

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	As At 31.12.2022 RM (Unaudited)	As At 31.12.2021 RM (Audited)
ASSETS		
Non-current assets		
Investment properties	1,240,300,000	1,369,500,000
Trade and other receivables	-	-
	1,240,300,000	1,369,500,000
Current assets		
Trade and other receivables	5,471,668	7,870,877
Security deposits in trust accounts	9,452,200	11,205,770
Cash and cash equivalents	32,069,563	33,767,740
Asset classified as held for sale	125,000,000	8,500,000
	171,993,431	61,344,387
TOTAL ASSETS	1,412,293,431	1,430,844,387
LIABILITIES		
Non-current liabilities		
Borrowings	610,254,963	643,845,642
Trade and other payables	11,239,294	14,644,410
	621,494,257	658,490,052
Current liabilities		
Borrowings	25,881,840	-
Trade and other payables	15,415,171	15,965,910
Deferred tax liabilities	13,714,000	10,783,000
	55,011,011	26,748,910
TOTAL LIABILITIES	676,505,268	685,238,962
NET ASSET VALUE ("NAV")	735,788,163	745,605,425
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	519,685,915	519,685,915
Distributed income - realised	42,010,228	42,441,057
Undistributed income - unrealised	174,092,021	183,478,453
TOTAL UNITHOLDERS' FUND	735,788,163	745,605,425
NUMBER OF UNITS IN CIRCULATIONS	573,219,858	573,219,858
NET ASSET VALUE ("NAV") PER UNIT (RM):		
- Before income distribution	1.2836	1.3007

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached.

CONDENSED STATEMENT OF PROFIT OF LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022
(UNAUDITED)

	CURRENT		CUMULATIVE	
	Current Year Quarter 31.12.2022 RM	Preceding Year Corresponding Quarter 31.12.2021 RM	Current Year To-date 31.12.2022 RM	Preceding Year To-date 31.12.2021 RM
Revenue	20,397,089	21,258,992	77,855,200	86,252,295
Unrealised (in relation to unbilled lease income receivable)	-	-	-	-
Properties expenses	(5,352,414)	(4,786,478)	(21,660,075)	(18,948,163)
Property operating expenses				
Net property income	15,044,674	16,472,513	56,195,125	67,304,131
Unbilled lease income receivable	(135,880)		(135,880)	-
Interest income	78,153	58,735	513,169	308,025
Other income	585,983	402,328	895,533	894,305
Gains from investment properties disposal	-	-	-	-
TOTAL TRUST INCOME	15,572,930	16,933,576	57,467,946	68,506,461
Trust expenses	(2,068,829)	(7,175,472)	(9,574,939)	(13,859,538)
Borrowing costs	(7,359,284)	(6,045,610)	(26,206,023)	(24,042,911)
TRUST EXPENSES	(9,428,112)	(13,221,082)	(35,780,962)	(37,902,449)
Realised income before taxation	6,144,818	3,712,493	21,686,984	30,604,012
Changes in fair value of investment properties	(1,715,432)	981,226	(1,715,432)	981,226
Expected cost of disposal of asset classified as held for sale	(4,740,000)	-	(4,740,000)	-
Income before taxation	(310,614)	4,693,719	15,231,552	31,585,238
Deferred tax expense	(2,931,000)	(160,000)	(2,931,000)	(160,000)
Total Income	(3,241,614)	4,533,719	12,300,552	31,425,238
Distribution to unitholders				
- from previous period realised net income		(28,812,393)	(9,429,088)	(28,812,393)
- from current period realised net income	(10,089,288)	-	(10,089,288)	-
	(10,089,288)	(28,812,393)	(19,518,376)	(28,812,393)
Realised income retained	(11,615,470)	(25,099,899)	(5,502,392)	1,791,620
Unrealised income retained / (utilised)	(1,715,432)	821,226	(1,715,432)	821,226
Net income for the financial period is made up as follows:				
- realised	6,144,818	3,552,493	21,686,984	30,604,012
- unrealised				
change in fair value of borrowing				
Changes in fair value of investment properties	(1,715,432)	981,226	(1,715,432)	981,226
Unrealised revenue	(4,740,000)	-	(4,740,000)	-
Deferred tax expense	(2,931,000)	(160,000)	(2,931,000)	(160,000)
	(3,241,614)	4,373,719	12,300,552	31,425,238
EARNINGS PER UNIT (SEN)				
- after manager fees (sen)	(0.566)	0.763	2.146	5.482
- before manager fees (sen)	(0.288)	0.763	3.250	6.603
EARNINGS PER UNIT (SEN)				
- realised	1.072	0.620	3.783	5.339
- unrealised	(1.637)	0.143	(1.637)	0.143
DISTRIBUTION PER UNIT (SEN)				
- realised from previous period	-	5.026	1.645	5.026
- realised from previous period	1.760	-	1.760	-
	1.760	5.026	3.405	5.026
DISTRIBUTION PER UNIT (%)				
- realised from current period	0%	811%	43%	94%
- realised from previous period	164%	0%	47%	0%
	164%	811%	90%	94%

