

AL-SALĀM REIT

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Fourth Quarter Ended 31 December 2022

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period to-date
		31-12-2022	31-12-2021	31-12-2022	31-12-2021
		RM	RM	RM	RM
Gross rental income		18,409,530	16,715,718	67,901,145	68,998,220
Other income		1,152,764	693,927	3,898,915	2,544,863
Total revenue	B1	19,562,294	17,409,645	71,800,060	71,543,083
Utilities expenses		(1,451,238)	(140,905)	(5,720,275)	(2,330,363)
Maintenance expenses		(926,035)	(889,719)	(3,523,145)	(3,135,090)
Quit rent and assessment		(433,751)	(422,909)	(1,744,939)	(1,661,222)
Other property expenses		(2,117,109)	(2,334,537)	(8,896,680)	(8,955,158)
Property manager fee		(119,100)	(119,100)	(476,400)	(467,400)
Total property expenses		(5,047,233)	(3,907,170)	(20,361,439)	(16,549,233)
Net property income		14,515,061	13,502,475	51,438,621	54,993,850
Investment income		266,134	80,536	511,630	329,773
Gain / (Loss) on fair value adjustment of investment properties		46,674,736	(12,740,709)	46,674,736	(12,740,709)
Net investment income		61,455,931	842,302	98,624,987	42,582,914
Manager's management fees		(618,259)	(627,708)	(2,461,404)	(2,477,759)
Trustee's fees		(29,558)	(30,294)	(117,207)	(119,566)
Shariah advisors' fee		(3,880)	(4,120)	(10,000)	(11,480)
Islamic financing costs		(8,002,409)	(6,593,084)	(28,376,300)	(26,039,172)
Other trust expenses ¹		(647,256)	(3,443,395)	(1,658,946)	(10,747,748)
Net income / (loss) before tax		52,154,569	(9,856,299)	66,001,130	3,187,189
Taxation		(585,081)	-	(585,081)	16,833
Net income / (loss) after tax		51,569,488	(9,856,299)	65,416,049	3,204,022
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income / (expense) for the year		51,569,488	(9,856,299)	65,416,049	3,204,022
Net income / (loss) after tax is made up as follow:					
Realised		4,665,786	4,413,816	15,733,218	14,643,732
Unrealised		46,903,702	(14,253,282)	49,682,831	(11,439,710)
		51,569,488	(9,839,466)	65,416,049	3,204,022
Earnings per unit (sen)		8.89	(1.70)	11.28	0.55

¹The waiver of lease receivables or rental rebates given to tenants are accounted for in accordance with MFRS 9 and presented as an expense in the Statements of Comprehensive Income (SOCl).

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Note	Unaudited As at End Of Current Quarter 31-12-2022	Audited As at preceding year ended 31-12-2021
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,224,173,346	1,177,236,522
Property, plant & equipment		802,663	708,310
Current Assets			
Trade receivables	B9	28,300,825	33,418,411
Other receivables & prepayments		6,406,911	4,953,108
Cash and bank balances		13,584,627	9,804,187
Fixed deposits with licensed banks		30,683,000	26,352,000
Amount due from related companies		1,162,365	1,027,188
		<u>80,137,728</u>	<u>75,554,894</u>
TOTAL ASSETS		<u>1,305,113,737</u>	<u>1,253,499,726</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B10	187,062,422	635,656,938
Other payables and accruals		3,346,464	8,194,657
Deferred tax liability		1,813,829	1,228,748
		<u>192,222,715</u>	<u>645,080,343</u>
Current Liabilities			
Islamic financing	B10	450,207,880	-
Other payables and accruals		18,766,229	14,005,846
Provision for income distribution		2,900,000	2,900,000
Amount due to related companies		1,231,343	904,101
		<u>473,105,452</u>	<u>17,809,947</u>
TOTAL LIABILITIES		<u>665,328,167</u>	<u>662,890,290</u>
NET ASSETS VALUE		<u>639,785,570</u>	<u>590,609,436</u>
REPRESENTED BY:			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		67,240,251	18,064,117
TOTAL UNITHOLDERS' FUND		<u>639,785,570</u>	<u>590,609,436</u>
NUMBER OF UNITS IN CIRCULATION		<u>580,000,000</u>	<u>580,000,000</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)			
- Before income distribution		1.1031	1.0183
- After income distribution*		1.0881	1.0003

*After reflecting the proposed final income distribution for financial year ended 31 December 2022 of 1.50 sen per unit (2021: final income distribution for financial year ended 31 December 2021 of 1.80 sen per unit).

