

AME Real Estate Investment Trust

**Interim Financial Report
Second Quarter Ended 30 September 2022**

AME Real Estate Investment Trust

Unaudited condensed statement of financial position As at 30 September 2022

	30.9.2022 RM'000
Assets	
Investment properties	557,000
Total non-current assets	<u>557,000</u>
Trade and other receivables ^(Note 1)	14,048
Cash and cash equivalents	4
Total current assets	<u>14,052</u>
Total assets	<u><u>571,052</u></u>
Unitholders' funds	
Unitholders' capital	516,306
Undistributed income	968
Total unitholders' funds	<u>517,274</u>
Liabilities	
Trade and other payables	12,608
Total non-current liabilities	<u>12,608</u>
Financings	36,572
Trade and other payables ^(Note 2)	4,598
Total current liabilities	<u>41,170</u>
Total liabilities	<u>53,778</u>
Total unitholders' funds and liabilities	<u><u>571,052</u></u>
Net asset value	517,274
Number of units in circulation ('000)	520,000
Net asset value per unit (RM)	
- Before income distribution	0.9948
- After income distribution	0.9948

The unaudited condensed statement of financial position should be read in conjunction with the financial information in the Prospectus of AME REIT dated 17 August 2022 and the accompanying notes attached to this interim financial report.

No comparative figures are available as AME REIT was established on 23 May 2022. The acquisitions of the properties by AME REIT were completed and AME REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 20 September 2022.

The financial results reported covers the period from 20 September 2022 to 30 September 2022.

Note 1: Included in trade and other receivables are amounts due from the related companies of RM13.49 million, mainly in relation to the tenants' related deposits previously paid to the related companies. These amounts have been received by AME REIT from the related companies in October 2022.

Note 2: Included in trade and other payables is amount due to the ultimate holding company of RM3.99 million, mainly in relation to the listing and financing related expenses paid on behalf of AME REIT.

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Unaudited condensed statement of profit or loss and other comprehensive income for the second quarter ended 30 September 2022

	Individual quarter 30.9.2022 RM'000	Cumulative quarter 30.9.2022 RM'000
Rental income	1,308	1,308
Total revenue	1,308	1,308
Quit rent and assessment	(45)	(45)
Insurance	(20)	(20)
Repair and maintenance	(10)	(10)
Other operating expenses	(12)	(12)
Property operating expenses	(87)	(87)
Net property income	1,221	1,221
Profit income	--	--
Net investment income	1,221	1,221
Manager's management fees	(113)	(113)
Trustee's fees	(5)	(5)
Islamic financing costs	(74)	(74)
Other trust expenses	(61)	(61)
Non-property expenses	(253)	(253)
Income before tax	968	968
Taxation	--	--
Net income for the period/ Total comprehensive income for the period	968	968
Distribution adjustments ^(Note 1)	114	114
Distributable income	1,082	1,082
Net income for the period comprises the following:		
- Realised	944	944
- Unrealised	24	24
	968	968
Weighted average number of units ('000)	520,000	520,000
Earnings per unit (sen) comprises the following:		
- Realised	0.18	0.18
- Unrealised	0.01	0.01
	0.19	0.19

The unaudited condensed statement of profit or loss and other comprehensive income should be read in conjunction with the financial information in the Prospectus of AME REIT dated 17 August 2022 and the accompanying notes attached to this interim financial report.

No comparative figures are available as AME REIT was established on 23 May 2022. The acquisitions of the properties by AME REIT were completed and AME REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 20 September 2022.

The financial results reported covers the period from 20 September 2022 to 30 September 2022.

Note 1: Distribution adjustments comprise the Manager's management fees payable in units and amortisation of capitalised financing costs, net of unbilled lease income receivables.

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Unaudited condensed statement of changes in net asset value for the period ended 30 September 2022

	Unitholders' capital RM'000	Undistributed income RM'000	Total RM'000
At 23 May 2022	--	--	--
Total comprehensive income for the period	--	968	968
<i>Contributions by and distributions to unitholders</i>			
Issuance of new units ⁽ⁱ⁾	520,000	--	520,000
Listing expenses	(3,694)	--	(3,694)
At 30 September 2022	<u>516,306</u>	<u>968</u>	<u>517,274</u>

(i) The issuance of new units was derived at based on the following:

	RM'000
520,000,000 units valued at retail price of RM1.13 per unit	587,600
Less: Adjustment due to difference between the retail price of RM1.13 per unit and issue price of RM1.00 per unit	<u>(67,600)</u>
Representing capitalisation of units at issue price of RM1.00 per unit	<u><u>520,000</u></u>

The unaudited condensed statement of changes in net asset value should be read in conjunction with the financial information in the Prospectus of AME REIT dated 17 August 2022 and the accompanying notes attached to this interim financial report.

