

AME Real Estate Investment Trust

**Interim Financial Report
Second Quarter Ended 30 September 2024**

AME Real Estate Investment Trust

Unaudited condensed statement of financial position As at 30 September 2024

	unaudited 30.9.2024 RM'000	audited 31.3.2024 RM'000
Assets		
Investment properties	686,040	686,000
Total non-current assets	686,040	686,000
Trade and other receivables ^(Note 1)	11,625	3,625
Cash and cash equivalents	12,013	20,549
Total current assets	23,638	24,174
Total assets	709,678	710,174
Unitholders' funds		
Unitholders' capital	524,419	522,226
Undistributed income	53,629	55,104
Total unitholders' funds	578,048	577,330
Liabilities		
Trade and other payables	17,236	17,340
Deferred tax liabilities	5,539	5,539
Total non-current liabilities	22,775	22,879
Financings	105,533	105,412
Trade and other payables	3,322	4,553
Total current liabilities	108,855	109,965
Total liabilities	131,630	132,844
Total unitholders' funds and liabilities	709,678	710,174
Net asset value	578,048	577,330
Number of units in circulation ('000)	526,368	524,782
Net asset value per unit (RM)		
- Before income distribution	1.0982	1.1001
- After income distribution ^(Note 2)	1.0795	1.0814

Note 1: Included in trade and other receivables are deposits amounting to RM5.99 million paid for the proposed acquisition of 4 industrial properties.

Note 2: After reflecting the income distribution of 1.87 sen per unit to be payable on 18 December 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.

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

	Individual quarter 30.9.2024 RM'000	Individual quarter 30.9.2023 RM'000	Cumulative quarter 30.9.2024 RM'000	Cumulative quarter 30.9.2023 RM'000
Rental income	12,779	11,765	25,107	23,158
Total revenue	12,779	11,765	25,107	23,158
Quit rent and assessment	(485)	(418)	(969)	(795)
Takaful	(178)	(148)	(354)	(295)
Repair and maintenance	(123)	(95)	(212)	(136)
Other operating expenses	(279)	(329)	(432)	(444)
Property operating expenses	(1,065)	(990)	(1,967)	(1,670)
Net property income	11,714	10,775	23,140	21,488
Profit income	124	124	293	248
Changes in fair value of investment properties	--	--	--	--
Net investment income	11,838	10,899	23,433	21,736
Manager's management fees	(1,120)	(1,037)	(2,221)	(2,062)
Trustee's fees	(43)	(42)	(86)	(84)
Islamic financing costs	(1,356)	(958)	(2,693)	(1,885)
Other trust expenses	(175)	(143)	(395)	(340)
Non-property expenses	(2,694)	(2,180)	(5,395)	(4,371)
Income before tax	9,144	8,719	18,038	17,365
Taxation	--	--	--	--
Net income for the period				
Total comprehensive income for the period	9,144	8,719	18,038	17,365
Distribution adjustments ^(Note 1)	734	730	1,527	1,515
Distributable income	9,878	9,449	19,565	18,880
Net income for the period comprises the following:				
- Realised	8,697	8,378	17,223	16,751
- Unrealised	447	341	815	614
	9,144	8,719	18,038	17,365
Weighted average number of units ('000)	526,089	522,474	525,679	522,101
Earnings per unit (sen) ^(Note 2) comprises the following:				
- Realised	1.65	1.60	3.28	3.21
- Unrealised	0.08	0.07	0.15	0.12
	1.73	1.67	3.43	3.33

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.

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Unaudited condensed statement of changes in net asset value for the period ended 30 September 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⁾	2,419	--	2,419
Income distribution	--	(18,928)	(18,928)
Total comprehensive income for the period	--	17,365	17,365
At 30 September 2023	<u>519,831</u>	<u>40,637</u>	<u>560,468</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⁾	2,193	--	2,193
Income distribution	--	(19,513)	(19,513)
Total comprehensive income for the period	--	18,038	18,038
At 30 September 2024	<u>524,419</u>	<u>53,629</u>	<u>578,048</u>

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

	Units '000	Amount RM'000
30.9.2023		
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
Base and performance fees for the first quarter ended 30 June 2023	839	1,025
	<u>2,017</u>	<u>2,419</u>
30.9.2024		
Base and performance fees for the fourth quarter ended 31 March 2024	783	1,092
Base and performance fees for the first quarter ended 30 June 2024	803	1,101
	<u>1,586</u>	<u>2,193</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.

