

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Third Quarter Ended 30 September 2023**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period to-date
		30-09-2023	30-09-2022	30-09-2023	30-09-2022
		RM	RM	RM	RM
Gross rental income		17,562,708	16,719,977	52,003,948	49,491,615
Other income		1,820,685	1,061,899	5,081,361	2,746,151
<b>Total revenue</b>	B1	<b>19,383,393</b>	<b>17,781,876</b>	<b>57,085,309</b>	<b>52,237,766</b>
Utilities expenses		(2,056,562)	(1,428,486)	(6,141,319)	(4,269,037)
Maintenance expenses		(1,237,916)	(1,052,222)	(3,171,049)	(2,597,110)
Quit rent and assessment		(485,459)	(454,950)	(1,470,397)	(1,311,188)
Other property expenses		(2,427,161)	(2,312,709)	(7,600,033)	(6,779,571)
Property manager fee		(124,600)	(119,100)	(362,800)	(357,300)
<b>Total property expenses</b>		<b>(6,331,698)</b>	<b>(5,367,467)</b>	<b>(18,745,598)</b>	<b>(15,314,206)</b>
Net property income		13,051,695	12,414,409	38,339,711	36,923,560
Investment income		206,664	105,066	569,225	245,496
Gain / (Loss) on fair value adjustment of investment properties		-	-	-	-
Net investment income		13,258,359	12,519,475	38,908,936	37,169,056
Manager's management fees		(646,527)	(614,649)	(1,941,978)	(1,843,145)
Trustee's fees		(31,839)	(29,483)	(95,988)	(87,649)
Shariah advisors' fee		(3,000)	(4,000)	(7,000)	(6,120)
Islamic financing costs		(9,457,050)	(7,238,414)	(26,429,100)	(20,373,891)
Other trust expenses <sup>1</sup>		(416,595)	233,689	(1,095,524)	(1,011,690)
Net income before tax		2,703,348	4,866,618	9,339,346	13,846,561
Taxation		-	-	-	-
<b>Net income after tax</b>		<b>2,703,348</b>	<b>4,866,618</b>	<b>9,339,346</b>	<b>13,846,561</b>
Other comprehensive income, net of tax		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>2,703,348</b>	<b>4,866,618</b>	<b>9,339,346</b>	<b>13,846,561</b>
Net income after tax is made up as follow:					
Realised		1,889,301	3,939,226	6,923,751	11,067,432
Unrealised		814,047	927,392	2,415,595	2,779,129
		<b>2,703,348</b>	<b>4,866,618</b>	<b>9,339,346</b>	<b>13,846,561</b>
Earnings per unit (sen)		0.47	0.84	1.61	2.39

<sup>1</sup>The 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 2022 and the accompanying explanatory notes attached to the financial statements.

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 30 September 2023**

	Note	Unaudited As at End Of Current Quarter 30-09-2023	Audited As at preceding year ended 31-12-2022
		RM	RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	A9	1,224,173,346	1,224,173,346
Property, plant & equipment		1,473,808	802,663
<b>Current Assets</b>			
Trade receivables	B9	27,056,872	28,300,825
Other receivables & prepayments		12,253,396	6,406,911
Cash and bank balances		6,795,116	13,584,627
Fixed deposits with licensed banks		32,955,000	30,683,000
Amount due from related companies		233,555	1,162,365
		<u>79,293,939</u>	<u>80,137,728</u>
<b>TOTAL ASSETS</b>		<u>1,304,941,093</u>	<u>1,305,113,737</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Islamic financing	B10	-	187,062,422
Other payables and accruals		3,346,464	3,346,464
Deferred tax liability		1,813,829	1,813,829
		<u>5,160,293</u>	<u>192,222,715</u>
<b>Current Liabilities</b>			
Islamic financing	B10	639,062,988	450,207,880
Other payables and accruals		24,911,112	18,766,229
Provision for income distribution		21,565	2,900,000
Amount due to related companies		-	1,231,343
		<u>663,995,665</u>	<u>473,105,452</u>
<b>TOTAL LIABILITIES</b>		<u>669,155,958</u>	<u>665,328,167</u>
<b>NET ASSETS VALUE</b>		<u>635,785,135</u>	<u>639,785,570</u>
<b>REPRESENTED BY:</b>			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		63,239,816	67,240,251
<b>TOTAL UNITHOLDERS' FUND</b>		<u>635,785,135</u>	<u>639,785,570</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		<u>580,000,000</u>	<u>580,000,000</u>
<b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b>			
- Before income distribution		1.0962	1.1031
- After income distribution*		1.0922	1.0851

\*After reflecting the proposed second interim income distribution for financial year ending 31 December 2023 of 0.40 sen per unit (2021: final income distribution for financial year ended 31 December 2022 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 2022 and the accompanying explanatory notes attached to the financial statements.

