

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Second Quarter Ended 30 June 2025

	Note	Individual Quarter			Cumulative Quarter		
		Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year to-date	Preceding Year Corresponding Period to-date	Changes
		30-06-2025	30-06-2024		30-06-2025	30-06-2024	
		RM	RM	%	RM	RM	%
Gross rental income		19,403,144	17,085,916	13.6	37,738,750	34,233,578	10.2
Other income		2,666,257	2,405,545	10.8	5,712,774	5,157,682	10.8
Total revenue	B1	22,069,401	19,491,461	13.2	43,451,524	39,391,260	10.3
Utilities expenses		(2,512,733)	(2,306,813)	8.9	(4,611,293)	(4,619,158)	(0.2)
Maintenance expenses		(1,719,662)	(1,058,158)	62.5	(2,637,385)	(1,958,650)	34.7
Quit rent and assessment		(443,395)	(442,137)	0.3	(889,372)	(851,515)	4.4
Other property expenses		(2,662,862)	(2,768,111)	(3.8)	(5,557,389)	(5,231,148)	6.2
Property manager fee		(118,500)	(118,500)	-	(237,000)	(237,000)	-
Total property expenses		(7,457,152)	(6,693,719)	11.4	(13,932,439)	(12,897,471)	8.0
Net property income	B1	14,612,249	12,797,742	14.2	29,519,085	26,493,789	11.4
Investment income		273,503	225,715	21.2	505,786	450,694	12.2
Loss on fair value adjustment of investment properties		(573,123)	-	100.0	(1,238,849)	-	100.0
Net investment income		14,312,629	13,023,457	9.9	28,786,022	26,944,483	6.8
Manager's management fees		(726,192)	(651,925)	11.4	(1,379,029)	(1,305,069)	5.7
Trustee's fees		(32,427)	(32,412)	0.0	(64,760)	(64,861)	(0.2)
Shariah advisors' fee		(2,000)	(2,000)	-	(4,000)	(4,000)	-
Islamic financing costs		(10,093,450)	(10,042,212)	0.5	(20,148,192)	(20,176,007)	(0.1)
Other trust expenses		(423,804)	(437,277)	(3.1)	(875,936)	(803,061)	9.1
Net income before tax		3,034,756	1,857,631	63.4	6,314,105	4,591,485	37.5
Taxation		-	-	-	-	-	-
Net income after tax		3,034,756	1,857,631	63.4	6,314,105	4,591,485	37.5
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income for the year		3,034,756	1,857,631	63.4	6,314,105	4,591,485	37.5
Net income after tax is made up as follow:							
Realised		3,034,756	1,052,433	188.4	6,314,105	2,981,089	111.8
Unrealised		-	805,198	(100.0)	-	1,610,396	(100.0)
		3,034,756	1,857,631	63.4	6,314,105	4,591,485	37.5
Earnings per unit (sen)		0.52	0.32	63.4	1.09	0.79	37.5

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2024 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2025

		Unaudited As at End Of Current Quarter 30-06-2025	Audited As at preceding year ended 31-12-2024
	Note	RM	RM
ASSETS			
Non-current assets			
Investment properties		1,200,974,195	1,201,723,255
Property, plant & equipment		1,305,591	861,140
Other receivables		805,867	805,867
		<u>1,203,085,653</u>	<u>1,203,390,262</u>
Current Assets			
Trade receivables	B11	30,222,275	34,675,674
Other receivables & prepayments		14,410,136	4,578,546
Cash and bank balances		12,926,729	4,691,360
Fixed deposits with licensed banks		27,462,000	31,053,000
Amount due from related companies		207,122	1,706,355
		<u>85,228,262</u>	<u>76,704,935</u>
Asset classified as held for sale		22,500,000	37,100,000
TOTAL ASSETS		<u>1,310,813,915</u>	<u>1,317,195,197</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	467,378,806	594,278,034
Other payables and accruals		13,950,842	5,697,759
Deferred tax liability		2,242,953	2,242,953
		<u>483,572,601</u>	<u>602,218,746</u>
Current Liabilities			
Islamic financing	B12	163,424,999	45,500,000
Other payables and accruals		13,406,486	19,752,427
Provision for income distribution		-	-
Amount due to related companies		-	1,336,880
		<u>176,831,485</u>	<u>66,589,307</u>
TOTAL LIABILITIES		<u>660,404,086</u>	<u>668,808,053</u>
NET ASSETS VALUE		<u>650,409,829</u>	<u>648,387,144</u>
REPRESENTED BY:			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		77,864,510	75,841,825
TOTAL UNITHOLDERS' FUND		<u>650,409,829</u>	<u>648,387,144</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		1.1214	1.1179
- After income distribution*		1.1167	1.1156

