



AMANAH HARTA TANAH PNB

ANNUAL REPORT | 2018





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CORPORATE INFORMATION

MANAGER

Pelaburan Hartanah Nasional Berhad
(175967-W)

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

Dato' Johan bin Ariffin
(Independent Non-Executive Chairman)

Dato' Abdul Rahman bin Ahmad
(Non-Independent Non-Executive Director)

Dato' Idris bin Kechot
(Non-Independent Non-Executive Director)

Dato' Nafisah binti Radin
(Independent Non-Executive Director)

Datuk Wong Tuck Wai
(Independent Non-Executive Director)

Datuk Mohd Anwar bin Yahya
(Appointment date: 12 December 2018)
(Independent Non-Executive Director)

Puan Rosinah binti Mohd Salleh
(Independent Non-Executive Director)

Encik Rizal Rickman bin Ramli
(Appointment date: 13 March 2018)
(Non-Independent Non-Executive Director)

Encik Hafidz Atrash Kosai bin Mohd Zihim
(Chief Executive Officer / Non-Independent Executive Director)

PROPERTY INVESTMENT COMMITTEE

Dato' Johan bin Ariffin

Dato' Ir Jamaluddin bin Osman

Professor Datuk Dr. Nik Mohd. Zain bin
Haji Nik Yusof

AUDIT COMMITTEE

Datuk Mohd Anwar bin Yahya
(Chairman)

Dato' Abdul Rahman bin Ahmad

Dato' Nafisah binti Radin

Puan Rosinah binti Mohd Salleh

SECRETARY OF THE MANAGER

Adibah Khairiah binti Ismail @ Daud
(MIA 13755)

Tingkat 4, Balai PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur

MANAGEMENT OF THE MANAGER

Dato' Mohd. Nizam bin Zainordin
(PNB Group Chief Financial Officer)

Hafidz Atrash Kosai bin Mohd Zihim
(Chief Executive Officer / Executive Director)

Nur Adzlina binti Kamaruddin
(Head, Finance & Operations)

Hamdi bin Othman
(Head, Financial Reporting & Taxation)

Meor Amirudin Fikri bin Meor Adam
(Head, Compliance & Investor Relations)

Huda binti Che Mohd Noh
(Head, Asset Management)

Mohamed Nadzir bin Haji Azizi
(Manager, Asset Management)

Normala binti Lamin
(Head, Strategy & Investment)

Badrul Hisham bin Abdullah
(Manager, Strategy & Investment)

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

TRUSTEE

AmanahRaya Trustees Berhad
(766894-T)

Tingkat 2, Wisma Amanah Raya II
No. 21, Jalan Melaka
50100 Kuala Lumpur

Telephone : 03-20365000
Facsimile : 03-20720320

REGISTRAR OF THE TRUST IN CHARGE OF THE REGISTER OF UNITHOLDERS

Boardroom Share Registrars Sdn Bhd
(formerly known as 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

FINANCIAL SNAPSHOT

Market
Capitalisation

RM171.6 million



Total Asset Value

RM482.8 million



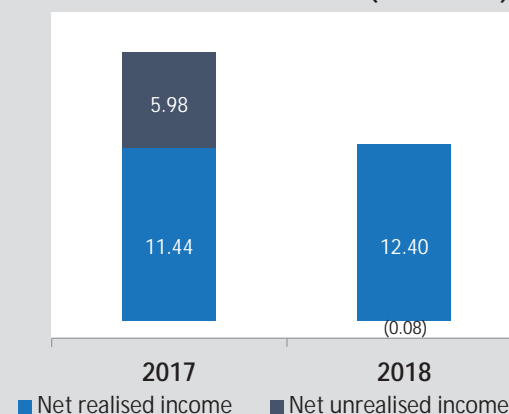
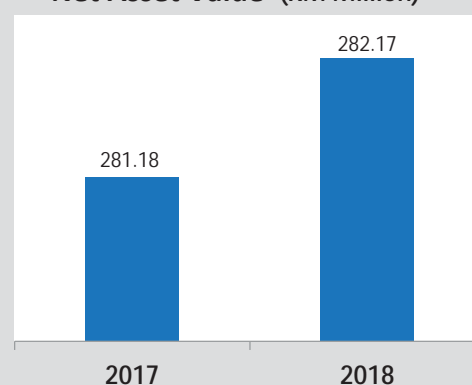
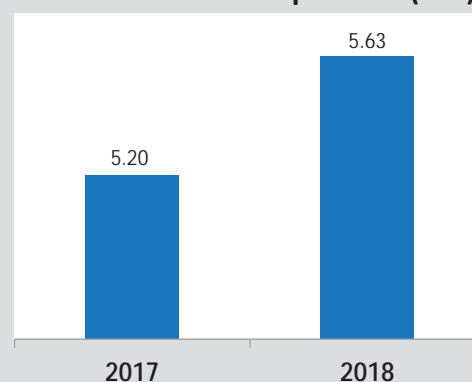
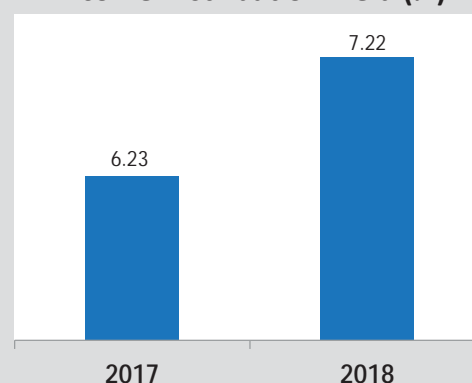
Occupancy Rate

86.3%



DPU

5.63 sen

**Net Income After Taxation (RM Million)****Net Asset Value (RM Million)****Income Distribution per Unit (sen)****Income Distribution Yield (%)**

SALIENT FEATURES OF AHP



Fund Category

Real Estate Investment Trust



Financing Limitations

Not exceeding 50% of the total asset value of the Trust



Number of Units in Circulation

220 million units



Revaluation Policy

The investment properties shall be revalued at least once every year by independent registered valuers



Market Capitalisation

RM171.6 million



Minimum Initial Investment

100 Units



Total Asset Value

RM482.8 million



Quotation

Main Market of Bursa Securities



Permissible Investment

Investment in real estate, non-real estate-related assets and cash, deposit and money market instruments. At least 75% of AHP's total assets must be invested in real estate that generates recurrent rental income at all times



Stock Name

AHP



Financial Year End

31 December



Stock Code

4952



Distribution Policy

The manager endeavours to ensure two distributions in each financial year



No. of Properties

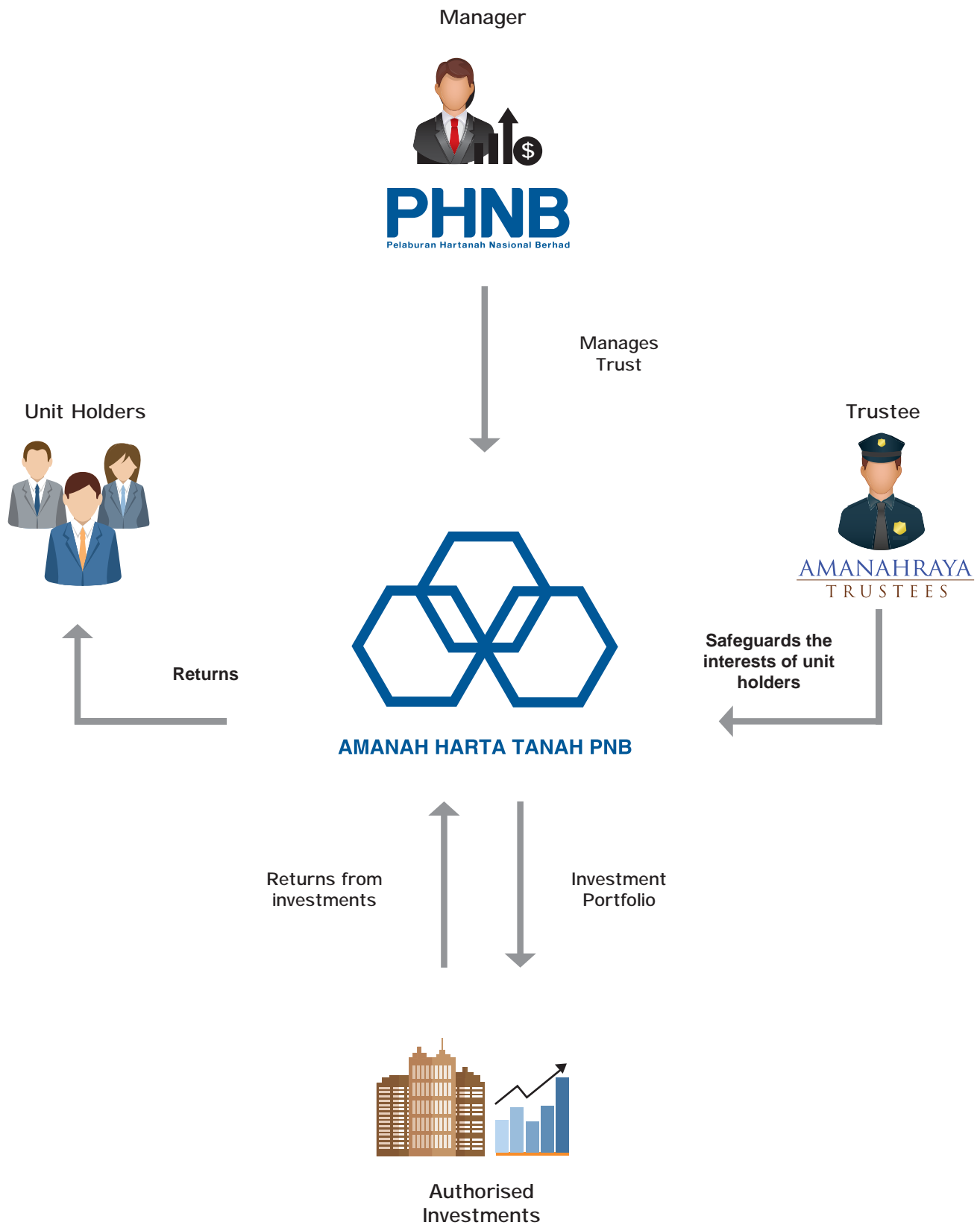
7



Total Net Lettable Area

786,794 sq. ft.

AHP STRUCTURE



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Pelaburan Hartanah Nasional Berhad, as the Manager of Amanah Harta Tanah PNB ("AHP" or "The Trust"), it is my pleasure to present the Annual Report of AHP for the year ended December 31, 2018 and wish to extend my sincere gratitude for your continuous support over the years.

*" For 2018,
realised net income after taxation
has increased by 8.42% to
RM12.398 million
from RM11.435 million in 2017,
resulting in an increase
in income distribution to
5.63 sen a unit from
5.20 sen a unit in 2017. "*

FINANCIAL RESULTS

For the year ended December 31, 2018, AHP recorded an increase in realised net rental income of RM787,000 or 3.46% to RM23.517 million from RM22.730 million recorded in 2017. Interest income for 2018 was RM606,322 (2017: RM677,749) and unrealised loss on valuation of real estate was RM83,037 (2017: unrealised gain of RM6.298 million). This resulted in total income for 2018 of RM24.041 million (2017: RM29.705 million). During the year under review, AHP has recorded a reduction in total expenses of RM172,000 or 1.44% to RM11.800 million from RM11.972 million recorded in 2017.

For the financial year ended December 31, 2018, AHP recorded an income after taxation of RM12.319 million (2017: RM17.418 million). It is worth noting that the realised net income after taxation for the year has increased by 8.42% to RM12.398 million in 2018 from RM11.435 million in 2017 mainly due to the improvement in rental rates of the properties under the portfolio of AHP.

DISTRIBUTION OF INCOME

For 2018, the Board of Directors and the Trustee, AmanahRaya Trustees Berhad, have approved a total income distribution of 5.63 sen a unit which comprised an interim income distribution of 2.65 sen a unit that was paid on August 30, 2018 and a final income distribution of 2.98 sen a unit which is payable on February 28, 2019. The 5.63 sen distribution is an increase of 8.27% from 5.20 sen a unit paid for 2017. The total distribution yield based on the year end market price of RM0.78 per unit is 7.22%.

INVESTMENT PORTFOLIO OF AHP

Total investment of AHP as at December 31, 2018 amounted to RM458.822 million represented by investment in real estate at a fair value of RM438.991 million and short-term investment of RM19.831 million.

As at December 31, 2018, AHP recorded total asset value of RM482.781 million, as compared to RM482.942 million recorded in 2017. Gearing ratio for 2018 has reduced to 38.82% from 39.30% recorded in 2017 following the partial repayment of the financing facility previously obtained for the upgrading of Plaza VADS.

INVESTMENT IN REAL ESTATE

In the midst of challenging market conditions, AHP has managed to sustain 100% occupancy level at four of its seven properties namely, Mydin Seremban 2, located at Seremban 2, Negeri Sembilan; Sri Impian, located at Taman Setiawangsa, Kuala Lumpur; and two shopoffices located in Kuala Lumpur and Kota Kinabalu. In addition, the occupancy level for Bangunan AHP, located at Taman Tun Dr. Ismail, Kuala Lumpur, has increased to 52.40% as compared to 41.77% recorded in 2017, whilst Plaza VADS recorded an occupancy of 75.26%. The average occupancy rate for 2018 remained strong at 86.25% despite a marginal decrease from 87.79% recorded in 2017. Pelaburan Hartanah Nasional Berhad ("PHNB" or "the Manager") will continue its efforts in marketing the remaining vacant space in 2019.



CHAIRMAN'S STATEMENT (CONTD.)

REVIEW OF THE PROPERTY MARKET

The Kuala Lumpur office market remained challenging in the 2nd half of 2018 in the absence of any major catalyst to boost demand to meet the new supply of incoming office space of approximately 4 million sq. feet of net lettable area by end of 2018. The average occupancy rate remained flat at 80%. Efforts of the new government to boost the economic growth and attract foreign direct investments are likely to produce a positive outlook in the near future.

Meanwhile, it was further reported that rental rates and occupancies would continue to come under pressure in view of existing office stocks especially in the Klang Valley being dated and needing fresh upgrades. Technology and security have become increasingly important for tenants, which are some of the reasons why the decline in rental is mostly seen in the dated properties within the Central Business District, as they cannot compete with the newer entrants to the market.

As a result, many landlords are now offering better incentives than ever before in the form of longer rent free periods, renovation subsidies, parking facilities and more attractive renewal terms at the expense of their own yield.

As for the retail market, as of the 1st half of 2018, the total retail stock in Kuala Lumpur stands at 27.5 million sq. ft. meanwhile stock outside Kuala Lumpur remained at 30 million sq. ft.. According to the National Property Information Centre (NAPIC), the occupancy rate for retail space in Kuala Lumpur stood at 84%.

PROSPECTS

According to the Ministry of Finance (MoF), the Malaysian economy in 2019 is forecasted to grow between 4.8% to 4.9% supported by sound domestic demand. The private sector expenditure is expected to remain as the key driver of Malaysia's economic growth, cushioning the effects of lower public sector spending in 2018 and 2019.

Meanwhile, the Malaysian Institute of Economic Research (MIER) forecasted that the Malaysian economy is expected to grow at a slower pace this year as well as next year, putting less stress on the domestic demand. Real GDP was reported at 4.7% for 2018 and is expected to further moderate to a range of between 4.8 - 5.3% in 2019, after recording 5.9% growth 2017. Domestic demand continues to be the engine of growth, growing by 5.8% y-o-y, and further reinforced by upbeat export demand. Growth in domestic demand is largely attributed to private consumption as public spending as well as investment growth for this year is expected to moderate. This is partly due to the government commitment to address the issue of high public debt amid a reduction in revenue caused by the decision to abolish goods and services tax (GST). The newly elected government has also decided to review selected big-ticket investments in its effort to reduce public debt.

As for the property market, it is expected that it will remain another challenging year for 2019. The situation seems to impact all classes of property be it residential, commercial and Purpose-Built Office.

According to NAPIC's Property Overhang Report for the second quarter of 2018, Malaysia has an overhang of 29,227 residential units, valued at RM17.24bil as at June 30, 2018.

Bank Negara Malaysia (BNM) in its statement had indicated that the excess supply of office space and shopping complexes is also expected to persist as vacancy rates deteriorated further in the first quarter of 2018. At present, NAPIC's data showed a national occupancy rate of 77.4% for office spaces and 80.2% for shopping complexes. Thus, the occupancy rate is expected to deteriorate further in view of the incoming supply of new spaces in 2019.

With this in mind, PHNB as the manager of AHP will strive to continue to improve its portfolio performance by lowering the vacancy rates and improve tenant retention whilst sourcing for new accretive assets with the aim of generating better yield to ensure sustainable income stream for AHP.

APPRECIATION

I would like to extend my appreciation to members of the Board of Directors of PHNB for their continuous support throughout the year and on behalf of the members of the Board, I would 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.

I would like to record my heartiest appreciation to YBhg Tan Sri Abdul Wahid bin Omar who had retired on June 30, 2018 as the Chairman of PHNB for his invaluable contributions.

I wish to take this opportunity to extend a warm welcome to new members of the Board, YBhg. Datuk Mohd Anwar bin Yahya and Encik Rizal Rickman Ramli, bringing with them a wealth of experience to benefit the growth of PHNB and AHP.

Thank you.

DATO' JOHAN BIN ARIFFIN

Chairman

PROFILE OF DIRECTORS OF THE MANAGER

DATO' JOHAN BIN ARIFFIN

(Independent Non-Executive Chairman)



Dato' Johan bin Ariffin, aged 59, 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 from University of Miami, Coral Gables, Florida, USA in 1981.