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES**  
**IN NET ASSETS VALUE**  
**For the Third Quarter Ended 30 September 2023**

	Unitholders' Capital RM	Undistributed income Realised RM	Unrealised RM	Total RM
<b>As at 1 January 2022</b>	572,545,319	17,991,593	72,524	590,609,436
<b>Total comprehensive income for the period</b>	-	11,067,432	2,779,129	13,846,561
<b>Unitholders' transactions</b>				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(13,339,415)	-	(13,339,415)
<i>Decrease in net assets resulting     from unitholders' transactions</i>	-	(13,339,415)	-	(13,339,415)
<b>As at 30 September 2022</b>	572,545,319	15,719,610	2,851,653	591,116,582
<b>As at 1 January 2023</b>	572,545,319	17,484,896	49,755,355	639,785,570
<b>Total comprehensive income for the period</b>	-	6,923,751	2,415,595	9,339,346
<b>Unitholders' transactions</b>				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(13,339,781)	-	(13,339,781)
<i>Decrease in net assets resulting     from unitholders' transactions</i>	-	(13,339,781)	-	(13,339,781)
<b>As at 30 September 2023</b>	572,545,319	11,068,866	52,170,950	635,785,135

# Include :

- i) Payment of final income distribution of 1.50 sen per unit for the financial year ended 31 December 2022 (taxable in the hands of unitholders) which was paid on 28 February 2023.
- ii) Payment of first interim income distribution of 0.40 sen per unit for the financial year ending 31 December 2023 (taxable in the hands of unitholders) in respect of the period from 1 January 2023 to 31 March 2023 which was paid on 10 July 2023.
- iii) Provision of second interim income distribution of 0.40 sen per unit for the financial year ending 31 December 2023 (taxable in the hands of unitholders) in respect of the period from 1 April 2023 to 30 June 2023 which was announced on 25 August 2023.

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 2022 and the accompanying explanatory notes attached to the financial statements.

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Third Quarter Ended 30 September 2023**

	To Date	
	30-09-2023	30-09-2022
	<u>RM</u>	<u>RM</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income before tax	9,339,346	13,846,561
Adjustment for:		
Islamic financing costs	26,429,100	20,373,891
Depreciation	209,130	119,620
Fair value (loss)/gain on investment properties	-	-
Investment income	(569,225)	(245,496)
Unbilled rental income	(2,415,595)	(2,779,129)
Allowance for expected credit losses	-	628,149
Operating profit before working capital changes	<u>32,992,756</u>	<u>31,943,596</u>
 (Increase)/decrease in:		
Trade receivables	3,659,548	6,805,292
Other receivables and prepaid expenses	(5,846,485)	(2,530,523)
Amount owing by related companies	928,810	811,245
 (Decrease)/Increase in:		
Other payables and accrued expenses	526,378	(3,222,865)
Amount owing to related companies	(1,231,343)	(904,101)
Net cash generated from operating activities	<u>31,029,664</u>	<u>32,902,644</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to investment properties	-	-
Purchase of equipment	(880,274)	(226,351)
Income received from other investments	569,225	245,496
Net cash used in investing activities	<u>(311,049)</u>	<u>19,145</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in pledged deposits with licensed banks	(2,132,000)	(21,000)
Increase in restricted cash	-	(28,381)
Net drawdown from Islamic financing	4,000,000	-
Islamic financing costs paid	(22,320,879)	(19,230,496)
Transaction cost paid	(3,575,467)	-
Income distribution paid	(13,339,780)	(10,439,415)
Net cash used in financing activities	<u>(37,368,126)</u>	<u>(29,719,292)</u>

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**For the Third Quarter Ended 30 September 2023**

	To Date	
	30-09-2023	30-09-2022
	RM	RM
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(6,649,511)	3,202,497
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	37,084,627	28,304,366
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	30,435,116	31,506,863
 <b>DEPOSITS, CASH AND BANK BALANCES</b>		
Cash and bank balances	6,795,116	17,135,065
Fixed deposits with licensed banks	32,955,000	22,273,000
	39,750,116	39,408,065
Less : Pledged deposits with licensed banks	(9,315,000)	(7,901,202)
<b>CASH AND CASH EQUIVALENTS</b>	30,435,116	31,506,863

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2023

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#### 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 2022.