*After reflecting the proposed second interim income distribution for financial year ending 31 December 2025 of 0.47 sen per unit (2024: final income distribution for financial year ended 31 December 2024 of 0.23 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 2024 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN NET ASSETS VALUE
For the Second Quarter Ended 30 June 2025

	Unitholders' Capital RM	Undistributed income Realised RM	Unrealised RM	Total RM
As at 1 January 2024	572,545,319	9,976,547	63,885,991	646,407,857
Total comprehensive income for the year	-	2,981,089	1,610,396	4,591,485
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(2,319,374)	-	(2,319,374)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(2,319,374)	-	(2,319,374)
As at 30 June 2024	572,545,319	10,638,262	65,496,387	648,679,968
As at 1 January 2025	572,545,319	11,059,535	64,782,290	648,387,144
Total comprehensive income for the year	-	6,314,105	-	6,314,105
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(4,291,420)	-	(4,291,420)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(4,291,420)	-	(4,291,420)
As at 30 June 2025	572,545,319	13,082,220	64,782,290	650,409,829

Include :

- i) Payment of final income distribution of 0.23 sen per unit for the financial year ended 31 December 2024 (non-taxable in the hands of unitholders) which was paid on 28 February 2025.
- ii) Payment of first interim income distribution of 0.51 sen per unit for the financial year ending 31 December 2025 (non-taxable in the hands of unitholders) which was paid on 30 June 2025.

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 2024 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Second Quarter Ended 30 June 2025

	To Date	
	30-06-2025	30-06-2024
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	6,314,105	4,591,485
Adjustment for:		
Finance cost on loan	20,148,192	20,176,007
Depreciation of equipment	89,149	94,430
Fair value loss on investment properties	1,238,850	-
Investment income	(505,786)	(450,694)
Unbilled rental income	(1,338,850)	(1,610,396)
Operating profit before working capital changes	<u>25,945,660</u>	<u>22,800,832</u>
Decrease/(Increase) in:		
Trade receivables	5,543,810	(132,983)
Other receivables and prepaid expenses	(9,328,176)	829
Amount due from related companies	1,314,168	1,332,986
Increase/(Decrease) in:		
Other payables and accrued expenses	2,078,973	(2,839,645)
Amount due to related companies	(1,406,791)	(1,427,949)
Net cash generated from operating activities	<u>24,147,644</u>	<u>19,734,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from other investments	505,786	450,694
Purchase of equipment	(4,279)	(317,685)
Additions to investment properties	(1,019,111)	-
Net proceed from disposal of investment property	14,600,000	-
Net cash generated from/(used in) investing activities	<u>14,082,396</u>	<u>133,009</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged deposits with licensed banks	(169,000)	(164,000)
Income distributions paid	(4,291,419)	(2,319,374)
Islamic financing costs paid	(19,294,252)	(19,172,351)
Transaction cost paid	-	(200,000)
Repayment of Islamic financing	(10,000,000)	-
Net cash used in financing activities	<u>(33,754,671)</u>	<u>(21,855,725)</u>

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the Second Quarter Ended 30 June 2025

	To Date	
	30-06-2025	30-06-2024
	<u>RM</u>	<u>RM</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,475,369	(1,988,646)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	25,991,360	29,412,380
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>30,466,729</u>	<u>27,423,734</u>
 DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	12,926,729	5,863,734
Fixed deposits with licensed banks	<u>27,462,000</u>	<u>31,149,000</u>
	40,388,729	37,012,734
Less : Pledged deposits with licensed banks	<u>(9,922,000)</u>	<u>(9,589,000)</u>
CASH AND CASH EQUIVALENTS	<u>30,466,729</u>	<u>27,423,734</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2024 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2025

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 Listing Requirement of the Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standard (MFRS) 134 and International Financial Reporting Standards

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2024.

