

AME Real Estate Investment Trust

**Interim Financial Report
First Quarter Ended 30 June 2024**

AME Real Estate Investment Trust

Unaudited condensed statement of financial position As at 30 June 2024

	unaudited 30.6.2024 RM'000	audited 31.3.2024 RM'000
Assets		
Investment properties	686,040	686,000
Total non-current assets	<u>686,040</u>	<u>686,000</u>
Trade and other receivables	3,703	3,625
Cash and cash equivalents	20,568	20,549
Total current assets	<u>24,271</u>	<u>24,174</u>
Total assets	<u><u>710,311</u></u>	<u><u>710,174</u></u>
Unitholders' funds		
Unitholders' capital	523,318	522,226
Undistributed income	54,171	55,104
Total unitholders' funds	<u>577,489</u>	<u>577,330</u>
Liabilities		
Trade and other payables	17,242	17,340
Deferred tax liabilities	5,539	5,539
Total non-current liabilities	<u>22,781</u>	<u>22,879</u>
Financings	105,472	105,412
Trade and other payables	4,569	4,553
Total current liabilities	<u>110,041</u>	<u>109,965</u>
Total liabilities	<u>132,822</u>	<u>132,844</u>
Total unitholders' funds and liabilities	<u><u>710,311</u></u>	<u><u>710,174</u></u>
Net asset value	577,489	577,330
Number of units in circulation ('000)	525,565	524,782
Net asset value per unit (RM)		
- Before income distribution	1.0988	1.1001
- After income distribution ^(Note 1)	1.0804	1.0814

Note 1: After reflecting the income distribution of 1.84 sen per unit to be payable on 30 August 2024 (31.3.2024: 1.87 sen per unit paid on 30 May 2024).

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and the accompanying notes attached to this interim financial report.

AME Real Estate Investment Trust

Unaudited condensed statement of profit or loss and other comprehensive income for the first quarter ended 30 June 2024

	Individual quarter 30.6.2024 RM'000	Individual quarter 30.6.2023 RM'000	Cumulative quarter 30.6.2024 RM'000	Cumulative quarter 30.6.2023 RM'000
Rental income	12,328	11,393	12,328	11,393
Total revenue	12,328	11,393	12,328	11,393
Quit rent and assessment	(484)	(377)	(484)	(377)
Takaful	(176)	(147)	(176)	(147)
Repair and maintenance	(89)	(41)	(89)	(41)
Other operating expenses	(153)	(115)	(153)	(115)
Property operating expenses	(902)	(680)	(902)	(680)
Net property income	11,426	10,713	11,426	10,713
Profit income	169	124	169	124
Changes in fair value of investment properties	--	--	--	--
Net investment income	11,595	10,837	11,595	10,837
Manager's management fees	(1,101)	(1,025)	(1,101)	(1,025)
Trustee's fees	(43)	(42)	(43)	(42)
Islamic financing costs	(1,337)	(927)	(1,337)	(927)
Other trust expenses	(220)	(197)	(220)	(197)
Non-property expenses	(2,701)	(2,191)	(2,701)	(2,191)
Income before tax	8,894	8,646	8,894	8,646
Taxation	--	--	--	--
Net income for the period				
Total comprehensive income for the period	8,894	8,646	8,894	8,646
Distribution adjustments ^(Note 1)	793	785	793	785
Distributable income	9,687	9,431	9,687	9,431
Net income for the period comprises the following:				
- Realised	8,526	8,373	8,526	8,373
- Unrealised	368	273	368	273
	8,894	8,646	8,894	8,646
Weighted average number of units ('000)	525,264	521,724	525,264	521,724
Earnings per unit (sen) ^(Note 2) comprises the following:				
- Realised	1.62	1.61	1.62	1.61
- Unrealised	0.07	0.05	0.07	0.05
	1.69	1.66	1.69	1.66

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.

Note 2: Derived based on the net income for the period divided by the weighted average number of units.

The unaudited condensed statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and the accompanying notes attached to this interim financial report.

