

Annual Report for
AmAsia Pacific REITs

31 August 2017



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

AmFunds Management Berhad
9th & 10th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

Board of Directors

Raja Teh Maimunah Raja Abdul Aziz
Mustafa Mohd Nor
Tai Terk Lin
Goh Wee Peng
Sum Leng Kuang

Investment Committee

Sum Leng Kuang
Tai Terk Lin
Mustafa Mohd Nor
Zainal Abidin Mohd Kassim

Audit Committee

Sum Leng Kuang
Tai Terk Lin
Mustafa Mohd Nor

Trustee

Deutsche Trustees Malaysia Berhad

Auditors and Reporting Accountants

Ernst & Young

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER’S REPORT

Dear Unitholders,

We are pleased to present you the Manager’s report and the audited accounts of AmAsia Pacific REITs (“Fund”) for the financial year ended 31 August 2017.

Salient Information of the Fund

Name	AmAsia Pacific REITs (“Fund”)																																					
Category/Type	Fund-of-Funds / Income and Growth																																					
Objective	<p>The Fund aims to provide regular income* and to a lesser extent capital appreciation over the medium to long term by investing in real estate investment trusts (REITs).</p> <p><i>*Note: The income could be in the form of units or cash.</i></p>																																					
Duration	<p>The Fund was established on 18 July 2011 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interest of the unitholders for it to continue. In some circumstance, the unitholders can resolve at a meeting to terminate the Fund.</p>																																					
Performance Benchmark	<p>S&P Pan Asia REITs Index. (obtainable from: www.aminvest.com and Bloomberg L.P)</p> <p><i>Note: The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i></p>																																					
Income Distribution Policy	<p>Class A (USD), Class B (AUD) and Class B (SGD) Subject to availability of income, distribution is paid at least once a year and will be reinvested into additional units of the respective Class.</p> <p>Class B (MYR) Subject to availability of income, distribution is paid at least once a year and will be paid in the form of cash or units.</p> <p><i>Note: Income distribution amount (if any) for each of the Classes would be different subject to sole discretion of the Manager.</i></p>																																					
Breakdown of Unit Holdings by Size	<p>For the financial year under review, the size of the Fund for Class B (MYR) stood at 432,845,706 units.</p> <table border="1"> <thead> <tr> <th rowspan="2">Size of holding</th> <th colspan="2">As at 31 August 2017</th> <th colspan="2">As at 31 August 2016</th> </tr> <tr> <th>Number of units held</th> <th>Number of unitholders</th> <th>Number of units held</th> <th>Number of unitholders</th> </tr> </thead> <tbody> <tr> <td>5,000 and below</td> <td>47,756</td> <td>17</td> <td>1,609,997</td> <td>524</td> </tr> <tr> <td>5,001-10,000</td> <td>151,752</td> <td>19</td> <td>5,783,971</td> <td>727</td> </tr> <tr> <td>10,001-50,000</td> <td>3,522,689</td> <td>125</td> <td>27,469,939</td> <td>1,213</td> </tr> <tr> <td>50,001-500,000</td> <td>18,259,507</td> <td>135</td> <td>35,978,993</td> <td>344</td> </tr> <tr> <td>500,001 and above</td> <td>410,864,002</td> <td>22</td> <td>268,177,979</td> <td>21</td> </tr> </tbody> </table>				Size of holding	As at 31 August 2017		As at 31 August 2016		Number of units held	Number of unitholders	Number of units held	Number of unitholders	5,000 and below	47,756	17	1,609,997	524	5,001-10,000	151,752	19	5,783,971	727	10,001-50,000	3,522,689	125	27,469,939	1,213	50,001-500,000	18,259,507	135	35,978,993	344	500,001 and above	410,864,002	22	268,177,979	21
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Fund Performance Data

Portfolio Composition Details of portfolio composition of the Fund for the financial years as at 31 August are as follows:

	FY 2017 %	FY 2016 %	FY 2015 %
Real Estate Investment Trust	80.85	82.63	89.74
Utilities	1.98	2.00	-
Cash and others	17.17	15.37	10.26
Total	100.00	100.00	100.00

Note: The abovementioned percentages are calculated based on total net asset value.

Performance Details Performance details of the Fund for the financial years ended 31 August are as follows:

	FY 2017	FY 2016	FY 2015
Net asset value (RM)*	340,461,509	258,590,126	204,639,142
Units in circulation*	432,845,706	339,020,879	308,402,138
Net asset value per unit (RM)*	0.7866	0.7628	0.6635
Highest net asset value per unit (RM)*	0.7931	0.7900	0.6883
Lowest net asset value per unit (RM)*	0.7355	0.6486	0.6134
Benchmark performance (%)	-1.80	23.68	10.85
Total return (%) ⁽¹⁾	5.20	20.20	11.66
- Capital growth (%)	3.15	15.21	5.63
- Income distribution (%)	2.05	4.99	6.03
Gross distribution (sen per unit)	1.56	3.31	3.80
Net distribution (sen per unit)	1.56	3.31	3.80
Management expense ratio (%) ⁽²⁾	1.78	1.78	1.68
Portfolio turnover ratio (times) ⁽³⁾	0.52	0.54	0.35

* Above prices and net asset value per unit are shown as ex-distribution.

Note:

(1) Total return is the actual return of the Fund for the respective financial years computed based on the net asset value per unit and net of all fees.

(2) Management expense ratio ("MER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.

(3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The PTR decreased by 0.02 times (3.7%) as compared to 0.54 times for the financial year ended 31 August 2016 mainly due to increase in average fund size.

(4) There were no units in circulation for Class A (USD), Class B (AUD) and Class B (SGD) since the launching of the class on 16 July 2014.

Average Total Return (as at 31 August 2017)

Class B (MYR)	AmAsia Pacific REITs^(a) %	Bloomberg Asia REIT Index/ S&P Pan Asia REITs Index^(b) %
One year	5.20	-1.80
Three years	12.19	10.41
Five years	10.61	9.48
Since launch (18 July 2011)	12.18	8.58

Annual Total Return

Financial Years/Period Ended (31 August) Class B (MYR)	AmAsia Pacific REITs^(a) %	Bloomberg Asia REIT Index/ S&P Pan Asia REITs Index^(b) %
2017	5.20	-1.80
2016	20.20	23.68
2015	11.66	10.85
2014	13.02	12.00
2013	3.73	4.34

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.

(b) S&P Pan Asia REITs Index/Bloomberg Asia REIT Index (Obtainable from: www.aminvest.com and Bloomberg L.P.).

S&P Pan Asia REITs Index has replaced Bloomberg Asia REIT Index with effect from 16 July 2014.

(c) There were no returns for Class A (USD), Class B (AUD) and Class B (SGD) since the launching of the class on 16 July 2014.