The accounting policies and methods of computation adopted by the Group in this financial report are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2023.

The Group has applied the following standards and amendments for the first time for the financial period beginning 1 January 2024:

- Amendments to MFRS 101: Classification of Liabilities as Current or Non Current
- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101: Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The standards and interpretations that are issued but not yet effective are disclosed below:

- Amendments to MFRS 121: Lack of Exchangeability (1 January 2025)
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (1 January 2026)
- Amendments to MFRS 7 Financial Instruments: Disclosures (1 January 2026)
- Amendments to MFRS 9 Financial Instruments (1 January 2026)
- Amendments to MFRS 10 Consolidated Financial Statements (1 January 2026)
- Amendments to MFRS 107 Statement of Cash Flows (1 January 2026)
- MFRS 18 Presentation and Disclosure in Financial Statements (1 January 2027)
- MFRS 19 Subsidiaries without Public Accountability: Disclosure (1 January 2027)
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

The Group did not early adopt these new standards.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The Audited Financial Statements of Al-Salām REIT for the financial year ended 31 December 2024 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2025

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

There were no unusual items affecting the financial statements of Al-Salām REIT for the current quarter.

A5. CHANGES IN ACCOUNTING ESTIMATES

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

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.

A7. INCOME DISTRIBUTION

On 26 May 2025, the Fund declared the final income distribution of 0.51 sen per unit for the financial year ending 31 December 2025 (taxable in the hand of unitholders) in respect of the period from 1 January 2025 to 31 March 2025. The said distribution has been paid on 30 June 2025.

A8. SEGMENT REPORTING

Segment 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 organised 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 Second Quarter Ended 30 June 2025

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

A8. SEGMENT REPORTING (cont'd.)

For period ended 30 June 2025

	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	25,482	3,456	8,728	5,785	-	43,451
Total property expenses	(10,948)	(2,366)	(20)	(361)	(237)	(13,932)
Net property income	14,534	1,090	8,708	5,424	(237)	29,519
Fair value (loss)/gain on investment properties	-	-	-	-	(1,239)	(1,239)
Investment income	-	-	-	-	506	506
Net investment income	14,534	1,090	8,708	5,424	(970)	28,786
Total trust expenses	-	-	-	-	(2,324)	(2,324)
Islamic financing costs	-	-	-	-	(20,148)	(20,148)
Net income before tax	14,534	1,090	8,708	5,424	(23,442)	6,314
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	14,534	1,090	8,708	5,424	(23,442)	6,314
Total assets	698,259	71,342	299,430	194,887	46,896	1,310,814
Total liabilities	18,011	3,406	-	713	638,274	660,404

For period ended 30 June 2024

	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	21,369	3,686	8,717	5,619	-	39,391
Total property expenses	(10,055)	(2,374)	(16)	(215)	(237)	(12,897)
Net property income	11,314	1,312	8,701	5,404	(237)	26,494
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	451	451
Net investment income	11,314	1,312	8,701	5,404	214	26,945
Total trust expenses	-	-	-	-	(2,178)	(2,178)
Islamic financing costs	-	-	-	-	(20,176)	(20,176)
Net income before tax	11,314	1,312	8,701	5,404	(22,140)	4,591
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	11,314	1,312	8,701	5,404	(22,140)	4,591
Total assets	695,183	71,510	313,730	193,930	40,516	1,314,869
Total liabilities	14,104	3,595	-	727	647,763	666,189

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2025

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

A10. SUBSEQUENT MATERIAL EVENTS

On 30 June 2025, Al-Salām REIT announced that the Bursa Securities has, vide its letter dated 30 June 2025, granted an extension of time of six months until 15 December 2025 to comply with the Public Security Holding Spread requirement.