Presently, Dato' Johan is the Chairman of Mitraland Properties Sdn Bhd and Maybank (Cambodia) Plc and a director of Sime Darby Property Berhad as well as several companies in the Etiqa Group.

PROFILE OF DIRECTORS OF THE MANAGER (CONTD.)

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

Dato' Abdul Rahman bin Ahmad, aged 49, a Malaysian, is the President & Group Chief Executive and Director of Permodalan Nasional Berhad. He 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. Prior to joining Ekuinas, Dato' Abdul Rahman was the Group Managing Director (MD)/CEO of Media Prima Berhad, the leading integrated media group in Malaysia. Prior to that, he was the Group MD/CEO of Malaysian Resources Corporation Berhad, a leading Malaysian conglomerate involved in property, construction and infrastructure.

Dato' Abdul Rahman holds a Master of Arts in Economics from Cambridge University, the United Kingdom, and is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and Malaysian Institute of Accountants. He is also serving as a Non-Independent Non-Executive Chairman of Velesto Energy Berhad (formerly known as UMW Oil & Gas Corporation Berhad).

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

Dato' Idris bin Kechot, aged 63, a Malaysian, was appointed to the Board of Directors of Pelaburan Hartanah Nasional Berhad on March 3, 2010. Prior to his retirement from Permodalan Nasional Berhad (PNB) on January 1, 2019, Dato' Idris was the Designated Fund Manager of funds under the management of PNB and the Deputy President & Group Chief Operating Officer, Asset Management of PNB.

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 a 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.

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.

PROFILE OF DIRECTORS OF THE MANAGER (CONTD.)



DATO' NAFISAH BINTI RADIN

(Independent Non-Executive Director)

Dato' Nafisah binti Radin, aged 58, 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' Ar. Nafisah Radin is 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. Her works are also featured in various magazines and books.

Currently, Dato' Nafisah gives back to society through active involvement in non-government organizations, giving talks at major conferences and institution 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.



DATUK ANWAR BIN YAHYA

(Independent Non-Executive Director)

Datuk Mohd Anwar Yahya, aged 64, a Malaysian, was appointed to the Board of Directors of Pelaburan Hartanah Nasional Berhad on December 12, 2018.

Datuk Anwar brings to the Board of Directors audit, financial management, and management consulting expertise established through his stints with leading audit firms as well as the Kelantan State Investment and development bodies. He has more than 30 years of experience in corporate finance, mergers & acquisitions, restructuring and valuations.

He holds a Bachelor of Science (Hons.) in Economics & Accountancy from the University of Hull, United Kingdom and is a member of three accounting professional bodies in the United Kingdom and Malaysia.

Currently, he serves on the boards of Maybank Islamic Berhad, FGV Holdings Berhad, Fraser & Neave Holdings Berhad, Usains Holdings Sdn Bhd and Technology Park Malaysia Corporation Sdn Bhd.

PROFILE OF DIRECTORS OF THE MANAGER (CONTD.)

DATUK WONG TUCK WAI

(Independent Non-Executive Director)



Datuk Wong Tuck Wai, aged 63, a Malaysian, was appointed to the Board of Directors of Pelaburan Hartanah Nasional Berhad on January 26, 2017.

He is currently the Deputy President and Chief Operating Officer of S P Setia Bhd Group, a role he assumed since April 1, 2016. Prior to this, he was appointed the Acting Deputy President and Chief Operating Officer on January 1, 2015.

Datuk Wong is a Director of the companies in S P Setia Berhad Group which include amongst others KL Eco City Sdn. Bhd., Setia Federal Hill Sdn. Bhd., Setia Putrajaya Sdn. Bhd. and Battersea Power Station Malaysia Sdn. Bhd. He is also a Chairman of Battersea Power Station Development Company Limited and Battersea Power Station Estates Limited.

PUAN ROSINAH BINTI MOHD SALLEH

(Independent Non-Executive Director)



Puan Rosinah binti Mohd Salleh, aged 49, a Malaysian, was appointed to the Board of Directors of Pelaburan Hartanah Nasional Berhad on February 8, 2017.

She obtained a Bachelor of Laws (LLB) Degree from University of Kent at Canterbury, England in 1992 and was admitted as a Barrister-at-Law at Lincoln's Inn in 1993. In 2000, she obtained a Master of Business Administration (International Industrial Management) degree from University of Applied Sciences, Esslingen, Germany.

She began her career in 1994 when she joined Nik Saghir & Ismail, a corporate law firm as a Corporate Lawyer. In 2001, she joined the RHB Banking Group as its Legal Manager. In 2004, she joined Ng & Shum, a law firm in Guangzhou, China as a Foreign Lawyer. In 2007, she joined Azmi & Associates, a corporate law firm in Kuala Lumpur as a Senior Counsel. From 2012 until to date, she is a Partner at Azmi & Associates. She is also currently a Director of MNRB Holdings Berhad and Takaful Ikhlas General Berhad.

PROFILE OF DIRECTORS OF THE MANAGER (CONTD.)



ENCIK RIZAL RICKMAN BIN RAMLI

(Non-Independent Non-Executive Director)

Encik Rizal Rickman bin Ramli, aged 41, a Malaysian, was appointed to the Board of Directors of Pelaburan Hartanah Nasional Berhad on March 13, 2018. He is the Executive Vice President for Property/Real Estate for Permodalan Nasional Berhad ("PNB"). In his current role, Rick oversees all activities related to PNB's real estate portfolio including landbanking, strategic development, domestic and international property investments, hospitality and affordable housing.

Prior to joining PNB, he was the Country Managing Partner for The Boston Consulting Group ("BCG") in Malaysia. During his time at BCG, he has worked on client assignments in more than 10 countries around the world and was based out of BCG's London office. His area of expertise include strategy development (business model innovation and growth) and corporate and industry level transformations.

He currently also sits on the boards of Sime Darby Property Berhad, Velesco Energy Berhad (formerly known as UMW Oil & Gas Corporation Berhad) and MIDF Property Berhad.



ENCIK HAFIDZ ATRASH KOSAI BIN MOHD ZIHIM

FCA (Ireland), CA (Malaysia)

(Non-Independent Executive Director/
Chief Executive Officer)

Encik Hafidz Atrash Kosai bin Mohd Zihim, aged 43, a Malaysian, was appointed the Chief Executive Officer of Pelaburan Hartanah Nasional Berhad on August 30, 2010, and was appointed to the 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 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.

Encik Hafidz has no family relationship with any of the directors and/or major unitholders of Amanah Harta Tanah PNB (AHP). He also has no conflict of interest with AHP and has not been convicted for any offences other than traffic offences within the past 10 years.

PROFILE OF DIRECTORS OF THE MANAGER (CONTD.)

OTHER DIRECTORSHIP OF PUBLIC COMPANIES

DIRECTOR	PUBLIC COMPANIES
Dato' Johan bin Ariffin	<ol style="list-style-type: none"> 1. Etiqa General Insurance Berhad 2. Etiqa Family Takaful Berhad 3. Etiqa Life Insurance Berhad 4. Etiqa General Takaful Berhad 5. Maybank Ageas Holdings Berhad 6. Sime Darby Property Berhad
Dato' Abdul Rahman bin Ahmad	<ol style="list-style-type: none"> 1. Permodalan Nasional Berhad 2. Amanah Saham Nasional Berhad 3. Velesto Energy Berhad (formerly known as UMW Oil & Gas Corporation Berhad)
Dato' Idris bin Kechot	<ol style="list-style-type: none"> 1. Amanah Capital Malaysia Berhad
Dato' Nafisah binti Radin	Nil
Datuk Mohd Anwar bin Yahya	<ol style="list-style-type: none"> 1. Maybank Islamic Berhad 2. FGV Holdings Berhad 3. Fraser & Neave Holdings Berhad
Datuk Wong Tuck Wai	<ol style="list-style-type: none"> 1. Perumahan Kinrara Berhad 2. I&P Supply Berhad
Puan Rosinah binti Mohd Salleh	<ol style="list-style-type: none"> 1. Takaful Ikhlas General Berhad 2. MNRB Holdings Berhad
Encik Rizal Rickman bin Ramli	<ol style="list-style-type: none"> 1. MIDF Property Berhad 2. Lanjut Golf Berhad 3. Sime Darby Property Berhad 4. Velesto Energy Berhad (formerly known as UMW Oil & Gas Corporation Berhad)
Encik 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 64, 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. In 1985, he joined 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 Island & Peninsular Berhad, in 2005 and later I&P Group until April, 2017.

He currently sits on the board of MMC Corporation Berhad and AZ Land & Properties Sdn. Bhd.

PROFESSOR DATUK DR. NIK MOHD. ZAIN BIN HAJI NIK YUSOF
(Independent Member)

Prof. Datuk Dr. Nik Mohd. Zain bin Haji Nik Yusof, aged 72, 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. He 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 the 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, BIG Property Consultants Sdn. Berhad. He is also a member of the Malaysian Administrative & Diplomatic Service Association 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.

MANAGEMENT TEAM OF THE MANAGER

PNB GROUP
CHIEF FINANCIAL OFFICER



Dato' Mohd Nizam Zainordin

PNB GROUP
COMPANY SECRETARY



Adibah Khairiah Ismail @ Daud

FINANCE & OPERATIONS



Nur Adzlina Kamaruddin
Assistant Vice President



Hamdi Othman
Senior Manager



Meor Amirudin Fikri Meor Adam
Senior Manager

ASSET MANAGEMENT



Huda Che Mohd Noh
Senior Manager



Mohamed Nadzir Haji Azizi
Manager

STRATEGY & INVESTMENT



Normala Lamin
Senior Manager



Badrul Hisham Abdullah
Manager

MANAGEMENT DISCUSSION AND ANALYSIS

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.

AHP will acquire and invest in real estates used for commercial purposes including but not limited to office buildings, retail malls/hypermarkets, education complexes, hospitality buildings and other real estates, with a view to provide sustainable income for distribution and capital growth.

INVESTMENT POLICY & STRATEGY

The principal investment strategy and policy of AHP is to invest in a diversified portfolio of income producing real estate including but not limited to office buildings, retail malls/hypermarkets, education complexes and other real estates that are able to provide strong and continuous return with stable growth potential in terms of rental yield and capital values.

Other Authorised Investment are as follows:-

- Non-real Estate Assets;
- Cash, deposits, and money market instruments; and
- Investments approved by the Trustee and the Securities Commission and any other regulatory authority

The Manager will use the following strategies to achieve AHP's investment objectives:-

Operating Strategy

The Manager's operating strategy is to continue enhancing the performance of the existing portfolio by increasing the return and yield of the properties. This could be achieved by implementing a combination of activities such retaining existing quality tenants, reducing vacancy levels, optimising retail space, minimising interruption in rental income and operational expenses.

Acquisition Strategy

The Manager continuously scout for new properties to increase the size of REIT and cash flow through selective acquisition with clear emphasis on yielding property, location, occupancy and tenant mix, building structure and facilities.

The main criteria for investment includes:

- Diversified commercial properties with investment return of more than 6%, with future capital growth;
- Premium location, good accessibility and proximity to rail transit stations;
- Marketable and corporate identity office, and also dynamic and vibrant retail; and
- Reputable and good quality tenants with long Weighted Average Lease Expiry (WALE)

Going forward, the Manager will continuously review the portfolio and streamline the assets by divesting smaller assets to emphasise on value adding, yield accretive sizeable assets towards better returns to the stakeholders.

FINANCIAL REVIEW

Summary of Performance

	2018	2017	2016	2015	2014
Total Asset Value (RM'000)	482,781	482,942	468,810	226,853	200,173
Total Islamic Financing (RM'000)	187,438	189,786	196,506	59,894	38,466
Net Asset Value before final income distribution (RM'000)	282,165	281,176	153,877	159,547	154,441
Net Asset Value after final income distribution (RM'000)	275,609	275,676	150,577	156,047	150,741
Net Asset Value per Unit					
- Before final income distribution (sen)	128.26	127.81	153.88	159.55	154.44
- After final income distribution (sen)	125.28	125.31	150.58	156.05	150.74
- Highest Net Asset Value (sen)	128.61	127.81	159.44	159.55	158.47
- Lowest Net Asset Value a unit (sen)	126.35	123.28	153.53	149.52	154.44
Units in Circulation ('000)	220,000	220,000	100,000	100,000	100,000

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

FINANCIAL REVIEW (CONTD.)

Summary of Results

	2018	2017	2016	2015	2014
Net rental income (RM'000)	31,497	33,033	17,226	7,872	7,779
Income after taxation (realised and unrealised) (RM'000)	12,319	17,418	831	12,305	3,887
Realised net income after taxation (RM'000)	12,398	11,435	6,294	3,786	5,298
Earnings per unit (realised and unrealised) (sen)	5.60	7.92	0.83	12.31	3.89
Earnings per unit (realised) (sen)	5.64	5.20	6.29	3.79	5.30
Distribution to Unitholders*:					
- Interim (RM'000)	5,830	5,940	3,000	3,500	3,700
Date of Distribution	30/8/2018	30/8/2017	30/8/2016	29/8/2015	29/8/2014
- Final (RM'000)	6,556	5,500	3,300	3,500	3,700
Date of Distribution	28/2/2019	28/2/2018	28/2/2017	29/2/2016	27/2/2015
Total Distribution	12,386	11,440	6,300	7,000	7,400
Income Distribution per unit *					
- Interim (sen)	2.65	2.70	3.00	3.50	3.70
- Final (sen)	2.98	2.50	1.50**	3.50	3.70
	5.63	5.20	4.50	7.00	7.40
Management Expense Ratio (%)	1.10	1.45	1.18	1.46	1.24
Portfolio Turnover Ratio (times)	1.52	1.91	1.87	1.04	0.97
Gearing Ratio (%)	38.82	39.30	41.92	26.40	19.22
Distribution Yield (%)	7.22	6.23	4.62	7.00	6.55

Note:

* Exempted from tax at Trust level

** Final income distribution was based on enlarged units in circulation of 220 million following the completion of rights issue on January 12, 2017.

For the year ended December 31, 2018, AHP recorded an increase in realised net rental income of RM787,000 or 3.46% to RM23.517 million from RM22.730 million recorded in 2017. Interest income for 2018 was RM606,322 (2017: RM677,749) and unrealised loss on valuation of real estate was RM83,037 (2017: unrealised gain of RM6.298 million). This resulted in total income for 2018 of RM24.041 million (2017: RM29.705 million). During the year under review, AHP has recorded a reduction in total expenses of RM172,000 or 1.44% to RM11.800 million from RM11.972 million recorded in 2017.

Average Annual Return	One Year %	Three Years %	Five Years %	Since 1989 %
AHP	0.16	(2.41)	(1.28)	5.73
Kuala Lumpur Composite Index (KLCI)	(5.91)	(0.04)	(1.97)	5.32
Property Index	(28.59)	(9.65)	(7.50)	(0.03)

Annual Total Return for the Last Five Financial Years

	2018	2017	2016	2015	2014
Total Return (%)	0.16	(9.03)	2.00	(5.31)	6.55
Capital Return (%)	(6.59)	(14.36)	(2.50)	(11.50)	-
Income Return (%)	7.22	6.23	4.62	7.00	6.55
Benchmark *	(28.59)	3.30	(5.05)	(7.88)	(0.32)

* Benchmark: Property index

COMPUTATION OF RETURN

Total return : $((1 + \text{Capital Return}/100) \times (1 + \text{Income Return}/100) - 1) \times 100$ Income return : $\frac{\text{Income Distribution}}{\text{End of Year Market Price}}$ Capital return : $\frac{(\text{End of Year Market Price} - \text{Beginning of Year Market Price}) \times 100}{\text{Beginning of Year Market Price}}$

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

FINANCIAL REVIEW (CONTD.)

Units in Issue

As at 31 December 2018, the total number of units issued was 220 million units.

Income Distribution

	2018	2017	2016	2015	2014
Income distribution per unit (sen)*					
Interim	2.65	2.70	3.00	3.50	3.70
Final	2.98	2.50	1.50**	3.50	3.70

Note:

* Exempted from tax at Trust level

** Final income distribution was based on enlarged units in circulation of 220 million following the completion of rights issue on January 12, 2017.

Net Asset Value

The net asset value of AHP for the past 5 years is as follows:

	2018	2017	2016	2015	2014
Total net asset value ("NAV") per unit (sen)					
- before provision for income distributions	128.26	127.81	153.88	159.55	154.44
- after provision for income distributions	125.28	125.31	150.58	156.05	150.74

Gearing

As at 31 December 2018, AHP's total debt was RM187.44 million with a gearing ratio of 38.82%.

	2018	2017	2016	2015	2014
Gearing ratio (%)	38.82*	39.30	41.92	26.40	19.22

* Decrease in gearing due to repayment of part of the revolving credit facility for the refurbishment and upgrading of Plaza VADS in July 2018.

Capital Management

	2018	2017
Term Loan (RM million)	125.00	125.00
Revolving Credit (RM million)	62.44	64.79
Total borrowings (RM million)	187.44	189.79
Total Asset Value (RM million)	482.78	482.94
Gearing (%)	38.82%	39.30%

ACQUISITION & DISPOSAL

Acquisition

During the financial year, the Manager continued to exercise prudent acquisition strategy with a view to continuously improve the stable and consistent income for the Trust. However, despite many proposals reviewed, none could meet the investment criteria. Thus, no acquisition has been secured during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

ACQUISITION & DISPOSAL (CONTD.)