AME Real Estate Investment Trust

Unaudited condensed statement of changes in net asset value for the period ended 30 June 2024

	Unitholders' capital RM'000	Undistributed income RM'000	Total RM'000
At 1 April 2023	517,412	42,200	559,612
<i>Contributions by and distributions to unitholders</i>			
Manager's management fees paid in units ⁽ⁱ⁾	1,394	--	1,394
Income distribution	--	(9,516)	(9,516)
Total comprehensive income for the period	<u>--</u>	<u>8,646</u>	<u>8,646</u>
At 30 June 2023	<u>518,806</u>	<u>41,330</u>	<u>560,136</u>
At 1 April 2024	522,226	55,104	577,330
<i>Contributions by and distributions to unitholders</i>			
Manager's management fees paid in units ⁽ⁱ⁾	1,092	--	1,092
Income distribution	--	(9,827)	(9,827)
Total comprehensive income for the period	<u>--</u>	<u>8,894</u>	<u>8,894</u>
At 30 June 2024	<u>523,318</u>	<u>54,171</u>	<u>577,489</u>

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

	Units '000	Amount RM'000
30.6.2023		
Base and performance fees for the fourth quarter ended 31 March 2023	814	967
Acquisition fees for the fourth quarter ended 31 March 2023	364	427
	<u>1,178</u>	<u>1,394</u>
30.6.2024		
Base and performance fees for the fourth quarter ended 31 March 2024	<u>783</u>	<u>1,092</u>

The unaudited condensed statement of changes in net asset value should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and the accompanying notes attached to this interim financial report.

AME Real Estate Investment Trust

Unaudited condensed statement of cash flows for the period ended 30 June 2024

	Period to date	
	30.6.2024 RM'000	30.6.2023 RM'000
Cash flows from operating activities		
Income before tax	8,894	8,646
Adjustments for:		
Islamic financing costs	1,337	927
Manager's management fees paid and payable in units	1,101	1,025
Profit income	(169)	(124)
Unbilled lease income receivables	(368)	(273)
Operating income before changes in working capital	10,795	10,201
Change in trade and other receivables	290	1,435
Change in trade and other payables	(132)	1,103
Net cash from operating activities	10,953	12,739
Cash flows from investing activities		
Profit income	169	124
Enhancement of investment properties	(40)	--
Net cash from investing activities	129	124
Cash flows from financing activities		
Islamic financing costs paid	(1,236)	(809)
Income distribution paid to unitholders	(9,827)	(9,516)
Net cash used in financing activities	(11,063)	(10,325)
Net increase in cash and cash equivalents	19	2,538
Cash and cash equivalents as at 1 April	20,549	10,660
Cash and cash equivalents as at 30 June	20,568	13,198

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	
	30.6.2024 RM'000	30.6.2023 RM'000
Cash and cash equivalents:		
- cash and bank balances	5,430	6,160
- Islamic deposits with licensed banks	15,138	7,038
	20,568	13,198

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and the accompanying notes attached to this interim financial report.

AME Real Estate Investment Trust

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 audited financial statements for the financial year ended 31 March 2024 (“AFS FY2024”) 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 AFS FY2024.

A2. Auditors’ report of preceding financial year

The audited financial statements for the financial year ended 31 March 2024 were not subject to any qualifications.

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 1 April 2024	524,782	525,868
Manager’s management fees paid in units: - Base and performance fees for the fourth quarter ended 31 March 2024	783	1,092
As at 30 June 2024	<u>525,565</u>	<u>526,960</u>

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

AME Real Estate Investment Trust

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.

Subsequent to the period end, the Manager has proposed an interim income distribution of 99.98% of AME REIT's distributable income amounting to RM9.69 million or 1.84 sen per unit (1.69 sen taxable and 0.15 sen non-taxable) for the quarter ended 30 June 2024, to be payable on 30 August 2024 to unitholders whose names appear in the Record of Depositors of AME REIT at the close of business on 8 August 2024.

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's fund size increased to 525.56 million units as at 30 June 2024 from 524.78 million units as at 31 March 2024 due to the issuance of new units as disclosed in Note A6.

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 June 2024.

A14. Significant related party transactions

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

	Individual quarter 30.6.2024 RM'000	Individual quarter 30.6.2023 RM'000	Cumulative quarter 30.6.2024 RM'000	Cumulative quarter 30.6.2023 RM'000
Manager				
Manager's management fees	<u>(1,101)</u>	<u>(1,025)</u>	<u>(1,101)</u>	<u>(1,025)</u>
Company related to the Manager				
Rental income	<u>2,886</u>	<u>2,859</u>	<u>2,886</u>	<u>2,859</u>

AME Real Estate Investment Trust

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

B1. Review of performance

	Individual quarter 30.6.2024 RM'000	Individual quarter 30.6.2023 RM'000	Cumulative quarter 30.6.2024 RM'000	Cumulative quarter 30.6.2023 RM'000
Revenue	12,328	11,393	12,328	11,393
Net property income	11,426	10,713	11,426	10,713
Income before tax	8,894	8,646	8,894	8,646
Net income for the period	8,894	8,646	8,894	8,646
Distributable income	9,687	9,431	9,687	9,431

Current quarter / Financial period results

AME REIT recorded total rental income of RM12.33 million, net property income of RM11.43 million, income before tax and net income for the period of RM8.89 million respectively. The distributable income of AME REIT is RM9.69 million.

