



[www.alsalamreit.com.my](http://www.alsalamreit.com.my)



DAMANSARA REIT MANAGERS  
SDN BERHAD

**DAMANSARA REIT MANAGERS SDN BERHAD**  
(200501035558)

Unit 1-19-02, Level 19, Block 1  
V SQUARE, Jalan Utara  
46200 Bandar Petaling Jaya  
Petaling Jaya, Selangor

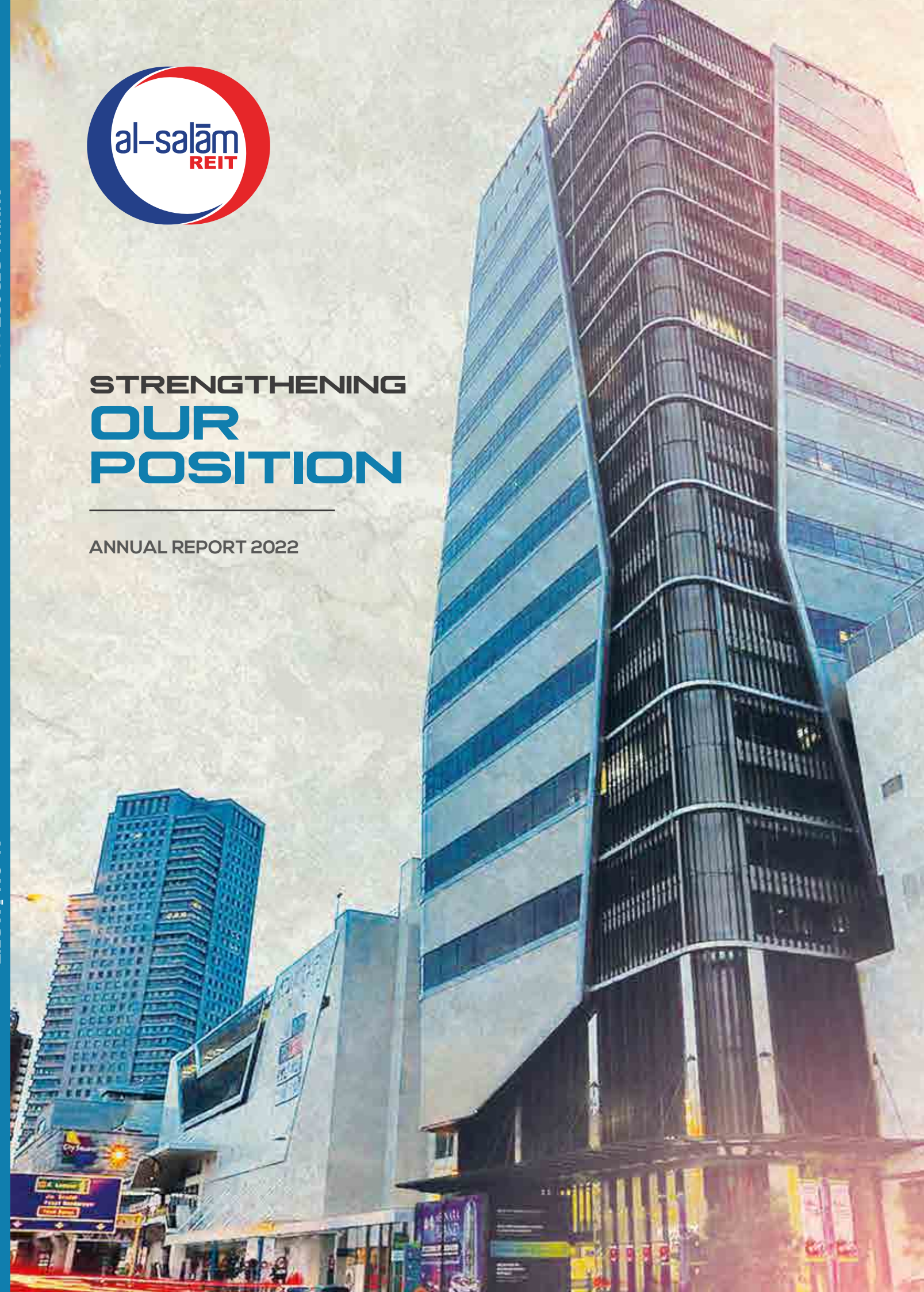
ANNUAL REPORT 2022



## STRENGTHENING **OUR POSITION**

ANNUAL REPORT 2022

AL-SALĀM REIT





# INSIDE THIS



## STRENGTHENING OUR POSITION

As Al-Salām REIT's diversified stable of Islamic assets portfolio strategically located in Johor Bahru as well as major towns throughout the Nation undergoes the staggering economic landscape, the fund's business operations are taking on the challenges head-on with optimism and by strengthening its position. Leveraging on Johor Corporation's major industrial state land ownership, the Group has the capability of exploring the potential surge of new sales and leaseback opportunities ahead. With this, the cover echoes Al-Salām REIT's uplifting spirit on a towering future.



## SECTION 1: CORPORATE OVERVIEW

2022 Highlights	03
Objective, Policy & Strategies	04
Corporate Profile	06
Corporate Information	08
Letter to Stakeholders	10
Salient Features	14
5-Year Financial Performance	15
Trading Performance	16
Analysis of Unitholdings	17



## SECTION 2: THE DRIVING FORCE

Trust Structure	20
Organisation Structure	21
The Board of Directors	22
The Shariah Committee	33
The Management Team	36



## SECTION 3: STRATEGIC PERFORMANCE

Management Discussion and Analysis	42
Financial Review	42
Overview of Properties	46
Capital Management	56
Key Risk Factors	57
Market Report Summary	59
Portfolio Summary and Details	63
Marketing Activities	77

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# REPORT



## SECTION 4: SUSTAINABILITY STATEMENT

About this Statement	84
Approach to Sustainable Development	88
Stakeholder Engagement	91
Material Sustainability Matters	92
Strong Corporate Governance	96
Sustainable Trust Fund	97
Strong Social Relationship	99
Environmental Stewardship	104
Conclusion	108
GRI Content Index	109



## SECTION 5: CORPORATE GOVERNANCE

Corporate Governance Statement	112
Board Audit and Risk Committee Report	118
Board Investment Committee Report	124
Board Nomination and Remuneration Committee Report	127
Statement on Risk Management and Internal Control	132
Additional Compliance Information	141
Shariah Adviser's Report	144
Trustee's Report	145



## SECTION 6: FINANCIAL REPORTS

Manager's Report	148
Statement by Directors of the Manager	154
Statutory Declaration	154
Independent Auditors' Report	155
Statements of Comprehensive Income	159
Statements of Financial Position	161
Statements of Changes in Net Asset Value	163
Statements of Cash Flows	164
Notes to the Financial Statements	165





2022 Highlights	03
Objective, Policy & Strategies	04
Corporate Profile	06
Corporate Information	08
Letter to Stakeholders	10
Salient Features	14
5-Year Financial Performance	15
Trading Performance	16
Analysis of Unitholdings	17



## CORPORATE OVERVIEW

# 2022 HIGHLIGHTS

NUMBER OF PROPERTIES

**54**



PROPERTIES' VALUE  
**RM1.22**  
billion



NET LETTABLE AREA

**1.9**  
million sq.ft.



MARKET CAPITALISATION  
**RM214.6**  
million



GROSS REVENUE  
**RM71.8**  
million



NET PROPERTY INCOME  
**RM51.4**  
million



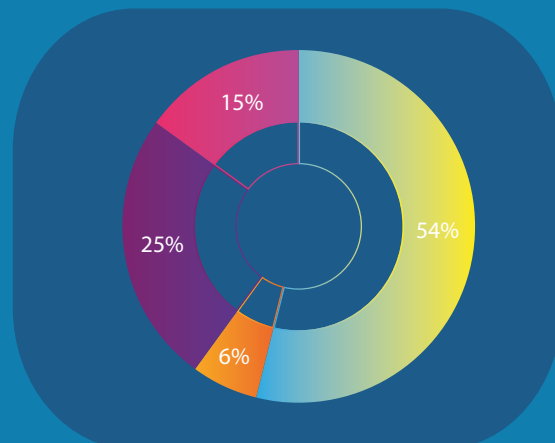
DISTRIBUTION PER UNIT  
**2.50**  
sen



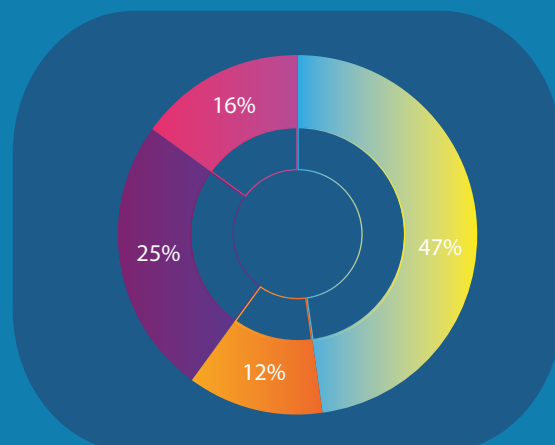
DISTRIBUTION YIELD  
**6.76** %



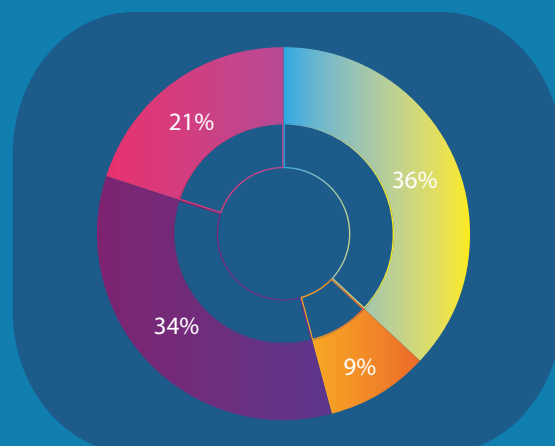
## PROPERTIES' VALUE



## REVENUE



## NET PROPERTY INCOME





# OBJECTIVE, POLICY & STRATEGIES

## OBJECTIVE

The Manager's key objective is to provide Unitholders with regular and stable distributions, sustainable long-term unit price and distributable income and capital growth of Al-Salām REIT. In the long run, through its key investment strategies, Al-Salām REIT maintains an optimum level of financing and equity capital structure.



## POLICY

Al-Salām REIT is an Islamic REIT established with the principal investment policy of investing, directly and indirectly, in a diversified shariah-compliant portfolio with income producing real estate which are used primarily for commercial retail, office and industrial purposes in Malaysia as well as real estate-related assets.





# STRATEGIES



## 1. Active Asset Management

The Manager will seek to optimise the rental rates, occupancy rates and net lettable area of the subject properties in order to improve the returns from Al-Salām REIT's property portfolio.

## 2. Acquisition Growth Strategy

The Manager will source for and acquire properties that fit within Al-Salām REIT's investment strategy to enhance returns to Unitholders and capitalise on opportunities for future income and NAV growth.

## 3. Capital and Risk Management

The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions, seek to manage financing and refinancing risk and to adopt an active financing rate management strategy to manage the risks associated with changes in financing rates.

● Menara KOMTAR



# CORPORATE PROFILE



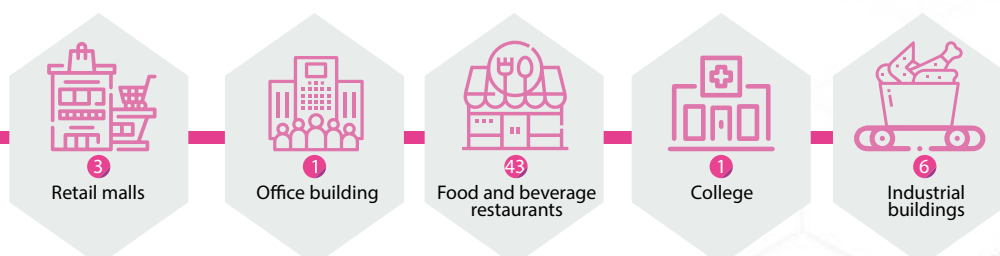


Al-Salām REIT is a diversified Islamic real estate investment trust in Malaysia with assets strategically located in Johor Bahru as well as in major towns throughout Malaysia.

Al-Salām Real Estate Investment Trust ("Al-Salām REIT") is a Shariah-compliant fund that invests in diversified Shariah-compliant properties. Al-Salām REIT was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 29 September 2015. The market capitalisation of Al-Salām REIT stood at RM214.6 million as of 31 December 2022.

Al-Salām REIT portfolio began with 21 properties and has grown to 54 properties comprising 3 retail malls, an office building, 43 F&B restaurants, 6 industrial buildings and a college, with a combined property value of RM1.22 billion as at 31 December 2022. The properties are strategically located throughout Malaysia.

The Manager of Al-Salām REIT, Damansara REIT Managers Sdn Berhad ("DRMSB" or the "Manager"), is a subsidiary of Johor Corporation ("JCorp"). DRMSB is licenced to manage Islamic REITs under the Capital Markets and Services Act 2007.



## ■ MANAGER

**DAMANSARA REIT MANAGERS  
SDN BERHAD**  
(200501035558)

### Registered Office:

Level 14, Menara KOMTAR,  
Johor Bahru City Centre,  
80000 Johor Bahru, Johor.

Tel : (+607) 226 7692 / 226 7476  
Fax : (+607) 222 3044

### Principal Place of Business:

Unit 1-19-02, Level 19,  
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## ■ TRUSTEE

**AMANAHRAYA TRUSTEES BERHAD**  
(200701008892)

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Email : art@arb.com.my  
Website: www.artrustees.com.my

## ■ SHARIAH COMMITTEE

1. Dato' (Dr) Haji Nooh Bin Gadot
2. Professor Madya Dr Ab Halim Bin Muhammad
3. IBFIM (200701005076)

Level 5, Bangunan AICB,  
No. 10, Jalan Dato' Onn,  
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shariah.advisory@ibfim.com  
Website: www.ibfimonline.com

## ■ PROPERTY MANAGER

**EXASTRATA SOLUTIONS SDN BHD**  
(201001042323)

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## ■ SERVICE PROVIDER

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(201001022192)

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## ■ AUDITOR

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## ■ REGISTRAR

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## ■ SOLICITORS

### **ABDUL RAMAN SAAD & ASSOCIATES**

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Website: [www.arsa.com.my](http://www.arsa.com.my)

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Fax : +603 2780 2833  
Email : [partne@kaapl原因.com](mailto:partne@kaapl原因.com)  
Website: [www.kaapl原因.com](http://www.kaapl原因.com)

### **ALBAR & PARTNERS**

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Website: [www.albar.com.my](http://www.albar.com.my)

## ■ INDEPENDENT PROPERTY VALUERS

### **CHESTON INTERNATIONAL (KL) SDN BHD**

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Fax : (+603) 4251 6599 / 4253 1393  
Email : [cikl@chestonint.com](mailto:cikl@chestonint.com)  
Website: [www.chestonint.com](http://www.chestonint.com)

## ■ LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name: ALSREIT  
Stock Code: 5269

## ■ WEBSITE

[www.alsalamreit.com.my](http://www.alsalamreit.com.my)



**DATO' HAJI MOHD REDZA  
SHAH BIN ABDUL WAHID**  
Chairman





## DEAR STAKEHOLDERS,

On behalf of the Board of Directors of the Manager, it is my pleasure to present Al-Salām REIT ("Al-Salām", the "Fund" or the "Group") Annual Report for the financial year ended 31 December 2022 ("FY2022").

FY2022 was a strenuous year for the Fund due to the lingering effects of the coronavirus disease 2019 ("COVID-19") pandemic and an arduous operating climate. Against this backdrop, Al-Salām REIT leveraged on our strengths and experience to deliver a commendable set of results.

The Fund posted a realised profit of RMRM15.8 million on the back of a RM71.8 million revenue in FY2022. The total income distribution for FY2022 is 2.50 sen per unit (FY2021: 2.30 sen) totalling RM14.5 million, which represents 92.0% of the income available for distribution.

# LETTER TO STAKEHOLDERS

# LETTER TO STAKEHOLDERS

FY 2022

REVENUE

**RM71.8**  
million

REALISED PROFIT

**RM15.8**  
million

ESG Initiatives



## ECONOMIC LANDSCAPE

As Malaysia transitioned into the endemic phase, the government allowed businesses to reopen with more relaxed standard operating procedures. Business operating hours were no longer restricted, the 50% capacity limit for event venues were lifted and international borders reopened for travel into Malaysia in April 2022.

The full opening of borders between Malaysia and Singapore also led to an upswing in cross-border travellers, particularly Singaporeans crossing over to shop in Johor. The return of foreign shoppers to Johor had a significant stimulating effect on the state's retail sector. This paved the way for the retail sector to emerge from the worst performing period in its history. Nonetheless, mall occupancy rates and rents had not recovered to pre-pandemic levels despite a significant improvement in footfall and expenditure.

The office sector continued to record a decline in occupancy rates due to the substantial increase in supply without any corresponding increase in demand. Nevertheless, rental rates which registered a drop in 2020 appeared to have stabilised in 2021/2022 with the reopening of the economy and return to normality. More office workers returned to work in their offices although some companies continued to adopt a hybrid system of work from home/work in the office.

## BUSINESS HIGHLIGHTS

Al-Salām REIT's diversified asset portfolio enabled us to remain resilient during this challenging time. Performance of the Fund's retail properties coincided with a recovery in consumer sentiment. @Mart Kempas and Mydin Hypermart continued to demonstrate their resilience as community-centric hypermarkets that provide daily essentials. In addition, the Fund's sizable triple net lease assets portfolio (comprising Mydin Hypermart Gong Badak and F&B related properties) continued to contribute to Al-Salām REIT's core earnings.

The reopening of the Singapore-Johor Causeway has improved the performance of KOMTAR JBCC, which was previously affected by the border closure. Despite the setback, the mall was able to endure the situation thanks to its prime location in the heart of Johor Bahru.

Menara KOMTAR expects to maintain its position as a strategic office space in Johor Bahru's central business district as well as having a continuous strong tenancy by JCorp Group of Companies. Assets operated by QSR Brands (M) Holdings Bhd ("QSR")

continued to provide income stability on the back of a triple net lease arrangement with Al-Salām REIT. QSR continued to persevere by virtue of their time-tested operational excellence and sustainable market share amidst the challenging business environment.

The Fund's sole education asset, the KPJ International College of Nursing and Health Sciences ("KPJIC"), also generated a steady income from a master lease agreement with KPJ Group's education arm.

On the back of the ongoing recovery, Al-Salām REIT witnessed notable bottom line improvement as the Fund's total income available for distribution rose by 7.2% year-on-year to RM15.8 million (FY2021: RM14.7 million) mainly derived from lower rental support. Correspondingly, distribution per unit also improved by 8.7% to 2.50 sen (FY2021: 2.30 sen) with distribution yield increased from 4.74% to 6.76% due to higher DPU and lower closing price.

## ENSURING SUSTAINABILITY

Sustainability is the key to long-term value creation for our various stakeholders, so it was especially important during this challenging time to ensure sustainability across all aspects of the Fund in the economic, environmental, social and governance ("ESG") contexts.

To demonstrate our commitment towards ESG principles and the promotion of environmental sustainability in our operations, the Fund has implemented ESG initiatives such as the installation of solar panels at @Mart Kempas and EV charging stations at KOMTAR JBCC.

We will continue to adopt appropriate sustainability practices into our daily operations to achieve our strategic business objectives while minimising our environmental footprint. At the same time, we are committed to providing our employees with a balanced, safe and healthy workplace.

## FUTURE PROSPECTS

Going into 2023, we believe that retail spending momentum will continue, starting with the festive seasons in Q1 2023 (Chinese New Year) and Q2 2023 (Aidilfitri). Footfall in our mall will continue to be encouraging. To this, Al-Salām REIT expects the surge in cross-border activity to continue to have a positive impact on KOMTAR JBCC's performance as the mall primarily caters to shoppers from across the strait.



# LETTER TO STAKEHOLDERS



Additionally, in anticipation of an eventual increase in retail crowd and changes 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 in KOMTAR JBCC. The Manager also has taken a complementary approach by appointing a reputable retail consultant to assist property manager for the repositioning, particularly in the asset enhancement initiatives. In the long term, the return of foreign shoppers and the ensuing repositioning exercise is expected to be an important catalyst to improve the mall's yield performance moving forward.

The Johor Bahru-Singapore Rapid Transit System ("RTS") scheduled for completion by 2026 also bodes well for Johor, especially KOMTAR JBCC. With a capacity of 10,000 passengers per hour, the Johor Bahru-Singapore RTS is well-equipped to handle the anticipated increase in incoming travellers to the region and the subsequent rise in retail spending. The close proximity of Bukit Chagar station to KOMTAR JBCC makes travelling across the Causeway more convenient, which can make KOMTAR JBCC a more attractive destination for Singaporean shoppers.

We also look forward to the upcoming development of the RM25 billion Ibrahim International Business District ("IIBD") as a catalytic plan that will attract much welcomed foreign direct investment through the establishment of new businesses into the inner-city core of Johor Bahru.

These positive developments will ultimately attract more consumer footfall and should augur well for businesses based in the area. We also anticipate the enhanced commercial value of the area will draw more multinational firms to lease therein, resulting in a beneficial spillover effect on the office market, particularly on Menara KOMTAR.

Looking into the industrial market segment, Al-Salām REIT plans to undertake diversification of asset class with more focus on the industrial spectrum and to take advantage of JCorp as the major industrial landowner in Johor via exploring opportunities to undertake sale leaseback arrangements of assets located within JCorp's major industrial parks including Tanjung Langsat Industrial Park, Muar Furniture Park; Pengerang Industrial Park and the upcoming Sedenak Tech Park ("STeP").

Given the strategic location and brand familiarity of Al-Salām REIT's properties, the Fund is in a favorable position to reap the benefits of these forthcoming developments.

## APPRECIATION AND ACKNOWLEDGEMENTS

As we know, running a business is not without its challenges and cannot be done in isolation. It takes each and every one of us to pull together to come out of these trying times ahead as a team.

I would like to thank Wan Azman bin Ismail who resigned as Non-Independent Executive Director and Chief Executive Officer after serving for five years. On behalf of the Board, Management and employees of the Manager, we wish him every success in his future endeavours.

I am pleased to welcome Dato' Salehuddin bin Hassan, Ng Yan Chuan and Lailatul Azma binti Abdullah to the Board and I look forward to working with them and the rest of the Board to sustain the Fund's legacy and build on its success.

On 11 January 2023, we welcome on board YM Raja Nazirin Shah bin Raja Mohamad as our new Chief Executive Officer. He joins Al-Salām REIT with a wealth of experience. We look forward to working with him in strengthening the Fund to meet new challenges that are before us.

I would like to extend my gratitude to the Shariah Committee for their guidance and advice in ensuring that our assets and operations are shariah-compliant and true to our principles.

We did well for FY2022. In line with this, I would like to express my gratitude to the management and employees for their loyalty, dedication and continued efforts. On behalf of the Board, I would also like to thank our unitholders, trustees, business partners, bankers, government authorities and other stakeholders for their continued support and confidence in the Fund.

**DATO' HAJI MOHD REDZA SHAH BIN ABDUL WAHID**  
CHAIRMAN



## SALIENT FEATURES

Name of Fund:

**Al-Salām Real Estate  
Investment Trust**



Type of Fund:



**Income and  
Growth**

Stock Name and Code:

**ALSREIT/5269**



Category of Fund:

**Diversified Real  
Estate Investment  
Trust**



Financial Year End:



**31 December**

Fund Size:

**580,000,000  
units**



Distribution Policy:

**At least 90% from  
distributable  
income**



Listing Date:



**29  
September 2015**

Listing:

**Main Market of Bursa  
Malaysia Securities Berhad**



# 5-YEAR FINANCIAL PERFORMANCE

## Financial Highlights – Group

	FY2018 RM'000	FY2019 RM'000	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000
<b>Statement of Comprehensive Income – Key Data &amp; Financial Ratios</b>					
Gross Revenue	82,151	94,912	86,101	71,543	71,800
Net Property Income	58,245	69,121	64,970	54,994	51,439
Profit for the Year (Realised)	31,867	28,395	14,555	14,644	15,733
Earnings Per Unit (Realised) (Sen)	5.49	4.90	2.51	2.52	2.71
<b>Statement of Financial Position – Key Data &amp; Financial Ratios</b>					
Investment Properties	1,092,686	1,187,635	1,189,365	1,177,237	1,224,173
Other Non-current Assets	895	931	3686	708	803
Current Assets	63,580	60,614	61,503	75,555	80,138
<b>Total Asset Value</b>	<b>1,157,161</b>	<b>1,249,180</b>	<b>1,254,554</b>	<b>1,253,500</b>	<b>1,305,114</b>
Current Liabilities	12,732	531,919	65,125	17,180	473,105
Non-Current Liabilities	523,502	93,183	592,048	645,080	192,223
<b>Total Liabilities</b>	<b>625,102</b>	<b>625,102</b>	<b>661,747</b>	<b>662,890</b>	<b>665,328</b>
<b>Net Asset Value (NAV) - Before Income Distribution</b>	<b>620,927</b>	<b>624,078</b>	<b>597,381</b>	<b>590,609</b>	<b>639,786</b>
<b>- After Income Distribution</b>	<b>607,297</b>	<b>615,900</b>	<b>590,305</b>	<b>580,169</b>	<b>631,086</b>
<b>Total Unitholders' Fund</b>	<b>620,927</b>	<b>624,078</b>	<b>597,381</b>	<b>590,609</b>	<b>639,786</b>
NAV Per Unit (Before Income Distribution) (RM)	1.0706	1.0760	1.0300	1.0183	1.1031
NAV Per Unit (After Income Distribution) (RM)	1.0471	1.0619	1.0178	1.0003	1.0881

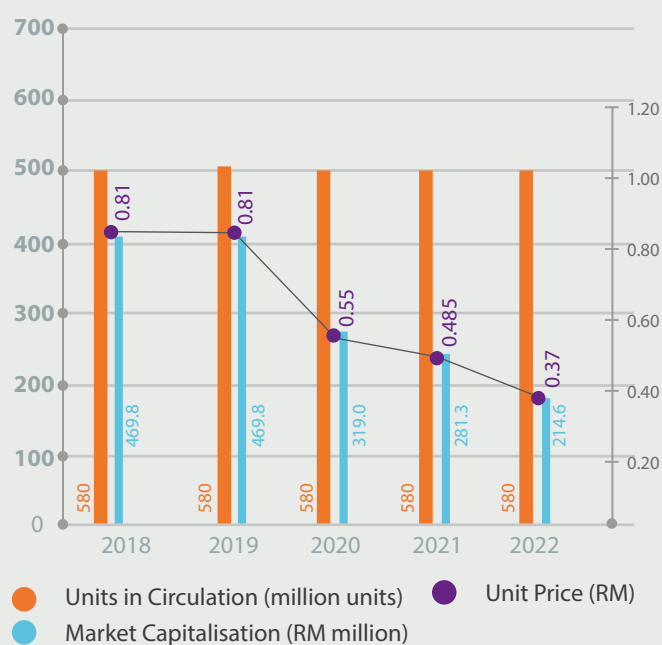
## Financial Highlights – Fund

	FY2018 RM'000	FY2019 RM'000	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000
<b>Statement of Comprehensive Income – Key Data &amp; Financial Ratios</b>					
Gross Revenue	82,151	94,912	86,101	71,543	71,800
Net Property Income	58,245	69,121	64,970	54,994	51,439
Profit for the Year (Realised)	31,892	28,461	14,614	14,704	15,767
Income Available for Distribution (Realised)	31,892	28,461	12,596	14,704	15,767
Earnings Per Unit (Realised) (Sen)	5.50	4.91	2.52	2.54	2.72
Distribution Per Unit (DPU) (Sen)	5.35	4.75	2.08	2.30	2.50
Annualised Distribution Yield (%)	6.60	5.86	3.78	4.74	6.76
Management Expenses Ratio (%)	0.51	0.60	0.66	0.63	0.69
<b>Statement of Financial Position – Key Data &amp; Financial Ratios</b>					
Investment Properties	1,092,686	1,187,635	1,189,365	1,177,237	1,224,173
Other Non-Current Assets	895	931	3,686	708	803
Current Assets	61,075	58,062	56,021	69,955	74,454
<b>Total Asset Value</b>	<b>1,154,656</b>	<b>1,246,628</b>	<b>1,249,072</b>	<b>1,247,900</b>	<b>1,299,430</b>
Current Liabilities	11,819	529,276	64,713	17,441	468,617
Non-Current Liabilities	521,885	93,183	586,827	640,772	192,220
<b>Total Liabilities</b>	<b>533,704</b>	<b>622,459</b>	<b>651,640</b>	<b>658,213</b>	<b>660,837</b>
<b>Net Asset Value (NAV) - Before Income Distribution</b>	<b>620,952</b>	<b>624,169</b>	<b>597,532</b>	<b>589,687</b>	<b>638,593</b>
<b>- After Income Distribution</b>	<b>607,322</b>	<b>615,991</b>	<b>590,456</b>	<b>579,247</b>	<b>629,893</b>
<b>Total Unitholders' Fund</b>	<b>620,952</b>	<b>624,169</b>	<b>597,532</b>	<b>589,687</b>	<b>638,593</b>
NAV Per Unit (Before Income Distribution) (RM)	1.0706	1.0760	1.0302	1.0167	1.1010
NAV Per Unit (After Income Distribution) (RM)	1.0471	1.0621	1.0180	0.9987	1.0860
Unit Price as at 31 Dec (RM)	0.81	0.81	0.55	0.485	0.37

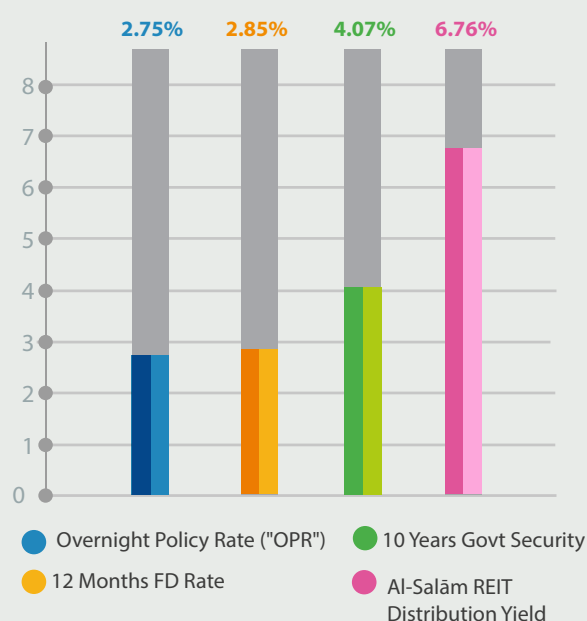


Trading Summary	FY2018	FY2019	FY2020	FY2021	FY2022
Closing unit (RM)	0.810	0.810	0.550	0.485	0.370
52-weeks Highest Traded Price (RM)	0.990	0.940	0.870	0.630	0.520
52-weeks Lowest Traded Price (RM)	0.830	0.780	0.500	0.475	0.330
Price Movement (%)	(19.0)	-	(32.1)	(12.6)	(23.7)
Annual Total Return (%)	(12.4)	5.9	(28.3)	(7.1)	(17.0)
Number of Units in Circulation (unit '000)	580,000	580,000	580,000	580,000	580,000
Market Capitalisation (RM'000)	469,800	469,800	319,000	281,300	214,600

## MARKET CAPITALISATION, UNIT PRICE AND UNITS IN CIRCULATION

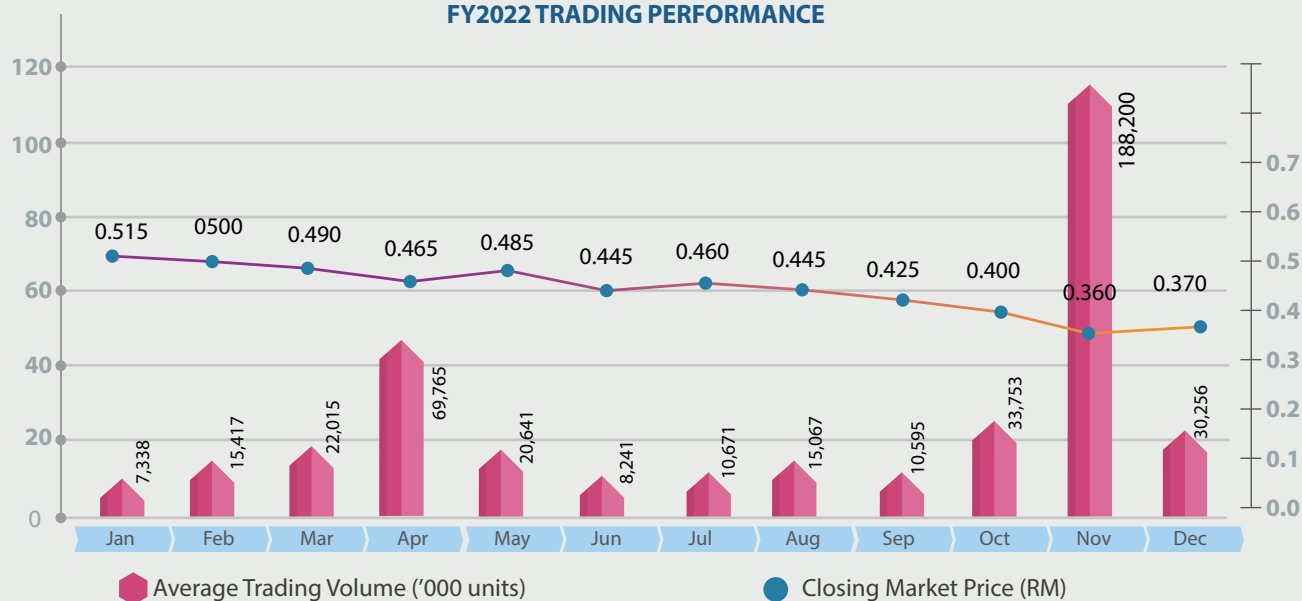


## COMPARATIVE YIELD



Source: Bank Negara Malaysia, Maybank, Damansara REIT Managers

## FY2022 TRADING PERFORMANCE



# ANALYSIS OF UNITHOLDINGS

Unitholdings Statistics as at 30 December  
2022 as per Record of Depositor



## BREAK DOWN OF UNITHOLDINGS

TOTAL NUMBER OF UNITS ISSUED : 580,000,000 units

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
Less than 100	267	3.32	11,099	-
100 – 1000	3,731	46.43	2,053,800	0.35
1,001 – 10,000	3,406	42.38	10,717,567	1.85
10,001 – 100,000	563	7.01	15,319,616	2.64
100,001 to less than 5% of the total number of units issued	65	0.81	123,240,826	21.25
5% and above of the total number of units issued	4	0.05	428,657,092	73.91
<b>TOTAL</b>	<b>8,036</b>	<b>100.00</b>	<b>580,000,000</b>	<b>100.00</b>

## Top Thirty Securities Account Holders

(Without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Units	%
1	Maybank Noms (T) Sdn Bhd - A/C Pledged Securities Account for Damansara Assets Sdn Bhd (551016692898A)	240,000,000	41.38
2	Tabung Amanah Warisan Negeri Johor	96,153,900	16.58
3	Waqaf An-Nur Corporation Berhad	57,769,401	9.96
4	Maju Noms (T) Sdn Bhd - A/C Pledged Securities Accounts for Damansara Assets Sdn Bhd	34,733,791	5.99
5	CIMB Group Noms (T) Sdn Bhd - A/C Pledged Securities Account for Kulim (Malaysia) Berhad (CBMS-KTISB-OCN)	27,060,600	4.67
6	Maybank Noms (T) Sdn Bhd - A/C Pledged Securities Account for Johor Corporation (551016692898)	22,000,000	3.79
7	Pelaburan Hartanah Berhad	20,000,000	3.45
8	Lembaga Tabung Haji	16,859,100	2.91
9	Cartaban Noms (T) Sdn Bhd - A/C Standard Chartered Saadiq Bhd Scbmb Trustee for Muamalat 1	13,293,400	2.29
10	CIMB Group Noms (T) Sdn Bhd - A/C Pledged Securities Account for Damansara Assets Sdn Bhd (CBMS-KTISB-OCN)	3,805,626	0.66
11	CIMB Group Noms (T) Sdn Bhd - A/C Pledged Securities Account for Johor Corporation (CBMS-KTISB-OCN)	2,436,600	0.42
12	KPJ Healthcare Berhad	2,000,000	0.34
13	CIMB Group Noms (T) Sdn Bhd - A/C Pledged Securities Account for Johor Land Berhad (CBMS-KTISB-OCN)	1,499,500	0.26
14	Maybank Noms (T) Sdn Bhd - A/C AHAM Asset Management Berhad for Labuan Reinsurance (L) Ltd (442525)	1,053,700	0.18
15	Chu Leong Lam	800,000	0.14
16	Chong Teck Seng	657,400	0.11
17	CIMB Group Noms (T) Sdn Bhd - A/C Exempt An for CIMB Bank Bhd (Dana Johor)	604,311	0.10
18	Public Noms (T) Sdn Bhd - A/C Pledged Securities Account for Tay Chun Gee (E-KLC)	600,000	0.10
19	Tenh Hong Way	600,000	0.10
20	Maybank Secs Noms (T) Sdn Bhd - A/C Malayan Banking Berhad for Pelaburan Johor Berhad (MBB Dana Johor)	520,501	0.09
21	Public Noms (T) Sdn Bhd - A/C Pledged Securities Account for Siau Boon Fei (E-TSA)	442,600	0.08
22	Lim Yaw Yeu	408,300	0.07
23	Ng Kim Yuen	408,100	0.07
24	Ong Ah How @ Ong Beng Hwa	390,700	0.07
25	Abdul Rahim bin Bidin	383,600	0.07
26	Weng Hua Machinery Hardware Sdn Bhd	350,000	0.06
27	Boon Hin Pow	341,100	0.06
28	Wong Wai Kuan	300,000	0.05
29	CIMB Group Noms (T) Sdn Bhd - A/C Pledged Securities Account for Kumpulan Bertam Plantations Berhad (CBMS-KTISB-OCN)	296,000	0.05
30	Kwan Chee Tong	268,000	0.05

# ANALYSIS OF UNITHOLDINGS

## SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)

	Name	Direct		Indirect	
		No. of Units	%	No. of Units	%
1.	Johor Corporation	24,436,600	4.21	309,403,205 <sup>1</sup>	53.35
2.	Damansara Assets Sdn Bhd				
	- Maybank Noms (T) Sdn Bhd	240,000,000			
	- Maju Noms (T) Sdn Bhd	34,733,791			
	- CIMB Group Noms (T) Sdn Bhd	3,805,626			
3.	Tabung Amanah Warisan Negeri Johor	96,153,900	16.58	-	-
4.	Waqaf An-Nur Corporation Berhad	57,769,401	9.96	-	-

Note: 1 Deemed interested by virtue of its interest in Damansara Assets Sdn Bhd, Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Johor Land Berhad, Kumpulan Bertam Plantation Berhad and Tenaga Utama (J) Berhad under Section 8 of the Companies Act, 2016