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute return for that period annualised over one year.

Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

Fund PerformanceClass B (MYR)

For the financial year under review, the Fund registered a return of 5.20% comprising of 3.15% capital growth and 2.05% income distribution.

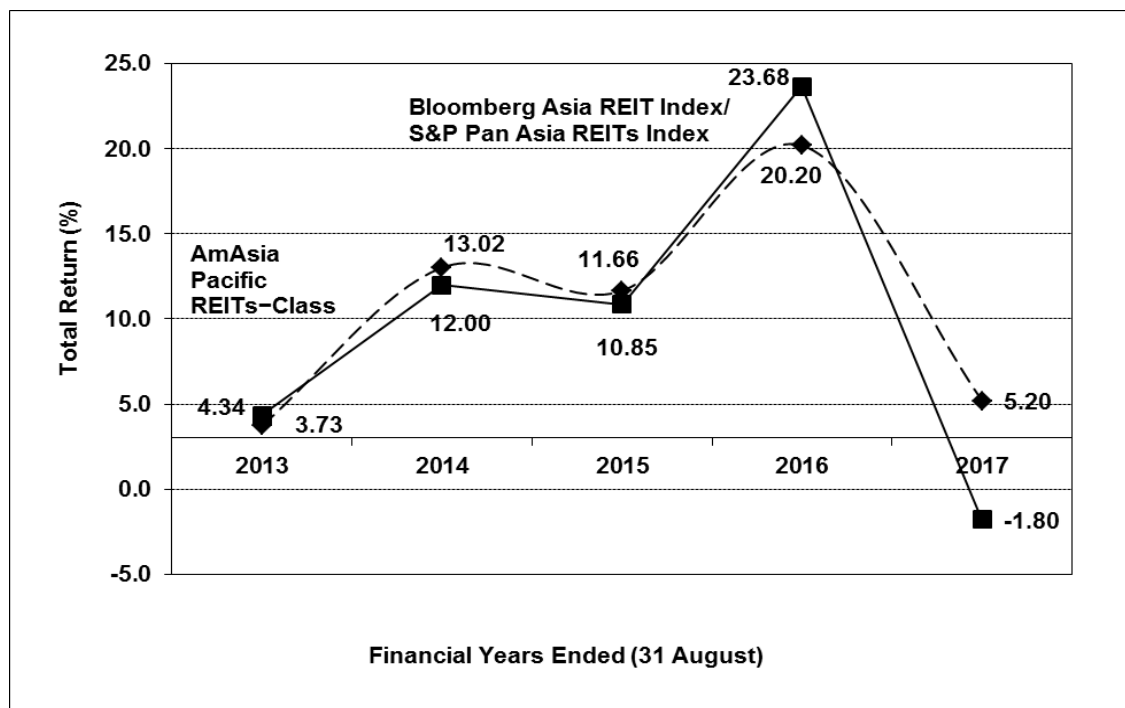
Thus, the Fund's return of 5.20% has outperformed the benchmark's negative return of 1.80% by 7.00%.

As compared with the financial year ended 31 August 2016, the net asset value ("NAV") per unit of the Fund increased by 3.12% from RM0.7628 to RM0.7866, while units in circulation increased by 27.68% from 339,020,879 units to 432,845,706 units.

Class A (USD), Class B (AUD) and Class B (SGD)

For the financial year under review, there were no returns for the Class A (USD), Class B (AUD) and Class B (SGD).

The line chart below shows comparison between the annual performances of AmAsia Pacific REITs-Class B (MYR) and its benchmark, Bloomberg Asia REIT Index/S&P Pan Asia REITs Index, for the financial years ended 31 August.



Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

Has the Fund achieved its objective?

The Fund has achieved its objective in paying out a dividend and to a lesser extent capital appreciation over the medium to long term by investing in real estate investment trusts (REITs).

Strategies and Policies Employed

For the financial year under review, the Fund achieved its investment objective, where 70% to 98% of the Fund’s Net Asset Value (“NAV”) was invested in REITs listed in the Asia Pacific region, being Australia, Hong Kong, Japan, Malaysia, New Zealand, Singapore, South Korea, Taiwan and Thailand. In addition to country diversification, the Fund also diversified its REITs sector exposure in residential, commercial and industrial. The Fund holds between 2% to 30% of its NAV in liquid assets. These strategies will continue to be applied going forward.

The Manager employs an active allocation strategy, which means the asset allocation decisions will be made after reviewing the macroeconomic trends and REITs market outlook of the respective countries in the Asia Pacific region. The Manager will be targeting REITs with strong track records in generating regular income returns and which have potential for capital growth. In evaluating the suitability of a REIT, the Manager, amongst other factors, will review the track record, portfolio of assets, financial status, income distribution policy and cost factors of the REITs.

In an adverse market condition, the Manager may increase its asset allocation to lower risk assets such as liquid assets to preserve the Fund’s capital. During this period, the Fund’s investment may differ from the stipulated investment strategy.

