OF THE REGISTER OF UNITHOLDERS

Symphony Share Registrars Sdn. Berhad (378993-D)  
Level 6 Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46,  
47301 Petaling Jaya, Selangor Darul Ehsan  
Telephone : 03-78418000 | Facsimile : 03-78418151/52

### AUDITORS

Mssrs. Hanafiah Raslan & Mohamad (AF 0002)

### SOLICITORS ADVISING THE MANAGER IN CONNECTION WITH THE TRUST

Messrs. Zainal Abidin & Co.

### BANKERS FOR THE TRUST

Maybank Islamic Berhad (787435-M)  
CIMB Islamic Bank Berhad (671380-H)

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

### STOCK NAME / STOCK CODE

AHP / 4952

### WEBSITE

www.ahp.com.my

## STATEMENT BY THE CHAIRMAN OF PELABURAN HARTANAH NASIONAL BERHAD ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED DECEMBER 31, 2016

On behalf of the Board of Directors of Pelaburan Hartanah Nasional Berhad (PHNB), as the Manager of Amanah Harta Tanah PNB (AHP), it is my pleasure to present the Annual Report of AHP for the year ended December 31, 2016.

### FINANCIAL RESULTS

For the year ended December 31, 2016, AHP earned total income of RM9.256 million (2015: RM17.268 million) comprising net rental income of RM17.226 million (2015: RM7.871 million), income from deposit with financial institutions, gross dividend, loss on disposal of quoted shares totalling RMO.307 million (2015: RMO.414 million), and unrealised loss on valuation of real estate of RM8.277 million (2015: unrealised gain of RM8.982 million). The unrealised loss on valuation of real estates of RM8.277 million comprise of revaluation deficit of RM5.751 million and RM2.527 million of accrued rental income receivable from Mydin Seremban 2.

During the year under review, AHP incurred total expenses comprising manager's fee, trustee's fee, auditors' remuneration, financing cost and other trust expenditure amounting to RM8.713 million (2015: RM4.5 million), giving a net income before taxation for the year of RMO.543 million (2015: RM12.768 million). The unrealised loss on valuation of real estate of RM5.751 million resulted in RMO.287 million of deferred tax which relates to the real property gains tax on fair value adjustments being written back. Consequently, AHP recorded a net income after taxation of RMO.830 million, comprising realised income of RM6.294 million and unrealised loss of RM5.463 million.

For the year ended December 31, 2016, AHP has recorded a decrease of RM12.226 million or 95.75% in income before taxation from the preceding year which is mainly attributed from the net effect of unrealised loss recorded during the year and unrealised gain recorded in the preceding year in relation to the update valuation of real estate pursuant to Clause 10.03 of the Guidelines on Real Estate Investment Trust issued by the Securities Commission Malaysia. Income after taxation for 2016 of RMO.830 million, represents a decrease of RM11.475 million or 93.25% from RM12.305 million recorded in 2015. The income after taxation of RMO.830 million comprises realised distributable income of RM6.294 million which is an increase of RM2.507 million or 66.20% from realised distributable income of RM3.787 million recorded in the preceding year.

### DISTRIBUTION OF INCOME

The Board of Directors and the Trustee, AmanahRaya Trustees Berhad (ART), have approved a final income distribution of 1.50 sen a unit for the period from July 1, 2016, to December 31, 2016, which is payable on February 28, 2017. With an interim income distribution of 3.00 sen a unit for the period from January 1, 2016, to June 30, 2016, which was paid on August 30, 2016, the total income distribution for the financial year ended December 31, 2016, amounts to RM6.30 million or 4.50 sen a unit.

### INVESTMENT PORTFOLIO OF AHP

Total investment of AHP as at December 31, 2016 amounted to RM458.20 million. This comprises investment in real estate at a fair value of RM448.62 million and short-term investment of RM9.58 million.

### INVESTMENT IN REAL ESTATE

As at December 31, 2016, the real estate in the portfolio of AHP now stood at seven (7). The average occupancy rate of the real estates of AHP was 89.63% with five of the seven real estate namely Mydin Seremban 2, located at Seremban, Negeri Sembilan, Sri Impian, located at Taman Setiawangsa, Kuala Lumpur and three shopoffices located in Kuala Lumpur and Kota Kinabalu, securing 100% occupancy levels. Plaza VADS, located at Taman Tun Dr. Ismail, Kuala Lumpur, recorded a high occupancy level of 82.62%. Bangunan AHP, which is also located at Taman Tun Dr. Ismail, Kuala Lumpur, recorded an occupancy level of 55.60%.

The upgrading and refurbishment works of the tower block and the construction of a new four-storey podium block of Plaza VADS have been fully completed in January 2016. The new podium block was designed and constructed to comply with the Green Building Index (GBI) certification. The issuance of Certificate of Completion and Compliance (CCC) was obtained by 29 January 2016. As at to date, Management had secured four tenants who have confirmed to take up the new spaces at the newly completed podium block. As a result of aggressive marketing by the Management, the new podium block has registered an occupancy rate of 57%. Management will continue its aggressive marketing strategy in securing good and reliable tenants for the building.



## REVIEW OF THE PROPERTY MARKET

In general, Malaysia's property market in 2016 has remained soft in almost all subsectors, including Purpose Built Office (PBO) and shopping complex just as it was last year, particularly for the PBO and retail subsectors. This observation is backed by National Property Information Centre's (NAPIC) statistics suggesting that the demand and supply of properties have remained soft during the year. Meanwhile, data from Bank Negara Malaysia (BNM) continued to point to a reduction in loans applied and approved for the purchase of residential and non-residential properties.

For PBO segment, some 218,395 sq. m of new space entered the market in 1H16, reflecting a modest increase of 1.1% from the end of 2H15 level. Some 170,318 sq. m new shopping complex space was supplied into the market in 1H16, recording a marginal 1.3% increase from the end of 2H15 level.

On the demand side, occupancy rate for privately-owned PBO in 1H16 stood at 78.2%, easing slightly from 2H15's level of 78.5%. Similar trend was recorded for occupancy rate of shopping complex in which it slipped marginally from the 82.4% occupancy rate recorded nationwide in 2H15 to 82.2% in 1H16.

As at the end of 1H16, Kuala Lumpur accounted for 52.3% of the total privately-owned PBO space nationwide. The share of Kuala Lumpur's privately-owned PBO against the total national privately-owned PBO had increased modestly from 51.6% recorded at the end of 2H15. This would indicate a rising concentration of commercial activities in the capital.

The latest available statistics from NAPIC show that average rental of PBO in Kuala Lumpur City Centre/Golden Triangle extending to areas such as Jalan Ampang, Jalan Tun Razak, and Jalan Pinang during 1H16, had risen by 2.4% to RM63.40 per sq. m/month (RM5.89 per sq. f/month) from RM61.89 per sq. m/month (RM5.75 per sq. f/month) recorded in 2H15. The rental of PBO Within City Centre (WCC) which covers areas such as Jalan Bangsar, Wangsa Maju and Mid Valley for the same period rose by 0.8% to RM55.43 per sq. m/month (RM5.15 per sq. f/month). On the same note, average PBO rental in suburban areas including Sri Petaling, Damansara and Cheras, increased by 3.1% to RM46.28 per sq. m/month (RM4.30 per sq. f/month) in 1H16 from RM44.89 per sq. m (RM4.17 per sq. f/month) in 2H15.

## PROSPECTS

According to NAPIC, the commercial property subsector is forecast to expand by 19% over the next three years (annualised 6.5%). Meanwhile, the PBO subsector is expected to receive another 2 million sq. m or 10% of stock within the next three years (annualised 3.3%). A large number of incoming supply of PBO is expected to be in Kuala Lumpur and Selangor area. Combined, they are estimated to receive another 0.67 million sq. m (33.8% from national incoming supply) and 0.51 million sq. m (25.7% of national incoming supply), respectively during the same period.

Likewise, the shopping complex and industrial subsectors are estimated to expand by 13% (annualised 4.3%) and 7.8% (annualised 2.6%) respectively within the next three years. It is estimated that 1.86 million sq. m of shopping complex and 8,304 units of industrial units would be added within the next three years which will continue to buoy the overall commercial property supply going forward.

In 2017, the property market is expected to remain soft as in 2015 and 2016, especially in the office and retail subsectors. The incoming supply of commercial and office stocks is set to flood the already oversupplied commercial market. This in turn will create additional pressure for developers and commercial property speculators to match the flattish growth of demand due to tightened financing requirements and consumption tax.

## APPRECIATION

I would like to record my heartiest appreciation to my predecessor, YABhg. Tun Ahmad Sarji bin Abdul Hamid, who has been a key figure for PHNB for the last 19 years, as well as to YBhg. Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman who has been the driving force behind PHNB for the last 18 years. I also would like to thank the previous members of the Board of Directors of PHNB, YBhg. Tan Sri Dato' Seri Ainum binti Mohd Saaid, YBhg. Tan Sri Dato' Seri (Dr.) Abd. Wahab bin Maskan, and YBhg. Dato' Seri Mohd Hussaini bin Abdul Jamil for their invaluable contributions throughout their tenure as members of the Board of Directors of PHNB.

I wish to take this opportunity to extend a warm welcome to the new members of the Board of Directors of PHNB, YBhg. Dato' Nafisah binti Radin and YBhg. Dato' Johan bin Ariffin, whom I trust will bring wealth of experience that will contribute towards future growth of PHNB and AHP.

On behalf of the members of the Board of Directors of PHNB, I would also like to convey our appreciation to all staff members of PHNB for their hard work and dedication. I would also like to thank AmanahRaya Trustees Berhad and its staff members for their contribution to AHP and express our appreciation to the unit holders of AHP for their continued support to AHP.

TAN SRI ABDUL WAHID BIN OMAR  
Chairman

## PROFILE OF THE DIRECTORS OF THE MANAGER

### TAN SRI ABDUL WAHID BIN OMAR

*(Non-Independent Non-Executive Chairman)*

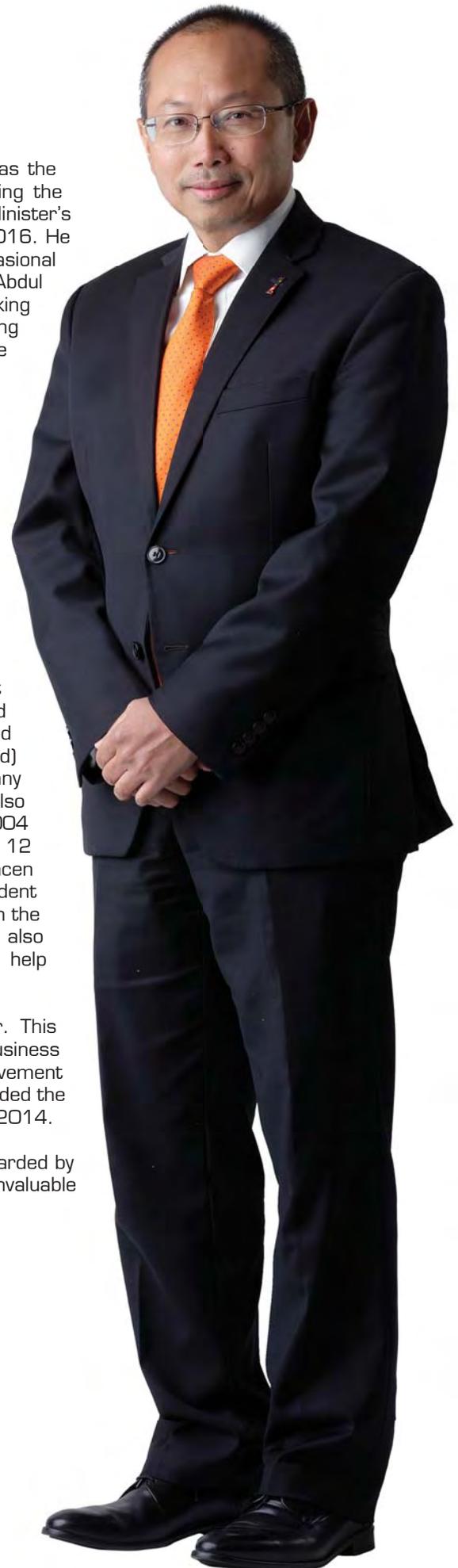
Tan Sri Abdul Wahid bin Omar, aged 52, a Malaysian, was appointed as the Chairman of Permodalan Nasional Berhad on August 1, 2016, following the completion of his term as a senator and Minister in the Prime Minister's Department in charge of Economic Planning from June 2013 to June 2016. He subsequently assumed the position of Chairman of Pelaburan Hartanah Nasional Berhad on August 24, 2016. Prior to his cabinet appointment, Tan Sri Abdul Wahid was the President and Chief Executive Officer of Malayan Banking Berhad (Maybank), Malaysia's largest banking group and one of the leading banking groups in Southeast Asia, from May 2008 until June 2013. He was also the Chairman of The Association of Banks in Malaysia. He is a Fellow of the Association of Chartered Certified Accountants (UK), a member of the Institute of Chartered Accountants in England & Wales (ICAEW) and the Malaysian Institute of Accountants (MIA).

Maybank was the third major organisation that he has led as the Chief Executive Officer. Prior to joining Maybank, he was the Group Chief Executive Officer of Telekom Malaysia Berhad from July 2004 until its demerger with Axiata Group Berhad in April 2008. He was also formerly Managing Director/Chief Executive Officer of UEM Group Berhad as well as Executive Vice Chairman of PLUS Expressways Berhad from October 2001 to June 2014.

Tan Sri Abdul Wahid has previously served as Director of investment banks (Amanah Capital Group from August 1994 to February 2001, and Maybank Investment Bank Berhad from July 2008 to June 2013, licensed fund management company (Amanah SSCM Asset Management Berhad) from January 1998 to February 2001 and unit trust management company (Asia Unit Trusts Berhad) from February 1998 to February 2001. He also served on the Board of Bursa Malaysia Berhad for seven years from 2004 to 2011, and Investment Panel member of Lembaga Tabung Haji for 12 years from October 2001 to June 2013, Kumpulan Wang Amanah Pencen for five years from May 2008 to February 2013 and Employees' Provident Fund for half year from June 2008 to December 2008. As the Minister in the Prime Minister's Department in charge of Economic Planning, he was also Chairman of Special Economic Committee tasked among others to help stabilise the financial markets.

Tan Sri Wahid has received numerous awards throughout his career. This includes Malaysia's CEO of the Year 2006 award from Business Times/American Express, The Asian Banker's 2013 Leadership Achievement Award for Malaysia and The Edge Value Creator 2013. He was also awarded the Honorary Doctorate in Economy from Multimedia University, Malaysia in 2014.

In June 2016, he was conferred with Panglima Setia Mahkota (PSM) awarded by His Majesty Seri Paduka Baginda Yang DiPertuan Agong for his invaluable contributions to the Country.



## PROFILE OF THE DIRECTORS OF THE MANAGER (CONTD.)



### **DATO' ABDUL RAHMAN BIN AHMAD** *(Non-Independent Non-Executive Director)*

Dato' Abdul Rahman bin Ahmad, aged 47, a Malaysian, was appointed to the Board of Directors of Pelaburan Hartanah Nasional Berhad on November 1, 2016.

He was formerly the Chief Executive Officer (CEO) of Ekuiti Nasional Berhad (Ekuinas), a Government-linked private equity firm with assets under management of more than RM3.5 billion.

Prior to joining Ekuinas, Dato' Abdul Rahman was the Group Managing Director (MD)/CEO of Media Prima Berhad, the leading integrated media investment group in Malaysia. He also held the post of Group MD/CEO of Malaysian Resources Corporation Berhad, a leading Malaysian conglomerate involved in property, construction and infrastructure.

Dato' Abdul Rahman began his career at Arthur Andersen, London, and later served as Special Assistant to the Executive Chairman of Trenergy (M) Berhad/Turnaround Managers Inc. Sdn. Berhad. He later served Pengurusan Danaharta Nasional Berhad, the country's national asset management company and went to become Executive Director of SSR Associates Sdn. Berhad, a boutique corporate finance consulting firm.

Dato' Abdul Rahman holds a Master of Arts in Economics from Cambridge University, United Kingdom, and is a member of the Institute of Chartered Accountants in England and Wales. He is currently also serving as a Non-Executive Chairman of ILMU Education Group Sdn. Berhad and as a Non-Executive Director of M+S Pte. Ltd., a joint-venture property company of Khazanah Nasional Berhad, and Temasek Holdings (Private) Limited.

### **DATO' IDRIS BIN KECHOT** *(Non-Independent Non-Executive Director)*

Dato' Idris bin Kechot, aged 61, a Malaysian, was appointed to the Board of Directors of Pelaburan Hartanah Nasional Berhad on March 3, 2010. He is also the Designated Fund Manager of funds under the management of Permodalan Nasional Berhad (PNB). Dato' Idris is currently the Deputy President & Group Chief Operating Officer, Asset Management of PNB. Prior to this, he was Deputy President, Unit Trust of PNB and Executive Director of Amanah Saham Nasional Berhad (ASNB).

Dato' Idris has vast experience in general management, investment and unit trusts, encompassing areas of equity valuation, equity trading, and portfolio management. He started his career in 1983 as Research Analyst at the Corporate Research Department of PNB undertaking industry and sectorial research. In 1988, he joined the Investment Division, responsible for the equity investment activities of PNB and continued to serve in various capacities before being appointed as Executive Director of ASNB in 2005. He became Deputy President, Unit Trust of PNB in 2009, before assuming his current position in 2014.

Dato' Idris obtained his Bachelor of Science Degree in Agribusiness from University Putra Malaysia in 1983. In 1987, he secured his Masters Degree in Business Administration, specialising in Finance from the University of Stirling, United Kingdom. Dato' Idris also attended an Accelerated Development Programme at the London Business School, United Kingdom in 2006. Throughout his career, he has undergone extensive training and attachment programs both locally and overseas in areas of equity valuation, portfolio management and general management development. He is also a Certified Financial Planner.

Dato' Idris is currently a member of Board of Directors of several companies.

## PROFILE OF THE DIRECTORS OF THE MANAGER (CONTD.)



### **DATO' NAFISAH BINTI RADIN** *(Independent Non-Executive Director)*

Dato' Nafisah Binti Radin, aged 56, a Malaysian, was appointed to the Board of Directors of Pelaburan Hartanah Nasional Berhad on September 1, 2016.

A graduate of Nottingham University, England, Dato' Nafisah began her career in 1986 as an architect in the Public Works Department. She left to join Veritas Architects in 1992 and within a year she took the challenge as the partner, to set up the Veritas Architects branch office in Penang. Dato' Nafisah Radin has made an incredible mark in the male dominated building industry as the sole principal running a medium size consultancy firm, NR Architect and NR Interior Design since 1996.

Dato' Nafisah has created a niche in designing green and sustainable buildings. The "Diamond Building" for the Energy Commission Headquarters in Putrajaya is the first to gain the Platinum Green Building Index (GBI) and Green Mark rating from Singapore in 2012. The "Diamond Building", featured in the inaugural 9.9.2009 RM1 Malaysia Stamp, has won various awards including the Asian Energy Award 2012 and the "International Green Apple Awards" for the Built Environment and Architectural Heritage 2013 (UK). Her works are also featured in various magazines and books.

Dato' Nafisah prides that the success of her career as an architect and entrepreneur, are based on strong principles of commitment to professionalism, integrity, creativity and innovation. Currently, Dato' Nafisah gives back to society through active involvement in non-governmental organisations, giving talks at major conferences and institutions and as an independent board of director of the subsidiaries of Permodalan Nasional Berhad. Throughout her career, she has received a number of national awards in recognition of her achievements and contribution to the Nation.

