

AL-SALĀM REAL ESTATE INVESTMENT TRUST (“AL-SALĀM REIT”)

PROPOSED DISPOSAL OF PROPERTY LOCATED AT PETALING JAYA, SELANGOR DARUL EHSAN FOR A TOTAL CASH CONSIDERATION OF RM10,000,000 (“PROPOSED DISPOSAL”)

1. INTRODUCTION

On behalf of the Board of Directors (“**Board**”) of Damansara REIT Managers Sdn Berhad, being the manager of Al-Salām REIT (“**DRMSB**” or “**Manager**”), KAF Investment Bank Berhad (“**KAF IB**”) wishes to announce that AmanahRaya Trustees Berhad (acting solely in its capacity as a trustee for and on behalf of Al-Salām REIT) (“**ART**”, “**Trustee**” or “**Vendor**”) had, on 5 March 2025 entered into sale and purchase agreements (“**SPAs**”) with Lagi Tegas Sdn. Bhd. (Company Registration No.: 199901006317(481217-D)) (“**Purchaser**”) for the disposal of:

- (i) One (1) unit of four-storey intermediate terraced shop/office building bearing the postal address of No. 60, Jalan PJS 11/28A, Bandar Sunway, 47500 Subang Jaya (formerly 46150 Petaling Jaya), Selangor Darul Ehsan (“**Intermediate Lot**”); and
- (ii) One (1) unit of four-storey corner terraced shop/office building bearing the postal address of No. 62, Jalan PJS 11/28A, Bandar Sunway, 47500 Subang Jaya (formerly 46150 Petaling Jaya), Selangor Darul Ehsan (“**Corner Lot**”),

(the Intermediate Lot and Corner Lot shall collectively be referred to as “**Properties**”), on an ‘as-is where-is’ basis with legal possession and legal ownership free from any claims, charges, liens, encumbrances and equities whatsoever in accordance with the terms of the SPAs for a total disposal consideration of the Properties of RM10,000,000 to be settled entirely in cash (“**Disposal Consideration**”).

Further details on the Proposed Disposal are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Particulars of the Properties

The particulars of the Intermediate Lot and the Corner Lot are as follows: -

(A) Intermediate Lot

- (i) Issue Document of Title : (a) HS(M) 9320 PT No. 17193, Mukim Damansara, District of Petaling and State of Selangor (“**PT 17193**”)
 - (b) Pajakan Negeri 72423 Lot No. 46464, Bandar Sunway, District of Petaling and State of Selangor (“**Lot 46464**”)
- (ii) Total Title Land Area : 153 square metres
 - (a) In respect of PT 17193: 92 square metres
 - (b) In respect of Lot 46464: 61 square metres
- (iii) Tenure : (a) In respect of PT 17193: 99-year leasehold interest expiring on 11 March 2095
 - (b) In respect of Lot 46464: 99-year leasehold interest expiring on 28 December 2092

- (iv) Category of Land Use : Building
- (v) Registered Proprietor : ART (as trustee)
- (vi) Encumbrances : (a) In respect of PT 17193:

Legal charge by ART in favour of Bank Islam Malaysia Berhad ("**Registered Chargee**"), registered on 22 March 2022 vide presentation no. 081SC864/2022

(b) In respect of Lot 46464:

Legal charge by ART in favour of Registered Chargee, registered on 22 June 2022 vide presentation no. 001SC63944/2022
- (vii) Endorsement : (a) In respect of PT 17193:

Private caveat by Bank Islam Malaysia Berhad registered on 8 November 2021 vide presentation no. 081B1614/2021

(b) In respect of Lot 46464:

Private caveat by Bank Islam Malaysia Berhad registered on 7 October 2021 vide presentation no. 001B36250/2021
- (viii) Approximate age of the buildings : 28.59 years
- (ix) Total gross floor area : 6,600 square feet
- (x) Total net lettable area : 5,864 square feet
- (xi) Occupancy : 100%

(B) Corner Lot

- (i) Issue Document of Title : (a) HS(M) 9319 PT No. 17192, Mukim Damansara, District of Petaling and State of Selangor ("**PT 17192**")

(b) Pajakan Negeri 72424 Lot No. 46465, Bandar Sunway, District of Petaling and State of Selangor ("**Lot 46465**")
- (ii) Total Title Land Area : 199 square metres

(a) In respect of PT 17192: 115 square metres

(b) In respect of Lot 46465: 84 square metres
- (iii) Tenure : (a) In respect of PT 17192: 99-year leasehold interest expiring on 11 March 2095