Disposal

In 2018, AmanahRaya Trustees Berhad ("ARTB") as Trustee for AHP has entered into the following Sale and Purchase Agreements ("SPA") in respect of the disposal of the following properties:

No.	Property	Date of SPA	Market value (RM'million)	Consideration Price (RM'million)	Purchaser
1.	No. 30, Jalan Wan Kadir 4, Taman Tun Dr Ismail	12 December 2018	4.50	4.80	Arensi (M) Sdn Bhd
2.	Sri Impian, Taman Setiawangsa	31 December 2018	15.00	17.00	Geo Global Management Sdn Bhd
3.	No. 224, Jalan Negara 2, Taman Melawati	31 December 2018	2.10	2.35	ARH Jurukur Bahan Sdn Bhd

The Manager will continue to exercise a prudent investment strategy and evaluate the performance of the current portfolio.

PROPERTY MANAGEMENT

Composition of Investment Portfolio

Description of Real Estate	2018 %	2017 %	2016 %	2015 %	2014 %
Investment Properties					
Plaza VADS, Taman Tun Dr Ismail, Kuala Lumpur	30.00	29.26	30.95	65.32	59.67
Bangunan AHP, Taman Tun Dr Ismail, Kuala Lumpur	9.64	9.45	10.25	21.28	23.50
Sri Impian, Taman Setiawangsa, Kuala Lumpur	3.27	3.20	2.93	6.06	6.69
Shopoffice, Taman Tun Dr Ismail, Kuala Lumpur	0.98	0.92	0.88	1.82	2.01
Shopoffice, Jalan Negara, Taman Melawati, Kuala Lumpur	0.41	0.41	0.42	0.87	0.96
Shopoffice, Kota Kinabalu, Sabah	0.46	0.45	0.36	0.75	0.83
Mydin Hypermarket Seremban 2, Negeri Sembilan	50.92	51.63	52.11	-	-
	95.68	95.32	97.90	96.10	93.66
Real estate-related assets					
	-	-	-	0.25	0.31
Non-real estate-related assets					
	-	-	-	0.75	0.92
Deposits with financial institutions and bank balances					
	4.32	4.68	2.10	2.90	5.11
	100.00	100.00	100.00	100.00	100.00

PROPERTY MANAGEMENT

REAL ESTATE PORTFOLIO - PLAZA VADS



Description of Real Estate and Location	24-Storey Office Building with 4-Storey Podium Block Taman Tun Dr Ismail, Kuala Lumpur	Method of Valuation and Valuer	Comparison and Investment Rahim & Co International Sdn Bhd
Land Tenure	Freehold	Occupancy rate	75.26%
Date of Acquisition	21 March 1989	Major Tenants	1. VADS Berhad 2. LYC Mother & Child Centre Sdn Bhd
Age of Building	24-Storey Office Building : 32 years 4-Storey Podium Block: 3 years	Average Tenancy Period	3 years
Net Lettable Area	248,376 sq.ft.	Rental Review and Expiry	2020
Cost of Acquisition	RM45.909 million	Average Rental	RM3.02 psf
Net Book Value	RM137.65 million	Percentage of Fair Value to NAV	48.78%
Latest Valuation as at 3.12.2018	RM139.00 million	No. of Parking Bays	431
		Encumbrances	Charged to Financial Institution

PROPERTY MANAGEMENT (CONTD.)

REAL ESTATE PORTFOLIO - BANGUNAN AHP



Description of Real Estate and Location	Four-Storey Commercial Building Taman Tun Dr. Ismail Kuala Lumpur	Method of Valuation and Valuer	Comparison and Investment Rahim & Co International Sdn Bhd
Land Tenure	Freehold	Occupancy rate	52.40%
Date of Acquisition	21 March 1989	Major Tenants	1. Affin Hwang Investment Bank Bhd. 2. Optimax Eye Specialist Centre Sdn Bhd 3. Malayan Banking Berhad
Age of Building	30 years	Average Tenancy Period	2 years
Net Lettable Area	94,240 sq.ft	Rental Review and Expiry	2019
Cost of Acquisition	RM16.323 million	Average Rental	RM3.92 psf
Net Book Value	RM44.22 million	Percentage of Fair Value to NAV	15.67%
Latest Valuation as at 3.12.2018	RM44.30 million	No. of Parking Bays	200
		Encumbrances	-

PROPERTY MANAGEMENT (CONTD.)

REAL ESTATE PORTFOLIO - SRI IMPIAN



Description of Real Estate and Location	Four-Storey Office Building Taman Setiawangsa Kuala Lumpur	Method of Valuation and Valuer	Comparison and Investment Rahim & Co International Sdn Bhd
Land Tenure	Freehold	Occupancy rate	100%
Date of Acquisition	15 May 1996	Major Tenants	Geo Global Management Sdn Bhd
Age of Building	29 years	Average Tenancy Period	3 years
Net Lettable Area	38,290 sq.ft.	Rental Review and Expiry	2021
Cost of Acquisition	RM13.318 million	Average Rental	RM2.40 psf
Net Book Value	RM15.00 million	Percentage of Fair Value to NAV	5.32%
Latest Valuation as at 1.10.2018	RM15.00 million	No. of Parking Bays	11 bays
Valuation Deficit	Nil	Encumbrances	-

PROPERTY MANAGEMENT (CONTD.)

REAL ESTATE PORTFOLIO - MYDIN SEREMBAN 2



Description of Real Estate and Location	3-Storey Mall cum Hypermarket Building with two levels of sub-basement, Seremban 2, Negeri Sembilan	Method of Valuation and Valuer	Comparison and Investment Rahim & Co International Sdn Bhd
Land Tenure	Perpetuity	Occupancy rate	100%
Date of Acquisition	27 April 2015	Major Tenants	Mydin Holdings Berhad
Age of Building	4 years	Average Tenancy Period	30 years
Net Lettable Area	390,803 sq.ft.	Rental Review and Expiry	2046
Cost of Acquisition	RM240.00 million	Average Rental	RM3.58 psf
Net Book Value	RM233.62 million	Percentage of Fair Value to NAV	82.80%
Latest Valuation as at 3.12.2018	RM253.00 million	No. of Parking Bays	1. 1070 (surface carpark) 2. 384 (sub-basement)
		Encumbrances	Charged to Financial Institution

PROPERTY MANAGEMENT (CONTD.)

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)	Valuation in 2018 (RM'000)	Net Book Value (RM '000)	Occupancy Rate (%)	Percentage of Fair Value to NAV	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	23	5,280	16/10/1995	910	4,500	4,500	63.64	1.59%	3 years	2.34	2019	1. Rozel Corporation Sdn Bhd 2. Skylace Sdn Bhd
Ground & First Floor, Leasehold Blok G Asia City Kota Kinabalu, Sabah	(99 years expiring on 31.12.2082)	23	3,100	12/12/1995	1,653	1,900	1,900	100	0.67%	3 years	4.19	2020	Amanah Saham Nasional Berhad
4-storey Shopoffice Lot 224, Jalan Negara 2, Pusat Bandar Melawati, Kuala Lumpur	Freehold	29	6,705	30/08/1996	713	2,100	2,100	100	0.74%	2 years	1.25	2018	ARH Juruukur Bahan Sdn. Berhad

Note: The value as at 31 December 2018 was based on valuation as at 1 October 2018 by Rahim & Co International Sdn Bhd using the comparison and investment method of valuation in accordance with the Malaysia Valuation Standards.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

PROPERTY MANAGEMENT (CONTD.)

Tenancy Management

The occupancy rate of the overall portfolio of AHP as at 31 December 2018 was 86.3% compared to 87.8% as at 31 December 2017.

Property	2018	2017
Plaza VADS, TTDI	75.3%	83.8%
Bangunan AHP, TTDI	52.4%	41.8%
Asia City, Kota Kinabalu (shopoffice)	100.0%	100.0%
MYDIN Hypermarket Seremban 2	100.0%	100.0%
Sri Impian, Taman Setiawangsa	100.0%	100.0%
Lot 224, Taman Melawati (shopoffice)	100.0%	100.0%
No. 30, Jalan Wan Kadir 4, TTDI (shopoffice)	63.6%	100.0%
Overall Portfolio	86.3%	87.8%

The decrease in the occupancy rate at Plaza VADS was due to the early termination of a tenant at Podium Block, Plaza VADS, in November 2018. For Bangunan AHP, new tenancy in December 2018 was secured, which increased the occupancy rate to 52.4%.

Rental review

There was an upward revision on the rental of the following property:

Property	Increase (%)	Date of Review
Bangunan AHP	5.59	November 2018

Tenancy Renewals

All the tenancy agreements that expired during the year had been renewed.

Weighted Average Lease Expiry ("WALE")

The following table details out information on WALE of the portfolio of AHP as at 31 December 2018:

Property	WALE (Years)
Plaza VADS, TTDI	0.36
Bangunan AHP, TTDI	0.10
MYDIN Mall, Seremban 2	13.74
Sri Impian, Taman Setiawangsa	0.10
Asia City, Kota Kinabalu	0.01
Lot 224, Taman Melawati	0.00
No. 30, Jalan Wan Kadir 4, TTDI	0.00
	14.31

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

PROPERTY MANAGEMENT (CONTD.)

Tenancy Expiry Profiles

As at 31 December 2018, the total leased area due for renewal over the next three (3) years is 282,525 sq ft representing 71% of the total NLA of 395,991 sq ft. The portfolio tenancy expiry profile is as follows:

	Total (sq ft)	%
2019	50,155	18%
2020	156,064	55%
2021	76,306	27%
TOTAL	282,525	100%

The thirty-year lease tenancy of Mydin Hypermarket Seremban 2 is expiring in 2046.

Property expenses

The Property Manager is responsible to preserve the values of all properties and perform preventive and scheduled maintenance works.

In 2018, total property expenses totalled approximately RM7.552 million mainly comprising statutory payments (quit rents and assessment), insurances, general repairs and maintenance works.

Asset Enhancement Initiatives ("AEI")

During the financial year, most of the AEIs, which were undertaken from the previous years, have been completed.

For Plaza VADS, the replacement of the submersible pump at the basement has been completed together with the replacement of fire alarm panel for the tower. BOMBA certificate has been obtained for Plaza VADS.

As for Bangunan AHP, the replacement of domestic water tank and replacement of submersible pump were carried out and completed.

Management has also planned to install building pylon at Plaza VADS for easy recognition of tenants whilst enhancing its image.

RISK MANAGEMENT

The Manager, by virtue of the Service Level Agreement between PHNB and its parent company, PNB, for the supervisory and back office functions, embraces a strategic and consistent approach in managing risks across key business processes, through the PNB's Enterprise Risk Management Framework (ERM Framework). The ERM Framework provides an approach for the process of identifying, assessing, monitoring and managing material risks, to optimise returns on risk-taking activities within specified risk appetite levels.

Some of the key risks that might potentially affect the performance of AHP involve the following:

Risk Category	Risk Description
Market	<ul style="list-style-type: none"> ■ Deterioration in the value of the portfolios' underlying assets due to unfavourable changes of market or economic factors.
Operational	<ul style="list-style-type: none"> ■ Loss resulting from inadequate or failed internal processes, people, systems or external events, which may include:- <ul style="list-style-type: none"> • Low building occupancy • Inability to maintain rental yield and rental growth • Tenancy risk due to dissatisfied tenants, tenant's creditworthiness and inefficient and/or ineffective building maintenance • Outsourcing risk due to non-performing property manager and facility manager. • Damage of the building.
Liquidity	<ul style="list-style-type: none"> ■ Inability to meet any financial commitments and obligations when they fall due, or difficulties in unwinding a particular position at or near prevailing market price due to inadequate market depth.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

RISK MANAGEMENT (CONTD.)

Risk Category	Risk Description
Strategic	<ul style="list-style-type: none"> Loss arising from adverse strategic directions, such as takeover and acquisition of REITs, improper implementation of strategic initiatives, or irresponsiveness to economic or industry changes.
Compliance	<ul style="list-style-type: none"> Non-compliance with regulatory requirements, legislations and standards, as well as internal policies and procedures. Breach of legal contracts.
Human Resource	<ul style="list-style-type: none"> Loss arising from the inability of the company: <ul style="list-style-type: none"> To attract skillful candidate with the right competency and good talent. To create a conducive and productive working environment to optimise productivity level in all aspects. To create a safe working environment, to protect staff from physical and psychological harm.
Information Technology	<ul style="list-style-type: none"> Loss arising from inadequate internal processes and robust technology controls of the company: <ul style="list-style-type: none"> To ensure availability of the core systems and avoid any prolonged outage, which support critical business functions. To protect the company's assets from threats due to malicious attacks. To restore and deliver continuity of critical business functions, via an effective Business Continuity Management (BCM) in the event of crisis or disaster.

All identified risks are recorded in respective risk registers, together with the identification of existing and any future controls to mitigate such risks. All controls and action plans are continuously monitored to ensure their effectiveness in the current business environment.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

BEING A WHOLLY-OWNED SUBSIDIARY OF PERMODALAN NASIONAL BERHAD (PNB), PHNB SHARES THE SAME VALUES AND BELIEFS AS PNB. PNB AND PHNB BELIEVE THAT A CULTURE OF TRANSPARENCY, ACCOUNTABILITY, AND INTEGRITY IS PARAMOUNT IN ENSURING OUR COMMITMENT TOWARDS BECOMING A DISTINCTIVE WORLD CLASS INVESTMENT HOUSE. THE PRESENT CHALLENGING VOLATILE MARKET CONDITIONS HAVE MADE IT MORE VITAL FOR US TO ENSURE CONFORMANCE TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE, WHICH DEPEND ON OUR INTERNAL POLICIES AND PROCESSES. WITH THAT IN MIND, WE ARE PLEASED TO REPORT THE APPLICATION OF THE PRINCIPLES AND BEST PRACTICES OF CORPORATE GOVERNANCE BY PNB AND PHNB, AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (THE CODE).

THE BOARD'S PRINCIPAL RESPONSIBILITIES

The sustainability and growth of PNB and PHNB will depend always on the proper execution of the Board's fundamental roles, which include to:

- set and monitor the Group's strategic business objectives;
- review policies and procedures to ensure that the Group's corporate conduct is in line with the principles of integrity and accountability;
- review the adequacy of the Group's system of internal control, management information systems, and compliance with applicable laws;
- monitor the performance of the management and review;
- assess the implementation of the risk management system;

BOARD OF DIRECTORS

A healthy Board culture which promotes and upholds good governance practices will ensure that the stakeholders' interests are protected. It is important for the Board of Directors (Board) to have a clear understanding of their roles and responsibilities. The selection of individuals with the required mix of skills and experience is paramount in order for the Board to be able to provide a clear and effective leadership whilst inculcating healthy governance practices. The Board members are selected through the recommendation of the PNB's Nomination and Remuneration Committee (NRC), from diversified backgrounds to spearhead decision making and steer PHNB to achieve its objectives and strategic goals. Currently, the Board consists of nine members, comprising five Independent Non-Executive Directors, three Non-Independent Non-Executive Directors, and one Non-Independent Executive Director.

There are no family relationship among the Directors and/or major unitholders. None of the Directors has any conflict of interest with AHP and none of the members has been convicted for any offences other than traffic offences within the past ten (10) years.

BOARD OF DIRECTORS MEETINGS (Frequency of Meetings)

The Board convenes at least four meetings annually, with additional special meetings being conducted should circumstances warrant such meetings be held, to approve corporate proposals, strategic business plans, and direction or any other matters that require the Board's decision. The Audit Committee meetings are held in conjunction with the scheduled meetings of the Board.

CONDUCT OF MEETINGS (Board Agenda)

At each meeting, the Chairman of the Board and the respective Board Committees brief and outline the agendas for the meetings. The Chairman reviews the Board and committee agendas, as required. The Directors attending the meetings are at liberty to propose items for the agenda, and each Director is free to recommend for discussion any issues related to the business of PHNB or any other related matter.

DISTRIBUTION OF MEETING MATERIALS

Presently, the Board meetings are on a paperless basis with the use of the BoardPac System. The new system has enabled the Company Secretary to furnish the Board and Committee members with immediate access to the material of the meetings prior to each Board meeting. This paperless system is expected to enable Board meetings to be efficiently managed and for members of the Board to be instantly updated of any revision to any paper pertaining to the meeting.

ACCESS TO ADVICE

The Board and its Committees have direct access to the officers and employees of PHNB and may engage independent third parties as deemed necessary, in discharging their duties and fulfilling their obligations.

APPOINTMENT AND RESIGNATION OF DIRECTORS

There were two Directors appointed during the current financial year:

Directors	Status	Date
Encik Rizal Rickman bin Ramli	Non-Independent Non-Executive	13 March 2018
Datuk Mohd Anwar bin Yahya	Independent Non-Executive	12 December 2018

Directors who resigned / retired during the financial year are as set out below:

Directors	Status	Date
Dato' Mohd Nizam bin Zainordin	Non-Independent Non-Executive	8 March 2018
Tan Sri Abdul Wahid bin Omar	Non-Independent Non-Executive	30 June 2018

DIRECTORS' ATTENDANCE

Record of the Directors' attendance at the Board Meetings during the financial year are as follows:

Directors	Status	Attendance
Tan Sri Abdul Wahid bin Omar (Chairman)*	Non-Independent Non-Executive	3/3
Dato' Johan bin Ariffin (Chairman)*	Independent Non-Executive	6/6
Dato' Abdul Rahman bin Ahmad	Non-Independent Non-Executive	6/6

STATEMENT ON CORPORATE GOVERNANCE (CONTD.)

DIRECTORS' ATTENDANCE (CONTD.)