Portfolio Structure	<p>This table below is the asset allocation of the Fund for Class B (MYR) for the financial years under review.</p> <table border="1" data-bbox="379 226 1461 490"> <thead> <tr> <th></th> <th>As at 31-8-2017 %</th> <th>As at 31-8-2016 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Real Estate Investment Trust</td> <td>80.85</td> <td>82.63</td> <td>-1.78</td> </tr> <tr> <td>Utilities</td> <td>1.98</td> <td>2.00</td> <td>-0.02</td> </tr> <tr> <td>Cash and others</td> <td>17.17</td> <td>15.37</td> <td>1.80</td> </tr> <tr> <td>Total</td> <td>100.00</td> <td>100.00</td> <td></td> </tr> </tbody> </table> <p>For the financial year under review, the lower equity weighting was due to fund inflows.</p>		As at 31-8-2017 %	As at 31-8-2016 %	Changes %	Real Estate Investment Trust	80.85	82.63	-1.78	Utilities	1.98	2.00	-0.02	Cash and others	17.17	15.37	1.80	Total	100.00	100.00	
	As at 31-8-2017 %	As at 31-8-2016 %	Changes %																		
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Utilities	1.98	2.00	-0.02																		
Cash and others	17.17	15.37	1.80																		
Total	100.00	100.00																			
Distribution/ Unit split	<p>During the financial year under review, the Fund declared the following income distribution, detailed as follows:</p> <table border="1" data-bbox="379 748 1461 936"> <thead> <tr> <th>1.56 sen per unit income distribution</th> <th>Change in the unit price prior and subsequent to the income distribution</th> <th>Before income distribution on 20 February 2017 (RM)</th> <th>After income distribution on 20 February 2017 (RM)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Net asset value per unit</td> <td>0.7878</td> <td>0.7722</td> </tr> </tbody> </table> <p>There was no unit split declared for the financial year under review.</p>	1.56 sen per unit income distribution	Change in the unit price prior and subsequent to the income distribution	Before income distribution on 20 February 2017 (RM)	After income distribution on 20 February 2017 (RM)		Net asset value per unit	0.7878	0.7722												
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	Net asset value per unit	0.7878	0.7722																		
State of Affairs	<p>There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.</p>																				
Rebates and Soft Commission	<p>It is our policy to pay all rebates to the Fund. Soft commission received from brokers/dealers is retained by the Manager only if the goods and services provided are of demonstrable benefit to unitholders of the Fund.</p> <p>During the financial year under review, the Manager had received on behalf of the Fund, soft commissions in the form of fundamental database, financial wire services, technical analysis software and stock quotation system incidental to investment management of the Fund. These soft commissions received by the Manager are deemed to be beneficial to the unitholders of the Fund.</p>																				
Market Review	<p>In 4Q16, global REITs, along with yield plays, faced selling pressure on expectation that the US Fed would raise interest rates. Investors switched out of defensive stocks into Cyclical. Although the rate hike did not take place in September, the Fed eventually pulled the trigger on another 25bps hike in December 2016. In addition, the outcome of the US Presidential elections underpinned the more bullish outlook on anticipation the new President would embark on an aggressive fiscal spending programme. Outlook turned more positive at the start of 2Q17 with the International Monetary Fund (“IMF”) upgrading its 2017 global Gross Domestic Product (“GDP”) forecast to 3.5% from 3.1% on stable economic recovery, global trade was turning around due to destocking, as well as corporates starting to raise production. Some geopolitical uncertainty was lifted with the victory of Macron in the French presidential elections, allaying concerns of a breakdown of the EU. Trump announced a plan to reduce corporate tax to 15% from 35% and the US Fed pulled the trigger on a second interest rate hike in June 2017. However, sentiment started to turn due to</p>																				

	<p>geopolitical risks as well as concerns of the impact of global bank monetary policy normalization.</p> <p>In July 2017, the US Fed expressed its expectation to reduce its balance sheet beginning this year, while the IMF cut its US growth forecast to 2.1%. Bank of China hiked interest rates by 25bps to 0.75%, the first time in 7 years. Europe Purchasing Managers' Index ("PMI") rose to 57.4, a 6-year high. Geopolitical tensions heightened in August due to North Korea.</p>
Market Outlook	<p>US market continues to report strong macroeconomic data, complemented by the plan to encourage US corporates to repatriate overseas earnings. These factors could potentially drive the strength of the USD against global currencies. The REIT sector could face a relatively calm 2H as political risks recede, macro fundamentals stabilize and US Fed hike expectations priced in. However we think that geopolitical tensions in the Korean Peninsula will continue to be closely monitored by investors.</p>

Kuala Lumpur, Malaysia
AmFunds Management Berhad

9 October 2017

Independent auditors' report to the unitholders of AmAsia Pacific REITs

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **AmAsia Pacific REITs** (“the Fund”), which comprise the statement of financial position as at 31 August 2017, 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, as set out on pages 10 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2017 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Fund 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.

Information other than the financial statements and auditors' report thereon

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

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent auditors' report to the unitholders of AmAsia Pacific REITs (cont'd.)

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and the Trustees for the financial statements

The Manager is responsible for the preparation of the financial statements of the Fund 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 Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund'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 either intends to liquidate the Fund or to cease operations, or has no realistic alternative to do so.

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund, 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 approved standards on auditing in Malaysia and International Standards on 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 the approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, 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 Fund's internal control.

Independent auditors' report to the unitholders of AmAsia Pacific REITs (cont'd.)

- 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 the 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund 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.

Other matters

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Wan Daneena Liza Bt Wan Abdul Rahman
No. 2978/03/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
9 October 2017

AmAsia Pacific REITs**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2017**

	Note	2017 RM	2016 RM
ASSETS			
Investments	4	282,014,048	218,845,696
Deposits with financial institutions	5	52,926,075	32,272,841
Amount due from Manager	6	-	8,201,397
Distributions receivable		2,962,969	1,731,673
Sundry receivables	7	5,655,449	343,299
Cash at banks		3,484,608	1,247,679
TOTAL ASSETS		347,043,149	262,642,585
LIABILITIES			
Amount due to Manager	6	3,039,577	-
Amount due to Trustee	8	17,245	12,866
Sundry payables and accrued expenses	7	3,524,818	4,039,593
TOTAL LIABILITIES		6,581,640	4,052,459
EQUITY			
Unitholders' capital	11(a)	255,648,812	184,560,095
Retained earnings	11(b)(c)	84,812,697	74,030,031
TOTAL EQUITY	11	340,461,509	258,590,126
TOTAL EQUITY AND LIABILITIES		347,043,149	262,642,585
UNITS IN CIRCULATION	11(a)	432,845,706	339,020,879
NET ASSET VALUE PER UNIT – EX DISTRIBUTION		78.66 sen	76.28 sen

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

AmAsia Pacific REITs

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

	Note	2017 RM	2016 RM
INVESTMENT INCOME			
Distribution income		15,207,109	8,152,147
Interest income		1,829,599	951,025
Net gain from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	9	8,323,923	32,129,840
Other unrealised foreign exchange gain/(loss)		9,559	(77,093)
Gross Income		<u>25,370,190</u>	<u>41,155,919</u>
EXPENDITURE			
Manager’s fee	6	(5,129,346)	(3,047,272)
Trustee’s fee	8	(205,174)	(121,891)
Auditors’ remuneration - current financial year		(10,000)	(8,000)
Auditors’ remuneration - under provision in prior financial year		(2,000)	-
Tax agent’s fee		(5,000)	(5,000)
Custodian’s fee		(377,881)	(192,602)
Other expenses	10	(369,700)	(234,247)
Total Expenditure		<u>(6,099,101)</u>	<u>(3,609,012)</u>
NET INCOME BEFORE TAX		19,271,089	37,546,907
LESS: INCOME TAX	13	(1,204,495)	(540,265)
NET INCOME AFTER TAX		18,066,594	37,006,642
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>18,066,594</u>	<u>37,006,642</u>
Total comprehensive income comprises the following:			
Realised income		21,136,925	13,750,604
Unrealised (loss)/gain		(3,070,331)	23,256,038
		<u>18,066,594</u>	<u>37,006,642</u>
Distributions for the financial year:			
Net distributions	14	<u>7,283,928</u>	<u>9,856,904</u>
Gross/net distributions per unit (sen)	14	<u>1.56</u>	<u>3.31</u>