## UNIT ANALYSIS AS AT 31 DECEMBER 2022

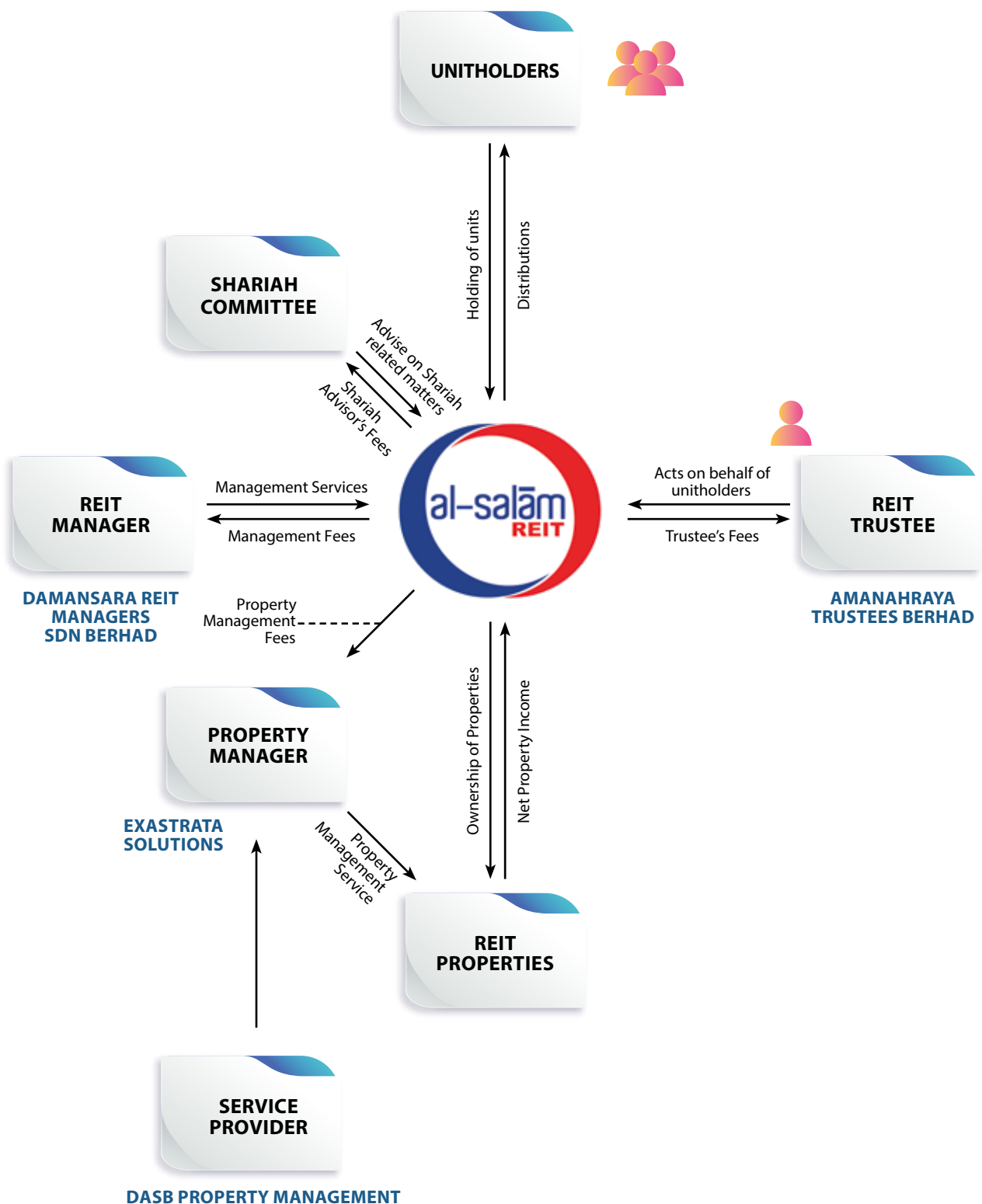
ROD	TOTAL		BUMIPUTRA		NON - BUMIPUTRA		FOREIGN	
	Holder	No. of Unit	Holder	No. of Unit	Holder	No. of Unit	Holder	No. of Unit
Government Bodies	1	96,153,900	1	96,153,900	-	-	-	-
Finance	2	16,860,580	2	16,860,580	-	-	-	-
Investment Trust	2	8,140	1	740	1	7,400	-	-
Nominees	567	353,370,932	162	347,499,456	395	5,663,976	10	207,500
Companies	18	80,343,350	8	79,843,430	10	499,920	-	-
Clubs / Association	3	23,686	2	20,726	1	2,960	-	-
Co - Operatives	13	312,169	11	302,275	2	9,894	-	-
Others	1	9	-	-	1	9	-	-
Individual	7,429	32,927,234	1,561	5,985,799	5,836	26,450,472	32	490,963
<b>Total</b>	<b>8,036</b>	<b>580,000,000</b>	<b>1,748</b>	<b>546,666,906</b>	<b>6,246</b>	<b>32,634,631</b>	<b>42</b>	<b>698,463</b>
<b>%</b>	<b>100.00</b>	<b>100.00</b>	<b>21.75</b>	<b>94.25</b>	<b>77.73</b>	<b>5.63</b>	<b>0.52</b>	<b>0.12</b>



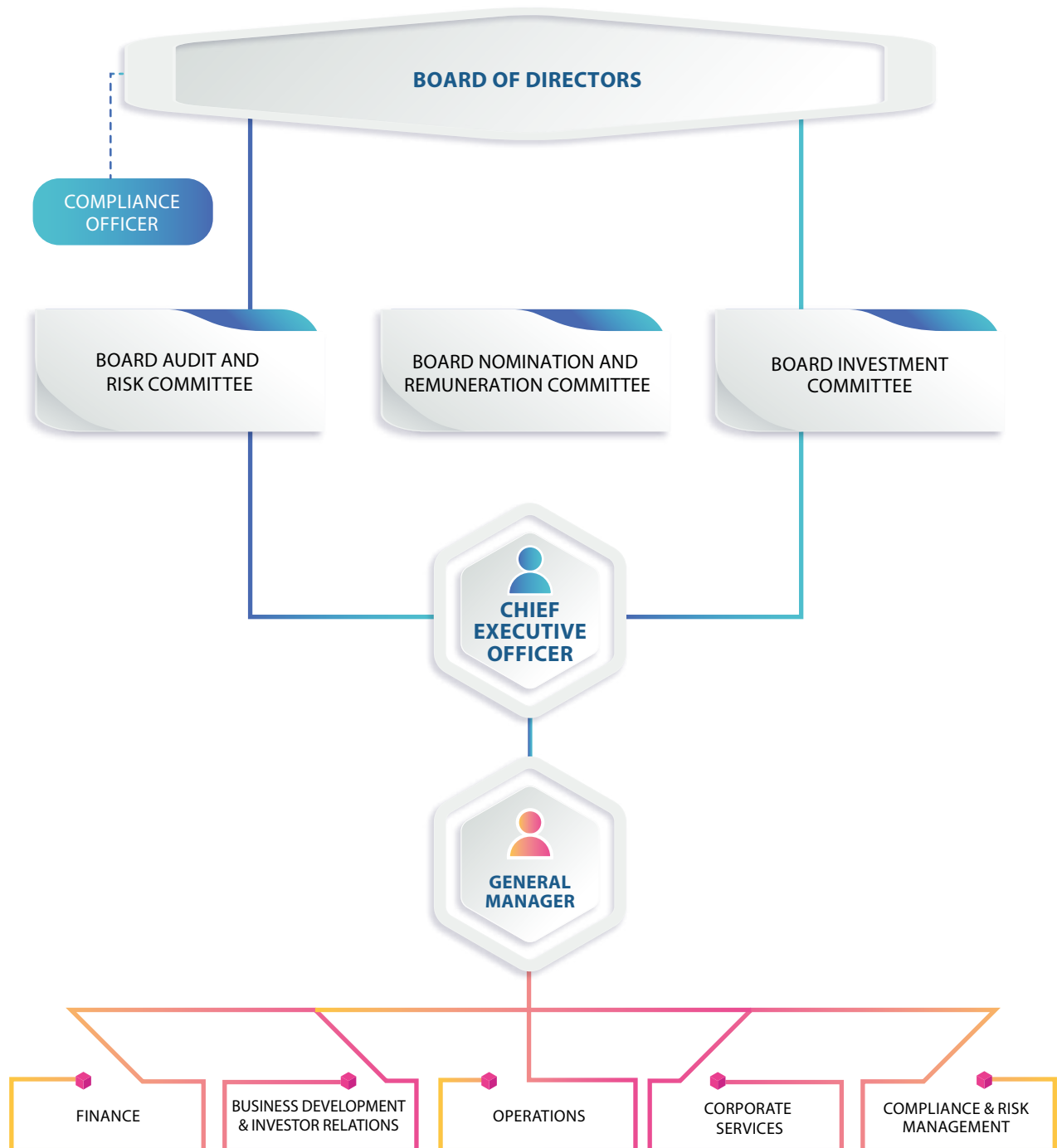
Trust Structure	20
Organisation Structure	21
The Board of Directors	22
The Shariah Committee	33
The Management Team	36

 **DRIVING  
FORCE**

# TRUST STRUCTURE



# ORGANISATION STRUCTURE







Chairman



Member



	Board of Directors	Board Audit and Risk Committee	Board Investment Committee	Board Nomination and Remuneration Committee
1. Dato' Haji Mohd Redza Shah bin Abdul Wahid				
2. Dato' Wan Kamaruzaman bin Wan Ahmad				
3. Abdullah bin Abu Samah				
4. Datuk Hashim bin Wahir				
5. Lailatul Azma binti Abdullah				
6. Datuk Sr Akmal bin Ahmad				
7. Dato' Salehuddin bin Hassan				
8. Shamsul Anuar bin Abdul Majid				
9. Ng Yan Chuan				



# THE BOARD OF DIRECTORS

## COMPANY SECRETARIES

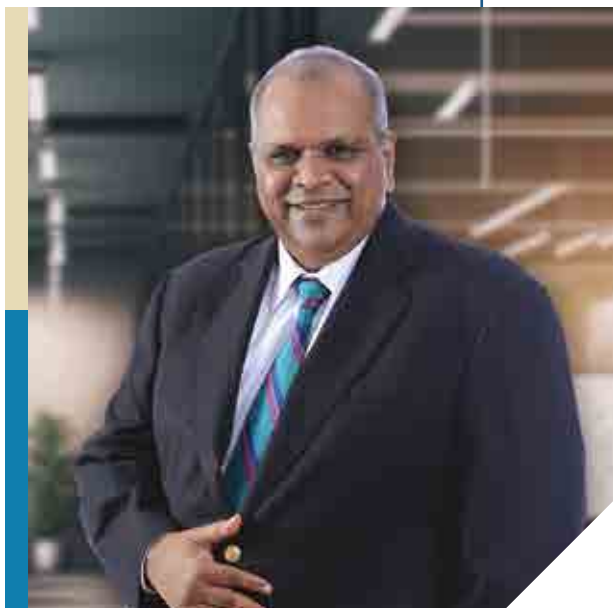


Nuraliza binti A.Rahman  
(MAICSA 7067934)

Rohaya binti Jaafar  
(LS0008376)

Notes: - None of the Board of Directors have:

- Any family relationship with any Director of Manager and/or major unitholder of Al-Salām REIT;
- Any conflict of interest with Al-Salām REIT;
- Any conviction of interest within the past 5 years (other than traffic offences); and
- Any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 31 December 2022



## DATO' HAJI MOHD REDZA SHAH BIN ABDUL WAHID

### Chairman

Independent Non-Executive Director



### Number of Meetings Attended

7/7

### Committee Member

Nil

### Appointment Date

14 February 2020

### Academic and Professional Qualifications

1. **Bachelor of Science in Economics (Industry and Trade)**  
London School of Economics and Political Science,  
University of London, United Kingdom
2. **Master of Science of Economics (International Banking and Finance)**  
University of Wales, Cardiff, United Kingdom
3. **Member**  
Institute of Chartered Accountant in England and  
Wales (ICAEW)
4. **Chartered Bankers**  
Asian Institute of Chartered Bankers

### Working Experience

#### Present Appointment

Nil

#### Past Experiences

1. Chief Executive Officer,  
Bank Muamalat Malaysia Berhad (2019)
2. Group Chief Operating Officer,  
DRB-Hicom Berhad (2006)
3. Group Chief Executive Officer,  
Tradewinds Corporation Berhad (2005)
4. Chief Financial Officer,  
Silterra Malaysia Berhad (2001)

### Other Directorship

#### Listed Issuer

- Al-'Aqar Healthcare REIT
- E.A. Technique (M) Berhad
- KPJ Healthcare Berhad

#### Public Companies

- Waqaf An-Nur Corporation Berhad

#### Course Attended

Nil



# THE BOARD OF DIRECTORS



## DATO' WAN KAMARUZAMAN BIN WAN AHMAD

Independent Non-Executive Director



64

M

**Number of Meetings Attended**  
7/7

### Committee Member

1. Chairman, Board Investment Committee
2. Member, Board Audit and Risk Committee
3. Member, Board Nomination and Remuneration Committee

### Appointment Date

24 August 2020

### Academic and Professional Qualifications

1. **Bachelor of Economics with Hons (Analytical Economic)**  
Universiti Malaya
2. **Chartered Banker**  
Asian Institute of Chartered Banker

### Working Experience

#### Present Appointment

Nil

#### Past Experiences

1. Chief Executive Officer,  
Kumpulan Wang Persaraan (Diperbadankan) (2018)
2. General Manager, Treasury Department,  
Employees Provident Fund (2013)
3. Finance Director,  
Izoma Sdn Bhd (2002) and Kemuncak Facilities Management  
Sdn Bhd (2006)
4. Chief Executive Officer,  
Affin Trust Management Bhd and Affin Fund Management  
Sdn Bhd (2005)
5. Chief Executive Officer,  
Affin Moneybrokers Sdn Bhd (2003)
6. FX Trader/Chief Dealer/Treasury Manager,  
Treasury Department KL, London and Hamburg, Malayan  
Banking Berhad (1994)

### Other Directorship

#### Listed Issuer

- Al-Aqar Healthcare REIT
- Malaysian Resources Corporation Berhad
- Bermaz Auto Berhad

#### Public Companies

- Bank of America Malaysia Berhad

#### Course Attended

Nil

# THE BOARD OF DIRECTORS



## ABDULLAH BIN ABU SAMAH

Independent Non-Executive Director



**Number of Meetings Attended**

7/7

### Committee Member

1. Chairman, Board Audit and Risk Committee
2. Member, Board Investment Committee
3. Member, Board Nomination and Remuneration Committee

### Appointment Date

10 March 2021

### Academic and Professional Qualifications

1. **Bachelor of Science in Business Administration**  
University of the Pacific
2. **Master of Business Administration**  
University of Washington
3. **Member**  
Malaysian Institute of Accountants  
Malaysian Institute of Certified Public Accountants

### Working Experience

#### Present Appointment

Nil

#### Past Experiences

1. Licensed Partner for Audit of Financial Statements of Companies Listed and Non-Listed, KPMG Malaysia Partner (Audit) (1997)
2. Managing the Audit and the Financial Statements of Companies, KPMG Malaysia Audit Manager (1993)
3. Fieldwork of Audit of Financial Statements, KPMG Malaysia Audit Staff (1983)

### Other Directorship

#### Listed Issuer

- Al-Aqar Healthcare REIT
- Media Prima Berhad

#### Public Companies

- Kulim (M) Berhad

### Course Attended

1. Understanding the Requirements in Bursa Malaysia's Enhanced Sustainability Reporting Requirements
2. Inflation, Looming Recession and Climate Change

# THE BOARD OF DIRECTORS



## DATUK HASHIM BIN WAHIR

Independent Non-Executive Director



66

M

**Number of Meetings Attended**

7/7

### Committee Member

1. Chairman, Board Nomination and Remuneration Committee

### Appointment Date

24 January 2022

### Academic and Professional Qualifications

1. **Bachelor of Engineering (Honours) in Mechanical Engineering**  
Universiti Teknologi Malaysia
2. **Executive Development Program**  
Ashridge Management College, United Kingdom
3. **Executive Development Program**  
Johnson School of Management, Cornell University, USA

### Working Experience

#### Present Appointment

Nil

#### Past Experiences

1. Director,  
PETRONAS Hartabina Sdn Bhd (2013)
2. Chief Executive Officer,  
KLCC REIT Management Sdn Bhd - Manager of KLCCP  
Stapled Group (2013)
3. Group Chief Executive Officer/Executive Director,  
KLCC (Holdings) Sdn Bhd /KLCC Property Holdings Berhad  
(2007)
4. Country Chairman,  
Petronas Sudan Operations, Khartoum (2004)
5. General Manager,  
Planning and Resource Allocation - PETRONAS, Kuala  
Lumpur (2000)
6. General Manager of Chad/Cameroon JV Project,  
Petronas Carigali Sdn Bhd (1999)
7. Senior Manager, Petroleum Engineering Department,  
Petronas Carigali Sdn Bhd (1993)
8. Head of Production Technology  
Baram Delta Operations, Miri, Sarawak (1983)
9. Engineer, Petronas Carigali Sdn Bhd (1981)

### Other Directorship

#### Listed Issuer

- Al-Aqar Healthcare REIT

#### Public Companies

- Pelaburan Hartanah Berhad

### Course Attended

1. Mandatory Accreditation Program (MAP)
2. Treasure Liquidity & Market Risk Management
3. Data Science & Machine Learning in Credit Risk Assessment  
& Fraud Detection Model



# THE BOARD OF DIRECTORS



## LAILATUL AZMA BINTI ABDULLAH

Independent Non-Executive Director



### Number of Meetings Attended

1/1

#### Committee Member

Nil

#### Appointment Date

16 December 2022

#### Academic and Professional Qualifications

1. **Bachelor of Science, (First Class Honours), Quantity Surveying**  
University of Reading, United Kingdom
2. **Master of Science, (Distinction), IT Management in Construction**  
University of Salford, United Kingdom
3. **Master of Laws (LLM), Corporate Governance**  
The University of Law, United Kingdom

#### Working Experience

##### Present Appointment

Nil

##### Past Experiences

1. Head of Partnership,  
Specialized Sports Services Sdn Bhd (2022)
2. Head of Branding and Advertising,  
Destination, Resorts and Hotels Sdn Bhd (Subsidiary of  
Khazanah) (2014)
3. Director, Asset Management & Investment Committee for  
CIMB Trust-Capital Sdn Bhd, CIMB Group Berhad (2011)
4. Senior Manager (Asset Management),  
CIMB Group Berhad (2010)
5. Head of Property Development and Management,  
CIMB Group Berhad (2007)
6. Head of Business Development,  
X-Txt Asia Sdn Bhd (2006)
7. Chief of Operations,  
GCS Sdn Bhd (2004)
8. Quantity Surveyor - Project Executive,  
Davis, Langdon & Seah Malaysia (JUBM Sdn Bhd) (1997)
9. Contracts Manager,  
GCS Sdn Bhd (1995)

#### Other Directorship

##### Listed Issuer

- Al-Salām Healthcare REIT

##### Public Companies

Nil

#### Course Attended

Nil



## DATUK SR AKMAL BIN AHMAD

Non-Independent  
Non-Executive Director



57

M

**Number of Meetings Attended**  
7/7

### Committee Member

1. Member, Board Audit and Risk Committee

### Appointment Date

21 January 2021

### Academic and Professional Qualifications

1. **Diploma in Quantity Surveying**  
Universiti Teknologi MARA
2. **Bachelor of Science in Quantity Surveying**  
Universiti Teknologi MARA

### Working Experience

#### Present Appointment

1. Director,  
Real Estate and Infrastructure Division, JCorp
2. Group Managing Director,  
Damansara Holdings Berhad

#### Past Experiences

1. Executive Director,  
JLand Group (2022)
2. Group Managing Director,  
Johor Land Berhad (2020)
3. Chief Operating Officer,  
Iskandar Investment Berhad (2020)
4. Chief Executive Officer,  
Iskandar Development Management Services Sdn Bhd  
(IIB subsidiary) (2018)
5. Chief Development Officer,  
Iskandar Investment Berhad (2016)
6. Director of Operations,  
Iskandar Development Management Services  
Sdn Bhd (2013)
7. General Manager,  
Nusajaya Development Sdn Bhd  
(UEM Land Berhad subsidiary) (2007)
8. Project Manager 1,  
(Prince Court Medical Centre Project)  
KLCC Projeks Sdn Bhd (2007)
9. Project Manager,  
(University Technology of Petronas Development)  
KLCC Projeks Sdn Bhd (2003)
10. Project Manager,  
(Petronas Twin Towers Fit-Out)  
KLCC Projeks Sdn Bhd (1999)
11. Contract Management Executive,  
KLCC Projeks Sdn Bhd (1993)

### Other Directorship

#### Listed Issuer

- Al-Aqar Healthcare REIT
- Damansara Holdings Berhad

#### Public Companies

Nil

### Course Attended

Nil

# THE BOARD OF DIRECTORS



## DATO' SALEHUDDIN BIN HASSAN

Non-Independent  
Non-Executive Director



**Number of Meetings Attended**  
2/7

### Committee Member

Nil

### Appointment Date

4 March 2022

### Academic and Professional Qualifications

1. **Diploma in Banking Studies**  
Institut Teknologi MARA
2. **Bachelor of Business Administration with Honours**  
Universiti Utara Malaysia

### Working Experience

#### Present Appointment

1. State Financial Officer of Johor

#### Past Experiences

1. Mayor (Datuk Bandar),  
Majlis Bandaraya Iskandar Puteri (MBIP) (2021)
2. Chief Executive Officer (CEO),  
YPJ Holdings Sdn Bhd (2019)
3. Deputy Secretary of State Government of Johor  
(Development), Unit Perancang Ekonomi Negeri Johor  
(2017)
4. Yang DiPertua,  
Majlis Perbandaran Johor Bahru Tengah (2015)
5. Chief Executive Officer (CEO),  
Yayasan Pembangunan Keluarga Darul Ta'zim (2013)
6. Yang DiPertua,  
Majlis Perbandaran Batu Pahat (MPBP) (2011)
7. Chief Deputy Secretary, Pejabat Setiausaha Kerajaan  
Johor, Cawangan Kerajaan Tempatan (2009)
8. Secretary, Majlis Perbandaran Johor Bahru Tengah (2007)
9. Deputy Secretary 1, Pejabat Setiausaha Kerajaan Johor  
(Sumber Manusia) (2004)
10. Deputy Director, Pejabat Tanah Dan Galian Johor  
(Bahagian Kemajuan) (2003)
11. Deputy Land Director, Pejabat Tanah Mersing (2001)
12. Deputy Land Director, Pejabat Tanah Daerah Segamat  
(2000)

### Other Directorship

#### Listed Issuer

- Al-Aqar Healthcare REIT

#### Public Companies

Nil

### Course Attended

1. Mandatory Accreditation Program (MAP)

# THE BOARD OF DIRECTORS



## SHAMSUL ANUAR BIN ABDUL MAJID

Non-Independent  
Non-Executive Director



52

M

**Number of Meetings Attended**  
7/7

### Committee Member

Member, Board Investment Committee

### Appointment Date

24 August 2020

### Academic and Professional Qualifications

1. **Bachelor of Science (Honours), Chemistry**  
Imperial College London, United Kingdom
2. **Master of Business Administration (MBA) Islamic Finance**  
International Islamic University Malaysia
3. **Member, Chartered Financial Analyst (CFA)**  
CFA Institute, Charlottesville, Virginia, USA

### Working Experience

#### Present Appointment

1. Chief Investment Officer,  
Johor Corporation

#### Past Experiences

1. General Manager,  
Johor Corporation (2019)
2. Director and Principal Partner,  
Fikiran Sepakat Sdn Bhd (2017)
3. Special Officer to the Managing Director,  
Iskandar Waterfront Holdings (2014)
4. Executive Vice President, Strategy & Feasibility,  
Iskandar Investment Berhad (2011)
5. Vice President, Finance and Special Projects,  
Greenland Malaysia (2007)
6. Energy Sector Specialist,  
The Boston Consulting Group (2001)
7. Planning Analyst, Downstream Economics Planning  
Department, Shell Malaysia (1999)

### Other Directorship

#### Listed Issuer

- Al-Aqar Healthcare REIT
- KPJ Healthcare Berhad
- Damansara Holdings Berhad

#### Public Companies

- QSR Brands (M) Holdings Berhad
- Kulim (M) Berhad

### Course Attended

1. Executive Education: University of Cambridge, Judge  
Business School, UK - Platform Strategies Digital  
Transformation.
2. Executive Education: Northwestern University, Kellogg  
School of Business, USA - Strategic Change Management.



# THE BOARD OF DIRECTORS



## NG YAN CHUAN

Non-Independent  
Non-Executive Director



59

M

**Number of Meetings Attended**  
1/1

### Committee Member

Nil

### Appointment Date

16 December 2022

### Academic and Professional Qualifications

1. **Bachelor of Building**  
University of New South Wales, Sydney Australia
2. **Master of Applied Science**  
Macquarie University, New South Wales, Australia

### Working Experience

#### Present Appointment

1. Chief Commercial Officer,  
JLand Group Sdn Bhd
2. Deputy Director,  
Real Estate and Infrastructure Division, JCorp

#### Past Experiences

1. CEO, Southern Region  
Distinctive Group (2021)
2. Executive Director, Business Development  
Gamuda Land Sdn Bhd (2020)
3. Executive Director of Iskandar Coast  
Iskandar Investment Berhad (2019)
4. Executive Vice President, Strategic Marketing  
Iskandar Investment Berhad (2018)
5. Senior Vice President, Marketing  
Iskandar Investment Berhad (2010)
6. Senior Vice President, Residential Development  
Iskandar Investment Berhad (2009)

### Other Directorship

#### Listed Issuer

- Al-Aqar Healthcare REIT

#### Public Companies

- Johor Land Berhad

### Course Attended

Nil



## DATO' DR. HAJI NOOH BIN GADOT

Chairman, Shariah Committee



### Appointment Date

22 June 2006

### Academic and Professional Qualifications

1. **Bachelor Islamic Law and Syariah Islamiah**  
Al-Azhar University, Egypt
2. **Master of Arts**  
Asia e University
3. **Doctor of Philosophy (Human Development)**  
Universiti Tun Hussein Onn Malaysia

### Working Experience

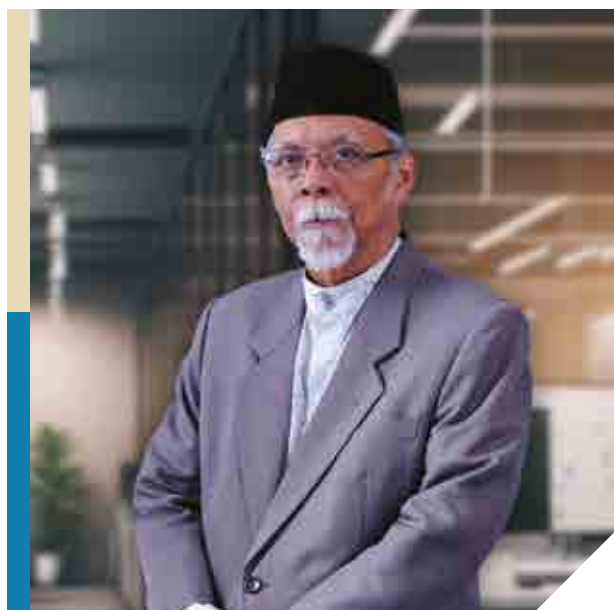
He is a member of the Johor Royal Council and Islamic Religious Council (Johor). He retired as Mufti of Johor in November 2002 and continued his service until 13 November 2008 and now remains as the Advisor to the Islamic Religious Council (Johor).

He was appointed as Federal Supreme Committee of Islamic Affairs Strengthening Management on 9 August 2018. His vast experience in Islamic practise and jurisprudence, juristic methodology, hadith and its sciences and spirituality were gained throughout his services as Acting Kadi, Syarie Lawyer Islamic Affair Officer Religious Department (Prime Minister Department), Acting Assistant Examination and Registrar Religious School of Johor State and Religious Teacher of Johor State.

### Other Directorship

1. Chairman of Yayasan Infaq Angkasa
2. Shariah Adviser Member, Permodalan Nasional Berhad
3. Director, Universiti Tun Hussein Onn Malaysia
4. Director, Yayasan Wakaf Anak Yatim Malaysia
5. Committee Member, Johor Islamic Council including Zakat, Wakaf, Baitulmal, Teaching Certification and Education
6. Committee Member of various companies within the JCorp Group
7. Committee Member of various councils including the Johor Royal Congregational Council, Johor Islamic Council's Finance and Investment, Planning and Development units

# THE SHARIAH COMMITTEE



## PROFESOR MADYA DR. ABDUL HALIM BIN MUHAMMAD

Member, Shariah Committee



### Appointment Date

22 June 2006

### Academic and Professional Qualifications

1. **Bachelor in Shariah**  
Al-Azhar University, Egypt
2. **Doctor of Philosophy (PhD) in Shariah**  
University of St Andrews, Scotland

### Working Experience

He began his career with Universiti Kebangsaan Malaysia as the Head of Department of Quran and Sunnah, Faculty of Islamic Studies and Lecturer at Faculty of Law Universiti Kebangsaan Malaysia

He has served as Shariah Advisor and Shariah committee member at several corporate organisation such as Tabung Haji, Bank Negara Malaysia, Dewan Bahasa dan Pustaka, Takaful Nasional and Terengganu Trust Fund as well as financial institutions namely, Bank Muamalat Malaysia Berhad, Bank Kerjasama Rakyat Malaysia Berhad, RHB Bank Berhad and Bank Pembangunan Malaysia Berhad.

### Other Directorship

1. Shariah Committee, ANGKASA
2. Shariah Committee, STUTE
3. Committee, Jamaah Ulama Majlis Istiadat Agama Islam dan Adat Istiadat Melayu Kelantan



## ABOUT THE SHARIAH ADVISER

IBFIM is a registered Shariah adviser under the Capital Market Services Act 2007 and has been providing a wide range of Shariah advisory and consultancy services for Islamic financial services industry since 2001. IBFIM is also a lifelong learning institution that specialises in technical certifications for Islamic financial services industry. As Shariah Adviser to Al-Salām REIT, IBFIM is providing necessary advice to ensure that Al-Salām REIT business is Shariah compliant. IBFIM was appointed as the Shariah Adviser for Al-Salām REIT effective 2 July 2020.

### Profile of Designated Person responsible for Shariah matters relating to Al-Salām REIT

In relation to Shariah matters, the designated persons responsible for the fund investment activities under Al-Salām REIT are Mohamad Salihin bin Deris and Irma Namira binti Missnan.

**Mohamad Salihin bin Deris** is the Director, Business Advisory of IBFIM. He brings with him approximately 22 years of blended experience in Islamic finance and Shariah advisory in both roles: as a policy maker in a regulatory authority and as an industry practitioner. At IBFIM, he leads the Shariah advisory and consultancy team helping the clients to achieve a comprehensive and optimal Shariah compliance solution.

Mohamad Salihin started his career with Bank Negara Malaysia's Islamic Banking & Takaful Department. He then served CIMB Islamic Bank, Hong Leong Islamic Bank and Association of Islamic Banking Institutions Malaysia (AIBIM). Before joining IBFIM, he served Bank Pembangunan Malaysia Berhad as the Group Head, Shariah Management. He had gained experience in Shariah advisory, research, secretariat and review functions, developed and implemented the overall Shariah governance framework as well as involved in Islamic conversion initiative for a development bank.

Mohamad Salihin holds a double-degree in LLB(Hons) and LLB(Shariah)(Hons) from International Islamic University Malaysia. He also holds Associate Qualification in Islamic Finance (AQIF) from IBFIM and Certified Shariah Advisor (CSA) qualification from Association of Shariah Advisors in Islamic Finance (ASAS). He is a Member of ASAS and had previously served as its exco. He is a certified HRD Corp trainer and had contributed as reviewer of Shariah training modules. Occasionally, he speaks on Shariah governance topics in Islamic finance. Currently he is a Member of Affin Islamic Bank's Shariah Committee, the Chairman of AmMetLife Takaful's Shariah Committee and a registered Shariah adviser with the Securities Commission of Malaysia for IBFIM in relation to the Islamic capital market product and services.

**Irma Namira binti Missnan** is currently a Manager, Business Advisory of IBFIM. She brings with her approximately 10 years of experience in Islamic finance and Shariah advisory. At IBFIM, she is responsible to lead and provide relevant inputs for the Shariah advisory, consultancy and research functions regarding Islamic banking, takaful, Islamic capital market, Islamic REITs and Islamic unit trust funds.

Irma Namira started her career as a Shariah executive in RHB Islamic Bank Berhad since 2012. Specialising in Shariah advisory, governance and management portfolios, she was then entrusted as a Section Head of the Shariah Secretariat of RHB Islamic Bank from May 2015 until March 2020 before joining IBFIM. She is experienced in the Shariah application in Islamic products and services which includes retail banking, non-retail banking and Islamic capital markets.

Irma Namira graduated with Bachelor of Shariah and Laws (Hons) from Universiti Sains Islam Malaysia and obtained Certificate in Islamic Law of Banking & Finance from International Islamic University Malaysia. She is a member of Association of Shariah Advisors in Islamic Finance (ASAS), and a registered Shariah adviser with the Securities Commission of Malaysia for IBFIM in relation to the Islamic capital market-related product and services.

Notes - None of the Shariah Committee members have:

- any family relationship with any Director of the Manager and/or major unitholder of Al-Salām REIT;
- any conflict of interest with Al-Salām REIT;
- any conviction of interest within the past 5 years (other than traffic offences); and
- any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 31 December 2022.





## YM RAJA NAZIRIN SHAH BIN RAJA MOHAMAD

**Chief Executive Officer**



### Appointment Date

11 January 2023

### Qualifications

- **Diploma in Estate Management**  
Universiti Teknologi MARA
- **Bachelor of Estate Management (Hons)**  
Universiti Teknologi MARA
- **Post Graduate Research in Business Administration**  
Kagawa University, Japan
- **Master in Business Administration, Finance**  
Management and Science University
- **Registered Property Manager – PM0415**  
Board of Valuers, Appraisers & Estate Agents
- **Registered Valuer - V0415**  
Board of Valuers, Appraisers & Estate Agents
- **Registered Real Estate Agent - E1247**  
Board of Valuers, Appraisers & Estate Agents

### Directorship

Nil

### Working Experience

- Chief Executive Officer, AmFIRST REIT (2022)
- Vice President and Head of Commercial, PNB Merdeka Ventures Sdn Bhd (2019)
- Chief Operating Officer, PNB Commercial Sdn Bhd (2017)
- General Manager, Sales, Marketing & Asset Management, Malaysian Resources Corporation Berhad (2011)

### Responsibilities

- Developing and executing a strategic plan for the Fund to achieve its investment goals and maximise returns for its shareholders.
- Overseeing the acquisition, development, and management of the Fund overall portfolio.
- Working with the management team to implement effective property management and leasing strategies.
- Communicating with the Board of directors, shareholders, and other stakeholders to provide regular updates on the company's financial performance and growth prospects.
- Fostering relationships with key industry players, including lenders, brokers, and property managers, to support the growth of the Fund portfolio.

# THE MANAGEMENT TEAM

## SHAHRL ZAIRIS BIN RAMLI

General Manager



### Appointment Date

1 July 2012

### Qualifications

- **Diploma in Investment Analysis,**  
Universiti Teknologi Mara
- **Bachelor Banking and Finance,**  
Bangor University, Wales, United Kingdom
- **Capital Markets Services Representative Licence Holder**

### Directorship

Nil

### Working Experience

- Senior Manager, Johor Corporation (2012)
- Manager, Damansara Realty Berhad (2006)
- Officer, BSN Merchant Bank (1999)

### Responsibilities

- Develop investment strategies and investment portfolio through strategic acquisitions
- Responsible to overall day to day management and operations of Al-Salām REIT

## ROZIAH BINTI ABU BAKAR

Head of Compliance and Risk Management



### Appointment Date

1 March 2016

### Qualifications

- **Bachelor of Arts, International Relations**  
The University of British Columbia, Vancouver, Canada
- **Master's in Business Administration,**  
Henley Business School, University of Reading
- **Enterprise Risk Advisor,**  
Institute of Enterprise Risk Practitioners

### Directorship

Nil

### Working Experience

- Senior Manager, KFCH International College (2016)
- Manager, Akademi Johor Corporation (2013)
- Deputy Manager, Chief Operating Officer Office, Johor Corporation (2010)
- Senior Executive, Business Development Department, Johor Corporation (2007)
- Executive, Corporate Office, Johor Corporation (2004)

### Responsibilities

- Ensure compliance with internal control policies and procedures, securities laws, regulations, and relevant guidelines
- Detect and prevent breaches of securities laws, regulations and relevant guidelines and provide regular reports on the effectiveness of a business's compliance measure
- Review, monitors and oversees risk profiles (strategic & business, operational, finance, compliance, and integrity risks) and their related mitigation programmes
- Plan, implements and oversees risk-related programmes
- Review internal audit reports and monitors the performance on internal auditors
- Ensure the development and implementation of the Business Continuity Management Plan
- Oversee the implementation of Sustainability programme

# THE MANAGEMENT TEAM

## SUHAIMI BIN SAAD

Head of Operations



### Appointment Date

1 July 2006

### Qualifications

- **Bachelor of Arts (Hons) in Urban Studies and Planning**  
University of Malaya
- **Capital Markets Services Representatives License Holder**
- **Registered Property Manager**  
The Board of Valuers, Appraisers, Estate Agents and Property Managers

### Directorship

Nil

### Working Experience

- Property Executive, Harta Consult Sdn Bhd (2006)
- Marketing Executive, Damansara-Harta Management Sdn Bhd (2001)
- Marketing Admin Coordinator, Dewina Trading Sdn Bhd (2001)
- Admin Assistant, Dewina Food Industries Sdn Bhd (2000)
- Project Admin Executive, Akitek Akiprima Sdn Bhd (1997)

### Responsibilities

- Formulate strategies and business plans to ensure continuous asset enhancement initiatives are carried out to enhance property income and values in the long run
- Manage and supervise the services of properties in relation to the Al-Salām REIT's assets

## HAMIM BIN MOHAMAD

Head of Corporate Services



### Appointment Date

16 July 2014

### Qualifications

- **Bachelor of Engineering**  
Universiti Kebangsaan Malaysia

### Directorship

Nil

### Working Experience

- Head of Legal, Damansara Realty Berhad (2014)

### Responsibilities

- Attend and manage all legal matters in relation to any issues and transactions involving Al-Salām REIT and its assets
- Responsible for all matters in relation to human resources of the Manager
- Responsible for day-to-day administration, IT, and support services of the Manager
- Attend and liaise with the company secretaries on any secretarial and company-related matters

## THE MANAGEMENT TEAM

### MUHAMMAD IKHWAN BIN MUHAMMAD HANAPI

Head of Finance



**Appointment Date**

10 October 2011

**Qualifications**

- **Member,**  
Malaysian Institute of Accountant
- **Member,**  
Association of Chartered Certified Accountants
- **Capital Markets Services Representatives License Holder**

**Directorship**

Nil

**Working Experience**

- Assistant Manager, KPMG Desa Megat & Co (2011)
- Audit Assistant, KPMG Desa Megat & Co (2008)

**Responsibilities**

- Responsible for the management of financial functions including monitoring of cash flow, monitoring and reporting financial performance as well as preparing relevant statutory report for the statutory requirement
- Overseeing implementation of Al-Salām REIT short and medium business plans, cash and funding managements activities and financial condition
- Responsible in applying appropriate capital management strategy including tax and treasury matters, as well as finance and accounting matters

### SAHRIN BIN MUNIR

Head of Business Development and Investor Relations



**Appointment Date**

2 May 2013

**Qualifications**

- **Bachelor of Management (Technology)**  
Universiti Teknologi Malaysia
- **Capital Markets Services Representatives License Holder**

**Directorship**

Nil

**Working Experience**

- Investment Officer, Felda (2013)
- Investment Executive, Pembangunan Ekuiti Sdn Bhd (2011)
- Executive, Damansara Realty Berhad (2008)

**Responsibilities**

- Develop investment strategies and the growth of the Fund's portfolio through strategic acquisitions
- Implement effective communication strategies with all stakeholders and maintaining continuous engagement with the investment community

Notes - None of the Management and Key Personnel have:

- any family relationship with any Director of the Manager and/or major unitholder of Al-Salām REIT;
- any conflict of interest with Al-Salām REIT;
- any convictions for offences within the past 5 years (other than traffic offences); and
- any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 31 December 2022.