Directors	Status	Attendance
Dato' Idris bin Kechot	Non-Independent Non-Executive	6/6
Dato' Nafisah binti Radin	Independent Non-Executive	6/6
Datuk Wong Tuck Wai	Independent Non-Executive	5/6
Dato' Mohd Nizam bin Zainordin	Non-Independent Non-Executive	2/2
Datuk Mohd Anwar bin Yahya	Independent Non-Executive	n/a
Puan Rosinah binti Mohd Salleh	Independent Non-Executive	5/6
Encik Rizal Rickman bin Ramli	Non-Independent Non-Executive	4/4
Encik Hafidz Atrash Kosai bin Mohd Zihim	Non-Independent Executive	6/6

* Note:

Following the retirement of Tan Sri Abdul Wahid bin Omar on 30 June 2018, Dato' Johan bin Ariffin was appointed as Chairman on 27 July 2018.

APPOINTMENT (Selection of Directors)

The Board members are selected through the recommendation of the PNB's Nomination and Remuneration Committee, which is responsible for the nomination of candidates for directorship. Potential candidates are screened from diversified industries in order to ensure only those with the right mix of capabilities, expertise and experience are chosen. The composition of the Board is also reviewed regularly to ensure the effective contribution to the Board's deliberation.

BOARD COMMITTEES

The Board has established the following committees to assist the Board in dealing with specific functions or areas in a more efficient manner:

- Property Investment Committee
- Audit Committee*

There were no other committee established by PHNB, however by virtue of the Service Level Agreement between PHNB and PNB for the outsourcing of supervisory and back office functions to PNB, there were matters being presented to the following committees which were established by PNB:

Audit Committee	Risk Management Committee	Nomination & Remuneration Committee
Compliance Committee	Appeal Committee	Tender Committee

* Note:

The Audit Committee of PHNB was established on 27 November 2018 in compliance with the Bursa Securities' Main Market Listing Requirements where REIT management company is required to establish its own audit committee by 31 December 2018. Prior to this, financial statements of AHP were presented to the Audit Committee of PNB.

The committees have separate and defined written terms of reference, detailing the scope of their authority and responsibilities. Items discussed and actions taken at their meetings are reported to the Board following each meeting. Each committee will review its own terms of reference and works with the Board to make necessary adjustments, as required. The Board may, from time to time, establish and maintain additional Committees as required.

The key functions of each Committee established by PHNB as well as the membership and attendance at meetings during the current financial year are set out below.

PROPERTY INVESTMENT COMMITTEE

This Committee assists the Board with the evaluation of real property-related investments, especially on any proposed acquisition and disposal of properties.

Members	Status	Attendance
Dato' Johan bin Ariffin (Chairman)	Independent Non-Executive	1/1
Dato' Ir. Jamaluddin bin Osman	Non-Board Member	1/1
Professor Datuk Dr. Nik Mohd Zain bin Haji Nik Yusof	Non-Board Member	1/1

None of the members of the property investment committee has any conflict of interest with AHP and none of the members has been convicted for any offences other than traffic offences within the past ten (10) years.

AUDIT COMMITTEE

The main function of the Committee is to review the quality and effectiveness of the entire accounting and internal control system. The Committee will review the adequacy and integrity of the audit exercise undertaken by both external auditors and internal auditors for every financial year. The accounting policies to be adopted by Management and accepted by external auditors will be reviewed periodically to ensure conformance to the Accounting Standard being adhered to.

Members	Status	Attendance
Datuk Mohd Anwar bin Yahya (Chairman)	Independent Non-Executive	The Committee was established on 27 November 2018 and its first meeting was held on 29 January 2019
Dato' Abdul Rahman bin Ahmad	Non-Independent Non-Executive	
Dato' Nafisah binti Radin	Independent Non-Executive	
Puan Rosinah binti Mohd Salleh	Independent Non-Executive	

STATEMENT ON CORPORATE GOVERNANCE (CONTD.)

The key functions of the other Committees established by PNB are set out below:

NOMINATION AND REMUNERATION COMMITTEE

The primary functions of the Nomination & Remuneration Committee are to identify and recommend suitable candidates for appointment to the Board of PNB and Operating Subsidiary Companies, including PHNB. This committee also identifies and recommends suitable candidate for appointment as Presidents/Managing Directors/Chief Executives of PNB and its Operating Subsidiaries Companies including PHNB. In selecting candidates, the Committee follows an established policy and process whereby it considers, amongst others, the integrity, skills, knowledge and experience of the candidate.

RISK MANAGEMENT COMMITTEE

This Committee reviews and recommends to the Board the risk management philosophies, policies and mitigation strategies as proposed by Management to manage the principal risks of the PNB Group including PHNB and to oversee and approve the development and maintenance of the integrated risk management framework.

COMPLIANCE COMMITTEE

This Committee was set up to determine, approve, review and monitor the Compliance Work Plan of the Compliance Department of PNB which ensure adherence towards ethical and regulatory requirements of all entities in the PNB group of companies. The Committee convenes quarterly to evaluate and review the findings of the compliance report and to make recommendations in respect thereof. The structure of the overall compliance function of the Group will be reviewed as and when it is deemed necessary.

APPEAL COMMITTEE

The Appeal Committee's function is to hear appeals of staff members who are found guilty of misconduct and to determine whether sentences meted out by the Disciplinary Committee commensurate with the respective misdeeds. The Committee also considers appeals from staff members pertaining to the determination of their salaries and promotions. There was no meeting held in 2018.

TENDER COMMITTEE

The Tender Committee assists the Board to consider tenders and quotations for all assets, supplies and services valued above RM2 million.

DIRECTORS TRAINING

Amongst the training programmes, conferences and forums attended by the Directors for 2018 were as follows:

- Compliance Conference 2018 (By Compliance Department of Etiqa Maybank)
- Takaful Minds & Its Algorithm in takaful Industry"-Session with Datuk Dr. Mohd Daud Bakar (By Shariah Department & Shariah Risk Management Unit by Etiqa Takaful Executive Development (TED) 2018
- Value Based Intermediation (VBI) in Takaful (By Shariah Dept. & Shariah Risk Management Unit by Etiqa TED Series 2018
- Annual Risk Workshop (By Maybank Ageas Holdings Berhad)
- Investing in Integrated Strata Development Briefing
- Malaysia : A New Dawn 2018 Conference (Ministry of Finance Malaysia)
- FIDE Forum : Identifying Your Next Board Talent-Optimising Board Composition and Board Director
- Recruitment (By The Iclif Leadership and Governance Centre)
- PIDM Dialogue with the Board Members of Life Insurance Companies-Briefing on Differential Levy System
- (DLS) Framework to the BOD (By Life Assurance Association of Malaysia (LIAM))
- Utilisation of ERM for Commercial Sustainability, Agility and Resilience (By Institute of Enterprise Risk Practitioners)
- ICDM PowerTalk by Professor CK Low-Would A Business Judgement Rule Help Directors Sleep Better At Night? (By Pelaburan Hartanah Nasional Berhad)
- 2018 Joint Offsite
- PNB CEO Roundtable
- PNB Cyber & Information Security Awareness Seminar for Senior Management
- Seminar:Latest Amendment of Strata Titles and Strata Management Act
- Corporate Exercise & Asset Pricing in Malaysia (Renegotiation and Re-Contracting)
- AMLATFPUAA 2001:The Law, Compliance & Case Studies for Senior Management
- Power Talk and Directors Dialogue "Effective Boards in A VUCA World"-ICDM
- YTI Memorial Lecture "Redefining Financial Integrity" & PNB Book Launch "In Trust:History of PNB"
- Mandatory Accreditation Programme-The Iclif Leadership and Governance Centre
- ACI Breakfast Roundtable 2018
- Audit Committee Conference 2018
- Directors' Continuing Education Programme 2018
- Sustainability Report-Setting the Agenda for Value Creation Bursatra
- IFSB Executive Form-Effective Risk Management Oversight and Governance of Islamic Banks
- Islamic Finance for BOD Programme ISRA Consultancy Sdn Bhd
- Internal Audit for Board and Audit Committee
- Sustainability Engagement Series for Director/Chief Executive Officer of Listed Issued
- Legal Briefing of Strata Related Acts
- High Performers Leadership Development Programme

STATEMENT ON CORPORATE GOVERNANCE (CONTD.)

DIRECTORS' RESPONSIBILITY STATEMENT

IN PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

In accordance with Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Directors") of Pelaburan Hartanah Nasional Berhad, as the Manager of Amanah Harta Tanah PNB ("AHP"), is responsible to ensure that the financial statements of AHP for the financial year ended 31 December 2018 have been prepared and drawn out in accordance with the applicable approved accounting standards in Malaysia, provisions of the First Restated Deed of AHP dated 13 August 2015 and the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia, so as to give a true and fair view of the financial position of AHP as at 31 December 2018 and of its financial performance and cash flows for the year then ended. The Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

BEING A WHOLY-OWNED SUBSIDIARY OF PERMODALAN NASIONAL BERHAD (PNB), PHNB BENEFITED FROM THE RESOURCES OF PNB BY VIRTUE OF THE SERVICE LEVEL AGREEMENT BETWEEN PHNB AND PNB FOR THE OUTSOURCING OF SUPERVISORY AND BACK OFFICE FUNCTIONS TO PNB WHICH INCLUDES INTERNAL AUDIT, COMPLIANCE AND RISK MANAGEMENT.

Recognising the significance of achieving good regulatory governance, management and operations, PHNB, through its parent company, PNB, affirms its full commitment to ensure a solid risk management and internal control system is put in place. The establishment of this system ultimately aids in creating, enhancing and protecting value; whilst adhering to our company's policies and achieving our goals and objectives within the constituted risk appetite.

The internal control system in PHNB covers Risk Management, Financial and Management Audit and Compliance. The system integrates effective processes with performance-focused risk management and internal control; including reviews on adequacy and effectiveness of the system at every level of the Management and across each Business Unit.

RISK MANAGEMENT

The Board of PHNB acknowledges that risk management is an integral part of PHNB's business model and an effective monitoring and review of significant risks on a continuous basis is essential in ensuring the integrity of PHNB's internal control framework. The Board has delegated the responsibility of overseeing risk management activities of PHNB to the Risk Management Committee of the Board of Directors of Permodalan Nasional Berhad (RMC).

The RMC is responsible for assisting the Board of PHNB by overseeing and approving the ongoing development and maintenance of PNB's Enterprise Risk Management Framework (ERM) and activities. The RMC is delegated with the responsibility to assess, identify, measure and monitor the overall risk exposure and ensuring a sufficient level of risk mitigation is in place.

RISK MANAGEMENT FUNCTION

Among the primary roles of the Risk Management Department (RMD) is to formulate, implement, monitor and continuously review risk management frameworks, policies, procedures, risk limits and risk management related internal controls. The framework provides a strong control environment through the implementation of appropriate systems and risk assessment processes to manage risks.

Scope of Work

The key elements of risk management can be summarised as follows:

- Risk Assessment Process: The overall process of risk identification, risk analysis and risk evaluation;
- Risk Monitoring and Review: The Risk Register and Key Risk Indicators (KRIs) are used as a tool to monitor and manage changes of its exposure over time.

The main key risks that might potentially affect the performance of PHNB are detailed under "Risk Management" of the Management Discussion and Analysis section. All identified risks are recorded in respective risk registers, together with the identification of existing and any future controls to mitigate such risks. All controls and action plans are continuously monitored to ensure their effectiveness in the current business environment and to safeguard PHNB against risks that could potentially affect the objectives and strategies of PHNB.

The independence of the risk management function and close alignment to the business ensures consistent and effective risk oversight via:

- Implementation of a holistic risk management process which provides a framework for building organisational resilience in ensuring critical business functions continue to operate during disruptions;
- Maintaining an incident management plan with high degree of readiness to safeguard against financial and physical disruptions; and
- Inculcating a proactive risk culture.

Activities in 2018

PHNB, in collaboration with the Risk Management Department of PNB, has reviewed and enhanced the system of recovery from potential threats by updating PHNB's Business Continuity Management (BCM) program.

- The BCM program included the review of Business Impact Analysis (BIA) and Departmental Business Continuity Plan (DBCP) for PHNB which was conducted via workshops held in February 2018 and April 2018.
- The BIA exercise requires PHNB to review critical business functions and business dependencies. This allows PHNB to determine appropriate business continuity strategies, which enables PHNB to resume its key business function within the predetermined time.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONTD.)

INTERNAL AUDIT FUNCTION

By virtue of the Service Level Agreement between PHNB and PNB for the supervisory and back office functions to PNB, the internal audit function is outsourced to the Financial and Management Audit Department ("FMAD") of PNB. FMAD's primary responsibilities are to provide independent, objective assurance and consulting services designed to add-value and improve the operations of PNB Group, including PHNB, by ensuring that risk management, internal controls and established procedures are adhered to. This is achieved by carrying out financial, operational and information systems audits on core departments of PNB Group. These audit activities will provide the Board of Directors of PNB and PHNB the reasonable assurance with regard to the adequacy and effectiveness of risk management, internal controls and corporate governance.

Scope of work

FMAD develops a risk-based audit plan for the year encompassing assurance and consulting services, which is then reviewed and approved by the Audit Committee of the PNB Board of Directors. The annual audit plan, which also covers PHNB, is strategically aligned with PNB's business strategies and objectives.

Bursa Malaysia Main Market Listing Requirements requires the management company of a REIT to establish its own audit committee by 31 December 2018. On 27 November 2018, the Audit Committee of the Board of PHNB was established. In view of this, FMAD will also be reporting to the Audit Committee of PHNB.

During the year, FMAD communicates the result of the planned audits, follow-up audits to the Audit Committee of PNB and is now reporting to the Audit Committee of PHNB beginning 2019.

The scope of the audit work can be summarised as follows:

- Assets are safeguarded;
- Risks are identified and managed;
- The reliability and integrity of financial and operating information, and the means used to identify, measure, clarify and report such information are clearly determined;
- The systems established comply with policies, plans, procedures and regulations that have significant impact on operations and reports;
- The efficiency of resources employed in the relevant areas; and
- The results of operations or programmes are consistent with established objectives or goals and whether these operations or programmes are carried out as planned.

Activities in 2018

To ensure compliance with relevant policies, procedures, laws and regulations, FMAD had carried out audit activities on PHNB during the financial year. Among the areas covered by FMAD are PHNB's financial performance, budget review, cash and bank accounts, accounts payable, accounts receivable and also IT management.

In relation to operations, FMAD reviewed PHNB's Asset Management activities particularly on the Property Managers' performance, rental collection, occupancy rate, tenancy and agreements, building safety and also licensing permits.

FMAD also conducts regular follow-up audits on the status of the management's action plans to rectify matters highlighted in the audit report. These follow-up audits are to ensure that corrective actions are taken to resolve the identified issues.

CORPORATE COMPLIANCE AND POLICY STATEMENT

In safeguarding the interest of more than 13 million unit holders, it is paramount that PNB demonstrates the highest standards of governance and compliance with the requirements of the law and regulatory authorities. In line with PNB's vision to be a Distinctive World Class Investment House, compliance with high ethical standards as well as legal and regulatory obligations is fundamental to the preservation of our reputation for integrity.

A systematic and clearly defined approach therefore needs to be established and implemented to ensure compliance with all relevant laws, regulations and guidelines, internal policies and procedures and ethical standards.

Compliance governance structure

A Compliance Officer assumes the key responsibility to establish, implement, operate and monitor the Compliance Programme for the PNB Group, including PHNB. Meanwhile, the Compliance Committee of the Board of PNB supervises the Compliance Officer and oversees the implementation and operation of the Compliance Programme by the Compliance Department.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONTD.)

CORPORATE COMPLIANCE AND POLICY STATEMENT (CONTD.)

Overview of compliance programme

A Compliance Programme, including for PHNB, has been established and implemented based on the fundamental elements described in the Guidelines on Compliance Function for Fund Management Companies issued by the Securities Commission of Malaysia. The Compliance Programme is a key component of the commitment to achieve the highest standards of corporate conduct. It is reasonably designed to foster compliance with applicable laws and regulations, the Capital Markets and Services Act 2007 and other requirements relevant to the business. As the Compliance Programme is dynamic, it is regularly reviewed and enhanced to meet the evolving compliance standards. The fundamental elements of the Compliance Programme are described in greater detail as follows:

1. Compliance Manual

The Compliance Manual is constructed with the intention of providing guidance for staff members, across all roles and responsibilities, to help achieve and maintain compliance with all applicable laws and regulations in performing their daily operations. The Manual also establishes the expectation that management, employees, and agents of PNB must act in accordance with the law, as well as all applicable company policies, procedures and guidelines.

2. Education and Training

PNB and its group of companies are committed to communicating the standards, policies, procedures and guidelines to all directors and employees. As part of the efforts in inculcating a compliance culture, provision of the education and training to new and existing employees on a variety of compliance-related topics are held. Training programmes are reviewed and updated periodically, and additional areas of training are also added from time to time.

3. Liaising with the Regulatory Authorities

In dealing with the regulatory authorities, the Compliance Department is committed in ensuring high values and ethical standards are adopted by PNB group of companies and its employees in discharging their duties. It is our responsibility and commitment to deliver any required reports by the regulatory authorities in a timely and effective manner.

4. Compliance Review and Advice

In ensuring compliance with securities laws, regulations and relevant guidelines, as well as early detection and prevention of any breaches, we perform a compliance review and monitoring on business units within the PNB Group using a risk-based approach and, where necessary, advise on particular areas for improvement. The compliance review conducted is also to meet the need to provide assurance and comfort to the stakeholders on PNB's compliance status to the applicable laws, rules and regulations.

5. Supervision of Anti-Money Laundering and Counter-Terrorist Financing Matters

In compliance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, PNB has established its Anti-Money Laundering and Counter-Terrorism Financing (AMLA) policy and procedures which had been implemented throughout the Group. We also conducted Know Your Customers (KYC) screening on the tenants and other relevant stakeholders of PHNB to ensure compliance to AMLA and other regulatory requirements.