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

	Period to date	
	30.9.2024 RM'000	30.9.2023 RM'000
Cash flows from operating activities		
Income before tax	18,038	17,365
Adjustments for:		
Islamic financing costs	2,693	1,885
Manager's management fees paid and payable in units	2,221	2,062
Profit income	(293)	(248)
Unbilled lease income receivables	(815)	(614)
Operating income before changes in working capital	<u>21,844</u>	<u>20,450</u>
Change in trade and other receivables	(7,185)	1,243
Change in trade and other payables	(1,013)	2,009
Net cash from operating activities	<u>13,646</u>	<u>23,702</u>
Cash flows from investing activities		
Profit income	293	248
Enhancement of investment properties	(40)	(257)
Net cash from/(used in) investing activities	<u>253</u>	<u>(9)</u>
Cash flows from financing activities		
Islamic financing costs paid	(2,922)	(1,557)
Income distribution paid to unitholders	(19,513)	(18,928)
Net cash used in financing activities	<u>(22,435)</u>	<u>(20,485)</u>
Net (decrease)/increase in cash and cash equivalents	(8,536)	3,208
Cash and cash equivalents as at 1 April	<u>20,549</u>	<u>10,660</u>
Cash and cash equivalents as at 30 September	<u>12,013</u>	<u>13,868</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	
	30.9.2024 RM'000	30.9.2023 RM'000
Cash and cash equivalents:		
- cash and bank balances	5,918	4,757
- Islamic deposits with licensed banks	6,095	9,111
	<u>12,013</u>	<u>13,868</u>

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.

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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 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
- Base and performance fees for the first quarter ended 30 June 2024	803	1,101
As at 30 September 2024	<u>526,368</u>	<u>528,061</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.

Subsequent to the period end, the Manager has proposed an interim income distribution of 99.80% of AME REIT's distributable income amounting to RM9.86 million or 1.87 sen per unit (1.73 sen taxable and 0.14 sen non-taxable) for the quarter ended 30 September 2024, to be payable on 18 December 2024 to unitholders whose names appear in the Record of Depositors of AME REIT at the close of business on 22 November 2024.

The total income distribution for the financial period will be RM19.54 million or 3.71 sen per unit, representing 99.89% of AME REIT's distributable income.

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 526.37 million units as at 30 September 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

	30.9.2024 RM'000	31.3.2024 RM'000
<i>Capital expenditure commitments</i>		
Contracted but not provided for		
Investment properties	113,461	--

Saved as disclosed above, there were no other major capital commitments as at 30 September 2024.

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

A14. Significant related party transactions

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

	Individual quarter 30.9.2024 RM'000	Individual quarter 30.9.2023 RM'000	Cumulative quarter 30.9.2024 RM'000	Cumulative quarter 30.9.2023 RM'000
Manager				
Manager's management fees	<u>(1,120)</u>	<u>(1,037)</u>	<u>(2,221)</u>	<u>(2,062)</u>
Companies related to the Manager				
Rental income	2,886	2,859	5,772	5,718
Enhancement of investment properties	<u>--</u>	<u>(257)</u>	<u>--</u>	<u>(257)</u>

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

B1. Review of performance

	Individual quarter 30.9.2024 RM'000	Individual quarter 30.9.2023 RM'000	Cumulative quarter 30.9.2024 RM'000	Cumulative quarter 30.9.2023 RM'000
Revenue	12,779	11,765	25,107	23,158
Net property income	11,714	10,775	23,140	21,488
Income before tax	9,144	8,719	18,038	17,365
Net income for the period	9,144	8,719	18,038	17,365
Distributable income	<u>9,878</u>	<u>9,449</u>	<u>19,565</u>	<u>18,880</u>

Current quarter results

AME REIT recorded total revenue of RM12.78 million, net property income of RM11.71 million, income before tax and net income for the period of RM9.14 million respectively. The distributable income of AME REIT is RM9.88 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.

Financial period results

AME REIT recorded total revenue of RM25.11 million, net property income of RM23.14 million, income before tax and net income for the period of RM18.04 million respectively. The distributable income of AME REIT is RM19.57 million.