The Condensed Consolidated 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 to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN NET ASSETS VALUE
For the Fourth Quarter Ended 31 December 2022

	Unitholders' Capital RM	Undistributed income		Total RM
		Realised RM	Unrealised RM	
As at 1 January 2021	572,545,319	13,323,828	11,512,234	597,381,381
Total comprehensive income for the period	-	14,643,732	(11,439,710)	3,204,022
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(9,975,967)	-	(9,975,967)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(9,975,967)	-	(9,975,967)
As at 31 December 2021	572,545,319	17,991,593	72,524	590,609,436
As at 1 January 2022	572,545,319	17,991,593	72,524	590,609,436
Total comprehensive income for the period	-	15,733,218	49,682,831	65,416,049
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(16,239,915)	-	(16,239,915)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(16,239,915)	-	(16,239,915)
As at 31 December 2022	572,545,319	17,484,896	49,755,355	639,785,570

Include :

- i) Payment of final income distribution of 1.80 sen per unit for the financial year ended 31 December 2021 (of which 1.61 sen per unit is taxable and 0.19 sen per unit is non-taxable in the hands of unitholders) which was paid on 28 February 2022.
- ii) Payment of first income distribution of 0.50 sen per unit for the financial year ended 31 December 2022 (taxable in the hands of unitholders) in respect of the period from 1 January 2022 to 30 June 2022 which was paid on 11 October 2022.
- iii) Provision of second income distribution of 0.50 sen per unit for the financial year ended 31 December 2022 (taxable in the hands of unitholders) in respect of the period from 1 July 2022 to 30 Sep 2022 which was announced on 25 November 2022.

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

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fourth Quarter Ended 31 December 2022

	To Date	
	31-12-2022	31-12-2021 restated
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	66,001,130	3,187,189
Adjustment for:		
Islamic financing costs	28,376,300	26,039,172
Depreciation	180,748	172,286
Fair value (loss)/gain on investment properties	(46,674,736)	12,740,709
Investment income	(511,630)	(329,773)
Unbilled rental income	(3,593,176)	(3,734,166)
Allowance for expected credit losses	142,646	9,527,577
Operating profit before working capital changes	<u>43,921,282</u>	<u>47,602,994</u>
 (Increase)/decrease in:		
Trade receivables	8,568,116	(14,568,107)
Other receivables and prepaid expenses	(1,453,803)	(92,130)
Amount owing by related companies	(135,177)	(530,622)
 (Decrease)/Increase in:		
Other payables and accrued expenses	(125,363)	3,235,806
Amount owing to related companies	327,242	904,101
Net cash generated from operating activities	<u>51,102,297</u>	<u>36,552,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	(262,088)	(612,542)
Purchase of equipment	(275,101)	(3,500)
Income received from other investments	511,630	329,773
Net cash used in investing activities	<u>(25,559)</u>	<u>(286,269)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged deposits with licensed banks	(31,000)	(704,893)
Net drawdown from Islamic financing	-	1,000,000
Islamic financing costs paid	(26,591,583)	(24,546,741)
Transaction cost paid	(133,800)	(897,860)
Income distribution paid	(16,239,915)	(9,975,968)
Net cash used in financing activities	<u>(42,996,298)</u>	<u>(35,125,462)</u>

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the Fourth Quarter Ended 31 December 2022

	31-12-2022	To Date 31-12-2021 restated
	<u>RM</u>	<u>RM</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,080,440	1,140,311
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	29,004,187	27,863,876
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>37,084,627</u>	<u>29,004,187</u>
 DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	13,584,627	9,804,187
Fixed deposits with licensed banks	<u>30,683,000</u>	<u>26,352,000</u>
	44,267,627	36,156,187
Less : Pledged deposits with licensed banks	<u>(7,183,000)</u>	<u>(7,152,000)</u>
CASH AND CASH EQUIVALENTS	<u>37,084,627</u>	<u>29,004,187</u>

The Condensed Consolidated 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 to the financial statements.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Malaysia Financial Reporting Standard (MFRS) 134 and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group and the Fund in this interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2021.

Adoption of amendments to MFRSs

The Group and the Fund adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2022:

- Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021
- Annual improvements to MFRS Standards 2018 - 2020
- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

The adoption of this amendments to MFRSs did not have any significant financial impact to the Group and the Fund.

Standards, amendments to MFRSs and IC Interpretation that have been issued but not yet effective

The standards and interpretations that are issued but not yet effective are disclosed below. The Group and the Fund intend to adopt these standards, if applicable, when they become effective:

- MFRS 17 Insurance Contracts
- Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101: Non-current Liabilities with Covenants
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Fund expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of application.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The Audited Financial Statements of Al-Salām REIT for the financial year ended 31 December 2021 was not subject to any audit qualification.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

Al-Salām REIT's operations are not significantly affected by seasonal or cyclical factors.

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

There were no significant unusual items that affect the financial statement of Al-Salām REIT in the current quarter under review.

A5. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates arising from the adoption of the new MFRSs, amendments to MFRSs and IC Interpretation that have a material effect during the quarter under review.

A6. ISSUANCES, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases and repayment of debt and equity securities being made in the current quarter under review.