The Condensed Statement of Profit or Loss and Other Comprehensive Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached.

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2022**

	Unitholder's Capital RM	---- Undistributed Income -----		Total RM
		Realised RM	Unrealised RM	
At 1 December 2022	519,685,915	42,441,057	183,478,453	745,605,425
Operation for the financial period ended 30 September 2022				
Total comprehensive income for the financial period	-	21,686,984	(9,386,432)	12,300,552
Realisation of income from disposal of property	-	-	-	-
<i>Increase in net assets resulting from operations</i>	-	21,686,984	(9,386,432)	12,300,552
Unitholders' transactions				
Distribution to unitholders - 2022 Interim	-	(9,429,088)	-	(9,429,088)
Distribution to unitholders - 2021 Final	-	(12,688,726)	-	(12,688,726)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(22,117,813)	-	(22,117,813)
At 31 December 2022	519,685,915	42,010,228	174,092,021	735,788,164

	Unitholder's Capital RM	---- Undistributed Income -----		Total RM
		Realised RM	Unrealised RM	
At 1 January 2021	519,685,915	44,508,363	182,657,227	746,851,505
Operation for the financial period ended 31 December 2021				
Total comprehensive income for the financial period	-	30,604,012	821,226	31,425,238
Realisation of income from disposal of property	-	-	-	-
<i>Increase in net assets resulting from operations</i>	-	30,604,012	821,226	31,425,238
Unitholders' transactions				
Distribution to unitholders - 2020 Second Half	-	(16,547,577)	-	(16,547,577)
Distribution to unitholders - 1st Half 2021	-	(16,123,741)	-	(16,123,741)
<i>Increase in net assets resulting from unitholders' transactions</i>	-	(32,671,319)	-	(32,671,319)
At 31 December 2021	519,685,915	42,441,057	183,478,453	745,605,425

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached.

**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2022**

	Current Year To-date 31.12.2022 RM	Preceding Year To-date 31.12.2021 RM
Cash Flows From Operating Activities		
Net income before taxation	15,231,552	31,585,238
<i>Adjustments for:-</i>		
Finance costs	26,206,023	24,024,911
Finance income	(513,169)	(308,025)
Net impairment loss on financial instruments	644,627	5,558,924
Cost of disposal of investment properties	4,740,000	-
Change in the fair value of properties	1,715,432	(981,226)
Operating income before changes in working capital	48,024,465	59,897,822
Changes in working capital:-		
Trade and other receivables	3,516,370	(834,324)
Trade and other payables	(3,700,854)	(3,177,951)
Cash generated from operations		
Tax paid		-
Net cash generated from operating activities	47,839,982	55,885,547
Cash Flows From Investing Activities		
Interest received	504,950	272,651
Proceeds from disposal of investment properties	8,245,000	-
Acquisition of investment property	-	-
Deposit for acquisition of investment property	-	-
Improvement of properties	(2,255,432)	(3,532,981)
Gain on disposal of investment property	-	-
Net cash used in investing activities	6,494,518	(3,260,330)
Cash Flows From Financing Activities		
Distribution paid to unitholders	(22,117,814)	(32,671,417)
Drawdown of term loan	-	-
Repayment of term loan	(8,000,000)	-
Payment of financing expenses	-	-
Interest paid	(25,914,862)	(23,760,863)
Net cash (used in)/ generated from financing activities	(56,032,676)	(56,432,280)
Net (decrease)/ increase in cash and cash equivalents	(1,698,177)	(3,807,063)
Cash and cash equivalents at beginning of financial period	33,767,740	37,574,803
Cash and cash equivalents at end of financial period	32,069,563	33,767,740
	(0)	0

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached.