(b) In respect of Lot 46465: 99-year leasehold interest expiring on 28 December 2092

- (iv) Category of Land Use : Building
- (v) Registered Proprietor : ART (as trustee)
- (vi) Encumbrances : (a) In respect of PT 17192:

Legal charge by ART in favour of the Registered Chargee, registered on 22 March 2022 vide presentation no. 081SC864/2022

(b) In respect of Lot 46465:

Legal charge by ART in favour of Registered Chargee, registered on 22 June 2022 vide presentation no. 001SC63944/2022
- (vii) Endorsement : (a) In respect of PT 17192:

Private caveat by Bank Islam Malaysia Berhad registered on 8 November 2021 vide presentation no. 081B1614/2021

(b) In respect of Lot 46465:

Private caveat by Bank Islam Malaysia Berhad registered on 7 October 2021 vide presentation no. 001B36250/2021
- (viii) Approximate age of the buildings : 28.59 years
- (ix) Total gross floor area : 8,944 square feet
- (x) Total net lettable area : 7,664 square feet
- (xi) Occupancy : 100%

As at 31 December 2024, the market value ("MV") of the Properties is RM9,500,000.

2.2 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a "willing-buyer willing-seller" basis, after taking into consideration the following:

- (i) The MV of the Properties of RM9,500,000 as appraised by Cheston International (KL) Sdn Bhd (Company Registration No.: 200401008741 (647245-W)), an independent valuation firm appointed by the Manager, in its valuation report and certificate dated 6 September 2024 using the market/ comparison approach as primary valuation methodology and income approach by investment method as check; and
- (ii) The MV of the Properties as at 31 December 2024 is RM9,500,000.

2.3 Information on the Purchaser

The Purchaser is a private limited company incorporated in Malaysia on 15 April 1999 under the Companies Act, 1965 before coming into force of the Companies Act, 2016. The Purchaser is principally involved in property investment.

As of the date of the announcement, the total issued share capital of the Purchaser is RM1,200,000 comprising 100 ordinary shares in cash and 1,199,900 otherwise than cash. The shareholders of the Purchaser are as follows:

No.	Name	No. Shares held	Percentage (%)
(i)	Liew Teng Kang	300,000	25
(ii)	Liew Teng Yaw	300,000	25
(iii)	Liew Teng Keo	300,000	25
(iv)	Liew Teng Yi	300,000	25
		<u>1,200,000</u>	<u>100</u>

The directors of the Purchaser are Liew Teng Yaw, Liew Teng Yi, Liew Teng Kang and Liew Teng Keo.

2.4 Salient terms of the SPAs

2.4.1 Agreement to sell and purchase

ART, acting solely in its capacity as a trustee for and on behalf of Al-Salām REIT, has agreed to sell and the Purchaser has agreed to purchase the Properties on an “as-is where-is” basis, free from any claims, charges, liens, encumbrances, and equities whatsoever, with vacant possession of the Properties in accordance with the SPAs, for the Disposal Consideration.

2.4.2 Conditions Precedent

The SPAs are conditional upon the following conditions (“**Conditions Precedent**”) being obtained or fulfilled within three (3) months from the date of the SPAs or any extension as may be agreed by the Vendor and the Purchaser in writing (“**Cut-Off Date**”);

- (i) the approvals of the board of directors of the Trustee and the Manager being obtained for the disposal of the Properties to the Purchaser;
- (ii) the approvals of the board of directors of the Purchaser being obtained for the acquisition of the Properties from the Vendor;
- (iii) the approvals or written consents being obtained from the regulatory and/or government by the Vendor on the transfer of the Properties;
- (iv) the approvals/consents being obtained from the Vendor’s Registered Chargee for the proposed disposal of the Properties in accordance with the financing agreement and charge instrument which the Trustee has entered into on behalf of Al-Salām REIT;
- (v) The Purchaser’s solicitors certify that the Conditions Precedent in the SPAs are satisfied and that the sale and purchase transaction is ready for completion subject to receipt of the confirmation from the Vendor’s solicitors of the same; and
- (vi) The Vendor’s solicitors certify that all Conditions Precedent in the SPAs are satisfied and that the sale and purchase transaction is ready for completion subject to receipt of the confirmation from the Purchaser’s solicitors of the same.

The date on which the last of the Conditions Precedent, as set out in the SPAs, have been satisfied and/or waived by the Vendor and the Purchaser, as the case may be, in accordance with the provisions of the SPAs, shall become the unconditional date (“**Unconditional Date**”).