● KFC Taman Mutiara Rini



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Management Discussion and Analysis	42
Financial Review	42
Overview of Properties	46
Capital Management	56
Key Risk Factors	57

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Market Report Summary	59
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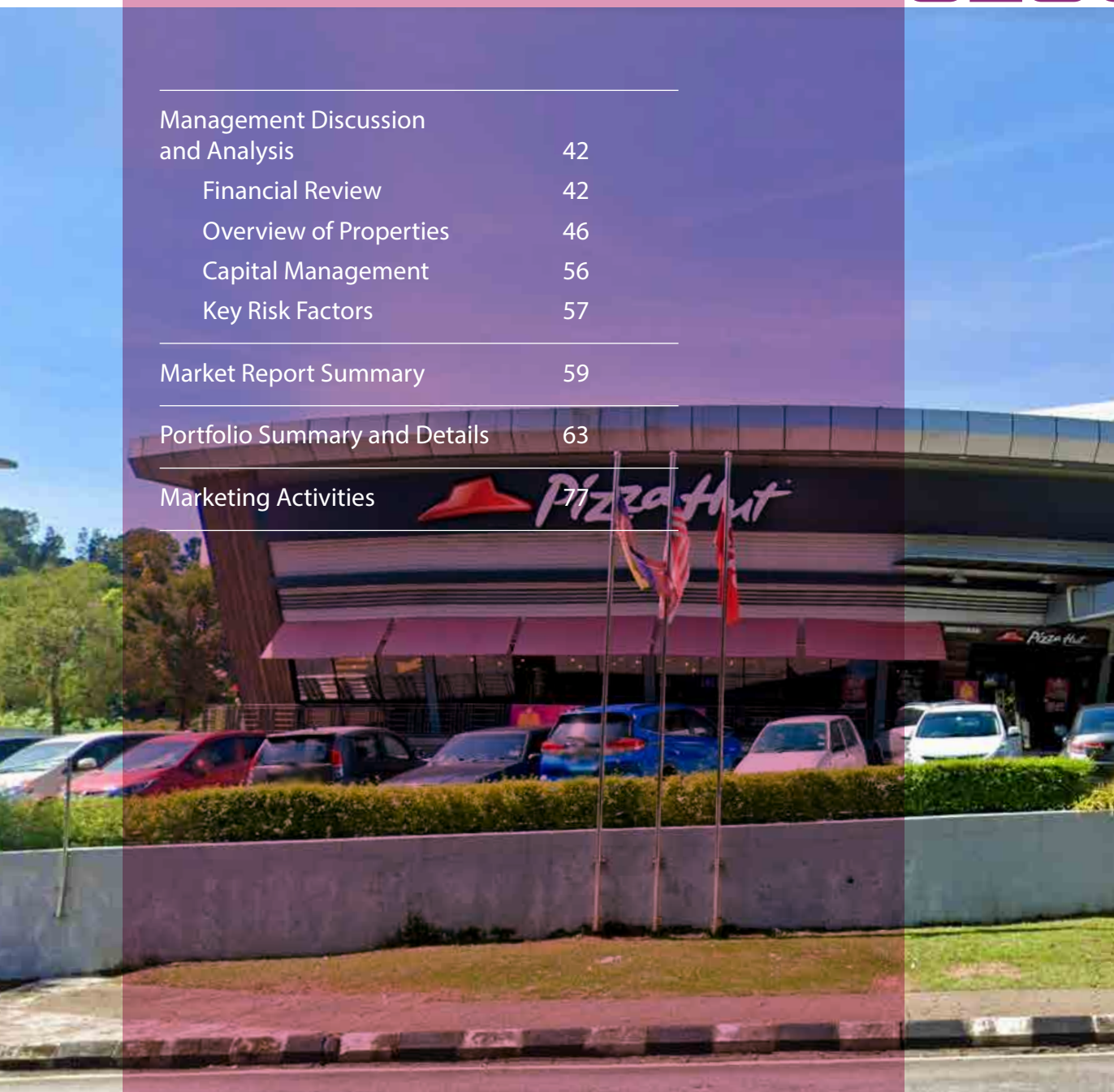
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Portfolio Summary and Details	63
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Marketing Activities	77
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**STRATEGIC  
PERFORMANCE**



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF AL-SALĀM REIT

Al-Salām REIT is a diversified Malaysian REIT with a total portfolio asset value of RM1.22 billion. The asset portfolio comprises retail, office, F&B restaurant, industrial and a college.

## FINANCIAL REVIEW

**Table 1: Key Financial Highlights**

The Group	FY2021 (RM`000)	FY2022 (RM`000)	Variance (%)
Gross Revenue	71,543	<b>71,800</b>	0.4
Net Property Income	54,994	<b>51,439</b>	(6.5)
Trust Expenses	39,396	<b>32,624</b>	(17.2)
Profit for the Year (Realised)	14,644	<b>15,733</b>	7.4
Income Available for distribution (Realised)	14,644	<b>15,733</b>	7.4
EPU (Realised) (Sen)	2.52	<b>2.71</b>	7.4
DPU (Sen)	2.30	<b>2.50</b>	8.7

As opposed to an increment in revenue by 0.4%, Al-Salām REIT registered a lower net property income (“NPI”) of RM51.4 million (FY2021: RM55.0 million).

The increment in revenue was mainly recorded from F&B restaurant segment due to revenue sharing from QSR properties.

The reduction in NPI was mainly derived from the retail segment particularly KOMTAR JBCC due to the continuous impact of the COVID-19 pandemic but was mitigated by the performance of other segments.

In addition, the Fund has provide lower rental assistance totalling RM0.14 million (FY2021: RM9.5 million) which was recognised in the trust expenses. However, this was offsetted by higher Islamic financing costs of RM2.3 million due to increase in OPR. As a result, Al-Salām REIT registered higher realised earnings per unit (“EPU”) of 2.71 sen for FY2022 (FY2021: 2.52 sen).

## SEGMENTAL PERFORMANCE

The retail segment reported total revenue of RM34.1 million and NPI of RM18.5 million, a decrease of RM0.4 million and RM3.7 million compared to the preceding year, respectively. The decline in NPI was mainly attributable to lower rental income from KOMTAR JBCC and higher operating expenses of RM3.3 million.

The office segment reported total revenue of RM8.7 million and NPI of RM4.8 million, an increase of RM0.4 million and a decrease of RM0.2 million as compared to FY2021 respectively. The decrease in NPI in was due to higher operating expenses of RM4.0 million (FY2021: 3.4 million).

The F&B segment recorded a total revenue and NPI of RM17.8 million in FY2022, an increase of RM0.4 million as compared to FY2021. This was due to upward rental reversion for 22 QSR properties effective in May and September 2021. All F&B segment properties are on a triple net arrangement with 100% occupancy rate (2021: 100%).

The industrial & others’ segment recorded a decrease of 2% in total revenue and NPI as compared to FY2021. The decrease was mainly due to lower revenue and higher operating expenses of KPJIC.



# MANAGEMENT DISCUSSION AND ANALYSIS

**Table 2: Segmental Gross Revenue and NPI 2021-2022**

Group	Gross Revenue			Net Property Income		
	FY2021 RM'000	FY2022 RM'000	Change %	FY2021 RM'000	FY2022 RM'000	Change %
KOMTAR JBCC	12,779	11,999	(6.1)	4,010	414	(89.7)
@Mart Kempas	7,888	8,275	4.9	4,351	4,286	(1.5)
Mydin Hypermart Gong Badak	13,825	13,824	-	13,814	13,795	(0.1)
<b>Total Retail Segment</b>	<b>34,492</b>	<b>34,098</b>	<b>(1.1)</b>	<b>22,175</b>	<b>18,495</b>	<b>(16.6)</b>
Menara KOMTAR	8,288	8,708	5.1	4,927	4,757	(3.5)
<b>Total Office Segment</b>	<b>8,288</b>	<b>8,708</b>	<b>5.1</b>	<b>4,927</b>	<b>4,757</b>	<b>(3.5)</b>
KFC & Pizza Hut Outlets	17,388	17,834	2.6	17,352	17,801	2.6
<b>Total F&amp;B Restaurants</b>	<b>17,388</b>	<b>17,834</b>	<b>2.6</b>	<b>17,352</b>	<b>17,801</b>	<b>2.6</b>
Industrial Premises	8,839	8,895	0.6	8,820	8,882	0.7
KPJIC	2,536	2,265	(10.7)	2,257	1,980	(12.3)
<b>Total Industrial &amp; Others</b>	<b>11,375</b>	<b>11,160</b>	<b>(1.9)</b>	<b>11,077</b>	<b>10,862</b>	<b>(1.9)</b>
Property Manager Fee	-	-	-	(537)	(476)	(11.4)
<b>TOTAL PORTFOLIO</b>	<b>71,543</b>	<b>71,800</b>	<b>0.4</b>	<b>54,994</b>	<b>51,439</b>	<b>(6.5)</b>

## PROFIT FOR THE YEAR

For FY2022, Al-Salām REIT recorded a realised profit of RM15.7 million (FY2021: RM14.6 million) and an unrealised profit of RM49.7 million (FY2021: unrealised loss of RM11.4 million).

Realised profit was higher by 7% or RM1.1 million mainly attributable to lower provision of rental support of RM6.9 million offsetted by higher Islamic financing costs of RM2.3 million and the drop in realised NPI of RM3.4 million.

The unrealised gain of RM49.7 million was attributed to fair value gain from the revaluation of investment properties of RM46.7 million and unbilled rental income of RM3.6 million offsetted by tax expenses of RM0.6 million.

## DISTRIBUTION PER UNIT

Total income available for distribution for FY2022 was RM15.8 million (FY2021: RM14.7 million). The Fund had distributed interim income distributions of 1.00 sen per unit amounting to approximately RM5.8 million on 11 October 2022 and 6 January 2023 respectively.

On 2 February 2023, the Manager, declared a final income distribution of 1.50 sen per unit totalling RM8.7 million.

Total income distribution for FY2022 is 2.50 sen per unit (FY2021: 2.30 sen) totalling RM14.5 million, which represents 92.0% of the income available for distribution.



# MANAGEMENT DISCUSSION AND ANALYSIS

## STATEMENT OF FINANCIAL POSITION

Al-Salām REIT's total asset value increased to RM1.30 billion as at 31 December 2022 (FY2021: RM1.25 billion) mainly due to fair value gain from the revaluation on investment properties of RM 46.7 million.

**Table 3: Performance Benchmarks**

Performance Benchmarks	FY2021	FY2022	Commentary
i. Management expense ratio (%)	0.63	0.69	Management expense ratio of 0.69% increased by 10% due to decline in NAV.
ii. Distribution Yield (%)	4.74	6.76	Distribution yield has increased from 4.74% to 6.76% due to higher DPU and lower closing price.
iii. Total Return (%)	(7.08)	(16.95)	Total return for the financial year of negative 16.95% (FY2021: negative 7.08%) contributed by 23.71% capital loss (FY2021: capital loss of 11.82%) plus distribution yield of 6.76% (FY2021: 4.74%)
iv. Average annual total return (5 years) (%)	(8.59)	(11.78)	The 5-year average annual total return decreased due to negative return recorded in 2018, 2020, 2021 and 2022.
v. Average annual total return (3 years) (%)	(9.85)	(17.45)	The 3-year average annual total return decreased due to negative return recorded in 2020, 2021 and 2022.
vi. NAV per unit (after income distribution) (RM)	1.0003	1.0881	NAV per unit increased by 8.8% mainly due to gain in fair value adjustment of investment properties.

### Notes:

- The ratio of expenses incurred in operating Al-Salām REIT of RM4.1 million (FY2021: RM3.8 million) to the weighted average NAV of Al-Salām REIT of RM592.3 million (FY2021: RM599.3 million).
- Based on DPU of 2.50 sen (FY2021: 2.30 sen) divided by its closing price as at 31 December 2022 of RM0.37 (FY2021: RM0.485).
- Total return represents the change in unit price during the year plus distribution yield for the year.
- Average annual total return is the sum of the return rates of Al-Salām REIT over a given number of years divided by that number of years.
- Average annual total return is the sum of the return rates of Al-Salām REIT over a given number of years divided by that number of years.
- Net asset value per unit is determined by deducting the value of all Al-Salām REIT's liabilities from the total asset value divided by total issued units.

## STATEMENT OF CASH FLOWS

### Operating activities

Net cash generated from operating activities was RM51.1 million in FY2022 (FY2021: RM36.6 million). This was mainly due to higher collection from tenants and lower rental support to tenants.

### Investing activities

Al-Salām REIT spent RM0.03 million for investing activities in FY2022 (FY2021: RM0.3 million). Investing activities relates to acquisition of equipment, capex and pledged deposit with licensed banks

### Financing activities

Net cash used in financing activities during FY2022 was RM43.0 million, largely due to payment of Islamic financing costs of RM26.6 million and income distribution of RM16.2 million.

Therefore, as at 31 December 2022, the Fund's cash and cash equivalent position stood at RM37.1 million, an increase of RM8.1 million from RM29.0 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Fair Value of Investment Properties

As at 31 December 2022, the value of Al-Salām REIT's properties stood at RM1.22 billion (FY2021 RM1.18 billion), an increase of 4%. The increase was due to net fair value gain of RM46.7 million.

The portfolio property yield for FY2022 decreased from 4.35% to 3.92% mainly due to higher valuation of Investment Properties and lower performance of KOMTAR JBCC during the financial year.

	Fair Value @ 31 Dec 2021 (RM'000)	Fair Value @ 31 Dec 2022 (RM'000)	Property Yield 2021 (%)	Property Yield 2022 (%)
<b>Retail</b>				
Komtar JBCC	429,600	431,000	0.92	0.10
@Mart Kempas	72,000	76,000	6.01	5.64
Mydin Hypermart Gong Badak	151,777	153,183	6.64	6.66 <sup>i</sup>
<b>Office</b>				
Menara KOMTAR	62,000	70,000	7.95	6.80
<b>F&amp;B Restaurants</b>				
43 KFC and/or Pizza Hut Outlets	286,460	307,690	6.06	5.74
<b>Industrial &amp; Others</b>				
6 Industrial Premises	141,400	150,300	6.24	5.91
KPJIC	34,000	36,000	6.70	5.50
<b>TOTAL</b>	<b>1,177,237</b>	<b>1,224,173</b>	<b>4.35</b>	<b>3.92</b>

### Notes:

i. Computed based on NPI (which excludes unbilled rental income).

# MANAGEMENT DISCUSSION AND ANALYSIS

## RETAIL SEGMENT – KOMTAR JBCC

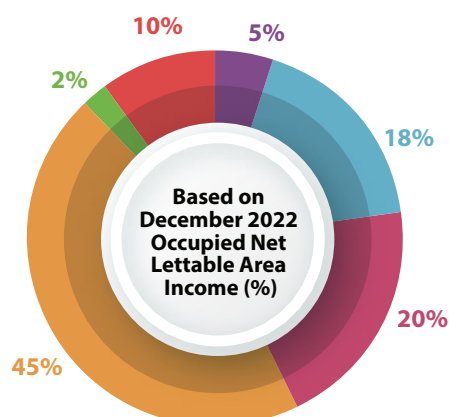
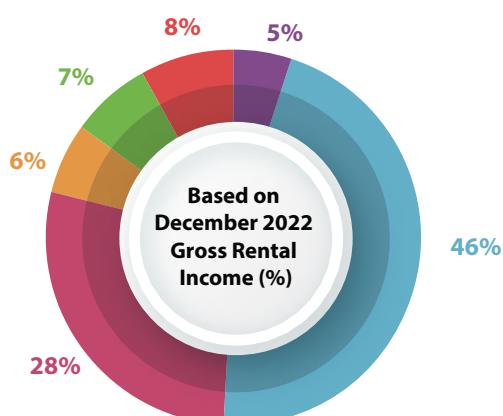
KOMTAR JBCC



Located in the heart of the Central Business District of Johor Bahru City Centre, KOMTAR JBCC offers a range of stores offering wellness and health shopping experiences as well as fashion, dining and lifestyle.

### ASSET PERFORMANCE

Tenant Mix by Trade Sector



Supermarket  
 Beauty & Wellness  
 Food & Beverage

Fashion & Accessories  
 Timepieces & Jewellery  
 Others

Supermarket  
 Beauty & Wellness  
 Food & Beverage

Fashion & Accessories  
 Timepieces & Jewellery  
 Others

# MANAGEMENT DISCUSSION AND ANALYSIS

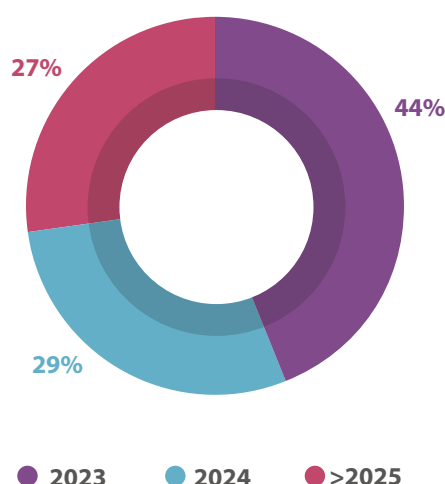
## RETAIL SEGMENT – KOMTAR JBCC

Existing use	4 level shopping mall
GFA (sq. ft.)	623,374
NLA (sq. ft.)	402,027
Number of Car Park Bays Owned by ART	1,049 car parking bays and 480 motorcycle parking bays
Market Value	RM431 million
Total Parking Bay	1,702 parking bay
Occupancy Rate	62%

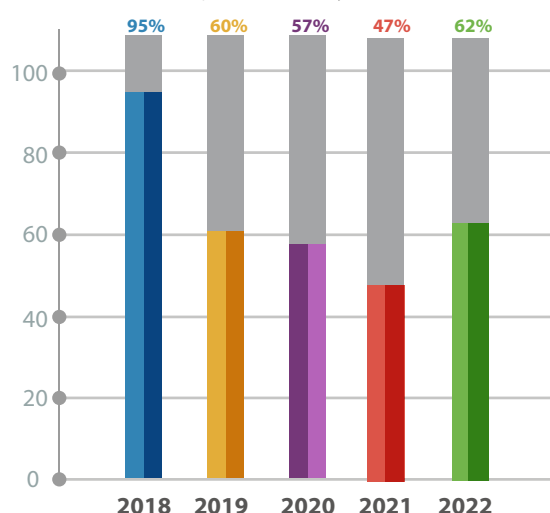
### Top 10 Tenants

Tenant	% Total Income
RHB	14
Kiehl's	6
Amazing Wellness	5
Caring Pharmacy	5
Kapitan Grocer	3
Common Sense	3
Thai Express	3
Kinsahi	3
Swensen's	3
Guardian	3

### Lease Expiry Profile Based on Occupied Net Lettable Area (%)



### Average Occupancy Rate (%)



### CHALLENGES AND PROSPECTS

During the course of the year, Al-Salām REIT had made some upgrades to KOMTAR JBCC with the aim to improve JBCC physical look including its façade, directional signage, lifestyle F&B Alfresco, digitalisation and cashless parking. In relation to that, Al-Salām REIT had renovated KOMTAR JBCC to continually refresh our offerings to remain competitive.

KOMTAR JBCC'S strategic location to tap into Singaporean market remains as key competitive edge. The reopening of the Singapore – Johor Causeway has improved the mall's performance. In order to cater to the changing demand of shopping mall patrons for experiential shopping, the Fund will reposition the shopping mall's offerings with a mix of experiential retail and activity-based retail mix.

The Johor Bahru-Singapore Rapid Transit System ("RTS"), scheduled for completion by 2026, also bodes well for the Johor Bahru city center. With a capacity of 10,000 passengers per hour, the 4-km-long railway shuttle link connects Woodlands North Station in Singapore to Bukit Chagar station in Johor Bahru. The proximity of Bukit Chagar station, located just 200 meters from KOMTAR JBCC and the forthcoming reconfiguration of the mall in response to the railway link, is anticipated to generate the desired knock-on effect, leading to an upsurge in both the number of incoming travelers to the region and retail expenditure.

Al-Salām REIT is looking to capitalise on the e-commerce boom by partnering with e-commerce platform providers to provide omnichannel access to current/future tenants of the mall moving forward. We see this as an opportunity to strengthen physical store sales.

The upcoming development of RM25 billion Ibrahim International Business District ("IIBD") serves as a catalytic infrastructure development plan that will attract more retail footfall and should augur well for retailers based in the area. Other spill over effects includes appreciation of real estate within and adjacent to the IIBD.



# MANAGEMENT DISCUSSION AND ANALYSIS

## RETAIL SEGMENT – @MART KEMPAS

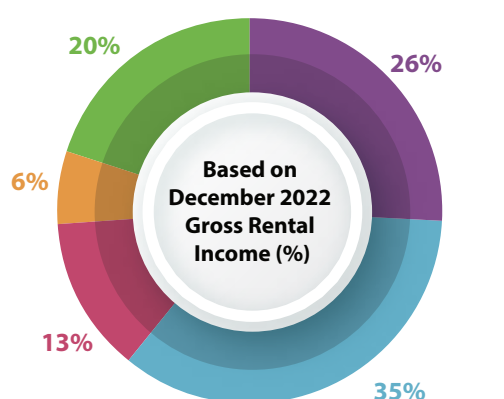
@MART KEMPAS



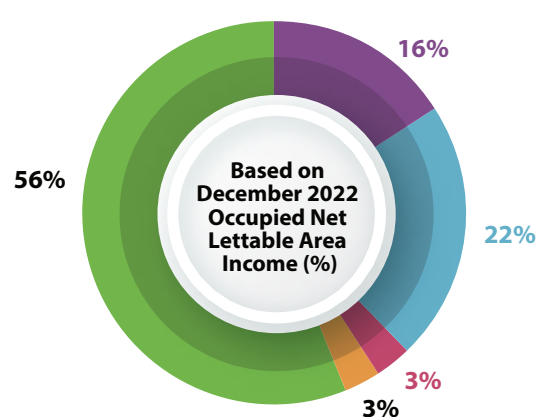
@Mart Kempas is a single-storey purpose-built hypermarket that has been operating since March 2011. The hypermarket is located in Kempas, Johor Bahru, surrounded by residential and commercial areas. The layout includes a fresh market, dry retail lots, a food court and promotion areas.

### ASSET PERFORMANCE

Tenant Mix by Trade Sector



● Wet Market  
● Food Court  
● Retail  
● Kiosk  
● Anchor/Main Court



● Wet Market  
● Food Court  
● Retail  
● Kiosk  
● Anchor/Main Court

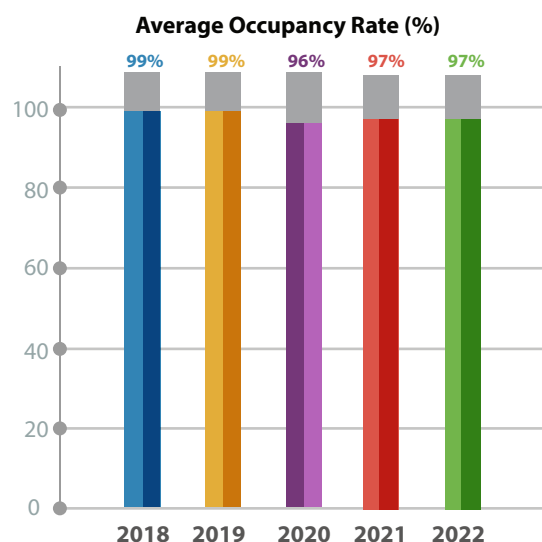
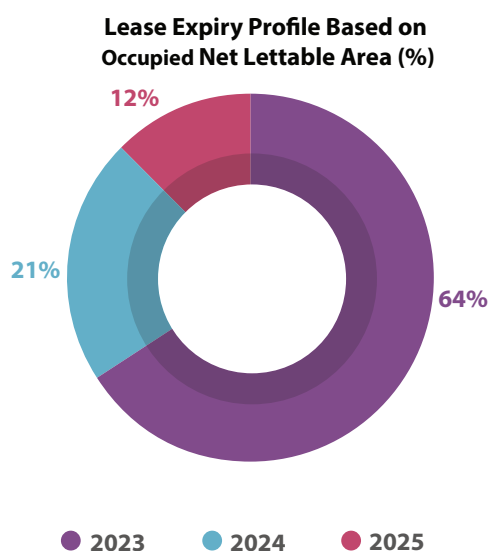
# MANAGEMENT DISCUSSION AND ANALYSIS

## RETAIL SEGMENT – @MART KEMPAS

Existing use	Community Hypermarket
GFA (sq. ft.)	164,625
NLA (sq. ft.)	98,247
Number of Car Park Bays	478
Market Value	RM76 million
Occupancy Rate	97%

### Top 10 Tenants

Tenant	% Total Income
Unified Vision Sdn Bhd (Midas)	10
Linkme LM Trading Sdn Bhd	2
Pasaraya KU Trading (Melaka) Sdn Bhd	2
Lionmas Furnishers (M) Sdn Bhd	2
Kasut U Sdn Bhd	2
J&E Telecommunication Sdn Bhd	2
Green Point Departmental Store Sdn Bhd	2
Cosmo Restaurants Sdn Bhd	2
Ashri Soya Enterprise	2
Mr. D.I.Y. (Johor) Sdn Bhd	1



### MAJOR ASSET ENHANCEMENT INITIATIVE

As reported last year, the Fund has installed solar panels in Pasaraya Komuniti @Mart Kempas as part of Al-Salām REIT's Energy Saving Programme. The project, which was completed in mid-2022, is expected to yield savings on the electricity tariff of up to 20%.

### CHALLENGES AND PROSPECTS

Al-Salām REIT is currently considering an expansion plan for @mart Kempas due to the building's near full occupancy resulting from its favorable business performance and strategic location. The expansion is aimed at meeting the changing demands of consumers, particularly by improving the building's tenant mix through the addition of F&B and fashion offerings. By adding an additional 84,000 sq. ft. of the NLA, the proposed expansion of the building is expected to increase its yield from 5.6% to over 6%.

# MANAGEMENT DISCUSSION AND ANALYSIS

## RETAIL SEGMENT – MYDIN HYPERMART GONG BADAK

MYDIN HYPERMARKET GONG BADAK



Located in Kuala Terengganu, Mydin Hypermart Gong Badak is a two-storey hypermarket housing commercial activity within the robust retail and wholesaling market segments. The mall comprises conventional retail lots, including F&B lots, promotion lots, kiosks, pushcarts, ancillary lots, bazaar lots and food court.

Designed as a modern shopping mall that offers a more leisure-like atmosphere, Mydin Hypermart Gong Badak is one of the main attractions for locals in Kuala Terengganu.

Existing use	Community Hypermarket
GFA (sq. ft.) - (including covered park)	589,232
NLA (sq. ft.)	253,784
Market Value	RM170 million*
No of Parking Bay	805
Occupancy Rate	100%

\*The fair value is at RM153 million, derived from the market value of RM170 million less unbilled rental income

### LEASE TERM

30 years commencing from 21 September 2018 and ending on 20 September 2048.

### CHALLENGES AND PROSPECTS

As the asset is under a triple net lease arrangement with Mydin Hypermarket being well positioned as a resilient community hypermarket, the Manager expects Mydin Hypermart Gong Badak to sustain its contribution to Al-Salām REIT's core income.

# MANAGEMENT DISCUSSION AND ANALYSIS

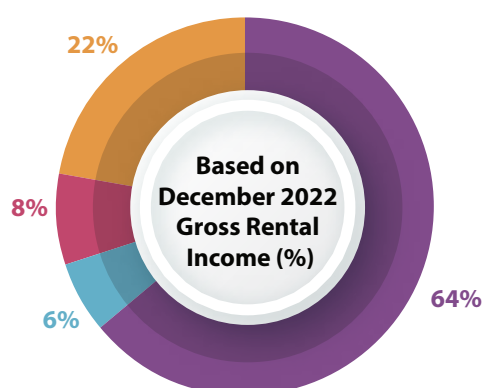
## OFFICE SEGMENT – MENARA KOMTAR

### MENARA KOMTAR

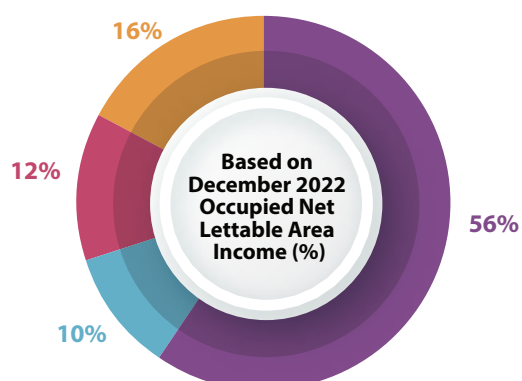
Menara KOMTAR is Al-Salām REIT 's only office asset portfolio. It is expected to maintain its position as a strategic office space in Johor Bahru as well as continuous strong tenancy by Johor Corp as the building derives its core tenancy from the sponsor.

### ASSET PERFORMANCE

Tenant Mix by Trade Sector



● JCorp  
● Damansara Assets Sdn Bhd  
● TPM Technopark Sdn Bhd  
● Others



● JCorp  
● Damansara Assets Sdn Bhd  
● TPM Technopark Sdn Bhd  
● Others

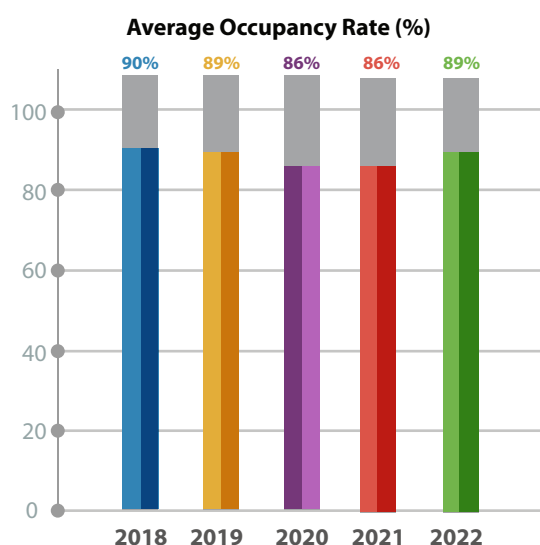
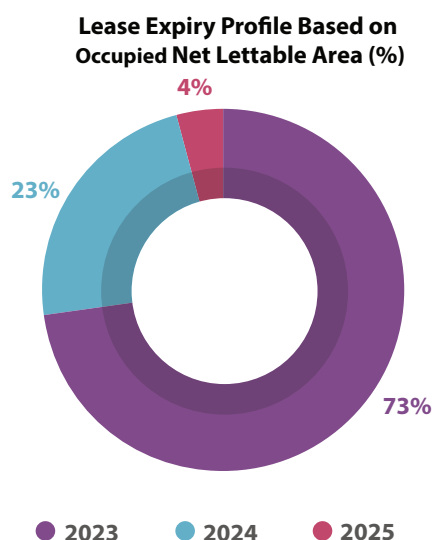




# MANAGEMENT DISCUSSION AND ANALYSIS

## OFFICE SEGMENT – MENARA KOMTAR

Existing use	Office tower
GFA (sq. ft.)	242,195
NLA (sq. ft.)	160,592
Number of Car Park Bays	208
Market Value	RM70 million
Occupancy Rate	89%



### CHALLENGES AND PROSPECTS

Al-Salām REIT plans to enhance the performance of Menara KOMTAR by introducing the co-working/flexible space to the tenants. The Manager is also looking into obtaining the Green Building Index (“GBI”) certification for the building as part of our commitment towards ESG principles and the promotion of environmental sustainability in our operations.

The development of Johor Bahru-Singapore Rapid Transit System (“RTS”) and RM25 billion Ibrahim International Business District (“IIBD”) will ultimately attract more consumer footfall and should augur well for businesses based in the area. It is expected to attract much welcomed foreign direct investment through the establishment of new businesses into the inner-city core of Johor Bahru. We also anticipate the enhanced commercial value of the area will draw more multinational firms to lease therein, resulting in a positive spill over effect on the office market, particularly on Menara KOMTAR.



# MANAGEMENT DISCUSSION AND ANALYSIS

## F&B RESTAURANT SEGMENT- KFC & PIZZA HUT OUTLETS

### KFC & PIZZA HUT OUTLETS



### F&B RESTAURANT SEGMENT

The F&B restaurant segment comprises 43 restaurant establishments across Malaysia. The properties form part of the crucial downstream segment which houses fast food services for well-known household brands KFC and Pizza HUT under QSR. Al-Salām REIT leases all properties to the QSR Group of Companies.

Description	No of Properties	Market Value (RM)
Restaurant located at shophouses /offices	23	82.2
Single-storey restaurants building with drive through outlets	16	203.6
Restaurants at mall	4	21.9
Total	43	307.7

### LEASE TERM

No of Properties (Second Acquisition)	First Rental Period
5	17 September 2020 – 16 September 2023
No of Properties (Second Acquisition)	Second Rental Period
16	19 March 2022 – 18 March 2025
No of Properties (First Acquisition)	Third Rental Period
11	6 May 2021 – 5 May 2024
10	29 September 2021 – 28 September 2024

*Note : 1 property at Megamall Pinang Shopping Complex is currently untenanted since 29 September 2020 and the Manager has appointed a property agent to market the property to a prospect tenant.*

### CHALLENGES AND PROSPECTS

KFC and Pizza Hut have pivoted heavily towards e-commerce / contactless channels and drive-thru facilities, enabling QSR to capitalise on the changed behaviour of F&B patrons. Al-Salām REIT is exploring and engaging with QSR on potential development of drive-thru facilities in key areas throughout Malaysia as the REIT continues to play a strategic partnership role with QSR.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRIAL & OTHERS SEGMENT

### – INDUSTRIAL PREMISES

#### INDUSTRIAL PREMISES



#### INDUSTRIAL PREMISES

Al-Salām REIT has 6 industrial / warehouse properties with a cumulative market value of RM150.3 million. The 6 properties located across Malaysia form part of the crucial F&B operations supply chain of KFC and Pizza Hut.

#### LEASE TERM

No of Properties (Second Acquisition)	Second Rental Period
1	19 March 2022 – 18 March 2025
No of Properties (First Acquisition)	Third Rental Period
2	6 May 2021 – 5 May 2024
3	29 September 2021 – 28 September 2024

#### CHALLENGES AND PROSPECTS

QSR has identified its upstream segment as a key enabler of the group's future revenue expansion. Therefore, Al-Salām REIT's incoming growth of QSR assets will be in line with the group's forward focus on strengthening/optimising its upstream capabilities whilst aiming to be a regional exporter of halal products. The Manager will continue to engage with QSR to identify and undertake development/ sale and leaseback of potential assets within this segment.

Al-Salām REIT also plans to diversify the fund's current portfolio into industrial assets given the challenging landscape of the retail sector. However, challenging capital market environment and the economy at large are impeding the Fund's ability to expand assets in FY2022. Nonetheless, Al-Salām REIT has commenced the process to explore industrial assets under Johor Corporation Group as well as 3rd party assets in the medium and long term.

The Fund is exploring opportunities to undertake sale leaseback arrangements of assets located within Johor Corp's four major industrial parks namely the Tanjung Langsat Industrial Park, Muar Furniture Park; Pengerang Industrial Park and the upcoming Sedenak Tech Park ("STeP").

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRIAL & OTHERS SEGMENT –

### KPJ INTERNATIONAL COLLEGE OF NURSING AND HEALTH SCIENCES, JOHOR BAHRU

(PREVIOUSLY KNOWN AS MALAYSIAN COLLEGE OF HOSPITALITY AND MANAGEMENT)

KPJIC JB



#### KPJ INTERNATIONAL COLLEGE OF NURSING AND HEALTH SCIENCES, JOHOR BAHRU (KPJIC JB)

The property is a four-storey building known as KPJ International College of Nursing and Health Sciences located in Bandar Dato' Onn, a self-contained, residential township 12 kilometres from Johor Bahru.

The building has a 100% occupancy rate as at 31 December 2022.

#### RENTAL TERM

The building is currently rented by KPJ International College of Nursing and Health Sciences for a term of 3 years subject to a compulsory renewal for a further 2 terms of 3 years each per term. The final term will expire on 31 October 2025.

#### CHALLENGES AND PROSPECTS

The Malaysian education industry is expected to grow at a CAGR of over 6% from 2018 to 2023. An increase in the number of private and foreign universities with affiliated campuses in Malaysia is expected to be one of the key revenue growth drivers during the outlook period. Emphasis is also placed on technical and vocational training education. Industry players are seeking for technically skilled workforce and the demand and market for technical education is expected to increase.

Therefore, KPJ International College of Nursing and Health Sciences, the sole college property is expected to generate stable income from its lease arrangement with KPJ Group's education arm.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL MANAGEMENT

The Manager's capital management strategy for Al-Salām REIT is to maintain an appropriate gearing level and active financing rate to ensure that the Fund is able to service its Islamic financings and liabilities. The capital management strategy also seeks to reduce exposure to fluctuations in financing rates. This approach will ensure an improved cash flow and liquidity position while optimising Al-Salām REIT's distributable earnings.

The following capital management strategies were implemented in FY2022:

- Maintaining a diverse range of sources for debt funding. These include Islamic term financing and Sukuk;
- Retaining sufficient cash flow and cash position to service all financing obligations;
- Ongoing review of the Fund's debt portfolio to determine the optimal debt refinancing strategy to reduce funding costs; and
- Actively managing the range of maturities of its various financing obligations such as Sukuk to reduce refinancing risk and to optimise the cost of capital.

As at 31 December 2022, Al-Salām REIT's Islamic financing portfolio comprises the following:

	FY2021	FY2022
Total Financings (RM Mil)	635.7	637.3
Average Cost of Financing (%)	3.82	4.17
Fixed/Floating Ratio	100% floating	100% floating
Average Maturity Period (years)	3	2
Financing Service Cover ratio (times)	2.45	1.57
Gearing ratio (%)	50.7	48.8

	2021 (RM)	2022 (RM)
<b>Non Current:</b>		
Term Financing-i	118,000,000	118,000,000
Business Financing-i	70,000,000	70,000,000
Sukuk Ijarah	451,000,000	-
	<b>639,000,000</b>	<b>188,000,000</b>
Less: Transaction Cost	(3,343,062)	(937,578)
<b>Sub total</b>	<b>635,656,938</b>	<b>187,062,422</b>
<b>Current:</b>		
Sukuk Ijarah	-	451,000,000
Less: Transaction Cost	-	(792,120)
<b>Sub total</b>	-	<b>450,207,880</b>
<b>Total Islamic Financing</b>	<b>635,656,938</b>	<b>637,270,302</b>

## SUKUK IJARAH

The outstanding Sukuk Ijarah Issue 2 of RM451.0 million will be due in August 2023. The Manager is in the midst of undertaking steps to refinance the said issuance.

## MOVING FORWARD

Al-Salām REIT's present gearing of 48.8% places the fund domestically as one of the highest geared REITs. Despite this, the Manager intends to reduce the current debt levels to a more manageable degree in the next year to achieve optimal gearing. To reach this target level, the fund plans to explore cost-effective financing solutions and implement placements to obtain the most favorable capital structure for the future.

Al-Salām REIT will continue to execute proper stewardship of capital and risk in its pursuit to deliver long term and sustainable value to the shareholders as well as all stakeholders involved. The Manager is proceeding to chart pathways towards maintaining a stronger balance sheet and to strengthen our strategic relationships with all parties involved.