None of the weaknesses or issues identified during the review for the financial year has resulted in non-compliance with any relevant policies or procedures, listing requirements or recommended industry practices that would require disclosure in the Annual Report.

CONCLUSION

The Board is of the view that the system of risk management, internal control and compliance for the year under review and up to date of approval of this statement for inclusion in the annual report is in place, sound and provides a level of confidence on which the Board relies for assurance.

The Board has received reasonable assurance from the Chief Executive Officer and PNB Group Chief Financial Officer that the risk management and internal controls system, in all material aspects, are operating adequately and effectively.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 29 January 2019.

SUSTAINABILITY STATEMENT

Amanah Harta Tanah PNB (AHP), was launched on 21 March 1989 and is one of the earliest property trust funds in Malaysia. AHP was subsequently listed on the Malaysian Stock Exchange on 28 December 1990. Presently, the portfolio of AHP is made up of the following properties:

- Plaza VADS, a 24-storey office building with a 4-storey annex block in Kuala Lumpur;
- Bangunan AHP, a 4-storey commercial building in Kuala Lumpur;
- Sri Impian, a 4-storey office building in Kuala Lumpur;
- Mydin Mall/Hypermarket, a 3-storey mall/hypermarket in Seremban 2, Negeri Sembilan; and
- Three shop offices/shop houses located in the Klang Valley and Kota Kinabalu, Sabah.

REPORTING SCOPE

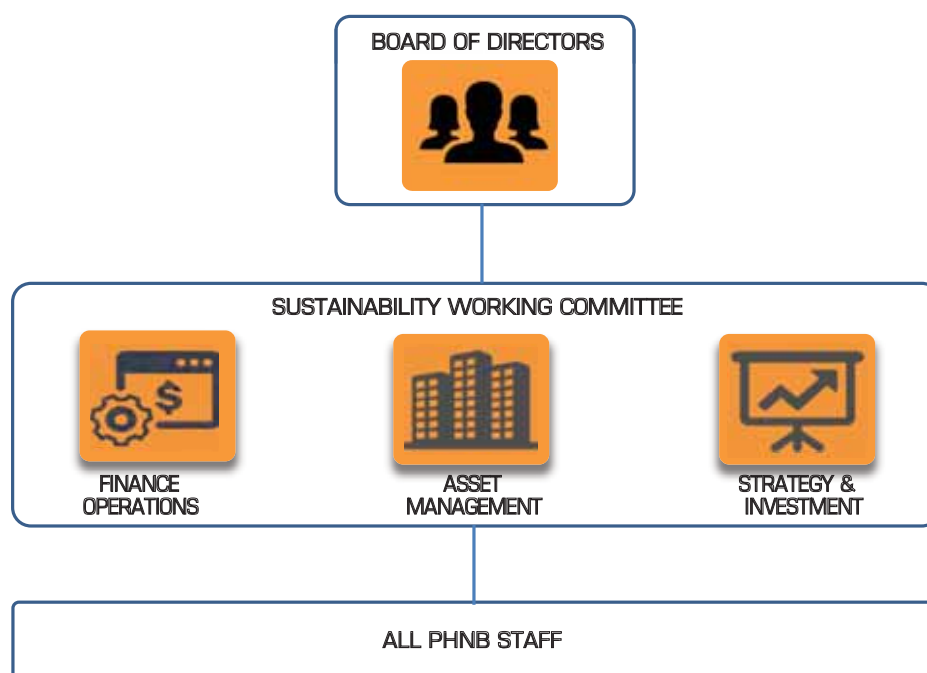
The report covers the period from 1 January 2018 to 31 December 2018, which is the financial period of AHP.

2005 marked a milestone in the unit trust industry when the Guidelines on Real Estate Investment Trusts was issued by the Securities Commission Malaysia to replace the Guidelines on Property Trust Funds which resulted in the rebranding of property trust funds to real estate investment trust (REIT).

The primary objective of AHP 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.

Pursuant to Paragraph 9.45(2) of the Main Market Listing Requirements, the Manager must ensure that the annual report of the real estate investment trust contains a narrative statement of its management of material economic, environmental and social risks and opportunities ("Sustainability Statement").

Sustainability Governance Structure



As the Manager of AHP, the Board of PHNB, is ultimately responsible for AHP's sustainability strategy and performance. In carrying out its duties, the Board is assisted by the Sustainability Working Committee comprising key representatives from each unit within PHNB and is chaired by the CEO of PHNB. The Committee meets once every quarter to oversee, monitor and report on all sustainability issues and report updates to the Board.

Risk Management

Effective risk management is a fundamental part of our business strategy in identifying and assessing a broad array of risks that could negatively impact the achievement of our goals and objectives. Being part of the PNB Group, PHNB relies on the Enterprise Risk Management ("ERM") framework of the PNB Group.

The ERM Framework provides an approach for the process of identifying, assessing, monitoring and managing material risks, to optimise returns on risk-taking activities.

SUSTAINABILITY STATEMENT (CONTD.)

Risk Management (Contd.)

During the year 2018, PHNB, in collaboration with the Risk Management Department of PNB, has reviewed and enhanced the system of recovery from potential threats by updating PHNB's Business Continuity Management (BCM) program.

- The BCM program included the review of Business Impact Analysis (BIA) and Departmental Business Continuity Plan (DBCP) for PHNB which was conducted via workshops held in February 2018 and April 2018.
- The BIA exercise requires PHNB to review critical business functions and business dependencies. This allows PHNB to determine appropriate business continuity strategies, which enables PHNB to resume its key business function within the predetermined time.

Stakeholders Engagement

Key Stakeholders	Stakeholders' Interests	Engagement
Unit holders	<ul style="list-style-type: none"> ▪ Competitive returns ▪ Strong corporate governance 	<ul style="list-style-type: none"> ▪ Direct interaction via Annual General Meeting ▪ Timely announcements of results and performance ▪ Unit holders' satisfaction survey ▪ Website / contact points
Tenants	<ul style="list-style-type: none"> ▪ Efficiently managed buildings and services ▪ Competitive rental rates 	<ul style="list-style-type: none"> ▪ Regular meetings and discussions ▪ Tenants' Satisfaction survey ▪ Adequate upkeep and maintenance
Regulators	<ul style="list-style-type: none"> ▪ Compliance ▪ Inputs from industry players 	<ul style="list-style-type: none"> ▪ Consultations ▪ Briefings, seminars, workshops ▪ Timely reporting
Employees	<ul style="list-style-type: none"> ▪ Job security and satisfaction ▪ Fair and competitive employment policies and benefits ▪ Career development 	<ul style="list-style-type: none"> ▪ Department meetings ▪ Appraisal meetings ▪ Employee development programme and training ▪ Regular review of remuneration package and benefits
Community	<ul style="list-style-type: none"> ▪ Safe and healthy environment ▪ Support to local economy 	<ul style="list-style-type: none"> ▪ Investment awareness/education programme for the public ▪ Charity programme for the community/CSR
Suppliers	<ul style="list-style-type: none"> ▪ Prompt payment ▪ Steady stream of services and products procured 	<ul style="list-style-type: none"> ▪ Established procurement procedures ▪ Vendors evaluation

SUSTAINABILITY STATEMENT (CONTD.)

Material Sustainability Matters

Sustainability matters are the risks and opportunities arising from the economic, environmental and social (“EES”) impacts of AHP’s operations and activities.

Material sustainability matters were identified through identifying the key operations and impact on AHP. We were guided by the Sustainability Toolkit through the use of materiality matrix and stakeholder prioritisation matrix.

Economic

▪ Quality tenants

Having quality tenants is key to sustainable rental income. The screening of tenants and performing background checks are some of the efforts taken in ensuring the quality of the tenants.

In addition, PHNB believes that it is also important to maintain good rapport with the tenants and being sensitive to tenants’ needs whilst maintaining high standards of service which are crucial aspect to tenants’ retention. The screening process is to ensure tenants are of good reputation, legitimate business operations and of sound financial standing.

In creating values, the Manager takes great effort in sourcing for tenants with “anchor” status. Anchor tenants with reputable name adds value to a building and can be a valuable marketing tool.

Presently, there are several reputable tenants within AHP’s portfolio, namely:

Tenants	Building
VADS Berhad	Plaza VADS
Al-Ikhsan Sports Sdn. Bhd.	Plaza VADS
Marine & General Berhad	Plaza VADS
Lorna Whiston Sdn. Bhd.	Plaza VADS
Mega Fitness Sdn. Bhd.	Plaza VADS
Common Man Coffee Roasters Sdn Bhd	Plaza VADS
LYC Mother & Child Centre Sdn Bhd	Podium Block, Plaza VADS
Malayan Banking Berhad	Bangunan AHP
Affin Hwang Investment Bank Berhad	Bangunan AHP
Optimax Eye Specialist Sdn. Bhd.	Bangunan AHP
Asiaspace DotCom Sdn Bhd	Bangunan AHP
Mydin Mohamed Holdings Berhad	Mydin Seremban 2

▪ Quality assets

Quality assets are assets which yield sustainable competitive returns. Naturally, location is one of the first factors that the Manager considers in evaluating new property investment. Other factors that are being considered are occupancy rates, tenancy mix, tenancy arrangement (long vs short term tenancies) and competitive rental rates.

In securing tenants, the Manager strive to secure master lease arrangement with triple net yield arrangement where rental receivable from the tenant is net of all property expenses including rates and assessments as well as insurance. Mydin Seremban 2 which was acquired in 2017 is under a 30-year master lease with triple net yield arrangement with Mydin Mohamed Holdings Berhad. The initial rental was based on a 7% triple net yield of the Purchase Consideration and the rental is increased by 10% every 4 years for the first 2 terms and for subsequent terms, every 3 years.

A well maintained real estate is one of the main feature of a quality asset. A qualified Property Manager has been appointed to manage the maintenance aspects of the real estate. A well designed maintenance programme leads to tenants’ satisfaction thus giving positive impact towards tenant retention and ultimately ensuring continuous income stream to AHP.

SUSTAINABILITY STATEMENT (CONTD.)

Material Sustainability Matters (Contd.)

• Quality tenants (Contd.)

Generally, the following are strategies in ensuring the quality of the assets of AHP:

	STRATEGIES	ACTIONS
FOR EXISTING ASSETS	Preventive and scheduled maintenance: Preventive maintenance is an important part of facilities management. Effective preventive maintenance will improve the performance and safety of the equipment and minimize the risk of unexpected breakdown.	<ul style="list-style-type: none"> ▪ Strict adherence to scheduled maintenance programmes ▪ Comprehensive service contracts for major mechanical and electrical installations ▪ Active monitoring of the performance of the Property Manager in ensuring quality property management service
	Asset enhancement initiative: To upscale the existing building to be competitive with new up-coming office building in the market. This is to ensure sustainability of rental income and retention of tenants.	<ul style="list-style-type: none"> ▪ Upgrading and refurbishment of Plaza VADS have been successfully completed ▪ Construction of new annex block of Plaza VADS has been successfully completed in accordance with GBI standards ▪ Continuous engagement with tenants in identifying areas requiring enhancements
	Redevelopment strategy: To re-develop the existing property which are underutilise or has maximised its potential. The re-development will create a new profile for the property to ensure sustainability of the asset quality.	<ul style="list-style-type: none"> ▪ Presently exploring the prospects of redeveloping Bangunan AHP
FOR NEW ACQUISITIONS	Criteria for new acquisition is as follows:- <ul style="list-style-type: none"> ▪ the property meets the minimum returns of 6.5% on a triple net basis (net of statutory and maintenance cost); ▪ quality tenants (reputable and strong financial standing); ▪ prominent location, good accessibility and connectivity; ▪ Longer WALE (Weighted Average Lease Expiry) period 	<ul style="list-style-type: none"> ▪ The last acquisition of Mydin Seremban 2 generated an initial triple net yield of 7% ▪ The rental is subject to a step-up rate of 10% for the first two terms of 4 years each and thereafter, every 3 years ▪ Mydin Seremban 2 is leased to Mydin Mohamed Holdings for a period of 30 years ▪ Present WALE of property portfolio of AHP is 14.31 years
	Diversification in type of property, geographically and tenants to ensure risks are distributed.	<ul style="list-style-type: none"> ▪ The acquisition of Mydin Seremban 2 has further expanded the geographical distribution as well as type of properties under the portfolio of AHP
	Technical and legal due diligence by external consultants will be conducted to assess the building conditions, regulatory compliance, financial viability, safety and future prospect.	<ul style="list-style-type: none"> ▪ For the acquisition of Mydin Seremban 2, a comprehensive due diligence was conducted
	Acquisition price will be guided by market value appraised by professional registered valuer and recommendation from the Property Investment Committee.	<ul style="list-style-type: none"> ▪ The acquisition price for Mydin Seremban 2 was based on the value appraised by professional valuer and the acquisition proposal has been reviewed by the Property Investment Committee.

SUSTAINABILITY STATEMENT (CONTD.)

Material Sustainability Matters (Contd.)

▪ Reliable suppliers

Reliable suppliers are a critical element in our supply chain. Reliable suppliers or vendors are key in ensuring our real estate investment are well maintained and efficiently managed. Selection and appointment of suppliers are subject to our strict procurement procedures which include screening process and regular performance evaluation.

Being the party which deals directly with the tenants and managing the day to day operations of the real estate, the Property Manager is one of the most important suppliers for AHP. A reputable and efficient Property Manager ensures that the real estate is well managed and is able to respond efficiently to tenants' needs. The performance of the Property Manager is regularly monitored with feedbacks gathered from the tenants.

Environmental

- In recognising the importance of keeping our environment safe and healthy, the design of the new podium block of Plaza VADS emphasises on both efficiency and environmental friendliness. The innovative design of the new 4-storey podium block adhered to the Green Building Index (GBI) certification and is a testament towards our commitment for a safe and healthy environment. The following elements are integral part of the design of the new podium block:

- The establishment of a Minimum Energy Efficiency Performance to reduce energy consumption in buildings, thus reducing carbon footprint.
- The establishment of a minimum indoor Environmental Quality in the building to ensure the comfort and wellbeing of the occupants

- Some of the innovative features includes:

- rain water harvesting for landscaping thus reducing consumption of treated water supply;
- use of latest Variable Refrigerant Volume technology in air conditioning which is energy efficient; and
- use of insulation material for the roof together with the incorporation of louvres design for the façade to minimise sun ray impact which ultimately reduces energy consumption for air conditioning.

- Health and safety is also an important consideration in our daily operations. At the group level, PNB has established an Occupational Safety and Health Committee which meets on a regular basis to discuss health and safety issues. The committee also conducts visits and safety inspections on the buildings to ensure all safety issues are given appropriate attention. All suppliers are also required to adhere to a minimum safety standards and safety considerations which are always given attention in all our tender documents.

- As part of the effort to promote healthy lifestyle, PNB regularly organise various programmes for the staff which includes sports carnival, fitness classes and Hari Sihat PNB.

- On 5 May 2018, Kelab Rekreasi PNB organised a gotong-royong event to clean up the beach at Lanjut Golden Beach & Golf Resort in Kuala Rompin, Pahang.



PNB staff at the Bursa Bull Charge 2018



Gotong-royong at Lanjut Golden Beach & Golf Resort

SUSTAINABILITY STATEMENT (CONTD.)

Social

- **Human Capital**

The Manager acknowledges that human capital is one of its key success factors. The performance of AHP depends on the performance of the staff of PHNB. Being part of the PNB Group, PHNB capitalises on the commitment of PNB towards human capital development. Human capital development is managed by a dedicated department within PNB and all staff are required to fulfil a minimum credit hours of training every year. PNB also encourages its staff to pursue professional qualifications through various programmes.

During the year, all executives and non-executives of PHNB has fulfilled the minimum required training of 20 and 10 credit hours, respectively. In line with our commitment in empowering the staff and in equipping them with the necessary skills, the minimum required training hours per person for 2019 onwards, have been increased to 64 credit hours per annum for both executives and non-executives.

- **Investment awareness/education programme**

Through its annual Minggu Saham Amanah Malaysia (MSAM) initiative PNB travels to various locations in Malaysia to promote investment awareness among the public. The MSAM which was first organised in 2000 has been recognised by the Malaysia Book of Records as the longest running unit trust exhibition which has to date attracted more than 3.5 million visitors. Various programmes are organised at the MSAM with the sole objective to improve investment awareness of the public and to promote investment.

For 2018, MSAM was held in Batu Pahat, Johor. The event which was held between 19 to 25 April 2018, was attended by more than 200,000 visitors.



Visitors at PHNB's booth at MSAM 2018



Young visitors at MSAM 2018 participating in "Kem Genius Labur", one of the many education programmes organised by PNB



A visitor participating in one of the events at PHNB's booth at MSAM

SUSTAINABILITY STATEMENT (CONTD.)

Social (Contd.)

- **PNB Graduate Executive Training**

PHNB, as a caring organisation, is a participant of the programme. Briefing on REIT were given to the graduates to provide them with better understanding on REITs and the various aspects of managing a REIT. In addition, PHNB also provides placements to the participants of the PNB Graduate Executive Training for them to gain exposure in PHNB.

Programme for the Homeless

In conjunction with the holy month of Ramadhan, staff of PHNB participated in the annual "Program Amal PNB Bantu Gelandangan" (PNB Helping the Homeless Programme) at Pusat Transit Gelandangan Medan Tuanku and the area in the vicinity of Kompleks Kotaraya, Kuala Lumpur. More than 400 recipients received food and drinks sponsored by PNB and prepared by the PERTIWI Soup Kitchen, an NGO providing assistance to the homeless in Malaysia.