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

AmAsia Pacific REITs

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017**

	Note	Unitholders' capital RM	Retained earnings RM	Total equity RM
At 1 September 2015		157,758,849	46,880,293	204,639,142
Total comprehensive income for the financial year		-	37,006,642	37,006,642
Creation of units	11(a)	81,128,654	-	81,128,654
Reinvestment of distributions	11(a),14	9,549,343	-	9,549,343
Cancellation of units	11(a)	(63,876,751)	-	(63,876,751)
Distributions	14	-	(9,856,904)	(9,856,904)
Balance at 31 August 2016		<u>184,560,095</u>	<u>74,030,031</u>	<u>258,590,126</u>
At 1 September 2016		184,560,095	74,030,031	258,590,126
Total comprehensive income for the financial year		-	18,066,594	18,066,594
Creation of units	11(a)	358,149,937	-	358,149,937
Reinvestment of distributions	11(a),14	7,115,122	-	7,115,122
Cancellation of units	11(a)	(294,176,342)	-	(294,176,342)
Distributions	14	-	(7,283,928)	(7,283,928)
Balance at 31 August 2017		<u>255,648,812</u>	<u>84,812,697</u>	<u>340,461,509</u>

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

AmAsia Pacific REITs

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

	Note	2017 RM	2016 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		143,574,536	109,307,040
Capital repayments received		541,891	624,048
Distributions received		12,794,351	7,895,834
Interest received		1,829,599	951,025
Manager's fee paid		(4,958,056)	(2,971,597)
Trustee's fee paid		(200,795)	(118,864)
Tax agent's fee paid		(5,000)	(5,000)
Custodian's fee paid		(377,881)	(192,602)
Payments for other expenses		(370,456)	(232,455)
Purchase of investments		<u>(204,812,499)</u>	<u>(108,257,107)</u>
Net cash (used in)/generated from operating and investing activities		<u>(51,984,310)</u>	<u>7,000,322</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		366,672,977	72,605,614
Payments for cancellation of units		(291,629,698)	(71,170,995)
Distributions paid		<u>(168,806)</u>	<u>(307,561)</u>
Net cash generated from financing activities		<u>74,874,473</u>	<u>1,127,058</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		22,890,163	8,127,380
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR			
		<u>33,520,520</u>	<u>25,393,140</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR			
		<u><u>56,410,683</u></u>	<u><u>33,520,520</u></u>
Cash and cash equivalents comprise:			
Deposits with financial institutions	5	52,926,075	32,272,841
Cash at banks		<u>3,484,608</u>	<u>1,247,679</u>
		<u><u>56,410,683</u></u>	<u><u>33,520,520</u></u>

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

AmAsia Pacific REITs

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

AmAsia Pacific REITs (“the Fund”) was established pursuant to a Deed dated 5 April 2011 as amended by Deeds Supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unitholders.

The Fund aims to provide regular income and to a lesser extent capital appreciation over the medium to long term by investing in real estate investment trusts (REITs). As provided in the Deed, the “accrual period” or financial year shall end on 31 August. The units in the Fund for Class B (MYR) were first offered for sale on 18 July 2011, while Class A (USD), Class B (AUD) and Class B (SGD) were first offered for sale on 16 July 2014. There were no units in circulation for Class A (USD), Class B (AUD) and Class B (SGD) since its offer date.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and are in compliance with International Financial Reporting Standards.

The financial statements of the Fund have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

Standards effective during the financial year

The adoption of MFRS which have been effective during the financial year did not have any material financial impact to the financial statements.

Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Standards, which are relevant to the Fund, have been issued by MASB but are not yet effective and have not been adopted by the Fund.

	Effective for financial periods beginning on or after
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue From Contracts With Customers	1 January 2018

The Fund plans to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Fund upon their initial application except as described below:

MFRS 9 Financial Instruments

MFRS 9 reflects International Accounting Standards Board's ("IASB") work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139"). MFRS 9 will be effective for financial year beginning on or after 1 January 2018. The Fund is in the process of quantifying the impact of the first adoption of MFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES

Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Distribution income is recognised when the Fund's right to receive payment is established. Interest income on short-term deposits is recognised on an accrual basis using the effective interest method.

Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. The functional currency of the Fund is Ringgit Malaysia which reflects the currency in which the Fund competes for funds, issues and redeems units. The Fund has also adopted Ringgit Malaysia as its presentation currency.

Foreign currency transactions

Transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in profit or loss.

Statement of cash flows

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value.

Distribution

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved.

Unitholders' capital

The unitholders' capital of the Fund meets the definition of puttable instruments and is classified as equity instruments under MFRS 132 Financial Instruments: Presentation ("MFRS 132").

Financial assets

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

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

The Fund determines the classification of its financial assets at initial recognition, and the categories applicable to the Fund include financial assets at fair value through profit or loss ("FVTPL") and loans and receivables.

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading by the Fund include equity securities acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at fair value through profit or loss'. Distribution revenue and interest earned elements of such instruments are recorded separately in 'Distribution income' and 'Interest income' respectively. Exchange differences, if any, on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at FVTPL.

For investments in local quoted securities, market value is determined based on the closing price quoted on Bursa Malaysia Securities Berhad. For investments in foreign listed securities, which are quoted in the respective stock exchanges, market value will be determined based on the published market price quoted by the respective stock exchanges at the end of each business day. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

On disposal of investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realised gain or loss is recognised in profit or loss.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Impairment of financial assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Loans and receivables carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment 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 reduced through the use of an allowance account. When loans and receivables become uncollectible, they are written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed 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.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposals of financial instruments classified at fair value through profit or loss are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Significant accounting estimates and judgments

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The Fund classifies its investments as financial assets at FVTPL as the Fund may sell its investments in the short-term for profit-taking or to meet unitholders' cancellation of units.