# MANAGEMENT DISCUSSION AND ANALYSIS

## KEY RISK FACTORS

The Manager promotes proactive and effective risk management which forms a fundamental part of Al-Salām REIT's business strategy. A sound and robust risk management framework ensures that the Manager is ready to meet challenges and seize opportunities.

The Management consistently identifies and mitigates anticipated or known risks to which the Fund is exposed that could have material impact on the Fund's operations, performance, financial condition and liquidity.

The assessment and discussion of the risks involved outsourced functions which constitute an integral part of risk profiles of the Fund:

- performing due diligence on the nature, scope and complexity of the outsourcing to identify key risk areas and risk mitigation strategies;
- conducting review of its outsourcing arrangement and identifying new risks which may arise; and
- analysing the impact of the outsourcing arrangement on the overall risk profile of the Fund, and whether there are adequate measures and resources in place to mitigate the risks identified.

## Anticipated and Known Risk Profiles

Focus Area	Disclosures
<b>Sustainable Performance and Competitive Returns to Unitholders</b>	
Properties become not yield-accretive due to declining net property income as a result of decreasing demand for retail and office spaces. This leads to lower occupancy rates, rental income and net property income against fixed operation and maintenance costs.	Due to the growth of e-commerce and the COVID-19 situation, the retail and office space sectors have been greatly impacted as more and more people adapt to new norms of online shopping and working from home.
Unitholder returns are negatively impacted as a result of lower profitability.	To mitigate the changes in industry trends, the Manager is planning a repositioning exercise for KOMTAR JBCC. This includes a change in tenant mix, increase casual leasing, more attractive and competitive leasing packages and rental rates to existing and on-boarding tenants.
<b>Competition</b>	
The properties under the portfolio face increased competition from other existing properties as well as upcoming properties in the surrounding area.	The Manager undertakes active marketing and promotional strategies aimed at maximising occupancy, including mall renovations to revitalise the mall and increase footfall.
<b>Financial</b>	
The Fund could face higher financing costs because of two reasons. Firstly, it is exposed to floating profit rates. Secondly, the Fund may face refinancing risk if it is unable to secure financing on favourable terms.	<p>The Manager closely monitors the Fund's cash flow position and financing profile, with the expectation that the Fund will generate enough yield to cover its profit rate expenses. Additionally, the Manager aims to manage the Fund's gearing level to limit its exposure to profit rate risk.</p> <p>Furthermore, the Manager may consider using hedging strategies, like an Islamic Profit Rate Swap (IPRS), to mitigate the risk associated with profit rates. Additionally, the Manager maintains regular engagement with lending financial institutions to negotiate favourable financing terms for the Fund. By adopting these measures, the Manager can help ensure that the Fund maintains a stable financial position in the long run.</p>



# MANAGEMENT DISCUSSION AND ANALYSIS

Focus Area	Disclosures
<b>Outsourcing Arrangement Risk</b>	
Rise in tenants' number of complaints, failure in securing good tenants and providing good tenancy mix, inefficiencies property management, data errors in management reports and increase in the frequency of machinery/equipment breakdown are consequences of inadequate monitoring	<ul style="list-style-type: none"> <li>• Annual evaluation of outsourced service providers and tabling the evaluation report to the Board of Directors.</li> <li>• Compliance to establish standard operating procedures.</li> <li>• Internal audit report</li> <li>• Monitor the number of complaints and time taken to resolve issues.</li> <li>• Conduct tenants' satisfaction survey.</li> </ul>
<b>Credit Control</b>	
Debtors ageing has exceeded the 90-days limit. Non-payment of rentals increases the risk of default whilst affecting the cash flow of the Fund	<p>The Manager has put in place a credit control policy and enforced its implementation. This includes:</p> <ul style="list-style-type: none"> <li>• Having a designated credit control unit</li> <li>• Credit control assessment prior to signing the lease agreement.</li> <li>• Securing a higher deposit, depending on asset type and credit control assessment report.</li> <li>• Issuance of reminder letters or letters of demand.</li> <li>• Continuous and close engagement with tenants to discuss proposed solutions, e.g., settlement plan.</li> </ul>
<b>Cyber Security Risks</b>	
Cyber security breaches, for example, can damage a company's reputation, which is difficult to insure against.	The Group implements the Business Continuity Management ("BCM") drill or testing, which focuses on IT infrastructure. IT data recovery testing was carried out annually with respect to external cloud backup at the REIT Manager level. At the operational/ property level, BCM testing was carried out by the Service Manager/ lessee itself.
<b>Human Capital Risk</b>	
<p>Ineffective succession planning may affect Al-Salām REIT's operations if a critical role becomes vacant and cannot be satisfactorily filled before the vacancy has an adverse impact on the organisation.</p> <p>There is also the risk that the Manager will be unable to attract and retain a competent staff force to manage its portfolio and to execute its strategies for sustainable growth.</p>	<p>The Group has a succession planning framework in place, which includes the identification of future successors and leadership training for candidates for critical positions. Additionally, the strategic implementation of activities and processes is designed to decrease the likelihood of lengthy vacancies in critical roles and limit the impact of vacancies in critical roles when they do occur.</p> <p>The Manager also conducts climate surveys to gauge employees' preferences, offers competitive rewards and compensation, promotes flexible working arrangements, establishes clear career paths, and encourages staff to explore other areas within the Group.</p>



## 1. ECONOMIC OVERVIEW

For Malaysia macro, economic growth is set to slow in 2023 to 4.0% (2022E: 8.0%) as global economy is expected to experience a mild recession (2023E: 1.7%; 2022E: 2.9%) amid stagnation/recession in major advanced economies (i.e. US, Eurozone, UK) on the impact of high inflation and the resultant high interest rates. Several factors mitigate the downsides to domestic economic outlook. First is the growth-friendly moderate OPR hikes from the “accommodative” record-low of 1.75% since May 2022 to the “neutral” level of 3.00% by Jan 2023. Second, drawdown of excess individual/household savings built since Jan 2020 amid lockdowns and economic stimulus measures provide a buffer to consumer spending. Third, recovery in inbound tourism provides the next leg for the growth tailwinds from full economic opening. Fourth, investment outlook is positive amid a technology-driven surge in approved investment/FDI since 2021 e.g. capex in electronics industry and data centres; automation and digitalisation; 5G infrastructure rollout.

Several lookouts and wildcards are on our radar. Inflation and interest rates will remain the key macro variables to watch. China's growth outlook (2023E: 4.0%; 2022E: 3.3%) will be dependent on its zero COVID-19 policy exit conundrum and the management of its real estate doldrum. Early and faster re-opening of China will be positive for global and Malaysia's economic conditions in terms of trade, investment and tourism flows. Domestically, post-GE15, eyes will be on the re-tabling of Budget 2023 in early-2023 as well as the new government's policies, including the medium-term fiscal stance.

Re Malaysian equities, while fading reopening tailwinds and interest rate hikes will weigh on growth in 2023, market earnings expansion ex-Gloves is nonetheless forecast to strengthen to +17.3% YoY (2022E: +13.4%) as Cukai Makmur expires, bank sector profitability continues to improve and on accelerating recoveries at laggard sectors like casino-gaming and transport/aviation. Political risk premium is moderating following Nov's general elections (GE15) having ultimately yielded a PH-led ruling coalition with a solid majority in Parliament, boding well for improved governance and expedited policymaking. A fast-tracked reopening by China will boost trade, tourism and commodities demand/prices. Growth/earnings-disruptive policy changes relating to subsidies and taxes are now unlikely to surface in 2023 as the government focuses on cost-of-living issues, with interim fiscal gap likely to be bridged by a combination of cost cuts, curbing of fiscal leakages and PETRONAS. Re thematics, with a new reformist-leaning government taking the helm, GLC Reform could be back on the table, potentially sparking secular economic and market impetus; interest rates and inflation headwinds are diminished but remain topical, as does dividend yield. Investors also need to pay attention to Sustainability/ESG, as detailed in MY ESG Compendium 2022 (“Shifting into higher gear”, dated Nov 29) as well as market impacts from robust FDI inflows, underpinned by supply chain relocation.

*(Extracted from Maybank Report: Malaysia 2023 Outlook and Lookouts)*



## 2. MALAYSIAN REIT

In retrospect, 2022 was a recovery year for M-REITs, especially for those with high exposure to retail and hotel assets, due to the re-opening of the economy that led to lower rental support to tenants, increased footfall at the shopping malls and improved tourism activities. Earnings, however, were partly dragged by the higher interest rates in the 2H22 due to multiple hikes in OPR, which translated into higher financing costs for floating-rate borrowings.

We remain Neutral on the sector going into 2023. We continue to like prime retail malls which are in prominent location which, in turn, would drive high shopper traffic and consequently, high tenant demand for the malls' retail space. We also prefer office assets with long-term tenants which therefore entail lower occupancy risks. On the contrary, we are cautious on neighbourhood malls and multi-tenanted offices in the Klang Valley which would be at higher risk of being negatively impacted by the oversupply of retail and office space. Additionally, the acquisition of yield-accretive assets could help support growth.

Meanwhile, we anticipate that 2023's growth will be largely organic but would remain challenging due to the oversupply of shopping malls and office towers in the Klang Valley. This would increase occupancy risks and exert greater pressure on rental adjustments. We expect low single-digit positive rental reversion across most Klang Valley mall and office properties. Properties with triple net leases and master leases would remain defensive (e.g. office and hospitality assets) backed by their long-term lease structures with rental step-ups. stands between 0.23x – 0.38x, providing debt headroom for new acquisitions (based on a borrowing limit of 60%).

*(Extracted from Maybank Report: Malaysia 2023 Outlook and Lookouts)*

# MARKET REPORT SUMMARY

## 3. RETAIL



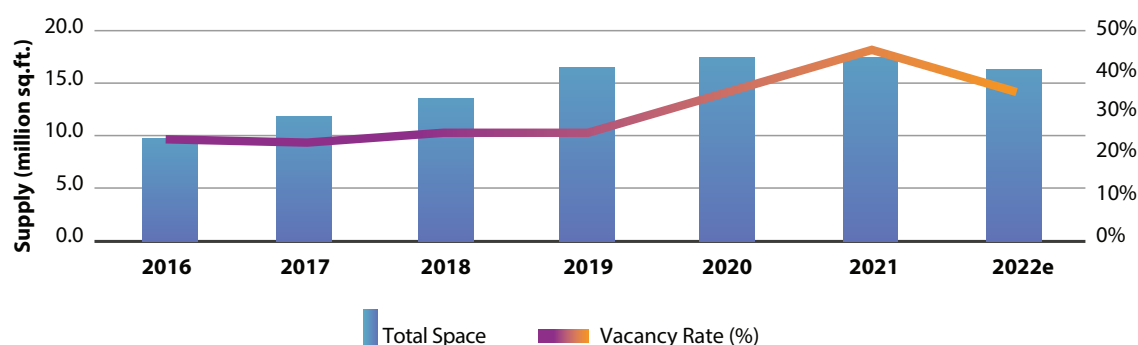
The convergence of physical and online retail has boosted sales performance, especially in the apparel and grocery retail categories. Established retail malls located along busy highways are receiving good footfalls such as The Mall @ Midvalley Southkey, Paradigm Mall, AEON Bukit Indah and Angsana Mall, maintaining a healthy occupancy rate and positive market sentiment.

Overall malls are experiencing a decrease in vacancy rate which stood at 35% in the review period. The Commune at Indahpura, Kulai (200,000 sq. ft.) witnessed its groundbreaking in June 2022. Horizon Mall in Horizon Hills (150,000 sq. ft.) and The Gem @ Coronation Square, Johor Bahru City Centre (1.2 million sq. ft.) are planned for opening by 2024. The Larkin Junction and D'Pristine Lifestyle Mall in Johor have been completed but are yet to start operation.

Japan-based Nitori (household and furniture), opened in The Mall @ Midvalley Southkey, while Lulu Grocer and Hoops Station (sport & entertainment) opened in Toppen Shopping Centre. In May 2022, Iskandar Malaysia (IM) welcomed the first Watsons (personal care category) drive-thru store in TD Central, Taman Daya, spanning about 5,000 sq. ft. Other features include its partnership with a ZUS Coffee outlet and its move towards sustainability through the iCycle campaign.

Malls in Batu Pahat have yet to regain their footing. Hence, shoppers are turning to online platforms, creating opportunities for physical and online collaborations. F&B shops in Taman Setia Jaya, Taman Flora Utama and D' Garden Business Park regained their customers. The market also saw the completion of a standalone restaurant by Loon Sing Group, located along Jalan Masjid in Batu Pahat old town.

**Supply and Vacancy Rate of Malls in Iskandar Malaysia**



Abbreviation: sq.ft.- square feet  
Source: CBRE|WTW Research

(Extracted from CBRE/WTW Market Outlook Report 2023)

## 4. OFFICE



About 5.4 million sq. ft. of purpose-built office (PBO) space supply is recorded in Iskandar Malaysia (IM), of which about 35% is vacant. Few major tenant movements were noticed especially due to shifts in business models between occupying co-working spaces and physical offices. About 176,000 sq. ft. of vacant spaces in Menara Jland, Medini6 and Medini7 were occupied in 2022. The competitive landscape has intensified with competition between older and newer PBOs to retain/attract tenants.

Meanwhile, average gross rentals remained steady ranging from RM2.30 to RM3.50 per sq. ft. per month for older buildings, and RM2.80 to RM4.00 per sq. ft. per month for newer buildings.

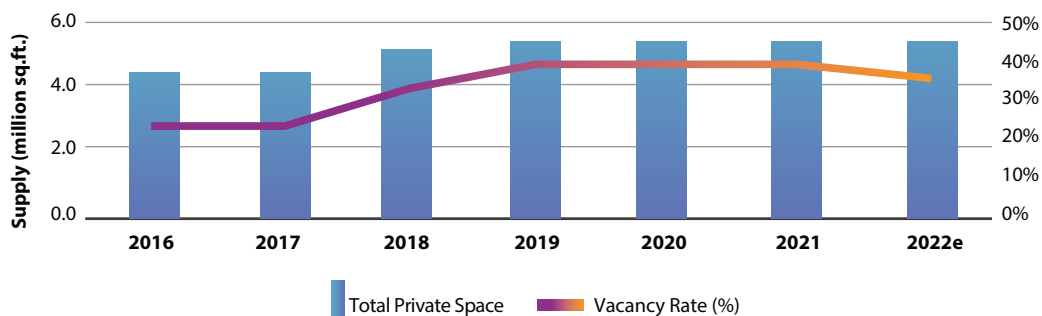
On the upcoming supply, the Certificate Of Completion and Compliance (CCC) was delayed for MidvalleySouthkeyoffice towers as the Mechanical & Engineering (M&E) and interior architectural works remained uncertified. The development offers 323,000 sq. ft. of space and an asking rental of about RM4.00 to RM4.50 per sq. ft. Menara Bank Rakyat @ Coronation Square in Johor Bahru City Square, Sunway Big Box office towers are currently under construction while Medini10 is still awaiting construction resumption.

As more businesses are investing in digitizing their operations and implementing hybrid business models, demand for co-working space in Iskandar Malaysia is increasing. To date, there are about 27 co-working space operators in Iskandar Malaysia, of which 60% are located in shop office buildings and 31% are in PBO developments.

### Office Development Expected to be Completed in 2023

Development	Location	Size (sq. ft.)
Menara Bank Rakyat @ Coronation Square, JBCC	Johor Bahru City Centre	550,000
MVS South Tower	JB City Fringe	323,000
MVS North Tower	JB City Fringe	323,000
Sunway Big Box Office	Iskandar Puteri	180,000

### Supply of PBO in Iskandar Malaysia



Abbreviation: sq.ft.- square feet  
Source: CBRE| WTW Research

(Extracted from CBRE/WTW Market Outlook Report 2023)

# MARKET REPORT SUMMARY



## 5. INDUSTRIAL

The industrial sector remained the best-performing sector despite facing many challenges. Johor ranked 3rd with RM6.67 billion total approved investments for January – June 2022, about 20% of total approved investment in Malaysia. For FDI, Johor is 2nd, after Kedah, with approved investments of around RM5.65 billion for 1H 2022.

IM's industrial transaction volume doubled in 1H 2022 to 566 units compared to 375 units in 2021 while transaction value was RM2,387 million, up from RM1,313 million in 1H 2021.

Several prominent transactions were noted :

- Axis-REIT acquired a single-storey detached factory at Kawasan Perindustrian I-Park, Bandar Indahpura, Kulai for RM16.3 million in February 2022.
- April 2022, Axis-REIT acquired a logistics warehouse facility within Pelabuhan TanjungPelepas, Johor for a consideration of RM390 million.
- Franco Italian multinational electronics and semiconductors manufacturer awarded the construction of its new manufacturing plant to Kelington Group Bhd in Johor for RM114 million in June 2022.
- Ingenieur EPCM SB, a wholly owned subsidiary of IGB, inked a conditional sale and purchase agreement with Dynaciate Engineering SB to dispose of a piece of leasehold industrial land together with buildings erected at Kawasan Perindustrian Pasir Gudang for a consideration of RM16.6 million.
- Attractive Venture (JB) SB acquired two pieces of industrial land measuring an area of approximately 8 acres in aggregate for a total consideration of RM12.2 million.
- South Korea's SPC Group is investing RM130 million to develop its first Paris Baguette regional halal food hub consisting of seven production lines known as SPC Centre at Nusajaya Tech Park. SPC Centre witnessed its groundbreaking in October 2022.
- Paragon Globe Bhd inked a deal to build and design Shimano Components (Malaysia) Sdn Bhd's two units of the single storey detached factory together with a double storey office on 4.95 acres of land in Pekan Nenas Industrial Park for RM45 million. The manufacturing facility is expected to be completed by 2024.
- Massachusetts based Insulet Corporation invested RM878 million for the development of a medical device manufacturing hub at i Tech Valley in SiLC

*(Extracted from CBRE/WTW Market Outlook Report 2023)*



# PORTFOLIO SUMMARY AND DETAILS

## RETAIL



### KOMTAR JBCC

<b>LOCATION</b>	: KOMTAR JBCC, Johor Bahru City Centre, Jalan Wong Ah Fook, Johor Bahru, Johor Bahru,
<b>DESCRIPTION</b>	: A 4-Level Shopping Mall
<b>YEAR OF COMPLETION</b>	: 2014
<b>TITLE</b>	: Geran No. 44587
<b>TENURE</b>	: Freehold
<b>ENCUMBRANCES</b>	: Nil
<b>MARKET VALUE</b>	: RM431,000,000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 8 years



### @MART KEMPAS

<b>LOCATION</b>	: Premises No. 10, Jalan Persiaran Tanjung, Taman Cempaka 81200 Johor Bahru, Johor
<b>DESCRIPTION</b>	: Single-Storey Hypermarket
<b>YEAR OF COMPLETION</b>	: 2010
<b>TITLE</b>	: HSD 510051
<b>TENURE</b>	: Leasehold - 99 years, expiring on 23 January 2106
<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
<b>MARKET VALUE</b>	: RM76,000,000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 12 years



### MYDIN HYPERMART GONG BADAK

<b>LOCATION</b>	: Lot 52606 (Formerly PT No. 35511), Dataran Austin, Jalan Gong Pak Damat, 21200 Kuala Terengganu, Terengganu
<b>DESCRIPTION</b>	: A double storey hypermarket, each floor with a mezzanine level
<b>YEAR OF COMPLETION</b>	: 2014
<b>TITLE</b>	: PN 10207
<b>TENURE</b>	: Leasehold - 99 years, expiring on 26 December 2109
<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
<b>MARKET VALUE</b>	: RM170,000,000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 8 years





## OFFICE



### MENARA KOMTAR

<b>LOCATION</b>	: Menara KOMTAR, Johor Bahru City Centre, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor
<b>DESCRIPTION</b>	: A 25-Storey Office Building
<b>YEAR OF COMPLETION</b>	: 1979
<b>TITLE</b>	: Geran No. 44587
<b>TENURE</b>	: Freehold
<b>ENCUMBRANCES</b>	: Nil
<b>MARKET VALUE</b>	: RM70,000,000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 43 years

# PORTFOLIO SUMMARY AND DETAILS

F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS	
	<p><b>LOCATION</b> : Premises No. 34, Jalan Mahsuri, Bandar Baru Bayan, 11950 Bayan Lepas, Pulau Pinang</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 1993</p> <p><b>TITLE</b> : PN 2263</p> <p><b>TENURE</b> : Leasehold 99 years expiring on 15 May 2090</p> <p><b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad</p> <p><b>MARKET VALUE</b> : RM4,500,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 29 years</p>
	<p><b>LOCATION</b> : Premises No. 60 &amp; 62, Jalan PJS 11/28A Bandar Sunway, 46150 Petaling Jaya, Selangor</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 1996</p> <p><b>TITLE</b> : PN 72423, PN 72424, HSM 9319, HSM 9320</p> <p><b>TENURE</b> : Leasehold 99 years expiring on 28 December 2092 and 11 March 2095</p> <p><b>ENCUMBRANCES</b> : Charged to Bank Islam Malaysia Berhad</p> <p><b>MARKET VALUE</b> : RM10,000,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 26 years</p>
	<p><b>LOCATION</b> : Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 1992</p> <p><b>TITLE</b> : HSD17607</p> <p><b>TENURE</b> : Freehold</p> <p><b>ENCUMBRANCES</b> : Charged to Malaysian Trustees Berhad</p> <p><b>MARKET VALUE</b> : RM570,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 30 years</p>
	<p><b>LOCATION</b> : No. 1 &amp; 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor</p> <p><b>DESCRIPTION</b> : Pizza Hut Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 2004</p> <p><b>TITLE</b> : PN74196</p> <p><b>TENURE</b> : Leasehold 99 years expiring on 14 May 2085</p> <p><b>ENCUMBRANCES</b> : Charged to Malaysian Trustees Berhad</p> <p><b>MARKET VALUE</b> : RM960,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 18 years</p>

## PORTFOLIO SUMMARY AND DETAILS



### F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS

	<b>LOCATION</b>	: No. 3, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram Johor
	<b>DESCRIPTION</b>	: Pizza Hut Restaurantt
	<b>YEAR OF COMPLETION</b>	: 2010
	<b>TITLE</b>	: GRN 343903
	<b>TENURE</b>	: Freehold
	<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b>	: RM1,100,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 12 years
	<b>LOCATION</b>	: No. 1, Jalan Bandar Baru 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor
	<b>DESCRIPTION</b>	: KFC Restaurant
	<b>YEAR OF COMPLETION</b>	: 2011
	<b>TITLE</b>	: PN69846
	<b>TENURE</b>	: Leasehold 93 years expiring on 16 July 2101
	<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b>	: RM2,300,0000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 11 years
	<b>LOCATION</b>	: Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan Darul Khusus
	<b>DESCRIPTION</b>	: KFC Restaurant
	<b>YEAR OF COMPLETION</b>	: 1997
	<b>TITLE</b>	: PN48982
	<b>TENURE</b>	: Leasehold 74 years expiring 8 May 2085
	<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM1,900,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 25 years
	<b>LOCATION</b>	: Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan
	<b>DESCRIPTION</b>	: KFC Restaurant
	<b>YEAR OF COMPLETION</b>	: 1996
	<b>TITLE</b>	: PM1181
	<b>TENURE</b>	: Leasehold 99 years expiring on 25 September 2092
	<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b>	: RM590,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 26 years







# PORTFOLIO SUMMARY AND DETAILS

## F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS

	<p><b>LOCATION</b> : Premises No. 18 &amp; 20, Jalan Sulaiman, 43000, Kajang, Selangor</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 1982</p> <p><b>TITLE</b> : GRN 45688 &amp; GRN 45689</p> <p><b>TENURE</b> : Freehold</p> <p><b>ENCUMBRANCES</b> : Charged to Malaysian Trustees Berhad</p> <p><b>MARKET VALUE</b> : RM11,000,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 40 years</p>
	<p><b>LOCATION</b> : No. 12C &amp; 12D, Metrocity Commercial Precinct, Lorong Metrocity Boulevard 3A, 93500 Kuching, Sarawak.</p> <p><b>DESCRIPTION</b> : Pizza Hut Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 2015</p> <p><b>TITLE</b> : Lot No. 14079 &amp; 14080 Section 65, Kuching Town Land District, Sarawak</p> <p><b>TENURE</b> : Leasehold 99 years expiring on 11 August 2113</p> <p><b>ENCUMBRANCES</b> : Nil</p> <p><b>MARKET VALUE</b> : RM4,000,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 7 years</p>
	<p><b>LOCATION</b> : No. 20 &amp; 21, Jalan Dato' Sheikh Ahmad, 70000 Seremban, Negeri Sembilan</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 1982</p> <p><b>TITLE</b> : GRN 50935 &amp; 40542, Lot No. 831 &amp; 832 situated in Bandar Seremban, Seremban, Negeri Sembilan</p> <p><b>TENURE</b> : Freehold</p> <p><b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad</p> <p><b>MARKET VALUE</b> : RM4,400,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 40 years</p>
	<p><b>LOCATION</b> : No. 65, Jalan Dato On Jaafar, 30300 Ipoh, Perak</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 2017</p> <p><b>TITLE</b> : GRN 40351 Lot 1293 N, situated in Kinta, Ipoh, Perak</p> <p><b>TENURE</b> : Freehold</p> <p><b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad</p> <p><b>MARKET VALUE</b> : RM4,000,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 5 years</p>





## PORTFOLIO SUMMARY AND DETAILS

### F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS

	<b>LOCATION</b>	: No. 24 & 26, Jalan Bunga Raya 7, Pusat Perniagaan Senawang, Taman Tasik Jaya, 70400 Senawang, Negeri Sembilan
	<b>DESCRIPTION</b>	: KFC Restaurant
	<b>YEAR OF COMPLETION</b>	: 1997
	<b>TITLE</b>	: GRN 108899 & 177945, Lot No. 4126 & 4125 situated in Pekan Senawang, Seremban, Negeri Sembilan
	<b>TENURE</b>	: Freehold
	<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM1,000,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 25 years
	<b>LOCATION</b>	: No. 1 & 1A, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor
	<b>DESCRIPTION</b>	: KFC Restaurant
	<b>YEAR OF COMPLETION</b>	: 2010
	<b>TITLE</b>	: GRN 343902 situated at Mukim Terbrau, Johor Bahru, Johor
	<b>TENURE</b>	: Freehold
	<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM1,800,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 12 years
	<b>LOCATION</b>	: Lot 25, Block 3 Bornion Centre, Jalan Kolam 88300 Kota Kinabalu Sabah Kota Kinabalu, Sabah
	<b>DESCRIPTION</b>	: KFC Restaurant
	<b>YEAR OF COMPLETION</b>	: 1990
	<b>TITLE</b>	: CL 015437948, situated at Jalan Kolam, Kota Kinabalu, Sabah
	<b>TENURE</b>	: Leasehold 999 years expiring on 15 May 2915
	<b>ENCUMBRANCES</b>	: Nil
	<b>MARKET VALUE</b>	: RM3,000,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 32 years
	<b>LOCATION</b>	: No. 158, Jalan Idris, 31900 Kampar, Perak
	<b>DESCRIPTION</b>	: KFC Restaurant
	<b>YEAR OF COMPLETION</b>	: 2005
	<b>TITLE</b>	: PN 326743, Lot No. 96, situated in Kampar, Perak
	<b>TENURE</b>	: Freehold
	<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM1,600,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 17 years



# PORTFOLIO SUMMARY AND DETAILS

F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS	
	<p><b>LOCATION</b> : No. 79, Jalan Dato' Lau Pak Khuan, Ipoh Garden, 31400 Ipoh, Perak</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 1971</p> <p><b>TITLE</b> : GRN 8311 Lot No. 48635, situated in Mukim Hulu Kinta, Kinta, Perak</p> <p><b>TENURE</b> : Freehold</p> <p><b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad</p> <p><b>MARKET VALUE</b> : RM2,200,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 51 years</p>
	<p><b>LOCATION</b> : No. 23 &amp; 24, Jalan 54 Desa Jaya Kepong, 52100 Kepong, Kuala Lumpur</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 2017</p> <p><b>TITLE</b> : PM 12274 &amp; 12273, Lot 2430 &amp; 2429, situated at Batu 8 Jalan Kepong, Gombak, Selangor</p> <p><b>TENURE</b> : Leasehold 99 years expiring on 8 March 2081</p> <p><b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad</p> <p><b>MARKET VALUE</b> : RM7,300,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 5 years</p>
	<p><b>LOCATION</b> : No. 140, Jalan Raja Laut, 50350 Kuala Lumpur</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 2014</p> <p><b>TITLE</b> : GRN 59853, 59858 &amp; 59862, Lot No. 1417, 1419 &amp; 1421, situated in Kuala Lumpur, Federal Territory of Kuala Lumpur</p> <p><b>TENURE</b> : Freehold</p> <p><b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad</p> <p><b>MARKET VALUE</b> : RM4,700,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 8 years</p>
	<p><b>LOCATION</b> : No. 437, Wisma Hualang, Jalan Ipoh, 51200 Kuala Lumpur</p> <p><b>DESCRIPTION</b> : KFC Restaurant</p> <p><b>YEAR OF COMPLETION</b> : 2014</p> <p><b>TITLE</b> : GRN 10894, Lot No. 503 Section 83, situated in Kuala Lumpur, Federal Territory of Kuala Lumpur</p> <p><b>TENURE</b> : Freehold</p> <p><b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad</p> <p><b>MARKET VALUE</b> : RM10,000,000</p> <p><b>DATE OF VALUATION</b> : 31 December 2022</p> <p><b>AGE OF PROPERTIES</b> : 8 years</p>

# PORTFOLIO SUMMARY AND DETAILS

## F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS



<b>LOCATION</b>	: No. 9, Jalan PPM 9, Plaza Malim Business Park, 75250 Balai Panjang, Melaka
<b>DESCRIPTION</b>	: KFC Restaurant
<b>YEAR OF COMPLETION</b>	: 1997
<b>TITLE</b>	: PN 18632, Lot No. 4111 situated in Mukim Balai Panjang, Melaka Tengah, Melaka
<b>TENURE</b>	: Leasehold 99 years expiring on 7 May 2099
<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
<b>MARKET VALUE</b>	: RM1,200,000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 25 years







<b>LOCATION</b>	: No. 2105 Jalan 3/1, Bandar Baru Sungai Buloh, 47000 Sungai Buloh, Selangor
<b>DESCRIPTION</b>	: KFC Restaurant
<b>YEAR OF COMPLETION</b>	: 1988
<b>TITLE</b>	: HSM 5744 Jalan 3/1, Bandar Baru Sungai Buloh, Selangor
<b>TENURE</b>	: Leasehold 99 years expiring on 13 March 2087
<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
<b>MARKET VALUE</b>	: RM1,800,0000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 34 years



<b>LOCATION</b>	: No. 555 Plaza Melaka, Jalan Hang Tuah, 75300 Melaka
<b>DESCRIPTION</b>	: KFC Restaurant
<b>YEAR OF COMPLETION</b>	: 2015
<b>TITLE</b>	: Geran 8562, Lot 966, Kawasan Bandar VII, Daerah Melaka Tengah, Melaka
<b>TENURE</b>	: Freehold
<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
<b>MARKET VALUE</b>	: RM2,300,0000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 7 years





# PORTFOLIO SUMMARY AND DETAILS

F&B RESTAURANTS - DRIVE THROUGH OUTLETS	
	<b>LOCATION</b> : No. 10 A, Lot No. 559 Seksyen 5, Jalan Masjid Negeri, 11500 Georgetown, Pulau Pinang.
	<b>DESCRIPTION</b> : KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b> : 2017
	<b>TITLE</b> : No. GRN 23532, Bandar Georgetown, District of Timor Laut, State of Pulau Pinang.
	<b>TENURE</b> : Freehold
	<b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b> : RM26,000,000
	<b>DATE OF VALUATION</b> : 31 December 2022
	<b>AGE OF PROPERTIES</b> : 5 years
	<b>LOCATION</b> : No. 5, Jalan Persiaran Jaya 1, Taman Mutiara Rini, 81300 Skudai, Johor
	<b>DESCRIPTION</b> : KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b> : 2015
	<b>TITLE</b> : No. PN 64752, Lot 150725 Mukim of Pulai, District of Johor Bahru, State of Johor
	<b>TENURE</b> : Leasehold 991 years expiring on 4 September 2911
	<b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b> : RM9,400,000
	<b>DATE OF VALUATION</b> : 31 December 2022
	<b>AGE OF PROPERTIES</b> : 7 years
	<b>LOCATION</b> : Lot No. 383044, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak
	<b>DESCRIPTION</b> : Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b> : 2011
	<b>TITLE</b> : GRN 140646, Mukim of Hulu Kinta, District of Kinta, Ipoh Perak
	<b>TENURE</b> : Freehold
	<b>ENCUMBRANCES</b> : Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b> : RM9,100,000
	<b>DATE OF VALUATION</b> : 31 December 2022
	<b>AGE OF PROPERTIES</b> : 11 years
	<b>LOCATION</b> : Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur
	<b>DESCRIPTION</b> : Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b> : 2008
	<b>TITLE</b> : PN1421 Mukim of Petaling , District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
	<b>TENURE</b> : Leasehold 99 years expiring on 8 February 2064
	<b>ENCUMBRANCES</b> : Charged to Bank Islam Malaysia Berhad
	<b>MARKET VALUE</b> : RM14,600,000
	<b>DATE OF VALUATION</b> : 31 December 2022
	<b>AGE OF PROPERTIES</b> : 14 years








# PORTFOLIO SUMMARY AND DETAILS

## F&B RESTAURANTS - DRIVE THROUGH OUTLETS

	<b>LOCATION</b>	: Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong, 52100 Kuala Lumpur
	<b>DESCRIPTION</b>	: Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b>	: 2005
	<b>TITLE</b>	: PN33135, Mukim of Batu, District of Kuala Lumpur, wilaya Persekutuan , Kual lumpur
	<b>TENURE</b>	: Leasehold 96 years expiring on 28 April 2096
	<b>ENCUMBRANCES</b>	: Charged to RHB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM17,300,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 17 years
	<b>LOCATION</b>	: Lot No. PT 6878, Jalan 8/27A, Bandar Baru Wangsa Maju, 53300 Kuala Lumpur
	<b>DESCRIPTION</b>	: Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b>	: 2004
	<b>TITLE</b>	: HS (D) 99750, Mukim of Setapak, District of Kuala Lumpur, Wilayah Persekutuan, Kuala Lumpur
	<b>TENURE</b>	: Leasehold 83 years expiring on 19 April 2083
	<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b>	: RM28,000,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 18 years
	<b>LOCATION</b>	: Lot 19838, Lebuhraya Ayer Keroh, 75450 Hang Tuah Jaya, Melaka Bandaraya Bersejarah
	<b>DESCRIPTION</b>	: Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b>	: 2012
	<b>TITLE</b>	: PM 4878 situated in Mukim Bukit Katil, Daerah Melaka Tengah
	<b>TENURE</b>	: Leasehold 99 years expiring on 13 May 2108
	<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b>	: RM10,700,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 10 years
	<b>LOCATION</b>	: PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru
	<b>DESCRIPTION</b>	: Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b>	: 2009
	<b>TITLE</b>	: HSD 491589, PTD 153154 situated in Mukim Tebrau, Daerah Johor Bahru, Johor
	<b>TENURE</b>	: Freehold
	<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b>	: RM13,000,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 13 years





# PORTFOLIO SUMMARY AND DETAILS

F&B RESTAURANTS - DRIVE THROUGH OUTLETS	
	<b>LOCATION</b> : PTD 103231, Taman Impian Senai, 81400 Senai, Johor
	<b>DESCRIPTION</b> : KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b> : 2014
	<b>TITLE</b> : HS(D) 58402 Mukim of Senai, Dsitiruct of Kulai, Johor
	<b>TENURE</b> : Freehold
	<b>ENCUMBRANCES</b> : Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b> : RM9,900,000
	<b>DATE OF VALUATION</b> : 31 December 2022
	<b>AGE OF PROPERTIES</b> : 8 years
	<b>LOCATION</b> : PTD No. 171459, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor
	<b>DESCRIPTION</b> : Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b> : 2009
	<b>TITLE</b> : HS (M) 2181, Mukim of Pulai, 81200 Johor Bahru, Johor
	<b>TENURE</b> : Freehold
	<b>ENCUMBRANCES</b> : Charged to Bank Islam Malaysia Berhad
	<b>MARKET VALUE</b> : RM15,100,000
	<b>DATE OF VALUATION</b> : 31 December 2022
	<b>AGE OF PROPERTIES</b> : 13 years
	<b>LOCATION</b> : PT2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah
	<b>DESCRIPTION</b> : KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b> : 2012
	<b>TITLE</b> : HS (D)125211, Bandar Sg Petani, District of Kuala Muda, Kedah
	<b>TENURE</b> : Freehold
	<b>ENCUMBRANCES</b> : Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b> : RM6,100,000
	<b>DATE OF VALUATION</b> : 31 December 2022
	<b>AGE OF PROPERTIES</b> : 10 years
	<b>LOCATION</b> : Lot 207318, KFC Restaurant Seri Alam DT, Jalan Suria 1, Bandar Seri Alam, 81700 Johor Bahru,
	<b>DESCRIPTION</b> : KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b> : 2016
	<b>TITLE</b> : GRN 542913, situated at Mukim Plentong, Bandar Seri Alam, Johor Bahru
	<b>TENURE</b> : Freehold
	<b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b> : RM8,700,000
	<b>DATE OF VALUATION</b> : 31 December 2022
	<b>AGE OF PROPERTIES</b> : 6 years







# PORTFOLIO SUMMARY AND DETAILS

## F&B RESTAURANTS - DRIVE THROUGH OUTLETS

	<b>LOCATION</b>	: Premises No. Lot 2263, Jalan Dagang 1/1, Pusat Bandar Bertam Perdana, 13200 Kepala Batas, Pulau Penang
	<b>DESCRIPTION</b>	: Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b>	: 2017
	<b>TITLE</b>	: GRN 181184, Lot No. 22529 , situated at Mukim 06, Seberang Perai Utara, Pulau Penang
	<b>TENURE</b>	: Freehold
	<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM7,800,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 5 years
	<b>LOCATION</b>	: PT No. 5665, Persiaran Taman Tasik Prima 3, Taman Tasik Prima, 47100 Puchong, Selangor Darul Ehsan
	<b>DESCRIPTION</b>	: Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b>	: 2016
	<b>TITLE</b>	: HSD 256439 Pekan Puchong Perdana, District of Petaling, Selangor
	<b>TENURE</b>	: Leasehold 99 years expiring on 28 May 2108
	<b>ENCUMBRANCES</b>	: CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM15,100,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 6 years
	<b>LOCATION</b>	: Lot 33693, KFC Seremban 2 Drive Through & Pizza Hut, Central Business District, 70300 Seremban 2, Negeri Sembilan
	<b>DESCRIPTION</b>	: Pizza Hut Restaurant and KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b>	: 2014
	<b>TITLE</b>	: Geran 175308, Lot 33693, Bandar Seremban Utama, Daerah Seremban, Negeri Sembilan
	<b>TENURE</b>	: Freehold
	<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM8,500,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 8 years
	<b>LOCATION</b>	: Premises No. PT 4294, Jalan Jasin-Merlimau, Bandar Baru Merlimau Utara, 77300 Merlimau, Melaka
	<b>DESCRIPTION</b>	: KFC Restaurant with drive through facility
	<b>YEAR OF COMPLETION</b>	: 2019
	<b>TITLE</b>	: PM1917, Mukim of Merlimau District of Jasin, Melaka
	<b>TENURE</b>	: Leasehold 99 years expiring on 1 April 2111
	<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM4,300,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 3 years

