

AME Real Estate Investment Trust

**Interim Financial Report
Fourth Quarter Ended 31 March 2023**

AME Real Estate Investment Trust

Unaudited condensed statement of financial position As at 31 March 2023

	31.3.2023 RM'000
Assets	
Investment properties	640,000
Total non-current assets	<u>640,000</u>
Trade and other receivables	4,863
Cash and cash equivalents	10,660
Total current assets	<u>15,523</u>
Total assets	<u><u>655,523</u></u>
Unitholders' funds	
Unitholders' capital	517,412
Undistributed income	42,200
Total unitholders' funds	<u>559,612</u>
Liabilities	
Trade and other payables	14,301
Deferred tax liabilities	3,806
Total non-current liabilities	<u>18,107</u>
Financings	74,865
Trade and other payables	2,939
Total current liabilities	<u>77,804</u>
Total liabilities	<u>95,911</u>
Total unitholders' funds and liabilities	<u><u>655,523</u></u>
Net asset value	559,612
Number of units in circulation ('000)	520,895
Net asset value per unit (RM)	
- Before income distribution	1.0743
- After income distribution ^(Note 1)	1.0561

Note 1: After reflecting the income distribution of 1.8228 sen per unit to be payable on 30 May 2023.

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 31 March 2023.

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Unaudited condensed statement of profit or loss and other comprehensive income for the fourth quarter ended 31 March 2023

	Individual quarter 31.3.2023 RM'000	Cumulative quarter 31.3.2023 RM'000
Rental income	10,773	22,873
Total revenue	10,773	22,873
Quit rent and assessment	(367)	(787)
Insurance	(133)	(290)
Repair and maintenance	32	(64)
Other operating expenses	(118)	(227)
Property operating expenses	(586)	(1,368)
Net property income	10,187	21,505
Profit income	109	192
Changes in fair value of investment properties	38,058	38,058
Net investment income	48,354	59,755
Manager's management fees	(967)	(2,021)
Trustee's fees	(40)	(84)
Islamic financing costs	(258)	(991)
Other trust expenses	(96)	(365)
Non-property expenses	(1,361)	(3,461)
Income before tax	46,993	56,294
Taxation ^(Note 1)	(3,806)	(3,806)
Net income for the period/ Total comprehensive income for the period	43,187	52,488
Distribution adjustments ^(Note 2)	(33,672)	(32,684)
Distributable income	9,515	19,804
Net income for the period comprises the following:		
- Realised	8,757	17,749
- Unrealised	34,430	34,739
	43,187	52,488
Weighted average number of units ('000)	520,298	520,139
Earnings per unit (sen) ^(Note 3) comprises the following:		
- Realised	1.68	3.41
- Unrealised	6.62	6.68
	8.30	10.09

Note 1: Provision of deferred tax (unrealised) on Real Property Gains Tax's exposure on the fair value gain on investment properties.

Note 2: Distribution adjustments comprise the unbilled lease income receivables, changes in fair value of investment properties less its deferred tax expenses, net of the Manager's management fees payable in units and amortisation of capitalised financing costs.

Note 3: Derived based on the net income for the period divided by the weighted average number of units.

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Unaudited condensed statement of profit or loss and other comprehensive income for the fourth quarter ended 31 March 2023 (continued)

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 31 March 2023.

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Unaudited condensed statement of changes in net asset value for the period ended 31 March 2023

	Unitholders' capital RM'000	Undistributed income RM'000	Total RM'000
At 23 May 2022	--	--	--
<i>Contributions by and distributions to unitholders</i>			
Issuance of new units ⁽ⁱ⁾	520,000	--	520,000
Listing expenses	(3,642)	--	(3,642)
Manager's management fees paid in units ⁽ⁱⁱ⁾	1,054	--	1,054
Income distribution	--	(10,288)	(10,288)
Total comprehensive income for the period	--	52,488	52,488
At 31 March 2023	<u>517,412</u>	<u>42,200</u>	<u>559,612</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>520,000</u>

(ii) The Manager's management fees paid in units comprise the following:

	Units '000	Amount RM'000
For the financial period from 20 September 2022 to 31 December 2022	<u>895</u>	<u>1,054</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 31 March 2023.