A7. INCOME DISTRIBUTION

On 25 November 2022, the Fund declared the second interim income distribution of 0.50 sen per unit for the financial year ended 31 December 2022 (taxable in the hand of unitholders). The said distribution has been paid on 6 January 2023.

A8. SEGMENTAL REPORTING

Segmental information is presented in respect of the Group's business segments based on the nature of the industry of the Group's investment properties which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is segmented into the following operating divisions:

- Retail outlets
- Office buildings
- Food and beverage ("F&B") properties comprising restaurant
- Industrial and others
- Others comprising Fund level operations

No information on geographical areas is presented as the Group operates solely in Malaysia.

AL-SALĀM REIT**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Fourth Quarter Ended 31 December 2022

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")**A8. SEGMENTAL REPORTING (continued)****For year ended 31 December 2022**

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	Industrial & Others RM'000	Other- Fund level operations RM'000	Total RM'000
Total revenue	34,098	8,708	17,834	11,160	-	71,800
Total property expenses	(15,604)	(3,951)	(33)	(297)	(476)	(20,361)
Net property income	18,494	4,757	17,801	10,863	(476)	51,439
Fair value (loss)/gain on investment properties	6,623	7,922	21,230	10,900	-	46,675
Investment income	108	-	-	-	403	511
Net investment income	25,225	12,679	39,031	21,763	(73)	98,625
Total trust expenses	(143)	-	-	-	(5,852)	(5,995)
Islamic financing costs	-	-	-	-	(26,629)	(26,629)
Net income before tax	25,082	12,679	39,031	21,763	(32,554)	66,001
Income tax expenses	-	-	-	-	(585)	(585)
Net income / (loss) after tax	25,082	12,679	39,031	21,763	(33,139)	65,416
Total assets	701,713	61,697	308,363	188,480	44,861	1,305,114
Total liabilities	16,970	3,173	-	687	644,498	665,328

For year ended 31 December 2021

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	Industrial & Others RM'000	Other- Fund level operations RM'000	Total RM'000
Total revenue	34,491	8,288	17,388	11,376	-	71,543
Total property expenses	(12,316)	(3,361)	(36)	(299)	(537)	(16,549)
Net property income	22,175	4,927	17,352	11,077	(537)	54,994
Fair value (loss)/gain on investment properties	(3,640)	(11,107)	2,156	(150)	-	(12,741)
Investment income	-	-	-	-	330	330
Net investment income	18,535	(6,180)	19,508	10,927	(207)	42,583
Total trust expenses	(8,287)	(141)	(885)	(253)	(5,490)	(15,056)
Islamic financing costs	-	-	-	-	(24,340)	(24,340)
Net income before tax	10,248	(6,321)	18,623	10,674	(30,037)	3,187
Income tax expenses	-	-	-	-	17	17
Net income / (loss) after tax	10,248	(6,321)	18,623	10,674	(30,020)	3,204
Total assets	678,052	63,621	285,995	177,229	48,603	1,253,500
Total liabilities	7,451	12,020	-	733	642,686	662,890

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A9. VALUATION OF INVESTMENT PROPERTIES

During the current quarter under review, a valuation exercise was undertaken for all fifty-four (54) properties of Al-Salām REIT pursuant to MFRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The revaluation has resulted in a gain of RM46.7 million and has been incorporated into the financial statements of Al-Salām REIT as at 31 December 2022. The details of the said valuation carried out are tabled as follows:

Description of Property	Date of Valuation	2022
		Fair Value RM'000
1. KOMTAR JBCC	31.12.2022	431,000
2. Menara KOMTAR	31.12.2022	70,000
3. @Mart Kempas Community Hypermarket	31.12.2022	76,000
4. Malaysian College of Hospitality and Management	31.12.2022	36,000
5. Mydin Hypermart Gong Badak	31.12.2022	170,000
6. Premises Nos. 18 & 20, Jalan Sulaiman, 43000 Kajang, Selangor Darul Ehsan	31.12.2022	11,000
7. Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman	31.12.2022	570
8. Premises No. 1, Jalan Baru Bandar 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor	31.12.2022	2,300
9. Premises No. 34, Jalan Mahsuri, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang	31.12.2022	4,500
10. Premises Nos. 60 & 62, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	31.12.2022	10,000
11. Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan	31.12.2022	1,900
12. Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan	31.12.2022	590
13. Premises No. 3, 3A & 3B, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim	31.12.2022	1,100
14. Premises No. 1 & 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor Darul Takzim	31.12.2022	960
15. Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	31.12.2022	14,800
16. Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang	31.12.2022	3,400
17. Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	31.12.2022	2,550

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A9. VALUATION OF INVESTMENT PROPERTIES