No comparative figures are available as AME REIT was established on 23 May 2022. The acquisitions of the properties by AME REIT were completed and AME REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 20 September 2022.

The financial results reported covers the period from 20 September 2022 to 30 September 2022.

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Unaudited condensed statement of cash flows for the period ended 30 September 2022

	Period to date 30.9.2022 RM'000
Cash flows from operating activities	
Net income before tax	968
Adjustments for:	
Islamic financing costs	74
Unbilled lease income receivables	(24)
Operating income before changes in working capital	<u>1,018</u>
Changes in trade and other receivables	(14,019)
Changes in trade and other payables	<u>13,001</u>
Cash generated from operations	--
Tax paid	<u>--</u>
Net cash from operating activities	<u>--</u>
Cash flows from investing activities	
Acquisition of investment properties	<u>(37,000)</u>
Net cash used in investing activities	<u>(37,000)</u>
Cash flows from financing activities	
Due to ultimate holding company	4
Proceeds from financings	<u>37,000</u>
Net cash from financing activities	<u>37,004</u>
Net increase in cash and cash equivalents	4
Cash and cash equivalents as at date of establishment	<u>--</u>
Cash and cash equivalents as at 30 September	<u><u>4</u></u>

Cash and cash equivalents included in the condensed statement of cash flows comprise the following amounts from the condensed statement of financial position:

	Period to date 30.9.2022 RM'000
Cash and cash equivalents:	
- cash and bank balances	<u>4</u>

The unaudited condensed statement of cash flows should be read in conjunction with the financial information in the Prospectus of AME REIT dated 17 August 2022 and the accompanying notes attached to this interim financial report.

No comparative figures are available as AME REIT was established on 23 May 2022. The acquisitions of the properties by AME REIT were completed and AME REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 20 September 2022.

The financial results reported covers the period from 20 September 2022 to 30 September 2022.

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Notes to the interim financial report

Part A: Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 and International Accounting Standards (“IAS”) 34 Interim Financial Reporting

A1. Basis of preparation

This interim financial report is unaudited and has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting and International Accounting Standards (IAS) 34: Interim Financial Reporting.

This interim financial report should be read in conjunction with the financial information in the Prospectus of AME REIT dated 17 August 2022 and the accompanying notes attached to this interim financial report.

There are no comparative figures as AME REIT was established on 23 May 2022. The acquisitions of the properties by AME REIT were completed and AME REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 20 September 2022.

The financial results reported covers the period from 20 September 2022 to 30 September 2022.

A2. Auditors’ report of preceding financial year

There was no auditors’ report of preceding financial year as AME REIT was established on 23 May 2022.

A3. Seasonal or cyclical factors

The business operations of AME REIT were not significantly affected by seasonal or cyclical factors.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of AME REIT during the financial period under review.

A5. Changes in estimates

This is not applicable as no estimates were previously reported.

A6. Debt and equity securities

During the financial period under review, a total of 520.00 million new units were issued by AME REIT as part payment for the acquisition of investment properties.

Save as disclosed above, there were no debt and equity securities issued during the financial period under review.

A7. Income distribution

It is the intention of the Manager to distribute at least 90.0% of AME REIT’s Distributable Income on a quarterly basis or such other intervals as the Manager may determine at its absolute discretion. For the period from the listing date of AME REIT, 20 September 2022 to 31 March 2023, AME REIT will distribute 100.0% of its Distributable Income. The first distribution will be in respect of the period from the listing date to 31 December 2022, being the first full financial quarter after the listing of AME REIT, and will be paid by the Manager within two (2) months from 31 December 2022.

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Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

A8. Segmental reporting

No segmental information is prepared as AME REIT's activities are in one (1) industry segment in Malaysia.

A9. Valuation of investment properties

The investment properties are valued by independent registered valuers. The differences between the valuations and the carrying amounts of the respective investment properties are charged or credited to the statement of profit or loss and other comprehensive income for the period in which they arise.

A10. Material events subsequent to the statement of financial position date

There were no material events subsequent to the end of the financial period under review that have not been reflected in the interim financial report.

A11. Changes in the composition of AME REIT

AME REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 20 September 2022 with initial fund size of 520.00 million units.

Post listing, there were no changes in the fund size of AME REIT during the financial period under review.

A12. Contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities to be disclosed.

A13. Capital commitments

There were no major capital commitments as at 30 September 2022.

A14. Significant related party transactions

The significant related party transactions of AME REIT are shown below.

	Individual quarter 30.9.2022 RM'000	Cumulative quarter 30.9.2022 RM'000
Manager		
Manager's management fees	<u>(113)</u>	<u>(113)</u>
Companies related to the Manager		
Rental income	349	349
Acquisition of investment properties	<u>(557,000)</u>	<u>(557,000)</u>

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Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements

B1. Review of performance

Current quarter results

For the current quarter, the financial results reported covers the period from 20 September 2022 to 30 September 2022.