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 DECEMBER 2021 PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD ("MFRS")

A1. BASIS OF PREPARATION

This quarterly financial report is unaudited and has been prepared in accordance with Malaysian Financial reporting Standards (MFRSs) where applicable to AmanahRaya Real Estate Investment Trust ("ARREIT" or "Trust") that are effective for annual periods beginning on or after 1 January 2022. In preparing this quarterly financial report MFRS 134: Interim Financial Reporting has been applied. In addition, this quarterly financial report has been prepared in accordance with Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This financial report comprise ARREIT and its wholly-owned special purpose company, ARREIT MTN 1 Sdn Bhd, company incorporated in Malaysia, of which the principal activity is to raise financing and on behalf of ARREIT.

A2. METHOD OF COMPUTATION AND CHANGES IN ACCOUNTING POLICIES

The methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial statements and audited information of ARREIT for the financial year ended 31 December 2022

A3. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2021

The audit report of the Trust's financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Trust are not affected by any material seasonal or cyclical factor.

A5. UNUSUAL ITEMS

There were no items of unusual nature that affect the assets, liabilities, equities, net income or cash flows to be disclosed for the quarter under review.

A6. CHANGES IN ESTIMATES

There were no changes in estimates that have had material effect in the current quarter.

A7. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

A8. INCOME DISTRIBUTION

The Trust has paid its first interim income distribution on 11 October 2022 amounting to RM9,428,088. For the final interim, the management has proposed and provided RM10,089,288 to be distributed to the unitholders.

	Semi Annual 30-Jun-22		Semi Annual 31-Dec-22		Year-to-date 31-Dec-22	
	RM	Sen / Unit	RM	Sen / Unit	RM	Sen / Unit
Sources of Income						
Gross Rental Income	38,306,762	6.6827	39,548,439	6.8993	77,855,200	13.5821
Interest Income & other income	433,656	0.0757	975,045	0.1701	1,408,701	0.2458
Unbilled lease income receivable	-	-	(135,880)	(0.0237)	(135,880)	(0.0237)
Total Gross Revenue	38,740,418	6.7584	40,387,604	7.0457	79,128,022	13.8041
Less: Expenses (excl. Manager's Fee)						
Property Expenses	(10,713,320)	(1.8690)	(10,946,755)	(1.9097)	(21,660,075)	(3.7787)
Non-Property Expenses	(14,409,148)	(2.5137)	(15,041,716)	(2.6241)	(29,450,864)	(5.1378)
Net Income Before Manager's Fee	13,617,949	2.3757	14,399,133	2.5120	28,017,082	4.8877
Income Distribution and Taxation	13,617,949	2.3757	14,399,133	2.5120	28,017,082	4.8877
Less: Manager's Fees	(3,141,285)	(0.5480)	(3,188,813)	(0.5563)	(6,330,098)	(1.1043)
Net Realised Income Before Tax	10,476,664	1.8277	11,210,320	1.9557	21,686,984	3.7834
Taxation	-	-	-	-	-	-
Declared / Proposed Income Distributi	(9,428,998)	(1.6449)	(10,089,288)	(1.7601)	(19,518,286)	(3.4050)

AMANAHRAYA REAL ESTATE INVESTMENT TRUST
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 DECEMBER 2021 PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD ("MFRS") (cont'd)

A9. Segmental Reporting

Segmental profit or loss for the fourth quarter ended 31 December 2022 and 31 December 2021 are as follows

Business segmets	Fourth Quarter ended 31.12.2022						Fourth Quarter ended 31.12.2021					
	Office RM	Retail RM	Education RM	Hotel RM	Industrial RM	Total RM	Office RM	Retail RM	Education RM	Hotel RM	Industrial RM	Total RM
Gross Revenue	7,996,945	3,315,943	7,664,773	1,000,323	419,104	20,397,089	9,707,499	3,404,351	6,744,091	983,051	420,000	21,258,992
Property operating expenses	(3,261,274)	(1,511,505)	(460,326)	(110,635)	(8,674)	(5,352,414)	(2,710,550)	(1,615,388)	(325,712)	(136,665)	1,836	(4,786,478)
Net property income	4,735,671	1,804,438	7,204,447	889,688	410,431	15,044,674	6,996,949	1,788,963	6,418,379	846,387	421,836	16,472,513
Interest income						78,153						58,735
Other income						450,103						402,328
Changes in fair value of investment properties						(1,715,432)						981,226
Expected cost of disposal of asset classified as held for sale						(4,740,000)						-
Trust expenses						(2,068,829)						(7,175,472)
Finance costs						(7,359,284)						(6,045,610)
Profit before tax						(310,614)						4,693,719
Deferred tax expenses						(2,931,000)						(160,000)
Profit for the period						(3,241,614)						4,533,719