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

B2. Comparison with immediate preceding quarter

	Current quarter 30.9.2024 RM'000	Immediate preceding quarter 30.6.2024 RM'000	Changes %
Revenue	12,779	12,328	4
Net property income	11,714	11,426	3
Income before tax	9,144	8,894	3
Net income for the period	9,144	8,894	3
Distributable income	<u>9,878</u>	<u>9,687</u>	<u>2</u>

AME REIT recorded higher revenue and income mainly attributable to 100% occupancy rate across its investment properties during the current quarter under review. There were temporary vacancies of 2 properties during the previous quarter pending the rental commencement by new tenants in June 2024.

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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.

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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 30.9.2024 RM'000	Individual quarter 30.9.2023 RM'000	Cumulative quarter 30.9.2024 RM'000	Cumulative quarter 30.9.2023 RM'000
Rental income	12,779	11,765	25,107	23,158
Profit income	124	124	293	248
Less: Unbilled lease income receivables	(447)	(341)	(815)	(614)
Total income	12,456	11,548	24,585	22,792
Less: Expenses	(3,759)	(3,170)	(7,362)	(6,041)
Realised income for the period	8,697	8,378	17,223	16,751
Add: Non-cash items	1,181	1,071	2,342	2,129
Total realised income available for the period	9,878	9,449	19,565	18,880
Add: Brought forward undistributed realised income available for distribution	15	19	13	--
Total realised income available for distribution	9,893	9,468	19,578	18,880
Less: Income to be distributed for the period	(9,858)	(9,431)	(19,543)	(18,843)
Balance undistributed realised income available for distribution	35	37	35	37
Distribution per unit (sen)	1.87	1.80	3.71	3.60

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

On 24 July 2024, the following have been entered into for a total cash consideration of RM119.45 million.

- (i) a conditional sale and purchase agreement between Pentagon Land Sdn Bhd, a wholly-owned subsidiary of AME Elite Consortium Berhad ("AME Elite") ("Pentagon Land") and RHB Trustees Berhad, being the trustee of AME REIT ("Trustee") for the proposed acquisition of i-TechValley 34 (as defined in the announcement) for a cash consideration of RM27.00 million ("Proposed i-TechValley 34 Acquisition");
- (ii) a conditional sale and purchase agreement between Pentagon Land and the Trustee for the proposed acquisition of i-TechValley 46 (as defined in the announcement) for a cash consideration of RM27.45 million ("Proposed i-TechValley 46 Acquisition");

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

B10. Status of corporate proposals (continued)

- (iii) a conditional sale and purchase agreement between Ipark Development Sdn Bhd, a 80.0%-owned subsidiary of AME Integrated Sdn Bhd, which in turn is a 99.9%-owned subsidiary of AME Elite ("Ipark Development") and the Trustee for the proposed acquisition of i-Park SAC 23 & 24 (as defined in the announcement) for a cash consideration of RM45.00 million ("Proposed i-Park SAC 23 & 24 Acquisition"); and
- (iv) a conditional sale and purchase agreement between Ipark Development and the Trustee for the proposed acquisition of i-Park SAC 60 & 61 (as defined in the announcement) for a cash consideration of RM20.00 million ("Proposed i-Park SAC 60 & 61 Acquisition").

(The Proposed i-TechValley 34 Acquisition, Proposed i-TechValley 46 Acquisition, Proposed i-Park SAC 23 & 24 Acquisition and Proposed i-Park SAC 60 & 61 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 to be held on 7 November 2024.

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

B11. Financings

	30.9.2024 RM'000	31.3.2024 RM'000
Secured		
Current		
Islamic revolving credits	<u>105,533</u>	<u>105,412</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 financial period under review.

B14. Income before tax

	Individual quarter 30.9.2024 RM'000	Individual quarter 30.9.2023 RM'000	Cumulative quarter 30.9.2024 RM'000	Cumulative quarter 30.9.2023 RM'000
Income before tax is arrived at after charging:				
Islamic financing costs	<u>1,356</u>	<u>958</u>	<u>2,693</u>	<u>1,885</u>

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

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

	Current quarter 30.9.2024	Immediate preceding quarter 30.6.2024
Number of units in issue ('000)	526,368	525,565
Earnings per unit ("EPU") (realised) (sen)	1.65	1.62
EPU (included unrealised income) (sen)	1.73	1.69
Total comprehensive income (RM'000)	9,144	8,894
Distributable income (RM'000)	9,878	9,687
Distribution per unit ("DPU") (sen)	1.87	1.84
Net asset value ("NAV") (RM'000)	578,048	577,489
NAV per unit (RM)	1.0982	1.0988
Market value per unit (RM)	<u>1.46</u>	<u>1.32</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 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 6 November 2024.