Description of Property	Date of Valuation	2022 Fair Value RM'000
18. Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	31.12.2022	1,120
19. Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur	31.12.2022	14,600
20. PT No. 2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah Darul Aman	31.12.2022	6,100
21. PTD 103231, Taman Impian Senai, 81400 Senai, Johor Darul Takzim	31.12.2022	9,900
22. PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru, Johor Darul Takzim	31.12.2022	13,000
23. PTD No. 171459, Jalan Persiaran Perling, Taman Perling, 81200 Johor Bahru, Johor Darul Takzim	31.12.2022	15,100
24. PT No. 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak Darul Ridzuan	31.12.2022	9,100
25. Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong, 52100 Kuala Lumpur	31.12.2022	17,300
26. PT No. 6878, Jalan 8/27A, Pusat Bandar Wangsa Maju, 53300 Kuala Lumpur	31.12.2022	28,000
27. PT No. 19503, Lebuhraya Ayer Keroh, 75450 Hang Tuah Jaya, Melaka	31.12.2022	10,700
28. Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang	31.12.2022	1,600
29. Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah	31.12.2022	3,000
30. Premises No. 3, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	31.12.2022	50,000
31. Premises No. 6, Jalan Gerudi, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	31.12.2022	28,000
32. Premises Nos. 17, 19 & 21, Jalan Pemaju U1/15, Sek U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	31.12.2022	63,000
33. Lot No. 2430 and 2429, Title No. PM12274 and PM12273, No. 23 & 24 Jalan 54, Desa Jaya Kepong, 52100 Kepong, Kuala Lumpur	31.12.2022	7,300
34. Lot No. 96, Title No. PN326743, 158 Jalan Idris, 31900 Kampar, Perak	31.12.2022	1,600
35. Lot No. 1417,1419 and 1421, Title No. 59853,59858 and 59862, 140 Jalan Raja Laut, 50350 Kuala Lumpur	31.12.2022	4,700
36. Lot No. 503, Title No. 10894, 437 Wisma Hualang, Jalan Ipoh, 51200 Kuala Lumpur	31.12.2022	10,000
37. Lot 48635, Title No. 8311, 79 Jalan Dato' Lau Pak Khuan, Ipoh Garden, 31400 Ipoh, Perak	31.12.2022	2,200

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A9. VALUATION OF INVESTMENT PROPERTIES

Description of Property	Date of Valuation	2022 Fair Value RM'000
38. Lot 4111, PN18632, No.9 Jalan PPM 9, Plaza Pandan Malim, 75250 Melaka	31.12.2022	1,200
39. Lot 107788, Title No. 343902, No. 1 & 1A, Jalan Resam 13, Taman Bukit Tiram, Ulu Tiram, Johor	31.12.2022	1,800
40. Lot 1293 N, Title No. 40351, No. 65 Jalan Dato' Onn Jaafar, 30300 Ipoh, Perak	31.12.2022	4,000
41. Lot 4125 & 4126, Title No. 177945 & 108899, 24 & 26 Jalan Bunga Raya 7, Pusat Perniagaan Senawang, Taman Tasik Jaya, 70400 Senawang, Negeri Sembilan	31.12.2022	1,000
42. Lot 831 & 832, Title No. 50935 & 40542, 20 & 21 Jalan Dato' Sheikh Ahmad, 70000 Seremban, Negeri Sembilan	31.12.2022	4,400
43. Title No. Country Lease 015437948, Lot 25, Block 3, Jalan Kolam, 88300 Kota Kinabalu, Sabah	31.12.2022	3,000
44. Lot 182 Sublot No.104 & Lot 183 Sublot No.15, Section 65, Kuching Town Land District	31.12.2022	4,000
45. HS(D) No. 499885, PTD 210469, Jalan Suria 1, Bandar Seri Alam, Johor Bahru, Johor Darul Takzim	31.12.2022	8,700
46. HS(D) No. 499524, PTD 181614, Taman Mutiara Rini, 81300 Skudai, Johor Darul Takzim	31.12.2022	9,400
47. Lot 599, Title No. 23532, D.T.L Section 5, Bandar Georgetown, Pulau Pinang	31.12.2022	26,000
48. HS(D) 33885, Lot 22529, Part Lot 20022, Jalan Bertam, Mukim 6, Kepala Batas, Seberang Perai Utara, Pulau Pinang	31.12.2022	7,800
49. Lease No. 015319892, Lot 43A, Karamunsing Warehouse, 88000 Kota Kinabalu, Sabah	31.12.2022	4,700
50. No 2105 Jalan 3/1, Bandar Baru Sungai Buloh, 47000 Sungai Buloh, Selangor	31.12.2022	1,800
51. 555 Plaza Melaka, Jalan Hang Tuah, 75300 Melaka	31.12.2022	2,300
52. Lot PT 15140, Persiaran Taman Tasik Prima, Puchong Perdana, Selangor	31.12.2022	15,100
53. Lot 33693, Mukim Rasah, District of Seremban, Negeri Sembilan	31.12.2022	8,500
54. PT 4294 (Lot 6497), Mukim Merlimau, Daerah Jasin, Melaka	31.12.2022	4,300
Valuation per valuers' report		1,240,990
Less : Accrued rental income		(16,817)
		<u>1,224,173</u>

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the current quarter under review up to the date of this Interim Financial Report

A11. CHANGES IN THE COMPOSITION OF THE TRUST

Al-Salām REIT was listed on 29 September 2015 with an initial fund size of 580 million units.