Segmental profit or loss for the cumulative year ended 31 December 2022 and 31 December 2021 are as follows

Business segmets	Cumulative year ended 31.12.2022						Cumulative year ended 31.12.2021					
	Office RM	Retail RM	Education RM	Hotel RM	Industrial RM	Total RM	Office RM	Retail RM	Education RM	Hotel RM	Industrial RM	Total RM
Gross Revenue	33,218,881	13,550,904	25,612,977	3,801,227	1,671,211	77,855,200	42,251,356	13,600,126	24,736,792	3,984,020	1,680,000	86,252,295
Property operating expenses	(13,316,650)	(5,900,998)	(1,923,540)	(456,896)	(61,992)	(21,660,075)	(11,389,893)	(5,676,233)	(1,368,206)	(470,268)	(43,565)	(18,948,163)
Net property income	19,902,231	7,649,906	23,689,436	3,344,332	1,609,219	56,195,125	30,861,463	7,923,893	23,368,586	3,513,753	1,636,435	67,304,131
Interest income						513,169						894,305
Other income						759,653						-
Changes in fair value of investment properties						(1,715,432)						981,226
Expected cost of disposal of asset classified as held for sale						(4,740,000)						-
Trust expenses						(9,574,939)						-
Finance costs						(26,206,023)						(24,042,911)
Profit before tax						15,231,552						45,136,751
Deferred tax expenses						(2,931,000)						(160,000)
Profit for the period						12,300,552						44,976,751

The Condensed Statement of Profit or Loss and Other Comprehensive Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached.

AMANAHRAYA REAL ESTATE INVESTMENT TRUST
FOURTH QUARTER ENDED 31 DECEMBER 2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 DECEMBER 2021 PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD ("MFRS") (cont'd)

A9. Segmental Reporting (cont'd)