##### 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 2023:

- 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

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:

- 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 2022 was not subject to any audit qualification.

## **AL-SALĀM REIT**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2023**

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#### **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 August 2023, the Fund declared the second interim income distribution of 0.40 sen per unit for the financial year ending 31 December 2023 (taxable in the hand of unitholders) in respect of the period from 1 April 2023 to 30 June 2023. The said distribution has been paid on 2 October 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 Third Quarter Ended 30 September 2023

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134**  
**("MFRS 134")****A8. SEGMENTAL REPORTING (continued)****For year ended 30 September 2023**

	<b>Retail outlets RM'000</b>	<b>Office buildings RM'000</b>	<b>F&amp;B Restaurants RM'000</b>	<b>Industrial &amp; Others RM'000</b>	<b>Other- Fund level operations RM'000</b>	<b>Total RM'000</b>
Total revenue	29,284	6,283	13,078	8,440	-	57,085
Total property expenses	(14,587)	(3,521)	(24)	(251)	(363)	(18,746)
Net property income	14,697	2,762	13,054	8,189	(363)	38,339
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	569	569
Net investment income	14,697	2,762	13,054	8,189	206	38,908
Total trust expenses	-	-	-	-	(3,140)	(3,140)
Islamic financing costs	-	-	-	-	(26,429)	(26,429)
Net income before tax	14,697	2,762	13,054	8,189	(29,363)	9,339
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	14,697	2,762	13,054	8,189	(29,363)	9,339
Total assets	710,170	58,683	307,690	187,960	40,438	1,304,941
Total liabilities	18,702	3,469	-	687	646,298	669,156

**For year ended 30 September 2022**

	<b>Retail outlets RM'000</b>	<b>Office buildings RM'000</b>	<b>F&amp;B Restaurants RM'000</b>	<b>Industrial &amp; Others RM'000</b>	<b>Other- Fund level operations RM'000</b>	<b>Total RM'000</b>
Total revenue	25,063	6,117	12,841	8,217	-	52,238
Total property expenses	(11,562)	(3,016)	(121)	(258)	(357)	(15,314)
Net property income	13,501	3,101	12,720	7,959	(357)	36,924
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	245	245
Net investment income	13,501	3,101	12,720	7,959	(112)	37,169
Total trust expenses	-	-	-	-	(2,948)	(2,948)
Islamic financing costs	-	-	-	-	(20,374)	(20,374)
Net income before tax	13,501	3,101	12,720	7,959	(23,434)	13,847
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	13,501	3,101	12,720	7,959	(23,434)	13,847
Total assets	811,491	101,406	286,460	191,421	(136,855)	1,253,923
Total liabilities	13,973	4,031	-	1,079	643,724	662,807



## **AL-SALĀM REIT**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the Third Quarter Ended 30 September 2023**

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

##### **A9. VALUATION OF INVESTMENT PROPERTIES**

There were no valuation of properties being made in the current quarter under review.

##### **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 save for the re-financing of Sukuk Issue 2 via issuance of Sukuk Issue 3 as disclosed in B12.

##### **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 18 April 2023, 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 Third Quarter Ended 30 September 2023

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.

	<b>The Group</b>		<b>The Fund</b>	
	<b>30-09-2023</b>	<b>30-09-2022</b>	<b>30-09-2023</b>	<b>30-09-2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental income	25,772	26,601	25,772	26,601
Other property management and fees charged	4,571	4,316	4,571	4,316
Finance cost paid/payable to a subsidiary	-	-	17,708	13,823

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 Third Quarter Ended 30 September 2023