In the Annual General Meeting (AGM) held on 20 April 2022, the following resolutions have been passed by the unit holders of Al-Salām REIT:

Ordinary Resolution 1

Proposed authority to allot and issue up to 116,000,000 new units of Al-Salām REIT, representing 20% of the approved fund size of Al-Salām REIT, pursuant to Clause 14.03 of the SC REIT Guidelines.

Ordinary Resolution 2

Proposed increase in existing approved fund size of Al-Salām from 580,000,000 units to a maximum of 696,000,000 units pursuant to Ordinary Resolution 1.

However, there were no issuance of new units for the current quarter under review.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed in the current quarter under review.

A13. CAPITAL COMMITMENT

There were no major capital commitments to be disclosed in the current quarter under review.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

	The Group		The Fund	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
	RM'000	RM'000	RM'000	RM'000
Rental income	37,124	34,775	37,124	34,775
Other property management and fees charged	5,670	5,903	5,670	5,903
Finance cost paid/payable to a subsidiary	-	-	19,505	19,335

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	31-12-2022 RM'000	31-12-2021 RM'000	Change %	31-12-2022 RM'000	31-12-2021 RM'000	Change %
Total revenue						
Retail outlets	9,035	7,806	15.7	34,098	34,491	(1.1)
Office buildings	2,591	2,152	20.4	8,708	8,288	5.1
F&B restaurants	4,993	4,610	8.3	17,834	17,388	2.6
Industrial & others	2,943	2,842	3.6	11,160	11,376	(1.9)
Total	<u>19,562</u>	<u>17,410</u>	12.4	<u>71,800</u>	<u>71,543</u>	0.4
Net property income ("NPI")						
Retail outlets	4,993	5,176	(3.5)	18,494	22,175	(16.6)
Office buildings	1,656	1,160	42.8	4,757	4,927	(3.5)
F&B restaurants	5,081	4,602	10.4	17,801	17,352	2.6
Industrial & others	2,904	2,754	5.4	10,863	11,077	(1.9)
Property manager fee	(119)	(189)	(37.0)	(476)	(537)	(11.4)
Total	<u>14,515</u>	<u>13,503</u>	7.5	<u>51,439</u>	<u>54,994</u>	(6.5)
Investment income	266	81	228.4	511	330	54.8
Fair value adjustment on investment properties	46,675	(12,741)	(466.3)	46,675	(12,741)	(466.3)
Trust expenses	(3,046)	(5,805)	(47.5)	(5,995)	(15,056)	(60.2)
Islamic financing costs	(6,255)	(4,894)	27.8	(26,629)	(24,340)	9.4
Net income before tax	<u>52,155</u>	<u>(9,856)</u>	(629.2)	<u>66,001</u>	<u>3,187</u>	1970.9

Review of Individual/Cumulative Quarter Results

Retail outlets

The retail segment reported a total revenue of RM9.0 million for the current quarter ended 31 December 2022 (Q4 2022), an increase of RM1.2 million compared to the preceding year corresponding quarter (Q4 2021) of RM7.8 million. This was mainly due to higher rental income of RM0.7 million, higher parking income of RM0.2 million and promotional income of RM0.3 mil. Net property income (NPI) of RM5.0 million represented a decrease of RM0.2 million due to the increase in total revenue as stated earlier offsetted higher operating expenses of RM1.4 million from all retail outlets.

For cumulative period to-date, total revenue and net property income of the retail segment had experienced a decrease of RM0.4 million and RM3.7 million respectively due to lower rental income of RM1.6 million and higher operating expenses of RM3.2 million from all retail outlets offsetted by higher parking income of RM0.7 million and promotional income of RM0.5 million.

Office building

The office segment reported a total revenue and RM2.6 million for Q4 2022, an increase of RM0.4 million as compared to Q4 2021. This was due to higher occupancy rate of 89% (2021: 86%). NPI of the office segment in Q4 2022 was RM1.7 million, higher by RM0.5 million compared to the preceding year corresponding quarter due to increase in total revenue as stated earlier.

For the cumulative period to date, total revenue reported an increase of RM0.4 million and NPI reported a decrease of RM0.2 million. This was due to higher rental of RM0.4 million offsetted by higher operating expenses of RM0.6 million.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE (continued)

F&B restaurants

For current quarter ended 31 December 2022 (Q4 2022), total revenue and NPI recorded an increase of RM0.4 million and RM0.5 million respectively as compared to Q4 2021. The increase was due to higher rental variable and lower operating expenses. The properties are on a Triple Net arrangement with 100% occupancy rate (2021: 100%).