Properties	Fourth Quarter ended						Cumulative Year ended					
	Gross Revenue			Net Property Income			Gross Revenue			Net Property Income		
	31.12.2022	31.12.2021	Variance	31.12.2022	31.12.2021	Variance	31.12.2022	31.12.2021	Variance	31.12.2022	31.12.2021	Variance
	RM	RM	%	RM	RM	%	RM	RM	%	RM	RM	%
Office												
Vista Tower	5,301,520	5,924,940	-10.5%	3,296,792	4,231,707	-22.1%	21,302,575	27,025,007	-21.2%	12,776,351	19,355,709	-34.0%
Dana 13	1,337,846	1,669,240	-19.9%	652,163	1,093,892	-40.4%	5,525,905	6,572,735	-15.9%	2,655,923	4,461,796	-40.5%
Wisma Comcorp	440,270	500,731	-12.1%	98,878	320,686	-69.2%	1,589,819	2,172,884	-26.8%	732,895	1,737,014	-57.8%
Toshiba TEC *	-	520,000	-100.0%	(38,426)	497,764	-107.7%	799,570	2,080,000	-61.6%	655,760	1,982,671	-66.9%
Contraves	947,044	947,044	0.0%	831,485	826,673	0.6%	3,788,175	3,818,555	-0.8%	3,134,921	3,194,598	-1.9%
South City Plaza **	(29,735)	145,544	-120.4%	(105,222)	26,227	-501.2%	212,838	582,175	-63.4%	(53,619)	129,676	-141.3%
Total Office	7,996,945	9,707,499	-17.6%	4,735,671	6,996,949	-32.3%	33,218,881	42,251,356	-21.4%	19,902,231	30,861,463	-35.5%
Retail												
Selayang Mall	3,315,943	3,404,351	-2.6%	1,804,438	1,788,963	0.9%	13,550,904	13,600,126	-0.4%	7,649,906	7,923,893	-3.5%
Total Retail	3,315,943	3,404,351	-2.6%	1,804,438	1,788,963	0.9%	13,550,904	13,600,126	-0.4%	7,649,906	7,923,893	-3.5%
Education												
Segi College	1,085,499	1,085,499	0.0%	1,079,499	1,090,079	-1.0%	4,269,630	4,494,927	-5.0%	4,239,720	4,478,807	-5.3%
Segi University	5,102,840	4,186,875	21.9%	5,096,840	4,185,925	21.8%	15,629,840	14,355,000	8.9%	15,596,190	14,342,875	8.7%
Help University	1,476,434	1,471,716	0.3%	1,028,107	1,142,375	-10.0%	5,713,506	5,886,865	-2.9%	3,853,526	4,546,905	-15.2%
Total Education	7,664,773	6,744,091	13.7%	7,204,447	6,418,379	12.2%	25,612,977	24,736,792	3.5%	23,689,436	23,368,586	1.4%
Hotel												
Holiday Villa Langkawi	1,000,323	983,051	1.8%	970,126	977,863	-0.8%	3,801,227	3,984,020	-4.6%	3,719,527	3,924,325	-5.2%
ex-Holiday Villa Alor Setar ***	-	-	#DIV/0!	(80,438)	(131,476)	-38.8%	-	-	#DIV/0!	(375,196)	(410,573)	-8.6%
Total Hotel	1,000,323	983,051	1.8%	889,688	846,387	5.1%	3,801,227	3,984,020	-4.6%	3,344,332	3,513,753	-4.8%
Industrial												
RHF Stone	419,104	420,000	-0.2%	410,431	421,836	-2.7%	1,671,211	1,680,000	-0.5%	1,609,219	1,636,435	-1.7%
Total Industrial	419,104	420,000	-0.2%	410,431	421,836	-2.7%	1,671,211	1,680,000	-0.5%	1,609,219	1,636,435	-1.7%
Total Gross Revenue / NPI	20,397,089	21,258,992	-4.1%	15,044,674	16,472,513	-8.7%	77,855,200	86,252,295	-9.7%	56,195,125	67,304,131	-16.5%

* Toshiba TEC vacant since

** South City Plaza was fully disposed on

*** ex-Holiday Villa was vacant since

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 DECEMBER 2021 PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD ("MFRS") (cont'd)

A10. VALUATION OF INVESTMENT PROPERTIES

The fair value of the investment properties as at 31 December 2021 were derived by the Directors of the Manager's assessment based on values obtained from latest valuations conducted by independent firms of professional valuers. The properties were valued by the appointed valuers adopting suitable valuation approaches depending on the type of properties. (Refer B5 for details)

A11. RENTAL INCOME FROM TENANCIES (MFRS 117)

Rental income receivable under tenancy agreement is recognised as straight-line basis over the term of the lease.

The following are recognised in profit or loss in respect of revenue from investment properties

	31 Dec 2022	31 Dec 2021
Rental Income		
- Realised	77,719,320	86,252,295
- Unrealised	135,880	316,692
	77,855,200	86,568,987

A12. MATERIAL AND SIGNIFICANT EVENT

There was no material event as at the latest practicable date from the date of this report.

A13. CHANGES IN THE COMPOSITION AND FUND SIZE OF THE TRUST

There were no changes in the composition of ARREIT for the current quarter and the total number of units issued stands at 573,219,858.

A14. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

A15. TRADE AND OTHER PAYABLES

Included in tenants' deposits are deposits of RM8,332,585 (2021: RM8,332,585) received from a lessee for tenancy contract with tenure of twenty-five (25) years

A16. TRADE AND OTHER RECEIVABLES

Included in the Current Assets - Trade and Other Receivables are outstanding rental of RM1.1 million and properties utilities deposit amounting to RM2.5 million.

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

a) Review of fourth quarter ended December 2022

For the fourth quarter of 2022, rental income recorded was RM20.4 million, lower by 4.1% as compared to the last corresponding financial year of 2021, amounting to RM21.3 million. The decrease was mainly contributed by the drop in revenue in Vista Tower (Occupancy Rate Q4 2022 45.52% vs Q4 2021 55.73%), whereby our anchor tenant Petronas' tenancy ended in Quarter 3 of 2021.

