

AME Real Estate Investment Trust

**Interim Financial Report
Third Quarter Ended 31 December 2022**

AME Real Estate Investment Trust

Unaudited condensed statement of financial position As at 31 December 2022

	31.12.2022 RM'000
Assets	
Investment properties	557,000
Total non-current assets	<u>557,000</u>
Trade and other receivables (Note 1)	6,872
Cash and cash equivalents	18,774
Total current assets	<u>25,646</u>
Total assets	<u><u>582,646</u></u>
Unitholders' funds	
Unitholders' capital	516,358
Undistributed income	9,301
Total unitholders' funds	<u>525,659</u>
Liabilities	
Trade and other payables	12,957
Total non-current liabilities	<u>12,957</u>
Financings	36,788
Trade and other payables (Note 2)	7,242
Total current liabilities	<u>44,030</u>
Total liabilities	<u>56,987</u>
Total unitholders' funds and liabilities	<u><u>582,646</u></u>
Net asset value	525,659
Number of units in circulation ('000)	520,000
Net asset value per unit (RM)	
- Before income distribution	1.0109
- After income distribution	1.0109

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 December 2022.

Note 1: Included in trade and other receivables are deposits amounting to RM4.81 million paid for the proposed acquisition of 3 industrial properties.

Note 2: Included in trade and other payables is amount due to the ultimate holding company of RM3.96 million, mainly in relation to the listing and financing related expenses paid on behalf of AME REIT. The amount has been repaid by AME REIT in January 2023.

AME Real Estate Investment Trust

Unaudited condensed statement of profit or loss and other comprehensive income for the third quarter ended 31 December 2022

	Individual quarter 31.12.2022 RM'000	Cumulative quarter 31.12.2022 RM'000
Rental income	10,792	12,100
Total revenue	10,792	12,100
Quit rent and assessment	(375)	(420)
Insurance	(137)	(157)
Repair and maintenance	(86)	(96)
Other operating expenses	(97)	(109)
Property operating expenses	(695)	(782)
Net property income	10,097	11,318
Profit income	83	83
Net investment income	10,180	11,401
Manager's management fees	(941)	(1,054)
Trustee's fees	(39)	(44)
Islamic financing costs	(659)	(733)
Other trust expenses	(208)	(269)
Non-property expenses	(1,847)	(2,100)
Income before tax	8,333	9,301
Taxation	--	--
Net income for the period/ Total comprehensive income for the period	8,333	9,301
Distribution adjustments ^(Note 1)	874	988
Distributable income	9,207	10,289
Net income for the period comprises the following:		
- Realised	8,048	8,992
- Unrealised	285	309
	8,333	9,301
Weighted average number of units ('000)	520,000	520,000
Earnings per unit (sen) comprises the following:		
- Realised	1.55	1.73
- Unrealised	0.05	0.06
	1.60	1.79

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 December 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.

AME Real Estate Investment Trust

Unaudited condensed statement of changes in net asset value for the period ended 31 December 2022

	Unitholders' capital RM'000	Undistributed income RM'000	Total RM'000
At 23 May 2022	--	--	--
Total comprehensive income for the period	--	9,301	9,301
<i>Contributions by and distributions to unitholders</i>			
Issuance of new units ⁽ⁱ⁾	520,000	--	520,000
Listing expenses	(3,642)	--	(3,642)
At 31 December 2022	<u>516,358</u>	<u>9,301</u>	<u>525,659</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>

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 December 2022.

AME Real Estate Investment Trust

Unaudited condensed statement of cash flows for the period ended 31 December 2022

	Period to date 31.12.2022 RM'000
Cash flows from operating activities	
Net income before tax	9,301
Adjustments for:	
Islamic financing costs	733
Profit income	(83)
Unbilled lease income receivables	(309)
Operating income before changes in working capital	<u>9,642</u>
Changes in trade and other receivables	(6,563)
Changes in trade and other payables	15,612
Cash generated from operations	<u>18,691</u>
Tax paid	<u>--</u>
Net cash from operating activities	<u>18,691</u>
Cash flows from investing activities	
Profit income	83
Acquisition of investment properties	(37,000)
Net cash used in investing activities	<u>(36,917)</u>
Cash flows from financing activities	
Proceeds from financings	<u>37,000</u>
Net cash from financing activities	<u>37,000</u>
Net increase in cash and cash equivalents	18,774
Cash and cash equivalents as at date of establishment	<u>--</u>
Cash and cash equivalents as at 31 December	<u>18,774</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 31.12.2022 RM'000
Cash and cash equivalents:	
- cash and bank balances	9,220
- fixed deposits with licensed banks	9,554
	<u>18,774</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 December 2022.