- **Programme with Anak-anak Yatim**

On 25 May 2018, a total of 154 children from three orphanages were celebrated through the Breaking of Fast Event with PNB. At the event, PNB presented RM10,000 contribution to each of the orphanage whilst the children received duit raya and school bags.



- **Special School Aid**

On 19 January 2018, a total of 1,000 pupils from under privileged families in Batu Pahat, Johor, received RM100 each as Special School Aid. The pupils ranges from Year 1 to Form 5 from 23 primary schools and 5 secondary schools in Johor.



ANALYSIS OF UNITHOLDINGS

Unit Holders' Capital as at 31 December 2018

Authorised = 1,000,000,000 units
Issued and fully paid = 220,000,000 units

Distribution of Unit Holders as at 31 December 2018

Unit Class	No. of Unit Holders	Percentage of Unit Holders (%)	No. of Unitholdings	Percentage of Unitholdings (%)
Less than 100	32	0.53	831	0.00
100 - 1,000	2,451	40.54	1,996,117	0.91
1,001 - 10,000	2,762	45.68	10,983,671	4.99
10,001 - 100,000	712	11.78	20,886,700	9.49
100,001 to less than 5% of issued units	86	1.42	33,867,481	15.40
5% and above of issued units	3	0.05	152,265,200	69.21
Total	6,046	100.00	220,000,000	100.00

Classification of Unit Holders as at 31 December 2018

Category of Unit Holders	Number of Unit Holders			Number of Unitholdings			Percentage (%)		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
Individuals	2,149	3,338	53	8,470,699	33,427,533	2,422,410	3.85	15.20	1.10
Body Corporate									
a. Banks/Finance Companies	5	-	-	90,281,700	-	-	41.04	-	-
b. Investment Trusts/Foundations	1	2	-	1,000	222,000	-	-	0.10	-
c. Other Types of Companies	12	24	-	796,180	2,801,200	-	0.36	1.27	-
Government Agencies/Institutions	2	-	-	11,153,700	-	-	5.07	-	-
Nominees	293	130	37	60,708,045	2,180,513	7,535,020	27.59	0.99	3.43
Total	2,462	3,494	90	171,411,324	38,631,246	9,957,430	77.91	17.56	4.53
	6,046			220,000,000			100.00		

ANALYSIS OF UNITHOLDINGS (CONTD.)

30 Largest Unit Holders as at 31 December 2018

No	Unit Holders	Units Held	Percentage of Units in Issue (%)
1.	AmanahRaya Trustees Berhad (Skim Amanah Saham Bumiputera) ⁽¹⁾	90,218,700	41.01
2.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mydin Mohamed Holdings Bhd ⁽¹⁾	50,906,800	23.14
3.	Permodalan Nasional Berhad ^{(1) (2)}	11,139,700	5.06
4.	Affin Hwang Nominees (Asing) Sdn Bhd (Exempt AN for DBS Vickers Securities (Singapore) Pte. Ltd. (Clients))	2,289,860	1.04
5.	Jang Wan @ Yang Chi Chek	2,244,000	1.02
6.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for RAM Holdings Berhad) (PB))	2,000,000	0.91
7.	Maybank Nominees (Tempatan) Sdn Bhd Affin Hwang Asset Mgt Bhd for Lembaga Tabung Angkatan Tentera	1,700,000	0.77
8.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Exempt AN for DBS Vickers Securities (Singapore) Pte. Ltd. (Clients))	1,655,300	0.75
9.	J A Russel & Co Sdn Berhad	1,502,700	0.68
10.	Cimsec Nominees (Asing) Sdn Bhd (Exempt AN for CGS - CIMB Securities (Singapore) Pte. Ltd. (Retail Clients))	1,371,020	0.62
11.	Tan Teck Peng	1,150,000	0.52
12.	Liew Kon Mun	841,400	0.38
13.	Liew Yoon Yee	800,000	0.36
14.	Wong Kwang-I Benjamin	765,600	0.35
15.	Singam A/L Kumarasamy	722,000	0.33
16.	Public Invest Nominees (Asing) Sdn Bhd (Exempt AN for Phillip Securities Pte. Ltd. (Clients))	664,820	0.30
17.	Ng Heng Heem	657,900	0.30
18.	RAM Holdings Berhad	631,180	0.29
19.	Kenanga Nominees (Asing) Sdn Bhd (Exempt AN for Phillip Securities Pte. Ltd. (Client Acc))	627,200	0.29
20.	J A Russel & Co Sdn Berhad	524,600	0.24
21.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Hamzah Bin Bakar (PB))	500,000	0.23
22.	Gan Tuan Boon	500,000	0.23
23.	Ng Inn Jwee	440,000	0.20
24.	CitiGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tey Rose	410,000	0.19
25.	Boey Ak Ooi	381,600	0.17
26.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd For Lim Ah Ba @ Lim Chong Teik	359,800	0.16
27.	Abdul Rahim bin Bidin	331,900	0.15
28.	Jang Wan @ Yang Chi Chek	311,960	0.14
29.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chor Sek Choon	310,000	0.14
30.	Pang Yang Chung	306,000	0.14
Total		176,264,040	80.12

Note:

⁽¹⁾ Substantial unit holder⁽²⁾ Related company to Manager





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MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

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 Amanah Raya 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 2018 is 1% (2017: 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 RM2,804,588 (2017: RM2,745,799) 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 First Restated 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 2018 (CONTD.)****INVESTMENTS OF THE TRUST**

Total investments of the Trust, including cash and bank balances as at 31 December 2018 was RM458,821,780 (2017: RM468,708,275). Details of the investment portfolio of the Trust are as follows:

	2018		2017	
	RM	%	RM	%
At fair value:				
Real estate				
- Completed commercial and office buildings	438,990,676	95.68	446,769,822	95.32
At amortised cost:				
Deposits with financial institutions, cash and bank balances	19,831,104	4.32	21,938,453	4.68
	<u>458,821,780</u>	<u>100.00</u>	<u>468,708,275</u>	<u>100.00</u>

Details of the investments are as disclosed in Notes 13 to 14 to the financial statements.

PERFORMANCE OF THE TRUST

	2018	2017
Total net asset value (RM)	<u>282,165,102</u>	<u>281,176,048</u>
Units in circulation (units)	<u>220,000,000</u>	<u>220,000,000</u>
Net asset value per unit attributable to unit holders (sen)	<u>128.26</u>	<u>127.81</u>
Market price per unit (sen)	<u>78.00</u>	<u>83.50</u>
Highest traded price (sen)	<u>84.50</u>	<u>100.00</u>
Lowest traded price (sen)	<u>70.50</u>	<u>83.00</u>

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

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	12,240,513
Taxation	<u>78,546</u>
Net income after taxation	<u>12,319,059</u>

During the financial year, the Trust's net income before taxation decreased by RM5,492,538 or 30.97% from RM17,733,051 to RM12,240,513. The reduction in net income before taxation is mainly attributed to the unrealised fair value gain per valuation report in 2017 of RM6,297,957 as compared to unrealised fair value loss of RM83,037 in 2018.

In terms of net rental income, the Trust has recorded a slight decrease of RM1,535,932 or 4.65% from RM33,032,516 in previous year. The Trust's total expenditure decreased by RM171,964 or 1.44% from RM11,972,174 in the last financial year, mainly due to the deemed financing cost for the completion of acquisition of Mydin Seremban 2 in prior year.

MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTD.)

REVIEW OF THE PROPERTY MARKET

The Kuala Lumpur office market remained challenging in the 2nd half of 2018 in the absence of any major catalysts to boost demand to meet the new supply of incoming office space of approximately 4 million sq. feet of net lettable area by end of 2018. The average occupancy rate remained flat at 80%. Effort of the new government to boost the economic growth and attract foreign direct investments are likely to produce a positive outlook in the near future.

Meanwhile, it was further reported that rental rates and occupancies would continue to come under pressure in view of existing office stock especially in the Klang Valley being dated and needing fresh upgrade. Technology and security have become increasingly important for tenants, which are some of the reasons why the decline in rental is mostly seen in the dated properties within the Central Business District, as they cannot compete with the newer entrants to the market.

As a result, many landlords are now offering better incentives than ever before in the form of longer rent free periods, renovation subsidies, parking facilities and more attractive renewal terms at the expense of their own yield.

As for the retail market, as of the 1st half of 2018, the total retail stock in Kuala Lumpur stand at 27.5 million sq. ft. meanwhile stock outside Kuala Lumpur remained at 30 million sq. feet. According to NAPIC, the occupancy rate for retail space in Kuala Lumpur stood at 84%.

PROSPECTS

According to the Ministry of Finance (MoF), the Malaysian economy in 2019 is forecasted to grow between 4.8% to 4.9% supported by sound domestic demand. The private sector expenditure is expected to remain as the key driver of Malaysia's economic growth, cushioning the effects of lower public sector spending in 2018 and 2019.

Meanwhile, the Malaysian Institute of Economic Research (MIER) forecasted that the Malaysian economy is expected to grow at a slower pace this year as well as next year, putting less stress on the domestic demand. Real GDP was reported at 4.7% for 2018 and is expected to further moderate to a range of between 4.8 - 5.3% in 2019, after recording 5.9% growth 2017. Domestic demand continues to be the engine of growth, growing by 5.8% y-o-y, and further reinforced by upbeat export demand. Growth in domestic demand is largely attributed to private consumption as public spending as well as investment growth for this year is expected to moderate. This is partly due to the government commitment to address the issue of high public debt amid a reduction in revenues caused by the decision to abolish goods and services tax (GST). The new elected government has also decided to review selected big-ticket investments in its effort to reduce public debt.

As for the property market, it is expected that it will remain another challenging year for 2019. The situation seems to impact all classes of property be it residential, commercial and Purpose-Built Office.

According to the National Property Information Centre's (NAPIC) Property Overhang Report for the second quarter of 2018, Malaysia has an overhang of 29,227 residential units, valued at RM17.24bil as at June 30, 2018.

Bank Negara Malaysia (BNM) in its statement had indicated that the excess supply of office space and shopping complexes is also expected to persist as vacancy rates deteriorated further in the first quarter of 2018. At present, NAPIC's data showed a national occupancy rate of 77.4% for office spaces and 80.2% for shopping complexes. Thus, the occupancy rate is expected to deteriorates further in view of the incoming supply of new spaces in 2019.

With this in mind, PHNB as the manager of AHP will strive to continue to improve its portfolio performance by lowering the vacancy rate and tenant retention whilst sourcing for new accretive assets with the aim of generating better yield to ensure a sustainable income stream for AHP.

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 2017:
In respect of the financial year ended 31 December 2017:

	Per Unit		Total	
	Gross Sen	Net of tax Sen	Gross RM	Net of tax RM
Final income distribution of 2.50 sen per unit paid on 28 February 2018	2.50	2.50	5,500,005	5,500,005

**MANAGER'S REPORT ON AMANAH HARTA TANAH PNB
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTD.)****DISTRIBUTION OF INCOME (CONTD.)**

In respect of financial year ended 31 December 2018:

	Per Unit		Total	
	Gross Sen	Net of tax Sen	Gross RM	Net of tax RM
Interim income distribution of 2.65 sen per unit paid on 30 August 2018	2.65	2.65	5,830,000	5,830,000

For the financial year ended 31 December 2018, final income distribution of 2.98 sen a unit (tax exempt at the Trust level) on 220,000,000 units, amounting to RM6,556,000 to be paid on 28 February 2019, was approved by the Manager and the Trustee on 29 and 30 January 2019 respectively. 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 31 March 2019. 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 2018:

	Before distribution sen	After distribution sen
Net asset value per unit attributable to unit holders	128.26	125.28

BREAKDOWN OF UNITHOLDINGS

Unit Class	Number of Unit holders	Percentage of Unit holders (%)	Number of Unitholdings	Percentage of Unitholdings (%)
5,000 and below	4,713	77.96	8,518,779	3.87
5,001 to 10,000	532	8.80	4,461,840	2.03
10,001 to 50,000	620	10.25	14,073,280	6.40
50,001 to 500,000	161	2.66	20,533,321	9.33
500,001 to 5,000,000	20	0.33	172,412,780	78.37
5,000,001 and above	6,046	100.00	220,000,000	100.00

DIRECTORS OF THE MANAGER

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

Dato' Johan bin Ariffin
Dato' Abdul Rahman bin Ahmad
Dato' Nafisah binti Radin
Dato' Idris bin Kechot
Datuk Wong Tuck Wai
Puan Rosinah binti Mohd Salleh
Encik Hafidz Atrash Kosai bin Mohd Zihim
Rizal Rickman bin Ramli (appointed on 13 March 2018)
Datuk Mohd Anwar bin Yahya (appointed on 12 December 2018)
Tan Sri Abdul Wahid bin Omar (retired on 30 June 2018)
Dato' Mohd Nizam bin Zainordin (resigned on 8 March 2018)

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.

MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTD.)

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.

DIRECTORS' INDEMNITY

The Company has agreed to indemnify its directors as part of the terms of their appointment against claims by third parties. No payment has been made to indemnify the directors for the financial year ended 31 December 2018.

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 statements 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 to a variety of CSR programmes which include education, social and welfare programmes for members of the public.

MANAGER'S REPORT ON AMANAH HARTA TANAH PNB FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTD.)

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration are disclosed in the statement of comprehensive income.

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 29 January 2019.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Trust has agreed to indemnify its auditors, Hanafiah Raslan & Mohamad, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Hanafiah Raslan & Mohamad during or since the financial year.

DATO' JOHAN BIN ARIFFIN

DATO' ABDUL RAHMAN BIN AHMAD

Kuala Lumpur, Malaysia

STATEMENT BY MANAGER

We, DATO' JOHAN BIN ARIFFIN 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 56 to 80 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 2018 and of its financial performance and cash flows for the year then ended.

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 29 January 2019.

DATO' JOHAN BIN ARIFFIN

DATO' ABDUL RAHMAN BIN AHMAD

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

I, 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 56 to 80 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 29 January 2019

DATO' MOHD NIZAM BIN ZAINORDIN

Before me,

TRUSTEE'S REPORT For the Financial Year Ended 31 December 2018

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 2018. 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
30 January 2019

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 2018, 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 56 to 80.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 December 2018, and of its financial performance and 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 investment in real estates and the valuation assumptions are included in Note 13 and 30 respectively. Real estates represent 95.7% 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 focused on the valuations performed by the firm of independent valuers, which included amongst others the following procedures:

- (i) We considered the objectivity, independence and expertise of the firm of independent valuers;
- (ii) We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the real estates and assessed whether such methodology is consistent with those used in the industry; and
- (iii) As part of our evaluations of the fair values of real estates, we had discussions with the independent valuers to obtain an understanding of the input to the valuation models.

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 of the Trust 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 of the Trust, 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 the Manager of the Trust and take appropriate action.

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

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.

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 of the Trust 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 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

Kuala Lumpur, Malaysia
29 January 2019

Muhammad Syarizal Bin Abdul Rahim
No. 03157/01/2021 J
Chartered Accountant

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
INCOME			
Gross revenue			
- Realised		31,241,624	29,241,672
- Unrealised (unbilled rental income receivable)		7,979,146	10,302,997
	5	39,220,770	39,544,669
Less: Real estate operating expenditure	6	(7,721,857)	(6,509,810)
Depreciation		(2,329)	(2,343)
Net rental income		31,496,584	33,032,516
Interest income from deposits with financial institutions		606,322	677,749
Unrealised gain/(loss) on revaluation of real estates:			
- Fair value per valuation report	13	(83,037)	6,297,957
- Unbilled rental income receivable	13	(7,979,146)	(10,302,997)
		24,040,723	29,705,225
EXPENSES			
Management fee	7	(2,804,588)	(2,745,799)
Trustee's fee	8	(130,000)	(130,000)
Auditors' remuneration		(21,800)	(17,500)
Tax agent's fee		(5,150)	(5,100)
Valuation fee		(20,000)	(100,000)
Printing, postage and general expenses		(103,601)	(168,398)
Finance cost - financing facilities	9 (a)	(8,715,071)	(8,535,802)
Deemed finance cost	9 (b)	-	(269,575)
		(11,800,210)	(11,972,174)
NET INCOME BEFORE TAXATION		12,240,513	17,733,051
TAXATION	10	78,546	(314,898)
NET INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,319,059	17,418,153
NET INCOME AFTER TAXATION IS MADE UP OF THE FOLLOWING:			
Realised		12,397,944	11,435,094
Unrealised		(78,885)	5,983,059
		12,319,059	17,418,153
EARNINGS PER UNIT (sen)	11	5.60	7.92
EARNINGS PER UNIT (BEFORE MANAGEMENT FEE) (sen)			
- Gross of tax		6.84	9.31
- Net of tax		6.87	9.17
NET INCOME DISTRIBUTION			
Interim income distribution of 2.65 sen per unit paid on 30 August 2018 (2017: 2.70 sen per unit paid on 30 August 2017)	12	5,830,000	5,940,000
Final income distribution of 2.98 sen per unit payable on 28 February 2019 (2017: 2.50 sen per unit paid on 28 February 2018)		6,556,000*	5,500,005
FINAL INCOME DISTRIBUTION PER UNIT (sen)	12	2.98	2.50
- Gross of tax		2.98	2.50
- Net of tax		2.98	2.50
INTERIM INCOME DISTRIBUTION PER UNIT (sen)	12	2.65	2.70
- Gross of tax		2.65	2.70
- Net of tax		2.65	2.70