For the cumulative period ended 31 December 2022 (Q4 2022), total revenue and NPI recorded an increase of RM0.4 million and RM0.5 million respectively as compared to Q4 2021. This was due to higher rental variable income as stated earlier.

Industrial & Others

For current quarter ended 31 December 2022 (Q4 2022), total revenue and NPI recorded an increase of RM0.2 million as compared to Q4 2021. This was due to revised rental rate. The occupancy rate is 100% (2021: 100%).

For the cumulative period ended 31 December 2022 (Q4 2022), total revenue and NPI recorded an increase of RM0.4 million and RM0.5 million respectively as compared to Q4 2021. This was due to higher rental variable income as stated earlier.

Overall

For Q4 2022, Al-Salām REIT recorded a total NPI of RM14.5 million, an increase of RM1.0 million or 7.4% as compared to Q4 2021. This was mainly due to the higher performance of all segments. Net income before tax was higher by RM62.0 million as compared to Q4 2021. This was mainly due to higher net fair value gain of RM59.4 million arising from valuation of investment properties and lower rental rebate granted to tenants of RM2.7 million offsetted by higher Islamic financing costs of RM1.4 million.

For the cumulative financial period ended 31 December 2022, Al-Salām REIT recorded a total NPI of RM51.4 million, a decrease of RM3.6 million from RM55.0 million recorded in the previous year. The decrease was mainly due to lower NPI contribution from the retail, office and F&B non restaurant segment. Trust expenses was lower by RM9.1 million mainly due to lower provision for rental rebate. Islamic financing costs was higher by RM2.3 million due to higher profit rate for the Islamic financings. After taking into consideration of all the above, Al-Salām REIT recorded a net income before tax of RM66.0 million as compared to net income of RM3.2 million in the previous year.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B2. MATERIAL CHANGES IN NET INCOME BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

	Quarter ended		Change %
	31-12-2022 RM'000	30-09-2022 RM'000	
Total revenue			
Retail outlets	9,035	8,887	1.7
Office buildings	2,591	2,097	23.6
F&B restaurants	4,993	4,281	16.6
F&B non-restaurants	2,943	2,517	16.9
	19,562	17,782	10.0
Net property income ("NPI") :			
Retail outlets	4,993	4,933	1.2
Office buildings	1,656	995	66.4
F&B restaurants	5,081	4,176	21.7
F&B non-restaurants	2,904	2,429	19.6
Property manager fee	(119)	(119)	-
	14,515	12,414	16.9
Investment income	266	105	153.3
Fair value adjustment on investment properties	46,675	-	100.0
Trust expenses	(3,046)	(414)	635.7
Islamic financing costs	(6,255)	(7,238)	(13.6)
Net income / (loss) before tax	52,155	4,867	971.6

Higher net income before tax for the current quarter of RM52.2 million as compared to the immediate preceding quarter of RM4.9 million mainly due to revaluation exercise as mentioned earlier and higher comprehensive income recognized during the current quarter.

B3. CHANGES IN NET ASSET VALUE

	As at	As at
	31-12-2022 RM'000	30-09-2022 RM'000
Net asset value ("NAV")	639,786	591,117
NAV per unit (RM)	1.1031	1.0192

The NAV as at 31 December 2022 was higher by RM48.7 million as compared to the immediate preceding quarter, mainly due to gain on fair value adjustment of investment properties of RM46.7 million and total comprehensive income recognised offsetted by second interim income distribution paid during the current quarter.

**B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S
MAIN MARKET LISTING REQUIREMENTS****B4. PROSPECTS**

The global economy continues to be weighed down by elevated cost pressures, higher interest rates, and COVID-19-related disruptions in China. These factors more than offset the support from positive labour market conditions, and the full reopening of economies and international borders. Headline inflation moderated slightly from high levels in recent months. However, core inflation remains above historical averages. Central banks are expected to continue raising interest rates, albeit at a slower pace, to manage inflationary pressures. This will continue to pose headwinds to the global growth outlook. On the other hand, growth in China is expected to improve once the current COVID-19 wave subsides. The growth outlook remains subject to downside risks, including an escalation of geopolitical tensions, weaker-than-expected growth expectations in major economies, and a sharp tightening in financial market conditions.

The Malaysian economy grew slower in the fourth quarter of 2022 as support from the stimulus measures and low base effect waned. At 7.0 percent, the growth was still above the long-term average of 5.1 percent. Private sector activity remained the key driver of growth, supported by private consumption and investment. The continued growth in private consumption was mainly driven by improving labour market conditions. Meanwhile, overall export growth moderated in line with the weaker external demand. This was partly offset by the resilient performance in exports of electrical and electronic products and higher tourism activities. Overall, the Malaysian economy expanded by 8.7 percent in 2022. For 2023, the Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment. Domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects. The services and manufacturing sectors will also continue to support growth. Meanwhile, the slowdown in exports following weaker global demand would be partially cushioned by higher tourism activity. The balance of risks remains tilted to the downside, mainly from weaker global growth, tighter financial conditions, re-escalation of geopolitical conflicts and worsening supply chain disruptions.