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. INVESTMENTS

	2017	2016
	RM	RM
Financial assets at FVTPL		
Collective investment scheme denominated in Australian Dollar ("AUD")	76,396,600	56,059,898
Collective investment scheme denominated in Hong Kong Dollar ("HKD")	29,700,131	21,972,988
Collective investment scheme denominated in Japanese Yen ("JPY")	46,674,313	51,986,386
Collective investment scheme denominated in Ringgit Malaysia ("RM")	29,740,948	19,116,089
Collective investment scheme denominated in Singapore Dollar ("SGD")	78,126,337	55,955,353

(Forward)

	2017	2016
	RM	RM
Financial assets at FVTPL		
Collective investment scheme denominated in Thai Baht (“THB”)	10,994,467	7,143,060
Collective investment scheme denominated in United States Dollar (“USD”)	10,381,252	6,611,922
	<u>282,014,048</u>	<u>218,845,696</u>

Details of investments as at 31 August 2017 are as follows:

Name of Trust	Number of units	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Collective investment scheme denominated in Australian Dollar				
Real Estate Investment Trust				
Arena REIT	245,900	1,882,729	1,293,948	0.55
Aventus Retail Property Fund	399,471	3,072,017	2,809,868	0.90
Centuria Industrial REIT	417,900	3,509,742	3,337,561	1.03
Charter Hall Group	547,083	10,259,625	8,009,665	3.02
Charter Hall Retail REIT	601,789	7,936,417	7,696,517	2.33
Dexus Property Group	212,639	6,756,119	4,835,295	1.99
Folkestone Education Trust	295,842	2,754,053	2,262,499	0.81
Goodman Group	251,039	6,985,518	4,153,108	2.05
Iron Mountain Incorporated	50,116	8,309,822	7,540,632	2.44
Propertylink Group	2,171,200	6,334,603	5,932,951	1.86
Scentre Group	226,507	2,948,984	2,347,804	0.87
Stockland Corporation Limited	212,200	3,142,052	3,146,255	0.92
The GPT Group	297,670	5,010,016	3,838,648	1.47
Viva Energy REIT Limited	1,038,362	7,494,903	7,993,491	2.20
	<u>6,967,718</u>	<u>76,396,600</u>	<u>65,198,242</u>	<u>22.44</u>
Total collective investment scheme denominated in AUD	<u>6,967,718</u>	<u>76,396,600</u>	<u>65,198,242</u>	<u>22.44</u>

(Forward)

Name of Trust	Number of units	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Collective investment scheme denominated in Hong Kong Dollar				
Real Estate Investment Trust				
Champion Real Estate Investment Trust	160,000	498,690	527,498	0.15
Prosperity Real Estate Investment Trust	5,043,000	9,469,389	5,731,221	2.78
Sunlight Real Estate Investment Trust	3,156,300	8,890,015	4,683,685	2.61
The Link Real Estate Investment Trust	310,839	10,842,037	5,918,364	3.18
	<u>8,670,139</u>	<u>29,700,131</u>	<u>16,860,768</u>	<u>8.72</u>
Total collective investment scheme denominated in HKD	<u>8,670,139</u>	<u>29,700,131</u>	<u>16,860,768</u>	<u>8.72</u>

Collective investment scheme denominated in Japanese Yen

Real Estate Investment Trust				
Advance Residence Investment Corporation	121	1,314,577	1,387,286	0.39
GLP J-REIT	904	4,116,126	3,421,349	1.21
Healthcare & Medical Investment Corporation	459	1,725,619	1,859,511	0.51
Industrial & Infrastructure Fund Investment Corporation	407	7,792,443	8,188,310	2.29
Japan Hotel REIT Investment Corporation	247	720,120	734,401	0.21
Japan Prime Realty Investment Corporation	237	3,647,526	3,169,638	1.07
Japan Real Estate Investment Corporation	109	2,388,668	2,474,287	0.70
LaSalle Logiport REIT	1,591	6,634,356	6,375,436	1.95
Mori Hills REIT Investment Corporation	572	3,089,464	3,248,708	0.91
Nippon Accommodations Fund Inc.	391	6,661,045	6,052,340	1.96
Nippon Building Fund Inc.	84	1,892,846	1,899,720	0.55
Nippon Prologis REIT Inc.	728	6,691,523	6,098,752	1.96

(Forward)

Name of Trust	Number of units	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Collective investment scheme denominated in Japanese Yen				
Total collective investment scheme denominated in JPY	5,850	46,674,313	44,909,738	13.71
Collective investment scheme denominated in Ringgit Malaysia				
Real Estate Investment Trust				
Axis Real Estate Investment Trust	1,870,000	2,992,000	3,210,861	0.88
CapitaLand Malaysia Mall Trust	1,398,000	2,041,080	2,436,258	0.60
IGB Real Estate Investment Trust	3,011,200	5,179,264	4,548,741	1.52
KLCC Property Holdings Berhad	928,632	7,243,330	6,824,641	2.13
Pavilion Real Estate Investment Trust	3,701,750	6,367,010	5,549,928	1.87
Sunway Real Estate Investment Trust	1,383,000	2,364,930	2,394,664	0.69
YTL Hospitality REIT	3,011,300	3,553,334	3,243,525	1.04
	15,303,882	29,740,948	28,208,618	8.73
Total collective investment scheme denominated in RM	15,303,882	29,740,948	28,208,618	8.73
Collective investment scheme denominated in Singapore Dollar				
Real Estate Investment Trust				
AIMS AMP Capital Industrial REIT	560,500	2,441,750	2,504,854	0.72
Ascendas India Trust	994,200	3,658,773	2,731,853	1.07
Ascendas Real Estate Investment Trust	1,299,400	10,790,031	9,419,222	3.17
CapitaLand Retail China Trust	670,000	3,614,222	3,601,827	1.06
Frasers Logistics & Industrial Trust	3,179,600	10,751,197	9,351,155	3.16

(Forward)

Name of Trust	Number of units	Market value RM	Purchase cost RM	Market value as a percentage of net asset value %
Collective investment scheme denominated in Singapore Dollar (cont'd.)				
Real Estate Investment Trust				
Keppel DC REIT	2,648,858	10,664,599	9,181,921	3.13
Mapletree Commercial Trust	2,017,700	9,773,569	9,491,326	2.87
Mapletree Industrial Trust	1,348,600	7,889,909	7,857,864	2.32
Parkway Life Real Estate Investment Trust	1,219,700	10,320,035	8,898,085	3.03
Viva Industrial Trust	506,000	1,496,078	1,477,388	0.44
	<u>14,444,558</u>	<u>71,400,163</u>	<u>64,515,495</u>	<u>20.97</u>
Utilities				
Keppel Infrastructure Trust	3,818,600	6,726,174	5,774,014	1.98
Total collective investment schemes denominated in SGD	<u>18,263,158</u>	<u>78,126,337</u>	<u>70,289,509</u>	<u>22.95</u>
Collective investment scheme denominated in Thai Baht				
Real Estate Investment Trust				
Tesco Lotus Retail Growth Freehold and Leasehold Property Fund	5,155,504	10,994,467	8,657,126	3.23
Total collective investment scheme denominated in THB	<u>5,155,504</u>	<u>10,994,467</u>	<u>8,657,126</u>	<u>3.23</u>
Collective investment scheme denominated in United States Dollar				
Real Estate Investment Trust				
Manulife US Real Estate Investment Trust	2,533,100	10,381,252	8,868,267	3.05
Total collective investment scheme denominated in USD	<u>2,533,100</u>	<u>10,381,252</u>	<u>8,868,267</u>	<u>3.05</u>
Total financial assets at FVTPL	<u>56,899,351</u>	<u>282,014,048</u>	<u>242,992,268</u>	<u>82.83</u>
Excess of market value over cost		<u>39,021,780</u>		

5. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2017	2016
	RM	RM
At nominal value:		
Short-term deposits with licensed banks	52,921,000	32,270,100
At carrying value:		
Short-term deposits with licensed banks	52,926,075	32,272,841

Details of deposits with financial institutions as at 31 August 2017 are as follows:

Maturity date	Bank	Nominal value RM	Carrying value RM	Purchase cost RM	Carrying value as a percentage of net asset value %
Short-term deposits with licensed banks					
04.09.2017	Malayan Banking Berhad	40,000,000	40,003,836	40,000,000	11.75
04.09.2017	Public Bank Berhad	12,921,000	12,922,239	12,921,000	3.80
		<u>52,921,000</u>	<u>52,926,075</u>	<u>52,921,000</u>	<u>15.55</u>

The weighted average effective interest rate and average remaining maturity of short-term deposits are as follows:

	Weighted average effective interest rate		Remaining maturity	
	2017	2016	2017	2016
	%	%	Days	Days
Short-term deposits with licensed banks	3.50	3.10	4	2

6. AMOUNT DUE (TO)/FROM MANAGER

	2017	2016
	RM	RM
(Redemption)/creation of units*	(2,546,644)	8,523,040
Manager's fee payable	(492,933)	(321,643)
	<u>(3,039,577)</u>	<u>8,201,397</u>

* The amount represents amount (payable to)/receivable from the Manager for units (redeemed)/created.

Manager's fee is at 1.00% (2016: 1.00%) per annum for Class A and 1.50% (2016: 1.50%) per annum for Class B on the net asset value of the Fund, calculated on a daily basis. However, no Manager's fee was charged for Class A (USD), Class B (AUD) and Class B (SGD) in the previous and current financial year as there were no units in circulation for these classes since their offer date.

The normal credit period in the previous and current financial years for creation and redemption of units is three business days.

The normal credit period in the previous and current financial years for Manager's fee payable is one month.

7. SUNDRY RECEIVABLES/PAYABLES AND ACCRUED EXPENSES

Included in sundry receivables/payables and accrued expenses were amounts owing from/to brokers for outstanding contracts where settlement were not due as follows:

	2017	2016
	RM	RM
Amount owing from brokers	5,635,096	259,136
Amount owing to brokers	<u>(3,475,304)</u>	<u>(4,000,010)</u>

The normal trade credit period is three business days.

8. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (2016: 0.06%) for both Class A and Class B per annum on the net asset value of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum. However, no Trustee's fee was charged for Class A (USD), Class B (AUD) and Class B (SGD) in the previous and current financial year as there were no units in circulation for these classes since their offer date.

The normal credit period in the previous and current financial years for Trustee's fee payable is one month.

9. NET GAIN FROM INVESTMENTS

	2017	2016
	RM	RM
Net gain on financial assets at FVTPL comprised:		
– Net realised gain on sale of investments	5,013,334	263,919

(Forward)

	2017	2016
	RM	RM
– Net realised gain on foreign currency exchange	6,390,479	8,532,790
– Net unrealised (loss)/gain on changes in fair values of investments	(5,981,166)	27,949,613
– Net unrealised gain/(loss) on foreign currency fluctuation of investments denominated in foreign currency	<u>2,901,276</u>	<u>(4,616,482)</u>
	<u><u>8,323,923</u></u>	<u><u>32,129,840</u></u>

10. OTHER EXPENSES

Included in other expenses is Goods and Services Tax incurred by the Fund during the financial year amounting to RM344,351 (2016: RM204,521).

11. TOTAL EQUITY

Total equity is represented by:

	Note	2017	2016
		RM	RM
Unitholders' capital	(a)	255,648,812	184,560,095
Retained earnings			
– Realised income	(b)	45,768,089	31,915,092
– Unrealised gain	(c)	<u>39,044,608</u>	<u>42,114,939</u>
		<u><u>340,461,509</u></u>	<u><u>258,590,126</u></u>

(a) UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION

	2017		2016	
	Number of units	RM	Number of units	RM
At beginning of the financial year	339,020,879	184,560,095	308,402,138	157,758,849
Creation during the financial year	462,551,878	358,149,937	107,923,642	81,128,654
Distributions reinvested (Note 14)	9,214,093	7,115,122	12,955,941	9,549,343
Cancellation during the financial year	<u>(377,941,144)</u>	<u>(294,176,342)</u>	<u>(90,260,842)</u>	<u>(63,876,751)</u>
At end of the financial year	<u><u>432,845,706</u></u>	<u><u>255,648,812</u></u>	<u><u>339,020,879</u></u>	<u><u>184,560,095</u></u>

(b) **REALISED – DISTRIBUTABLE**

	2017	2016
	RM	RM
At beginning of the financial year	31,915,092	28,021,392
Total comprehensive income for the financial year	18,066,594	37,006,642
Net unrealised loss/(gain) attributable to investments held and others transferred to unrealised reserve [Note 11(c)]	3,070,331	(23,256,038)
Distributions out of realised reserve (Note 14)	(7,283,928)	(9,856,904)
Net increase in realised reserve for the financial year	13,852,997	3,893,700
At end of the financial year	45,768,089	31,915,092

(c) **UNREALISED – NON-DISTRIBUTABLE**

	2017	2016
	RM	RM
At beginning of the financial year	42,114,939	18,858,901
Net unrealised (loss)/gain attributable to investments held and others transferred from realised reserve [Note 11(b)]	(3,070,331)	23,256,038
At end of the financial year	39,044,608	42,114,939

12. **UNITS HELD BY RELATED PARTIES**

The Manager and parties related to the Manager did not hold any units in the Fund as at 31 August 2017 and 31 August 2016.

13. **INCOME TAX**

	2017	2016
	RM	RM
Current financial year – local tax	99,680	102,228
Current financial year – foreign tax	1,104,815	438,037
	1,204,495	540,265

Income tax payable is calculated on investments income less deduction for permitted expenses as provided for under Section 63B of the Income Tax Act, 1967.

Pursuant to Schedule 6 of the Income Tax Act, 1967, local interest income derived by the Fund is exempted from tax.