Al-Salām REIT is continuously exploring various options to meet the shortfall in the public shareholding spread.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of Al-Salām REIT for the current quarter.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A13. CAPITAL COMMITMENT

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

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	
	30-06-2025 RM'000	30-06-2024 RM'000	30-06-2025 RM'000	30-06-2024 RM'000
Rental income received/receivable from related companies	17,053	13,028	17,053	13,028
Other property management and fees charged	3,567	3,242	3,567	3,242
Finance cost paid/payable to a subsidiary	-	-	14,154	14,044

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 Second Quarter Ended 30 June 2025

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

B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	30-06-2025 RM'000	30-06-2024 RM'000	Change %	30-06-2025 RM'000	30-06-2024 RM'000	Change %
Total revenue						
Retail outlets	13,030	10,505	24.0	25,482	21,369	19.2
Office building	1,773	1,818	(2.5)	3,456	3,686	(6.2)
F&B restaurants	4,373	4,359	0.3	8,728	8,717	0.1
Industrial & others	2,893	2,809	3.0	5,785	5,619	3.0
Total	22,069	19,491	13.2	43,451	39,391	10.3
Net property income ("NPI")						
Retail outlets	7,192	5,229	37.5	14,534	11,314	28.5
Office building	552	607	(9.1)	1,090	1,312	(16.9)
F&B restaurants	4,361	4,351	0.2	8,708	8,701	0.1
Industrial & others	2,625	2,729	(3.8)	5,424	5,404	0.4
Property manager fee	(118)	(118)	0.0	(237)	(237)	0.0
Total	14,612	12,798	14.2	29,519	26,494	11.4
Investment income	274	226	21.2	506	451	12.2
Fair value adjustment on investment properties	(574)	-	(100.0)	(1,239)	-	(100.0)
Trust expenses	(1,184)	(1,124)	5.3	(2,324)	(2,178)	6.7
Islamic financing costs	(10,093)	(10,042)	0.5	(20,148)	(20,176)	(0.1)
Net income before tax	3,035	1,858	63.3	6,314	4,591	37.5

Review of Individual/Cumulative Quarter Results

Retail outlets

The retail segment reported a total revenue of RM13.0 million for the second quarter ended 2025 (2Q2025). This represent an increase of RM2.5 million as compared to the preceding year's corresponding quarter (2Q2024) of RM10.5 million, due to higher rental income of RM2.2 million and promotional income of RM0.3 million. Correspondingly, the NPI increased by also RM2.0 million but is offset by higher operating expenses of RM0.5 million from all retail outlets.

For the cumulative period under review, retail segment reported a total revenue of RM25.5 million, an increase of RM4.1 million due to higher rental income of RM3.5 million and promotional income of RM0.6 million. Correspondingly, the NPI increased by also RM3.2 million but is offset by higher operating expenses of RM0.9 million from all retail outlets.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2025

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

B1. REVIEW OF PERFORMANCE (cont'd.)

Office building

The office segment reported a total revenue of RM1.8 million for 2Q2025, same as compared to 2Q2024. NPI of RM0.5 million, lower than preceding year's corresponding quarter due to higher operating expenses.

For the cumulative period under review, total revenue of RM3.4 million, a decrease of RM0.3 million as compared to 1H2024 due to lower rental income. NPI reported a decrease of RM0.2 million due to decrease in total revenue stated earlier.

F&B restaurants

The F&B segment reported a total revenue and NPI of RM4.4 million for the 2Q2025, same as compared to 2Q2024. The properties are on a Triple Net arrangement with 100% occupancy rate (2024: 100%)

For the cumulative under review, total revenue and NPI of RM8.7 million, same as per 1H2024.

Industrial & Others

The industrial & others segment reported a total revenue of RM2.9 million for 2Q2025, an increase of RM0.1 million as compared to 2Q2024. NPI of RM2.6 million, lower than 2Q2024 due to higher operating expenses.

For the cumulative period under review, total revenue of RM5.8 million, an increase of RM0.2 million. NPI of RM5.4 million, same as compared to 1H2024.

Overall

Al-Salām REIT recorded a total NPI of RM14.6 million, an increase of RM1.8 million from RM12.8 million in 2Q2024. This growth was primarily supported by stronger contributions from retail outlets, cushioned by declines of RM0.1 million each in the office and industrial segments. Operating expenses and Islamic financing costs increased by RM0.1 million respectively. After accounting for these factors, Al-Salām REIT recorded a net income before tax of RM3.0 million (58%), compared to RM1.9 million in the corresponding quarter last year.