As the economy recuperates, Al-Salām REIT anticipates its performance of retail properties to improve in line with the recovery in consumer sentiment. @Mart Kempas and Mydin Hypermart continues to prove their resilience as community-centric hypermarkets offering daily essential provisions. Additionally, the Fund's sizable triple net lease assets portfolio (consisting of Mydin Hypermart Gong Badak and F&B-related properties) will also continue to provide a sustained contribution to Al-Salām REIT's core income.

Manager anticipates that the uptick of cross border activities will continue to positively impact Komtar JBCC's performance as the mall primarily caters to shoppers from across the strait. Thus, in anticipation of the eventual increase in retail crowd and change in consumer shopping behavior, the Manager continues to engage with the property manager to undertake a repositioning of the mall by incorporating more experiential shopping presence into Komtar JBCC. In the long term, the return of foreign shoppers and the ensuing repositioning exercise is expected to be an important catalyst to improve the mall's yield performance moving forward.

The landscape for domestic office space market continues to undergo change as new workplace arrangements and flexible working practices are being embraced by the workforce at large resulting from the pandemic. Being mindful of this scenario, the Manager is engaging with the property manager to assess the current space offering in Menara Komtar and incorporate possible changes including elements of customizable space designs in line with current demand.

Assets operated by QSR Brands (M) Holdings Bhd (QSR) continue to provide income stability on the back of triple net lease arrangement with Al-Salām REIT. Al-Salām REIT remains confident in QSR's continued perseverance by virtue of their time-tested operational excellence and sustainable market share amidst the challenging business environment.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B4. PROSPECTS (CONT'D)

The Manager warrants the fund's existing stable of assets are well maintained to ensure the stability of rental income, stable income distributions for Al-Salām REIT and create long-term value for its

Source:

- 1) Bank Negara Announcement Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022, 10 February 2023
- 2) Bank Negara Monetary Policy Statement, 19 January 2023

B5. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There was no issuance of new units during the current quarter under review.

B6. TAX

	The Group		The Fund	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
	RM'000	RM'000	RM'000	RM'000
Tax expense				
- Income tax	585	(17)	585	(17)
	585	(17)	585	(17)

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year assessment, 90% or more of the total income of the trust is distributed to unitholders, the total income of the trust for that year of assessment shall be exempted from tax.

In accordance with the Deed, the Fund is required to distribute at least 90% of its distributable income. The Manager also expects to distribute the net income within 2 months from the end of each financial year and accordingly, no estimated current tax payable or deferred tax is required to be provided in the financial statements.

The deferred tax liability has been provided for the investment properties at 10% which reflects the expected manner of recovery of the investment properties i.e. recovered through sale.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B7. INCOME DISTRIBUTION

Income distributions to unitholders is derived from the following sources:

	Quarter ended		Year ended	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
	RM'000	RM'000	RM'000	RM'000
Net rental income	19,562	17,410	71,800	71,543
Investment revenue	267	81	512	330
Less: Unbilled rental income	(814)	(920)	(3,593)	(3,734)
	19,015	16,571	68,719	68,139
Less: Expenses	(14,348)	(12,157)	(52,985)	(53,495)
Realised/distributable income for the quarter/period	4,667	4,414	15,734	14,644
Previous year's undistributed realised income	12,819	13,578	7,552	6,248
Total realised income available for distribution	17,486	17,992	23,286	20,892
Less: Income to be distributed for the quarter/period	(8,700)	(10,440)	(14,500)	(13,340)
Balance undistributed realised income	8,786	7,552	8,786	7,552
Distribution per unit (sen)	1.50	1.80	2.50	2.30

B8. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposal of unquoted securities or investment properties during the current quarter under review.

B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There were no purchase or disposal of quoted securities during the current quarter under review.

B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There were no corporate proposals announced but not completed during the current quarter under review.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B11. TRADE RECEIVABLES

	The Group	
	As at 31-12-2022 RM'000	As at 31-12-2021 RM'000
Current		
Third parties	7,841	11,874
Related companies	6,142	13,491
Unbilled rental income	16,817	13,223
Less: Allowance for expected credit loss	(2,499)	(5,170)
	<u>28,301</u>	<u>33,418</u>

Trade receivables comprise rental receivable from lessees. The credit period granted by the Group and the Fund on rental receivable from lessees generally ranges from 1 to 7 days (2021: 1 to 7 days).

Unbilled rental income

Unbilled rental income relate to the Group's rights to recognise revenue. Rental income is recognised on a straight line basis including rent free period. Rental will be billed in accordance with the billing terms as set out in the tenancy agreements.