A total of RM5.4 million was incurred during the financial Quarter 4 of 2022, an increase 11.8% from RM4.8 million as compared to the last corresponding financial Quarter 4 of 2021. The increase is mainly due to the building and maintenance expenses of the property, which were not fully captured in Quarter 4 of 2021 due to MCO.

The trust expenses in quarter 4 2022 were recorded lower by 71.2% as compared to previous year, and 47.3% as compared to budget 2022. This is due to the higher adjustment incurred on bad debts expenses in the previous year amounted to RM4.1 million. Meanwhile, the borrowing costs in quarter 4 of 2022 were higher by 21.7%, as compared to actual quarter 4 of 2021. This was due to an another increase in OPR by 0.25% in Nov 2022.

For the period under consideration, the realised income was RM6.1 million. This amount is higher by 65.5% as compared to the previous year. This is related to the adjustment on the bad debts expenses amounted to RM4.1 million.

a) Review of cumulative year ended December 2022

In 2022, ARREIT recorded a net property income of RM56.20 million against RM67.62 million in the previous year. The decrease was mainly contributed by the decrease in rental income from Vista Tower, followed by Toshiba TEC and Dana 13.

Meanwhile, ARREIT's property operating expenses also saw an increase by 14.3% from RM19.0 million as compared to the last corresponding financial year end 2021. The increase is mainly contributed by the RM1.7 million from building and maintenance expenses, which were not fully captured in 2021 due to MCO.

Following the annual revaluation exercise, ARREIT recognised a loss from fair value adjustments of the investment properties amounting to RM1.72 million in comparison to a gain from fair value adjustment of the investment properties amounting to RM0.98 million in 2021.

The decrease in fair value adjustment of the investment properties in 2022 was mainly contributed from decline in fair value of Dana 13, Vista Tower, Ex- Holiday Villa Alor Setar, and Toshiba TEC amounting to RM14.0 million. However, the decrease is mitigated by the increase in fair value from Holiday Villa Langkawi, Selayang Mall, and RHF Stone Factory.

The cumulative trust expenses in the current year were recorded lower by 30.9%, as compared to previous year. This is due to the higher adjustment incurred on bad debts expenses in the previous year amounted to RM4.1 million. Meanwhile, the total borrowing costs of RM26.2 million were higher by 21.7% as compared to previous year. This was due to an increase in OPR by 1.00% during the year of 2022.

B2. COMPARISON OF INCOME BEFORE TAXATION BETWEEN CURRENT QUARTER AND PRECEDING QUARTER

	Current Quarter 31.12.2022 RM	Preceding Corresponding Quarter 31.12.2021 RM
Revenue		
- Gross revenue (rental income)	20,261,209	21,258,992
- Interest and other income	664,136	461,063
- Gains from investment property disposal	-	-
Total	20,925,345	21,720,054
Expenses		
Property expenses	(5,352,414)	(4,786,478)
Non-property expenses	(9,428,112)	(13,221,082)
Total	(14,780,527)	(18,007,561)
Realised Income before taxation	6,144,818	3,712,493

The Trust's rental income for the current quarter ended December 31, 2022, is 4.1% lower than the previous corresponding quarter, owing to the loss of rental from Vista Tower as well as the disposal of South City Plaza in June 2022, as well as the termination of Toshiba TEC tenancy in June 2022.

The Trust's property expenses RM5.4 million was incurred during the current quarter ended 31 December 2022, an increase by 11.8% as compared to the last corresponding financial quarter 2021. It was mainly due to most of the pending expenses on previous year has been started

Net realised income before tax is recorded at RM6.1 million, an increase of 65.5% compared to the preceding corresponding quarter and it was due to higher bad debt expenses adjustment during the year of 2021 totally amounted to RM4.1 million.

B3. PROSPECTS

The Manager is continuously ensuring the existing assets within the portfolio are well maintained to ensure the stability of rental income and the Trust benefits from capital appreciations.

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES BERHAD - Cont'd

B3. PROSPECTS - Cont'd

Apart from that, the Manager is actively identifying good assets for new acquisition to continuously improve the yield and further diversify the portfolio to minimise the sectoral risk.

The strategy of having assets with long-term leases by reputable lessees shall continue to be the focus of ARREIT to ensure sustainable return.