### **DATO' JOHAN BIN ARIFFIN** *(Independent Non-Executive Director)*

Dato' Johan bin Ariffin, aged 57, a Malaysian, was appointed to the Board of Directors of Pelaburan Hartanah Nasional Berhad on January 1, 2017. Dato' Johan is also a member of the Property Investment Committee of the Board of Directors since January 4, 2004. Dato' Johan graduated with a Bachelor of Arts Degree in Economics from Indiana University, Bloomington Indiana, USA in 1980 and obtained his MBA (Marketing) from University of Miami, Coral Gables, Florida, USA in 1981.

Presently, Dato' Johan is the Chairman of Mitraland Properties Sdn Bhd and a Board Member of Malayan Banking Berhad and Sime Darby Property Berhad. He is also currently a Director of several other companies.

## PROFILE OF THE DIRECTORS OF THE MANAGER (CONTD.)



### **ENCIK HAFIDZ ATRASH KOSAI BIN MOHD ZIHIM**

*(Non-Independent Executive Director/ Chief Executive Officer)*

Encik Hafidz Atrash Kosai bin Mohd Zihim, aged 41, a Malaysian, was appointed the Chief Executive Officer of Pelaburan Hartanah Nasional Berhad (PHNB) on August 30, 2010, and was appointed to Board of Directors of PHNB on November 21, 2014.

Encik Hafidz is a Fellow of the Institute of Chartered Accountants in Ireland (FCA Ireland) and a Chartered Accountant (CA) of the Malaysian Institute of Accountants. He also holds a Capital Market Services Representative's License from the Securities Commission of Malaysia. He graduated with a First Class Honours Degree in Accounting and Finance from Leicester DeMontfort University, England.

Encik Hafidz has wide experience in the investment and financial sectors. Prior to joining Permodalan Nasional Berhad (PNB), he was attached with a renowned investment bank and prior to that, was involved in the accounting and auditing sector where he trained professionally and completed his articleship as a Chartered Accountant.

He joined PNB in 2003 in the Corporate Finance Department before joining the Office of the President and Group Chief Executive of PNB. Consequently, he was attached to the Corporate Services Department prior to his transfer to PHNB in early 2010.

Besides shouldering professional responsibility in PHNB, Encik Hafidz holds important posts in voluntary organizations such as the Vice President for the Famemas Malaysia Sports Supporters Club and as the President of the Malaysian Irish Alumni Association. He is also the President of his Residents' Association and Secretary for his local Rukun Tetangga, leading his team to winning and retaining the MPAJ Best Community Award from 2014 to 2016.

## PARTICULARS OF DIRECTORS OF THE MANAGER

### Board of Directors' Attendance Record For 2016

Director	Attendance	Date of Appointment	Date of Retirement/ Resignation
Tun Ahmad Sarji bin Abdul Hamid	6/6	22.01.1997	01.08.2016
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	5/6	24.06.1998	01.10.2016
Tan Sri Abdul Wahid bin Omar	2/2	24.08.2016	N/A
Dato' Abdul Rahman bin Ahmad	2/2	01.11.2016	N/A
Tan Sri Dato' Seri Ainum binti Mohamed Saaid	8/8	31.03.2009	31.12.2016
Tan Sri Dato' Seri Abd. Wahab bin Maskan	0/3	17.09.1990	14.04.2016
Dato' Seri Mohd. Hussaini bin Abdul Jamil	5/6	12.11.1998	31.08.2016
Dato' Idris bin Kechot	7/8	03.03.2010	N/A
Dato' Nafisah binti Radin	2/2	1.09.2016	N/A
Puan Natasha binti Kamaluddin	2/2	19.09.2016	25.11.2016
Dato' Johan bin Ariffin	N/A	01.01.2017	N/A
Hafidz Atrash Kosai bin Mohd Zihim	8/8	21.11.2014	N/A

### Other Information

**(i) Relationship**

There were no family relationship among the Directors and/or major unit holders.

**(ii) Conflict of Interest**

None of the Directors has any conflict of interest with AHP.

**(iii) Conviction for Offences**

None of the directors has been convicted for any offences other than traffic offences within the past ten (10) years.

**(iv) Board of Committee**

The Board of Directors of the management company has established a Property Investment Committee to assist the Board in discharging its duties. Members of the Property Investment Committee comprise members from the Board of Directors as well as external members, who are as follows:-

No.	Member
1	Dato' Johan bin Ariffin
2	Dato' Ir. Jamaluddin bin Osman
3	Professor Datuk Dr. Nik Mohd. Zain bin Haji Nik Yusof

There were no other board committee established by the management company. However, the financial statements of AHP were presented to the Audit Committee of Permodalan Nasional Berhad (PNB), being the holding company of the management company. None of the members of the Audit Committee of PNB were directors of the management company.

## PROFILE OF THE DIRECTORS OF THE MANAGER (CONTD.)

### (v) Directors' Training

All directors have attended various in-house and external programmes to enable them to discharge their duties and responsibilities effectively. In addition, all directors are encouraged to attend seminars, conferences and various training programmes to keep abreast with developments in the real estate industry.

**Conferences, seminars and training programmes attended by directors in the current year are as follows:**

- The Director of Global Competition: Malaysia
- How Effective Board Engage on Succession Planning for the Chief Executive Officer and Top Management
- Capital Market Director Programme
- Wharton Executive Training - Emerging Issues & Challenges in Board Leadership
- Study on Potential Economic Impact of TPPA on the Malaysian Economy and Oil & Gas Sector
- An overview of MFRS 9 Financial Instruments, Implications & Challenges to Banks
- The Direction of Global Competition Malaysia
- Emerging Manager Summit
- Mandatory Accreditation Programme for Directors of Public Listed Companies.
- Asia Pasific Real Estate Association Summit 2017.

### (vi) Other Directorship of Public Companies

Director	Public Companies
Tan Sri Abdul Wahid bin Omar	<ol style="list-style-type: none"> <li>1. Permodalan Nasional Berhad</li> <li>2. Amanah Saham Nasional Berhad</li> <li>3. Amanah Mutual Berhad</li> <li>4. Yayasan Pelaburan Bumiputra</li> </ol>
Dato' Abdul Rahman bin Ahmad	<ol style="list-style-type: none"> <li>1. Permodalan Nasional Berhad</li> <li>2. Amanah Saham Nasional Berhad</li> <li>3. Amanah Mutual Berhad</li> </ol>
Dato' Idris bin Kechot	<ol style="list-style-type: none"> <li>1. Amanah Capital Malaysia Berhad</li> </ol>
Dato' Nafisah binti Radin	Nil
Dato' Johan bin Ariffin	<ol style="list-style-type: none"> <li>1. Malayan Banking Berhad</li> <li>2. Etiqa Insurance Berhad</li> <li>3. Sime Darby Property Berhad</li> </ol>
Hafidz Atrash Kosai bin Mohd Zihim	Nil

## PROFILE OF MEMBERS OF THE PROPERTY INVESTMENT COMMITTEE

### **DATO' JOHAN BIN ARIFFIN**

*(Independent Member)*

Please refer to Directors' Profile

### **DATO' IR. JAMALUDDIN BIN OSMAN**

*(Independent Member)*

Dato' Ir Jamaludin bin Osman, aged 61, a Malaysian was appointed as a member of the Property Investment Committee of the Board of Directors on January 4, 2004.

Dato' Ir Jamaludin holds a degree in Civil Engineering from University Teknologi Malaysia and in 1992, completed a Management Development Programme with the Asian Institute of Management. He is a registered professional engineer with the Board of Engineers Malaysia and a member of the Institute of Engineers Malaysia.

Dato' Ir Jamaludin started his career as a civil engineer with the Development Authority of Pahang Tenggara in 1979 and subsequently with Dewan Bandaraya Kuala Lumpur. In 1981, he joined Petronas as a Project Engineer, after which he spent 19 eventful years at Syarikat Perumahan Pegawai Kerajaan (SPPK). This served as a platform for him to nurture his marketing and management skills, which led to his appointment as Managing Director of SPPK in 1999, and eventually as Group Managing Director of renowned Island & Peninsular Berhad, property developer in 2005.

With diverse functional and industry background over a period that spans more than three decades, Dato' Ir. Jamaludin has assumed the role of Group Managing Director of the I&P Group of Companies with full accountability across the areas of operational excellence, financial controls, strategic planning and human resource development with an excellent track record in providing leadership to the I&P Group. He also sits on the board of the I&P Group and its subsidiaries and Projek Lintasan Kota Holdings Sdn. Berhad.

### **PROFESSOR DATUK DR. NIK MOHD. ZAIN BIN HAJI NIK YUSOF**

*(Independent Member)*

Prof. Datuk Dr. Nik Mohd. Zain bin Haji Nik Yusof, aged 70, a Malaysian, was appointed as a member of the Property Investment Committee of the Board of Directors on January 4, 2004.

Prof. Datuk Dr. Nik Mohd Zain graduated with honours from University of Malaya in 1969. Obtained his Masters in Wisconsin, USA and later gained a PhD in law from University of Kent, UK.

Previously, Prof. Datuk Dr. Nik Mohd Zain held key positions in both private and government bodies such as Director of Bank Rakyat and FELDA group of Companies, Director General of Department of Land and Mines, Malaysia, Secretary General of Ministry of Land and Cooperative Development, and Federal Lands Commissioner of Malaysia. In 2002, he represented Malaysia on the dispute over Pulau Sipadan and Pulau Ligitan at the International Court of Justice (ICJ) in Hague, Holland.

Prof. Datuk Dr. Nik Mohd Zain served as professor at the School of Land Administration and Land Development of Universiti Teknologi Malaysia from 2003 to January 2005. Presently he runs his own land and property consulting company called BIG Property Consultants Sdn. Berhad. He also a member of the Malaysian Administrative & Diplomatic Service and the Chairman of Yayasan Peneroka Negara. He is appointed as Adjunct Professor at the Department of Land Management of University Putra Malaysia from January 2006.

## PARTICULARS OF MEMBERS OF THE PROPERTY INVESTMENT COMMITTEE

### **Investment Committee Members' Attendance Record**

There were no meeting held during the year 2016.

### **Other Information**

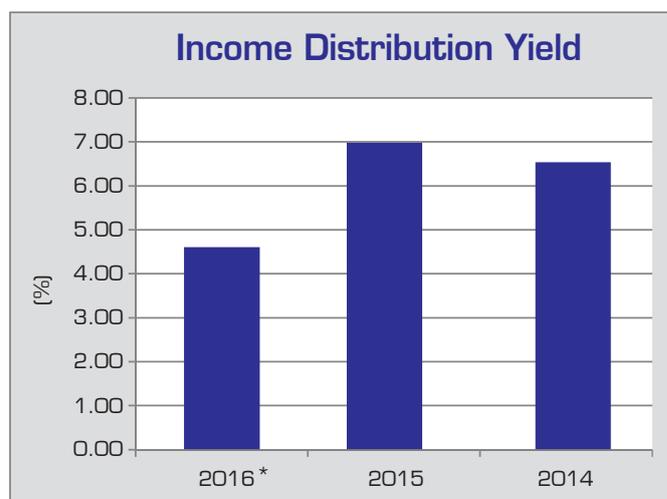
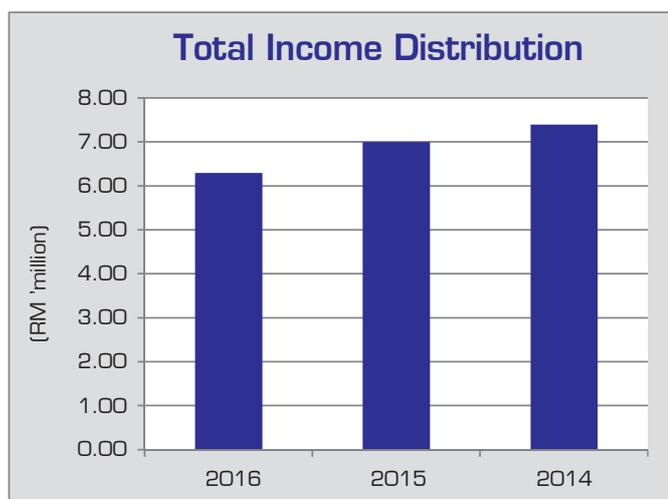
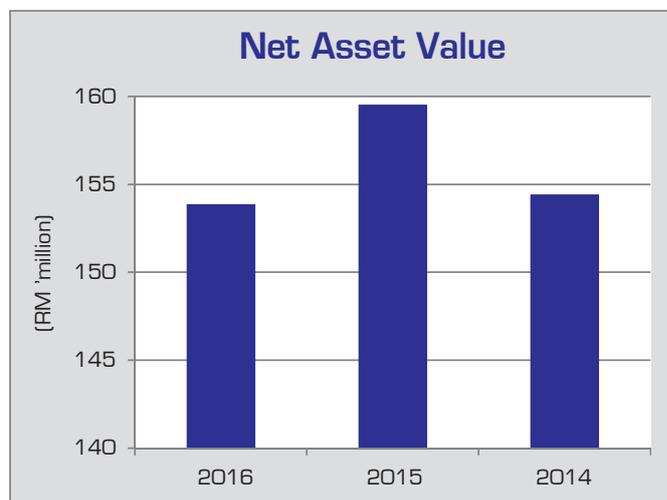
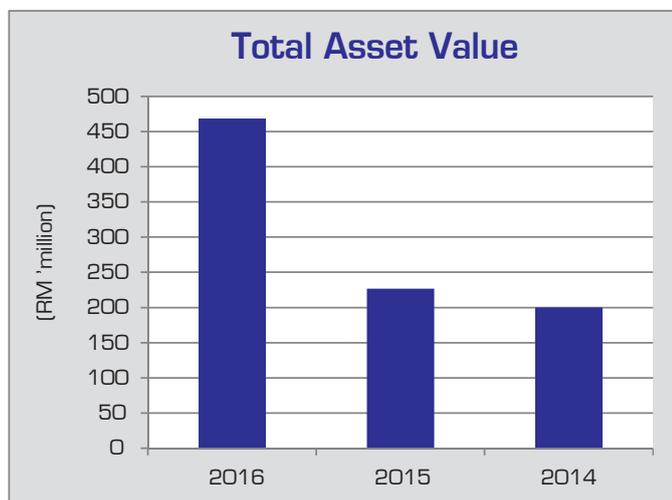
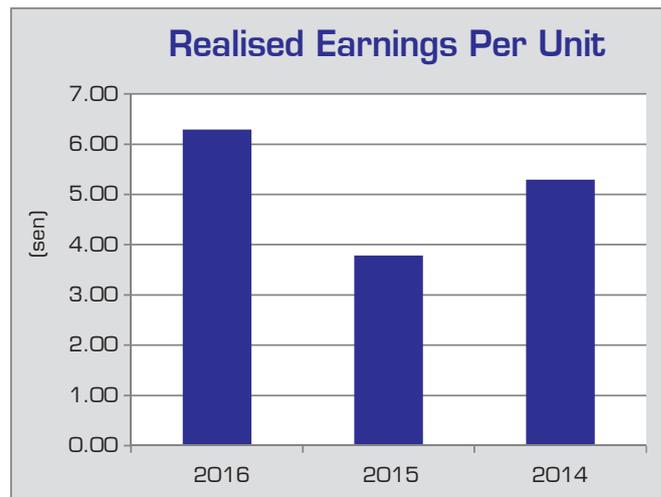
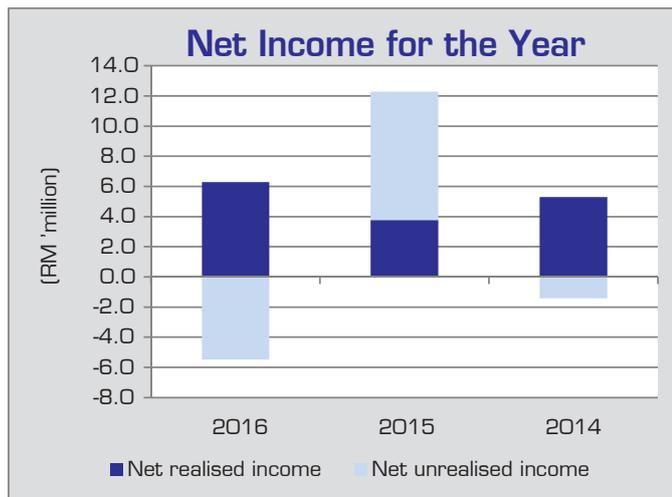
#### **(i) Conflict of Interest**

None of the members of property investment committee has any conflict of interest with AHP.

#### **(ii) Conviction for Offences**

None of the members has been convicted for any offences other than traffic offences within the past ten (10) years.

## FINANCIAL SUMMARY



Note:

\* Proposed final income distribution for 2016 is diluted as it is based on the enlarged units in circulation of 220 million units following the completion of rights issue on 12 January 2017.

## PERFORMANCE DATA

Financial Year Ended December 31,	2016	2015	2014
<b>Statement of Financial Position</b>			
Total Asset Value (RM'000)	468,810	226,853	200,173
Total Islamic Financing (RM'000)	196,506	59,894	38,466
Net Asset Value before final income distribution (RM'000)	153,877	159,547	154,441
Net Asset Value after final income distribution (RM'000)	150,577	156,047	150,741
Net Asset Value per Unit			
- Before final income distribution (sen)	153.88	159.55	154.44
- After final income distribution (sen)	150.58	156.05	150.74
- Highest Net Asset Value (sen)	159.44	159.55	158.47
- Lowest Net Asset Value a unit (sen)	153.53	149.52	154.44
Units in Circulation ('000)	100,000	100,000	100,000
<b>Statement of Comprehensive Income</b>			
Net property income (RM'000)	17,226	7,872	7,779
Income after taxation			
- Realised (RM'000)	6,294	3,786	5,298
- Unrealised (RM'000)	(5,463)	8,519	(1,411)
	831	12,305	3,887
Earnings per unit			
- Realised (sen)	6.29	3.79	5.30
- Unrealised (sen)	(5.46)	8.52	(1.41)
	0.83	12.31	3.89
Distribution to Unitholders			
- Interim (RM'000)	3,000	3,500	3,700
Date of Distribution	30/08/2016	29/08/2015	29/08/2014
- Final (RM'000)	3,300	3,500	3,700
Date of Distribution	28/02/2017	29/02/2016	27/02/2015
	6,300	7,000	7,400
Income Distribution per unit *			
- Interim (sen)	3.00	3.50	3.70
- Final (sen)	1.50 **	3.50	3.70
	4.50	7.00	7.40
<b>Ratios</b>			
Management Expense Ratio (%)	1.18	1.46	1.24
Portfolio Turnover Ratio (times)	1.87	1.04	0.97
Gearing Ratio (%)	41.92	26.40	19.22
Distribution Yield (%)	4.62	7.00	6.55
<b>Unit Price Performance</b>			
Closing market price (RM)	0.98	1.00	1.13
Highest traded price per unit (RM)	1.09	1.21	1.23
Lowest traded price per unit (RM)	0.97	0.91	1.09
Average closing price per unit (RM)	1.02	1.07	1.16

Note: \* Exempted from tax at Trust level

\*\* Proposed final income distribution was based on enlarged units in circulation of 220 million following the completion of rights issue on January 12, 2017, which is prior to the entitlement date for the final income distribution.