2.4.3 Payment of the Disposal Consideration

Subject to the terms of the SPAs, the Disposal Consideration for the Properties is payable by the Purchaser to the Vendor in the following manner:

- (i) a deposit in the sum equivalent to 2% of the Disposal Consideration amounting to RM200,000 ("**Earnest Deposit**") shall be satisfied in cash payable to the Vendor's solicitors as a stakeholder for the benefit of the Vendor, upon signing the agreement to purchase and such Earnest Deposit shall be treated as part payment towards the Disposal Consideration. The Earnest Deposit was paid by the Purchaser on 24 September 2024;
- (ii) a balance deposit in the sum equivalent to 8% of the Disposal Consideration amounting to RM800,000 ("**Balance Deposit**") shall be satisfied in cash by the Purchaser to the Vendor's solicitors as a stakeholder for the benefit of the Vendor, upon execution of this Agreement and such Balance Deposit shall be treated as part payment towards the Disposal Consideration; and
- (iii) the balance of the Disposal Consideration in the sum of RM9,000,000 ("**Balance Disposal Consideration**") shall be paid in cash by the Purchaser within three (3) months from the Unconditional Date or such other date as the Vendor and the Purchaser may agree in writing ("**Completion Period**").

In the event the Purchaser is unable to pay in full the Balance Disposal Consideration on or before the expiry of the Completion Period, the Vendor and the Purchaser agree that the Vendor shall grant an automatic extension of 1 month from the expiry of the Completion Period subject to the Purchaser paying to the Vendor's solicitors late payment compensation at the rate of 8% p.a. on the Balance Disposal Consideration or any part outstanding thereof commencing from the date next after the expiry of the Completion Period until the date the full payment of the Disposal Consideration.

2.4.4 Existing lease

The Properties are presently under lease in favour of QSR Stores Sdn Bhd (Company Registration No.: 201401021968 (1098054-H)) ("**Tenant**"). The Tenant shall vacate the Properties immediately prior to the Purchaser taking vacant possession of the Properties.

2.5 Assumption of liabilities

There are no liabilities, including contingent liabilities and guarantees, to be assumed by the Manager pursuant to the Proposed Disposal.

2.6 Original date and cost of investment

The original date and cost of investment by ART in the Properties is as follows:

<u>Date of investment</u>	<u>Cost of investment (RM)</u>
29 September 2015	7,800,000

2.7 Utilisation of proceeds

The net proceeds of the Proposed Disposal, after deducting all fees and expenses relating to the Proposed Disposal, will be utilised for working capital requirements.

2.8 Expected gains on Proposed Disposal

Based on the MV of the Properties as at 31 December 2024, the Proposed Disposal will result in a gain on disposal of RM500,000.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal will enable Al-Salām REIT to realise its investment in the Properties.

4. EFFECTS OF THE PROPOSED DISPOSAL

4.1 Unitholders' Capital and Substantial Unitholders' Unitholding

The Proposed Disposal will not have any effects on the total units of Al-Salām REIT and substantial unitholders' unitholding in Al-Salām REIT, as the Disposal Consideration will be satisfied entirely in cash.

4.2 Net Asset Value ("NAV"), NAV per Unit and gearing

The Proposed Disposal is not expected to have any immediate material effect on the NAV, NAV per unit and gearing of Al-Salām REIT.

4.3 Earnings per unit ("EPU")

The Proposed Disposal will have no material impact on the earnings of Al-Salām REIT for the financial year ending 31 December 2025.

5. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of the unitholders of Al-Salām REIT.

6. INTER-CONDITIONALITY

The Proposed Disposal is not conditional upon any other corporate proposals undertaken or to be undertaken by Al-Salām REIT.

7. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements based on audited financial statements for year ended 31 December 2023 is 0.76%.

8. RELATED-PARTY TRANSACTION

The Proposed Disposal is not a related party transaction.

9. INTERESTS OF DIRECTORS, MAJOR UNITHOLDERS AND PERSONS CONNECTED TO THEM

None of the directors and/or major unitholders of Al-Salām REIT and/or persons connected to them have any interest, either direct or indirect, in the Proposed Disposal.

10. STATEMENT BY THE BOARD OF DIRECTORS

The Board, having considered all aspects including, but not limited to, the rationale and effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of Al-Salām REIT.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the third quarter of 2025.

12. DOCUMENTS FOR INSPECTION

A copy of the SPAs and the valuation report and certificate dated 6 September 2024 are available for inspection at the registered office of DRMSB at Suite 1, Level 17, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, during normal working hours from Monday to Friday (except public holidays in Johor) for a period of three (3) months from the date of this announcement.

This announcement is dated 6 March 2025.