# PORTFOLIO SUMMARY AND DETAILS

F&B RESTAURANTS - MALL OUTLETS	
	<b>LOCATION</b> : Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang <b>DESCRIPTION</b> : KFC Restaurant <b>YEAR OF COMPLETION</b> : 2008 <b>TITLE</b> : GRN 97433/M1/1/126 Lot 15736, Mukim 12, District of Barat Daya, Pulau Pinang <b>TENURE</b> : Freehold <b>ENCUMBRANCES</b> : Charged to CIMB Islamic Bank Berhad <b>MARKET VALUE</b> : RM14,800,000 <b>DATE OF VALUATION</b> : 31 December 2022 <b>AGE OF PROPERTIES</b> : 14 years
	<b>LOCATION</b> : Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang <b>DESCRIPTION</b> : KFC Restaurant <b>YEAR OF COMPLETION</b> : 1997 <b>TITLE</b> : Parent Title no. GRN 166071, Lot 20306, Mukim 13, District of Timur Laut, Pulau Pinang <b>TENURE</b> : Freehold <b>ENCUMBRANCES</b> : Nil <b>MARKET VALUE</b> : RM3,400,000 <b>DATE OF VALUATION</b> : 31 December 2022 <b>AGE OF PROPERTIES</b> : 25 years
	<b>LOCATION</b> : Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang <b>DESCRIPTION</b> : KFC Restaurant <b>YEAR OF COMPLETION</b> : 1998 <b>TITLE</b> : PN 2352, Mukim1, District of Seberang Perai Tengah, Pulau Pinang <b>TENURE</b> : Leasehold 99 years expiring on 4 July 2094 <b>ENCUMBRANCES</b> : Nil <b>MARKET VALUE</b> : RM2,550,000 <b>DATE OF VALUATION</b> : 31 December 2022 <b>AGE OF PROPERTIES</b> : 24 years
	<b>LOCATION</b> : Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang <b>DESCRIPTION</b> : Vacant <b>YEAR OF COMPLETION</b> : 1998 <b>TITLE</b> : PN 2352, Mukim1, District of Seberang Perai Tengah, Pulau Pinang <b>TENURE</b> : Leasehold 99 years expiring on 4 July 2094 <b>ENCUMBRANCES</b> : Nil <b>MARKET VALUE</b> : RM1,120,000 <b>DATE OF VALUATION</b> : 31 December 2022 <b>AGE OF PROPERTIES</b> : 24 years

## PORTFOLIO SUMMARY AND DETAILS

### INDUSTRIAL & OTHERS - INDUSTRIAL PREMISES

	<b>LOCATION</b>	: Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang
	<b>DESCRIPTION</b>	: Commissary
	<b>YEAR OF COMPLETION</b>	: 1997
	<b>TITLE</b>	: GRN 149808, Mukim 13, District of Seberang Perai Tengah, Pulau Pinang
	<b>TENURE</b>	: Freehold
	<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
	<b>MARKET VALUE</b>	: RM1,600,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 25 years
	<b>LOCATION</b>	: No. 17,19 & 21, Jalan Pemaju U1/15, Hicom Glenmarie Industrial Park. Section U1, 40150 Shah Alam, Selangor
	<b>DESCRIPTION</b>	: Factory
	<b>YEAR OF COMPLETION</b>	: 1998
	<b>TITLE</b>	: GRN 215115, Bandar Glenmarie, District of Petaling, Selangor
	<b>TENURE</b>	: Freehold
	<b>ENCUMBRANCES</b>	: Charged to Bank Islam Malaysia Berhad
	<b>MARKET VALUE</b>	: RM63,000,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 24 years
	<b>LOCATION</b>	: Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, Kota Kinabalu, Sabah
	<b>DESCRIPTION</b>	: Factory/Warehouse
	<b>YEAR OF COMPLETION</b>	: 1999
	<b>TITLE</b>	: County Lease 015582411 (Formerly Main Title CL 015580097)
	<b>TENURE</b>	: Leasehold 99 years expiring on December 2096
	<b>ENCUMBRANCES</b>	: Nil
	<b>MARKET VALUE</b>	: RM3,000,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 23 years
	<b>LOCATION</b>	: No. 43A, Wisma KFC Sabah, Lorong Karamunsing C, 88000 Kota Kinabalu, Sabah
	<b>DESCRIPTION</b>	: KFC Warehouse
	<b>YEAR OF COMPLETION</b>	: 1989
	<b>TITLE</b>	: Lot No. 015319892, situated in Kota Kinabalu Sabah
	<b>TENURE</b>	: Leasehold 999 years commencing from 22 January 2001
	<b>ENCUMBRANCES</b>	: Charged to CIMB Islamic Bank Berhad
	<b>MARKET VALUE</b>	: RM4,700,000
	<b>DATE OF VALUATION</b>	: 31 December 2022
	<b>AGE OF PROPERTIES</b>	: 33 years

# PORTFOLIO SUMMARY AND DETAILS

## INDUSTRIAL & OTHERS - INDUSTRIAL PREMISES



<b>LOCATION</b>	: Premises No.3 Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor
<b>DESCRIPTION</b>	: Warehouse
<b>YEAR OF COMPLETION</b>	: 1996
<b>TITLE</b>	: PN 11243, Bandar Port Swettenham, District of Klang, Selangor
<b>TENURE</b>	: Leasehold 99 years expiring on 15 March 2087
<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
<b>MARKET VALUE</b>	: RM50,000,000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 26 years



<b>LOCATION</b>	: Premises No.6 Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor
<b>DESCRIPTION</b>	: Factory/Warehouse
<b>YEAR OF COMPLETION</b>	: 2004
<b>TITLE</b>	: PN 8616, Bandar Port Swettenham, District of Klang, Selangor
<b>TENURE</b>	: Leasehold 99 years expiring on 15 March 2087
<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
<b>MARKET VALUE</b>	: RM28,000,000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 18 years

## INDUSTRIAL & OTHERS - KPJ INTERNATIONAL COLLEGE OF NURSING AND HEALTH SCIENCES, JOHOR BAHRU (KPJIC JB) (PREVIOUSLY KNOWN AS MALAYSIAN COLLEGE OF HOSPITALITY AND MANAGEMENT)



<b>LOCATION</b>	: No. 1, Jalan Dato' Onn 1, Bandar Dato' Onn, 81100 Johor Bahru, Johor
<b>DESCRIPTION</b>	: 4-Storey Institutional Building
<b>YEAR OF COMPLETION</b>	: 2010
<b>TITLE</b>	: HS (D) 539995, Mukim Tebrau Johor Bahru, Johor
<b>TENURE</b>	: Freehold
<b>ENCUMBRANCES</b>	: Charged to Malaysian Trustees Berhad
<b>MARKET VALUE</b>	: RM36,000,000
<b>DATE OF VALUATION</b>	: 31 December 2022
<b>AGE OF PROPERTIES</b>	: 12 years



## KOMTAR JBCC



## KOPI O-RAMA

29 - 30 JANUARY 2022



## SUKA SUKA MARKET

25 - 27 MARCH 2022



## MARKETING ACTIVITIES



AWESOME RAJA LAWAK

18 - 19 JUNE 2022



FITFEST - MARATHON OF FITNESS

24 - 26 JUNE 2022



## MARKETING ACTIVITIES



KOMTAR DULU DULU

15 - 31 JULY 2022



ART OF MALAYSIA

15 AUGUST - 19 SEPTEMBER 2022



## MARKETING ACTIVITIES



DEEPAVALI MALL MARKET

15 - 31 JULY 2022



CHRISTMAS FUNLAND

15 AUGUST - 19 SEPTEMBER 2022



# MARKETING ACTIVITIES

@MART KEMPAS



MANISNYA RAYA

3 APRIL - 2 MAY 2022



SPEND & WIN

25 -29 MAY 2022



## MARKETING ACTIVITIES



YOK MASAK MASTER CHEF

30 JULY 2022



JOM MENABUNG NURI 10 KUASA 2

31 OCTOBER 2022

About this Statement	84
Approach to Sustainable Development	88
Stakeholder Engagement	91
Material Sustainability Matters	92
Strong Corporate Governance	96
Sustainable Trust Fund	98
Strong Social Relationship	99
Environmental Stewardship	104
Conclusion	108
GRI Content Index	109



## SUSTAINABILITY STATEMENT





# SUSTAINABILITY STATEMENT

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## ABOUT THIS STATEMENT

GRI 102-1 | 102-46 | 102-50



Damansara REIT Managers Sdn Berhad (“DRMSB” or the “Manager”), the Manager of Al-Salām Real Estate Investment Trust (“Al-Salām REIT” or the “REIT”), is pleased to present the fifth sustainability statement for the REIT. The reporting period encompasses the fiscal year that ended on December 31, 2022 (FY2022). This Statement documents matters that are most material to the REIT’s valued stakeholders and business operations, and offers a comprehensive view of its management and performance on environmental, social, and governance (“ESG”) elements of the REIT’s business operations.

In order to facilitate the generation of long-term value for our stakeholders, we have embraced sustainable business practices and incorporated ESG factors into the core of our operations as we continue to pursue our sustainability journey objectives. Such ESG factors included the implementation of updates to the ERM Policy & Framework in order to include ESG risks, and the initiation of 21 different training programmes that resulted in an average of 10.84 training hours per employee. Overall, our efforts have seen an average score of 82% for tenant satisfaction. Finally, we have begun the installation of a solar panel trial project.





# SUSTAINABILITY STATEMENT

## REPORTING SCOPE

GRI 102-4

This statement presents an overview of the REIT's performance in terms of sustainability for three (3) of our key properties. These multi-tenant properties are KOMTAR JBCC, Menara KOMTAR, and Pasaraya Komuniti @Mart Kempas. A property manager has been appointed to manage the REIT's buildings. As such, this statement will present an overview of the REIT's sustainability performance at its headquarters, located on Level 19, Block 1, VSQ@PJCC, Jalan Utara, Petaling Jaya, with a total floor space of 4,249 sq ft.



## Reporting Framework

Al-Salām REIT's Sustainability Statement has been prepared in compliance with the Main Market Listing Requirements published by Bursa Malaysia and its Sustainability Reporting Guide (3rd Edition) to provide meaningful and relevant disclosures. To align with international reporting standards, we referred to the Global Reporting Initiative ("GRI") Standards and the United Nations Sustainable Development Goals (UN SDGs or "SDGs").



### REPORTING GUIDELINES

Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)



### REPORTING GUIDELINES

Global Reporting Initiatives ("GRI") Standards



### REPORTING GUIDELINES

FTSE4Good Malaysia Index Criteria ("FGBM")



### CONTRIBUTIONS TO GLOBAL INITIATIVES

UN Sustainable Development Goals ("UN SDGs")

## FEEDBACK

We value and encourage stakeholder feedback as a means to continuously improve our ESG reporting and strategy, and thus maintain an open line of communication. For any questions, concerns, or remarks, please contact:

1. Encik Suhaimi Saad (Head of Operations) at [suhaimi@drmsb.com.my](mailto:suhaimi@drmsb.com.my)
2. Puan Roziah Abu Bakar (Head of Compliance & Risk Management) at [roziah@drmsb.com.my](mailto:roziah@drmsb.com.my).

# SUSTAINABILITY STATEMENT

## Sustainability Highlights



## ESG Journey

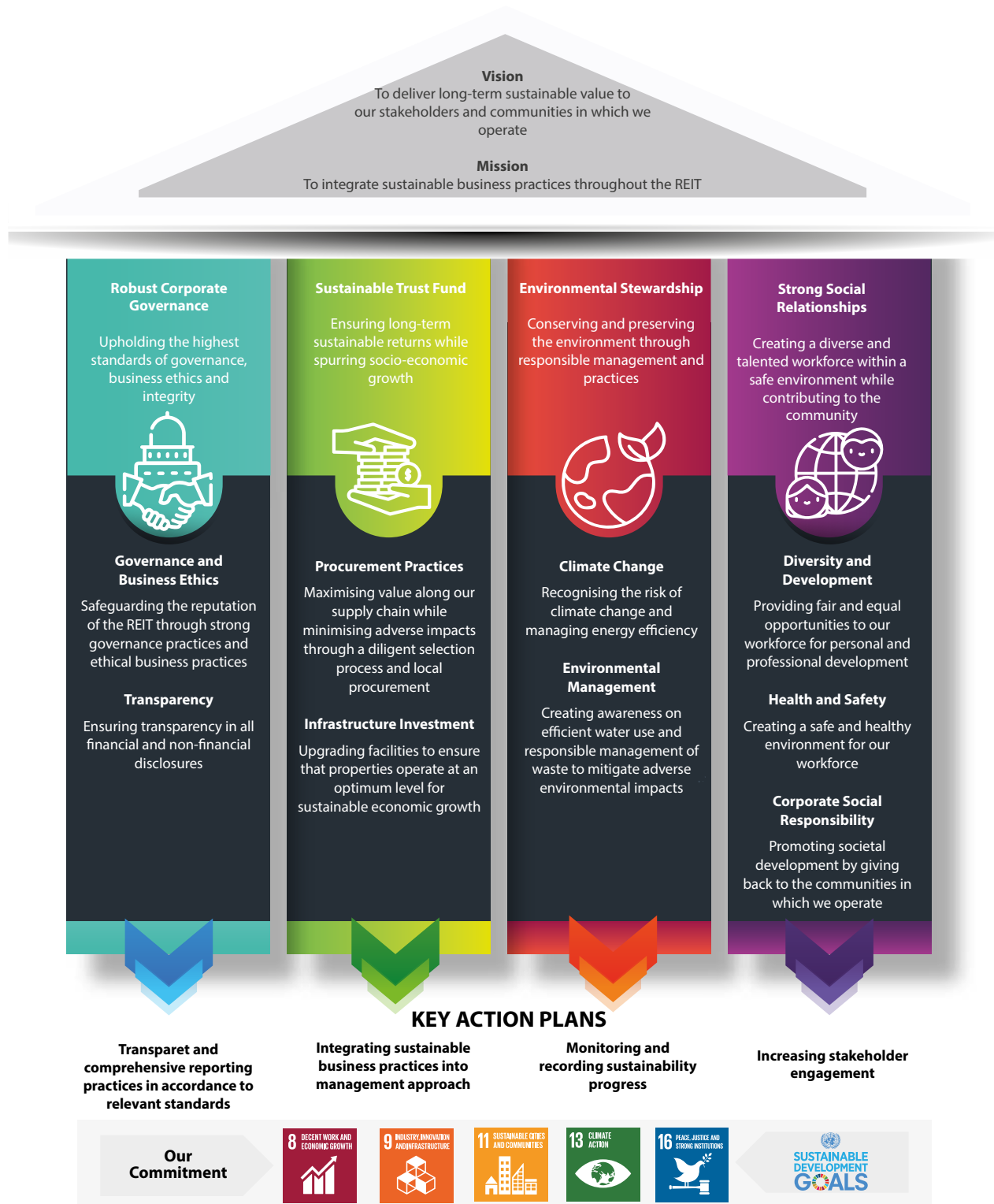


# SUSTAINABILITY STATEMENT

## APPROACH TO SUSTAINABLE DEVELOPMENT

### Sustainability Framework

The REIT strengthened its commitment towards sustainable growth and development through the establishment of the Sustainability Framework. The Framework encapsulates the REIT's principles through four (4) pillars and nine (9) key focus areas which the REIT believes are pertinent towards the nature of the business, and will serve as a guide to drive sustainability across the REIT's operations.



# SUSTAINABILITY STATEMENT

## Contribution to the United Nations Sustainable Development

The United Nations formulated seventeen (17) Sustainable Development Goals (“SDGs”) as a call to action addressing the global challenges facing humanity and the planet. In support of the Twelfth Malaysia Plan, 2021–2025 (the “Twelfth Plan”) and to demonstrate our commitment to the United Nations Sustainable Development Goals, we have embraced the five SDGs that are most relevant to our industry and on which we can make a significant impact. Herein, we present our most significant sustainability initiatives relating to the SDGs for the 2022 fiscal year. The Group remains focused on better aligning our activities and initiatives with the United Nations’ Sustainable Development Goals.









# SUSTAINABILITY STATEMENT

## SUSTAINABILITY GOVERNANCE

GRI 102-18 | 102-32

The Board of Directors ("the Board") oversees Al-Salām REIT's overall sustainability strategy and performance. Together with the Board Audit and Risk Committee ("BARC") and the Enterprise Risk Management Committee ("ERMC"), they evaluate and approve proposed initiatives and strategies. The Property Managers convene to discuss the monitoring of implementation and the attainment of targets.



ROLES	RESPONSIBILITIES
<b>Board of Directors ("the Board")</b> 	<ul style="list-style-type: none"> <li>Endorses and oversees the implementation of the REIT's sustainable strategy to ensure key targets are met.</li> <li>Takes responsibility and accountability for the REIT's communication on sustainability issues to stakeholders.</li> <li>Establishes a culture of integrity by placing emphasis on communication about sustainability across the REIT.</li> <li>Endorses material sustainability matters and the governance structure.</li> </ul>
<b>Board Audit and Risk Committee ("BARC")</b> 	<ul style="list-style-type: none"> <li>Oversee and recommend appropriate risk management and measurement policies and strategies, including ESG risks and opportunities across the Company</li> <li>Review, approve and ensure adherence to the Company's risk management framework, policy and strategies</li> <li>Review the effectiveness of the system for monitoring compliance with laws and regulations, along with the results of the management's investigation and follow-up of any instances of non-compliance.</li> <li>Review the Anti-Bribery and Corruption Policy of the Company to ensure that the JLG Group strategy and Anti-Bribery and Corruption Policy are aligned.</li> <li>Chairperson of BARC shall be responsible for receiving Whistle-Blowing information and to discuss the action to be taken amongst the members.</li> </ul>
<b>Enterprise Risk Management Committee ("ERMC")</b> 	<ul style="list-style-type: none"> <li>Supports BARC in fulfilling its oversight responsibilities with respect to ERM Policy &amp; Framework, along with its processes, including risk assessment on key strategic, financial, operational and compliance risk.</li> <li>To coordinate the development of risk management policies and procedures as well as its initiatives to ensure an effective ERM framework is in place</li> <li>To review and deliberate risk reports and, where applicable, recommend mitigation strategies for implementation</li> <li>To provide regular updates to the BARC on respective mitigation measures and action plans relating to the respective residual risk profile and ERM initiatives.</li> <li>To monitor, develop, review, assess and recommend to BARC on risk management strategies, policies and risk tolerance limits.</li> </ul>
<b>Property Managers</b> 	<ul style="list-style-type: none"> <li>Develops the overarching sustainability strategy for the REIT based on material sustainability matters identified.</li> <li>Provides recommendations and improvements to the Board on the material sustainability matters related to the REIT.</li> <li>Formulates targets and initiatives to achieve sustainability goals pledged by the REIT.</li> <li>Assesses the effectiveness of the sustainable initiatives put in place, and monitors and maintains records on these initiatives.</li> </ul>

# SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

GRI 102-40 | GRI 102-43 | 102-44

Key stakeholders are individuals who have a high level of interest in, influence over, and/or impact on the REIT's business activities. To enhance our performance and measure up to our stakeholders' expectations, we recognise the value of building and sustaining supportive, long-term relationships with them. The REIT has effectively communicated with its stakeholders to address their concerns and seek their input on key issues.

Stakeholders	Areas of Interest	Method of Engagement	Frequency of Engagement
Employees	<ul style="list-style-type: none"> <li>Staff performance and development</li> <li>Business strategies, objectives, achievements</li> <li>Staff wellbeing</li> <li>Employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>Performance appraisal and career development plan</li> <li>Townhall</li> <li>Revision of salary package</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Yearly</li> <li>Yearly</li> <li>Every 3 years</li> <li>Ongoing</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Corporate financial performance</li> <li>Corporate governance</li> <li>Investor relationship management</li> <li>Environmental matters</li> <li>Safety of assets</li> </ul>	<ul style="list-style-type: none"> <li>AGM</li> <li>Corporate website</li> <li>Annual &amp; quarterly reports</li> <li>Investor relations briefings</li> <li>Investment criteria/policy</li> </ul>	<ul style="list-style-type: none"> <li>Yearly</li> <li>Minimum quarterly</li> <li>Yearly &amp; quarterly</li> <li>Quarterly</li> <li>Yearly</li> </ul>
Tenants	<ul style="list-style-type: none"> <li>Safety and health</li> <li>Communication and tenant-owner relations</li> <li>Mall/Building facilities</li> <li>Environmental matters</li> <li>Activities, programmes or marketing campaigns to increase footfall</li> </ul>	<ul style="list-style-type: none"> <li>Tenant satisfaction survey</li> <li>Joint community programme</li> <li>Complaint management – Serve-Deck</li> <li>Promotion on green/renewable energy and waste management efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Twice a year</li> <li>By event</li> <li>Monthly</li> <li>Ongoing</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Safety and health</li> <li>Facilities or services provided in the building</li> <li>Promotion or sales offers by tenants</li> </ul>	<ul style="list-style-type: none"> <li>Complaint management</li> <li>Social media such as Facebook, Instagram</li> <li>Emails</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Monthly</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>Social contribution</li> </ul>	<ul style="list-style-type: none"> <li>Community events</li> <li>Foodbank/voluntary works</li> </ul>	<ul style="list-style-type: none"> <li>By event</li> </ul>
Regulatory Agencies & Statutory Bodies	<ul style="list-style-type: none"> <li>Compliance to regulations</li> <li>Labour practices</li> <li>Transparency and disclosures</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly compliance report to the BoD</li> <li>Announcements, notifications &amp; reporting</li> <li>Compliance audits</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Quarterly, half-yearly, as and when required</li> <li>Annually</li> </ul>
Service Providers & Suppliers	<ul style="list-style-type: none"> <li>Transparent procurement process</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation &amp; performance reviews</li> <li>Compliance to MACC Act</li> <li>Procurement Policy</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> </ul>
Property, Service, Maintenance Managers	<ul style="list-style-type: none"> <li>Income &amp; expenditure</li> <li>Leasing &amp; total occupancy</li> <li>Marketing &amp; promotions</li> <li>Maintenance summary</li> <li>Security, housekeeping &amp; parking</li> </ul>	<ul style="list-style-type: none"> <li>Monthly report</li> <li>Monthly meeting</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Monthly</li> </ul>

# SUSTAINABILITY STATEMENT

## MATERIAL SUSTAINABILITY MATTERS

GRI 102-47

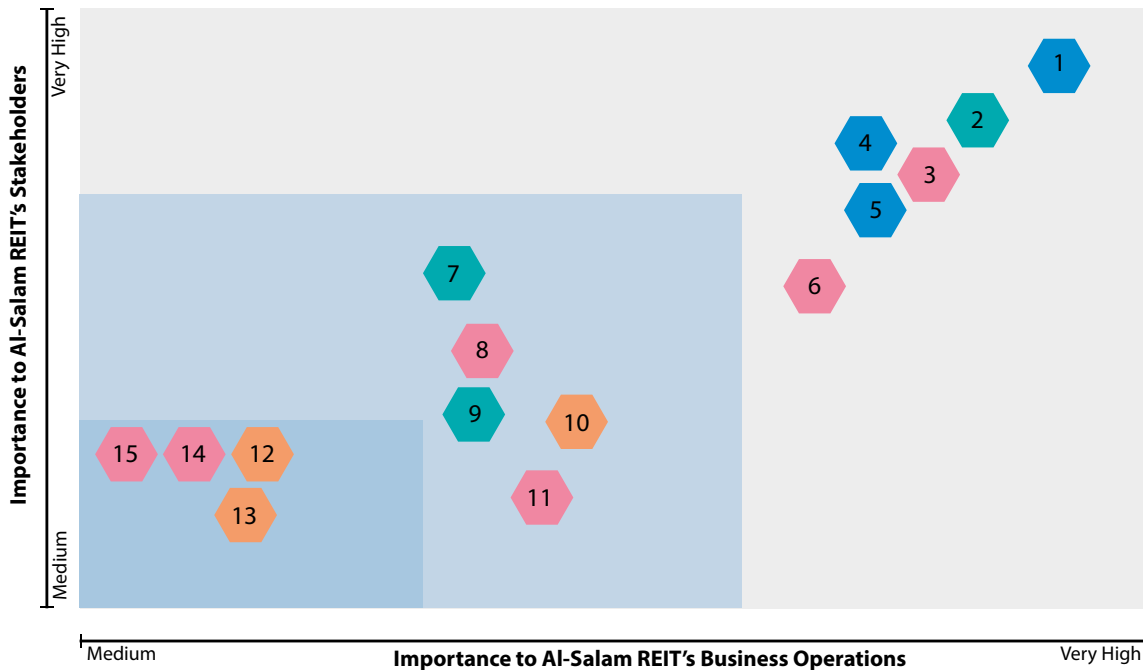
### Materiality Assessment

To better reflect the prioritisation of ESG risks and opportunities within its operations, the REIT conducted a comprehensive evaluation and reassessment of its material sustainability matters in FY2021. The newly established Sustainability Framework and the ongoing COVID-19 epidemic served as the basis for this activity. We are maintaining the material matters, as they are still applicable and remain in accordance with Bursa Malaysia's REIT-specific material matters while we manage the endemic phase of COVID-19. Listed below are the 15 material matters identified during the assessment:

	FY2022 Material Sustainability Matters
Robust Corporate Governance	Corporate Governance and Business Ethics
	Regulatory Compliance
	Risk Management
Sustainable Trust Fund	Financial Performance
	Indirect Economic Impacts
	Procurement and Supply Chain Management
Environmental Stewardship	Climate Change
	Waste and Effluent Management
	Water Management
Strong Social Relationships	Diversity and Inclusion
	Human Rights and Labour Standards
	Tenant and Customer Satisfaction
	Occupational Health and Safety
	Community Engagement
	Human Capital Development

# SUSTAINABILITY STATEMENT

## Materiality Matrix



Robust Corporate Governance	Sustainable Trust Fund	Environmental Stewardship	Strong Social Relationships
1. Regulatory Compliance 4. Risk Management 5. Corporate Governance and Business Ethics	2. Financial Performance 7. Indirect Economic Impacts 9. Procurement and Supply Chain Management	10. Climate Change 12. Waste and Effluent Management 13. Water Management	3. Tenant and Customer Satisfaction 6. Health and Safety 8. Human Rights and Labour Standards 11. Human Capital Development 14. Diversity and Inclusion 15. Community Engagement










As the REIT finds the fifteen (15) material matters relevant to our current operations, there was no materiality reassessment of material sustainability conducted this reporting year. As a result, the materiality matrix remains unchanged from FY2021. In particular, the material matters that are top priority are "Regulatory Compliance", "Financial Performance", and "Tenant and Customer Satisfaction", which are parked under "Robust Corporate Governance", "Sustainable Trust Fund", and "Strong Social Relationships" in that order.














# SUSTAINABILITY STATEMENT

## Mapping the Material Sustainability Matters

To better reflect the prioritisation of ESG risks and opportunities within its operations, the REIT conducted a comprehensive evaluation and reassessment of its material sustainability matters in FY2021. The newly established Sustainability Framework and the ongoing COVID-19 epidemic served as the basis for this activity. We are maintaining the material matters, as they are still applicable and remain in accordance with Bursa Malaysia's REIT-specific material matters while we manage the endemic phase of COVID-19. Listed below are the 15 material matters identified during the assessment:

Pillars	Material Sustainability Matter	Description	Stakeholders	Corresponding SDGs
Robust Corporate Governance	Regulatory Compliance	Efforts to adhere to laws, regulations, guidelines and specifications relevant to business operations.	Employees, Investors, Tenants, Regulatory Agencies & Statutory Bodies	 
	Risk Management	Strategies in managing operational, financial and compliance risks to ensure sustainable long-term growth.	Employees, Investors	
	Corporate Governance and Business Ethics	Values, principles, standards and norms that are critical towards business sustainability.	Employees, Investors, Tenants, Regulatory Agencies & Statutory Bodies	 
Sustainable Trust Fund	Financial Performance	Strategies in managing financial and operational performance, as well as measuring their effects on stakeholders.	Employees, Investors	
	Indirect Economic Impact	Strategies in managing the indirect economic impacts of infrastructure investments and the services supported.	Tenants, Local Communities	 
	Procurement and Supply Chain Management	Management of supply chain activities to maximise value for customers and tenants, as well as ensure that products or services provided by suppliers meet the standards and requirements of the Manager.	Local Communities, Service Providers & Suppliers, Property/Service/Maintenance Manager	

# SUSTAINABILITY STATEMENT

Strong Social Relationships	Tenant Satisfaction	Initiatives to ensure that all properties are comfortable, safe, and meet the standards of all tenants and customers.	Tenants	 
	Health and Safety	Measures taken to prevent workplace accidents or injuries, and to maintain a safe and conducive working environment.	Employees, Tenants, Regulatory Agencies & Statutory Bodies	
	Human Rights and Labour Standards	Respecting and protecting the rights of all employees, service providers and suppliers, local communities and other stakeholders regardless of gender, age, employment type, nationality, religion and race.	Employees, Local Communities	
	Human Capital Development	Providing personal and professional benefits, training, and development opportunities to all employees.	Employees	
	Diversity and Inclusion	Promoting a diverse and inclusive workplace where every employee, regardless of gender, race and ethnicity, is treated with dignity and respect.	Employees	
	Community Engagement	Building strong relationships through regular engagement activities, to promote the well-being of local communities.	Local Communities	 
Environmental Stewardship	Climate Change	Efforts made on responsible energy management and usage to reduce the impacts on climate change.	Investors, Tenants, Property/Service/Maintenance Manager	
	Waste and Effluent Management	Managing waste to reduce its generation and ensure that it is disposed of properly.	Investors, Tenants, Local Communities, Regulatory Agencies & Statutory Bodies, Property/Service/Maintenance Manager	
	Water Management	Managing water to reduce its consumption.	Investors, Tenants, Property/Service/Maintenance Manager	

# SUSTAINABILITY STATEMENT

## STRONG CORPORATE GOVERNANCE

GRI 102-16 | 102-17

### Regulatory Compliance

The key national laws, regulations and guidelines applicable to the REIT's business include and are not limited to:

Capital Market Services Act 2007	Income Tax Act 1967
Main Market Listing Requirements	EPF Act 1991
Guidelines on Listed REITs	Malaysian Code on Corporate Governance ("MCCG")
Guidelines on Islamic Capital Market Products and Services	Guidelines on Corporate Governance for Capital Market Intermediaries

A comprehensive compliance report detailing the requirements for various acts, risk treatment, the REIT's mitigation plans, and risk ratings is maintained by the Manager, to ensure the REIT remains compliant with relevant legal and statutory requirements. In addition, the Manager conducts training on legal requirements, obtains legal advice from professionals, and requires all internal audits be performed by external consultants to maintain impartiality.

It is also crucial that tenants abide by all stipulated legal requirements and agreements, such as the Uniform By-Laws 1984, the Fire Services Act 1988, and the Lease/Tenancy Agreement. To that end, REIT has taken the initiative to send notifications to tenants as a reminder to comply with these requirements. We also organise monitoring sessions for respective departments, contractors, and consultants to ensure adherence to these regulations. Furthermore, the REIT makes requests for insurance cover notes that indicate properties are protected in the case of hazards such as fire. We established a manual notification planner supervised by the Building Manager or the Operations HOD, which indicates when building-related licences are to be renewed.

To further enhance these initiatives, the Board regularly receives legal and secretarial updates in order to stay updated with developments in regulation. Moreover, both management personnel and the Board are encouraged to attend relevant talks and seminars, and the Manager is notified about relevant changes from Bursa Malaysia, the Securities Commission, and the Malaysian REIT Managers Association ("MRMA").

Initiatives taken to ensure compliance with relevant laws and regulations are communicated internally via management meetings, announcements, and briefings, while done externally via Annual General Meetings, analyst briefings, the REIT's corporate website, and annual reports. All questions are directed via email to a designated individual. In the financial year 2022, the REIT has not recorded any incidents of non-compliance.

### Risk Management

To ensure the longevity and stability of the business as a REIT, it is vital to appropriately manage all risks. Risk management is thus overseen by the Board Audit and Risk Management Committee ("BARC"), assisted by the Enterprise Risk Management Committee ("ERMC"). These committees are responsible for ensuring risk management is embedded in the Manager's scheduled daily tasks. They are also charged with identifying risk parameters, appetite, profiles, treatment options, action plans, and indicators. The Manager assesses risks on a quarterly basis, following the Enterprise Risk Management ("ERM") Policy and Framework. All findings are compiled into a detailed risk register, which is divided into the following categories: strategic, financial, operational, compliance, IT, and integrity risks.

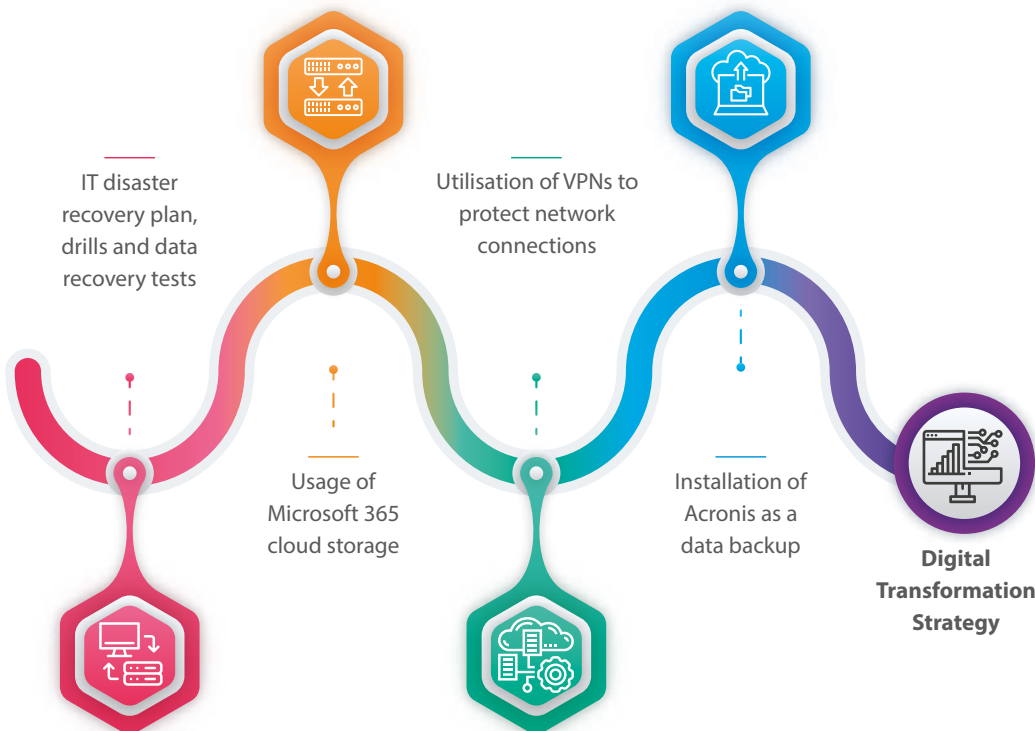
For the review this year, the Manager updated the ERM Policy and Framework that became effective on December 1, 2022. These changes take into account the re-classification of Risk Category to include ESG Risk, Market Risk and Partnership Risk.

The Manager has also conducted a risk assessment for the supplier's environmental and social issues, labour issues, health and safety issues, tax issues, and finally data protection. There was no high risk identified during the course of the assessment. Risk owners are designated at the Risk Identification stage and are tasked with reporting the progress of risks and associated mitigation plans at weekly Management Committee meetings. Risk owners communicate with the employees regarding the risks, and also identify the risks to their operations and the associated mitigation plans, presenting them to the ERMC and/or at weekly Management Committee meetings. The ERMC holds quarterly meetings to ensure effective communication of risks and mitigation plans. Subsequently, the updated Risk Profiles were presented at the quarterly BARC meetings.

# SUSTAINABILITY STATEMENT

Data privacy and cyber security have grown in importance as digital services have become more widely used. Safeguarding our customers' and patients' data is our top priority. Thus, the REIT has implemented a user access rights matrix and ensured adherence to the Personal Data Protection ("PDP") Policy. A Cyber Security Procedure, aimed at embedding essential cyber security measures to ensure the appropriate actions can take place during a potential data or security breach, was put into place. Since the implementation of these measures, there have been no complaints regarding breaches of customer privacy or loss of data.

The Manager has maintained various business continuity measures in relation to digital transformation, allowing the REIT to continuously adapt to a changing business environment in the COVID-19 endemic stage.



## CORPORATE GOVERNANCE AND BUSINESS ETHICS

GRI 205-1 | 205-2

Internal SOPs, including those for business growth, internal controls, risk management, compliance, IT, talent management, finance, and operations, keep daily operations in order. The Manager's Code of Conduct and Business Ethics upholds the values, principles, and standards of professional conduct within Al-Salām REIT (the "Code"). The Code specifies how employees and associates are expected to conduct themselves, as well as disciplinary measures in the event of non-compliance. Other policies, such as the Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy ("ABAC Policy"), and Manual, supplement this Code. All of these policies and procedures are disseminated to staff via email, briefings, training, and posters.

The REIT is committed to providing confidential channels for reporting incidents of non-compliance and misconduct within the organisation. As a result, our Whistleblowing Policy has been revised to adopt a policy and standard procedure similar to those of JCorp. This revised Whistleblowing Policy assures that all received reports are evaluated with confidentiality and impartiality, while ensuring that those made with malicious intent are dealt with appropriately. This policy has been amended in accordance with the Whistleblowers Protection Act 2010. The Manager did not receive any whistleblowing reports in FY2022.

Al-Salām REIT remains committed to maintaining compliance with the 2009 Malaysia Anti-Corruption Act in all of its operations. The Manager consequently adopted the ABAC Policy. It outlines and conveys the Manager's money laundering, gifting, entertainment, and hospitality expense rules and guidelines. This is supported by the implementation of the new No-Gift, No-Entertainment Policy, and information on these policies is disseminated internally via briefings and training and externally via the company's website. All employees at every position level received anti-corruption training, and 96% of all employees attended. In FY2022, no employees were dismissed for failing to adhere to the ABAC Policy.



# SUSTAINABILITY STATEMENT

To enhance REIT's compliance with anti-bribery and anti-corruption laws and to ensure regulatory compliance, the Manager has undertaken the following additional initiatives: conducting a refresher briefing and trainings to employees, as well as committing to due diligence on and through an integrity pledge by service providers or business partners. In addition, the previously established due diligence procedure for new tenants has been maintained, and risk assessments are being conducted on about 100% of internal activities over the reporting period. Recruitment, Business Associates & Outsourced Service Providers, Suppliers, Business Development & Investor Relations, and Operations have undergone this risk assessment. All information is recorded in an Integrity Risk register and provided to the BARC and Board Investment Committee ("BIC"). In all operations evaluated, no substantial risks have been identified. Neither corruption nor non-compliance occurred in FY2022.

## SUSTAINABLE TRUST FUND

GRI 201-4 | 203-1

### Financial Performance

The REIT's primary objective is to provide long-term, sustainable returns for its investors, while also contributing to the nation's development and generating economic value by creating direct and indirect employment opportunities.

As the nation approaches the endemic phase of COVID-19, businesses have begun to recover. Compared to the previous year, the REIT's financial performance has improved significantly. As such, the government has not provided any financial support. As a result of this enhancement, the REIT generated RM 71,359,220 in revenue, compared to RM 54,133,438 the previous year, and maintained a profit of RM 16,201,218. The REIT plans to distribute at least 90% of its revenue to the unitholders.

In addition, the REIT became the silver sponsor for the 3rd Annual Malaysian REIT Forum in FY2022. The Manager has also attended the M-REITs and The Road Ahead event. This event provided the REIT with an opportunity to interact with analysts, investment bankers, and potential investors as part of Al-Salām REITs' investor relations efforts.