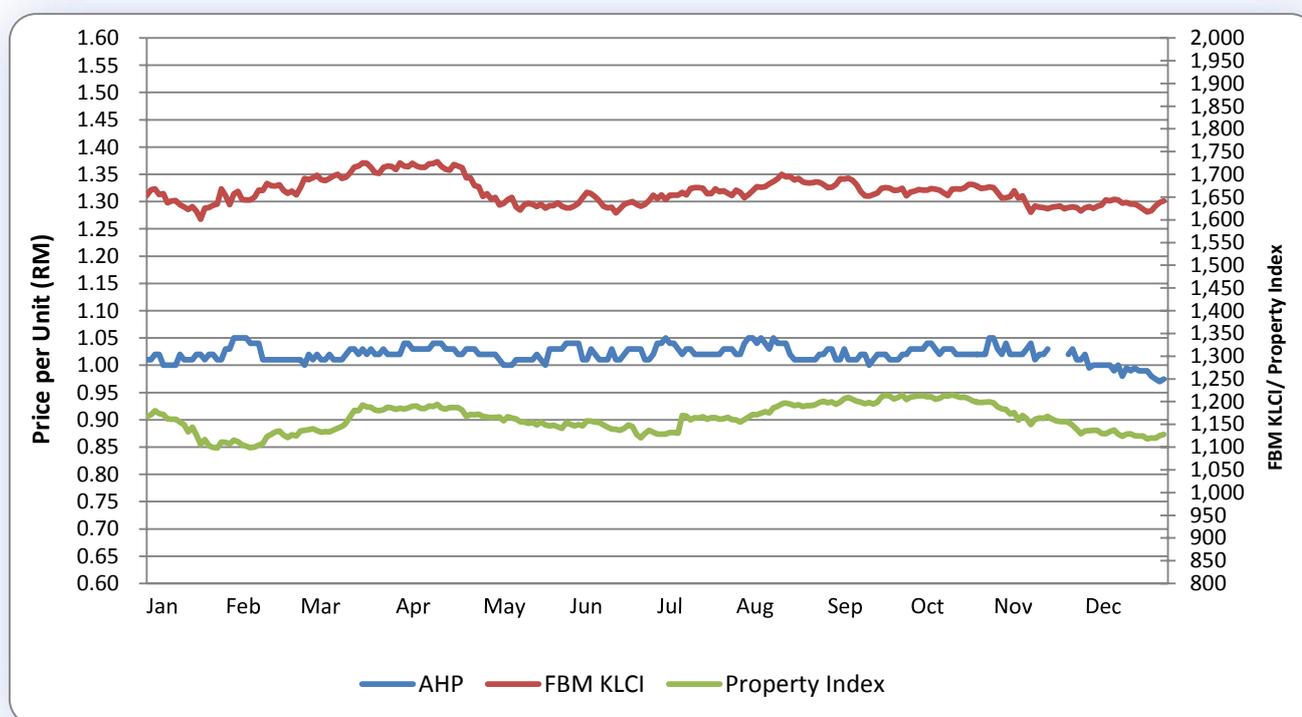
## PERFORMANCE DATA (CONTD.)

Average Annual Return	One Year	Three Years	Five Years	Since 1989
	%	%	%	%
AHP	2.00	0.96	4.72	6.51
Kuala Lumpur Composite Index (KLCI)	(3.00)	(4.19)	1.41	5.60
Property Index	(5.05)	(4.47)	2.44	0.88

### Annual Total Return for the Last Five Financial Year

Financial Year Ended December 31,	2016	2015	2014	2013	2012
Total Return (%)	2.00	(5.31)	6.55	9.45	11.81
Capital Return (%)	(2.50)	(11.50)	-	2.73	4.76
Income Return (%)	4.62	7.00	6.55	6.55	6.73
Property Index (Benchmark)	(5.05)	(7.88)	(0.32)	22.74	5.40

### Market Price per Unit for the Year Ended 31 December 2016



### COMPUTATION OF RETURN

Total return :  $[(1 + \text{Capital Return}/100) \times (1 + \text{Income Return}/100) - 1] \times 100$

Capital return :  $\frac{(\text{End of Year Market Price} - \text{Beginning of Year Market Price})}{\text{Beginning of Year Market Price}} \times 100$

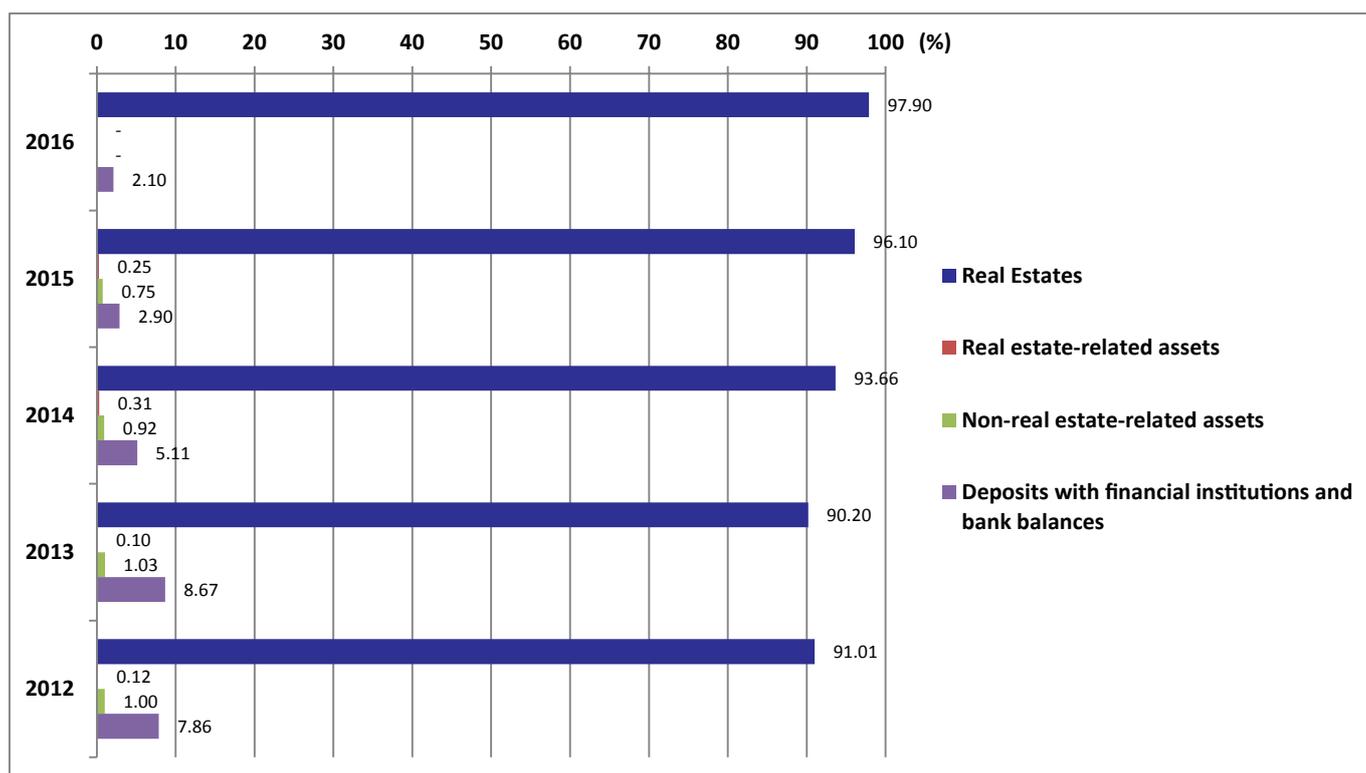
Income return :  $\frac{\text{Income Distribution}}{\text{End of Year Market Price}}$

**NOTE:**

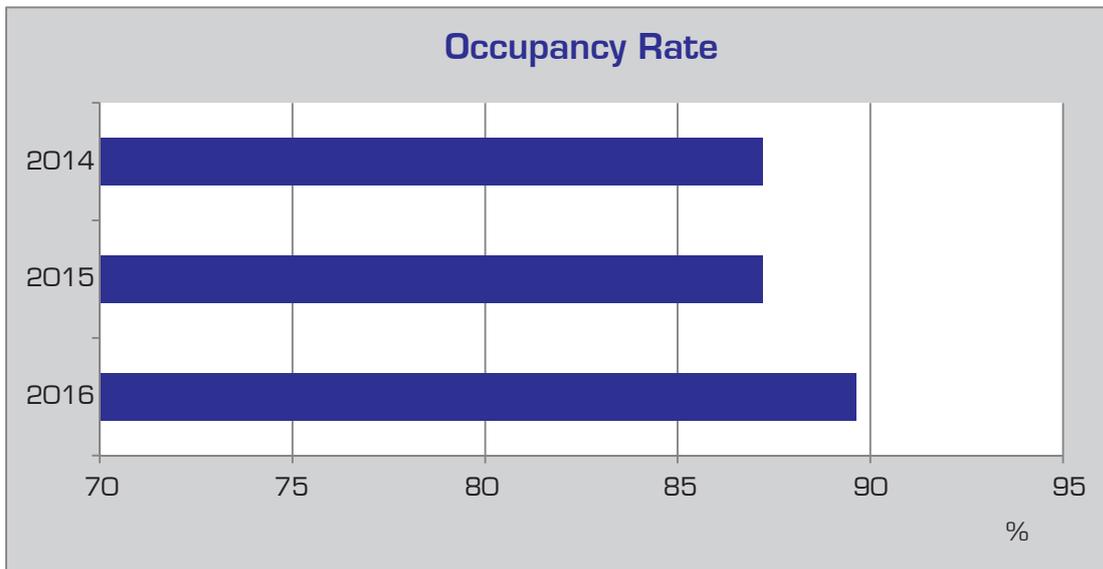
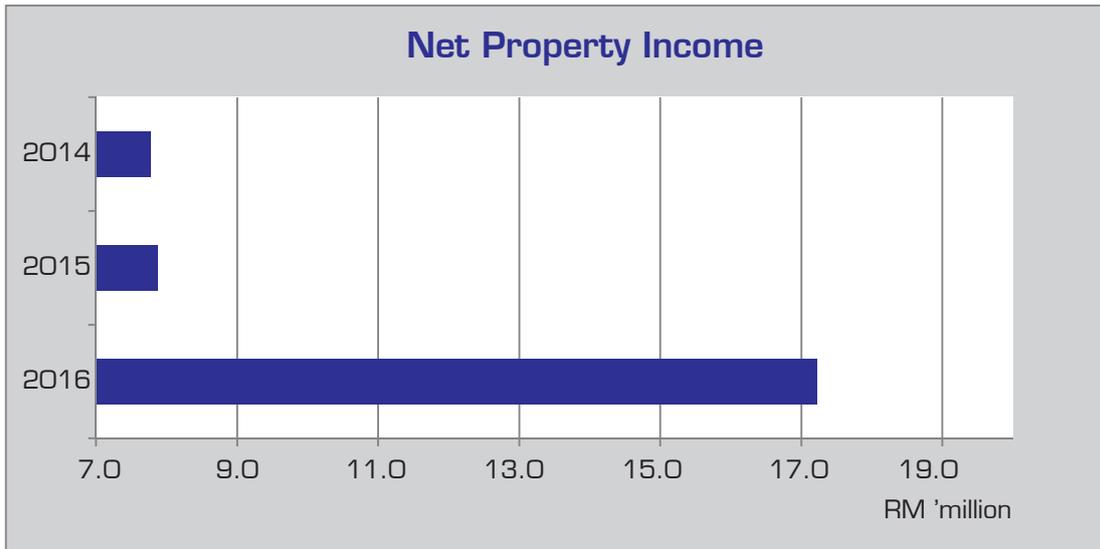
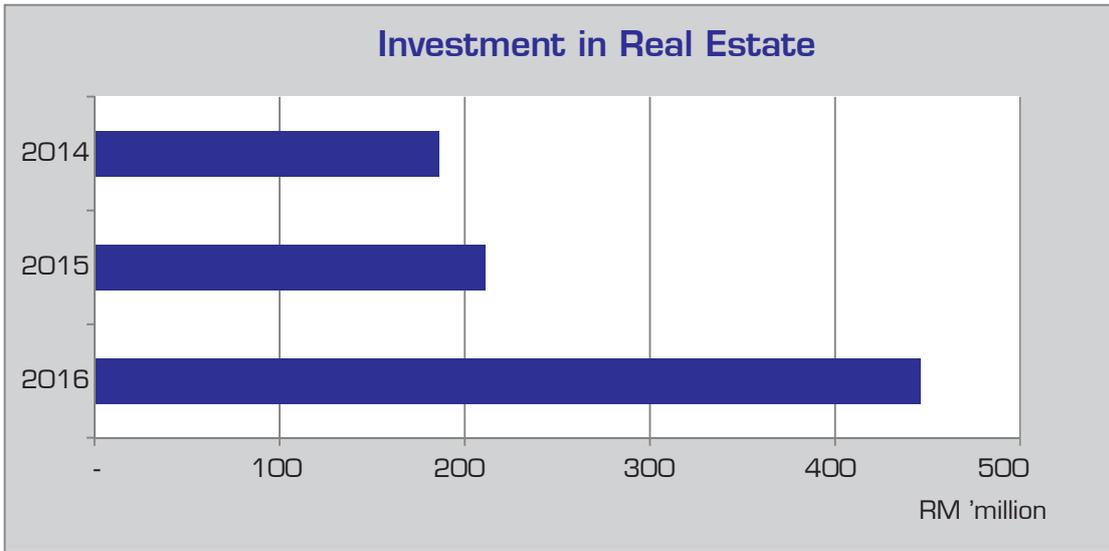
Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.

## COMPOSITION OF INVESTMENT PORTFOLIO

	2016	2015	2014	2013	2012
	%	%	%	%	%
<b>Investment Properties</b>					
- Plaza VADS, Taman Tun Dr Ismail, Kuala Lumpur	30.95	65.32	59.67	54.83	56.48
- Bangunan AHP, Taman Tun Dr Ismail, Kuala Lumpur	10.25	21.28	23.50	25.22	23.72
- Sri Impian, Taman Setiawangsa, Kuala Lumpur	2.93	6.06	6.69	6.58	6.21
- Shopoffice, Taman Tun Dr Ismail, Kuala Lumpur	0.88	1.82	2.01	1.64	1.58
- Shopoffice, Jalan Negara, Taman Melawati, Kuala Lumpur	0.42	0.87	0.96	0.66	0.62
- Shopoffice, Kota Kinabalu, Sabah	0.36	0.75	0.83	0.82	0.85
- Mydin Hypermarket Seremban 2, Negeri Sembilan	52.11	-	-	-	-
- Shopoffice, Taman Inderawasih, Butterworth, Penang	-	-	-	0.44	0.45
- Shopoffice, Off Jalan Rubber, Kuching, Sarawak	-	-	-	-	0.56
- Shopoffice, Jalan Permaisuri, Miri, Sarawak	-	-	-	-	0.54
<b>Sub-total</b>	<b>97.90</b>	<b>96.10</b>	<b>93.66</b>	<b>90.20</b>	<b>91.01</b>
<b>Real estate-related assets</b>					
- Real estate investment trust	-	0.22	0.28	0.09	0.12
- Property	-	0.03	0.03	0.01	-
<b>Sub-total</b>	<b>-</b>	<b>0.25</b>	<b>0.31</b>	<b>0.10</b>	<b>0.12</b>
<b>Non-real estate-related assets</b>					
- Consumer products	-	0.04	0.06	0.07	0.07
- Finance	-	0.27	0.31	0.35	0.29
- Trading	-	0.38	0.48	0.54	0.52
- Infrastructure project	-	-	-	-	0.05
- Plantations	-	0.06	0.07	0.08	0.09
<b>Sub-total</b>	<b>-</b>	<b>0.75</b>	<b>0.92</b>	<b>1.03</b>	<b>1.00</b>
<b>Deposits with financial institutions and bank balances</b>	<b>2.10</b>	<b>2.90</b>	<b>5.11</b>	<b>8.67</b>	<b>7.86</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>



**REAL ESTATE SNAPSHOT**





## REAL ESTATE PORTFOLIO - PLAZA VADS

<b>Description of Real Estate and Location</b>	24-Storey Office Building with 4-Storey Podium Block Taman Tun Dr Ismail, Kuala Lumpur	<b>Revaluation Deficit</b>	RM3.996 million
<b>Land Tenure</b>	Freehold	<b>Method of Valuation</b>	Comparison and Investment
<b>Date of Acquisition</b>	21 March 1989	<b>Valuer</b>	W.M Malik & Kamaruzaman
<b>Age of Building</b>	29 years	<b>Occupancy rate</b>	82.62%
<b>Net Lettable Area</b>	248,855 sq.ft.	<b>Major Tenants</b>	VADS Berhad
<b>Cost of Acquisition</b>	RM45.909 million	<b>Average Tenancy Period</b>	3 years
<b>Total Cost including CAPEX</b>	RM113.61 million	<b>Rental Review and Expiry</b>	2018
<b>Net Book Value</b>	RM141.01 million	<b>Average Rental</b>	RM4.25 psf
<b>Latest Valuation as at 1.11.2016</b>	RM140.85 million	<b>Maintenance Cost</b>	RM1.28 million
		<b>No. of Parking Bays</b>	431
		<b>Encumbrances</b>	Charged to Financial Institution



## REAL ESTATE PORTFOLIO - BANGUNAN AHP

<b>Description of Real Estate and Location</b>	Four-Storey Commercial Building Taman Tun Dr. Ismail Kuala Lumpur	<b>Valuer</b>	W.M Malik & Kamaruzaman
<b>Land Tenure</b>	Freehold	<b>Occupancy rate</b>	55.60%
<b>Date of Acquisition</b>	21 March 1989	<b>Major Tenants</b>	1. Affin Hwang Investment Bank Bhd. 2. Optimax Eye Specialist Centre Sdn Bhd 3. Malayan Banking Berhad
<b>Age of Building</b>	28 years	<b>Average Tenancy Period</b>	3 years
<b>Net Lettable Area</b>	96,154 sq.ft.	<b>Rental Review and Expiry</b>	2017, 2018
<b>Cost of Acquisition</b>	RM16.323 million	<b>Average Rental</b>	RM2.77 psf
<b>Total Cost including CAPEX</b>	RM33.52 million	<b>Maintenance Cost</b>	RM0.39 million
<b>Net Book Value</b>	RM46.70 million	<b>No. of Parking Bays</b>	200
<b>Latest Valuation as at 1.11.2016</b>	RM46.70 million	<b>Encumbrances</b>	-
<b>Revaluation Surplus/(Deficit)</b>	Nil		
<b>Method of Valuation</b>	Comparison and Investment		



## REAL ESTATE PORTFOLIO - SRI IMPIAN

<b>Description of Real Estate and Location</b>	Four-Storey Office Building Taman Setiawangsa Kuala Lumpur	<b>Method of Valuation</b>	Comparison and Investment
		<b>Valuer</b>	W.M Malik & Kamaruzaman
<b>Land Tenure</b>	Freehold	<b>Occupancy rate</b>	100%
<b>Date of Acquisition</b>	15 May 1996	<b>Major Tenants</b>	I&P Harta Sdn Bhd
<b>Age of Building</b>	27 years	<b>Average Tenancy Period</b>	3 years
<b>Net Lettable Area</b>	38,290 sq.ft.	<b>Rental Review and Expiry</b>	2019
<b>Cost of Acquisition</b>	RM13.318 million	<b>Average Rental</b>	RM2.40 psf
<b>Total Cost including CAPEX</b>	RM13.772 million	<b>Maintenance Cost</b>	RM25,400
<b>Net Book Value</b>	RM13.3 million	<b>No. of Parking Bays</b>	Nil
<b>Latest Valuation as at 1.11.2016</b>	RM13.36 million	<b>Encumbrances</b>	-
<b>Revaluation Surplus</b>	RM60,000		



## REAL ESTATE PORTFOLIO - MYDIN SEREMBAN 2

<b>Description of Real Estate and Location</b>	3-Storey Mall cum Hypermarket Building with two levels of sub-basement, Seremban 2, Negeri Sembilan	<b>Method of Valuation</b>	Comparison and Investment
		<b>Valuer</b>	W.M Malik & Kamaruzaman
<b>Land Tenure</b>	Freehold	<b>Occupancy rate</b>	100%
<b>Date of Acquisition</b>	27 April 2015*	<b>Major Tenants</b>	Mydin Holdings Berhad
<b>Age of Building</b>	3 Years	<b>Lease Periods</b>	30 years
<b>Net Lettable Area</b>	390,803 sq.ft.	<b>Rental Review</b>	2019
<b>Cost of Acquisition</b>	RM240.00 million	<b>Average Rental</b>	RM2.40 psf
<b>Total Cost including CAPEX</b>	RM241.81 million	<b>Maintenance Cost</b>	Nil
<b>Net Book Value</b>	RM237.47 million	<b>No. of Parking Bays</b>	1. 1070 (surface carpark) 2. 354 (sub-basement)
<b>Latest Valuation as at 1.11.2016</b>	RM240.00 million	<b>Encumbrances</b>	Charged to Financial Institution
<b>Revaluation Deficit</b>	RM1.81 million		

**Note:**

\* As at 13 September 2016, the acquisition of the real estate has been substantively completed with all Condition Precedents ("CPs") for the Acquisition have been met save for the approval of the SC for the Abridged Prospectus ("AP") in relation to the rights issue to part finance the acquisition. Accordingly, the real estate has been accounted for in full. Subsequently, on 8 December, 2016, the approval of the SC for the AP was obtained and all CPs for the Acquisition have been met. (Refer to Notes 37 & 38 of the Financial Statements).