The aging analysis of the Group's trade receivables is as follows:

	As at 31-12-2022 RM'000	As at 31-12-2021 RM'000
	1 - 30 days	3,969
31 - 60 days	1,500	3,147
61 - 90 days	39	2,166
91 - 120 days	611	2,624
More than 120 days	7,864	13,031
	<u>13,983</u>	<u>25,365</u>

During the financial year, the Group and the Fund derecognised past lease receivables of RM142,646 (2021: RM9,527,577) in respect of waiver of lease receivables and rental concessions given to tenants.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B12. ISLAMIC FINANCING

	The Group	
	As at 31-12-2022 RM'000	As at 31-12-2021 RM'000
<u>Non-current</u>		
<u>Secured</u>		
- Term Financing-i ("TF-i")	118,000	118,000
- Business Financing-i ("BF-i")	70,000	70,000
- Sukuk Ijarah - Islamic Medium Term Notes ("IMTN")	-	451,000
	<u>188,000</u>	<u>639,000</u>
Less: Transaction costs	(938)	(3,343)
	<u>187,062</u>	<u>635,657</u>
<u>Current</u>		
<u>Secured</u>		
- Sukuk Ijarah - Islamic Medium Term Notes ("IMTN")	451,000	-
	<u>451,000</u>	<u>-</u>
Less: Transaction costs	(792)	-
	<u>450,208</u>	<u>-</u>
Total Islamic Financing	<u>637,270</u>	<u>635,657</u>

Term Financing-i

The TF-i profit is payable over a period of 60 months from the date of first disbursement. The effective profit rate for the TF-i will be based on COF which is based on the Bank's COF + 1.45% per annum for the duration of the TF-i. The average effective profit rate for the TF-i is 4.04% (2021: 3.79%) per annum. The principal amount is expected to be paid in March 2024.

The TF-i has a significant covenant in which the subsidiary shall at all times, maintain the following criteria:

- The financing payment cover ratio ("FPCR") of not less than 1.25 times;
- Total debts and financing over total assets value of not more than 50% or any value set by Security Commission Malaysia ("SC"); and
- Minimum security cover of 1.25 times.

The financing is secured by the investment properties amounting to RM165.1 million (2021: RM152.7 million)

Business Financing-i

The BF-i profit is payable over a period of 72 months from the date of first disbursement. The effective profit rate for the BF-i will be based on COF which is based on the Bank's COF + 0.60% per annum for the duration of the BF-i. The average effective profit rate for the BF-i is 3.69% (2021: 3.56%) per annum. The principal amount is to be expected to be paid in September 2026.

The BF-i has a significant covenant in which the subsidiary shall at all times, maintain the following criteria:

- The financing payment cover ratio ("FPCR") of not less than 1.25 times;
- Total debts and financing over total assets value of not more than 50%; and
- Minimum security cover of 1.30 times.

The financing is secured by the investment properties amounting to RM102.7 million (2021: RM96.9 million)

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B12. ISLAMIC FINANCING (continued)

Sukuk Ijarah - Islamic Medium Term Notes

On 24 August 2018, a subsidiary of the Group, ALSREIT Capital Sdn Bhd established a Sukuk Ijarah Programme comprising Islamic Medium Term Notes ("IMTN") of up to RM1.5 billion.

On 24 August 2020, the Group issued RM520.0 million in nominal value of IMTNs ("Issue 2") which bears profit rate of 3.75% to 5.09% (2020: 3.72% to 3.91%) per annum.

The Sukuk Ijarah Programme has a significant covenant in which the subsidiary, Al-Salām REIT and its subsidiary shall at all times, maintain the following financial covenants:

- (a) Finance Service Cover Ratio ("FSCR") at Issuer level of not less than 1.5 times;
- (b) FSCR at Al-Salām REIT level of not less than 1.5 times;
- (c) Minimum Security Cover Ratio of at least 2.0; and
- (c) such other financial covenant(s) as may be determined by the Rating Agency and to be mutually agreed to by ALSREIT Capital Sdn Bhd.

The financing was used to secure the investment properties amounting to RM938.1 million (2021: RM911.9 million).

Revolving Credit

As of 31 December 2022, the Fund unutilised revolving credit facilities amounting to RM10.0 million (2021: RM10.0 million) which is granted from a financial institution. The said facility of is secured by investment properties of the subsidiary amounting to RM17.3 million (2021: RM15.8 million).

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

For the current quarter there was no off balance sheet financial instruments.

B14. MATERIAL LITIGATION

There was no material litigation as at the date of the current quarter.

B15. SOFT COMMISSION RECEIVED

There was no soft commission received by the Manager in the current quarter under review.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2022

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-12-2022	Immediate Preceding Quarter ended 30-09-2022
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	8.89	0.84
Net income distribution to unitholders (RM'000)	2,900	2,900
Distribution per unit (DPU) - sen	0.50	0.50
Net Asset Value (NAV) - RM'000	639,786	591,117
NAV per unit (RM)	1.1031	1.0192
Market Value Per Unit (RM)	0.3700	0.4250

B17. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Salām REIT as at 31 December 2022 and of its financial performance and cash flows for the period then ended.