For the cumulative financial period under review, Al-Salām REIT recorded a total NPI of RM29.5 million, an increase of RM3.0 million from RM26.5 million in the previous year. This growth was primarily driven by stronger contributions from retail outlets and the industrial & others segment. Islamic financing costs remained unchanged during the period. After accounting for these factors, Al-Salām REIT recorded a net income before tax of RM6.3 million (37%), compared to RM4.6 million in the corresponding period last year.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2025

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		
	30-06-2025	31-03-2025	Change
	RM'000	RM'000	%
Total revenue			
Retail outlets	13,030	12,452	4.6
Office buildings	1,773	1,683	5.3
F&B restaurants	4,373	4,355	0.4
F&B non-restaurants	2,893	2,892	0.0
	22,069	21,382	3.2
Net property income ("NPI") :			
Retail outlets	7,192	7,342	(2.0)
Office buildings	552	538	2.6
F&B restaurants	4,361	4,347	0.3
F&B non-restaurants	2,625	2,799	(6.2)
Property manager fee	(118)	(119)	(0.8)
	14,612	14,907	(2.0)
Investment income	274	232	18.1
Fair value adjustment on investment properties	(574)	(665)	(13.7)
Trust expenses	(1,184)	(1,140)	3.9
Islamic financing costs	(10,093)	(10,055)	0.4
Net income/(loss) before tax	3,035	3,279	(7.4)

Al-Salām REIT recorded a profit before tax of RM3.0 million, compared to RM3.3 million in the preceding quarter. The decrease was mainly attributed to lower net property income (RM0.3 million) and higher other expenses (RM0.1 million), partially mitigated by higher investment income (RM0.1 million).

B3. CHANGES IN NET ASSET VALUE

	As at	As at
	30-06-2025	31-03-2025
	RM'000	RM'000
Net asset value ("NAV")	650,410	650,333
NAV per unit (RM)	1.1214	1.1213

As at 30 June 2025, the Net Asset Value (NAV) was lower by RM0.1 million compared to the immediate preceding quarter. This slight decrease was mainly due to the recognition of comprehensive income amounting to RM3.0 million, which was offset by the payment of the first interim income distribution of RM2.9 million.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2025

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

B4. PROSPECTS

Malaysia's economic outlook remains cautiously optimistic. Supportive monetary policy and liquidity injections are expected to sustain domestic demand. However, higher costs from the expanded SST and external trade uncertainties, particularly from U.S. tariffs, may weigh on consumer spending and business sentiment.

Nonetheless, with a stable inflation rate and government efforts to spur domestic consumption, we are confident of the outlook for Al-Salam, underpinned by the rejuvenation of KOMTAR JBCC.

In Q2 2025, Al-Salām REIT demonstrated resilience with year-on-year improvements, supported by stronger contributions from the retail segment. However, performance was softer compared to the preceding quarter, mainly due to higher operating and maintenance expenses, which were largely incurred to enhance asset offerings and better position the trust for future growth, particularly in anticipation of the upcoming Johor Bahru-Singapore RTS Link.

With continued emphasis on rental growth and occupancy, the trust is well-positioned to tap into emerging opportunities in Johor Bahru's retail and commercial sectors, despite prevailing economic uncertainties.

Despite global and local economic headwinds, Al-Salam REIT remains steady to navigate uncertainties, underpinned by strong fundamentals and strategic growth initiatives. Barring any unforeseen circumstances, the Al-Salam REIT maintains its expectation for a satisfactory overall performance in 2025.

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

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

B6. TAX

	The Group		The Fund	
	30-06-2025	30-06-2024	30-06-2025	30-06-2024
	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 Second Quarter Ended 30 June 2025

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	
	30-06-2025	30-06-2024	30-06-2025	30-06-2024
	RM'000	RM'000	RM'000	RM'000
Net rental income	22,070	19,491	43,452	39,391
Investment revenue	274	226	506	451
Less: Unbilled rental income	(673)	(805)	(1,339)	(1,610)
	21,671	18,912	42,619	38,232
Less: Expenses	(18,735)	(17,859)	(36,404)	(35,250)
Realised/distributable income for the quarter/period	2,936	1,053	6,215	2,982
Previous year's undistributed realised income	10,047	9,585	9,726	9,396
Total realised income available for distribution	12,983	10,638	15,941	12,378
Less: Income to be distributed for the quarter/period	(2,726)	(986)	(5,684)	(2,726)
Balance undistributed realised income	10,257	9,652	10,257	9,652
Distribution per unit (sen)	0.47	0.17	0.98	0.47