## REAL ESTATE PORTFOLIO - SHOP OFFICES

Description of Real Estate and Location	Land Tenure	Age of Building (years)	Net Lettable Area (sq. ft.)	Date of Acquisition	Cost of Acquisition (RM'000)	Total Cost including CAPEX (RM'000)	Valuation in 2016 (RM'000)	Net Book Value (RM '000)	Revaluation Surplus/ (Deficit) (RM '000)	Occupancy Rate (%)	Maintenance Cost (RM'000)	Average Tenancy Period	Average Rental (RM/sq.ft./ month)	Rental Review and Expiry	Major Tenants
3-Storey shopoffice Jalan Wan Kadir 4 Taman Tun Dr. Ismail Kuala Lumpur	Freehold	22	5,280	16/10/1995	910	910	4,000	4,000	-	100	1	2.3 years	1.41	2019	1. Rozel Corporation Sdn Bhd 2. SkyIce Sdn Bhd
Ground & First Floor, Leasehold Blok G Asia City Kota Kinabalu, Sabah	Leasehold (99 years expiring on 31.12.2082)	22	3,100	12/12/1995	1,653	1,653	1,650	1,650	-	100	4	3 years	4.19	2017	Amanah Saham Nasional Berhad
4-storey Shopoffice Lot 224, Jalan Negara 2, Pusat Bandar Melawati, Kuala Lumpur	Freehold	27	6,705	30/08/1996	783	814	1,900	1,900	-	100	10	2 years	1.16	2017	ARH Juruukur Bahan Sdn. Berhad

Note: The value as at 31 December 2016 was based on valuation dated 1 November 2016 by W.M. Malik using the comparison and investment method of valuation in accordance with the Malaysian Valuation Standards.

## ANALYSIS OF UNITHOLDINGS

### Unit Holders' Capital as at 31 December 2016

Authorised = 1,000,000,000 units  
 Issued and fully paid = 100,000,000 units

### Distribution of Unit Holders as at 31 December 2016

Unit Class	No. of Unitholders	Percentage of Unitholders	No. of Unitholdings	Percentage of Unitholdings
Less than 100	32	0.51	770	0.01
100 - 1,000	2,613	41.61	2,174,193	2.17
1,001 - 10,000	2,877	45.81	11,571,972	11.57
10,001 - 100,000	687	10.94	20,510,500	20.51
100,001 to less than 5% of issued units	69	1.10	19,670,565	19.67
5% and above of issued units	2	0.03	46,072,000	46.07
<b>Total</b>	<b>6,280</b>	<b>100.00</b>	<b>100,000,000</b>	<b>100.00</b>

### Classification of Unit Holders as at 31 December 2016

Category of Unitholders	Number of Unitholders			Number of Unitholdings			Percentage		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
Individuals	2,222	3,486	53	8,332,279	28,405,769	2,269,101	8.33	28.41	2.27
Body Corporate									
a. Banks/Finance Companies	6	1	-	46,135,000	500	-	46.14	-	-
b. Investment Trusts/Foundations	1	3	-	1,000	362,000	-	0.01	0.36	-
c. Other Types of Companies	12	24	-	406,200	1,606,800	-	0.41	1.60	-
Government Agencies/Institutions	2	-	-	24,000	-	-	0.02	-	-
Nominees	271	156	43	4,036,629	3,967,313	4,453,500	4.03	3.97	4.45
<b>Total</b>	<b>2,514</b>	<b>3,670</b>	<b>96</b>	<b>58,935,108</b>	<b>34,342,382</b>	<b>6,722,510</b>	<b>58.94</b>	<b>34.34</b>	<b>6.72</b>
	<b>6,280</b>			<b>100,000,000</b>			<b>100.00</b>		

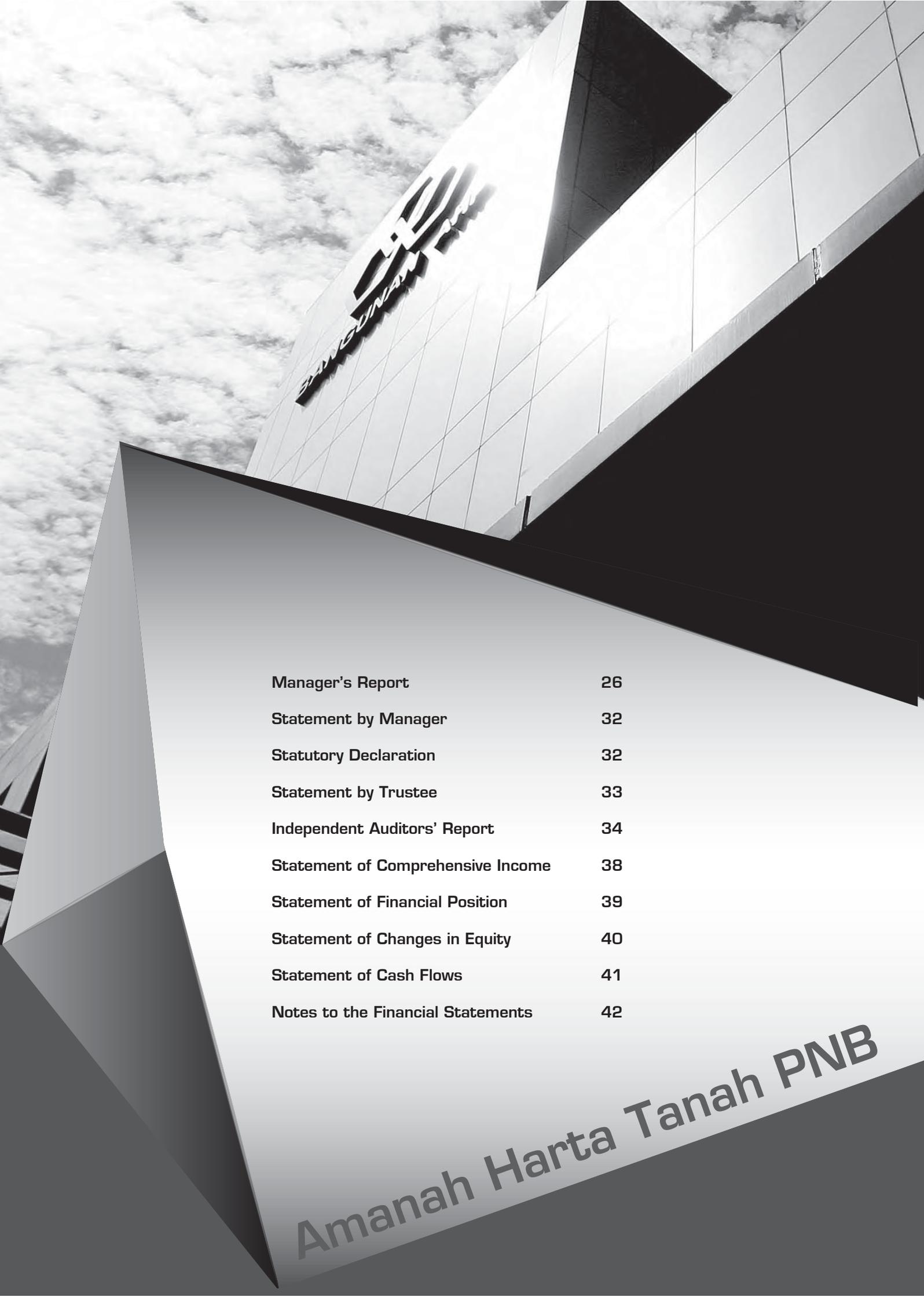
## ANALYSIS OF UNITHOLDINGS

## 30 Largest Unit Holders as at 31 December 2016

No	Unit Holders	Units Held	Percentage of Units in Issue
1.	AmanahRaya Trustees Berhad (Skim Amanah Saham Bumiputera) <sup>(1)</sup>	41,008,500	41.01
2.	Permodalan Nasional Berhad <sup>(1)(2)</sup>	5,063,500	5.06
3.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Exempt AN for DBS Vickers Secs (S) Pte. Ltd. (Client))	1,581,300	1.58
4.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Exempt AN for DBS Vickers Secs (S) Pte. Ltd. (Client))	1,177,300	1.18
5.	Tan Teck Peng	1,032,000	1.03
6.	Jang Wan & Yang Chi Chek	1,020,000	1.02
7.	Liew Yoon Yee	650,000	0.65
8.	Cimsec Nominees (Asing) Sdn Bhd (Exempt AN For CIMB Securities (Singapore) Pte Ltd) (Retail Client))	508,900	0.51
9.	Ng Heng Heem	506,400	0.51
10.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB For Hamzah bin Bakar (PB))	500,000	0.50
11.	Gan Tuan Boon	500,000	0.50
12.	BOH Plantations Sdn. Berhad	467,100	0.47
13.	Public Invest Nominees (Asing) Sdn Bhd (Exempt AN for Phillip Securities Pte. Ltd. (Client))	448,100	0.45
14.	Citigroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tey Rose (473581))	410,000	0.41
15.	BOH Plantations Sdn. Berhad	385,000	0.39
16.	Chong Kon Ling	378,300	0.38
17.	Liew Kon Mun	363,000	0.36
18.	J A Russel & Co Sdn Berhad	325,400	0.33
19.	TA Nominees (Tempatan) Sdn. Berhad (Pledged Securities Account for Chor Sek Choon)	310,000	0.31
20.	Kenanga Nominees (Asing) Sdn Bhd (Exempt AN for Phillip Securities Pte. Ltd. (Client Account))	309,500	0.31
21.	RAM Holdings Berhad	286,900	0.29
22.	Maybank Nominees (Tempatan) Sdn Bhd (Ng Hong Tee)	286,300	0.29
23.	Abdul Rahim bin Bidin	269,100	0.27
24.	Mak Chew Tatt	267,300	0.27
25.	Yik Poh Chan @ Yek Poh Chan	263,100	0.26
26.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for Banque Pictet & CIE SA)	260,000	0.26
27.	Lee Chin Yik	258,000	0.26
28.	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Liew Sun Yick)	250,000	0.25
29.	Premjit Singh a/I Onkar Singh	240,000	0.24
30.	Toh Han Ein	234,000	0.23
<b>Total</b>		<b>59,559,000</b>	<b>59.56</b>

Note:

<sup>(1)</sup> Substantial unit holder<sup>(2)</sup> Related company to Manager



<b>Manager's Report</b>	<b>26</b>
<b>Statement by Manager</b>	<b>32</b>
<b>Statutory Declaration</b>	<b>32</b>
<b>Statement by Trustee</b>	<b>33</b>
<b>Independent Auditors' Report</b>	<b>34</b>
<b>Statement of Comprehensive Income</b>	<b>38</b>
<b>Statement of Financial Position</b>	<b>39</b>
<b>Statement of Changes in Equity</b>	<b>40</b>
<b>Statement of Cash Flows</b>	<b>41</b>
<b>Notes to the Financial Statements</b>	<b>42</b>

**Amanah Harta Tanah PNB**

## **MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2016**

Pelaburan Hartanah Nasional Berhad ("PHNB"), the Manager of Amanah Harta Tanah PNB ("AHP" or "the Trust"), has the pleasure in presenting the Manager's Report on the Trust together with the audited financial statements of the Trust for the financial year ended 31 December 2016.

### **THE TRUST, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

AHP, a Real Estate Investment Trust, was constituted under a Deed of Trust dated 20 March 1989, between the Manager, PHNB, the Trustee, Amanah Raya Berhad and the several persons who acquire units in the Trust. Pursuant to the Fourth Supplemental Trust Deed of AHP dated 15 January 2010, Amanah Raya Berhad retired and AmanahRaya Trustees Berhad was appointed as the Trustee of AHP.

AHP was launched on 21 March 1989 and was listed on Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 December 1990. The principal activity of the Trust is investment in real estates and other authorised investments with the objectives of achieving steady returns and for long term capital growth. There has been no significant change in the nature of this activity during the year.

The Manager, a company incorporated in Malaysia, is a subsidiary company of Permodalan Nasional Berhad ("PNB"). The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the year.

PNB is a company incorporated in Malaysia. Its principal activity is investment holding mainly for the purpose of promoting greater ownership of shares in the corporate sector in Malaysia by the Bumiputera.

### **MANAGEMENT FEE AND COMMISSIONS**

As provided in the Deed of Trust, the Manager is entitled to a management fee not exceeding 2% per annum of the net asset value of the Trust on each day of the accrual period. The management fee charged for the year ended 31 December 2016 is 1% (2015: 1%) per annum of the daily net asset value of the Trust. No initial service charge, fee or commission has been earned by the Manager in managing the Trust other than the management fee of RM1,569,039 (2015: RM1,525,999) as disclosed in Note 7 to the financial statements.

### **TERM OF THE TRUST**

The Trust will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 23 of the Third Supplemental Deed of Trust.

### **INVESTMENT OBJECTIVE**

The main investment objective of the Trust is to provide a reasonable level of income return to unit holders and allow them to gain from capital growth through the acquisition of a selected portfolio of real estate investments which have potential for long term capital growth.

### **INVESTMENT POLICY AND STRATEGY**

The investment policy of the Trust is directed towards the expansion of the Trust through continuous search for quality real estate which give reasonable yield and have capital appreciation potential.

The Manager will continue to exercise a prudent investment strategy with a view of generating stable and consistent income for the Trust. Property selection for the Trust will be based on a process with the main focus on criteria such as the location of the property, the potential for capital growth, physical quality of the property as well as the quality of the tenancy.

During the financial year, the Manager continued to exercise prudent investment strategy with a view of generating stable and consistent income for the Trust. The Manager continued to establish good rapport with the tenants to ensure sustainable long term relationship with the tenants, thus ensuring continuous flow of rental income to the Trust.

**MANAGER'S REPORT****ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2016****INVESTMENTS OF THE TRUST**

Total investments of the Trust, including cash and bank balances as at 31 December 2016 was RM455,675,438 (2015: RM219,458,144). Details of the investment portfolio of the Trust are as follows:

	2016		2015	
	RM	%	RM	%
<b>At fair value:</b>				
Real estate				
- Completed commercial and office buildings	446,095,719	97.90	180,700,000	82.34
Real estate related-assets				
- Quoted shares by sector				
- Property	-	-	70,687	0.03
- Real Estate Investment Trust	-	-	478,351	0.22
Non-real estate related-assets				
- Quoted shares by sector				
- Consumer products	-	-	86,570	0.04
- Finance	-	-	590,092	0.27
- Plantation	-	-	133,800	0.06
- Trading	-	-	852,953	0.38
<b>At amortised cost:</b>				
Deposits with financial institutions, cash and bank balances	9,579,719	2.10	6,355,446	2.90
<b>At cost:</b>				
Real estate under construction	-	-	30,190,245	13.76
	<u>455,675,438</u>	<u>100.00</u>	<u>219,458,144</u>	<u>100.00</u>

Details of the investments are as disclosed in Notes 13 to 16 to the financial statements.

**PERFORMANCE OF THE TRUST**

	2016	2015
Total net asset value (RM)	<u>153,877,026</u>	<u>159,546,569</u>
Units in circulation (units)	<u>100,000,000</u>	<u>100,000,000</u>
Net asset value per unit attributable to unit holders (sen)	<u>153.88</u>	<u>159.55</u>
Market price per unit (sen)	<u>97.50</u>	<u>100.00</u>
Highest traded price (sen)	<u>109.00</u>	<u>121.00</u>
Lowest traded price (sen)	<u>97.00</u>	<u>93.00</u>

There is no significant change in the assets allocation since the last report.

## MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTD.)

### RESULTS OF THE OPERATIONS OF THE TRUST

The results of the operations of the Trust for the year are as follows:

	RM
Net income before taxation	542,914
Taxation	<u>287,543</u>
Net income after taxation	<u>830,457</u>

During the financial year, the Trust's net income before taxation decreased by RM12,225,820 or 95.75% from RM12,768,734 to RM542,914. The decrease in net income before taxation is mainly attributed to the unrealised loss on revaluation of real estates of RM8,278,032 (2015: unrealised gain of RM9,266,540).

In terms of net rental income, the Trust has recorded an increase of RM9,354,608 or 118.84% from RM7,871,684 in previous year. The Trust's total expenditure increased by RM4,213,258 or 93.64% from RM4,499,559 in the last financial year, mainly due to increase in financing cost as a result of additional drawdown made during the year for the upgrading and refurbishment of Plaza VADS and additional financing for the acquisition of Mydin Seremban 2.

### REVIEW OF THE PROPERTY MARKET

In general, Malaysia's property market in 2016 has remained soft in almost all subsectors, including Purpose Built Office (PBO) and shopping complex just as it was last year, particularly for the PBO and retail subsectors. This observation is backed by National Property Information Centre's (NAPIC) statistics suggesting that the demand and supply of properties have remained soft during the year. Meanwhile, data from Bank Negara Malaysia (BNM) continued to point to a reduction in loans applied and approved for the purchase of residential and non-residential properties.

For PBO segment, some 218,395 sq. m of new space entered the market in 1H16, reflecting a modest increase of 1.1% from the end of 2H15 level. Some 170,318 sq. m new shopping complex space was supplied into the market in 1H16, recording a marginal 1.3% increase from the end of 2H15 level.

On the demand side, occupancy rate for privately-owned PBO in 1H16 stood at 78.2%, easing slightly from 2H15's level of 78.5%. Similar trend was recorded for occupancy rate of shopping complex in which it slipped marginally from the 82.4% occupancy rate recorded nationwide in 2H15 to 82.2% in 1H16.

As at the end of 1H16, Kuala Lumpur accounted for 52.3% of the total privately-owned PBO space nationwide. The share of Kuala Lumpur's privately-owned PBO against the total national privately-owned PBO had increased modestly from 51.6% recorded at the end of 2H15. This would indicate a rising concentration of commercial activities in the capital.

The latest available statistics from NAPIC show that average rental of PBO in Kuala Lumpur City Centre/Golden Triangle extending to areas such as Jalan Ampang, Jalan Tun Razak, and Jalan Pinang during 1H16, had risen by 2.4% to RM63.40 per sq. m/month (RM5.89 per sq. f/month) from RM61.89 per sq. m/month (RM5.75 per sq. f/month) recorded in 2H15. The rental of PBO Within City Centre (WCC) which covers areas such as Jalan Bangsar, Wangsa Maju and Mid Valley for the same period rose by 0.8% to RM55.43 per sq. m/month (RM5.15 per sq. f/month). On the same note, average PBO rental in suburban areas including Sri Petaling, Damansara and Cheras, increased by 3.1% to RM46.28 per sq. m/month (RM4.30 per sq. f/month) in 1H16 from RM44.89 per sq. m (RM4.17 per sq. f/month) in 2H15.