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

##### B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	30-09-2023	30-09-2022	Change	30-09-2023	30-09-2022	Change
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Total revenue</b>						
Retail outlets	10,082	8,887	13.4	29,284	25,063	16.8
Office buildings	1,973	2,097	(5.9)	6,283	6,117	2.7
F&B restaurants	4,517	4,281	5.5	13,078	12,841	1.8
Industrial & others	2,811	2,517	11.7	8,440	8,217	2.7
Total	<u>19,383</u>	<u>17,782</u>	9.0	<u>57,085</u>	<u>52,238</u>	9.3
<b>Net property income ("NPI")</b>						
Retail outlets	5,166	4,933	4.7	14,697	13,501	8.9
Office buildings	776	995	(22.0)	2,762	3,101	(10.9)
F&B restaurants	4,509	4,176	8.0	13,054	12,720	2.6
Industrial & others	2,725	2,429	12.2	8,189	7,959	2.9
Property manager fee	(125)	(119)	5.0	(363)	(357)	1.7
Total	<u>13,051</u>	<u>12,414</u>	5.1	<u>38,339</u>	<u>36,924</u>	3.8
Investment income	206	105	96.2	569	245	132.2
Fair value adjustment on investment properties	-	-	0.0	-	-	0.0
Trust expenses	(1,097)	(414)	165.0	(3,140)	(2,948)	6.5
Islamic financing costs	(9,457)	(7,238)	30.7	(26,429)	(20,374)	29.7
<b>Net income before tax</b>	<u>2,703</u>	<u>4,867</u>	(44.5)	<u>9,339</u>	<u>13,847</u>	(32.6)

#### Review of Individual/Cumulative Quarter Results

##### **Retail outlets**

The retail segment reported a total revenue of RM10.1 million for the current quarter ended 30 Sep 2023 (Q3 2023), an increase of RM1.2 million compared to the preceding year's corresponding quarter (Q3 2022) of RM8.9 million. This was mainly due to higher rental income of RM0.5 million, higher parking income of RM0.4 million and promotional income of RM0.3 mil. Net property income (NPI) of RM5.2 million represented an increase of RM0.3 million due to the increase in total revenue as stated earlier offsetted higher operating expenses of RM0.9 million from all retail outlets.

For the cumulative period to date, total revenue had experienced an increase of RM4.2 million due to higher rental income of RM2.3 million, parking income of RM1.3 million and promotional income of RM0.6 million. NPI of RM14.7 million represented an increase of RM1.2 mil due to an increase in total revenue stated earlier offsetted by higher operating expenses of RM3.0 million from all retail outlets.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2023

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

##### **B1. REVIEW OF PERFORMANCE (continued)**

###### **Office building**

The office segment reported a total revenue of RM2.0 million for Q3 2023, a decrease of RM0.1 million as compared to Q3 2022. This was due to lower rental rate charge to tenants. NPI of the office segment in Q3 2023 was RM0.8 million, lower by RM219,000 compared to the preceding year's corresponding quarter due to higher operating expenses of RM95,000 mil in addition to an increase in total revenue as stated earlier.

For the cumulative period to date, total revenue of RM6.3 million, an increase of RM0.2 million as compared to Q3 2022. This was due to a higher occupancy rate of 92% (2022: 86%). NPI reported a decrease of RM0.3 million due to higher operating expenses.

###### **F&B restaurants**

For current quarter and cumulative period ended 30 Sep 2023 (Q3 2023), total revenue and NPI recorded an increase of RM0.2 mil and RM0.3 mil respectively as compared to Q3 2022. The increase was due to higher rental variable income and lower operating expenses. The properties are on a Triple Net arrangement with 100% occupancy rate (2022: 100%).

For the cumulative period ended 30 Sep 2023, total revenue and NPI recorded an increase of RM0.3 million and RM0.3 million respectively as compared to Q3 2022. This was due to higher rental variable income as stated earlier.

###### **Industrial & Others**

For current quarter ended 30 Sep 2023 (Q3 2023), total revenue and NPI recorded an increase of RM0.3 million as compared to Q3 2022. This was due to lower rental income in Q3 2022. The occupancy rate is 100% (2022: 100%).

For the cumulative period ended 30 Sep 2023 (Q3 2023), total revenue and NPI recorded an increase of RM0.2 million as compared to Q3 2022. This was due to lower rental income as stated earlier.

###### **Overall**

For Q3 2023, Al-Salām REIT recorded a total NPI of RM13.1 million, an increase of RM0.7 million or 5.1% as compared to Q3 2022. This was mainly due to the higher performance of retail and office segments. Net income before tax was lower by RM2.2 million as compared to Q3 2022. This was mainly due to higher Islamic financing costs of RM2.2 million from the increase in 100bps OPR increase in May, July, Sep and Nov 2022 offsetted by higher investment income of RM0.1 million.