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Unaudited condensed statement of cash flows for the period ended 31 March 2023

	Period to date 31.3.2023 RM'000
Cash flows from operating activities	
Net income before tax	56,294
Adjustments for:	
Islamic financing costs	991
Profit income	(192)
Unbilled lease income receivables	(487)
Changes in fair value of investment properties	<u>(38,058)</u>
Operating income before changes in working capital	18,548
Changes in trade and other receivables	(4,376)
Changes in trade and other payables	<u>17,560</u>
Cash generated from operations	31,732
Tax paid	<u>--</u>
Net cash from operating activities	<u>31,732</u>
Cash flows from investing activities	
Profit income	192
Acquisition of investment properties	<u>(81,942)</u>
Net cash used in investing activities	<u>(81,750)</u>
Cash flows from financing activities	
Islamic financing costs paid	(867)
Proceeds from financings	75,475
Listing expenses	(3,642)
Income distribution paid to unitholders	<u>(10,288)</u>
Net cash from financing activities	<u>60,678</u>
Net increase in cash and cash equivalents	10,660
Cash and cash equivalents as at date of establishment	<u>--</u>
Cash and cash equivalents as at 31 March	<u><u>10,660</u></u>

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

	Period to date 31.3.2023 RM'000
Cash and cash equivalents:	
- cash and bank balances	4,659
- fixed deposits with licensed banks	<u>6,001</u>
	<u><u>10,660</u></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 31 March 2023.

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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 (“Prospectus”) and the accompanying notes attached to this interim financial report. The accounting policies and methods of computation adopted in this interim financial report are consistent with those disclosed in the Prospectus.

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 31 March 2023.

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

Issuance of new units	Units '000	Amount RM'000
As at 23 May 2022	--	--
Part payment for the acquisition of investment properties on 20 September 2022	520,000	520,000
Manager’s management fees paid for the period from 20 September 2022 to 31 December 2022	895	1,054
As at 31 March 2023	<u>520,895</u>	<u>521,054</u>

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

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

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.

Subsequent to the period end, the Manager has proposed a distribution of 100% of AME REIT's distributable income amounting to RM9.516 million (including brought forward undistributed realised income available for distribution of RM0.001 million) or 1.8228 sen per unit (taxable) for the period from 1 January 2023 to 31 March 2023, to be payable on 30 May 2023 to unitholders whose names appear in the Record of Depositors of AME REIT at the close of business on 10 May 2023.

During the financial period under review, distributable income amounting to RM10.288 million or 1.975 sen per unit (taxable) for the period from 20 September 2022 to 31 December 2022 was paid on 30 March 2023.

Accordingly, the total income distribution for the financial period will be RM19.804 million.

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 520.000 million units.

AME REIT's fund size increased to 520.895 million units as at 31 March 2023 from 520.000 units as at 20 September 2022 due to the issuance of new units as disclosed in Note A6.

Subsequent to period end, AME REIT's fund size further increased to 521.259 million units due to the issuance of new units of 0.364 million on 18 April 2023 as payment of acquisition fees to the Manager.

A12. Contingent assets and contingent liabilities

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

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

A13. Capital commitments

	31.3.2023 RM'000
<i>Capital expenditure commitment</i>	
Contracted but not provided for	
Investment property	<u>25,970</u>

Save as disclosed above, there were no other major capital commitments as at 31 March 2023.

A14. Significant related party transactions

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

	Individual quarter 31.3.2023 RM'000	Cumulative quarter 31.3.2023 RM'000
Manager		
Manager's management fees (including acquisition fees)	<u>(1,395)</u>	<u>(2,449)</u>
Companies related to the Manager		
Rental income	2,859	6,067
Acquisition of investment properties	<u>(42,750)</u>	<u>(599,750)</u>

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Part B: Additional information pursuant to Paragraph 9.44 of the Listing Requirements

B1. Review of performance

Current quarter results

AME REIT recorded total rental income of RM10.77 million, net property income of RM10.19 million and net investment income of RM48.35 million, including fair value gain on investment properties of RM38.06 million. After the non-property expenses of RM1.36 million and deferred tax expenses of RM3.80 million, its net income is RM43.19 million. The distributable income of AME REIT is RM9.52 million.

The total net asset value and net asset value per unit of AME REIT is RM559.61 million and RM1.0743 respectively.

Financial period results

For the financial period, the financial results reported covers the period from 20 September 2022 to 31 March 2023.

AME REIT recorded total rental income of RM22.87 million, net property income of RM21.51 million and net investment income of RM59.75 million, including fair value gain on investment properties of RM38.06 million. After the non-property expenses of RM3.46 million and deferred tax expenses of RM3.80 million, its net income is RM52.49 million. The distributable income of AME REIT is RM19.80 million.

B2. Comparison with immediate preceding quarter

	Current quarter 31.3.2023 RM'000	Immediate preceding quarter 31.12.2022 RM'000	Changes %
Revenue	10,773	10,792	--
Net property income	10,187	10,180	--
Income before tax	46,993	8,333	464
Net income for the period	43,187	8,333	418
Distributable income	<u>9,515</u>	<u>9,207</u>	<u>3</u>

The increase in income before tax and net income for the period was mainly due to the fair value gain on investment properties.