### PROSPECTS

According to NAPIC, the commercial property subsector is forecast to expand by 19% over the next three years (annualised 6.5%). Meanwhile, the PBO subsector is expected to receive another 2 million sq. m or 10% of stock within the next three years (annualised 3.3%). A large number of incoming supply of PBO is expected to be in Kuala Lumpur and Selangor area. Combined, they are estimated to receive another 0.67 million sq. m (33.8% from national incoming supply) and 0.51 million sq. m (25.7% of national incoming supply), respectively during the same period.

Likewise, the shopping complex and industrial subsectors are estimated to expand by 13% (annualised 4.3%) and 7.8% (annualised 2.6%) respectively within the next three years. It is estimated that 1.86 million sq. m of

## MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTD.)

### PROSPECTS (Contd.)

shopping complex and 8,304 units of industrial units would be added within the next three years which will continue to buoy the overall commercial property supply going forward.

In 2017, the property market is expected to remain soft as in 2015 and 2016, especially in the office and retail subsectors. The incoming supply of commercial and office stocks is set to flood the already oversupplied commercial market. This in turn will create additional pressure for developers and commercial property speculators to match the flattish growth of demand due to tightened financing requirements and consumption tax.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### DISTRIBUTION OF INCOME

The distributions paid and proposed by the Trust since 31 December 2015:

In respect of the financial year ended 31 December 2015:

	Per Unit		Total	
	Gross Sen	Net of tax Sen	Gross RM	Net of tax RM
Final income distribution of 3.50 sen per unit paid on 29 February 2016	3.50	3.50	3,500,000	3,500,000

In respect of financial year ended 31 December 2016:

	Per Unit		Total	
	Gross Sen	Net of tax Sen	Gross RM	Net of tax RM
Interim income distribution of 3.00 sen per unit paid on 30 August 2016	3.00	3.00	3,000,000	3,000,000

For the financial year ended 31 December 2016, final income distribution of 1.50 sen a unit (tax exempt at the Trust level) on 220,000,000 units (following the completion of the rights issue on 12 January 2017), amounting to RM3,300,000 to be paid on 28 February 2017, was declared by the Manager and approved by the Trustee on 18 January 2017. The current year financial statements do not reflect this proposed distribution. Such distribution will be accounted for as an appropriation of undistributed income in the next reporting period ending 30 June 2017. In general, the Trust has shown a competitive level of income return and was able to meet its objective of providing reasonable level of income return to the unit holders.

The effect of the final income distributions in terms of the net asset value per unit attributable to unit holders as at 31 December 2016:

	Before distribution sen	After distribution sen
Net asset value per unit attributable to unit holders	153.88	150.58

## MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTD.)

### BREAKDOWN OF UNITHOLDINGS

Unit Class	Number of Unit holders	Percentage of Unit holders (%)	Number of Unitholdings	Percentage of Unitholdings (%)
5,000 and below	4,963	79.04	8,998,835	9.00
5,001 to 10,000	559	8.90	4,748,100	4.75
10,001 to 50,000	600	9.55	13,981,700	13.98
50,001 to 500,000	149	2.37	19,723,465	19.72
500,001 and above	9	0.14	52,547,900	52.55
	<b>6,280</b>	<b>100.00</b>	<b>100,000,000</b>	<b>100.00</b>

### DIRECTORS OF THE MANAGER

The directors of the Manager since the date of the last report and at the date of this report are as follows:

Tun Ahmad Sarji bin Abdul Hamid (retired on 1 August 2016)  
 Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman (retired on 1 October 2016)  
 Tan Sri Abdul Wahid bin Omar (appointed on 24 August 2016)  
 Dato' Abdul Rahman bin Ahmad (appointed on 1 November 2016)  
 Tan Sri Dato' Seri Ainum binti Mohd Saaid (retired on 31 December 2016)  
 Tan Sri Dato' Seri Dr. Abdul Wahab bin Maskan (retired on 14 April 2016)  
 Dato' Seri Hussaini bin Abdul Jamil (retired on 31 August 2016)  
 Dato' Idris bin Kechot  
 Dato' Nafisah binti Radin (appointed on 1 September 2016)  
 Puan Natasha binti Kamaluddin (appointed on 19 September 2016 and resigned on 25 November 2016)  
 Dato' Johan bin Ariffin (appointed on 1 January 2017)  
 Encik Hafidz Atrash Kosai bin Mohd Zihim

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager or the Trust was a party, whereby the directors might acquire benefits by means of acquisition of shares or debentures of the Manager or any other body corporate or of the acquisition of units of the Trust.

Since the end of the previous financial year, no director of the Manager has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in note to the financial statements of PHNB, or a fixed salary of a full-time employee of PNB) by reason of a contract made by the Manager or the Trust or a related corporation with any director or with a firm of which he is a member, or with a company in which he has substantial financial interest.

### DIRECTORS' INTEREST

None of the directors in office at the end of the financial year had any interest in the Trust during the financial year.

During and at the end of financial year, no material contracts have been entered into involving any directors and major unit holders.

## MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTD.)

### OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Trust were made out, the Manager took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Manager is not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statement of the Trust inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Trust misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Trust which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Trust which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Trust which has arisen since the end of the financial year.
- (f) In the opinion of the directors of the Manager:
- (i) no contingent or other liability of the Trust has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Trust to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Trust for the financial year in which this report is made.
- (g) Neither the Manager nor its delegates receive any soft commission from its brokers by virtue of transactions transacted by the Trust.
- (h) AHP has not been involved or undertaken any corporate social responsibility ("CSR") activities or practices. However, PNB Group, the larger entity to which the Manager is part of, is highly committed in a variety of CSR programmes which include education, social and welfare programmes for members of the public.

### SIGNIFICANT AND SUBSEQUENT EVENTS

Details of significant and subsequent events are disclosed in Notes 37 and 38 to the financial statements respectively.

### AUDITORS

The auditors, Messrs. Hanafiah Raslan & Mohamad, have indicated their willingness to continue in office.

Signed on behalf of PELABURAN HARTANAH NASIONAL BERHAD, being the Manager of AMANAH HARTA TANAH PNB, in accordance with a resolution of the directors dated 18 January 2017.

TAN SRI ABDUL WAHID BIN OMAR

DATO' ABDUL RAHMAN BIN AHMAD

Kuala Lumpur, Malaysia

TAN SRI ABDEL WAHID BIN OMAR and DATO' ABDUL RAHMAN BIN AHMAD, being two of the directors of PELABURAN HARTANAH NASIONAL BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 38 to 67 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts and the provisions of the Trust Deed so as to give a true and fair view of the financial position of AMANAH HARTA TANAH PNB as at 31 December 2016 and of its financial performance and cash flows for the year then ended.

The information set out in page 67 of the financial statements have been prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the context of disclosure pursuant to Bursa Securities's Listing Requirements, as issued by The Malaysian Institute of Accountants.

Signed on behalf of PELABURAN HARTANAH NASIONAL BERHAD, being the Manager of AMANAH HARTA TANAH PNB, in accordance with a resolution of the directors dated 18 January 2017.

TAN SRI ABDEL WAHID BIN OMAR

DATO' ABDUL RAHMAN BIN AHMAD

Kuala Lumpur, Malaysia

## **STATUTORY DECLARATION**

, DATO' MOHD NIZAM BIN ZAINORDIN, being the officer of the Manager primarily responsible for the financial management of AMANAH HARTA TANAH PNB, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 67 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed at Kuala Lumpur in the  
Federal Territory on 18 January 2017

DATO' MOHD NIZAM BIN ZAINORDIN

Before me,

**STATEMENT BY TRUSTEE**  
**For the Financial Year Ended 31 December 2016**

To the Unit holders of  
AMANAH HARTA TANAH PNB

We, AmanahRaya Trustees Berhad, have acted as Trustee of AMANAH HARTA TANAH PNB for the financial year ended 31 December 2016. In our opinion, PELABURAN HARTANAH NASIONAL BERHAD, the Manager, has managed AMANAH HARTA TANAH PNB in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year then ended.

We are of the opinion that:

- (a) The procedures and processes employed by the Manager to value and/ or price the units of AMANAH HARTA TANAH PNB are adequate and that such valuation/ pricing is carried out in accordance with the Deed and other regulatory requirements; and
- (b) The distribution of returns made by AMANAH HARTA TANAH PNB as declared by the Manager is in accordance with the investment objective of AMANAH HARTA TANAH PNB.

Yours faithfully  
AMANAHRAYA TRUSTEES BERHAD

HABSAH BINTI BAKAR  
Chief Executive Officer

Kuala Lumpur, Malaysia  
18 January 2017

## Independent Auditors' Report to the unit holders of AMANAH HARTA TANAH PNB

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of AMANAH HARTA TANAH PNB ("the Trust"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 67.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and other ethical responsibilities*

We are independent of the Trust in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of Trust for the current year. These matters were addressed in the context of our audit of the financial statements of the Trust as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Valuation of investment in real estates

The Trust's disclosures about its investments in real estates are included in Note 13. Real estates represent 97.9% of the total amount of the Trust's investments. Because the valuation of the real estates is derived from various valuation models and assumptions, there is significant measurement uncertainty involved in this valuation. As a result, the valuation of real estates was significant to our audit. The Trust has engaged an independent firm of professional valuers to assist with the determination of the fair value by using the comparison and investment method of valuation in accordance with the Malaysian Valuation Standards.

Our audit procedures included, among others:

- a) assessing the qualifications and competencies of the professional valuers;
- b) reviewing the valuation methodology adopted and the underlying assumptions applied by the valuers; and
- c) assessing the reasonableness of the methodology and assumptions adopted.

#### Determining the lease classification of the Mydin Seremban 2 property acquired during the year

The Trust's disclosures about its acquisition of the Mydin Seremban 2 property are included in Note 13. The said property represents 53% of the real estates balance of the Trust as at 31 December 2016. Given that the said property is material to the Trust and the fact that the consideration to treat the lease on the said property as an operating lease is highly judgemental, we consider the determination of the appropriate classification of the lease arrangement on the Mydin Seremban 2 property to be significant to our audit.

## Independent Auditors' Report to the unit holders of AMANAH HARTA TANAH PNB (CONTD.)

### *Key audit matters (Contd.)*

#### Determining the lease classification of the Mydin Seremban 2 property acquired during the year (contd.)

Our audit procedures included, among others:

- (i) obtaining the assessment performed by the Manager of the Trust and considered the compliance with relevant accounting standards;
- (ii) validating the facts, information and figures considered by the Manager of the Trust in determining the lease classification against relevant agreements and market information;
- (iii) reviewing and checking the arithmetical accuracy of relevant computations performed as part of the assessment; and
- (iv) assessing the appropriateness of the conclusion made by the Manager of the Trust based on the requirements of the relevant accounting standard and our knowledge and understanding of the transactions.

### *Information other than financial statements and auditors' report thereon*

The Manager of the Trust is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Trust and our auditors' report thereon.

The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to report such facts as necessary.

### *Responsibilities of the Manager and the Trustees for the financial statements*

The Manager of the Trust is responsible for the preparation of financial statements of the Trust that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Trust that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

In preparing the financial statements of the Trust, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager intends to either liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Trust as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards in Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditors' Report to the unit holders of AMANAH HARTA TANAH PNB (CONTD.)

### *Auditor's responsibilities for the audit of the financial statements (Contd.)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards in Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Trust, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Trust or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Trust, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Trust for the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other reporting responsibilities**

The supplementary information set out in Note 39 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Manager is responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Independent Auditors' Report to the unit holders of AMANAH HARTA TANAH PNB (CONTD.)

### Other matters

This report is made solely to the unit holders of the Trust, as a body, in accordance with the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Hanafiah Raslan & Mohamad  
AF: 0002  
Chartered Accountants

Muhammad Syarizal Bin Abdul Rahim  
No. 3157/O1/17 (J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
18 January 2017

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 RM	2015 RM
<b>INCOME</b>			
Gross rental income			
- Realised		20,836,651	13,298,702
- Unrealised (unbilled rental income receivable)		2,527,181	-
	5	23,363,832	13,298,702
Less: Real estate operating expenditure	6	(6,135,056)	(5,424,477)
Depreciation		(2,484)	(2,541)
Net rental income		17,226,292	7,871,684
Interest income from deposits with financial institutions		260,476	275,350
Gross dividends from investments in:			
- Real estate-related assets		17,813	23,785
- Non-real estate-related assets		33,384	82,859
Changes in fair value of investment properties:			
- unrealised (loss)/gain on revaluation of real estates	13	(8,278,032)	9,266,540
Net (loss)/gain from financial assets at fair value through profit and loss ("FVTPL"):			
- Real estate-related assets	14	51,463	(44,137)
- Non-real estate-related assets	15	(55,665)	(207,788)
		9,255,731	17,268,293
<b>EXPENSES</b>			
Management fee	7	(1,569,039)	(1,525,999)
Trustee's fee	8	(130,000)	(130,000)
Auditors' remuneration		(13,500)	(13,500)
Tax agent's fee		(4,400)	(4,600)
Valuation fee		(24,000)	(5,000)
Printing, postage and general expenses		(108,709)	(618,485)
Finance cost - financing facilities	9 (a)	(4,548,969)	(2,201,975)
Deemed finance cost	9 (b)	(2,314,200)	-
		(8,712,817)	(4,499,559)
<b>NET INCOME BEFORE TAXATION</b>		542,914	12,768,734
<b>TAXATION</b>	10	287,543	(463,327)
<b>NET INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		830,457	12,305,407
<b>NET INCOME AFTER TAXATION IS MADE UP OF THE FOLLOWING:</b>			
Realised		6,293,765	3,786,380
Unrealised		(5,463,308)	8,519,027
		830,457	12,305,407
<b>EARNINGS PER UNIT (sen)</b>	11	0.83	12.31
<b>EARNINGS PER UNIT (BEFORE MANAGEMENT FEE) (sen)</b>			
- Gross of tax		2.11	14.29
- Net of tax		2.40	13.83
<b>NET INCOME DISTRIBUTION</b>			
Interim income distribution of 3.00 sen per unit paid on 30 August 2016 (2015:3.50 sen per unit paid on 29 August 2015)	12	3,000,000	3,500,000
Final income distribution of 1.50 sen per unit payable on 28 February 2017 (2015: 3.50 sen per unit paid on 29 February 2016)		3,300,000*	3,500,000
<b>FINAL INCOME DISTRIBUTION PER UNIT (sen)</b>	12	1.50*	3.50
- Gross of tax		1.50*	3.50
- Net of tax		1.50*	3.50
<b>INTERIM INCOME DISTRIBUTION PER UNIT (sen)</b>			
- Gross of tax	12	3.00	3.50
- Net of tax		3.00	3.50

\* Proposed final income distribution for the year ended 31 December 2016 based on enlarged units in circulation of 220 million following the completion of rights issue on 12 January 2017.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
<b>INVESTMENTS</b>			
Real estates	13	446,095,719	210,890,245
Real estate-related assets	14	-	549,038
Non-real estate-related assets	15	-	1,663,415
Deposits with financial institutions	16	9,487,647	6,290,698
<b>TOTAL INVESTMENTS</b>		<u>455,583,366</u>	<u>219,393,396</u>
<b>OTHER ASSETS</b>			
Equipment, furniture and fittings	17	13,404	15,888
Tax recoverable	18	600,998	600,998
Trade receivables	19	1,666,206	862,046
Other receivables	20	10,853,799	5,916,783
Cash and bank balances		92,072	64,748
<b>TOTAL OTHER ASSETS</b>		<u>13,226,479</u>	<u>7,460,463</u>
<b>TOTAL ASSETS</b>		<u>468,809,845</u>	<u>226,853,859</u>
<b>LIABILITIES</b>			
Financing	21	196,505,590	59,893,741
Rental deposits	22	4,951,418	4,576,200
Other payables	23	111,210,941	279,764
Amount due to Manager	24	138,397	143,569
Deferred tax liability	25	2,126,473	2,414,016
<b>TOTAL LIABILITIES</b>		<u>314,932,819</u>	<u>67,307,290</u>
<b>FINANCED BY:</b>			
<b>UNIT HOLDERS' FUNDS</b>			
Unit holders' capital	26	100,000,000	100,000,000
Retained earnings		53,877,026	59,546,569
<b>TOTAL NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>153,877,026</u>	<u>159,546,569</u>
<b>TOTAL UNIT HOLDERS' FUNDS AND LIABILITIES</b>		<u>468,809,845</u>	<u>226,853,859</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		<u>100,000,000</u>	<u>100,000,000</u>
<b>NET ASSET VALUE ("NAV")</b>		<u>153,877,026</u>	<u>159,546,569</u>
<b>NAV (EX-DISTRIBUTION) PER UNIT</b>		<u>1.5388</u>	<u>1.5955</u>

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unit holders' Capital RM	← Retained Earnings →		Total NAV Attributable to Unit Holders RM
			Distributable Realised Income RM	Distributable Unrealised Income RM	
<b>At 1 January 2015</b>		100,000,000	17,001,591	37,439,571	154,441,162
Total comprehensive income for the year		-	3,786,380	8,519,027	12,305,407
Income distribution:	12				
Final distribution					
- 31 December 2014		-	(3,700,000)	-	(3,700,000)
Interim distribution					
- 31 December 2015		-	(3,500,000)	-	(3,500,000)
<b>At 31 December 2015</b>		<u>100,000,000</u>	<u>13,587,971</u>	<u>45,958,598</u>	<u>159,546,569</u>
<b>At 1 January 2016</b>		100,000,000	13,587,971	45,958,598	159,546,569
Total comprehensive income for the year		-	6,293,765	(5,463,308)	830,457
Income distribution:	12				
Final distribution					
- 31 December 2015		-	(3,500,000)	-	(3,500,000)
Interim distribution					
- 31 December 2016		-	(3,000,000)	-	(3,000,000)
<b>At 31 December 2016</b>		<u>100,000,000</u>	<u>13,381,736</u>	<u>40,495,290</u>	<u>153,877,026</u>

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income before taxation	542,914	12,768,734
Adjustments for:		
Depreciation	2,484	2,541
Unrealised loss/(gain) on revaluation of real estate	8,278,032	(9,266,540)
Net (gain)/loss from financial assets at fair value through profit and loss ("FVTPL"):		
- Real estate-related assets	(51,463)	44,137
- Non-real estate-related assets	55,665	207,788
Interest income from deposit with financial institutions	(260,476)	(275,350)
Gross dividends from investments in:		
- Real estate-related assets	(17,813)	(23,785)
- Non-real estate-related assets	(33,384)	(82,859)
Financing costs	4,548,969	2,201,975
Operating profit before working capital changes	13,064,928	5,576,641
Increase in receivables	(5,926,069)	(6,369,154)
Increase/(decrease) in other payables	109,303,836	(439,131)
Increase in rental deposits	375,218	122,925
(Decrease)/increase in amount due to the Manager	(5,172)	12,400
Net cash generated from/(used in) operating activities	116,812,741	(1,096,319)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments in completed real estate	(243,483,506)	(1,483,460)
Investments in real estate under construction	-	(14,022,989)
Proceeds from disposal of:		
- Real estate-related assets	687,767	75,623
- Non-real estate-related assets	1,760,117	82,833
Purchase of real and non-real estate related-assets	(239,631)	(178,996)
Interest received	264,114	272,100
Dividends received from investments in:		
- Real estate-related assets	17,813	23,785
- Non-real estate-related assets	85,872	85,872
Net cash used in investing activities	(240,907,454)	(15,145,232)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown from financing	136,611,849	21,427,917
Financing costs paid	(2,090,544)	(2,477,531)
Payment of income distributions	(6,500,000)	(7,200,000)
Net cash generated from financing activities	128,021,305	11,750,386
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,926,592	(4,491,165)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	5,468,234	9,959,399
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	9,394,826	5,468,234
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	92,072	64,748
Deposits with financial institutions (Note 16)	9,487,647	6,290,698
	9,579,719	6,355,446
Deposits with financial institutions with maturity of more than 3 months	(184,893)	(887,212)
Cash and cash equivalents	9,394,826	5,468,234

The accompanying notes form an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

### 1. THE TRUST, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Amanah Harta Tanah PNB ("AHP" or "the Trust"), a Real Estate Investment Trust, was constituted under a Deed of Trust dated 20 March 1989, between the Manager, Pelaburan Hartanah Nasional Berhad ("PHNB" or "the Manager"), the Trustee, AmanahRaya Trustees Berhad and the several persons who acquire units in the Trust.