For the cumulative financial period ended 30 September 2023, Al-Salām REIT recorded a total NPI of RM38.3 million, an increase of RM1.4 million from RM36.9 million recorded in the previous year. The increase was mainly due to higher NPI contributions from the retail segment. Trust expenses were higher by RM0.2 million mainly due to higher management fee and trust expenses. Islamic financing costs were higher by RM6.1 million due to higher profit rates for Islamic financings. After taking into consideration all the above, Al-Salām REIT recorded a net income before tax of RM9.3 million as compared to a net income of RM13.8 million in the previous year.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2023

#### 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 %
	30-09-2023 RM'000	30-06-2023 RM'000	
<b>Total revenue</b>			
Retail outlets	10,082	9,585	5.2
Office buildings	1,973	2,133	(7.5)
F&B restaurants	4,517	4,280	5.5
F&B non-restaurants	2,811	2,809	0.1
	<b>19,383</b>	<b>18,807</b>	<b>3.1</b>
<b>Net property income ("NPI") :</b>			
Retail outlets	5,166	4,850	6.5
Office buildings	776	941	(17.5)
F&B restaurants	4,509	4,277	5.4
F&B non-restaurants	2,725	2,725	0.0
Property manager fee	(125)	(119)	-
	<b>13,051</b>	<b>12,674</b>	<b>3.0</b>
Investment income	206	179	15.1
Fair value adjustment on investment properties	-	-	0.0
Trust expenses	(1,097)	(1,054)	4.1
Islamic financing costs	(9,457)	(8,608)	9.9
<b>Net income / (loss) before tax</b>	<b>2,703</b>	<b>3,191</b>	<b>(15.3)</b>

Lower net income before tax for the current quarter of RM2.7 million as compared to the immediate preceding quarter of RM3.2 million mainly due to higher Islamic financing costs.

##### B3. CHANGES IN NET ASSET VALUE

	As at	As at
	30-09-2023 RM'000	30-06-2023 RM'000
Net asset value ("NAV")	635,785	637,722
NAV per unit (RM)	1.0962	1.0995

The NAV as at 30 September 2023 was lower by RM1.9 million as compared to the immediate preceding quarter, mainly due to interim income distribution paid offsetted by total comprehensive income recognised.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2023

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

##### **B4. PROSPECTS**

The global economy continues to expand, driven by domestic demand amid strong labour market conditions. Some signs of recovery are emerging in the electrical and electronics (E&E) sector, but global trade remains soft partly due to the shift in spending from goods to services, and ongoing trade restrictions. Global growth remains weighed down by persistently elevated inflation and higher interest rates, with several major economies experiencing slowing growth momentum. Global headline inflation edged up partly due to higher commodity prices, while core inflation continued to moderate. For most central banks, the monetary policy stance is likely to remain tight. The growth outlook remains subject to downside risks, mainly from higher-than-anticipated inflation outturns, an escalation of geopolitical tensions, and a sharp tightening in financial market conditions.

For the Malaysian economy, the advance GDP estimate points to an improvement in economic activity in the third quarter. Growth in 2024 will be driven mainly by resilient domestic expenditure, with some support emanating from the expected recovery in E&E exports. Continued employment and wage growth remain supportive of household spending. Tourist arrivals and spending are expected to improve further. Investment activity would be supported by continued progress of multi-year infrastructure projects, and implementation of catalytic initiatives under the national master plans. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming from weaker-than-expected external demand and larger and protracted declines in commodity production. Meanwhile, upside risks to growth mainly emanate from stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new projects.

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 nett 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. Additionally the recent signing of MOU signed between Al-Salām REIT (via trustee) and Malaysia Rapid Transit System Sdn Bhd for development of a link bridge connecting the upcoming RTS to Komtar JBCC will be an important catalyst to transform the mall in 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 Third Quarter Ended 30 September 2023

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

##### **B4. PROSPECTS (CONT'D)**

The Manager is confident that 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 unitholders.