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 2024.

On 5 December 2022, the trustee of AME REIT entered into conditional sale and purchase agreements to acquire three (3) industrial properties from the subsidiaries of AME Elite Consortium Berhad, of which the acquisitions of two (2) industrial properties were completed on 24 March 2023.

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.

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Part B: Additional information pursuant to Paragraph 9.44 of the Listing Requirements (continued)

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-six (36) investment properties, of which thirty-three (33) are industrial properties and three (3) are industrial-related properties.

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

A total of 520,000 million new units were issued by AME REIT as part payment for the acquisition of investment properties and 0.895 million units were issued as payment of management fees for the period from 20 September 2022 to 31 December 2022 as disclosed in Note A6.

B8. Income distribution

The income distribution to unitholders is from the following sources:

	Individual quarter 31.3.2023 RM'000	Cumulative quarter 31.3.2023 RM'000
Rental income	10,773	22,873
Profit income	109	192
Less: Unbilled lease income receivables	(178)	(487)
Total income	10,704	22,578
Less: Expenses	(1,947)	(4,829)
Realised income for the period	8,757	17,749
Add: Non-cash items	758	2,055
Total realised income available for the period	9,515	19,804
Add: Brought forward undistributed realised income available for distribution	1	--
Total realised income available for distribution	9,516	19,804
Less: Income to be distributed for the period	(9,516)	(19,804)
Balance undistributed realised income available for distribution	--	--
Distribution per unit (sen)	1.8228	3.7978

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Part B: Additional information pursuant to Paragraph 9.44 of the Listing Requirements (continued)

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 ended 31 March 2023, no provision for taxation has been made for the financial period.

B10. Status of corporate proposals

On 5 December 2022, the following have been entered into for a total cash consideration of RM69.25 million.

- (i) conditional sale and purchase agreement between AME Development Sdn Bhd, a wholly-owned subsidiary of AME Elite Consortium Berhad (“AME Development”) and RHB Trustees Berhad, being the trustee of AME REIT (“Trustee”), for the acquisition of Plot 15 Indahpura (as defined in the announcement) for a cash consideration of RM26.50 million (“Proposed Plot 15 Indahpura Acquisition”);
- (ii) conditional sale and purchase agreement between AME Development and the Trustee, for the acquisition of Plot 16 Indahpura (as defined in the announcement) for a cash consideration of RM26.50 million (“Proposed Plot 16 Indahpura Acquisition”); and
- (iii) conditional sale and purchase agreement between Ipark Development Sdn Bhd, a 79.9%-owned subsidiary of AME Elite and the Trustee, for the acquisition of Plot 43 SAC (as defined in the announcement) for a cash consideration of approximately RM16.25 million (“Proposed Plot 43 SAC Acquisition”).

(The Proposed Plot 15 Indahpura Acquisition, Proposed Plot 16 Indahpura Acquisition and Proposed Plot 43 SAC Acquisition are collectively referred to as the “Proposed Acquisitions”).

The Proposed Acquisitions are subject to the fulfilment of conditions precedent, including the approval of the unitholders of AME REIT at an extraordinary general meeting which was obtained on 27 February 2023.

The Proposed Plot 15 Indahpura Acquisition and Proposed Plot 43 SAC Acquisition were completed on 24 March 2023.

B11. Financings

	31.3.2023
	RM’000
Secured	
Current	
Islamic revolving credits	<u>74,865</u>

B12. Material litigation

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

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Part B: Additional information pursuant to Paragraph 9.44 of the Listing Requirements (continued)

B13. Soft commission received

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

B14. Income before tax

	Individual quarter 31.3.2023 RM'000	Cumulative quarter 31.3.2023 RM'000
Income before tax is arrived at after charging/(crediting):		
Islamic financing costs	258	991
Changes in fair value of investment properties	<u>(38,058)</u>	<u>(38,058)</u>

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

	Current quarter 31.3.2023	Immediate preceding quarter 31.12.2022
Number of units in issue ('000)	520,895	520,000
Earnings per unit ("EPU") (realised) (sen)	1.68	1.55
EPU (included unrealised income) (sen)	8.30	1.60
Total comprehensive income (RM'000)	43,187	8,333
Distributable income (RM'000)	9,515	9,207
Distribution per unit ("DPU") (sen)	1.8228	1.7675
Net asset value ("NAV") (RM'000)	559,612	525,659
NAV per unit (RM)	1.0743	1.0109
Market value per unit (RM)	<u>1.18</u>	<u>1.17</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 31 March 2023 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 20 April 2023.