The overall increase in revenue and income as compared to the corresponding quarter is mainly due to the additional contribution from a property acquired after the corresponding quarter, in addition to the tenancy renewals at higher rental rates.

B2. Comparison with immediate preceding quarter

	Current quarter 30.6.2024 RM'000	Immediate preceding quarter 31.3.2024 RM'000	Changes %
Revenue	12,328	12,483	(1)
Net property income	11,426	11,404	--
Income before tax	8,894	25,464	(65)
Net income for the period	8,894	23,816	(63)
Distributable income	9,687	9,767	(1)

The lower revenue was mainly due to the temporary vacancy of 2 properties during the quarter pending the rental commencement by new tenants in June 2024. This impact was offset by the lower other operating expenses and hence the net property income remained comparable.

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

The lower distributable income is mainly attributable to the higher non-property expenses incurred.

AME Real Estate Investment Trust

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

B3. Prospects

The Manager will continue to drive the growth of AME REIT through its strategies as disclosed in Note B5.

Given that AME REIT's existing industrial and industrial related properties portfolio has 100% occupancy rate, the Manager is optimistic to achieve a favourable performance for the financial year ending 31 March 2025.

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:

- (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-seven (37) investment properties, of which thirty-three (34) are industrial properties and three (3) are industrial-related properties.

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

There were no issuances of new units during the financial period under review other than as disclosed in Note A6.

AME Real Estate Investment Trust

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

B8. Income distribution

The income distribution to unitholders is from the following sources:

	Individual quarter 30.6.2024 RM'000	Individual quarter 30.6.2023 RM'000	Cumulative quarter 30.6.2024 RM'000	Cumulative quarter 30.6.2023 RM'000
Rental income	12,328	11,393	12,328	11,393
Profit income	169	124	169	124
Less: Unbilled lease income receivables	(368)	(273)	(368)	(273)
Total income	12,129	11,244	12,129	11,244
Less: Expenses	(3,603)	(2,871)	(3,603)	(2,871)
Realised income for the period	8,526	8,373	8,526	8,373
Add: Non-cash items	1,161	1,058	1,161	1,058
Total realised income available for the period	9,687	9,431	9,687	9,431
Add: Brought forward undistributed realised income available for distribution	13	--	13	--
Total realised income available for distribution	9,700	9,431	9,700	9,431
Less: Income to be distributed for the period	(9,685)	(9,412)	(9,685)	(9,412)
Balance undistributed realised income available for distribution	15	19	15	19
Distribution per unit (sen)	1.84	1.80	1.84	1.80

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's 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 more than 90% of its distributable income to its unitholders for the financial year ending 31 March 2025, 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.

B11. Financings

	30.6.2024 RM'000	31.3.2024 RM'000
Secured		
Current		
Islamic revolving credits	105,472	105,412

AME Real Estate Investment Trust

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

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 financial period under review.

B14. Income before tax

	Individual quarter 30.6.2024 RM'000	Individual quarter 30.6.2023 RM'000	Cumulative quarter 30.6.2024 RM'000	Cumulative quarter 30.6.2023 RM'000
Income before tax is arrived at after charging:				
Islamic financing costs	1,337	927	1,337	927

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

	Current quarter 30.6.2024	Immediate preceding quarter 31.3.2024
Number of units in issue ('000)	525,565	524,782
Earnings per unit ("EPU") (realised) (sen)	1.62	1.64
EPU (included unrealised income) (sen)	1.69	4.54
Total comprehensive income (RM'000)	8,894	23,816
Distributable income (RM'000)	9,687	9,767
Distribution per unit ("DPU") (sen)	1.84	1.87
Net asset value ("NAV") (RM'000)	577,489	577,330
NAV per unit (RM)	1.0988	1.1001
Market value per unit (RM)	1.32	1.36

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 June 2024 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 24 July 2024.