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

	2017	2016
	RM	RM
Net income before tax	19,271,089	37,546,907
Taxation at Malaysian statutory rate of 24%	4,625,061	9,011,258
Tax effects of:		
Income not subject to tax	(5,133,936)	(9,785,745)
Effect of different tax rate in other countries	(1,185,395)	(677,868)
Loss not deductible for tax purposes	1,435,480	1,126,458
Restriction on tax deductible expenses for unit trust fund	1,115,313	663,455
Non-permitted expenses for tax purposes	224,548	128,990
Permitted expenses not used and not available for future financial years	123,924	73,717
Tax expense for the financial year	1,204,995	540,265

14. DISTRIBUTIONS

Distributions to unitholders declared on 20 February 2017 (declared on 19 February 2016 and 19 August 2016 for the previous financial year) are from the following sources:

	2017	2016
	RM	RM
Distribution income	8,124,166	6,414,253
Interest income	977,435	748,284
Net realised gain on sale of investments	2,678,297	207,657
Net realised gain on foreign currency exchange	2,807,626	6,635,987
	14,587,524	14,006,181
Less: Expenses	(6,099,101)	(3,609,012)
Tax	(1,204,495)	(540,265)
Total amount of distributions	7,283,928	9,856,904
Gross/net distributions per unit (sen)	1.56	3.31
Distributions made out of:		
–Realised reserve [Note 11(b)]	7,283,928	9,856,904
Comprising:		
Distributions reinvested [Note 11(a)]	7,115,122	9,549,343
Cash distributions	168,806	307,561
	7,283,928	9,856,904

15. MANAGEMENT EXPENSE RATIO (“MER”)

The Fund’s MER is as follows:

	2017	2016
	% p.a.	% p.a.
Manager’s fee	1.50	1.50
Trustee’s fee	0.06	0.06
Fund’s other expenses	0.22	0.22
Total MER	<u>1.78</u>	<u>1.78</u>

The MER of the Fund is the ratio of the sum of annualised fees and expenses incurred by the Fund to the average net asset value of the Fund calculated on a daily basis.

16. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average net asset value of the Fund calculated on a daily basis, is 0.52 times (2016: 0.54 times).

17. SEGMENTAL REPORTING

In accordance with the objective of the Fund, substantially all of the Fund’s investments are made in the form of quoted Real Estate Investment Trust (REITs). The Manager is of the opinion that the risk and rewards from these investments are not individually or segmentally distinct.

18. TRANSACTIONS WITH BROKERS AND FINANCIAL INSTITUTIONS

Details of transactions with brokers and financial institutions for the financial year ended 31 August 2017 are as follows:

Brokers/Financial institutions	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
Macquarie Bank Limited (Australia)	55,279,405	15.65	175,726	17.54
J.P. Morgan Securities Limited	42,419,760	12.01	100,125	10.00
Instinet Europe Limited	39,821,512	11.28	105,513	10.53
Instinet Singapore Services Pte Ltd	25,438,130	7.20	78,270	7.81
UOB Kay Hian Pte Ltd	24,972,051	7.07	77,742	7.76

(Forward)

Brokers/Financial institutions	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
DBS Vickers Securities (Singapore) Pte. Ltd.	20,653,551	5.85	63,849	6.38
Credit Suisse (Hong Kong) Limited	17,637,868	4.99	36,801	3.67
Citigroup Global Markets Limited	16,899,308	4.79	43,807	4.37
Macquarie Bank Limited (Hong Kong)	16,537,401	4.68	53,413	5.33
Daiwa Capital Markets Hong Kong Limited	15,879,309	4.50	32,930	3.29
Other brokers and financial institutions #	77,633,956	21.98	233,566	23.32
Total	353,172,251	100.00	1,001,742	100.00

Included in the other brokers and financial institutions, there were transactions amounting to RM9,165,933 with a related party, AmInvestment Bank Berhad. The Manager and the Trustee are of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

The above transactions were in respect of listed securities.

19. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Loans and receivables at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2017				
Assets				
Investments	282,014,048	-	-	282,014,048
Deposits with financial institutions	-	52,926,075	-	52,926,075
Distributions receivable	-	2,962,969	-	2,962,969
Sundry receivables	-	5,655,449	-	5,655,449
Cash at banks	-	3,484,608	-	3,484,608
Total financial assets	282,014,048	65,029,101	-	347,043,149

(Forward)

	Financial assets at FVTPL RM	Loans and receivables at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2017				
Liabilities				
Amount due to Manager	-	-	3,039,577	3,039,577
Amount due to Trustee	-	-	17,245	17,245
Sundry payables and accrued expenses	-	-	3,524,818	3,524,818
Total financial liabilities	-	-	6,581,640	6,581,640
2016				
Assets				
Investments	218,845,696	-	-	218,845,696
Deposits with financial institutions	-	32,272,841	-	32,272,841
Amount due from Manager	-	8,201,397	-	8,201,397
Distributions receivable	-	1,731,673	-	1,731,673
Sundry receivables	-	343,299	-	343,299
Cash at banks	-	1,247,679	-	1,247,679
Total financial assets	218,845,696	43,796,889	-	262,642,585
Liabilities				
Amount due to Trustee	-	-	12,866	12,866
Sundry payables and accrued expenses	-	-	4,039,593	4,039,593
Total financial liabilities	-	-	4,052,459	4,052,459
Income, expense, gains and losses				
			2017 RM	2016 RM
Net gain from financial assets at FVTPL			8,323,923	32,129,840
Income, of which derived from:				
– Distribution income from financial assets at FVTPL			15,207,109	8,152,147
– Interest income from loans and receivables			1,829,599	951,025
– Other unrealised foreign exchange gain/(loss)			9,559	(77,093)

(b) Financial instruments that are carried at fair value

The Fund's financial assets and liabilities at FVTPL are carried at fair value.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable; either directly or indirectly; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2017				
Financial assets at FVTPL	<u>282,014,048</u>	<u>-</u>	<u>-</u>	<u>282,014,048</u>
2016				
Financial assets at FVTPL	<u>218,845,696</u>	<u>-</u>	<u>-</u>	<u>218,845,696</u>

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Deposits with financial institutions
- Amount due from/(to) Manager
- Distributions receivable
- Sundry receivables
- Cash at banks
- Amount due to Trustee
- Sundry payables and accrued expenses

There are no financial instruments which are not carried at fair values and whose carrying amounts are not reasonable approximation of their respective fair values.

20. RISK MANAGEMENT POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, country risk, management risk and non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investments coupled with stringent compliance to investments restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission's Guidelines on Unit Trust Funds and the Deed as the backbone of risk management of the Fund.

Market risk

Market risk, in general, is the risk that the value of a portfolio would decrease due to changes in market risk factors such as equity prices, interest rates, foreign exchange rates, and commodity prices.

(i) Price risk

Price risk refers to the uncertainty of an investment's future prices. In the event of adverse price movements, the Fund might endure potential loss on its quoted investments. In managing price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

Percentage movements in price by:	Sensitivity of the Fund's NAV	
	2017 RM	2016 RM
-5.00%	(14,100,702)	(10,942,285)
+5.00%	<u>14,100,702</u>	<u>10,942,285</u>

(ii) Interest risk

Interest rate risk will affect the value of the Fund's investments, given the interest rate movements, which are influenced by regional and local economic developments as well as political developments.