Acquisition

The Manager will continue to focus on expanding its portfolio through acquisitions of quality properties to ensure growth in terms of dividend and capital values. As prices of properties for sale has turned quite competitive recently, the Manager will acquire yield accretive properties as and when the opportunities arise.

Leasing

The Manager will continue to focus its efforts in filling up the available spaces to improve the average occupancy rate of ARREIT properties. At present, the average occupancy rate is at 80.1%, and the Manager aims to increase it to 85% by the end of 2023.

Financial Performance

As the overall property market has not shown any improvement in 2022, the future poses a challenge for ARREIT. In view of this, the Manager strive to maintain the DPU (Distribution per Unit) in the region of between to 4.0 to 4.5 sen per unit. In order to cushion the impact of lower DPU due to lower occupancy and rental pressure, the Manager will ensure that the operating cost is kept at minimum. Moving forward, the Manager will also continue to dispose non-performing assets that are not in line with long term strategy of ARREIT portfolio.

Capital Management

The Manager will continue with its effort to lower borrowing cost and gearing level.

B4. TAXATION

Pursuant to Section 61A(1) of the Income Tax Act, 1967 under the Finance Act 2006, where in the basis period for a year of assessment, 90% or more of the total income of the Trust is distributed to its unitholders, the total income of the Trust for that year of assessment shall be exempted from tax.

Thus, based on the income distribution made for the current quarter, the Trust has not provided any tax expenses for the period. A numerical reconciliation between the applicable income tax expense and effective income tax expense on the Trust is as follows:

	Current Quarter 31.12.2022 RM	Preceding Corresponding Quarter 31.12.2021 RM	Current Year To-date 31.12.2022 RM	Preceding Year To-date 31.12.2021 RM
Earnings before taxation	(310,614)	4,693,719	15,231,552	31,585,238
Taxation at Malaysia				
Statutory tax rate @ 25%	(74,547)	1,173,430	3,655,573	7,542,057
Non-deductible expenses	44,968	123,952	241,777	219,710
Effect of fair value loss on leasehold investment properties	2,089,152	-	2,089,152	-
Effect of income exempted from tax	(2,059,572)	(1,297,382)	(5,986,501)	(7,761,767)
Effect of changes in real property gains tax	2,931,000	160,000	2,931,000	160,000
Tax expenses	2,931,000	160,000	2,931,000	160,000

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES BERHAD - Cont'd

B5. As at 31 December 2022 The Trust's composition of investment portfolio are as follows:

	Acquisition cost (Asset & Enhancement) RM	Fair value as at 31.12.2022 RM	Percentage of fair value to Net Asset Value %	Percentage of fair value to Total Asset %
Investment properties				
<i>Office</i>				
* Vista Tower	456,193,730	521,000,000	70.81	36.89
* Dana 13	99,372,673	111,000,000	15.09	7.86
* Contraves	40,232,532	42,000,000	5.71	2.97
* Wisma Comcorp	30,000,000	36,500,000	4.96	2.58
Toshiba	32,142,972	31,000,000	4.21	2.20
<i>Education</i>				
* SEGi University	146,062,993	186,000,000	25.28	13.17
* Help University	53,946,379	78,000,000	10.60	5.52
SEGi College	52,500,000	70,000,000	9.51	4.96
<i>Industrial</i>				
* Deluge Factory	24,216,510	26,800,000	3.64	1.90
<i>Hospitality</i>				
* Holiday Villa Langkawi	59,536,443	104,740,000	14.24	7.42
Holiday Villa Alor Setar	31,000,000	25,000,000	3.40	1.77
<i>Retail</i>				
* Selayang Mall	132,608,183	138,000,000	18.76	9.77
	1,157,812,415	1,370,040,000	186.20	97.01
Investment properties classified as asset hel for sale	(90,536,443)	(129,740,000)		
	<u>1,067,275,971</u>	<u>1,240,300,000</u>		

* Charged to financial institution for credit facility

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES BERHAD - Cont'd

B5. As at 31 December 2022 The Trust's composition of investment portfolio are as follows: - Cont'd

Others			
Deposits placed with licensed financial institutions	25,000,000	3.40	1.77

B6. VARIANCES OF PROFIT FORECAST OR PROFIT GUARANTEE

This is not applicable as no profit forecast or profit guarantee was issued for this financial quarter.