Source:

Bank Negara Monetary Policy Statement, 2 November 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	
	30-09-2023	30-09-2022	30-09-2023	30-09-2022
	RM'000	RM'000	RM'000	RM'000
Tax expense				
- Income tax	-	-	-	-
	-	-	-	-

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 Third Quarter Ended 30 September 2023

#### **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	
	30-09-2023	30-09-2022	30-09-2023	30-09-2022
	RM'000	RM'000	RM'000	RM'000
Net rental income	19,383	17,782	57,085	52,238
Investment revenue	206	105	569	245
Less: Unbilled rental income	(814)	(927)	(2,416)	(2,779)
	18,775	16,960	55,238	49,704
Less: Expenses	(16,887)	(13,021)	(48,315)	(38,637)
Realised/distributable income for the quarter/period	1,888	3,939	6,923	11,067
Previous year's undistributed realised income	9,180	11,780	8,785	7,552
Total realised income available for distribution	11,068	15,719	15,708	18,619
Less: Income to be distributed for the quarter/period	(1,740)	(2,900)	(6,380)	(5,800)
Balance undistributed realised income	9,328	12,819	9,328	12,819
Distribution per unit (sen)	0.30	0.50	1.10	1.00

##### **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 Third Quarter Ended 30 September 2023

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

##### **B11. TRADE RECEIVABLES**

	The Group	
	As at 30-09-2023 RM'000	As at 30-09-2022 RM'000
Current		
Third parties	4,472	5,137
Related companies	5,027	10,011
Unbilled rental income	19,232	16,003
Less: Allowance for expected credit loss	(1,674)	(2,387)
	<u>27,057</u>	<u>28,764</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	As at
	30-09-2023 RM'000	30-09-2022 RM'000
1 - 30 days	1,095	3,455
31 - 60 days	1,213	2,135
61 - 90 days	274	664
91 - 120 days	414	800
More than 120 days	6,503	8,094
	<u>9,499</u>	<u>15,148</u>

During the financial year, the Group and the Fund derecognised past lease receivables of RMnil (2022: RM628,149) 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 Third Quarter Ended 30 September 2023

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

##### B12. ISLAMIC FINANCING

	The Group	
	As at 30-09-2023 RM'000	As at 30-09-2022 RM'000
<b><u>Non-current</u></b>		
<b><u>Secured</u></b>		
- Term Financing-i ("TF-i")	-	118,000
- Business Financing-i ("BF-i")	70,000	70,000
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 3")	455,000	-
	<u>525,000</u>	<u>188,000</u>
Less: Transaction costs	(3,806)	(1,036)
	<u>521,194</u>	<u>186,964</u>
<b><u>Current</u></b>		
<b><u>Secured</u></b>		
- Term Financing-i ("TF-i")	118,000	-
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 2")	-	451,000
	<u>118,000</u>	<u>451,000</u>
Less: Transaction costs	(131)	(1,131)
	<u>117,869</u>	<u>449,869</u>
<b>Total Islamic Financing</b>	<u>639,063</u>	<u>636,833</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 4.88% (2022: 4.04%) 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 (2022: RM165.1 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 5.64% (2022: 3.69%) 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 (2022: RM102.7 million)

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2023

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#### **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 2020, the Group issued RM520.0 million in nominal value of IMTNs ("Issue 2") which bears profit rate of 4.83% to 5.60% (2022: 3.75% to 5.09%) per annum. Subsequently, on 24 August 2021, the Group redeemed RM69 million through business financing obtained from Bank Islam.

On 24 August 2023, the Group issued RM455.0 million in nominal value of IMTNs ("Issue 3") to refinance Sukuk Issue 2.

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 RM939.1 million (2022: RM939.1 million).

###### Revolving Credit

As of 30 September 2023, the Fund unutilised revolving credit facilities amounting to RM10.0 million (2022: 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 (2022: RM17.3 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 Third Quarter Ended 30 September 2023

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

##### **B16. SUMMARY OF DPU, EPU AND NAV**

	<b>Current Quarter ended 30-09-2023</b>	<b>Immediate Preceding Quarter ended 30-06-2023</b>
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	0.47	0.55
Net income distribution to unitholders (RM'000)	1,740	2,320
Distribution per unit (DPU) - sen	0.30	0.40
Net Asset Value (NAV) - RM'000	635,785	637,722
NAV per unit (RM)	1.0962	1.0995
Market Value Per Unit (RM)	0.4550	0.4500

##### **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 30 September 2023 and of its financial performance and cash flows for the period then ended.