Domestic interest rates on deposits and placements with licensed financial institutions are determined based on prevailing market rates.

The result below summarised the interest rate sensitivity of the Fund's NAV, or theoretical value (applicable to money market deposit) due to the parallel movement assumption of the yield curve by +100bps and -100bps respectively:

Parallel shift in yield curve by:	Sensitivity of the Fund's NAV, or theoretical value	
	2017 RM	2016 RM
+100bps	(6,971)	(1,707)
-100bps	<u>7,040</u>	<u>1,724</u>

(iii) **Currency risk**

Currency risk is associated with the Fund's assets and liabilities that are denominated in currencies other than the Fund's functional currency. Currency risk refers to the potential loss the Fund might face due to unfavorable fluctuations of currencies other than the Fund's functional currency against the Fund's functional currency.

The result below summarised the currency risk sensitivity of the Fund's NAV due to appreciation/depreciation of the Fund's functional currency against currencies other than the Fund's functional currency.

Percentage movements in currencies other than the Fund's functional currency:	Sensitivity of the Fund's NAV	
	2017 RM	2016 RM
-5.00%	(13,088,618)	(9,942,663)
+5.00%	<u>13,088,618</u>	<u>9,942,663</u>

The net unhedged financial assets and financial liabilities of the Fund that are not denominated in Fund's functional currency are as follows:

Assets/(liabilities) denominated in	2017		2016	
	RM equivalent	% of net asset value	RM equivalent	% of net asset value
Australian Dollar				
Investments	76,396,600	22.44	56,059,898	21.68
Distributions receivable	1,015,758	0.30	510,340	0.20
Cash at bank	683,548	0.20	407,216	0.16
Sundry payables	-	-	(560,533)	(0.22)
	<u>78,095,906</u>	<u>22.94</u>	<u>56,416,921</u>	<u>21.82</u>
Hong Kong Dollar				
Investments	29,700,131	8.72	21,972,988	8.50
Distributions receivable	-	-	191,301	0.07
Cash at bank	49	-*	47	-*
Sundry payables	-	-	(19,088)	(0.01)
	<u>29,700,180</u>	<u>8.72</u>	<u>22,145,248</u>	<u>8.56</u>

(Forward)

Assets/(liabilities) denominated in	2017		2016	
	RM equivalent	% of net asset value	RM equivalent	% of net asset value
Japanese Yen				
Investments	46,674,313	13.71	51,986,386	20.10
Sundry receivables	3,758,901	1.10	338	-*
Distributions receivable	797,977	0.23	535,137	0.21
Cash at bank	1,256,831	0.37	669,086	0.26
Sundry payables	-	-	(1,361,792)	(0.53)
	<u>52,488,022</u>	<u>15.41</u>	<u>51,829,155</u>	<u>20.04</u>
Singapore Dollar				
Investments	78,126,337	22.95	55,955,353	21.64
Sundry receivables	1,085,975	0.31	342,961	0.13
Distributions receivable	647,841	0.19	303,462	0.12
Cash at bank	1,252,783	0.37	151,675	0.06
Sundry payables	(2,183,844)	(0.64)	(1,642,330)	(0.64)
	<u>78,929,092</u>	<u>23.18</u>	<u>55,111,121</u>	<u>21.31</u>
Thai Baht				
Investments	10,994,467	3.23	7,143,060	2.76
Sundry payables	-	-	(34,755)	(0.01)
	<u>10,994,467</u>	<u>3.23</u>	<u>7,108,305</u>	<u>2.75</u>
United States Dollar				
Investments	10,381,252	3.05	6,611,922	2.56
Sundry receivables	810,574	0.24	-	-
Distributions receivable	360,094	0.11	-	-
Cash at bank	12,771	-*	12,110	-*
Sundry payables	-	-	(381,512)	(0.15)
	<u>11,564,691</u>	<u>3.40</u>	<u>6,242,520</u>	<u>2.41</u>

* represents less than 0.01%

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. Credit risk applies to short-term deposits and distribution receivable. The issuer of such instruments may not be able to fulfill the required interest payments or repay the principal invested or amount owing. These risks may cause the Fund's investments to fluctuate in value.

For deposits with financial institutions, the Fund makes placements with financial institutions with sound rating of P1/MARC-1 and above. Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.

Liquidity risk

Liquidity risk is defined as the risk of being unable to raise funds or borrowings to meet payment obligations as they fall due. This is also the risk of the Fund experiencing large redemptions, when the Investment Manager could be forced to sell large volumes of its holdings at unfavourable prices to meet redemption requirements.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unitholders. Liquid assets comprise of deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

Single issuer risk

Internal policy restricts the Fund from investing in securities issued by any issuer of not more than a certain percentage of its net asset value. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed based on internal/external ratings.

Regulatory risk

Any changes in national policies and regulations may have effects on the capital market and the net asset value of the fund.

Country risk

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is a possibility that the net asset value of the Fund may be adversely affected.

Management risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the net asset value of the Fund.

Non-compliance risk

This is the risk of the Manager, the Trustee or the Fund not complying with internal policies, the Deed of the Fund, securities law or guidelines issued by the regulators. Non-compliance risk may adversely affect the investments of the Fund when the Fund is forced to rectify the non-compliance.

21. CAPITAL MANAGEMENT

The primary objective of the Fund's capital management is to ensure that it maximises unitholders' value by expanding its fund size to benefit from economies of scale and achieving growth in net asset value from the performance of its investments.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units, make distribution payment, or return capital to unitholders by way of redemption of units.

No changes were made in the objective, policies or processes during the financial years ended 31 August 2017 and 31 August 2016.

AmAsia Pacific REITs

STATEMENT BY THE MANAGER

I, **GOH WEE PENG**, for and on behalf of the Manager, AmFunds Management Berhad, for **AmAsia Pacific REITs** do hereby state that in the opinion of the Manager, the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and the accompanying notes are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as at 31 August 2017 and the comprehensive income, the changes in equity and cash flows of the Fund for the financial year then ended.

GOH WEE PENG

For and on behalf of the Manager
AmFunds Management Berhad

Kuala Lumpur, Malaysia
9 October 2017

TRUSTEE'S REPORT

Deutsche Bank



Deutsche Trustees Malaysia Berhad
(Company No. 763590-H)

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TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AMASIA PACIFIC REITS

We have acted as Trustee for AmAsia Pacific REITs (the "Fund") for the financial year ended 31 August 2017. To the best of our knowledge, for the financial year under review, AmFunds Management Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

We are of the view that the distributions made during this financial year ended 31 August 2017 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Date: 09 October 2017

Kuala Lumpur