### Indirect Economic Impact

Indirect economic impacts are the results of the direct impact of financial transactions and cash flows that occur between an organisation and its stakeholders. This encompasses the investments made for an organisation's infrastructure and the services supported by these investments.

With a multitude of property types within the REIT's portfolio, including office spaces, shopping malls, and a supermarket, the REIT has observed a plethora of positive indirect economic impacts that originate from its operations. These include an increase in number and the creation of new service/maintenance-related jobs in the supply chain, which arose from the continued regional economic development with a focus on restaurants, small to medium enterprises, and residential areas. Furthermore, this healthy indirect economic growth has resulted in an increase in spending from local industries.

## PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

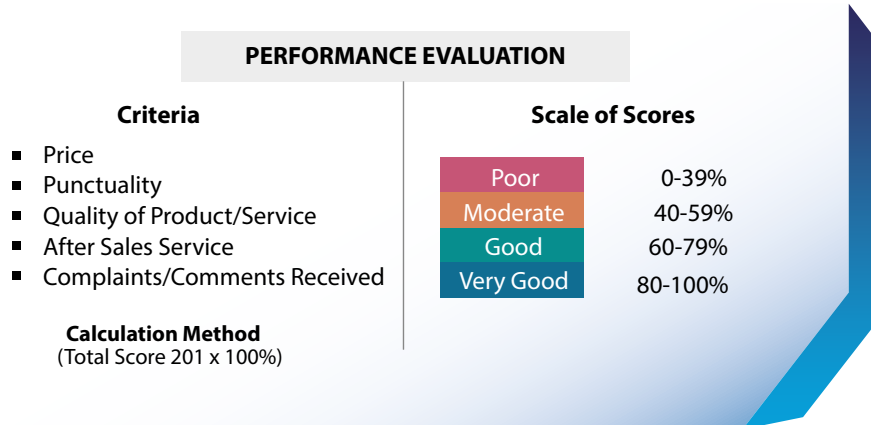
GRI 204-1

Per the business nature of the REIT as a fund manager and depending on the nature of the leasing agreement, Al-Salām REIT plays a minor role in the procurement of contractors and service providers for its properties. In the case of triple-net lease agreements, the tenant handles all supply chain decisions and property expenditures. Conversely, in the case of other properties, all construction work or total replacement of assets will require the approval of the REIT's trustee, with all management services falling under the purview of the REIT's property managers. The REIT is keenly aware that all procurement decisions and supply chain management will ultimately affect operations, and as a result, it closely monitors any decision made.

After receiving approval to conduct construction work from its trustee, the REIT monitors its progress. In addition to this, it requires its property managers to report on water and electricity consumption within the properties in order to identify areas where optimisation is possible. The REIT will implement appropriate energy and water-saving initiatives based on the data collected.

# SUSTAINABILITY STATEMENT

The REIT also monitors the supplier/contractor/service provider screening and evaluation processes. The screening criteria include SSM registration, price, work experience, and previous clients, while performance evaluations are conducted twice per year. Stakeholders are ranked on a scale of one (1) to four (4) based on specific criteria, and in the event of poor performance, they will be sent a reminder via letter or email to improve.



Another aspect of responsible procurement is sourcing local services as far as practicable, as this reduces greenhouse gas emissions and contributes to the development of the local economy. In this reporting period, 100% of Al-Salām REIT's procurement budget was expended locally, totaling RM5,324,543.90. The REIT also conducted several CSR initiatives for this reporting period across our operations, such as the Art Exhibition and "Kloth Cares", a fabric recycling movement initiated by KOMTAR JBCC2, and "Program Pengumpulan Fabrik Terpakai" by Menara KOMTAR. In addition to this, Pasaraya Komuniti @Mart Kempas hosted a total of eight(8) different CSR initiatives, which include events such as Project Shopping Raya, and setting up a Service Counter for PTPTN. Through these activities, the REIT embeds ESG initiatives wherever possible.

## STRONG SOCIAL RELATIONSHIPS

GRI 419-1

### Tenant and Customer Satisfaction

The REIT believes in building a strong and trusting relationship with our customer and tenants, as we continue to engage with them even during the difficult times. We value their patronage and take into consideration their feedback in our effort to expand our outreach, in addition to building a shared sense of responsibility and progressing societal development. We conducted extensive engagements via numerous communication channels to promote social betterment, whilst building strong tenant relationships, and meeting evolving customer behaviour and expectations.

The performance as a REIT heavily relies on the satisfaction of the REIT's tenants and customers. The REIT strives to secure their satisfaction, subsequently assuring long-term tenancy. To determine the satisfaction levels of its tenants, the REIT conducts satisfaction surveys twice a year. Tenants are required to rank various categories as sufficient, satisfactory, good or excellent. The categories include cleanliness, security, technical aspects, concierge, car park facilities, food courts, as well as marketing and promotions. In this reporting period, the REIT recorded an average score of 82% across its properties.

Another important facet of managing tenant and customer satisfaction is responding to and resolving complaints efficiently. Within its properties, the REIT uses the ServeDeck system for monitoring and resolving complaints and other issues (mechanical, electrical, cleanliness, etc.), submitted by the scanning of a QR Code placed in public areas such as the lift lobby and toilets. In the year under review, the REIT tracks and records the complaints/issues received across properties, and all complaints/issues are addressed and resolved within a day of receiving them.

### Average Satisfaction Score



# SUSTAINABILITY STATEMENT

Property	Total No. of Complaints /Issues Received	Satisfaction Survey Score (%)
KOMTAR JBCC	296	80
Menara KOMTAR	206	82
Pasaraya Komuniti @Mart Kempas	260	83

The REIT continued to support the tenants during the endemic phase of COVID-19 by providing rental rebates to ease their burden in these trying times.

## HEALTH AND SAFETY

GRI 403-1 | 403-2 | 403-4

At Al-Salām REIT, we strive to achieve zero work-related injuries resulting in employee permanent disability or fatality by adopting stringent OHS practices. Employees are expected to take ownership of OHS issues, and proactively report all OHS-related incidents, alongside non-compliance and non-conformities.

The Manager regularly monitors the operations and properties to control workplace safety risks, and strives to eliminate or minimise them through various measures. At each property, there is an established Emergency Response Team ("ERT"). The ERT consists of a chairman, secretary, employer and employee representatives. The employer representatives are further broken down into various categories, such as the health, training and investigation bureaus. Under the ERT, there are three (3) main teams, namely the Fire Fighting Team, Search and Rescue, and the First Aid Team. Such a structure allows for an immediate and efficient response in the face of an emergency. The REIT has also established a fire fighting system, and conducted fire drills once a year before the pandemic. All tenants are notified of emergency and evacuation procedures through letter and email.

Hazards Identification and Risk Assessments ("HIRAC") are conducted and reviewed annually, or when appropriate by the Operations Manager or Head of Technical department from the REIT's property managers, DASBPM, within their managed properties. The scope of the HIRARC includes electrical risks, machinery, and technical activities. A comprehensive HIRARC register is maintained to understand the risks associated with operations and the corresponding mitigation measures. DASBPM has also adopted various procedures addressing safe work culture when working within rooms of high voltage, and when operating the genset. All workers responsible for these works are expected to wear the appropriate gear and abide by the relevant procedures.

In 2022, the Manager continued to safeguard the health of employees from the spread of COVID-19. The two doses of COVID-19 vaccination for all staff at the REIT's properties was mandatory. As we continue to adapt to the new norms and safe lifestyle, the REIT is forthcoming with hygiene and safety practices at workplace. Employees' concerns and anxiety are mitigated by proactively highlighting workplace sanitary health practices, the provision of safety and health equipment, and with sharing of guidelines by Ministry of Health.

In this reporting period, there was zero work-related fatality or permanent disability as a result of the effective implementation of health and safety measures stated above.

## Human Rights and Labour Standards

The Manager upholds and respects the fundamental principles set out in the Employment Act 1955, and prohibits all forms of child, forced and bonded labour throughout operations. The Manager also strives to provide a safe and mutually respectful workplace environment that is free from violence, harassment, humiliation and intimidation of a sexual nature. We have no acts of discrimination or human rights violation to report in 2022.

## HUMAN CAPITAL DEVELOPMENT

GRI 401-1 | 401-2 | 404-1 | 404-2

We actively seek innovative, dynamic and talented individuals, both internally and externally, with the right experience level to support our growth. Our talent management programme addresses the development of organisational core competencies as well as position-specific competencies. During the annual performance and career development review, all employees are highly encouraged to openly discuss their performance and aspirations with their supervisors, as well as to identify any training needs.

# SUSTAINABILITY STATEMENT

Our people are offered comprehensive and competitive remuneration packages such as medical coverage, insurance, dental care, paternal leave and pilgrimage leave. In the face of the pandemic, the Manager also provided employees with an additional incentive to work from home, in order to safeguard the health of its employees. This includes an allowance which covers home internet, establishment of a comfortable workspace and electricity consumption.

The REIT encourages the cross fertilisation of talent and ideas, and leverages on the REIT's Human Resource functions to develop our people. For the Manager, we are committed to talent development programmes that enable people to acquire the relevant knowledge and skills for business excellence, and to reach their full potential. This year, the REIT spent RM 27,834, placed towards learning and development programmes for employees.

Some highlights from the training programmes conducted this year include:

- Enhancing Corporate Governance by Effective Corruption Prevention
- ESG Risk Management and Due Diligence
- Investment Opportunities in a Post COVID-19 Pandemic World
- Preparing Leaders & Executive for Artificial Intelligence
- Microsoft Excel Intermediate

## 93%

Employees Attended Training

## 584

Total Hours of Training

## 23

Total Training Investment per Employee (Hour)

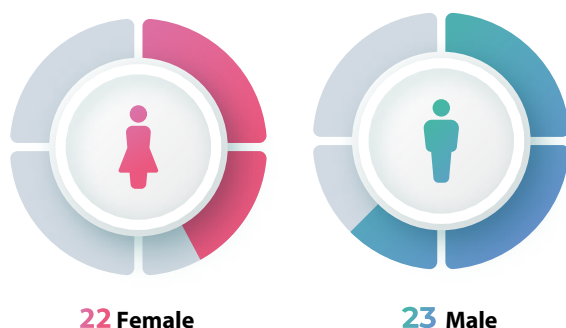
## 1,071

Employee (Hour) Total Training Cost per Employee (RM)

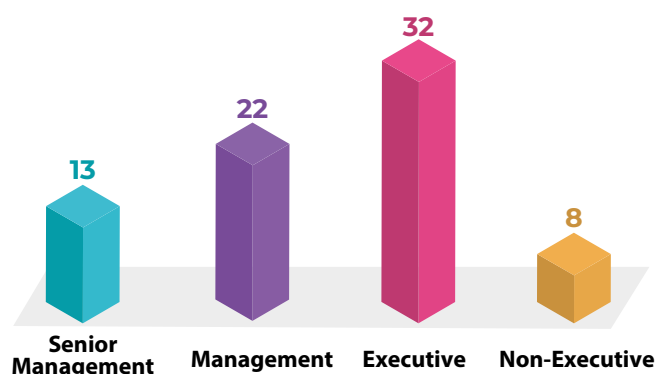
## 27,834

Total Training Cost (RM)

Average Training Hours by Gender



Average Training Hours by Employment Category



The Manager also offers employees regular performance reviews to contribute to their personal development and skill management. A breakdown of employees by percentage who received a performance review by gender and employment category is presented below. In FY2022, 86% of the REIT's workforce received a performance review.

Male	Female	Senior Management	Management	Executive	Non-Executive
54%	46%	4%	25%	46%	25%

In the year under review, the Manager recorded a hiring rate of 12% and a turnover rate of 4%.



# SUSTAINABILITY STATEMENT

## DIVERSITY AND INCLUSION

GRI 102-8 | 405-1

### Board Diversity Disclosure

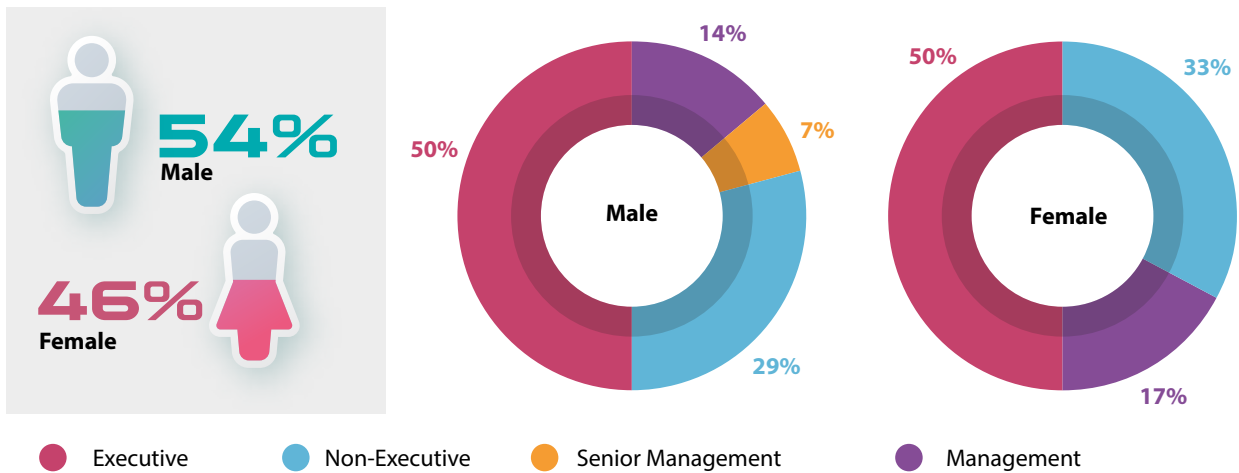
The REIT has in place an integrated human capital strategy designed to recruit, develop, and motivate employees. At Al-Salām REIT, the Manager and the properties are committed to developing a high-performance work culture that embraces diversity and collaboration.

Workplace diversity fosters collaboration and drives innovation among employees. The REIT values mutual respect and understanding across the organisation, and encourage employees to report cases of discrimination to the Human Resources department at the earliest possible opportunity. In this reporting period, the REIT recorded zero cases of harassment and discrimination.

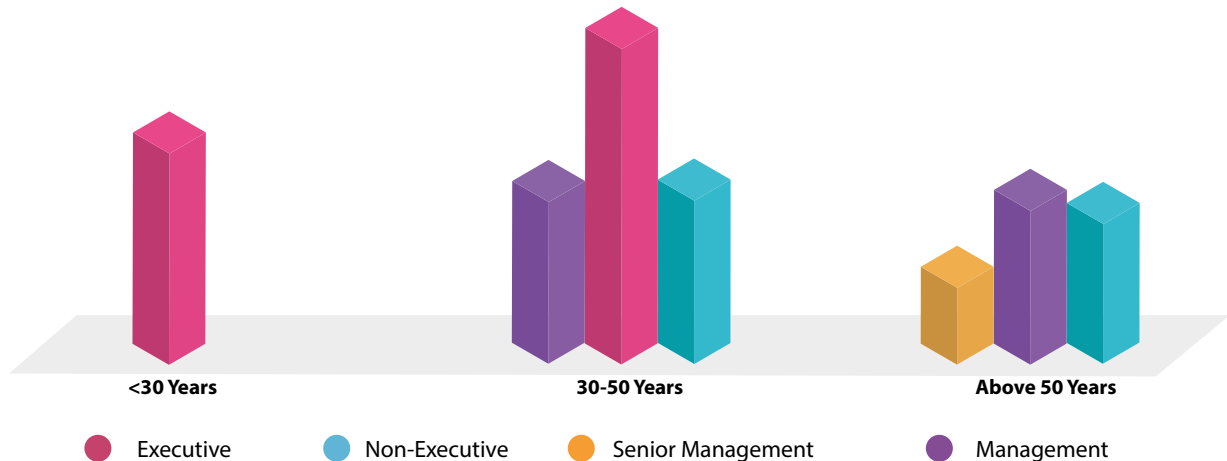
Equal opportunities for women remain a key focus for the Manager. We recognise the positive impact of gender diversity on the performance of teams and the business. Therefore, increasing female representation in leadership supports our business strategy. In 2022, women accounted for 46% of the REIT's team and 29% of the Management team. This year, we have a woman representative on the Board of Directors, and moving forward, the REIT aims to ensure that the Board consists of at least 30% women directors, in line with the requirements of the updated Malaysia Code of Corporate Governance.

Majority of employees (62%) lie within the 30 to 50-year age bracket. They represent the talented and experienced professionals capable of driving the REIT's business forward. The REIT's workforce is 100% Malaysian.

Employee Breakdown by Gender and Employment Category



Employee Breakdown by Age and Employment Category



# SUSTAINABILITY STATEMENT

## COMMUNITY ENGAGEMENT

GRI 413-1

As a responsible corporate citizen, the REIT recognises that we will feel enriched when those around us thrive. We have a duty to maintain the highest standards of social responsibility and integrity as an employer. This reporting period, the REIT collaborated with various organisers, including Non-Governmental Organisation (NGO), to make a positive contribution to the society in which we operate.



The organisers collaborated with the management of Pasaraya Komuniti @ Mart Kempas to contribute by providing assistance in the purchase of clothes, along with preparation needs for Hari Raya for 40 Asnafs selected from the residents of Taman Cempaka Flat.

**Contribution (RM)**  
**600.00**

A total of 40 asnaf students from Taman Cempaka Religious School received the donation.

**Contribution (RM)**  
**350.00**



Donations by The Malaysia Civil Defence Force (MCDF) of Kulai District, Johor was given to flood victims.

**Contribution (RM)**  
**500.00**



# SUSTAINABILITY STATEMENT

## ENVIRONMENTAL STEWARDSHIP

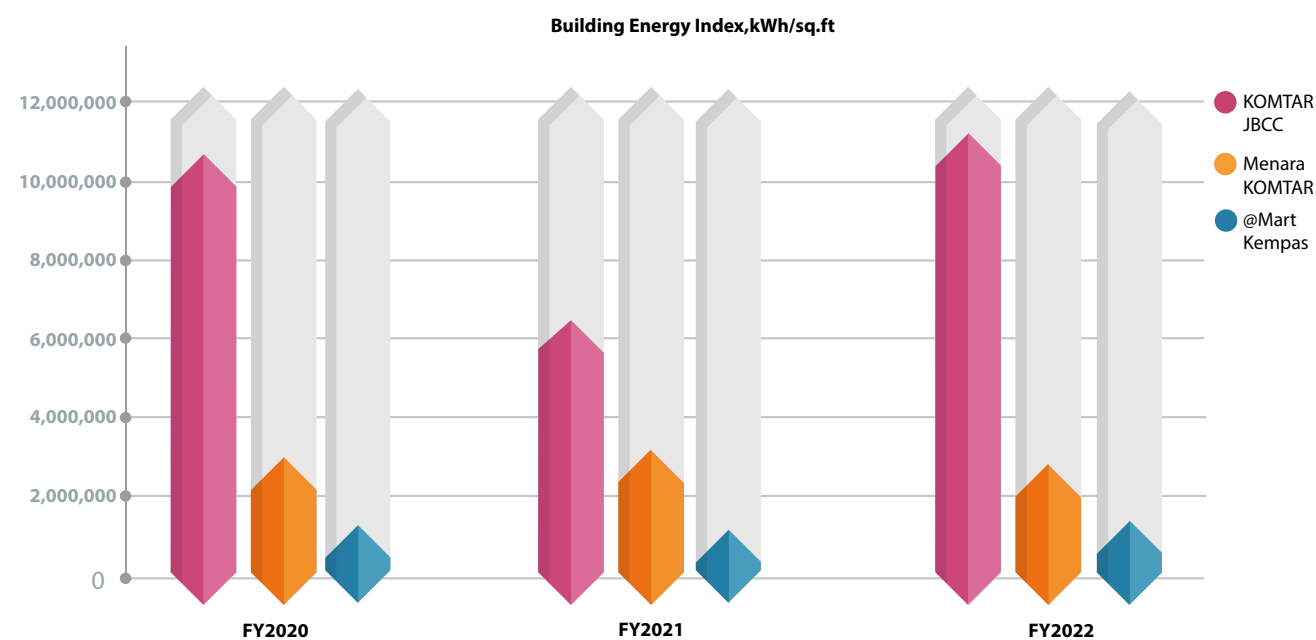
### Climate Change

GRI 302-1 | 302-3 | 302-4 | 305-2

Al-Salām REIT is committed to environmental sustainability and value creation as an asset manager. By leveraging technologies and analytics in optimising the usage of energy, water and waste management across our properties, we believe that we can manage our business more efficiently, and create long term value for all stakeholders.

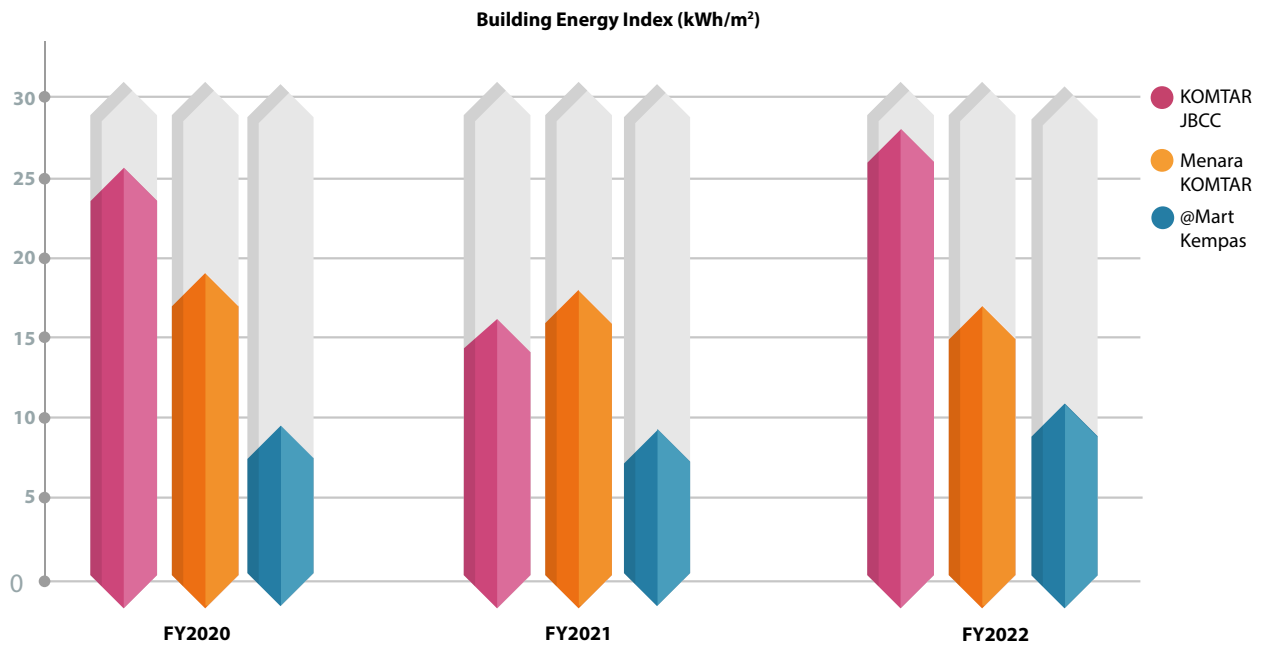
We are committed to address climate change risks through the reduction of its energy consumption. Improving energy efficiency represents the largest and most cost-effective way to mitigate those emissions.

Property	Electricity Consumption (kWh)		
	FY2020	FY2021	FY2022
KOMTAR JBCC	10,324,949	6,440,924	11,344,777
Menara KOMTAR	3,107,000	2,883,000	2,746,000
Pasaraya Komuniti @Mart Kempas	933,162	891,580	1,042,535



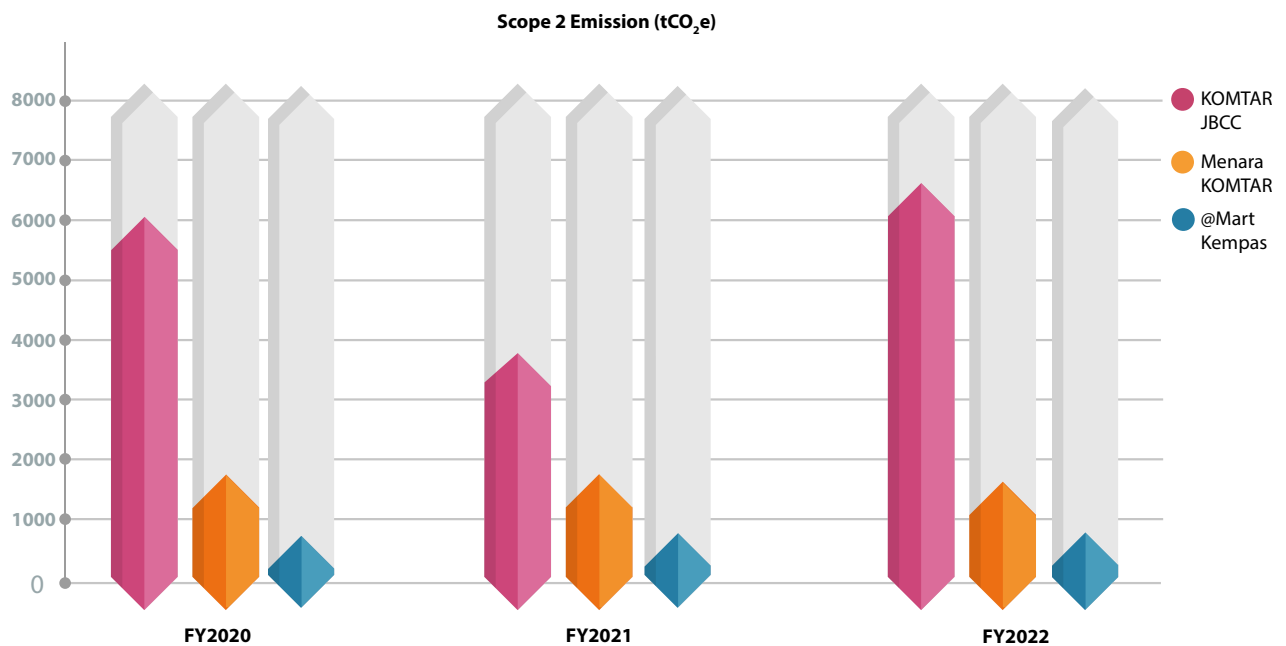
Property	Building Energy Index (BEI)		
	FY2020	FY2021	FY2022
KOMTAR JBCC	25.7	16.0	28.2
Menara KOMTAR	19.3	18.0	17.1
Pasaraya Komuniti @Mart Kempas	9.5	9.1	10.6

# SUSTAINABILITY STATEMENT



The REIT has also calculated its Scope 2 GHG emissions for the past three (3) years using electricity data.

Property	Scope 2 Emissions (tCO <sub>2</sub> e)		
	FY2020	FY2021	FY2022
KOMTAR JBCC	6040.10	3767.94	6636.69
Menara KOMTAR	1817.60	1686.56	1606.41
Pasaraya Komuniti @Mart Kempas	545.90	521.57	609.88



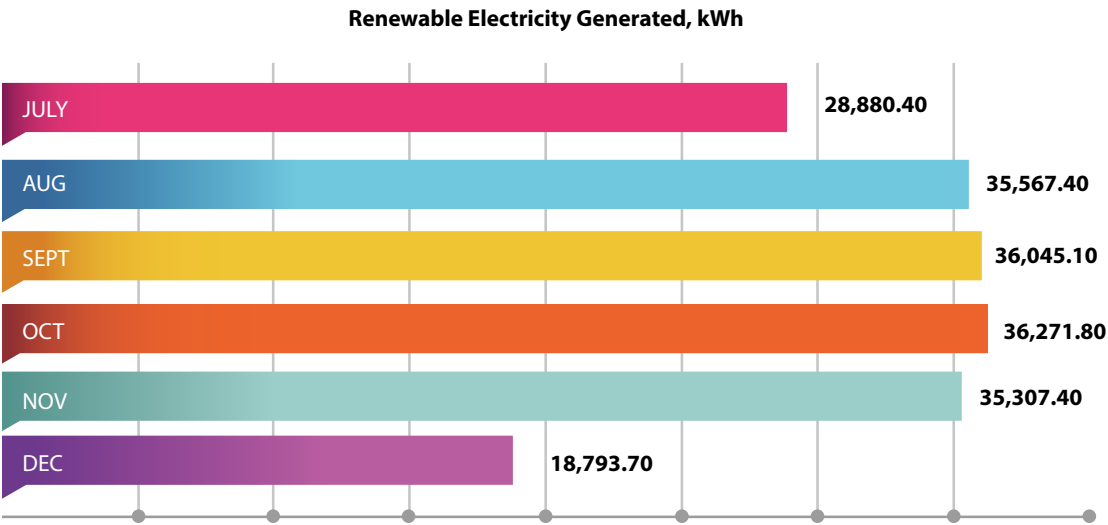


# SUSTAINABILITY STATEMENT

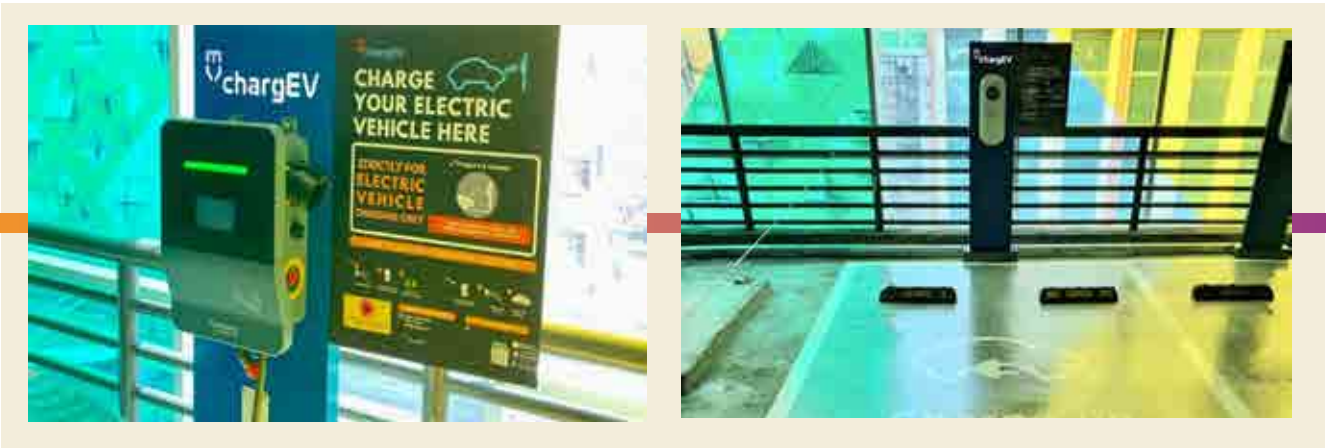
Recognising the impact of climate change on properties, we continue to explore new opportunities to implement climate change mitigation measures. To manage its impact on climate change, the REIT has installed solar panels in Pasaraya Komuniti @Mart Kempas.



A revenue meter has been installed to record the electrical energy generated by the solar PV system and it is directly connected to the property which means any electricity generated will be utilised first. Starting from July 2022 to Dec 2022, Pasaraya Komuniti @Mart Kempas has generated a total of 191,865.80 kWh of renewable electrical energy with the significant reduction in generated renewable energy recorded in December due to disconnected coverage.



In line with our commitment to deliver lifelong value to our communities, we are exploring ways to encourage green mobility through the installation of electric vehicle charging bays at KOMTAR JBCC's car park.



# SUSTAINABILITY STATEMENT

## Waste And Effluent Management

GRI 306-2 | 307-1

The waste most commonly associated with the properties is municipal waste produced by users and occupants, such as domestic and food waste. From the environmental point of view, poor waste management, ranging from non-systematic segregation to illegal disposal leading to air pollution, water and soil contamination poses serious risk to the environment and human health.

We strongly believe in our responsibility and role in managing the well-being of the environment and community. Thus, we remain committed in managing waste generated from our operations according to local waste regulations. We are determined to minimise negative impacts to the environment and human wellbeing through responsible waste and e-waste management efforts. The REIT has hired authorised contractors to collect and dispose of waste at all of its properties in compliance with applicable regulatory regulations.

The REIT is aware that tracking and recording the quantity of waste produced by properties is a key component of managing waste effectively, but it has not yet taken any steps in that direction.

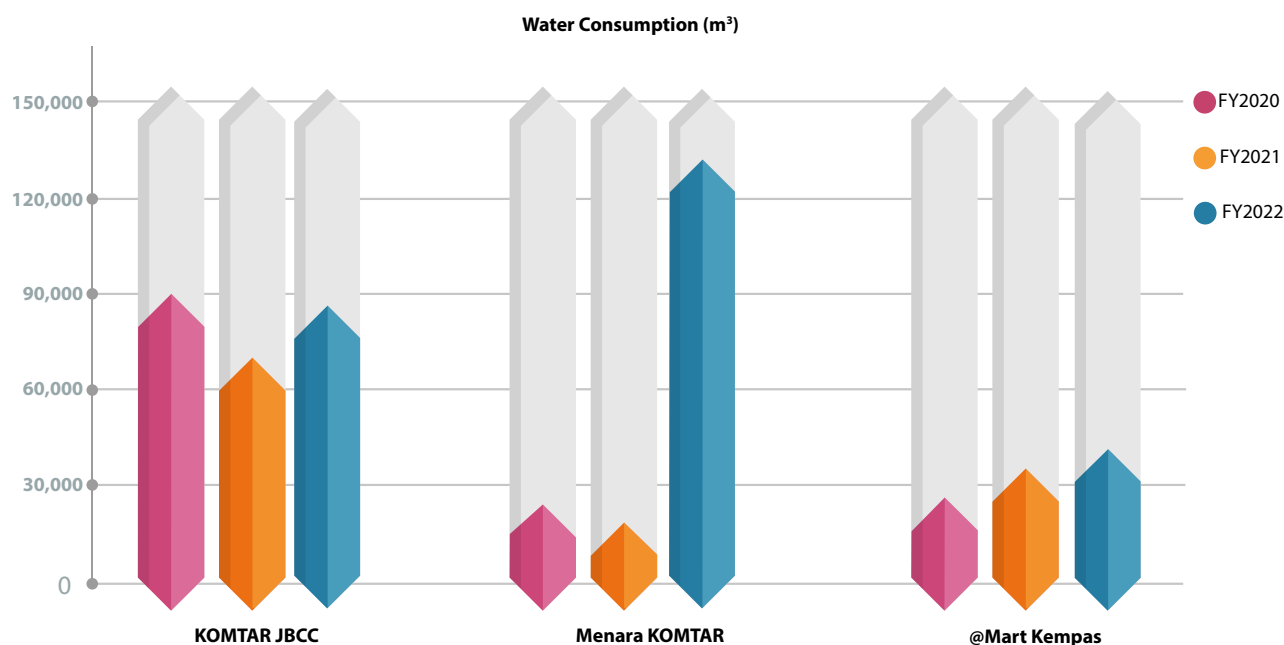
## Water Management

GRI 303-5

Al-Salām REIT is committed to reducing water usage and preventing water pollution at all of its properties. The solutions it has implemented today for water resource protection and waste management will benefit the long-term health and well-being of the REIT's employees, tenants and communities. Within its properties, the REIT has in place various initiatives that support our goal of monitoring and minimising the amount of water we consume across our operations. These initiatives also identified the improper use of water to be a major impact associated with operations.

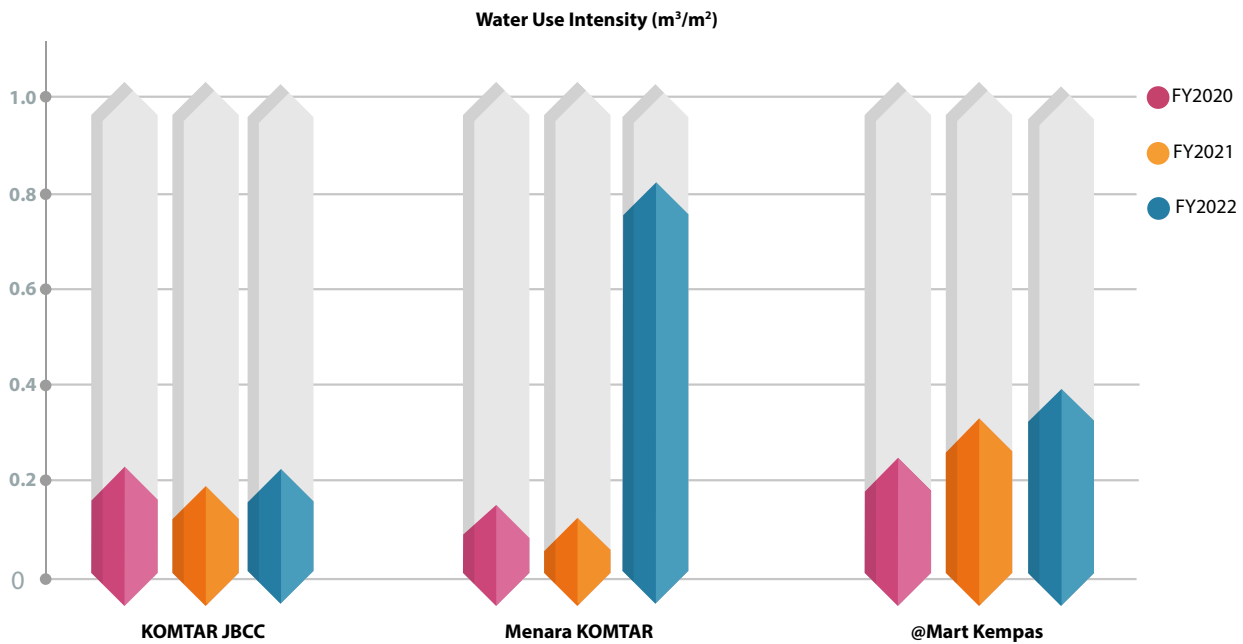
Raising awareness of responsible water usage among tenants, customers/shoppers, service providers, and cleaners is the REIT's strategy for managing water within its property portfolio. Posters displayed throughout restrooms, common spaces, and food courts raise awareness.

Property	Water Consumption, m3		
	FY2020	FY2021	FY2022
KOMTAR JBCC	87,426	70,644	85,792
Menara KOMTAR	21,703	19,013	132,143
Pasaraya Komuniti @Mart Kempas	24,815	32,326	38,647



# SUSTAINABILITY STATEMENT

Property	Water Use Intensity, m3/m2		
	FY2020	FY2021	FY2022
KOMTAR JBCC	0.22	0.18	0.21
Menara KOMTAR	0.14	0.12	0.82
Pasaraya Komuniti @Mart Kempas	0.25	0.33	0.39



## CONCLUSION

### The Path Ahead

As the world gradually recovers from the COVID-19 pandemic, the REIT will adapt and remain resilient in the face of the new challenges and opportunities of the coming years. We remain focused on advancing our sustainability journey through implementing sustainable practices and managing ESG risks and opportunities. Through this, we strengthen our ESG performance whilst sustaining positive economic growth and delivering value to stakeholders.