* Proposed final income distribution for the year ended 31 December 2018.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
INVESTMENTS			
Real estates	13	438,990,676	446,769,822
Deposits with financial institutions	14	19,618,615	21,799,484
TOTAL INVESTMENTS		458,609,291	468,569,306
OTHER ASSETS			
Equipment, furniture and fittings	15	8,732	11,061
Tax recoverable	16	675,392	600,998
Trade receivables	17	1,792,255	296,286
Other receivables	18	21,483,196	13,325,539
Cash and bank balances		212,489	138,969
TOTAL OTHER ASSETS		24,172,064	14,372,853
TOTAL ASSETS		482,781,355	482,942,159
LIABILITIES			
Financing	19	187,438,037	189,785,590
Rental deposits	20	5,560,447	5,359,943
Other payables	21	4,937,875	3,925,982
Amount due to Manager	22	242,675	253,225
Deferred tax liability	23	2,437,219	2,441,371
TOTAL LIABILITIES		200,616,253	201,766,111
FINANCED BY:			
UNIT HOLDERS' FUNDS			
Unit holders' capital	24	219,120,869	219,120,869
Retained earnings		63,044,233	62,055,179
TOTAL NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS		282,165,102	281,176,048
TOTAL UNIT HOLDERS' FUNDS AND LIABILITIES		482,781,355	482,942,159
NUMBER OF UNITS IN CIRCULATION	24	220,000,000	220,000,000
NET ASSET VALUE ("NAV")		282,165,102	281,176,048
NAV (EX-DISTRIBUTION) PER UNIT		1.2826	1.2781

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

<----- Retained Earnings ----->				
Note	Unit holders' Capital RM	Distributable Realised Income RM	Non- Distributable Unrealised Income RM	Total NAV Attributable to Unit Holders RM
At 1 January 2017	100,000,000	13,381,736	40,495,290	153,877,026
Issuance of units	120,000,000	-	-	120,000,000
Expenses related to issuance of units	(879,131)	-	-	(879,131)
Total comprehensive income for the year	-	11,435,094	5,983,059	17,418,153
Income distribution:	12			
Final distribution	-	(3,300,000)	-	(3,300,000)
- 31 December 2016	-	(5,940,000)	-	(5,940,000)
Interim distribution	-	(5,940,000)	-	(5,940,000)
- 31 December 2017	-	(5,940,000)	-	(5,940,000)
At 31 December 2017	<u>219,120,869</u>	<u>15,576,830</u>	<u>46,478,349</u>	<u>281,176,048</u>
At 1 January 2018	219,120,869	15,576,830	46,478,349	281,176,048
Total comprehensive income for the year	-	12,397,944	(78,885)	12,319,059
Income distribution:	12			
Final distribution	-	(5,500,005)	-	(5,500,005)
- 31 December 2017	-	(5,500,005)	-	(5,500,005)
Interim distribution	-	(5,830,000)	-	(5,830,000)
- 31 December 2018	-	(5,830,000)	-	(5,830,000)
At 31 December 2018	<u>219,120,869</u>	<u>16,644,769</u>	<u>46,399,464</u>	<u>282,165,102</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	12,240,513	17,733,051
Adjustments for:		
Depreciation	2,329	2,343
Unrealised loss on revaluation of real estate: Fair value per valuation report and net accrued rental income	8,062,183	4,005,040
Interest income from deposits with financial institutions	(606,322)	(677,749)
Financing costs	8,715,071	8,535,802
Operating profit before working capital changes	28,413,774	29,598,487
Increase in receivables	(9,638,072)	(3,113,220)
Increase in other payables	949,086	2,319,467
Increase in rental deposits	200,504	408,525
(Decrease)/increase in amount due to the Manager	(10,550)	114,828
Net cash generated from operating activities	19,914,742	29,328,087
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in completed real estates	(283,037)	(112,697,143)
Interest received	590,769	673,602
Withdrawal of deposits with financial institutions	210,000	-
Net cash generated from/(used in) investing activities	517,732	(112,023,541)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financial service reserve account released/(pledged)	10,812	(10,812)
Increase in deposits restricted	-	(5,620)
Financing costs paid	(8,652,264)	(9,010,919)
Financing principal paid	(2,347,554)	(6,720,000)
Proceeds from rights issue	-	120,000,000
Payment of income distributions	(11,330,005)	(9,240,000)
Net cash (used in)/generated from financing activities	(22,319,011)	95,012,649
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,886,537)	12,317,195
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	20,144,841	7,827,646
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18,258,304	20,144,841
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	212,489	138,969
Deposits with financial institutions (Note 14)	19,618,615	21,799,484
	19,831,104	21,938,453
Deposits with financial institutions with maturity of more than 3 months	-	(210,000)
Deposits restricted (Note 14)	(185,300)	(185,300)
Financial service reserve account (Note 14)	(1,387,500)	(1,398,312)
Cash and cash equivalents	18,258,304	20,144,841

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

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 29 January 2019.

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 First Restated 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 estates which are stated at fair value.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Trust.

(a) Changes in accounting policies

The significant accounting policies and methods of computation applied by the Trust are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2017 except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs"), amendments to MFRSs, annual improvements to MFRSs and IC Interpretations which are effective for annual periods beginning on or after 1 January 2018:

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for the classification and measurement of financial instruments, impairment model based on expected credit losses and hedge accounting. However, there are no significant impact on the financial statements of the Trust following the first time adoption of MFRS 9.

(i) Classification and measurement

To determine the classification and measurement category, MFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The MFRS 139 measurement category of financial assets fair value through profit or loss ("FVTPL"), available for sale ("AFS"), held-to-maturity ("HTM") and amortised cost have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income ("FVTOCI"), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVTOCI, with no recycling of gains or losses to profit or loss on derecognition
- Equity instruments at FVTPL

The accounting for financial liabilities remains largely the same as it was under MFRS 139, except for the treatment of gains and losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in other comprehensive income ("OCI") with no subsequent reclassification to income statement.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

3. BASIS OF PREPARATION (CONTD.)

(a) Changes in accounting policies (Contd.)

(i) Classification and measurement (Contd.)

The Trust's classification of its financial assets and liabilities is explained in the notes below.

The assessment of the Trust's business model was made as of the date of initial application, 1 January 2018, and then applied prospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest ("SPPI") was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Trust. The changes in the classification of the Trust's financial assets relates to trade receivables, other receivables and deposits with financial institutions previously classified as loans and receivables which are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

(ii) Impairment

The adoption of MFRS9 has fundamentally changed the Trust's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. MFRS9 requires the Trust to recognise an allowance for ECLs for its trade receivables.

There was no material impact on the accounting for the Trust's financial assets upon application of the new impairment requirements.

MFRS 15 Revenue from contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers, IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services. The standard provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

Prior to the adoption of MFRS 15, the Trust only recognises rental income under MFRS 117. Upon adoption of MFRS 15, the Trust identified non-lease component within the lease arrangement, i.e. maintenance charges as a separate performance obligation which requires the splitting of the rental income into two components, i.e. rental income and maintenance charges as disclosed in Note 5. The Trust has applied the standard using a modified retrospective approach.

(b) 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 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
IC interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
MFRS 128 Investments in Associates and Joint Ventures (Amendments to MFRS 128: Long Term Interests in Associates Joint Ventures)	1 January 2019
Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 <i>Employee Benefits</i>)	1 January 2019

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 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

3. BASIS OF PREPARATION (CONTD.)

(b) Standards issued but not yet effective (Contd.)

Effective for financial periods beginning on or after 1 January 2019 (Contd.)

MFRS 16 Leases (Contd.)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments - initial recognition and subsequent measurement

In the current period the Trust has adopted MFRS 9 Financial Instruments. Comparative figures for the year ended 31 December 2017 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

Policy effective from 1 January 2018 (MFRS 9)

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Financial assets are classified, at initial recognition, as either:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

With the exception of trade receivables that do not contain a significant financing components, the Trust initially measures a financial asset at its fair value plus, in the case of financial assets not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regular or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date the Trust commits to purchase or sell the assets.

All the financial assets of the Trust as at year end are carried at amortised cost.

(i) Financial assets at amortised cost (debt instruments)

The Trust measures financial assets at amortised cost if both of the following conditions are met:

- The financial assets is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Debt instruments that do not meet the criteria above are classified as either FVTPL or fair value through other comprehensive income ("FVTOCI").

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

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Financial instruments - initial recognition and subsequent measurement (Cont'd.)

(ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

All financial liabilities of the Trust are subsequently measured at amortised cost using the effective interest method. Liabilities are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Policy effective before 1 January 2018 (MFRS 139)

(i) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Trust becomes a party to the contractual provisions of the financial instrument.

All financial assets are recognised initially at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Trust determines the classification of its financial assets at initial recognition, and its financial assets which include receivables, deposits with financial institutions and cash at bank, are classified as loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate ("EIR") method, less impairment.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

(ii) Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date. The Company's financial liabilities comprise other payables, excluding provisions.

A financial liability is derecognised when the obligation under the liability is 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, it is recognised in profit or loss.

(b) Financial assets - impairment

Policy effective from 1 January 2018 (MFRS 9)

MFRS 9 introduces expected credit losses ("ECL") model for impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date. The impairment requirements apply to all debt instruments not held at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Financial assets - impairment (Contd.)

Policy effective from 1 January 2018 (MFRS 9)

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash clauses that the Trust expects to receive, discounted at an approximation of the original effective interest rate.

For debt instruments measured at amortised cost with no significant financing component, the Trust applies a simplified approach in calculating ECLs. Therefore, the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

The Trust holds only trade receivables with no financing component and are carried at amortised cost. The maturities of these trade receivables are less than 12 months. Hence, the Trust has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under MFRS 9 to all its trade receivables. Therefore the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Trust's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Trust uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Policy effective before 1 January 2018 (MFRS 139)

The Trust assesses at each reporting date, whether there is any objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred after the initial recognition of the asset (an incurred loss event), has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence exists, the amount of evidence that an impairment loss has been incurred, loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is directly reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases as a result of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(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) Maintenance charges

Revenue from maintenance charges is recognised over time as the tenant receives benefits when the entity performs its obligations of maintaining the rented properties.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Income Recognition (Contd.)

(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(l). 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	10 - 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.

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.

(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 holders' Capital

The unit holders' 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(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.

(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 use of judgements is as follows:

Valuation of real estates

There are significant judgements involved in the valuation of real estates as the 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 30 to the financial statements.

Maintenance charges

Maintenance charges that are recognised as a separate performance obligation from rental income is derived based on market rate. The estimate was made based on references from professional valuers on comparable properties. The details are disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

5. GROSS REVENUE

		2018 RM	2017 RM
Realised:			
Realised rental income	(a)	27,038,065	28,700,419
Other real estate income	(b)	517,029	541,253
Maintenance charges	(c)	3,686,530	-
		<u>31,241,624</u>	<u>29,241,672</u>
Unrealised:			
Unbilled rental income receivables		7,979,146	10,302,997
		<u>39,220,770</u>	<u>39,544,669</u>

(a) Included in the rental income is rental received from a company related to the Manager amounting to RM156,000 (2017: RM156,000). The details are disclosed in Note 25.

(b) Other real estate income in current year relates to compensation received from tenant for early termination and penalty for not reinstating the lease space to its original condition amounting to RM517,029. In prior year, included in other real estate income is an amount of RM269,575 related to the deemed rental income during the pre-completion period for the acquisition of Mydin Seremban 2 in 2017.

(c) Revenue from maintenance charges is recognised when the performance obligations are satisfied. The amount recognised is based on estimated comparable market rate.

6. REAL ESTATE OPERATING EXPENDITURE

Included in the amounts are the following:

	2018 RM	2017 RM
Maintenance, repairs and improvements expenses	2,493,198	1,897,710
Assessment	918,852	918,852
Quit rent	55,297	55,297
Utilities	2,731,931	2,266,260
Others	1,352,875	1,205,856
Property Manager's fee*	169,704	165,835
	<u>7,721,857</u>	<u>6,509,810</u>

*The Property Manager, IM Global Building Services Sdn Bhd ("IMG") (2017: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 2018 is 1% (2017: 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 2018 is RM130,000 (2017: RM130,000).

9. FINANCE COSTS

(a) Financing facilities

	2018 RM	2017 RM
Islamic Revolving Credit Facility (I-RC)	2,840,003	3,035,802
Islamic Term Loan (I-TL)	5,875,068	5,500,000
	<u>8,715,071</u>	<u>8,535,802</u>

(b) Financing facilities

The amount in prior year relates to the deemed finances cost during the pre-completion period for the acquisition of Mydin Seremban 2.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

10. TAXATION

	2018 RM	2017 RM
Income tax:		
Overprovision of tax in previous years	(74,394)	-
Deferred tax (Note 23):		
Relating to origination and reversal of temporary differences	(4,152)	314,898
	<u>(78,546)</u>	<u>314,898</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.

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:

	2018 RM	2017 RM
Net income before taxation	12,240,513	17,733,051
Taxation at Malaysia statutory tax rate of 24% (2017: 24%)	2,937,723	4,255,932
Effect of income not subject to tax	(2,990,148)	(4,332,419)
Expenses not deductible for tax purposes	52,804	76,866
Utilisation of current year capital allowances	(379)	(379)
Effect of deferred tax recognised at RPGT rate	(4,152)	314,898
Overprovision of income tax expense in previous years	(74,394)	-
Tax (credit)/expense for the year	<u>(78,546)</u>	<u>314,898</u>

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 RM12,319,059 (2017: RM17,418,153) by the number of units in circulation as at the statement of financial position date of 220,000,000 (2017: 220,000,000).

12. INCOME DISTRIBUTION

	2018		2017	
	Gross RM	Net RM	Gross RM	Net RM
Interim income distribution of 2.65 sen per unit paid on 30 August 2018 (2017: 2.70 sen per unit paid on 30 August 2017)	5,830,000	5,830,000	5,940,000	5,940,000
Final income distribution of 2.98 sen per unit payable on 28 February 2019 (2017: 2.50 sen per unit paid on 28 February 2018)	6,556,000	6,556,000	5,500,005	5,500,005
Total distribution for the year	<u>12,386,000</u>	<u>12,386,000</u>	<u>11,440,005</u>	<u>11,440,005</u>

* For the financial year ended 31 December 2018, final income distribution of 2.98 sen per unit (tax exempt at Trust level) on 220,000,000 units amounting to RM6,556,000 to be paid on 28 February 2019, was approved by the Manager and the Trustee on 29 and 30 January 2019 respectively. 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 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

12. INCOME DISTRIBUTION (CONTD.)

Sources of Distribution

Distribution to unit holders is from the following sources:

	2018 RM	2017 RM
Net rental income (excluding unrealised unbilled rental income receivable)	23,579,888	22,729,524
Interest income from deposits with financial institutions	606,322	677,749
Previous years' realised income	-	4,906
	24,186,210	23,412,179
Less: Expenses	(11,800,210)	(11,972,174)
Total distribution	12,386,000	11,440,005
Gross/net interim income distribution per unit (sen)	2.65	2.70
Gross/net proposed income distribution per unit (sen)	2.98	2.50
Gross/net interim income distribution	5,830,000	5,940,000
Gross/net proposed final income distribution	6,556,000	5,500,005
	12,386,000	11,440,005

13. REAL ESTATES

Completed
real estates
at fair value
RM

At 31 December 2018

At 1 January 2018	446,769,822
Addition	283,037
Fair value adjustments per valuation report	(83,037)
Accrued rental income	(7,979,146)
At 31 December 2018	438,990,676

At 31 December 2017

At 1 January 2017	446,095,719
Addition	4,679,143
Fair value adjustments per valuation report	6,297,957
Accrued rental income	(10,302,997)
At 31 December 2017	446,769,822

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations as at reporting date. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations are based on the income method that makes reference to estimated market rental values and equivalent yields.

Properties pledged as security

Certain investment properties of the Trust amounting to RM200,000,000 is pledged against financing facilities.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

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	117,036,322	137,647,487
Bangunan AHP, Taman Tun Dr. Ismail, Kuala Lumpur**	Freehold	21/03/1989	33,825,772	44,218,240
Sri Impian, Taman Setiawangsa, Kuala Lumpur	Freehold	15/05/1996	13,771,846	15,000,000
Strata shop office, Asia City, Kota Kinabalu	Leasehold	12/12/1995	1,652,917	1,900,000
Three storey shop house in Taman Tun Dr. Ismail, Kuala Lumpur	Freehold	16/10/1995	909,879	4,500,000
Four storey shop office, Pusat Bandar Melawati, Kuala Lumpur	Freehold	30/08/1996	814,016	2,100,000
Mydin Seremban 2 Seremban, Negeri Sembilan**	Perpetuity	13/09/2016	243,044,855	233,624,949
			411,055,607	438,990,676

* Fair values as at 31 December 2018 is determined based on valuation dated 1 October 2018 and 3 December 2018 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 30 of the financial statements.

All the real estates were valued by the following valuers:

Name of Firm	Name of Valuer and Qualification
Rahim & Co International Sdn Bhd	Sr. Mohamad Alhafiz bin Farouk BSc (Hons) Property Management, UTM M.R.I.S.M Registered Valuer - V984
	Max Sylver Sintia BSc (Hons) Estate Management, UiTM M.R.I.S.M Registered Valuer - V0936
	Kan Kok Leong MSc (Real Estate Management), Oxford Brookes M.R.I.C.S., M.R.I.S.M., M.P.E.P.S., M.M.I.P.P.M. Registered Valuer - V588

** The fair values per valuation report for Mydin Seremban 2, Plaza VADS and Bangunan AHP have been adjusted for the accrued rental income receivables as follows:

	Per valuation report RM	Accrued rental income RM	Fair value RM
At 31 December 2018			
Mydin Seremban 2	253,000,000	(19,375,051)	233,624,949
Plaza VADS	139,000,000	(1,352,513)	137,647,487
Bangunan AHP	44,300,000	(81,760)	44,218,240
At 31 December 2017			
Mydin Seremban 2	253,000,000	(10,951,116)	242,048,884
Plaza VADS	139,000,000	(1,879,062)	137,120,938

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

14. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2018 RM	2017 RM
Fixed deposits		
Islamic instruments	185,300	185,300
Total deposits with financial institutions	<u>19,433,315</u>	<u>21,614,184</u>
	<u>19,618,615</u>	<u>21,799,484</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:

	2018		2017	
	WAEIPR (% p.a.)	Average Maturity (Days)	WAEIPR (% p.a.)	Average Maturity (Days)
Licensed banks	3.93	20	3.49	13

Included within deposits with financial institutions are balances with maturity of less than 90 days amounting to RM19,618,615 (2017: RM21,589,484).