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 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 December 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.

AME Real Estate Investment Trust

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

A7. Income distribution (continued)

Subsequent to the period end, the Manager has proposed a distribution of 100% of AME REIT's distributable income amounting to RM10.289 million or 1.975 sen per unit (taxable) for the period from 20 September 2022 to 31 December 2022, to be payable on 30 March 2023 to unitholders whose names appear in the Record of Depositors of AME REIT at the close of business on 8 March 2023.

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

	31.12.2022 RM'000
<i>Capital expenditure commitments</i>	
Contracted but not provided for	
Investment properties	<u>64,445</u>

Save as disclosed above, there were no other major capital commitments as at 31 December 2022.

AME Real Estate Investment Trust

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 31.12.2022 RM'000	Cumulative quarter 31.12.2022 RM'000
Manager		
Manager's management fees	<u>(941)</u>	<u>(1,054)</u>
Companies related to the Manager		
Rental income	2,859	3,208
Acquisition of investment properties	<u>(557,000)</u>	<u>(557,000)</u>

AME Real Estate Investment Trust

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 RM10.79 million, net property income of RM10.10 million and net investment income of RM10.18 million. After the non-property expenses of RM1.85 million, its net income is RM8.33 million. The distributable income of AME REIT is RM9.21 million.

The total net asset value and net asset value per unit of AME REIT is RM525.66 million and RM1.0109 respectively.

Financial period results

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

AME REIT recorded total rental income of RM12.10 million, net property income of RM11.32 million and net investment income of RM11.40 million. After the non-property expenses of RM2.10 million, its net income is RM9.30 million. The distributable income of AME REIT is RM10.29 million.

B2. Comparison with immediate preceding quarter

Not comparable as the financial results of AME REIT for the immediate preceding quarter covered only the period from 20 September 2022 to 30 September 2022.

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.

On 5 December 2022, the trustee of AME REIT has entered into conditional sale and purchase agreements to acquire three (3) industrial properties from the subsidiaries of AME Elite Consortium Berhad.

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.

AME Real Estate Investment Trust

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

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.

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 of investment properties as disclosed in Note A6.

B8. Income distribution

The income distribution to unitholders is from the following sources:

	Individual quarter 31.12.2022 RM'000	Cumulative quarter 31.12.2022 RM'000
Rental income	10,792	12,100
Profit income	83	83
Less: Unbilled lease income receivables	(285)	(309)
Total income	10,590	11,874
Less: Expenses	(2,542)	(2,882)
Realised income for the period	8,048	8,992
Add: Non-cash items	1,159	1,297
Total realised income available for the period	9,207	10,289
Add: Brought forward undistributed realised income available for distribution	--	--
Total realised income available for distribution	9,207	10,289
Less: Income to be distributed for the period	--	--
Balance undistributed realised income available for distribution	9,207	10,289
Distribution per unit (sen)	1.767	1.975

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.

AME Real Estate Investment Trust

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

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 to be held on 27 February 2023.

B11. Financings

	31.12.2022
	RM'000
Secured	
Current	
Islamic revolving credit	<u>36,788</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 31.12.2022 RM'000	Cumulative quarter 31.12.2022 RM'000
Income before tax is arrived at after charging:		
Islamic financing costs	<u>659</u>	<u>733</u>

AME Real Estate Investment Trust

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 31.12.2022	Immediate preceding quarter 30.9.2022
Number of units in issue ('000)	520,000	520,000
Earnings per unit ("EPU") (realised) (sen)	1.55	0.18
EPU (included unrealised income) (sen)	1.60	0.19
Total comprehensive income (RM'000)	8,333	968
Distributable income (RM'000)	9,207	1,082
Distribution per unit ("DPU") (sen)	1.767	--
Net asset value ("NAV") (RM'000)	525,659	517,274
NAV per unit (RM)	1.0109	0.9948
Market value per unit (RM)	<u>1.17</u>	<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 31 December 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 20 February 2023.