# SUSTAINABILITY STATEMENT

## GRI CONTENT INDEX

GRI Indicator	Content of Disclosure	Page Number
<b>General Disclosures</b>		
102-1	Name of the organisation	84
102-4	Location of operations	86
102-8	Information on employees and other workers	102
102-16	Values, principles, standards and norms of behaviour	96 - 98
102-17	Mechanisms for advice and concerns about ethics	96 - 98
102-18	Governance structure	90
102-32	Highest governance body's role in sustainability reporting	90
102-40	List of stakeholder groups	91
102-43	Approach to stakeholder engagement	91
102-44	Key topics and concerns raised	91
102-46	Defining report content and topic boundaries	84 - 86
102-47	List of material topics	92
102-50	Reporting period	84
102-55	GRI Content Index	109
103-2	<i>Management approach</i>	<i>Throughout</i>
<b>Economic</b>		
201-4	Financial assistance received from government	98
203-1	Infrastructure investment and services supported	98
204-1	Proportion of spending on local suppliers	99
205-1	Operations assessed for risks related to corruption	97 - 98
205-2	Communication and training about anti-corruption policies and procedures	97 - 98
<b>Environment</b>		
302-1	Energy consumption within the organisation	104
302-3	Energy intensity	104
302-4	Reduction of energy consumption	104
303-5	Water consumption	107
305-2	Energy indirect (Scope 2) GHG emissions	105
306-2	Management of significant waste-related impacts	107
307-1	Non-compliances to environmental law and regulation	107
<b>Social</b>		
401-1	New employee hire and employee turnover	101
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	101
403-1	Occupational Health and Safety management system	100
403-2	Hazard identification, risk assessment, and incident investigation	100
403-4	Worker participation, consultation, and communication on occupational health and safety	100
404-1	Average hours of training per year per employee	101
404-2	Programmes for upgrading employee skills and transition assistance programmes	101
405-1	Diversity of governance bodies and employees	102
413-1	Operations with local community engagement, impact assessments, and development programs	103
419-1	Non-compliance with laws and regulations in the social and economic area	99 - 103



● Menara KOMTAR & KOMTAR JBCC



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Corporate Governance Statement 112

---

Board Audit and  
Risk Committee Report 118

---

Board Investment  
Committee Report 124

---

Board Nomination and  
Remuneration Committee Report 127

---

Statement on Risk Management  
and Internal Control 132

---

Additional Compliance  
Information 141

---

Shariah Adviser's Report 144

---

Trustee's Report 145

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# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

This Corporate Governance ("CG") Overview Statement sets out the principal features of the Group's corporate governance approach, summary of corporate governance practices during the year under review as well as key focus areas and future priorities in relation to corporate governance.

The Board has been guided by the Malaysian Code on Corporate Governance ("MCCG") in its implementation of CG practices while ensuring compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the Guidelines for Listed REITs, Bursa Malaysia Corporate Governance Guide 28 April 2021, and Companies Act 2016.

The Board also monitors developments in industry practice and other relevant regulations and statutory requirements, best practices and guidelines so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the MCCG.

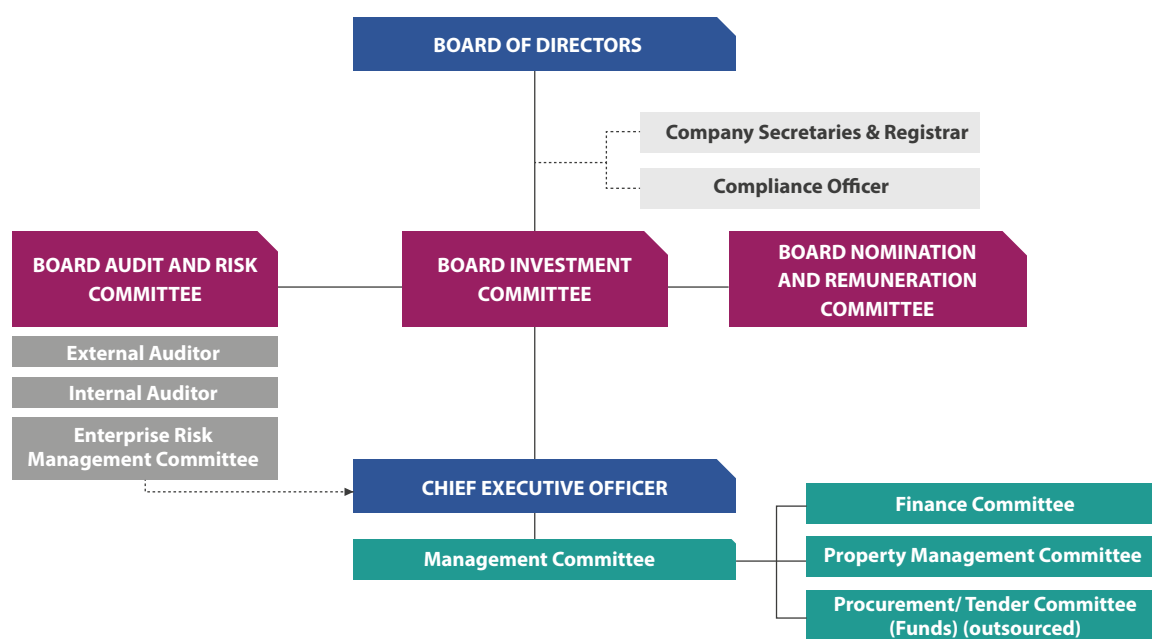
The Corporate Governance Report is available on the Group's website at [www.alsalamreit.com.my](http://www.alsalamreit.com.my) as well as via an announcement on the website of Bursa Malaysia. This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Integrated Report namely, the Statement on Risk Management and Internal Control ("SORMIC"), Audit and Risk Committee Report, and Sustainability Statement.

The CG Overview Statement provides a summary of the Company's CG practices during the financial year, with reference to the following 3 principles:

- Principle A: Board Leadership and Effectiveness;
- Principle B: Effective Audit and Risk Management; and
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

## CORPORATE GOVERNANCE FRAMEWORK

The governance structure of the Company where the responsibilities of the Board are delegated to the relevant Board Committees and the Management of the Company is illustrated below:



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the MCCG as defined in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year under review except for the practices mentioned below:

Practice 5.9 : **The board comprises at least 30% women directors.**

A female Director, Lailatul Azma binti Abdullah was appointed as Independent Non-Executive Director on 16 December 2022.

The board will continue to scout for women directors to sit on board in the coming years, taking into account diverse perspectives and insights based on the candidate's integrity, independence, diversity in terms of age, gender, cultural background and experience, leadership and ability to exercise sound judgement

Practice 8.1 : **There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments**

The remuneration of the directors is paid by the Company and not by the Fund.

However, the Board ensures that the remuneration policy takes into account the demands, complexities and performance of the Company as well as skills-set and relevant experiences required. For Independent Directors, the Board ensures that the remuneration does not conflict with their obligation to bring objectivity and independent judgment on matters discussed at the Board meetings.

Practice 8.2 : **The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.**

The Board is of the view that such disclosure may not be in the best interest of the Company due to confidentiality and security concerns, for example, vulnerability of these personnel being poached by competitors as well as potential disgruntlement amongst the personnel concerned when they note how much their fellow colleagues are drawing, notwithstanding that the disclosure is in bands of RM50,000 each.

The details on the extent of the application of each CG practice as set out in the MCCG including the explanation for non-adoption of or departure from the abovementioned practices, are available in the CG Report for the financial year ended 31 December 2022.



# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### The Board Audit and Risk Committee (BARC)

The Board Audit and Risk Committee ("BARC") is chaired by an Independent Non-Executive Director and consists of another Independent Non-Executive Director and a Non-Independent Non-Executive Director.

The composition of the BARC, its duties and responsibilities as well as details of meetings attended by each member can be found in the Terms of Reference of the BARC, which is available on the website of Al-Salām REIT at [www.alsalamreit.com.my](http://www.alsalamreit.com.my).

The BARC assists the Board in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to ensuring the integrity of the Company's financial statements, the performance of the Company's independent auditors and internal audit function, risk management practices, and internal control of the company.

#### The Enterprise Risk Management Committee (ERMC)

The Enterprise Risk Management Committee ("ERMC") is a management Committee established at the Company Level to identify potential events that may affect the Fund and the REIT Manager adversely, and systematically manage risk within its risk appetite, to provide reasonable assurance regarding the achievement of strategic objectives.

ERMC also supports the BARC in fulfilling its oversight responsibilities with respect to ERM Policy & Framework and its processes, including risk assessment on key strategic, financial, operational and compliance risks.

Other responsibilities of the ERMC include:

- (a) To coordinate the development of risk management policies and procedures and its initiatives to ensure an effective ERM framework is in place;
- (b) To review and deliberate risk reports and, where applicable, recommend mitigation strategies for implementation;
- (c) To provide regular updates to the BARC on respective mitigation measures and action plans relating to the respective residual risk profile and ERM initiatives;
- (d) To monitor, develop, review, assess and recommend to BARC on risk management strategies, policies and risk tolerance limits.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

### **Oversight and Assessment of the Suitability and Independence of External Auditors**

The Board has established a transparent relationship with the Company's External Auditors and Internal Auditors via the BARC who has explicit authority to communicate directly with them. The External Auditors confirmed to the BARC of their independency at each financial year and during their presentation of relevant audit Memorandum.

The Board considered the suitability and independence of the External Auditors during the discussion of the Group Audit Plan for the financial year ended 31 December 2022. The factors that take into account including the adequacy of experience and resources of the firm and professional staff assigned to the audit and the level of non-audit services to be rendered by the External Auditors to the Group for the financial year under review.

The BARC had conducted an annual assessment of the timeliness, competence, audit quality and resource capacity of the external Auditor in relation to the audit, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

The BARC had also obtained assurance confirming that the External Auditors are independent in accordance with the terms of all relevant professional and regulatory requirements.

### **Risk Management and Internal Control**

The Board has the oversight responsibility of the adequacy and effectiveness of the Manager's system of internal controls which comprises the governance, risks and controls aspects. The Board believes that effective maintenance of the system is important to help the Fund to achieve its various objectives at many levels and having considered the risks that the Fund faces whilst balancing out the interest of its many stakeholders and protecting the assets and investments.

The Board fulfils its oversight function of risk management and internal control system via the BARC. The Enterprise Risk Management ("ERM") Policy & Framework provides guidance to both the Board and Management on the risk management reporting structure and governance, processes, assessment methodologies and tools.

The Management of key operating companies adopt and apply the prescribed methodologies to identify, evaluate, treat, control, track and report the Strategic and Business, Financial, Compliance and Operational Risks based on the risk appetite set. In addition to the ERM Policy & Framework, the Manager has in place an approved Compliance Framework for management of Compliance Risks which are recognised as part of Operational Risks under the ERM Policy & Framework.

The Internal Audit Function which was outsourced to PKF Risk Management Sdn Bhd who assesses and reports the adequacy and effectiveness of the governance, risk management and internal control system whilst provide confirmation of the effectiveness of internal control and risk assessment process by the heads of departments.

An overview of the Board's responsibility and descriptions of the key components of system of internal control which include the conduct of reviews by the Internal Audit Function, risk management and compliance management is set out in the SORMIC on pages 132 to 140 of this Annual Report.

### **Internal Audit and Assurance**

The Board has established an Internal Audit Function to provide assurance on the effectiveness of risk, control and governance processes. Oversight of the Internal Audit Function is delegated to the BARC to ensure that there are sufficient resources and internal audits are carried out objectively, effectively and independently.

The Internal Audit Function is outsourced to a team of competent and qualified auditors at PKF Risk Management Sdn Bhd, who reports directly to the BARC. The Internal Auditors attended all meetings of the BARC during the financial year. The BARC's reviewed the scope of work and reports by the Internal Auditors and a detailed description of the Internal Audit Function is provided in the BARC Report on pages 118 and 123 of this Annual Report.

The Internal Audit Function discharges its duties in accordance with internationally recognised framework and guidelines as described on page 139 in the SORMIC and page 121 in the BARC Report of this Annual Report, respectively.








# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Communication with Stakeholders

The Board believes in providing prompt and accurate disclosure of material information to unitholders. The Board believes that regular engagements will enhance stakeholders' understanding and appreciation of the Fund's business strategies, financial performance, current initiatives and prospects of the business. Effective, transparent and regular communication with stakeholders are in line with disclosure obligations as per the MMLR.

Stakeholders	Engagement and initiatives
<b>Investment Community</b> <b>(Unitholders, Analysts, Fund Managers)</b> 	<ul style="list-style-type: none"> <li>• Statutory announcement</li> <li>• Annual General Meeting</li> <li>• Roadshow</li> <li>• Investors and analysts briefing</li> <li>• Corporate website</li> <li>• Social media</li> </ul>
<b>Media</b> 	<ul style="list-style-type: none"> <li>• Media interview</li> <li>• Media release</li> <li>• Corporate website</li> <li>• Social media</li> </ul>
<b>Government, local authorities and regulators</b> 	<ul style="list-style-type: none"> <li>• Engagement meeting</li> <li>• Consultation paper</li> <li>• Engagement through MRMA</li> <li>• Maintain rapport with local authorities</li> </ul>
<b>Tenants and lessees</b> 	<ul style="list-style-type: none"> <li>• Periodic meeting</li> <li>• Survey and feedback</li> <li>• Rental support programme</li> <li>• Marketing support and promotional activities</li> </ul>
<b>Suppliers and contractors</b> 	<ul style="list-style-type: none"> <li>• Request for proposal</li> <li>• Tender interview</li> <li>• Regular meetings</li> <li>• Supplier evaluation and audit</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Townhall</li> <li>• Employees engagement dialogue</li> <li>• Survey and feedback</li> <li>• Performance appraisal</li> <li>• Recreational activities</li> <li>• Flexible work arrangement</li> <li>• Upskilling and reskilling programmes</li> </ul>
<b>Communities</b> 	<ul style="list-style-type: none"> <li>• Customers' survey and feedback</li> <li>• Social media</li> <li>• CSR programme</li> <li>• Loyalty programme</li> <li>• Stringent operational and safety requirements</li> <li>• SOPs during MCOs</li> </ul>

The Manager is highly committed to ensure that relevant and material corporate information is shared with the Fund's unitholders and investing community effectively. The Manager maintains a corporate website, [www.alsalamreit.com.my](http://www.alsalamreit.com.my) to disseminate up-to-date and historical information and enhance its investor relations practices. The Investor Relations section on the website provides investor-related information such as financial information, announcements released to Bursa Securities, general meetings materials, circulars and distribution information. Stakeholders will also have access to corporate governance information including but not limited to the Board Charter, Terms of Reference, Whistleblowing Policy and Anti-Bribery & Corruption Policy.

The Manager has in place the Investor Relations team to facilitate effective communication with unitholders, analysts, fund managers and media. The email address, name and contact number of the Manager's designated person also available in the Fund's website to enable the public to forward queries relating to The Fund to the Manager.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

### CONDUCT OF GENERAL MEETING

The Annual General Meeting is a vital platform for dialogue and interaction for effective communication and proactive engagement between the Board and unitholders of The Fund. As the avenue for dialogue, unitholders are encouraged to participate in raising questions and concerns relating to The Fund, exercising their rights relating to resolutions tabled and appointing proxies as per the unitholder's discretion.

A copy of the Annual Report and the relevant Circular to unitholders, including the notice of meeting were made available to unitholders before the 7<sup>th</sup> AGM. The notice of meeting was also advertised in the local daily newspapers and announced to Bursa Securities via Bursa LINK. An Administrative Guide, which furnished useful information regarding the conduct of the 7<sup>th</sup> AGM, together with the explanatory guide to the use of the electronic polling process were given to the unitholders in advance.

The 7<sup>th</sup> AGM was held at the broadcast venue with restricted numbers in physical attendance to observe the requirements under SC's Guidance Note and Frequently Asked Questions on Conduct of General Meetings for Listed Issuers. The Fund has conducted its 7<sup>th</sup> AGM on a fully virtual basis via live streaming and online remote voting on 20 April 2022. The Broadcast Venue of the 7<sup>th</sup> AGM at the Manager's corporate office was strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be at the main venue. No Unitholders/Proxy(ies) was allowed to be physically present at the Broadcast Venue on the day of the 7<sup>th</sup> AGM.

The voting of all resolutions set out in the notice of the 7<sup>th</sup> AGM was conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad MMLR. Mega Corporate Services Sdn. Bhd. Was appointed Poll Administrator to conduct the poll by way of electronic voting and Cygnus IT Solutions PLT as Independent Scrutineers to verify the poll results.

All Directors of the Manager were present at the 7<sup>th</sup> AGM to engage with unitholders. Besides, the Trustee, the Management Team, external auditors and the advisers were in attendance to address questions or concerns raised by unitholders. The Chairman of the meeting presented the progress and performance of the business and encouraged unitholders to participate in the Question & Answer session.





# BOARD AUDIT AND RISK COMMITTEE REPORT

The BARC plays a major role in corporate governance regarding the organisation's direction, control, and accountability. The BARC is set up with the primary objective to assist the Board of Director in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to ensuring the integrity of the Company's financial statements, performance of the Company's independent auditors and internal audit function, risk management practices and internal control of the company.

As a representative of the board of directors and main part of the corporate governance mechanism, the BARC is involved in the organisation's both internal and external audits, internal control, accounting and financial reporting, regulatory compliance, and risk management

## COMPOSITION

In line with the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR, the composition of the BARC is as follows:

### Members

1. Abdullah bin Abu Samah  
Chairman/Independent Non-Executive Director
2. Dato' Wan Kamaruzaman bin Wan Ahmad  
Independent Non-Executive Director
3. Datuk Sr Akmal bin Ahmad  
Non-Independent Non-Executive Director

### Secretaries

1. Nuraliza binti Abd Rahman
2. Rohaya binti Jaafar

The BARC members are appointed by the Board and consist of not less than 3 members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The Board elects a chairman who is an independent Director and who is not the chairman of the Board. The composition of the BARC shall fulfill the requirements as prescribed in the Listing Requirements.

The Board of Directors, via the Board Nomination and Remuneration Committee ("BNRC"), annually reviews the terms of office and performance of the BARC and its members through an effectiveness evaluation exercise. The BNRC assessed the BARC's performance for the financial year ended 31 December 2022 and was satisfied that the BARC and its members have discharged their functions, duties, and responsibilities in accordance with the BARC's Terms of Reference.

# BOARD AUDIT AND RISK COMMITTEE REPORT

## MEETINGS AND ATTENDANCE

### Number of Meetings Held and Details of Attendance

The BARC meets at quarterly intervals or such other intervals as the Committee shall decide.

The BARC held four (4) regular meetings and two (2) special BARC meetings during the financial year ended 31 December 2022 which were attended by all members.

During the financial year, the details of attendance are as follows:-

No	BARC Members	Date of Meetings				
		26 Jan 2022	13 Apr 2022 (Special)	18 May 2022	18 Aug 2022	16 Dec 2022
1	Abdullah bin Abu Samah	✓	✓	✓	✓	✓
2	Dato' Wan Kamaruzaman bin Wan Ahmad	✓	✓	✓	✓	✓
3	Datuk Sr Akmal bin Ahmad	✓	✓	✓	✓	✓

### Terms of Reference

The duties and responsibilities of the BARC are set out in its Terms of Reference which is accessible in the Corporate Governance section, on the website at [www.alsalamreit.com.my](http://www.alsalamreit.com.my).

## SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR

The BARC shall meet at least 4 times annually and the Internal Auditor, the Head of Finance and the Head of Compliance and Risk shall attend the meetings. Relevant members of Senior Management shall be invited to attend these meetings to assist to clarify matters raised at the meetings. A majority of independent Directors present shall form a quorum.

The BARC shall meet with the External Auditors without the executive Board members and Management being present at least twice a year.

Meeting papers were circulated to all the BARC members prior to the meetings by way of electronic means. Minutes of each BARC Meeting was recorded and tabled for confirmation and adoption at the next BARC Meeting and subsequently presented to the Board for approval and notation. The Chairman of the BARC shall report on each meeting to the Board.

The BARC carried out the following work during the financial year ended 31 December 2022 in the discharge of its functions and duties:-

### Overseeing Financial Reporting

- (a) Reviewed the audited financial statements of the REIT Manager and the Fund REIT for the financial year ended 31 December 2022 ("FYE2022"), which were prepared in accordance with the Trust Deed, the applicable Securities Commission Malaysia ("SC") rules and guidelines, Malaysian Financial Reporting Standards and Malaysian Financial Reporting Standards ("MFRS"), prior to recommending the same to the Board for approval. The audited financial statements of the REIT for FYE2022 were issued and circulated to the Unitholders in line with the prescribed requirements.

At the meeting held on 31 Jan 2023, the External Auditors presented to the BARC the results of the FYE2022 audit conducted on Al-Salām REIT where significant audit matters listed below are discussed:

- i. Valuation of investment properties
- ii. Recognition of deferred tax on investment properties
- iii. Expected credit losses of trade receivables
- iv. Going concern considerations

## BOARD AUDIT AND RISK COMMITTEE REPORT

- (b) Reviewed at every quarterly meeting held in FYE2022, the quarterly financial results for public release to ensure adherence to legal and regulatory reporting requirements before recommending the same to the Board for approval. The first, second, third and fourth quarters of the quarterly results for the financial year ended 31 December 2022 were reviewed at the BARC meetings held on 18 May 2022, 18 August 2022, 16 November 2022 and 31 January 2023, respectively.
- (c) Reviewed and discussed with Management the quarterly management accounts, taking into consideration that the necessary processes and controls are in place in the preparation of the financial reports.
- (d) Reviewed, at each quarterly meeting, the income distributions of the Fund which were made in accordance with the distribution policy, in order to ensure the adequacy of the realised income for each distribution prior to recommending the proposal to the Board.
- (e) Kept abreast on the application of the new accounting standards, i.e. MFRS
- (f) The BARC was satisfied that adequate impact assessment had been carried out by Management and the accounting policies as shown below had been appropriately updated in the financial statements of the Fund for FYE2022.

Description	Effective for annual period beginning on or after
Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

### External Audit

- (a) Reviewed and discussed with External Auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB, and regulating requirements applicable to the REIT; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.
- (b) Reviewed and discussed with External Auditors the results of the audit and the audit report in particular, significant accounting matters arising from the external audit and their opinion on the financial statements.
- (c) Reviewed with External Auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management.
- (d) Evaluated the performance and assessed the suitability, objectivity and independence of the External Auditors during the year in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the BARC. The BARC had received from the External Auditors written confirmation on their independence and which disclosed their policies on independence, safeguards, and procedures to address threats or perceived threats to their independence and objectivity, and that they were in compliance with the independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.
- (e) Having satisfied with the performance and the assessment on the External Auditors' suitability, objectivity and independence, recommended to the Board the re-appointment of the External Auditors and their remuneration.
- (f) Reviewed and approved the non-audit fees in respect of services rendered by the External Auditors. The non-audit fees for the financial year ended 31 December 2022 amounted to RM50,000.
- (g) Met with the External Auditors without executive Board members and Management on 26 January 2022 to discuss matters in relation to their review.

# BOARD AUDIT AND RISK COMMITTEE REPORT

- (h) Reviewed the SORMIC which provided an overview of the state of internal controls prior to the Board's approval for inclusion in the Annual Report. The SORMIC which had been reviewed by the External Auditors is set out on pages 132 to 140 of this Annual Report.
- (i) Reviewed the effectiveness of the internal audit function through evaluation of its performance and competency, and monitoring the sufficiency of resources and costs, to ensure that it has the required expertise and professionalism to discharge its duties

## Internal Audit

- (a) Provided input on key areas to be included as part of the annual Internal Audit Plan. Deliberated the risk-based Internal Audit Plan to ensure adequate scope and comprehensive coverage of business activities, prior to recommending to the Board for approval.
- (b) Monitored the progress of the approved Internal Audit Plan, including the status of the planned reviews and approved changes to the Internal Audit Plan due to changes in business and/or risk environment
- (c) Reviewed and deliberated on internal audit reports, the audit recommendations and adequacy of Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory and timely remediation actions have been committed by Management to address identified risks.
- (d) Monitored the implementation of corrective action plans agreed by the Management on outstanding audit findings on a quarterly basis to ensure that all actions have been implemented on a timely basis in the related areas
- (e) Discussed with the Compliance & Risk Department, to provide assurance of the soundness of internal control systems and activities of the REIT and the REIT Manager.
- (f) Reviewed the effectiveness of the internal audit function through evaluation of its performance and competency, and monitoring the sufficiency of resources and costs, to ensure that it has the required expertise and professionalism to discharge its duties
- (g) Reviewed the SORMIC which provided an overview of the state of internal controls prior to the Board's approval for inclusion in the Annual Report.

The BARC was satisfied that the system of risk management and internal control as described in the Statement on Risk Management and Internal Control, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the REIT's operations. The BARC also acknowledged that implementation measures were continuously taken to strengthen the system of risk management and internal control so as to safeguard the interests of stakeholders including shareholders' investments, and the REIT's assets.

## Risk Management and Internal Control

- (a) Reviewed quarterly top risk profiles which covers Strategic, Finance, Operational and Compliance Risks and deliberated on the significant threats and opportunities, including status and adequacy of mitigation strategies.
- (b) Discussed the improvements to the Enterprise Risk Management framework and process to ensure proactive and holistic risk identification, and monitoring of mitigation actions to reduce risk impact to an acceptable level.
- (c) Reviewed the status of the planned mitigation actions developed from the results of the Compliance risk assessment performed in 2022.
- (d) Evaluated the overall adequacy and effectiveness of internal controls through review of the work performed by both internal and external auditors, other assurance providers and through discussions with Management
- (e) Ensures appropriate controls are in place in management of the Fund, that the Manager has a well defined organisational structure with clear lines of responsibility and a comprehensive reporting system and adequate procedures in financial reporting, risk management, internal control and are in place. Further details in respect of risk management and internal controls are set out on pages 132 to 140 (SORMIC of this Annual Report). Details in respect of the principal risks and uncertainties are set out on pages 57 to 58 under Management Discussion and Analysis.
- (f) Reviewed and deliberated on four frameworks relating to compliance and internal controls and recommended to the Board the implementation of the frameworks and policies put forward by the Management, listed as below:



# BOARD AUDIT AND RISK COMMITTEE REPORT

No	Frameworks & Policy	Date of Meeting	Reason for Review
1	Limit of Authority	1 Mar 2022 1 Dec 2022	<ul style="list-style-type: none"> <li>Changes in limit of authority in small spending</li> <li>Mandate delegated to the CEO by the Board</li> </ul>
2	Occupational and Safety (OSH) Policy	2 Mar 2022 (new)	
3	No-Gift No-Entertainment Policy	2 Mar 2022 (new)	
4	Whistleblowing Policy (Revised)	2 Mar 2022 (rev 1)	<ul style="list-style-type: none"> <li>Alignment of policy and procedures to those of the JCorp Group</li> </ul>
5	Fixed Asset Policy & Procedure	6 Sept 2022 (new)	
6	Internal Control Policy & Procedures Manual	6 Sept 2022 (rev 4)	<ul style="list-style-type: none"> <li>Editorial changes due to the latest issuance of Main Market Listing Requirements, Guidelines to Listed REITs and MCCG</li> </ul>
7	DRMSB Procurement Policy	6 Sept 2022 (rev.2) 1 Dec 2022 (rev 3)	<ul style="list-style-type: none"> <li>Conditions allowed under direct negotiation with respect to awarding of a contract</li> <li>To incorporate ESG elements in Vendor Assessment/ Evaluation to reflect the changes in the Bursa Sustainability Reporting Guide</li> </ul>
8	Fit & Proper Policy	1 Dec 2022 (new)	
9	ERM Policy and Framework	1 Dec 2022 (rev 4)	<ul style="list-style-type: none"> <li>Re-classification of Risk Category to include ESG Risks, Market Risks and Partnership Risks</li> </ul>
19	Investment Policy	1 Dec 2022 (rev 2)	<ul style="list-style-type: none"> <li>Incorporation of ESG elements into the Investment Policy</li> </ul>

## Compliance

- Monitored and reviewed the status and outcomes of the Quarterly Compliance Report which seek to identify gaps in compliance with regard to applicable laws, regulations, codes, standards, policies and procedures and discussed the adequacy of measures to address such gaps or non-compliance.
- Deliberated on the results of compliance cases and directed Management to implement and/or enhance controls to prevent a recurrence, including conducting education programmes to increase awareness.
- Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them in accordance with Section 221 of the Companies Act, 2016 on an annual basis. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to Related Party Transaction ("RPT") or Recurrent Related Party Transaction ("RRPT").
- Monitored the status of internal misconduct cases reported to Board and BARC on a quarterly basis, including on-going investigations, in accordance with the Code of Conduct and Business Ethics ("CoBE").
- Ensured that the Declaration of Directors' Interests in Securities and disclosures of conflict of interest situation(s) in all Board level meetings, are documented and minuted accordingly in the minutes of meeting. The Committee took note that there was no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the Chief Executive Officer.

## Review of RPT and RRPT of a Revenue or Trading Nature & Conflict of Interest Situations

- Reviewed related party transactions entered into by the REIT and ensured that the transactions undertaken were in the best interest of the REIT/ unitholders, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders, and recommended the same for approval of the Board.
- Reviewed the annual Shareholders' Mandate in relation to recurrent related party transactions of a revenue or trading nature for Shareholders' approval to undertake transactions that are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the REIT with related parties ("RRPTs").

# BOARD AUDIT AND RISK COMMITTEE REPORT

- (c) Ensured that the review procedures were sufficient to ensure that the RRPTs were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders and that the REIT Manager had in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes were reviewed on a yearly basis or whenever the need arose.
- (d) Reviewed RRPT on a quarterly basis. The Management had given assurance to the BARC that related party transactions and mandate for RRPT were in compliance with the Listing Requirements and policies and procedures.

## Other Activities

Reviewed and recommended to the Board, for inclusion in the Annual Report:

- The BARC Report
- Corporate Governance Overview Statement
- Corporate Governance Report
- Statement on Risk Management and Internal Control

## SUMMARY OF MEETINGS IN THE YEAR

Items discussed	26 Jan 2022	13 April 2022 (Special)	18 May 2022	18 Aug 2022	16 Nov 2022
<b>Financial Reporting</b>					
Full year results (2021)	●				
Interim results	●		●	●	●
Consideration of new accounting standards MFRS9, MFRS139 and MFRS 7, MFRS 4 and MFRS 16 (FYE 2021)	●				
<b>Internal audit</b>					
Internal audit plan	●				
Internal audit reports (Al-Salam)	●		●	●	●
Internal audit effectiveness and independence	●				
<b>External audit</b>					
External audit plan					●
External audit reports (FYE 2021)	●				
External audit effectiveness and independence					●
<b>Risk</b>					
Risk Registers	●		●	●	●
<b>RRPT</b>					
Quarterly Review	●		●	●	●
<b>Annual Report</b>					
Review of SORMIC and BARC Report (FYE 2021)	●				
<b>Other Matters</b>					
Review of Policies and Frameworks	●			●	●
Evaluation and Review of Outsourced Activities		●	●		



# BOARD INVESTMENT COMMITTEE REPORT

The Board Investment Committee ("BIC" or the "Committee") plays a pivotal role in evaluating all investment opportunities and to make recommendations to the board with regard thereto. The responsibilities include reviewing, assessing and deciding on the escalation of proposals relating to asset investment (acquisition and disposal), asset management and fund-raising exercises to be undertaken by the REIT to the Board and Trustee for approval.

## COMPOSITION

In line with the recommendation of Chapter 6 of the Guidelines on Real Estate Investment Trusts of Securities Commission Malaysia, the composition of the BIC is as follows:

### Members

1. Datuk Wan Kamaruzaman Wan Ahmad  
Chairman/Independent Non-Executive Director
2. Abdullah Abu Samah  
Independent Non-Executive Director
3. Shamsul Anuar bin Abdul Majid  
Non-Independent Non-Executive Director

### Secretaries

1. Nuraliza binti Abd Rahman
2. Rohaya binti Jaafar

The BIC members are appointed by the Board and consist of not less than 3 members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The Board elects a chairman who is an independent Director and who is not the chairman of the Board. The composition of the BIC shall adhere to the recommendation as per the Chapter 6 of the Guideline on Real Estate Investment Trusts.

The Board of Directors, via the BNRC, annually reviews the terms of office and performance of the BIC and its members through an effectiveness evaluation exercise. The BNRC assessed the BIC's performance for the financial year ended 31 December 2022 and was satisfied that the BIC and its members have discharged their functions, duties, and responsibilities in accordance with the BIC's Terms of Reference.

## MEETINGS AND ATTENDANCE

### Number of Meetings Held and Details of Attendance

The BIC meets at quarterly intervals or such other intervals as the Committee shall decide.

The BIC held four (4) regular meetings and two (2) special BIC meetings during the financial year ended 31 December 2022 which were attended by all members.

During the financial year, the details of attendance are as follows:

No	BARC Members	Date of Meetings				
		17 Feb 2022	14 Apr 2022 (Special)	18 May 2022	18 Aug 2022	14 Nov 2022
1	Dato'Wan Kamaruzaman bin Wan Ahmad	✓	✓	✓	✓	✓
2	Abdullah bin Abu Samah	✓	✓	✓	✓	✓
3	Shamsul Anuar bin Abdul Majid	✓	✓	✓	✓	✓

# BOARD INVESTMENT COMMITTEE REPORT

## TERMS OF REFERENCE

The BIC is responsible for fulfilling the duties ascribed to it in the BIC Term of Reference ("BIC TOR"), including those specifically delegated to it from time to time by the Board of Directors. The duties and responsibilities of the BIC are set out in its Terms of Reference as follows:

### Objectives

- (a) Making recommendations to the Board on all acquisitions, investments and disposals;
- (b) Making recommendations to the Board on any financing offers, capital management proposals and additional banking facilities;
- (c) Reporting and recommending to the Board any corporate exercise, including the issuance of new REIT units; and
- (d) Making recommendations to the Board on financial budgets.

### Roles and Responsibilities

Subject at all times to the provisions of the Trust Deed, and to any other regulations or resolutions that may be adopted, the BIC is responsible for:

- (a) Reviewing all proposals regarding investments, dispositions, financings (and other relevant transactions) ("strategic transactions")
- (b) To make recommendations on any other matters to the Board of Directors;
- (c) To review and monitor approved strategic transactions or other matters;
- (d) Ensuring that the REIT is managed in accordance with:
  - its investment objectives;
  - its Restated Deed;
  - its Prospectus;
  - the SC Guidelines and other securities laws; and
  - the internal investment restrictions and policies.
- (e) Carrying out other duties as may be determined from time to time by the Board.

## MATTERS DISCUSSED BY THE BIC IN THE FYE 2022

The BIC has undertaken the role of reviewing, recommending and monitoring to the Board of Directors pertaining to all proposals including strategic transactions i.e., investments in ensuring that the Fund practises sound capital preservation and safety margin levels, maintains optimally measured risk-reward thresholds, adopts prudent but pragmatic management style and attain adequate earnings potential and competitive advantages as well as growth.

The following are key matters discussed by the BIC during the FYE2022:

### Investment (Acquisition & Disposal)

The BIC has reviewed proposals of proposed acquisitions of shariah-compliant real estate to ensure these properties have good track record and/or good prospects of future net rental income of reasonable levels which have been shown by studies to be competitive and located within good catchment areas. Properties to be acquired are expected to at least maintain or enhance the earnings of the REIT fund.

The BIC has reviewed and monitor proposal of divested of properties, namely where the investments have achieved the set targets, or have been assessed as not being able to derive any further value and or when an opportunity to maximize its value arises before the predetermined investment time horizon or other reason that may warrant divestment. The divestment plan also has taken into consideration the transformation in the respective industry.

### Asset Management

The BIC has deliberated on proposals for asset enhancement initiatives of current properties that has the potential to further increase its returns and expected to generate accretive returns upon further expansion. The BIC has also reviewed proposals for repositioning of current properties within the Fund's portfolio which do not meet certain criteria set beforehand and may require to be recapitalised to achieve portfolio optimization goals.



# BOARD INVESTMENT COMMITTEE REPORT








## Capital Management

The BIC has reviewed funding proposals to ensure each investment made by the Fund shall have a funding structure appropriate to the investment profile. In general, the capital structure of REIT should be financed by a combination of equity, debt and other financing instruments.

## Portfolio Monitoring

The BIC also undertook periodic monitoring on all investments including reviewing performance of the investment portfolio to ensure consistency with Fund's objectives and direction and transformation in the respective relevant industries.

## SUMMARY OF MEETINGS IN THE YEAR

Items discussed	17 Feb2022	14 Apr 2022 (Special)	18 May 2022	18 Aug 2022	14 Nov 2022
Acquisition					
Asset Management					
Capital Management					
Portfolio Monitoring					

# BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

The establishment of the BNRC is mandated for listed issuers under Bursa Malaysia's Main Market Listing Requirements. The Committee was reconstituted during the financial period ended 31 December 2022 following the change in the Board of Directors' composition and amendments in the MCGG 2021, which specifies that the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

The terms of reference can be found under Investor Relations section on the Company's website at [www.alsalamreit.com.my](http://www.alsalamreit.com.my).

The MCGG 2021 indicates that the Board may establish and delegate part of its powers to one or more other committees, in order to conduct certain tasks and functions expressly delegated to such committees. The committees will examine specific topics chosen by the Board of Directors and report on them to the Board of Directors. Decision-making remains the collective responsibility of the Board of Directors and the committee may only make suggestions to the Board of Directors.

The main purpose of the BNRC is to assist the Board of Directors, in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to board composition and performance, directors' performance and remuneration structure that drives behaviour within the company.

## COMPOSITION OF THE BNRC

In accordance with the MCGG 2021, the BNRC is composed of a minimum of three, a majority of whom must be Independent Directors. The Committee shall appoint a Chairman amongst its members who is an Independent Director.

The Members of the BNRC consist of the following Directors:-

Members	Designation	Date of Appointment
Datuk Hashim bin Wahir (Chairman)	Independent Non-Executive Director	24 January 2022
Dato' Wan Kamaruzaman bin Wan Ahmad (Member)	Independent Non-Executive Director	25 August 2020
Abdullah bin Abu Samah (Member)	Independent Non-Executive Director	10 March 2021

## Secretaries

1. Nuraliza binti Abd Rahman
2. Rohaya binti Jaafar

## MEETINGS HELD DURING FY 2022

The BNRC, in accordance with its regulations, meet whenever it is convened by the Board of Directors, the Committee itself, or by its Chairman. The Committee shall meet at least two (2) times per annum and at such other times as it sees fit. During the FYE 2022 the Committee met three times.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, the Group Human Resources Vice President, the Head of Corporate Services (Human Resources), and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

# BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

The Company Secretary keeps Minutes of all BNRC meetings, which are available to all members of the Board of Directors. The meetings held by the Committee are summarised below:

Date of Meeting	Members Present at the meeting	Secretary	Other Attendees
17 June 2022	<ul style="list-style-type: none"> <li>Datuk Hashim bin Wahir (Chairman)</li> <li>Dato' Wan Kamaruzaman bin Wan Ahmad (Member)</li> <li>Abdullah bin Abu Samah (Member)</li> </ul>	Rohaya binti Jaafar, Secretary of the Company	<ul style="list-style-type: none"> <li>Ridzuan bin Buasan, Head of Human Resource, JLand Group Sdn Bhd</li> <li>Roziah binti Abu Bakar, Compliance Officer</li> </ul>
1 September 2022	<ul style="list-style-type: none"> <li>Datuk Hashim bin Wahir (Chairman)</li> <li>Dato' Wan Kamaruzaman bin Wan Ahmad (Member)</li> <li>Abdullah bin Abu Samah (Member)</li> </ul>	Rohaya binti Jaafar, Secretary of the Company	<ul style="list-style-type: none"> <li>Ridzuan bin Buasan, Head of Human Resource, JLand Group Sdn Bhd</li> <li>Roziah binti Abu Bakar, Compliance Officer</li> <li>Hamim bin Mohamed, Corporate Services (Human Resource)</li> </ul>
26 October 2022	<ul style="list-style-type: none"> <li>Datuk Hashim bin Wahir (Chairman)</li> <li>Dato' Wan Kamaruzaman bin Wan Ahmad (Member)</li> <li>Abdullah bin Abu Samah (Member)</li> </ul>	Rohaya binti Jaafar, Secretary of the Company	<ul style="list-style-type: none"> <li>Ridzuan bin Buasan, Head of Human Resource, JLand Group Sdn Bhd</li> <li>Roziah binti Abu Bakar</li> <li>Hamim bin Mohamed, Corporate Services (Human Resource)</li> </ul>

## ROLES AND RESPONSIBILITIES

Notwithstanding the duties assigned to it by law and other duties which may be assigned thereto by the Board of Directors, the BNRC shall have the following basic responsibilities:

### With Respect to Remuneration:

- Recommend to the Board the policy for the remuneration of the Company's Directors.
- Determine the total individual remuneration package of the CEO/ Executive Director, including bonuses, share-based incentive awards, and other elements of their remuneration;
- Determine and recommend the Key Performance Indicators and/or performance score-card for the CEO and the Company;
- Ensures compliance with the Remuneration package is competitive and complies with the remuneration Policy that was approved and ratified by the shareholders. The policy is available through the corporate web page of the Company.