The Trust was launched on 21 March 1989 and was listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 December 1990. The principal activity of the Trust is investment in real estates and other authorised investments with the objectives of achieving steady returns and for long term capital growth. There has been no significant change in the nature of this activity during the year.

The Manager, a company incorporated in Malaysia, is a subsidiary company of Permodalan Nasional Berhad ("PNB"). The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the year.

PNB is a company incorporated in Malaysia. Its principal activity is investment holding mainly for the purpose of promoting greater ownership of share capital in the corporate sector in Malaysia by the Bumiputera.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 18 January 2017.

### 2. TERM OF THE TRUST

The Trust will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 23 of the Third Supplemental Deed of Trust of AHP.

### 3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and applicable Securities Commission's Guidelines on Real Estate Investment Trusts.

The financial statements of the Trust have been prepared under the historical cost convention except for investment in real estate and quoted securities which are stated at fair value.

#### (a) Early adoption of MFRS 9 Financial Instruments: Classification and Measurement ("MFRS 9")

Since the prior financial year, the Trust has applied MFRS 9 Financial Instruments ("MFRS 9") (as issued in November 2009 and revised in October 2010) and the related consequential amendments in advance of their effective dates. The date of initial application (i.e the date on which the Trust has assessed its existing financial assets and financial liabilities) is 1 January 2011.

#### (b) Changes in accounting policies

The new and revised MFRSs which are mandatory for companies with financial period beginning on or after 1 January 2016 do not give rise to any significant effects on the financial statements of the Trust.

#### (c) Standards issued but not yet effective

The following are standards issued but not yet effective up to the date of issuance of the Trust's financial statements.

	Effective for financial period beginning on or after
MFRS 107 Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****3. BASIS OF PREPARATION (CONTD.)****(c) Standards issued but not yet effective (Contd.)**

The Standards, Amendments and Interpretation that have been issued by Malaysian Accounting Standard Board ("MASB") as at the date of authorisation of these financial statements are not relevant to the Trust other than the following:

**Effective for financial periods beginning on or after 1 January 2017****MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Trust.

**MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2015)**

On 24 July 2015, the International Accounting Standard Boards ("IASB") issued the final version of IFRS 9 which includes the three phases of the financial instruments projects; Classification and measurement, Impairment (Expected credit losses) and Hedge accounting. Subsequently, MASB issued a pronouncement on 17 November 2015 to fully adopt the new IFRS 9 requirements. As the Trust has early adopted the previous version of MFRS 9 prior to 31 January 2015, the Trust may continue to apply that version of MFRS 9 until the mandatory effective date of 1 January 2018. The Trust is still in the process of quantifying the effect of the adoption of the final version of MFRS 9.

**Effective for financial periods beginning on or after 1 January 2019****MFRS 16 Leases**

MFRS 16 will replace 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.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Financial Assets

Financial assets are recognised when the Trust becomes a party to the contractual provision of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Trust determines the classification of its financial assets at initial recognition, and its financial assets include receivables, deposits with financial institutions, real estate related-assets held at FVTPL, non-real estate related-assets held at FVTPL and, cash and bank balances.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the assets.

#### (i) Classification of financial assets

Unless designated as at FVTPL on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- The assets is held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments are classified as either FVTPL or FVTOCI, depending on the investment objectives.

#### (ii) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost.

#### (iii) Financial assets at fair value through profit or loss ("FVTPL")

Investments in equity instruments are classified as at FVTPL, unless the Trust designates an investment that is not held for trading as at fair value through other comprehensive income ("FVTOCI") on initial recognition.

Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### (a) Financial Assets (contd.)

##### (iii) Financial assets at fair value through profit or loss ("FVTPL") (contd.)

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurements recognised in profit or loss.

Interest income on debt instruments at FVTPL is disclosed separately in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Trust's right to receive the dividends is established in accordance with MFRS 118: Revenue and is disclosed separately in profit or loss.

##### (iv) Financial assets at fair value through other comprehensive income ("FVTOCI")

On initial recognition, the Trust can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of the portfolio of identified financial instruments that the Trust manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other comprehensive income reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

##### (v) Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(a) Financial Assets (contd.)****(v) Impairment of financial assets (contd.)**

The carrying amount of the financial asset is directly reduced by the impairment loss for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**(vi) Derecognition of financial assets**

The Trust derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of financial asset classified as FVTOCI, the cumulative gain or loss previously accumulated in other comprehensive income reserve is not reclassified to profit or loss, but is reclassified to distributable realised reserve.

On derecognition of financial asset classified as FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

**(b) Financial Liabilities and Equity Instruments****Classification as debt or equity**

Debt and equity instruments issued by the Trust are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Financial liabilities**

Financial liabilities within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Trust becomes a party to the contractual provisions of the financial instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

**Derecognition of financial liabilities**

The Trust derecognised financial liabilities when, and only when, the Trust's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### (c) Income Recognition

##### (i) Rental Income

Rental income arising from operating leases 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) Gross Dividend Income

Gross dividend income from quoted shares are recognised on a declared basis, when the right to receive dividends has been established.

##### (iii) Other Income

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

#### (d) Equipment, Furniture and Fittings, Computer Equipment and Depreciation

Equipment, furniture and fittings and computer equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(k). Depreciation of equipment, furniture and fittings and computer equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Equipment	20%
Furniture and fittings	20%
Computer equipment	25%

Upon the disposal of equipment, furniture and fittings, and computer equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

#### (e) Real Estates

Real estates are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, real estate are stated at fair value. The fair value of real estates is determined using the comparison and investment method which considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process, performed by registered independent valuers having an appropriate recognised qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair value of real estate are recognised in profit or loss in the year in which they arise.

Where the fair value of the real estate under construction ("REUC") is not reliably determinable, the REUC is measured at cost until either its fair value has been reliably determinable or construction is complete, whichever is earlier.

Real estate are derecognised when either they have been disposed of or when the real estate is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of a real estate are recognised in profit or loss in the year in which they arise.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(f) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

**(i) The Trust as a lessor**

Leases in which the Trust does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(g) Proposed Distribution**

Proposed distribution is recognised once the obligation to pay has been established.

Proposed distribution will be disclosed by way of note to the financial statements and such distribution will be accounted for as an appropriation of undistributed income in the period where the obligation to pay has been established."

**(h) Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value with an original maturity of 3 months or less.

**(i) Unit holder's Capital**

The unit holder's capital of the Trust meet the definition of puttable instruments classified as equity instruments under the revised MFRS 132 Financial Instruments: Presentation.

**(j) Segmental Reporting**

For management purposes, the Trust has one operating segment - real estates. The operating results are regularly reviewed by the Manager, who assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to each investment segment.

**(k) Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

**(i) Current Tax**

Current tax expense is the expected amount of tax payable in respect of the undistributed taxable income for the year and is measured using the statutory tax rates that have been enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

**(ii) Deferred Tax**

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credit to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on statutory tax rates at the reporting date.

Deferred tax is provided for unrealised fair value adjustments on real estate at the prevailing Real Property Gains Tax rate based on the presumption of realisation through eventual sale of the real estate.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(l) Impairment of Non-financial Assets**

At each statement of financial position date, the Manager reviews the carrying amounts of the Trust's non-financial assets other than real estates, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. An impairment loss is charged to the profit or loss immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

**(m) Significant Accounting Estimates and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future. The most significant uses of judgements are as follows:

**(i) Operating lease commitments – the Trust as lessor**

During the year, the Trust entered into a commercial property lease in respect of one of its real estates. The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the real estates and other terms to be considered as outlined in MFRS 117 Leases, that it retains all the significant risks and rewards of ownership of these properties and therefor, accounts for the contract as an operating lease.

**(ii) Valuation of real estates**

There is significant judgement involved in the valuation of real estates as these valuation of real estates are derived from various valuation models and assumptions. The details of the valuation and key assumptions are disclosed in Note 13 and Note 33 of financial statements.

**5. GROSS RENTAL INCOME**

		2016 RM	2015 RM
Realised:	(a)	18,345,156	13,119,515
Realised rental income	(b)	2,491,495	179,187
Other real estate income		<u>20,836,651</u>	<u>13,298,702</u>
Unrealised:		2,527,181	-
Unbilled rental income receivables		<u>23,363,832</u>	<u>13,298,702</u>

(a) Included in the rental income is rental received from a company related to the Manager amounting to RM156,000 (2015: RM156,000). The details are disclosed in Note 28.

(b) Included in the other real estate income in 2016 is an amount of RM2,314,200 related to the deemed rental income during the pre-completion period for the Mydin Seremban 2.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****6. REAL ESTATE OPERATING EXPENDITURE**

Included in the amounts are the following:

	2016 RM	2015 RM
Maintenance, repairs and improvements expenses	1,715,324	1,238,931
Assessment	918,852	912,510
Quit rent	55,297	55,297
Utilities	2,005,135	2,185,191
Others	1,284,073	895,745
Property Manager's fee*	156,375	136,803
	<u>6,135,056</u>	<u>5,424,477</u>

\* The Property Manager, I.M Global Building Services Sdn Bhd ("IMG") (2015: IMG), is entitled to a property management fee in respect of the maintenance of the real estates owned by the Trust, as provided in the Deed of Trust. The fee is based on a certain graduated scale as provided in the Deed of Trust and as prescribed in the revised Valuers, Appraisers and Estate Agents Act 1981 and its rules.

**7. MANAGEMENT FEE**

The Manager is entitled to a fee not exceeding 2% per annum of the Net Asset Value ("NAV") of the Trust on each day of the accrual period, as defined in the Deed of Trust. The management fee charged for the year ended 31 December 2016 is 1% (2015: 1%) per annum of the daily NAV of the Trust.

No other fee, commission or initial service charges has been paid or is payable to the Manager.

**8. 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 year ended 31 December 2016 is RM130,000 (2015: RM130,000).

**9. FINANCE COSTS**

(a) Financing facilities	2016 RM	2015 RM
Islamic Revolving Credit Facility (i-RC)	2,851,389	2,201,975
Term Loan (i-TL)	1,697,580	-
	<u>4,548,969</u>	<u>2,201,975</u>

(b) This relates to the deemed finance cost during the pre-completion period for the purchase of Mydin Seremban 2 as disclosed in Note 23.

**10. TAXATION**

	2016 RM	2015 RM
Deferred tax (Note 25):		
Relating to origination and reversal of temporary differences	(287,543)	463,327
	<u>(287,543)</u>	<u>463,327</u>

Pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act 2006, the total income of the Trust for the year of assessment shall be exempted from tax provided that 90% or more of the total income of the Trust is distributed to its unit holders. Total income of the Trust is equivalent to the amount of income distributable to unit holders.

As the Trust distributes at least 90% of its total income, the Trust is fully exempt from taxation.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****10. TAXATION (CONTD.)**

A reconciliation of income tax expense applicable to net income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Trust is as follows:

	2016 RM	2015 RM
Net income before taxation	542,914	12,768,734
Taxation at Malaysia statutory tax rate of 24% (2015: 25%)	130,299	3,192,184
Effect of income not subject to tax	(2,127,390)	(3,281,446)
Expenses not deductible for tax purposes	1,997,470	91,827
Utilisation of current year capital allowances	(379)	(2,565)
Effect of deferred tax recognised at RPGT Rate	(287,543)	463,327
Tax expense for the year	(287,543)	463,327

**11. EARNINGS PER UNIT**

The earnings per unit for the year has been calculated by dividing the net income after taxation for the year of RM830,457 (2015: RM12,305,407) by the number of units in circulation as at the statement of financial position date of 100,000,000 (2015: 100,000,000).

**12. INCOME DISTRIBUTION**

	2016		2015	
	Gross RM	Net RM	Gross RM	Net RM
Interim income				
distribution of 3.00 sen				
per unit paid on 30 August 2016				
(2015: 3.50 sen per				
unit paid on 29 August 2015)	3,000,000	3,000,000	3,500,000	3,500,000
Final income				
distribution of 1.50 sen				
per unit payable on 28 February 2017				
(2015: 3.50 sen per				
unit paid on 28 February 2016)				
Total distribution for	3,300,000*	3,300,000*	3,500,000*	3,500,000*
the year	<u>6,300,000</u>	<u>6,300,000</u>	<u>7,000,000</u>	<u>7,000,000</u>

\* For the financial year ended 31 December 2016, final income distribution of 1.50 sen per unit (tax exempt at Trust level) on 220,000,000 units (following the completion of the rights issue on 12 January 2017), amounting to RM3,300,000 to be paid on 28 February 2017, was declared by the Manager and approved by the Trustee on 18 January 2017. The financial statements for the current year do not reflect this proposed distribution. Such distribution will be accounted for as an appropriation of undistributed income in the next reporting period ending 30 June 2017.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 12. INCOME DISTRIBUTION (CONTD.)

## Sources of Distribution

Distribution to unit holders is from the following sources:

	2016 RM	2015 RM
Net rental income (excluding unrealised unbilled rental income receivable)	14,701,144	7,871,684
Gross dividends from investments in:		
- Real estate-related assets	17,813	23,785
- Non-real estate-related assets	33,384	82,859
Interest income from deposits with financial institutions	260,476	275,350
Gain on disposal of real estate/ non-real estate related asset	-	12,311
Other income	-	19,950
Previous years' realised income	-	3,213,620
	<u>15,012,817</u>	<u>11,499,559</u>
Less: Expenses	<u>(8,712,817)</u>	<u>(4,499,559)</u>
Total distribution	<u>6,300,000</u>	<u>7,000,000</u>
Gross/net interim income distribution per unit (sen)	<u>3.00</u>	<u>3.50</u>
Gross/net proposed income distribution per unit (sen)	<u>1.50*</u>	<u>3.50</u>
Gross/net total interim income distribution	3,000,000	3,500,000
Gross/net total proposed income distribution	<u>3,300,000</u>	<u>3,500,000</u>
	<u>6,300,000</u>	<u>7,000,000</u>

\*Proposed final income distribution for the year ended 31 December 2016 based on enlarged units in circulation of 220 million following the completion of rights issue on 12 January 2017.

## 13. REAL ESTATES

	Completed real estate at fair value RM	Real estate under construction at cost RM	Total RM
<b>At 31 December 2016</b>			
At 1 January 2016	180,700,000	30,190,245	210,890,245
Reclass to completed real estate	30,190,245	(30,190,245)	-
Addition	243,483,506	-	243,483,506
Fair value adjustments	(8,278,032)	-	(8,278,032)
At 31 December 2016	<u>446,095,719</u>	-	<u>446,095,719</u>
<b>At 31 December 2015</b>			
At 1 January 2015	169,950,000	16,167,256	186,117,256
Addition	1,483,460	14,022,989	15,506,449
Fair value adjustments	9,266,540	-	9,266,540
At 31 December 2015	<u>180,700,000</u>	<u>30,190,245</u>	<u>210,890,245</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 13. REAL ESTATES (CONTD.)

Details of investment in completed real estates and basis of valuation are as follows:

Description of Real Estate	Tenure	Date of Acquisition	Cost of Acquisition and Additions RM	Fair Value* RM
Plaza VADS, Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	21/03/1989	113,609,773	141,012,900
Bangunan AHP, Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	21/03/1989	33,520,142	46,700,000
Sri Impian, Taman Setiawangsa, Kuala Lumpur	Freehold	15/05/1996	13,771,846	13,360,000
Strata shop office, Asia City, Kota Kinabalu	Leasehold	12/12/1995	1,652,917	1,650,000
Three storey shop house in Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	16/10/1995	909,879	4,000,000
Four storey shop office, Pusat Bandar Melawati, Kuala Lumpur	Freehold	30/08/1996	814,016	1,900,000
Mydin Seremban 2 Seremban, Negeri Sembilan	Perpetuity	27/04/2015	<u>241,814,855</u> <u>406,093,428</u>	<u>237,472,819</u> * * <u>446,095,719</u>

\* \* Fair values as at 31 December 2016 is determined based on valuation dated 1 November 2016 by an independent firm of professional valuers by using the comparison and investment method of valuation in accordance with the Malaysian Valuation Standards. Further details of the valuation method is provided in Note 33 of the financial statements.

All the real estates were valued by the same valuer. The details of the valuer are as follows:

Name of Firm	Name of Valuer and Qualification
W.M Malik & Kamaruzaman	Sr Kamaruzaman Jamil B.Sc (Hons)(London) F.R.I.C.S, F.I.S (M) Registered Valuer - V272

\* \* The fair value of Mydin Seremban 2 of RM240,000,000 has been adjusted for the accrued rental income receivable of RM2,527,181.

Real estate under construction in 2015 relates to construction cost for new podium block of Plaza VADS. The construction cost was transferred to the completed real estates subsequent to the issuance of Certificate of Completion and Compliance on 29 January 2016.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 14. REAL ESTATE-RELATED ASSETS

	2016 RM	2015 RM
Quoted shares, at FVTPL	-	549,038
Net gain/ (loss) on real estate-related assets at FVTPL during the year comprised:		
Realised gain on disposals	51,463	12,311
Unrealised changes in fair values	-	(56,448)
	<u>51,463</u>	<u>(44,137)</u>

All quoted shares have been disposed by 30 September 2016.

## 15. NON-REAL ESTATE-RELATED ASSETS

	2016 RM	2015 RM
Quoted shares, at FVTPL	-	1,663,415
Net loss on non-real estate-related assets at FVTPL during the year comprised:		
Realised(loss)/gain on disposals	(55,665)	19,950
Unrealised changes in fair values	-	(227,738)
	<u>(55,665)</u>	<u>(207,788)</u>

## 16. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2016 RM	2015 RM
Fixed deposits	179,680	877,131
Short term deposits	3,330,681	2,923,090
Islamic instruments	5,977,286	2,490,477
	<u>9,487,647</u>	<u>6,290,698</u>

The weighted average effective interest/profit rates ("WAEIPR") per annum and the average maturity of deposits with financial institutions as at the reporting date were as follows:

	2016		2015	
	WAEIPR (% p.a.)	Average Maturity (Days)	WAEIPR (% p.a.)	Average Maturity (Days)
Licensed banks	3.99	26	4.48	28

Included within deposits with financial institutions are balances with maturity of less than 90 days amounting to RM9,302,754 (2015: RM5,403,486).

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 17. EQUIPMENT, FURNITURE AND FITTINGS

	Equipment RM	Furniture and Fittings RM	Computer Equipment RM	Total RM
<b>Cost</b>				
At 31 December 2015/ 31 December 2016	70,163	54,745	24,301	149,209
Additions	-	-	-	-
At 31 December 2015	70,163	54,745	24,301	149,209
<b>Accumulated Depreciation</b>				
At 31 December 2014	52,104	54,385	24,291	130,780
Charge for the year	2,343	198	-	2,541
At 31 December 2015	54,447	54,583	24,291	133,321
Charge for the year	2,343	141	-	2,484
At 31 December 2016	56,790	54,724	24,291	135,805
<b>Net Book Value</b>				
At 31 December 2016	13,373	21	10	13,404
At 31 December 2015	15,716	162	10	15,888
Depreciation charge for 2016	2,343	141	-	2,484
Depreciation charge for 2015	2,343	198	-	2,541

Included in equipment, furniture and fittings of the Trust are cost of fully depreciated assets which are still in use amounting to RM125,573 (2015: RM124,793).