AME REIT recorded total rental income of RM1.31 million and net property income of RM1.22 million. After the non-property expenses of RM0.25 million, the net income for the period is RM0.97 million. The distributable income of AME REIT is RM1.08 million.

B2. Comparison with immediate preceding quarter

Not applicable as this is the first interim financial report of AME REIT.

B3. Prospects

Given that AME REIT's existing industrial and industrial related properties portfolio has 100% occupancy rates, the Manager is optimistic to achieve a favourable performance for the financial period ending 31 March 2023.

The Manager has identified three (3) potential pipeline properties to be acquired by AME REIT from AME Group.

B4. Investment objectives

The Manager's key objective is to provide unitholders with a stable and growing distribution of income and to achieve long-term growth in the net asset value per unit.

B5. Strategies and policies

The Manager intends to achieve the investment objectives through the implementation of the following strategies, including:

- (i) Acquisition growth strategy – The Manager will leverage on AME Group's future property development projects as well as third party properties to source for and acquire properties within Malaysia that fit within AME REIT's investment strategy to generate stable cash flows and potential for long-term income and capital growth;
- (ii) Proactive asset management strategy – The Manager will seek to optimise and maintain high occupancy rates, achieve stable rental growth and maximise investment returns; and
- (iii) Capital and risk management strategy – The Manager intends to optimise AME REIT's capital structure and cost of capital within the financing limits set out in the REIT Guidelines and intends to use a combination of Islamic financing and equity financing to fund future acquisitions and capital expenditure.

B6. Portfolio composition

During the financial period under review, the portfolio of AME REIT consists of thirty-four (34) investment properties, of which thirty-one (31) are industrial properties and three (3) are industrial-related properties.

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Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

B7. Utilisation of proceeds raised from any issuance of new units

A total of 520.00 million new units were issued by AME REIT as part payment for the acquisition for acquisition of investment properties as disclosed in Note A6.

B8. Income distribution

The income distribution to unitholders is from the following sources:

	Individual quarter 30.9.2022 RM'000	Cumulative quarter 30.9.2022 RM'000
Rental income	1,308	1,308
Profit income	--	--
Less: Unbilled lease income receivables	(24)	(24)
Total income	1,284	1,284
Less: Expenses	(340)	(340)
Realised income for the period	944	944
Add: Non-cash items	138	138
Total realised income available for the period	1,082	1,082
Add: Brought forward undistributed realised income available for distribution	--	--
Total realised income available for distribution	1,082	1,082
Less: Income to be distributed for the period	--	--
Balance undistributed realised income available for distribution	1,082	1,082
Distribution per unit (sen)	--	--

B9. Taxation

Pursuant to Section 61A of the Income Tax Act, 1967 ("Act"), income of AME REIT will be exempted from tax provided that at least 90% of its total income (as defined in the Act) is distributed to the investors in the basis period of AME REIT for that year of assessment within two (2) months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two (2) months after the close of AME REIT financial year which forms the basis period for a year of assessment, AME REIT will be subject to income tax at the prevailing tax rate on its total income.

As AME REIT intends to declare 100% of its distributable income to its unitholders for the financial period ending 31 March 2023, no provision for taxation has been made for the financial period.

B10. Status of corporate proposals

There were no corporate proposals pending completion as at the date of this report.

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Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

B11. Financings

	30.9.2022 RM'000
Secured	
Current	
Islamic revolving credit	<u>36,572</u>

B12. Material litigation

There was no pending material litigation as at the date of this report.

B13. Soft commission received

There was no soft commission received by the Manager or its delegates during the financing period under review.

B14. Income before tax

	Individual quarter 30.9.2022 RM'000	Cumulative quarter 30.9.2022 RM'000
Income before tax is arrived at after charging:		
Islamic financing costs	<u>74</u>	<u>74</u>

B15. Summary of DPU, EPU, NAV and market price

	Current quarter 30.9.2022
Number of units in issue ('000)	520,000
Earnings per unit ("EPU") (realised) (sen)	0.18
EPU (included unrealised income) (sen)	0.19
Total comprehensive income for the period (RM'000)	968
Distributable income (RM'000)	1,082
Distribution per unit ("DPU") (sen)	--
Net asset value ("NAV") (RM'000)	517,274
NAV per unit (RM)	0.9948
Market value per unit (RM)	<u>1.19</u>

B16. Responsibility statement

In the opinion of the Directors of the Manager, this interim financial report has been prepared in accordance with the Listing Requirements, MFRS 134: Interim Financial Reporting and IAS 34: Interim Financial Reporting so as to give a true and fair view of the financial position of AME REIT as at 30 September 2022 and its financial performance and cash flows for the financial period on that date and duly authorised for release by the Board of Directors of the Manager on 16 November 2022.