The Islamic instruments include amounts held in Financial Service Reserve Account for the Islamic Term Loan as disclosed in Note 19(b) amounting to RM1,387,500 (2017: RM1,398,312).

Fixed deposits include an amount of RM185,300 (2016: RM185,300) pledged as Bank Guarantee with a financial institution for Tenaga Nasional Berhad in relation to electricity deposit for Plaza VADS and Bangunan AHP.

15. EQUIPMENT, FURNITURE AND FITTINGS

	Equipment RM	Furniture and Fittings RM	Computer Equipment RM	Total RM
Cost				
At 1 January 2017/				
31 December 2017/				
31 December 2018	70,163	54,745	24,301	149,209
Accumulated Depreciation				
At 1 January 2017	56,790	54,724	24,291	135,805
Charge for the year	2,343	-	-	2,343
At 31 December 2017	59,133	54,724	24,291	138,148
Charge for the year	2,329	-	-	2,329
At 31 December 2018	61,462	54,724	24,291	140,477
Net Book Value				
At 31 December 2018	8,701	21	10	8,732
At 31 December 2017	11,030	21	10	11,061
Depreciation charge for 2018	2,329	-	-	2,329
Depreciation charge for 2017	2,343	-	-	2,343

Included in equipment, furniture and fittings of the Trust are cost of fully depreciated assets which are still in use amounting to RM125,782 (2017: RM125,782).

16. TAX RECOVERABLE

The tax recoverable amount represents over payment of tax to the Malaysian Inland Revenue Board (Malaysian IRB) and is recoverable.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

17. TRADE RECEIVABLES

	2018 RM	2017 RM
Trade receivables	1,792,255	296,286

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.

Ageing analysis of trade receivables

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

	2018 RM	2017 RM
Neither past due nor impaired	1,613,693	193,967
31 to 60 days past due not impaired	116,710	20,264
61 to 90 days past due not impaired	-	19,316
91 to 120 days past due not impaired	30,390	12,633
More than 121 days past due not impaired	31,462	50,106
	1,792,255	296,286
Impaired	-	-
	1,792,255	296,286

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 RM178,562 (2017: RM102,319) 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.

There is no concentration of credit risk on the balances as at year end.

18. OTHER RECEIVABLES

	2018 RM	2017 RM
Interest	32,469	16,915
Deposits	415,783	415,783
Accrued rental income receivable	20,809,324	12,830,178
Prepayments	190,212	62,663
GST receivable	35,408	-
	21,483,196	13,325,539

19. FINANCING

	2018 RM	2017 RM
Islamic Revolving Credit (i-RC)	62,438,037	64,785,590
Islamic Term Loan (i-TL)	125,000,000	125,000,000
	187,438,037	189,785,590

(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 4.29% to 4.53% (2017: 4.33% to 4.40%) per annum.

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

(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 facility requires a Financial Service Reserve Account to be maintained throughout the facility tenure as disclosed in Note 14 to the financial statements.

The financing bears profit rate of 4.74% (2017: 4.40%) per annum, and will mature on 13 September 2021.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

20. RENTAL DEPOSITS

	2018 RM	2017 RM
Payable within 12 months	1,947,102	3,122,697
Payable after 12 months	<u>3,613,345</u>	<u>2,237,246</u>
	<u>5,560,447</u>	<u>5,359,943</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 25.

21. OTHER PAYABLES

	2018 RM	2017 RM
Rental received in advance	-	1,299,665
Financing costs payable	1,229,142	1,166,335
Sundry payables	1,264,652	1,404,232
Provision for property expenditure	727,081	55,750
Deposit held for property to be disposed (a)	<u>1,717,000</u>	<u>-</u>
	<u>4,937,875</u>	<u>3,925,982</u>

(a) Deposit held for three properties to be disposed which are located at Taman Tun Dr Ismail, Taman Setiawangsa and Taman Melawati.

22. AMOUNT DUE TO MANAGER

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

23. DEFERRED TAX LIABILITY

	2018 RM	2017 RM
At 1 January	2,441,371	2,126,473
Recognised in profit or loss	<u>(4,152)</u>	<u>314,898</u>
At 31 December	<u>2,437,219</u>	<u>2,441,371</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.

24. UNITS HOLDERS' CAPITAL

	Number of Units		Amount	
	2018 Units	2017 Units	2018 RM	2017 RM
Issued and fully paid:				
At beginning of the year	220,000,000	100,000,000	219,120,869	100,000,000
Issuance during the year	-	120,000,000	-	120,000,000
Expenses relating to issuance of units	-	-	-	(879,131)
At end of year	<u>220,000,000</u>	<u>220,000,000</u>	<u>219,120,869</u>	<u>219,120,869</u>

As at 31 December 2018, the Manager did not hold any unit in the Trust. However, PNB held 11,139,700 (2017: 11,139,700) units, representing approximately 5.06% (2017: 5.06%) of the total units in issue. Based on market price as at 31 December 2018 of 78.0 sen (2017: 83.5 sen) per unit, the value of units held by PNB was RM8,688,966 (2017: 9,301,650).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

25. RELATED PARTY DISCLOSURES

	2018 RM	2017 RM
Amanah Saham Nasional Berhad ("ASNB"), a wholly-owned subsidiary of PNB		
- Rental income received during the year	156,000	156,000
- Rental deposits balance as at year end	65,400	65,400

26. PORTFOLIO TURNOVER RATIO

	2018	2017
Portfolio Turnover Ratio ("PTR")	1.52 times	1.91 times

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 unit trusts which use different basis of calculation may not be an accurate comparison.

27. MANAGEMENT EXPENSE RATIO

	2018	2017
Management Expense Ratio ("MER")	1.10%	1.45%

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 unit trusts which use different basis of calculation may not be an accurate comparison.

28. 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.

29. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Trust's financial assets and financial liabilities are measured on an ongoing basis at amortised cost. 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 are recognised. The following table analyses the financial assets and liabilities of the Trust in the statement of financial position as at 31 December by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Amortised Cost RM	Financial liabilities at amortised cost RM	Total RM
2018			
Assets			
Deposits with financial institutions	19,618,615	-	19,618,615
Trade receivables	1,792,255	-	1,792,255
Other receivables	21,257,576	-	21,257,576
Cash and bank balances	212,489	-	212,489
Total financial assets	42,880,935	-	42,880,935

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

29. FINANCIAL INSTRUMENTS (CONTD.)

(a) Classification of financial instruments (Contd.)

	Amortised Cost RM	Financial liabilities at amortised cost RM	Total RM
2018 (Contd.)			
Liabilities			
Financing	-	187,438,037	187,438,037
Rental deposits	-	5,560,447	5,560,447
Other payables	-	4,210,794	4,210,794
Amount due to Manager	-	242,675	242,675
Total financial liabilities	-	197,451,953	197,451,953
2017			
Assets			
Deposits with financial institutions	21,799,484	-	21,799,484
Trade receivables	296,286	-	296,286
Other receivables	13,262,876	-	13,262,876
Cash and bank balances	138,969	-	138,969
Total financial assets	35,497,615	-	35,497,615
Liabilities			
Financing	-	189,785,590	189,785,590
Rental deposits	-	5,359,943	5,359,943
Other payables	-	3,870,232	3,870,232
Amount due to Manager	-	253,225	253,225
Total financial liabilities	-	199,268,990	199,268,990

30. FAIR VALUE HIERARCHY

(a) Fair value information

Fair value of real estates is classified as level 3 fair value.

(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.

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.

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:

	2018 RM	2017 RM
At 1 January	446,769,822	446,095,719
Addition	-	4,679,143
Fair value per valuation report	(83,037)	6,297,957
Accrued rental income	(7,979,146)	(10,302,997)
At 31 December	438,707,639	446,769,822

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

30. FAIR VALUE HIERARCHY (CONTD.)

(c) Level 3 fair value (Contd.)

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 that are used as discount factor in deriving the fair values of real estates.

Description of real estates valued on 3 December 2018 and 1 October 2018	Term yield ¹	Reversion yield ²
Plaza VADS, Taman Tun Dr. Ismail, Kuala Lumpur	5.75%	6.00%
Bangunan AHP, Taman Tun Dr. Ismail, Kuala Lumpur	5.75%	6.00%
Sri Impian, Taman Setiawangsa, Kuala Lumpur	5.25%	5.50%
Strata shop office, Asia City, Kota Kinabalu	5.50%	5.75%
Three storey shop house in Taman Tun Dr. Ismail, Kuala Lumpur	3.75%	4.00%
Four storey shop office, Pusat Bandar Melawati, Kuala Lumpur	4.50%	5.00%
Mydin Seremban 2, Seremban, Negeri Sembilan	8.15%	8.25%

¹ 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.

² 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.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Trust's exposure to financial instruments arise from its receivables, deposits with financial institutions, cash and bank balances, financing and other liabilities.

The Trust is exposed to a variety of risks including interest rate 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 managing risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Trust.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(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) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in interest rates. The maximum risk resulting from financial instruments equals their fair value.

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. The Trust's term financing carries floating rate of Cost of Fund (COF) + 0.60% per annum.

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
2018		
Deposit with financial institutions	+25 / -25	49,047 (49,047)
Financing	-25 / +25	468,595 (468,595)
2017		
Deposit with financial institutions	+25 / -25	54,499 (54,499)
Financing	-25 / +25	474,464 (474,464)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(g) Market risk

(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 * %
2018						
Assets:						
Deposits with financial institutions	19,618,615	-	-	-	19,618,615	3.93
Trade receivables	-	-	-	1,792,255	1,792,255	-
Other receivables	-	-	-	21,257,576	21,257,576	-
Cash and bank balances	-	-	-	212,489	212,489	-
Total assets	19,618,615	-	-	23,262,320	42,880,935	
Liabilities:						
Financing	62,438,037	-	125,000,000	-	187,438,037	4.64
Rental deposit	-	-	-	5,560,447	5,560,447	-
Other payables	-	-	-	4,210,794	4,210,794	-
Amount due to Manager	-	-	-	242,675	242,675	-
Total liabilities	62,438,037	-	125,000,000	10,013,916	197,451,953	
Total interest sensitivity gap	(42,819,422)	-	(125,000,000)	13,248,404	(154,571,018)	
2017						
Assets:						
Deposits with financial institutions	21,589,484	210,000	-	-	21,799,484	3.49
Trade receivables	-	-	-	296,286	296,286	-
Other receivables	-	-	-	13,262,876	13,262,876	-
Cash and bank balances	-	-	-	138,969	138,969	-
Total assets	21,589,484	210,000	-	13,698,131	35,497,615	
Liabilities:						
Financing	64,785,590	-	125,000,000	-	189,785,590	4.10
Rental deposit	-	-	-	5,359,943	5,359,943	-
Other payables	-	-	-	3,870,232	3,870,232	-
Amount due to Manager	-	-	-	253,225	253,225	-
Total liabilities	64,785,590	-	125,000,000	9,483,400	199,268,990	
Total interest sensitivity gap	(43,196,106)	210,000	(125,000,000)	4,214,731	(163,771,375)	

* Computed based on interest-bearing assets and liabilities only

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(h) Credit Risk (Contd.)

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 17.

(i) 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 19 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.

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	More than 3 months but less than 5 years RM	Total RM
2018				
Financial liabilities:				
Financing	65,116,629	1,375,000	147,650,000	214,141,629
Other liabilities	4,210,794	-	-	4,210,794
Total undiscounted financial liabilities	<u>69,327,423</u>	<u>1,375,000</u>	<u>147,650,000</u>	<u>218,352,423</u>
2017				
Financial liabilities:				
Financing	70,418,157	1,375,000	141,500,000	213,293,157
Other liabilities	3,870,232	-	-	3,870,232
Total undiscounted financial liabilities	<u>74,288,389</u>	<u>1,375,000</u>	<u>141,500,000</u>	<u>217,163,389</u>

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.

32. COMMITMENTS

	2018 RM	2017 RM
Capital commitments:		
Approved and contracted for real estate	<u>2,092,532</u>	<u>5,470,000</u>

33. CURRENCY

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018 (CONTD.)

34. SIGNIFICANT EVENTS

- (a) On 12 December 2018, a purchaser had entered into a Sale and Purchase Agreement with the Trust for property located at Taman Tun Dr Ismail, Kuala Lumpur.
- (b) On 31 December 2018, two purchasers had entered into Sale and Purchase Agreements with the Trust for properties located at Taman Setiawangsa and Taman Melawati, Kuala Lumpur.

UNIT HOLDERS RESOURCE PAGE

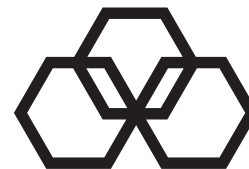
The following information is intended to help you in answering the “What to do?” questions that you may have in managing some of the common issues concerning your investment in AHP.

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:
BOARDROOM SHARE REGISTRARS SDN BHD
(formerly known as SYMPHONY SHARE REGISTRARS SDN BHD)
LEVEL 6, SYMPHONY HOUSE
PUSAT DAGANGAN DANA 1
JALAN PJU 1A/46
47301 PETALING JAYA
SELANGOR
Tel: 03-7841 8000
Fax: 03-7841 8151 / 8152
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?”).

UNIT HOLDERS RESOURCE PAGE (CONTD.)

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: 03-2056 8061, 8062, 8063, 8064
 - 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)
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.
 - Further details on Bursa Securities and trading of securities quoted on Bursa Securities, kindly visit Bursa Malaysia's website at www.bursamalaysia.com

AMANAH HARTA TANAH PNB
NOTICE OF 7TH ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the 7th 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 Thursday, 28 March 2019 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 2018 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 2019

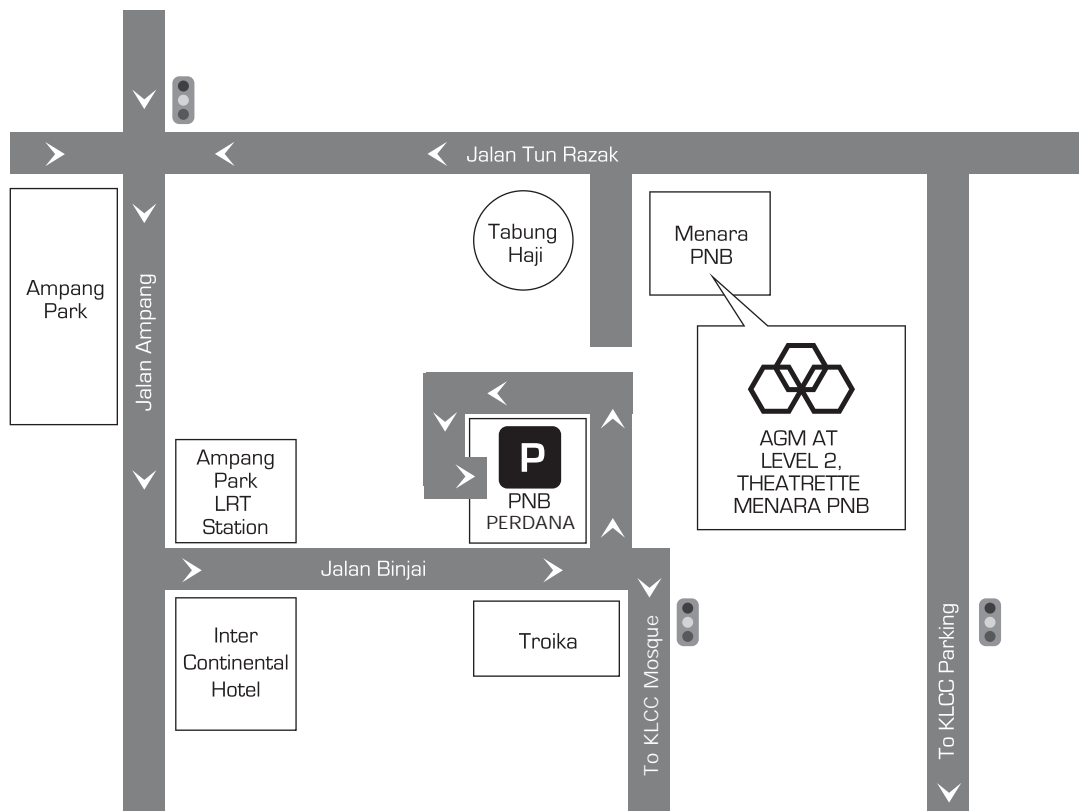
Notes:

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, Boardroom Share Registrars Sdn Bhd (formerly known as 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 22 March 2019 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 7th 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



7th ANNUAL GENERAL MEETING

I/We _____ NRIC/Company No. _____

Telephone no. _____ of _____

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

1st
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):

2nd
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 at the 6th 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 29 March 2019 at 3.00 p.m. and any adjournment thereof.

Dated this _____ day of _____, 2019

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, Boardroom Share Registrars Sdn Bhd (formerly known as 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 22 March 2019 shall be entitled to attend and speak at the Meeting or appoint proxy(ies) to attend on his behalf.



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AFFIX
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BOARDROOM SHARE REGISTRARS SDN BHD
(formerly known as 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

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