## 18. TAX RECOVERABLE

The tax recoverable amount represents tax deducted at source on dividend income arising in Malaysia received prior to the introduction of the single tier tax system and is recoverable from the Malaysian Inland Revenue Board.

## 19. TRADE RECEIVABLES

	2016 RM	2015 RM
Trade receivables	1,838,626	1,034,466
Less: Allowance for impairment	(172,420)	(172,420)
Trade receivables, net	1,666,206	862,046

The Trust's normal credit term is 30 days. The trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****19. TRADE RECEIVABLES (CONTD.)**Ageing analysis of trade receivables

The ageing analysis of the Trust's trade receivables is as follows:

	2016 RM	2015 RM
Neither past due nor impaired	1,187,341	290,329
31 to 60 days past due not impaired	157,247	178,002
61 to 90 days past due not impaired	18,037	46,809
91 to 120 days past due not impaired	555	45,316
More than 121 days past due not impaired	303,026	301,590
	<hr/> 1,666,206	<hr/> 862,046
Impaired	172,420	172,420
	<hr/> 1,838,626	<hr/> 1,034,466

The Trust's trade receivables that are impaired at the reporting date are as follows:

	2016 RM	2015 RM
Trade receivables	172,420	172,420
Less: Allowance for impairment	(172,420)	(172,420)
	<hr/> -	<hr/> -

There were no movement in the allowance for impairment during the year:

	2016 RM	2015 RM
At 1 January/31 December	172,420	172,420

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Trust.

None of the Trust's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Trust has trade receivables amounting to RM478,865 (2015: RM571,717) that are past due at the reporting date. The remaining receivables that are past due but not impaired are expected to be collected in the next 12 months.

**20. OTHER RECEIVABLES**

	2016 RM	2015 RM
Dividends	-	13,403
Interest	12,767	16,403
Deposits	415,783	415,783
Accrued rental income receivable	2,527,181	-
Prepayments	7,898,068	5,471,194
	<hr/> 10,853,799	<hr/> 5,916,783

Included in prepayments is a GST receivable for the amount of RM7.30 million for the acquisition of Mydin Seremban 2 (2015: RM4.8 million relates to deposit for the acquisition of Mydin Seremban 2 representing 2% of the total purchase price of RM240 million.)

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 21. FINANCING

	2016 RM	2015 RM
Islamic Revolving Credit (i-RC)	71,505,590	59,893,741
Islamic Term Loan (i-TL)	125,000,000	-
	<u>196,505,590</u>	<u>59,893,741</u>

**(a) Islamic revolving credit (i-RC)**

The i-RC is to finance the upgrading and refurbishment of Plaza Vads and construction of new Annex Block of Plaza Vads. The i-RC are secured by a first party legal charge over Plaza Vads. The facility has no fixed maturity and is subject to yearly or any periodical review at the discretion of the bank and is callable on demand.

The financing bears profit rate of 4.32% to 4.52% (2015: 4.18% to 4.51%) per annum.

As at 31 December 2016, the Trust has made fifteen drawdowns amounting to RM71,505,590 (2015: RM59,893,741).

At the date of authorisation of the financial statements, the Trust has subsequently rolled over these drawdowns for another one month.

**(b) Islamic term loan (i-TL)**

i-TL is to finance the purchase of Mydin Seremban 2. The facility is secured by a first party legal charge over Mydin Seremban 2.

The financing bears profit rate of 4.40% per annum, and will mature on 13 September 2021.

## 22. RENTAL DEPOSITS

	2016 RM	2015 RM
Payable within 12 months	2,801,334	1,278,278
Payable after 12 months	2,150,084	3,297,922
	<u>4,951,418</u>	<u>4,576,200</u>

Included in the rental deposit is an amount of RM65,400 (2015: RM65,400) received from companies related to the Manager as disclosed in Note 28.

## 23. OTHER PAYABLES

	2016 RM	2015 RM
Accruals for real estate operating expenditure		
Rental received in advance	-	-
Financing costs payable	691,216	98,907
Sundry payables	184,248	180,857
Provision for property expenditure	135,477	-
Amount due to vendor (a)	110,200,000	-
	<u>111,210,941</u>	<u>279,764</u>

(a) Represents the remaining balance of purchase price for Mydin Seremban 2 which will be paid via proceeds from the rights issue as disclosed in Note 37. The acquisition of the Mydin Seremban 2 was funded by borrowing of RM125,000,000 and proceeds from the rights issue.

## 24. AMOUNT DUE TO MANAGER

The amount due to Manager is in respect of management fee, and is unsecured, interest free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 25. DEFERRED TAX LIABILITY

	2016 RM	2015 RM
At 1 January	2,414,016	1,950,689
Recognised in profit or loss	(287,543)	463,327
At 31 December	<u>2,126,473</u>	<u>2,414,016</u>

The deferred tax liability relates to Real Property Gains Tax ("RPGT") on fair value adjustments of real estate which are expected to be recovered through sale.

## 26. UNITS HOLDERS' CAPITAL

	Number of Units		Amount	
	2016 Units	2015 Units	2016 RM	2015 RM
Authorised:				
At end of year	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid:				
At end of year	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

As at 31 December 2016, the Manager did not hold any unit in the Trust. However, PNB held 5,063,500 (2015: 5,063,500) units, representing approximately 5.06% (2015: 5.06%) of the total units in issue. Based on market price as at 31 December 2016 of RM0.98 (2015: RM1.00) per unit, the value of units held by PNB was RM4,936,913 (2015: RM5,063,500).

## 27. TRANSACTIONS WITH STOCKBROKING COMPANIES

During the financial year, the Manager made purchases and sales of investments for the Trust with two stockbroking companies. The details of the transaction are as follows:

Stock Broker	Value of Trade RM	Percentage of Total Trade %	Brokerage Fees RM	Percentage of Brokerage Fees %
Public Investment Bank Bhd. *	29,368	1.11	51	1.64
Maybank Investment Bank Bhd. *	2,627,707	98.89	3,082	98.36
	<u>2,657,075</u>	<u>100.00</u>	<u>3,133</u>	<u>100.00</u>

Neither PHNB nor PNB has any direct equity holding in the above stockbroking company.

\* PNB has direct equity holdings in the ultimate holding company of the stockbroking company.

The dealings with the above stockbroking companies has been transacted at arm's length based on the normal terms in the stockbroking industry.

## 28. RELATED PARTY DISCLOSURES

	2016 RM	2015 RM
Amanah Saham Nasional Berhad ("ASNB"), a wholly-owned subsidiary of PNB		
- Rental income received during the year	156,000	156,000
- Rental deposits received received during the year	<u>65,400</u>	<u>65,400</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****29. PORTFOLIO TURNOVER RATIO**

	2016	2015
Portfolio Turnover Ratio ("PTR")	<u>1.87 times</u>	<u>1.04 times</u>

PTR is the ratio of the average of acquisitions and disposals of investments for the year to the average Net Asset Value ("NAV") of the Trust, calculated on a yearly basis.

Since the average NAV of the Trust is calculated on a yearly basis, comparison of the PTR of the Trust with other units trusts which use different basis of calculation may not be an accurate comparison.

**30. MANAGEMENT EXPENSE RATIO**

	2016	2015
Management Expense Ratio ("MER")	<u>1.18%</u>	<u>1.46%</u>

MER is calculated based on the total fees and expenses incurred for the year by the Trust divided by the average NAV of the Trust, calculated on yearly basis.

Since the average NAV of the Trust is calculated on a yearly basis, comparison of the MER of the Trust with other units trusts which use different basis of calculation may not be an accurate comparison.

**31. SEGMENTAL REPORTING****Geographical information**

For management purposes, the Trust has one operating segment - real estates. The operating results are regularly reviewed by the Manager, who assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to each investment segment.

The Trust's assets are located in Malaysia and hence, revenue is generated in Malaysia.

**32. FINANCIAL INSTRUMENTS****(a) Classification of financial instruments**

The Trust's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 4(a), 4(b) and 4(c) describe how the classes of financial instruments are measured, and how income and expenses, including fair value on gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Trust in the statement of financial position as at 31 December 2016 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

2016	Financial assets at FVTPL RM	Amortised Cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Assets</b>				
Deposits with financial institutions	-	9,487,647	-	9,487,647
Trade receivables	-	1,666,206	-	1,666,206
Other receivables	-	10,853,799	-	10,853,799
Cash and bank balances	-	92,072	-	92,072
Total financial assets	<u>-</u>	<u>22,099,724</u>	<u>-</u>	<u>22,099,724</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 32. FINANCIAL INSTRUMENTS (CONTD.)

## (a) Classification of financial instruments (Contd.)

	Financial assets at FVTPL RM	Amortised Cost RM	Financial liabilities at amortised cost RM	Total RM
<b>2016 (Contd.)</b>				
<b>Liabilities</b>				
Financing	-	-	196,505,590	196,505,590
Rental deposits	-	-	4,951,418	4,951,418
Other payables	-	-	111,210,941	-
Amount due to Manager	-	-	138,397	138,397
Total financial liabilities	-	-	312,806,346	201,595,405
<b>2015</b>				
<b>Assets</b>				
Real estate-related assets	549,038	-	-	549,038
Non-real estate-related assets	1,663,415	-	-	1,663,415
Deposits with financial institutions	-	6,290,698	-	6,290,698
Trade receivables	-	862,046	-	862,046
Other receivables	-	5,916,783	-	5,916,783
Cash and bank balances	-	64,748	-	64,748
Total financial assets	2,212,453	13,134,275	-	15,346,728
<b>Liabilities</b>				
Financing	-	-	59,893,741	59,893,741
Rental deposits	-	-	4,576,200	4,576,200
Other payables	-	-	279,764	279,764
Amount due to Manager	-	-	143,569	143,569
Total financial liabilities	-	-	64,893,274	64,893,274

## 33. FAIR VALUE HIERARCHY

## (a) Fair value information

Fair value of completed real estates and equity investments are categorised as follows:

2016	Level 1	Level 2	Level 3	Total
Completed real estates	-	-	446,095,719	446,095,719
	-	-	446,095,719	446,095,719
2015	Level 1	Level 2	Level 3	Total
Quoted shares	2,212,453	-	-	2,212,453
Completed real estates	-	-	180,700,000	180,700,000
	2,212,453	-	180,700,000	182,912,453

## (b) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical real estates that the entity can assess at the measurement date.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 33. FAIR VALUE HIERARCHY (CONTD.)

## (b) Policy on transfer between levels (Contd.)

**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

**Transfer between Level 1 and 2 fair values**

There is no transfer between Level 1 and 2 fair values during the current and previous financial year.

## (c) Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the real estates.

The following table shows a reconciliation of Level 3 fair values:

	2016 RM	2015 RM
At 1 January	180,700,000	169,950,000
Addition	273,673,751	1,483,460
Fair value adjustment	(8,278,032)	9,266,540
At 31 December	446,095,719	180,700,000

The fair value of real estate is determined by independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuers provide the fair value of the Trust's real estate portfolio annually. Changes in Level 3 fair values are analysed by the management annually after obtaining valuation report from the professional valuers.

The fair value of real estate is determined using the comparison and investment method which considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process. Capitalisation relates income (usually net income figure) and a defined value type by converting an income amount into value estimate. This process may consider direct relationship (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces highest return commensurate with a given level of risk leads to the most probable value figure. The significant unobservable input for all investment properties are the capitalisation term yield and the reversion yield.

Description of Real Estates valued on 1 November 2016	Term yield <sup>1</sup>	Reversion yield <sup>2</sup>
Plaza VADS, Taman Tun Dr. Ismail, Kuala Lumpur	5.50%-6.00%	6.00%
Bangunan AHP, Taman Tun Dr. Ismail, Kuala Lumpur	6%	6.50%
Sri Impian, Taman Setiawangsa, Kuala Lumpur	6%	6.50%
Strata shop office, Asia City, Kota Kinabalu	5.50%	5.75%
Three storey shop house in Taman Tun Dr. Ismail, Kuala Lumpur	3.50%	4%
Four storey shop office, Pusat Bandar Melawati, Kuala Lumpur	4.50%	5.00%
Mydin Seremban 2, Seremban, Negeri Sembilan	6.00%	6.50%

<sup>1</sup> yield that the investment properties are expected to achieve and is derived from the current average rental rate, including revision upon renewal of tenancies during the year.

<sup>2</sup> yield that the investment properties are expected to achieve upon expiry of current term rental.

Significant increases/(decreases) in estimated inputs in isolation would result in a significant (lower)/higher fair value.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****(a) Introduction**

The Trust maintains investment portfolios in a variety of listed financial instruments as dictated by its Trust Deed and investment management strategy.

The Trust is exposed to a variety of risks including market risk (which includes interest rate risk, and price risk), credit risk, and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Trust.

The Trust's objective in managing risk is the creation and protection of Unit holders' value. Risk is inherent in the Trust's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Trust Deed, the Securities Commission's Guidelines on Real Estate Investments Trusts and the Capital Markets and Services Act, 2007.

**(b) Risk management structure**

The Trust's Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Trust.

**(c) Risk measurement and reporting system**

Monitoring and managing risks is primarily set up to be performed based on limits established by the Manager and the Trustee. These limits reflect the investment strategy and market environment of the Trust as well as the level of the risk that Trust is willing to accept. In addition, the Trust monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

**(d) Risk mitigation**

The Trust has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager ensures that the Trust complies with the various regulations and guidelines as stipulated in its Trust Deed, the Securities Commission's Guidelines on Real Estate Investment Trust and the Capital Markets and Services Act, 2007.

It is, and has been throughout the current and previous financial year, the Trust's policy that no derivatives shall be undertaken for either investment or risk management purposes.

**(e) Excessive risk concentration**

Concentration indicates the relative sensitivity of the Trust's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Trust's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio in accordance with the Trust's Trust Deed, and the Securities Commission's Guidelines on Real Estate Investment Trusts. Portfolio diversification across a number of sectors and industries minimises the risk not only of any single company's securities becoming worthless but also of all holdings suffering uniformly adverse business conditions. Specifically, the Trust's Trust Deed and Securities Commission's Guidelines on Real Estate Investment Trusts limits the Trust's exposure to a single entity/industry sector to a certain percentage of its NAV.

**(f) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

## (f) Market risk (Contd.)

## (i) Interest rate risk

The Trust's investments in deposits with financial institutions carry fixed interest rates and are usually rolled-over on a daily/month basis.

The Trust's revolving credit facility carries floating rate and usually rolled-over on maturity date.

**Interest rate risk sensitivity**

The following table demonstrates the sensitivity of the Trust's profit/(loss) for the year and other comprehensive income to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity is the effect of the assumed changes in interest rates on:

- the financing costs for one year, based on the floating rate financial liability held at the end of the reporting period; and
- changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the end of the reporting period.

	Changes in basis points *	Sensitivity of interest income and profit Increase/ (decrease) RM
<b>2016</b>		
Deposit with financial institutions	+50 /-50	47,438/ (47,438)
Financing	+50 /-50	982,528/ (982,528)
<b>2015</b>		
Deposit with financial institutions	+50 /-50	31,454/ (31,454)
Financing	+50 /-50	299,469/ (299,469)

\* The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

## (ii) Interest rate risk exposure

The following table analyses the Trust's interest rate risk exposure. The Trust's assets and liabilities are included at fair value and categorised by maturity dates.

	0 - 3 months RM	3 months - 1 year RM	5 years RM	Non-interest bearing RM	Total RM	Effective Interest rate * %
<b>2016</b>						
<b>Assets:</b>						
Deposits with financial institutions	9,302,754	184,893	-	-	9,487,647	3.99
Trade receivables	-	-	-	1,666,206	1,666,206	-
Other receivables	-	-	-	10,853,799	10,853,799	-
Total assets	9,302,754	184,893	-	12,520,005	22,007,652	

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

## (f) Market risk (contd.)

## (ii) Interest rate risk exposure (contd.)

	0 - 3 months RM	3 months - 1 year RM	5 years RM	Non-interest bearing RM	Total RM	Effective Interest rate * %
<b>Liabilities:</b>						
Financing	71,668,554	-	152,500,000	-	224,168,554	4.33
Rental deposit	-	-	-	4,951,418	4,951,418	-
Other payables	-	-	-	111,210,941	111,210,941	-
Amount due to Manager	-	-	-	138,397	138,397	-
Total liabilities	<u>71,668,554</u>	<u>-</u>	<u>152,500,000</u>	<u>116,300,756</u>	<u>340,469,310</u>	
<b>Total interest sensitivity gap</b>	<u>(62,365,800)</u>	<u>184,893</u>	<u>(152,500,000)</u>	<u>(103,780,751)</u>	<u>(318,461,658)</u>	

## 2015

<b>Assets:</b>						
Real estate- related assets	-	-	-	549,038	549,038	-
Non-real estate-related assets	-	-	-	1,663,415	1,663,415	-
Deposits with financial institutions	5,403,486	887,212	-	-	6,290,698	4.32
Trade receivables	-	-	-	862,046	862,046	-
Other receivables	-	-	-	5,916,783	5,916,783	-
Total assets	<u>5,403,486</u>	<u>887,212</u>	<u>-</u>	<u>8,991,282</u>	<u>15,281,980</u>	
<b>Liabilities:</b>						
Financing	-	59,893,741	-	-	59,893,741	4.51
Rental deposit	-	-	-	4,576,200	4,576,200	-
Other payables	-	-	-	279,764	279,764	-
Amount due to Manager	-	-	-	143,569	143,569	-
Total liabilities	<u>-</u>	<u>59,893,741</u>	<u>-</u>	<u>4,999,533</u>	<u>64,893,274</u>	
<b>Total interest sensitivity gap</b>	<u>5,403,486</u>	<u>(59,006,529)</u>	<u>-</u>	<u>3,991,749</u>	<u>(49,611,294)</u>	

\* Computed based on interest-bearing assets and liabilities only.

## (iii) Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Trust's investments in quoted equity securities.

## (iv) Equity price sensitivity

Management's best estimate of the effect on the profit/ (loss) for the year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below:

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

## (f) Market risk (Contd.)

## (iv) Equity price sensitivity (contd.)

Market index	Changes in equity price %	Effects on profit for the year increase/ (decrease) RM
<b>2016</b>		
FTSE Bursa Malaysia KLCI	+10 /-10	-
<b>2015</b>		
FTSE Bursa Malaysia KLCI	+10 /-10	221,245/ (221,245)

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

**Equity price concentration**

All the equity investments of the Trust are made in Malaysian entities.

## (g) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Trust by failing to discharge an obligation. The Trust is exposed to the risk of credit-related losses that can occur as a result of a tenant and issuer/counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely repayments of interest, principal, settlement of receivables and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

The Manager manages the Trust's credit risk by undertaking credit evaluation and close monitoring of any changes to the tenant and issuer/counterparty's credit profile to minimise such risk. It is the Trust's policy to enter into financial instruments with reputable tenant and counterparties. The Manager also closely monitors the creditworthiness of the Trust's counterparties e.g., brokers, custodians, banks, etc.

**Credit risk exposures**

At the reporting date, the Trust's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

**Financial assets that are either past due or impaired**

Information regarding trade receivables that are either past due or impaired is disclosed in Note 19.

## (h) Liquidity Risk

Liquidity risk is defined as the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Trust could be required to pay its liabilities earlier than expected.

The Trust manages its liquidity risk by maintaining a portion of its resources in deposits with financial institutions to meet estimated commitments arising from financial liabilities. In addition, the Manager monitors and observes the Trust's compliance with the Securities Commission Guidelines on Real Estate Investment Trusts concerning limits on total financing.