B7. ACQUISITION OR DISPOSAL OF INVESTMENT PROPERTIES

On April 2019, ARREIT entered into sale and purchase agreement for the disposal of an investment property South City Plaza for a total consideration of RM8.5 million. The disposal have been completed on 18 May 2022.

As at 31 December 2022, AmanahRaya REIT plan to dispose Holiday Villa Langkawi and Holiday Villa Alor Setar for a total consideration of RM125,000,000. The sale and purchase agreement is expected to finalised within the first quarter of financial year 2023. Accordingly, these two properties are classified as held for sale as at 31 December 2022.

B8. CORPORATE PROPOSAL AND DEVELOPMENT

There were no new corporate proposal and development announced during the current quarter.

B9. BORROWINGS AND DEBT SECURITIES

	Current Year To-date 31.12.2022 RM	Preceding Year To-date 31.12.2021 RM
Long term borrowings		
- Term Loan 1,II,III and IV	25,920,000	33,920,000
- Unrated medium term notes	611,000,000	611,000,000
- Unamortised transaction costs	(783,197)	(1,074,358)

The borrowings are secured by way of legal charge on certain properties of the Trust. The weighted average effective interest rate (annualised) for these borrowings is 4.45% (preceding correspondence quarter: 3.68%). The gearing ratio is currently 45.04%.

B10. INCOME DISTRIBUTION

The following withholding tax rates would be applicable on distribution of income which is tax exempt at Trust level:-

<u>Types of unit holders</u>	<u>Rates of tax</u>
Resident unitholders;	
- Resident company	No withholding tax; tax at prevailing corporate tax rate
- Unitholders other than a resident company	Withholding tax at 10%; effective from 1 January 2012 to 31 December 2022
Non-resident unitholders;	
- Non-resident company	Withholding tax at 24%; effective from 1 January 2012 to 31 December 2022
- Non-resident institutional investor	Withholding tax at 10%; effective from 1 January 2012 to 31 December 2022
- Non-resident other than company and institutional investors	Withholding tax at 10%; effective from 1 January 2012 to 31 December 2022

B11. UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF NEW UNITS

There is no issuance of new units during the financial quarter under review.

B12. SOFT COMMISSION

During the financial quarter ended 31 December 2022, the Manager or its delegates did not receive any soft commission from its broker, by virtue of transactions conducted by the Trust.

B13. PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

During the financial quarter ended 31 December 2022, there was no purchase or disposal of investment in quoted securities.

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES BERHAD - Cont'd

B14. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Trust has no financial instrument with off balance sheet risks as at the latest practicable date from the date of the issuance of this report that might materially affect the position or business of the Trust.

B15. MATERIAL LITIGATION

During the financial quarter ended 31 December 2022, there was no material litigation.

B16. EARNINGS PER UNIT

The earnings per unit of the Trust have been computed by dividing the income before taxation for the period by the total number of units issued during the period.

	Current Quarter 31.12.2022 RM	Preceding Corresponding Quarter 31.12.2021 RM
Earnings after taxation	(3,241,614)	4,373,719
Total number of units issued	573,219,858	573,219,858
Earnings per unit (sen)		
- realised	1.0720	0.6197
- unrealised	(1.6375)	0.1433
	(0.5655)	0.7630

B17. DISTRIBUTION PER UNIT

The distribution per unit of the Trust has been computed by dividing the distribution amount for the period by the total number of units issued.

	Current Second haf 31.12.2022 RM	Preceding Corresponding Second half 31.12.2021 RM
Provision for income distribution	10,089,288	16,123,741
Total number of units issued	573,219,858	573,219,858
Distribution per unit (sen) (realised)	1.7601	2.8128

B18. STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Directors of the Manager, the quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true fair view of the financial position of ARREIT as 31 December 2022 and of its financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of the Manager on 24 February 2023.

By Order of the Board
 JERRY JESUDIAN A/L JOSEPH ALEXANDER
 LEONG SHIAK WAN (f)
 RIZANA BINTI AHMAD RITHAUDDEEN
 Joint Company Secretaries
 AmanahRaya-KENEDIX REIT Manager Sdn Bhd (Company No. 856167-A)
 (As the Manager of AmanahRaya Real Estate Investment Trust)
 Kuala Lumpur
 Dated: 24 February 2023