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

The disposal of property located at Jalan Kuchai Lama, Kuala Lumpur completed on 4 June 2025 with a disposal consideration of RM14.7 million. The market value of the investment property at the point of disposal was RM14.6 million, resulting in a gain on disposal of RM0.1 million

B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

On 6 March 2025, on behalf of the Manager, KAF Investment Bank Berhad announced that Al-Salām REIT entered into a land sale and purchase agreement with Lagi Tegas Sdn. Bhd. to dispose of property located at Petaling Jaya, Selangor Darul Ehsan for a total cash consideration of RM10.0 mil ("Proposed Disposal"). The Proposed Disposal is expected to be completed in the third quarter of 2025.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2025

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

B11. TRADE RECEIVABLES

	The Group	
	As at 30-06-2025 RM'000	As at 30-06-2024 RM'000
Current		
Third parties	6,249	5,919
Related companies	2,640	5,612
	8,889	11,531
Less: Allowance for expected credit loss	(3,142)	(3,142)
	5,747	8,389
Unbilled rental income	24,475	21,657
	30,222	30,046

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 (2024: 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 30-06-2025 RM'000	As at 30-06-2024 RM'000
1 - 30 days	2,889	2,892
31 - 60 days	852	2,177
61 - 90 days	292	535
91 - 120 days	29	230
More than 120 days	4,827	5,697
	8,889	11,531

During the financial year, the Group and the Fund derecognised past lease receivables of RMnil (2024: RMnil) 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 Second Quarter Ended 30 June 2025

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

B12. ISLAMIC FINANCING

	The Group	
	As at 30-06-2025 RM'000	As at 30-06-2024 RM'000
<u>Non-current</u>		
<u>Secured</u>		
- Term Financing-i ("TF-i")	-	118,000
- Business Financing-i ("BF-i")	60,000	70,000
- Sukuk Ijarah	409,500	409,500
	469,500	597,500
Less: Transaction costs	(2,121)	(2,520)
	467,379	594,980
<u>Current</u>		
<u>Secured</u>		
- Term Financing-i ("TF-i")	118,000	-
- Sukuk Ijarah	45,500	45,500
	163,500	45,500
Less: Transaction costs	(75)	-
	163,425	45,500
Total Islamic Financing	630,804	640,480

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 5.41% (2024: 5.45%) per annum. The principal amount is expected to be paid in March 2024. The Bank, via letter dated 4 March 2024 agreed to extend the tenure for another 2 years to March 2026.

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

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

The financing is secured by the investment properties amounting to RM169.5 million (2024: RM169.5 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 5.51% (2024: 5.30%) 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:

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

The financing is secured by the investment properties amounting to RM89.1 million (2024: RM103.7 million)

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2025

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

B12. ISLAMIC FINANCING (cont'd.)

Sukuk Ijarah

The Group established a Sukuk Ijarah Programme comprising IMTN of up to RM1.5 billion in nominal value.

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. The Group redeemed RM69.0 million and RM451.0 million in nominal value of IMTNs ("Issue 2") on 24 September 2021 and 24 August 2023 respectively.

On 24 August 2023, the Group issued RM455.0 million in nominal value of IMTNs ("Issue 3") which bears profit rate of 6.01% to 6.41% (2024: 6.01% to 6.35%) per annum. The principal amount is to be expected to be paid in 24 August 2026.

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 is secured by investment properties amounting to RM946.9 million (2024: RM946.9 million).

Revolving Credit

As of 30 June 2025, the Fund unutilised revolving credit facilities amounting to RM10.0 million (2024: RM10.0 million) which is granted from a financial institution. The said facility of is secured by investment properties of the subsidiary amounting to RM18.7 million (2024: RM18.7 million).

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

For the current quarter, the Group does not have any 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.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2025

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

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 30-06-2025	Immediate Preceding Quarter ended 31-03-2025
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	0.52	0.57
Net income distribution to unitholders (RM'000)	2,726	2,958
Distribution per unit (DPU) - sen	0.47	0.51
Net Asset Value (NAV) - RM'000	650,410	650,333
NAV per unit (RM)	1.1214	1.1213
Market Value Per Unit (RM)	0.3900	0.3650

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 June 2025 and of its financial performance and cash flows for the period then ended.