As disclosed in Note 21 to the financial statements, the financing refers to the i-RC and i-TL which can be rolled over in the next one, two, three or six months. There will be no roll over risk for i-RC and i-TL since the Trust is not in breach of any covenants that would trigger an event of default which would affect the Trust's ability to renew the facilities.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****(h) Liquidity Risk (contd.)**

The following table summarises the maturity profile of the Trust's financial liabilities based on its remaining contractual maturity. Balances due within six months equal their carrying amounts, as the impact of discounting is insignificant.

	Less than 1 month RM	1 month to 3 months RM	5 years RM	Total RM
<b>2016</b>				
<b>Financial liabilities</b>				
Financing	71,668,554	-	152,500,000	224,168,554
Other liabilities	6,100,756	110,200,000	-	116,300,756
Total undiscounted financial liabilities	<u>77,769,310</u>	<u>110,200,000</u>	<u>152,500,000</u>	<u>340,469,310</u>
<b>2015</b>				
<b>Financial liabilities:</b>				
Financing	60,122,942	-	-	60,122,942
Other liabilities	4,770,332	-	-	4,770,332
Total undiscounted financial liabilities	<u>64,893,274</u>	<u>-</u>	<u>-</u>	<u>64,893,274</u>

**(i) Financial assets**

Analysis of financial assets at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. Quoted equity instruments have been included in the "Less than 1 month category" on the assumption that these are highly liquid investments which can be realised should all of the Trust's unit holders' capital are required to be redeemed. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised/maturity dates of the financial assets.

**(ii) Financial liabilities**

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Trust can be required to pay.

**35. COMMITMENTS**

	2016 RM	2015 RM
Capital commitments:		
Approved and contracted for real estate	-	<u>241,551,869</u>

**36. CURRENCY**

All amount are stated in Ringgit Malaysia ("RM").

**37. SIGNIFICANT EVENTS**

In relation to the acquisition of a property for a purchase consideration of RM240 million and issuance of renounceable rights issue of 120 million new units ("Proposed Rights Issue") as disclosed in the audited financial report of the Trust for the year ended 31 December 2015, the following announcements were made during the year under review:

On 15 March 2016, it was announced that the Trustee for AHP, had on 14 March 2016 entered into a supplemental agreement with Mydin for the acquisition of the Mydin Seremban 2 property ("the Acquisition") and that the Manager had received an additional letter of irrevocable undertaking from PNB dated 14 March 2016 to subscribe for the remaining Rights Units which have not been subscribed by other Entitled Unit Holders of AHP and/or their renounees pursuant to the Proposed Rights Issue and the excess Rights Units applications, up to the maximum of 60,413,600 Rights Units, via excess application under the Proposed Rights Issue;

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTD.)****37. SIGNIFICANT EVENTS (CONTD.)**

On 22 July 2016, it was announced that Bursa Malaysia Securities Berhad approved the application for an extension of time until 15 January 2017 to complete the Rights Issue exercise;

On 26 July 2016, it was announced that the Cut-Off Period (period to fulfill all Conditions Precedent (“CP”)) for the Acquisition has been extended from 26 July 2016 to 27 October 2016 in order to fulfill the CP of the Sale and Purchase Agreement and Supplemental Agreement;

On 18 August 2016, it was announced that the Trustee for AHP, had entered into a Second Supplemental Sale and Purchase Agreement and a Supplemental Agreement to Lease with Mydin for the Acquisition;

On 24 October 2016, it was announced that the Cut-Off Period for the Acquisition has been extended from 27 October 2016 to 27 November 2016;

On 23 November 2016, it was announced that the Cut-Off Period has been extended further to 27 December 2016;

On 28 November 2016, it was announced that:

- (i) the entitlement date for the rights issue is on 13 December 2016 and that the Rights Issue is priced at RM1.00 per unit;
- (ii) the Trustee, for and on behalf of AHP, and the Manager, had entered into an Underwriting Agreement with the Joint Underwriters;
- (iii) the Trustee and the Manager have released Amanah Saham Bumiputra from its obligation to subscribe for the excess Rights Units up to two per centum (2%) of the enlarged Units in circulation and PNB from the Additional Undertaking.

On 8 December 2016, it was announced that all condition precedents of the Sales and Purchase Agreement, the Supplemental Agreement and the Second Supplemental Agreement have been met and that the Abridged Prospectus (“AP”) in relation to the Rights Issue has been duly registered and lodged with the SC; and

On 14 December 2016, the AP together with the relevant notice of provisional allotment and rights subscription form were despatched to the unit holders.

**38. SUBSEQUENT EVENT**

On 12 January 2017, the 120 million rights units were listed on the Main Market of Bursa Securities resulting in enlarged units in circulation of 220 million units.

On 13 January 2017, the acquisition of Mydin Seremban 2 has been completed.

**39. SUPPLEMENTARY INFORMATION**

The breakdown of retained earnings of the Trust into realised and unrealised, pursuant to the directive issued by Bursa Securities on 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, is as follows:

	2016 RM	2015 RM
<b>Realised</b>		
Distributable realised income	13,381,736	13,587,971
<b>Unrealised</b>		
Cumulative net change arising from the fair value of real estate	42,529,472	48,280,323
Deferred taxation recognised on fair value of real estate	(2,034,182)	(2,414,016)
Unrealised changes on fair value of real estate-related assets and non-real estate-related assets	-	92,291
	40,495,290	45,958,598

## UNIT HOLDERS RESOURCE PAGE

The following information is intended to help you in answering the “What to do?” questions that you may have in managing some of the common issues concerning your investment in AHP.

1. I am holding unit certificate of Amanah Harta Tanah PNB. What is the status of my units and what should I do?
  - “Old” unit certificates issued in 1989 (pink in colour) is no longer valid as they have been replaced with “new” certificates (blue in colour) in 1990.
  - If you are holding the “new” unit certificate issued in 1990, it is very likely that your units have been transferred to the Minister of Finance by virtue of Section 29 of the Securities Industry (Central Depositories) (Amendment)(No. 2) Act 1998 (refer to “What if my units have been transferred to the Minister of Finance?”).
  - If you have the “old” certificate but do not have the “new” unit certificate, kindly check your CDS account as you may have already deposited the “new” certificate into your CDS account. There is also possibility that you have sold/transferred the units subsequent to depositing the certificate into your CDS account.
  - It is recommended that you check your records (bank statements, CDS statements, etc) to determine the status of your units before contacting the Share Registrar (Symphony Share Registrars Sdn Bhd). It is very difficult and time consuming for the Share Registrar to check records which are over 7 years old (please note that the Share Registrar is not obligated to keep records which are over 7 years old).
  
2. How to update any change in correspondence address?
  - You simply need to update the details of your CDS account in which your units are deposited into.
  - To update your CDS account details, simply contact your broker or the “CDS Department” of the securities company at which you opened your CDS account.
  - During each income distribution, the Share Registrar will obtain a copy of Record of Depositors (ROD) from Bursa Malaysia Depository Sdn Bhd which contains information such as your name, your CDS account no., correspondence address and the number of AHP units that you have. The data in the ROD corresponds with the details of your CDS account. Thus, by updating your CDS account, the Share Registrar can “obtain” your latest address from the ROD.
  
3. AHP had made income distribution but I still have not received my income distribution warrant.
  - If you have not deposited your units into CDS account, your units would have been transferred to the Minister of Finance (refer to “What if my units have been transferred to the Minister of Finance?”).
  - If your correspondence address have changed after the entitlement date of the income distribution, your warrant would have been sent to your old address. Kindly check at your old address or you could also request for a replacement warrant in which case it is treated as lost income distribution warrant (refer to “How do I obtain a replacement income distribution warrant?”).
  - If you have not moved and there is no change in your correspondence address and it has been more than 2 weeks after the payment date of the income distribution, it is highly possible that the warrant is lost in mail and therefore you could contact the Share Registrar for a replacement warrant (refer to “How do I obtain a replacement income distribution warrant?”).
  
4. How do I obtain a replacement income distribution warrant?
  - Contact the Share Registrar (Symphony Share Registrars Sdn Bhd) to request for a replacement warrant.
  - Any request for replacement warrant involves a fee of RM5.00.
  - Contact details of the Share Registrar:  
 SYMPHONY SHARE REGISTRARS SDN BHD  
 LEVEL 6, SYMPHONY HOUSE  
 BLOCK D13, PUSAT DAGANGAN DANA 1  
 JALAN PJU 1A/46  
 47301 PETALING JAYA  
 SELANGOR  
 Tel: 03-7841 8000  
 Fax: 03-7841 8151 / 8152

**UNIT HOLDERS RESOURCE PAGE (CONTD.)**

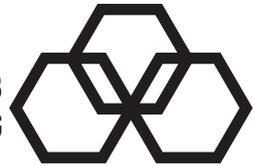
5. How do I get my expired/out-dated warrant replaced?
- Income distribution warrant is valid for six months from the payment date
  - Expired/out-dated warrants can be replaced by contacting the Share Registrar (refer to “How do I obtain a replacement income distribution warrant?”).
6. What if my units have been transferred to the Minister of Finance?
- Under Section 29 of the Securities Industry (Central Depositories) (Amendment)(No. 2) Act 1998, any securities not deposited into CDS account by 1 December 1998 would be transferred to the Minister of Finance.
  - Affected unit holders were given until 1 June 1999 to file a claim with the authorities for the recovery of their units.
  - Unit holders who failed to file a claim for recovery, now can only claim for refund of proceeds from the sale of the units by submitting relevant forms and supporting documents to the Jabatan Akauntan Negara (refer to “How to claim for refund of sale proceeds from Jabatan Akauntan Negara?”).
7. If a unit holder passed-away, what happened to his/her units?
- If the units have been deposited into CDS account of the deceased, the units will remain in the account and the duly authorised administrator or beneficiaries can submit application for the units to be transferred into their CDS account (refer to “I am the authorised administrator of the estate of a deceased unit holder. How do I get the units transferred?”).
  - If the units have not been deposited into CDS account, duly authorised administrator or beneficiaries can submit application to the Jabatan Akauntan Negara for refund of proceeds from the disposal of the units (refer to “How to claim for refund of sale proceeds from Jabatan Akauntan Negara”).
8. I am the authorised administrator of the estate of a deceased unit holder. How do I get the units of the deceased transferred to my CDS account?
- If the units are to be transferred to you, you should have a Central Depository System Account (CDS Account) opened in your name.  
CDS account can be opened at any stock broking companies. A minimal one-time fee of RM10.00 is applicable.
  - If you are in the Klang Valley, you may proceed directly to the Customer Service Counter of Bursa Malaysia (located on the ground floor) to fill-in the relevant forms and submit certified copy of the relevant Letter of Administration or Grant of Probate.
  - If you are outside of Klang Valley, you may submit your application through the stock broking company at which your CDS account is maintained.
9. How to claim for refund of sale proceeds from Jabatan Akauntan Negara?
- Obtain Form SPS2 and UMA7 from Jabatan Akauntan Negara or from the Share Registrar (Symphony Share Registrars Sdn Bhd).
  - Duly completed forms and supporting documents should be submitted to:  
JABATAN AKAUNTAN NEGARA  
SEKSYEN PENGURUSAN SEKURITI  
TINGKAT 42, MENARA MAYBANK  
100, JALAN TUN PERAK  
50050 KUALA LUMPUR  
Tel: 03-2034 1850 (ext. 119/123/124/125)  
Faks: 03-2026 7430
  - Relevant supporting documents:
    - i. Original unit certificate
    - ii. Certified copy of identity card
    - iii. Certified copy of Letter of Administration/Grant of Probate (for deceased case)
  - Additional supporting documents if original unit certificate is lost:
    - i. Confirmation letter from the Share Registrar
    - ii. Copy of newspaper advertisement if value of claim in excess of RM10,000 (contact Jabatan Akauntan Negara to confirm the value of claim)
    - iii. Statutory declaration
    - iv. Original/certified copy of police report
    - v. Form UMA-8 (with RM10 revenue stamp duly endorsed by IRB)

**UNIT HOLDERS RESOURCE PAGE (CONTD.)**

10. How can I buy/sell units of AHP?

- AHP is a real estate investment trust which is listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities).
- As a listed counter, the process of buying/selling units of AHP is similar to those of other listed counters.
- Buying and selling of units can only be carried out through licensed stock broking companies.

**AMANAH HARTA TANAH PNB**  
**NOTICE OF ANNUAL GENERAL MEETING**



**NOTICE IS HEREBY GIVEN** that the 5th. Annual General Meeting of Amanah Harta Tanah PNB ("AHP") will be held at the Theatre, 2nd Floor of Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur on Tuesday, 4 April 2017 at 3.00 p.m. to transact the following business:

**AS ORDINARY BUSINESS**

1. To lay before the Meeting the Audited Financial Statements of AHP for the year ended 31 December 2016 together with the Auditors' Report issued by Messrs. Hanafiah Raslan & Mohamad.

**For  
Discussion Only**

**BY ORDER OF THE BOARD**

Pelaburan Hartanah Nasional Berhad (175967-W)  
(as the Manager of Amanah Harta Tanah PNB)

Adibah Khairiah binti Ismail @ Daud (MIA 13755)  
Company Secretary  
Kuala Lumpur  
28 February 2017

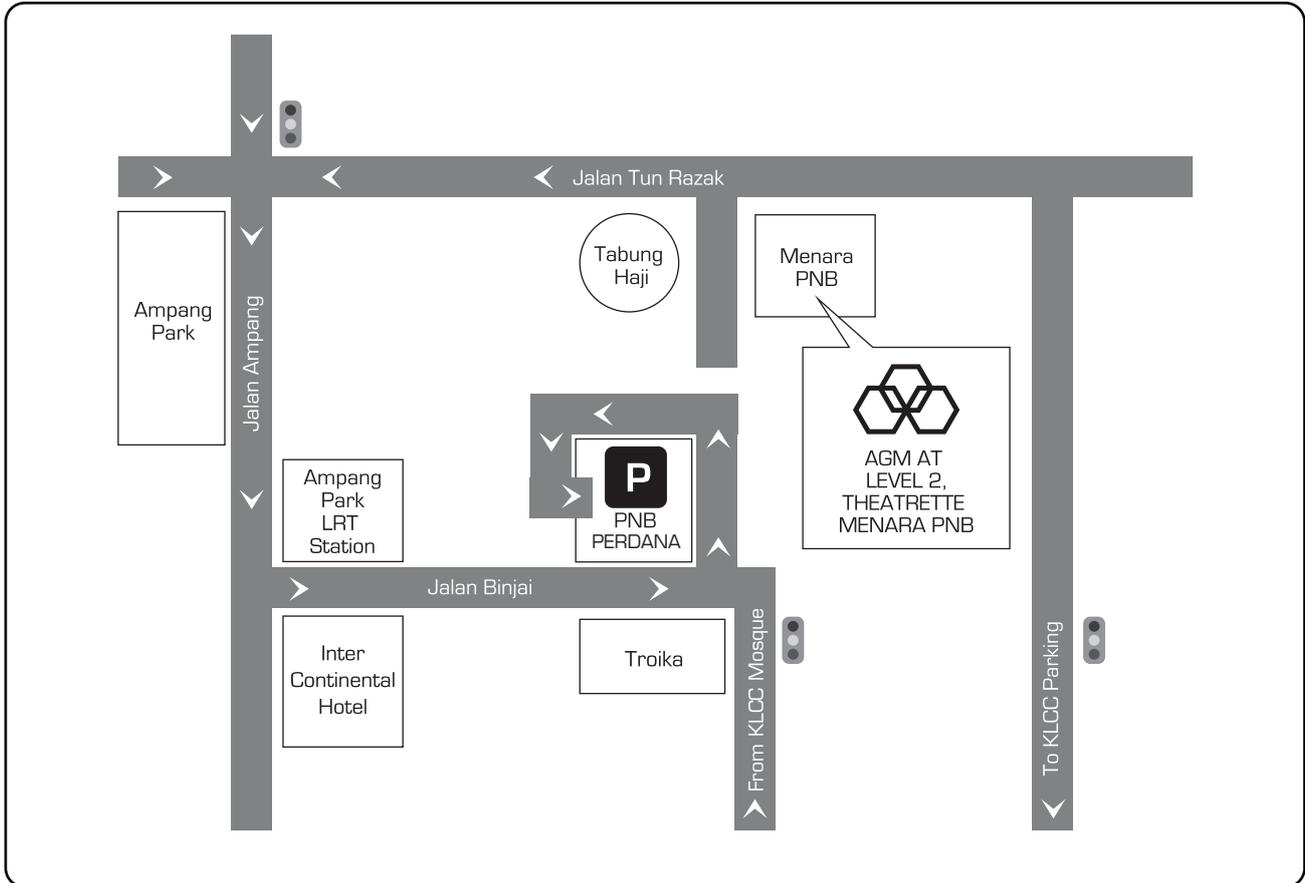
**Notes:**

1. A Unit Holder who is entitled to attend the meeting is entitled to appoint up to two (2) proxies to attend instead of him. Where a Unit Holder intends to appoint two proxies, the appointment shall be invalid unless the Unit Holder specifies the proportions of his/her holdings to be represented by each proxy.
2. Where a Unit Holder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint a proxy in respect of each securities account it holds in units standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of its attorney duly authorised in writing or if such appointer is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
4. The instrument appointing proxy shall be deposited at the office of the appointed Registrar of AHP, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
5. Only Unit Holders whose names appear in the Record of Depositors as at 28 March 2017 shall be entitled to attend and speak at the Meeting or appoint proxy(ies) to attend on his behalf.

**ADMINISTRATIVE NOTES FOR UNIT HOLDERS ATTENDING THE 5th AGM**

- i. Registration will commence at 2.00 p.m. and unit holders are requested to be punctual.
- ii. Original national registration identity card (NRIC) is required during registration for verification purpose.
- iii. Complimentary parking for the first 2 hours is available at the upper levels of PNB Perdana On The Park (formerly known as PNB Darby Park), a building adjacent to Menara PNB. Access to the parking is via Jalan Binjai.

**PETA KE TEMPAT LETAK KERETA DI PNB PERDANA ON THE PARK (PNB DARBY PARK)  
MAP TO CAR PARK AT PNB PERDANA ON THE PARK (PNB DARBY PARK)**



AMANAH HARTA TANAH PNB  
FORM OF PROXY



5th ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_

Telephone no. \_\_\_\_\_ of \_\_\_\_\_

being a Registered Unit Holder of Amanah Harta Tanah PNB ("AHP") hereby appoint:

1 <sup>st</sup> Proxy	Full Name, Address and Telephone No.	NRIC No.	Proportion of Unit Holdings to be Represented

and/or failing whom (to delete whichever is not applicable):

2 <sup>nd</sup> Proxy	Full Name, Address and Telephone No.	NRIC No.	Proportion of Unit Holdings to be Represented

or failing whom, the Chairman of the meeting as my/our proxy/proxies to attend and vote on my/our behalf the 5th Annual General Meeting of AHP to be held at the Theatre, 2nd Floor of Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur on 4 April 2017 at 3.00 p.m. and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017

Number of Units Held	
CDS Account No.	

\_\_\_\_\_  
Signature/Seal of Unit Holder

**Notes:**

1. A Unit Holder who is entitled to attend the meeting is entitled to appoint up to two (2) proxies to attend instead of him. Where a Unit Holder intends to appoint two proxies, the appointment shall be invalid unless the Unit Holder specifies the proportions of his/her holdings to be represented by each proxy.
2. Where a Unit Holder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint a proxy in respect of each securities account it holds in units standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of its attorney duly authorised in writing or if such appointer is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
4. The instrument appointing proxy shall be deposited at the office of the appointed Registrar of AHP, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
5. Only Unit Holders whose names appear in the Record of Depositors as at 28 March 2017 shall be entitled to attend and speak at the Meeting or appoint proxy(ies) to attend on his behalf.



Fold this flap for sealing

Then fold here

AFFIX  
STAMP

**SYMPHONY SHARE REGISTRARS SDN BHD**  
(Registrar for Amanah Harta Tanah PNB)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

First fold here