### With Respect to Nominations

- Regularly review the structure, size and composition (including the skills, experience, independence, knowledge, and diversity, including gender) of the Board and make recommendations to the Board with regard to any changes that are deemed necessary.
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

### With Respect to Appointments to the Board

# BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

- a) Assess the qualifications, background knowledge, and experience necessary to sit on the Board of Directors, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, according to the Fit and Proper Policy of the Company. The Fit and Proper Policy was approved by the Board of Directors, in the session held on 1 December 2022, following the recommendation from the BNRC. It is available through the corporate web page of the Company.
- b) Consider possible candidates to fill vacancies for the position of director, provided that the BNRC may as well independently search for and consider alternative candidates for such position. Such Directors are, for the avoidance of doubt, to be appointed upon a decision of the Shareholder of the REIT Manager.
- c) Examine or organize, in the manner it deems appropriate, the succession of the Chairman and CEO and, if appropriate, make proposals to the Board of Directors for such succession to take place in an orderly and well-planned manner.
- d) Ensure that due diligence is carried out on the candidate for directorship and CEO to ensure compliance with the regulatory requirements set by the Authorities.
- e) Ensure compliance with BM's requirement towards one female presence on the Board by the end of the financial year 2022, and 30% female participation by the year 2027.

## With Respect to Induction and Training

The Committee shall ensure that all new directors undertake an appropriate on-boarding Directors Programme and the Mandatory Accreditation Programme (Bursa Malaysia) to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director, and consider any training requirements for the Board as a whole.

## With Respect to Conflicts of Interest

The Committee shall:

- a) Before the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;
- b) Consider and, if appropriate, authorize situational conflicts of interest of directors and potential directors;

## With Respect to the Board Evaluation

The Committee shall:

- a) Assist the Chairman of the Board with the implementation of an annual evaluation process.
- b) Review the results of the Board performance evaluation process that relate to the composition of the Board;

## MATTERS DISCUSSED BY THE BNRC IN THE FYE 2022

In 2022, the BNRC, in the performance of its duties in accordance with the scope of responsibilities specified in the BNRC Charter as approved by the Board of Directors, convened its 2 meetings to consider the significant matters and report the results to the Board of Directors that can be summarized as follows:

- a) Consideration and selection of candidates as new directors by taking into account their knowledge, ability, experience, transparency, morality, responsibility, maturity, and professionalism. It also took into account the Board Diversity and set a Board Skills Matrix to determine the qualifications of the directors to be nominated based on the necessary skills, appropriate qualifications, and are consistent with the composition and Board's structure according to the company's business strategy.
- b) Consideration and determination of remuneration for the CEO by taking into account the appropriateness of duties and responsibilities of the directors, together with the company's operational results, compared with that of companies in the same industry and on a similar scale.
- c) Consideration and review of the BNRC's Charter to ensure that the format and topic are in the same direction and in line with the MCCG 2021.



# BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

- d) Review of the Limit of Authority relating to HR Matters

In this regard, the BNRC has performed its duties independently in accordance with good corporate governance principles to make the recruitment and remuneration processes transparent and build the confidence of shareholders and all stakeholders.

## Evaluation of the Functioning and Performance of the Board of Directors and its Committees

It is a standard practice for the Board of Directors to distribute an annual questionnaire at the end of each financial year through the Secretariat of the Board which, amongst other sections, includes a self-assessment, with a series of questions that also enable compliance with the various annual reports of the Committee and the Board.

The Board of Directors performed the annual questionnaire and the self-assessment for this financial year 2022, in order to analyse the Board's effectiveness and composition and to identify opportunities for improvement to ensure proper compliance with the existing obligations or recommendations in this area.

The questionnaire used a Self-assessment approach on subjective and objective information related to the functioning of the Board of Directors and its Committees, among other aspects, among others;

- a) Functioning of the Board of Directors, with questions related to the Board's effectiveness and internal functioning.
- b) Structure and composition of the Board of Directors, comprising questions to obtain the Directors' opinion on the Board's structure and composition, and the capacities, professional profile of its members, and areas of competencies in order to perform their duties on the Board.
- c) Board of Directors Committees, where the Directors are asked to evaluate the performance of the functions of the BARC, the Board Investment, and the BNRC.
- d) Board of Director's agenda, where the Directors are asked about the Board's performance in areas or matters within its scope, such as the current corporate governance model, environmental, social, and corporate policy ("ESG"), involvement in the design and approval of strategy in financial and investment policies, monitoring of the risk map (in all its areas), dividend policy and capital structure and their participation in decision-making in significant transactions, among other matters.
- e) Chairman of the Board Directors and CEO, where the Directors are asked for their views on the performance of these two positions and fulfilment of responsibilities.
- f) Other areas, with questions relating to the Board's response to the industry crisis and improvement opportunities or aspects to be developed in the future.

The responses are generally positive and supportive, without prejudice to the Chairman and the CEO, taking into consideration going forward some of the suggestions made regarding the functioning of the Board.

From the feedback received from the Directors, a few significant points and recommendations on areas that could be discussed by the Board for potential improvements, which are as follows:

- Identification of issues relating to stakeholder management, in terms of identification of the stakeholders and the materiality of their influences on REIT Manager and the REIT
- Achievement of targets relating to gender diversity in the Board's and Board Committees'
- Enhancement of better communication and engagement channels between the Board and the management team in terms of strategic direction, performance benchmarking, achievement of targets, and accountability on achievement of those targets.
- Identification of ESG initiatives and the assimilation of ESG elements in all aspects of the REIT's business operations.

The above issues, if deemed appropriate, to the definition of an action plan for the 5-year strategic planning.

For better transparency and in order for the Board of Directors to evaluate any potential conflict of interest, each Director reports to the Committee through an annual declaration, the list of listed companies in which they serve as Directors and/or other positions and a Declaration of Interest in Securities (stocks, bonds, notes, unit trusts or other securities).

# BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

The directorships of the Directors in other listed issuers can be found on page 24 of this Annual Report or, [www.alsalamreit.com.my/board-of-directors.php](http://www.alsalamreit.com.my/board-of-directors.php).

## CONCLUSION

During the financial year 2022, there have been no circumstances or situations in the areas of responsibility and competence of the Committee that required its intervention and/or report to the Board of Directors. The succession planning of the Board of Directors, senior management team as well as gender diversity are the two areas of relevance on which the Committee will continue to work throughout the financial year 2023, to submit its proposals to the Board of Directors.

This annual report has been presented to the BNRC dated 16 January 2023 and the Board of Directors on 23 February 2023.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the MMLR of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of Listed Companies is required to include in their annual report, a statement about the state of risk management and internal control of the listed as a group. Accordingly, the Board of Directors of the Manager is pleased to provide the following statement that has been prepared in accordance with the SORMIC: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities and taking into consideration the recommendations of the MCCG 2021.

This Statement outlines the nature and scope of risk management and internal control of the Manager during the financial year under review and up to the date of approval of this statement and covers all of the REIT's operations.

## BOARD'S RESPONSIBILITIES

The Board is responsible for the establishment as well as overseeing the Group's risk management framework and internal control systems that are designed to manage the REIT's risk appetite within the acceptable level of tolerance set by the Board and Management, rather than eliminate totally the risks of failure, to achieve the goals and objectives in generating potential returns to unitholders.

The Board periodically reviews the effectiveness and adequacy of the framework and systems by identifying, assessing, monitoring, and communicating key business risks which cover financial, operational, management information systems, organisational, and compliance controls to safeguard the unitholders' investment and assets.

## BOARD AUDIT AND RISK COMMITTEE

The committee at the Board level that have primary risk management and internal control oversight responsibilities is the BARC. The main responsibilities of the BARC are:

- To assist the Board in ensuring a sound and robust Enterprise Risk Management framework and its implementation to enhance the Group's Corporate Governance practices with focus on risk issues. The Terms of Reference ("ToR") and main duties of the BARC in relation to risk management are detailed out on the website at [www.alsalamreit.com.my](http://www.alsalamreit.com.my).
- To assist the Board in assessing the effectiveness of the Group's internal control systems and overseeing the financial reporting. The BARC also reviews the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through internal audit functions. The BARC's ToR and main duties in assessing the adequacy and effectiveness of internal control systems implementation are detailed out on the website at [www.alsalamreit.com.my](http://www.alsalamreit.com.my).

Other Board Committees such as BNRC and BIC are also established with clearly defined duties and responsibilities to oversee various key business activities of the REIT. The Board acknowledges the responsibility for all the actions of the committees with regard to the execution of the delegated roles, including the outcome of the review and disclosure of key risks and internal control systems of the Manager and the REIT.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT AND INTERNAL CONTROL

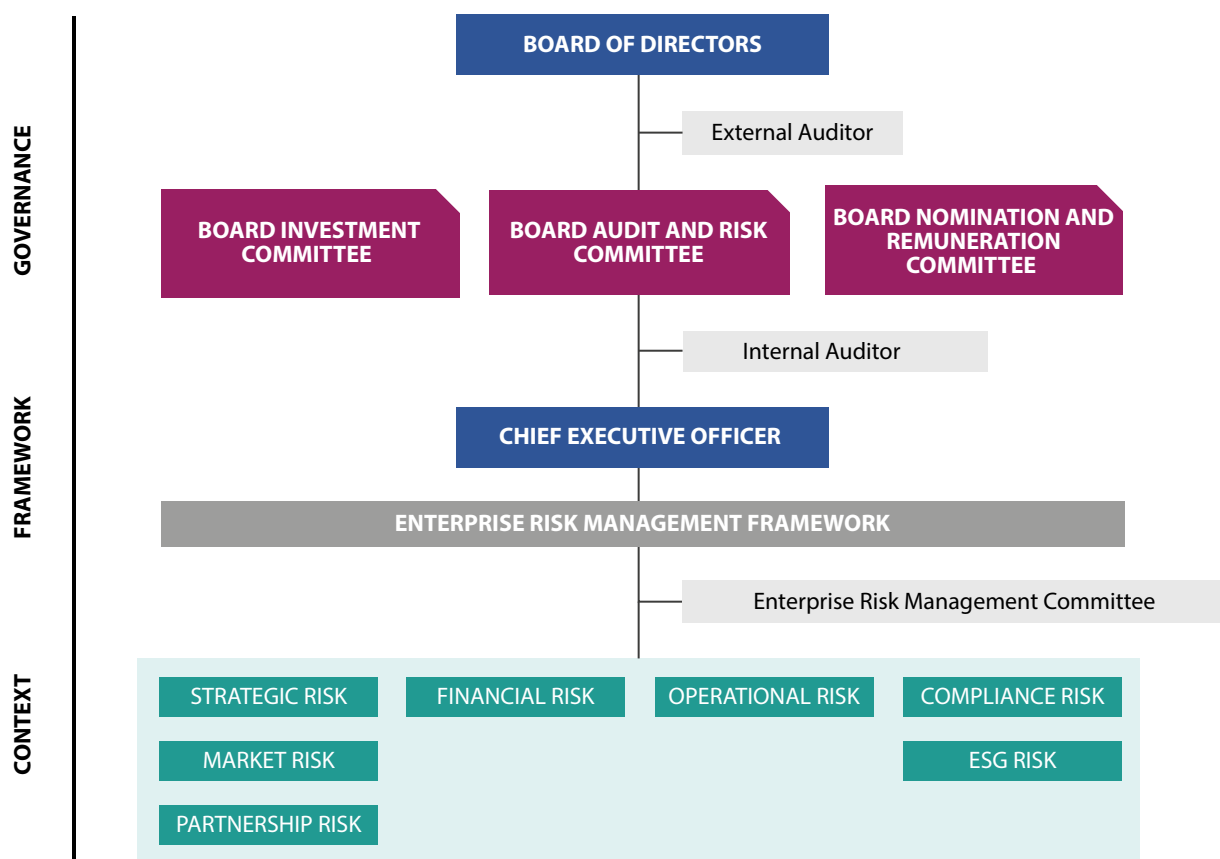
### Risk Management

The Board fully supports the contents of Principle B of the MCCG which calls for the establishment of an effective risk management and internal control framework and the disclosure thereof.

The oversight role of risk management is carried out by the Board and BARC and assisted by the ERM. Mandate and commitment from the Board and BARC are key contributors to the success factors in the implementation of enterprise risk management programmes. The Board and BARC set the strict direction for risk roles, responsibilities, and risk reporting structures.

The BARC is assisted by the ERM, which is headed by the CEO, and respective heads of department. The function of the ERM is to drive risk management guided by the ERM Policy and Framework to ensure effective identification of emerging risks and management of identified risks through the implementation of appropriate controls and risk treatment strategies.

Risk owners who are also ERM members are managers or heads from the divisional units to identify and evaluate the risks related to their business objectives or budgets against which performance is measured and to establish the risk profiles categorised under Strategic, Financial, Operational and Compliance Risks.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The discussions relating to ERM, and risk profiles are carried out through the ERM Committee which sits every quarter. In 2022, the Board Executive Committee is also responsible for the function of the ERM Committee since the CEO position is vacant since 1 July 2022.

The roles and responsibilities of the BARC, the ERM Committee and other key personnel are summarised as below:

The Board and the BARC	
Responsibilities	Governing overall risk oversight responsibility including defining the appropriate governance structure and risk appetite.
Process	<ul style="list-style-type: none"> <li>Articulates and provides direction on risk appetite, organisational control environment and risk culture.</li> <li>Provide an independent view on specific risk and control issues, the state of internal controls, trends and events</li> </ul>



Internal Audit	
Responsibilities	<ul style="list-style-type: none"> <li>Provide independent assurance design and effectiveness on an organisation's risk management, governance and internal control processes are operating effectively.</li> <li>Assurance about design and effectiveness</li> </ul>
Process	Perform risk-based internal audit and independent reporting to Management and BARC



ERM/ Compliance & Risk Management Department	
Responsibilities	<ul style="list-style-type: none"> <li>Oversees the operationalisation of risk management strategies as well as frameworks and policies.</li> <li>Independent reporting to the management and BARC</li> <li>Advisor to Business Line Management/ Risk Owners</li> </ul>
Process	Monitors the consistent enforcement of ERM policy, reviews and endorses risk parameters, risk appetite, risk profile, and treatment options and risk action plans.



Business Line Management/ Risk Owners	
Responsibilities	<ul style="list-style-type: none"> <li>The Senior Management are primarily responsible for managing process,</li> <li>They are also responsible for controlling risks by using business control and compliance frameworks, implementing internal control processes and adequate control</li> <li>Manage day-to-day risk inherent in business activities as guided by the established risk strategies, frameworks, and policies</li> </ul>
Process	Identification and assessment of risk, implementation, and monitoring of risk action plans.

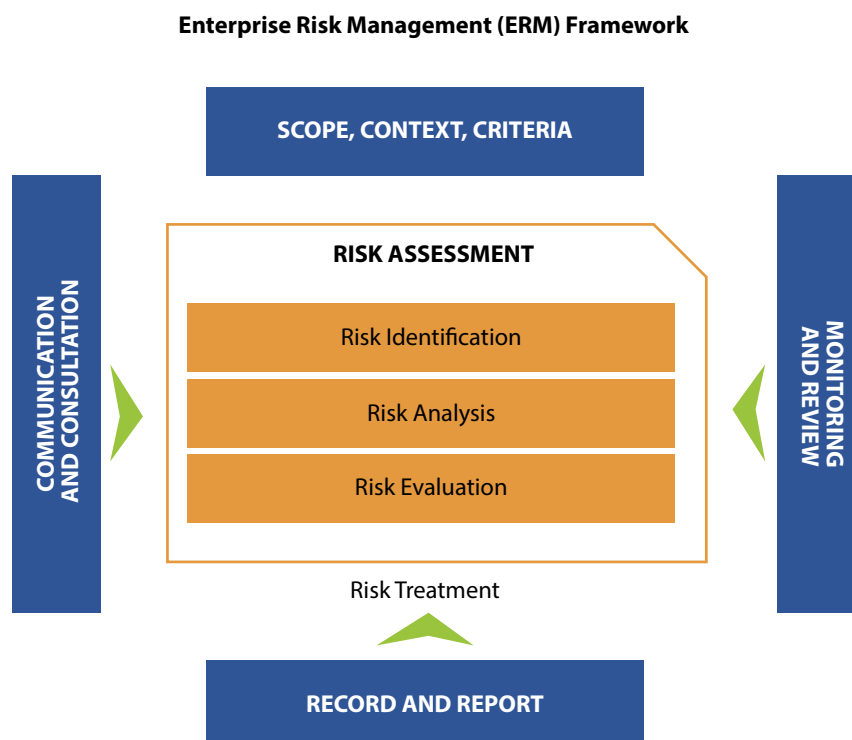
The periodic reporting to both the Board and BARC on the risk management activities undertaken by the ERM Committee, to keep the Board and the BARC apprised and advised of all aspects of the enterprise risk management, and significant risks and risk trends..



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Enterprise Risk Management (ERM) Framework

In order to achieve a sound system of risk management and internal control, the board and management ensure that the risk management and control framework is embedded into the culture, processes, and structures of the company. The framework was designed to be responsive to changes in the business environment and clearly communicated to all levels.



The Manager plans and executes activities to ensure that the risks inherent in the management of the REIT are identified and effectively managed to achieve an appropriate balance between realizing opportunities for gains while minimizing losses to the REIT.

The Board adopted the enhanced ERM Framework. The ERM Framework was enhanced with the Group's risk profiles being updated and action plans formulated and monitored focusing on principal business risks. It also identified the ERM reporting structure and frequency of reporting, the responsibilities of the Board Committees for ERM, and the key elements of the risk assessment process and also specifies the level of risk tolerance expressed through the use of a risk consequence and likelihood matrix.

Identified key risks of the group were assessed and recorded in the risk profiles under specified categories as shown below. On 1 December 2022, the Board approved the reclassification of Risk Category to include ESG Risk, Market Risk and Partnership Risk in the ERM Policy & Framework.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Strategic Risks

Any risk arises due to potential failures in strategic planning, which may lead to a company not achieving its objectives and goals.

## Financial Risks

Any risk arises due to the potential loss incurred and will impact the cash flow, revenue, operating expenditure (OPEX) & capital expenditure (CAPEX) and profitability of the company.

## Operational Risks

Any risk arises of loss resulting from ineffective or failed internal processes, people, systems, or external events that can disrupt or delay the business operation.

## Compliance & Legal Risks

Any risk arises due to potential exposure to legal penalties, financial forfeiture and material loss, resulting from failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices or contractual liability and requirements with third parties.

## ESG Risks

Environmental, Social, and Governance materiality matters that affect the financial position or operating performance, and reputation of the organization. These include ensuring investments are not at risk of contributing to violations of the ESG regulations.

## Market Risks

Risk arising from changes in the markets to which an organization has exposure. Market changes can impact capital values and future cashflows of the investment and ultimately returns overtime. The market risk can fluctuate from changes to supply and demand or other general shifts in the market cycle.

## Partnership Risks

Risk arising from the potential that a partner will fail to deliver on their obligations to company resulting in losses and business disruptions and the unlimited liability of the partners involved, examples personal liability to creditors, lawsuits and debts.

The risk owners are to monitor and timely update their risk profiles on an on-going basis. The update of the risk profiles includes changes to operational, financial and compliance risks and the identification of emerging risks arising from changing business conditions as well as the adequacy and effectiveness of the related controls.

The ERM process evaluation are undertaken by the ERM Committee every quarterly to assess and evaluate risks that may impede the Group from achieving its strategic and operational objectives, as well as developing action plans to mitigate such risks and to monitor Mitigation Performance. The result of the risk updates was deliberated on the root cause causes, existing controls, severity, impact and action plans to address the top risk of the organisation. The updated risk profile was used as a basis to develop a risk-based internal audit plan for the financial year ended 31 December 2022.

In ensuring that there is a consistency to the methods used in managing risks throughout the organisation, both at the strategic and operation level of risk appetites were pre-determined to ascertain that the risk management efforts are aligned with the REIT's business objectives. The risk appetites also outline enhanced and explicit requirements for managing risks and assists in understanding the impact of uncertainties inherent in business decisions especially impacts relating to the post COVID-19 business sustainability and strategic direction.

An expansion of risk appetite parameters was proposed at the BIC to further regulate future diversification exercises.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Key Elements of Internal Control

The Board acknowledges that the internal control systems are designed to identify, evaluate, monitor, and manage the risks that may hinder the Group from achieving its goals and objectives.

The Manager's Internal Control Policy and Procedures ("ICPP") was designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The ICPP is a reference tool for all employees to identify and assess operating controls, financial reporting, and legal/regulatory compliance processes and to take action to strengthen controls where needed. By developing effective systems of internal control, we can contribute to the Manager's ability to meet its objectives and reduce the potential liability arising from non-compliance to regulatory requirements, fraud, and lack of efficiency and effectiveness in operations.

This guide is designed to satisfy the basic objectives of most business systems as they relate to carrying out the responsibilities of the Manager. An effective check and balance control environment is fundamental for ensuring a sound internal control system in the REIT's operations. The Board and Management are committed to maintaining an effective internal control environment by continuously enhancing the design of internal control systems to ensure that they are relevant and effective to promote operational agility while ensuring corporate governance and compliance with regulatory guidelines.

The key elements and/or features of the internal control system established for maintaining strong corporate governance are as follows:

1. The Standard Operating Procedures ("SOPs") with specified roles and responsibilities in the reporting structure to incorporate the elements of checks and balances which are aligned to the business and compliance requirements.
2. Limit of Authority ("LOA") Manual is in place for approving capital expenditure and matters on general/ corporate, audit, legal and secretarial, finance and accounts, human resource management, procurement and contract administration, investment, and assets – aimed at keeping potential risk exposures under control. A revision in the LOA was tabled to the BARC on 16 November 2022 and approved at the Board on 1 December 2022.
3. Documented policies and procedures are also in place subject to review every now and then to ensure that it maintains their effectiveness to support the REIT's business activities. The Manager has revised the ERM Policy & Framework, Internal Control Policy & Procedures Manual, Procurement Policy and Investment Policy which were approved by the Board on 1 December 2022.
4. The annual testing on data recovery is undertaken annually, and the results are monitored by the IT Unit and reported at the Management Committee Meeting. Any serious issues would be escalated to the Board immediately.
5. Strategic Planning and Annual Plan are prepared by the Manager and tabled to the Board for approval. Analysis and reporting of variances against budget are presented to the Board and the trustee as required by the Trust Deed which acts as a monitoring mechanism and is reviewed half-yearly.
6. Quarterly and annual financial statements containing key financial results as well as operational performance results of the REIT are prepared and reported to the BARC and the Board.
7. Timely company briefings with analysts are conducted to apprise the shareholders, stakeholders, and general public of the REIT's performance while promoting transparency and open discussion. During the year under review, two (2) company briefings were carried out on the following dates: 13 June 2022 and 30 November 2022.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

8. The CEO is involved in the running of the day-to-day business operations by meeting up with both management and operation on a weekly basis to monitor the performance and profitability of the REIT's businesses. This is carried out via the weekly Management Committee Meetings and ad-hoc meetings to discuss the progress of high-risk corporate projects and exercises. In the absence of the CEO, the Management Committee meetings are chaired by the General Manager as an Acting Chairman.
9. Quarterly meetings on management accounts results against prior periods are conducted with justifications and appropriate actions taken or plans were in place.
10. Quarterly meetings with the Trustee are carried out to discuss operational and financial performance of the REIT and the properties. During the year under review, four (4) meetings with the Trustee were carried out on 21 March, 21 June, 27 October, and 29 December 2022.
11. Guidelines on employment, 360 degrees performance appraisal are currently in practice to ensure the Management team's competency are assessed on a regular annually basis.
12. The Human Resource Unit is in charge of the Safety & Health issues at the operating level to address and ensure compliance with Occupational Safety and Health policies and procedures, with a goal to facilitate the provision of a safe and healthy working environment for all employees and other related parties in compliance with the requirements of the Occupational Safety and Health Act 1994. The Manager tabled its Occupational Safety & Health Policy at the Board meeting and obtained approval of the Board at the meeting on 2 March 2022.
13. In the new normal brought about by the COVID-19 pandemic the Manager has taken a prudent approach in ensuring that where employees are to Work from Home ("WFH"), where applicable, proper equipment, safety training and policies are provided or in place, to ensure the employee's health, safety and welfare are accordingly protected in the course of their work.
14. The Manager undertakes adequate insurance coverage on both its employees and assets to ensure both are sufficiently insured against any losses arising from various perils faced in the Manager's/ REIT's operations.
15. The Manager has, in place the KPI reporting to drive awareness of shared management responsibility on their contribution towards enhancing the operating performance in achieving the business objectives.
16. A comprehensive fit and proper policy was formulated as a guidance for existing directors, director candidates, Shariah Adviser(s), CEO/ Principal Officers and CMSRL holders. The Manager tabled the Policy at the Board meeting and obtained approval from the Board at the Board meeting on 1 December 2022.
17. Internal audit is outsourced to ensure independence in audit function, which include performing regular reviews of business processes to assess the effectiveness of the internal control system and to highlight significant risks impacting the Company with recommendations for improvement. The internal audit team reports directly to the BARC.
18. Evaluations of outsourced service providers on critical business functions are carried out on a yearly basis and presented to the Board.
19. Senior management team conducts regular discussions with property, maintenance, and service managers to discuss issues for improvement and to promote better understanding to facilitate cognizance in decision-making capability. During the year under review, eleven (11) meetings with the Property and Service Managers were carried out on 27 January, 28 February, 28 March, 26 April, 24 May, 27 June, 26 July, 30 August, 27 September, 31 October, and 7 December 2022.
20. The Manager launched its Anti-Bribery & Corruption Policy and the Whistleblowing Policy effective 1 June 2020, which is guided by the Guidelines on Adequate Procedures issued under section 17A(5) of the MACC Act to mitigate corruption and integrity risks. On 2 March 2022, the revised Whistleblowing policy with enhanced procedures and clear process flow and responsibilities was tabled and approved by the Board. The Board, on 2 June 2022 has also approved the No-Gift and No-Entertainment Policy which is a part and parcel to combat bribery and corruption in an organization.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

21. The Personal Data Protection ("PDP") Policy was approved by the Board in prior year to provide assurance to its data owners – tenants, directors and employees that their personal data will be safeguarded and protected by the REIT. The Manager carried out a refresher briefing on PDP Policy on 25 July 2022 and ensure that all employees undertook a pledge to safeguard and protect the data of the tenants, directors, employees, and other stakeholders.
22. The Board also approved the Anti-Money Laundering and Anti-Terrorism Financing Policy in 2021 to commit with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. The Manager uses its best endeavours to meet the requirements imposed and all applicable laws to commensurate with the nature of the Company's businesses and activities.
23. The Group has established processes and procedures to ensure the quarterly and annual reports, which cover the Group's performance, are submitted to Bursa Malaysia for release to shareholders and stakeholders on a timely basis. All quarterly results are reviewed by the Board prior to their announcements. The Annual Report of the Group is issued to the shareholders within the stipulated time as prescribed under the MMLR of Bursa Securities.

## INTERNAL AUDIT

The internal audit function is outsourced to an independent professional consulting firm, Messrs. PKF Risk Management Sdn Bhd ("PKF"), which adopts the International Professional Practices Framework ("IPPF") in carrying out the internal audit assignments and reports directly to the BARC. The team from PKF is led by Dr. Wong Ka Fee, the Director of Risk and Governance Advisory. He possessed doctoral degree in Behavioural Finance and Master of Science in Management Consultancy. Dr. Wong Ka Fee has over 15 years of experience in a wide range of governance advisory, risk and internal audit work.

The Internal Audit Team ("IAT") at PKF consists of 10 permanent internal audit personnel staffs who are qualified in the areas on internal audit and assurance. All the internal PKF audit personnel involved are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

IAT adopts a risk-based approach in executing the annual audit plan that focuses on major business units and/or operations. The annual audit plan is reviewed and approved by the BARC. The IAT reports directly to the BARC on the outcome of its appraisal of the operational activities. Significant audit findings are presented and deliberated by the BARC on a quarterly basis or as appropriate. The IAT also monitors the implementation of audit recommendations in order to obtain assurance that all major risks and controls measures identified have been reasonably addressed by the management in an effective and timely manner.

## BOARD ASSURANCE AND LIMITATION

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's systems of internal control, identifying principal risks, and establishing an appropriate control environment and framework to manage risks. The Board continues to derive its comfort of the state or risk management and internal control of the REIT from the following oversight mechanisms and information compiled for these oversight processes:-

- periodic review of financial information covering financial performance and quarterly financial results;
- BARC's oversight of risk management framework, changes in risk magnitudes, and status of management implementation of risk mitigation plan;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- BARC's review and consultation with Management on the integrity of the financial results and audited financial statements;
- audit findings and reports on the review of systems of internal control provided by the internal auditors and the status of Management's implementation of the audit recommendations; and
- Management's assurance that the Group's risk management and internal control systems, including systems for compliance with applicable laws, regulations, rules directives, and guidelines have been operated adequately, effectively, and with integrity, in all material respects.

CEO, Compliance Officer and Head of Finance of the Company ensure that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control is effective to enable the Group to achieve its business objectives and there were no material losses resulting from in this Annual Report.

The Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. Nonetheless, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds, and losses.

The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

## **Review of the Statement by External Auditors**

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control ("Statement") in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (Revised) ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

They have reported to the Boards that nothing has come to the attention that causes them to believe the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board of Directors on 23 February 2023.

# ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the MMLR and Securities Commission's Guidelines on Listed Real Estate Investment Trusts

## **SANCTIONS OR PENALTIES**

There was no public sanction or penalty imposed on the Manager.

## **STATUS OF UTILISATION PROCEEDS RAISED FROM CORPORATE PROPOSAL**

There was no issuance of new units during the FY2022.

## **AUDIT AND NON-AUDIT FEES**

For information, please refer to page 152.

## **DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS**

At an Annual General Meeting held on 20 April 2022, the Company obtained a mandate from its shareholders ("Shareholders' Mandate") for recurrent related party transactions ("RRPTs") of a revenue or trading nature.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR, such Shareholders' Mandate is subject to annual renewal and the disclosure in the Annual Report of RRPTs conducted pursuant to the mandate during the financial year ended 31 December 2022 where the aggregate value of such RRPTs is equal to or more than RM1 million or 1% of the relevant percentage ratio for such transactions, whichever is the higher.

Set out below are the relevant RRPTs for which Shareholders' Mandate had been obtained together with a breakdown of the aggregate value of the RRPTs which had been conducted pursuant to the Shareholders Mandate and had met the prescribed threshold.

## ADDITIONAL COMPLIANCE INFORMATION

Transacting Party	Nature of transaction	Nature of Relationship	Value incurred from 28 February 2022 (LPD) to 31 Dec 2022 (RM'000)	The aggregate value of transactions during the financial year (RM'000)
JCorp	Registrar costs and secretarial expenses	JCorp is a major unitholder of Al-Salām REIT. The Manager is also indirectly wholly owned by JCorp.	95	95
JCorp Group	<ul style="list-style-type: none"> <li>Rental income for renting of office lots and indoor entertainment park at Menara KOMTAR and KOMTAR JBCC</li> <li>Technical advisory in relation to project management</li> </ul>	The Interested Directors (save for Dato' Haji Mohd Redza Shah bin Abdul Wahid) are deemed interested by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the Board and/or senior management of JCorp Group.	5,473	6,614
DASB Property Management Sdn Bhd ("DASB-PMSB") (formerly known as Synergy Mall Management Sdn Bhd ("SMMSB"))	Property services fee which include, inter-alia, building management and maintenance and lease and tenancy administration	<p>DASBPMSB is a 82.67% owned company of DASB, the holding company of the Manager. DASB is a wholly-owned subsidiary of JCorp. DASB and JCorp are also the major unitholders of Al-Salām REIT.</p> <p>The Manager is also indirectly wholly owned by JCorp.</p> <p>The Interested Directors (save for Dato' Haji Mohd Redza Shah bin Abdul Wahid) are deemed interested by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the Board and/or senior management of JCorp Group.</p> <p>Datuk Sr Akmal bin Ahmad is the Director of DRMSB, Director of DASB and also part of the senior management of JCorp Group</p>	2,705	3,208

## ADDITIONAL COMPLIANCE INFORMATION

Transacting Party	Nature of transaction	Nature of Relationship	Value incurred from 28 February 2022 (LPD) to 31 Dec 2022 (RM'000)	The aggregate value of transactions during the financial year (RM'000)
KPJ Group	KPJ Group Rental income for renting of college building at Bandar Dato' Onn, Johor	<p>JCorp has a 38.60% indirect interest in KPJ. KPJ (through JCorp) and JCorp are also the major unitholders of Al-Salām REIT. The Manager is also indirectly wholly owned by JCorp.</p> <p>The Interested Directors (save for Dato' Haji Mohd Redza Shah bin Abdul Wahid) are deemed interested by virtue of them being- the Directors of DRMSB nominated by JCorp and being part of the Board and/or senior management of JCorp Group.</p> <p>Dato' Haji Mohd Redza Shah bin Abdul Wahid and Shamsul Anuar bin Abdul Majid are the Directors of DRMSB and also Directors of KPJ.</p>	1,812	2,234
QSR Group	Rental income from renting of KFC and Pizza Hut outlets and non-restaurant properties	<p>QSR is a 56.00% associate company of JCorp. The Manager is also indirectly wholly-owned by JCorp.</p> <p>The Interested Directors (save for Dato' Haji Mohd Redza Shah bin Abdul Wahid) are deemed interested by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the Board and/or senior management of JCorp Group.</p> <p>Shamsul Anuar bin Abdul Majid is the Director of QSR and also Director of DRMSB.</p>	16,001	19,212
Aggregate Value of Transactions			26,086	31,363

## TO THE UNITHOLDERS OF AL-SALĀM REAL ESTATE INVESTMENT TRUST

We have acted as the Shariah Adviser of Al-Salām Real Estate Investment Trust (the "Fund"). Our responsibility is to ensure that the procedures and processes employed by Damansara REIT Managers Sdn Berhad (the "Manager") and that the provisions of the Trust Deed are in accordance with Shariah principles.

In our opinion, based on our review of the documents and information made available to us, the Manager has operated and managed the Fund in accordance with applicable guidelines pertaining to Shariah matters, and principles, concepts and rulings endorsed by the Shariah Advisory Council of the Securities Commission ("SACSC") for the financial year ended 31 December 2022.

In addition, we also confirm that:

1. The investment portfolio of the Fund is Shariah-compliant, which comprises:
  - (a) Rental income from investment properties which complied with the Securities Commission Malaysia's Guidelines on Islamic Capital Market Products and Services. The percentage ratio of Shariah non-compliant rental for the financial year ended 31 December 2022 is 3.1450%; and
  - (b) Cash placement and liquid assets, which are placed in Shariah-compliant investments and/or instruments.
2. There was no acquisition of property that is deemed to be Shariah non-compliant during the financial year.

Our review does not include Shariah confirmation on the audited financial statements of the Fund where we noted that some conventional terminologies were used in the financial statements.

For and on behalf of the Shariah Adviser  
**IBFIM**

## MOHAMAD SALIHIN DERIS

Designated Person Responsible for Shariah Advisory  
Kuala Lumpur



# TRUSTEE'S REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022



To the Unit Holders of

### **AL-SALĀM REAL ESTATE INVESTMENT TRUST**

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AL-SALĀM REAL ESTATE INVESTMENT TRUST for the financial year ended 31 December 2022. In our opinion, DAMANSARA REIT MANAGERS SDN BERHAD, the Manager, has managed AL-SALĀM REAL ESTATE INVESTMENT TRUST in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year then ended.

We are of the opinion that:

- (a) the procedures and processes employed by the Manager to value and/or price the units of AL-SALĀM REAL ESTATE INVESTMENT TRUST are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirement; and
- (b) the distribution of returns made by AL-SALĀM REAL ESTATE INVESTMENT TRUST as declared by the Manager is in accordance with the investment objective of AL-SALĀM REAL ESTATE INVESTMENT TRUST.

Yours faithfully

**AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Chief Executive Officer

Kuala Lumpur, Malaysia

24 February 2023

● KFC Drive Through  
Jalan Masjid Negeri



Manager's Report	148
Statement by the Directors of the Manager	154
Statutory Declaration	154
Independent Auditors' Report	155
Statements of Comprehensive Income	159
Statements of Financial Position	161
Statements of Changes in Net Asset Value	163
Statements of Cash Flows	164
Notes to the Financial Statements	165

# FINANCIAL REPORTS

# MANAGER'S REPORT

The Manager of Al-Salām Real Estate Investment Trust (the “Fund”), Damansara REIT Managers Sdn Berhad (the “Manager”) have pleasure in presenting their report and the audited financial statements of the Group and of the Fund for the financial year ended 31 December 2022.

## Results

	Group	Fund
	2022 RM	2022 RM
Profit for the year	65,416,049	65,146,725

## Income distributions

Since the end of the previous financial year, the amounts of dividends paid by the Fund were as follows:

	Fund
	2022 RM
<b>In respect of the financial year ended 31 December 2021 as reported in the directors’ report of that year:</b>	
Final income distribution of 1.80 sen per unit on 580,000,000 units, paid on 28 February 2022	10,439,929
<b>In respect of the financial year ended 31 December 2022 as reported in the directors’ report of current year:</b>	
First interim income distribution of 0.50 sen per unit on 580,000,000 units, paid on 11 October 2022	2,899,986
Second interim income distribution of 0.50 sen per unit on 580,000,000 units, paid on 6 January 2023	2,900,000
	16,239,915

A final income distribution in respect of the financial year ended 31 December 2022, of 1.50 sen per unit on 580,000,000 units amounting to an income distribution payable of RM8,700,000 will be payable on 28 February 2023.

The financial statements for the current year do not reflect this final interim income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2023.

## The Fund and its investment objective

The Fund is a Malaysia-based real estate and investment trust established pursuant to the execution of a Trust Deed dated 26 March 2015 between the Fund, the Manager and AmanahRaya Trustees Berhad (the “Trustee”). The said Trust Deed was registered with the Securities Commission Malaysia on 30 March 2015 which is the Fund’s establishment date. The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 29 September 2015.

On 6 June 2019, at the Extraordinary General meeting the unitholders of the Fund has approved the proposed amendments and consolidation of the Trust Deed into Restated Trust Deed was executed and lodged on 25 November 2019 with the Securities Commission Malaysia. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provision of the Restated Trust Deed (the “Deed”).

The Fund’s key objective is to provide unitholders with regular and stable income distributions, sustainable long term unit prices and distributable income and capital growth, while maintaining an appropriate capital structure.

**The Fund and its investment objective (cont'd.)**

The principal activity of the subsidiary is as a special-purpose company for the purpose of raising Islamic financing for Al-Salām Real Estate Investment Trust.

This objective is sought to be achieved by optimising the performance and enhancing the overall quality for a large and geographically diversified portfolio of Shariah-compliant real estate assets through various permissible investment and business strategies.

**The Manager and its principal activity**

The Manager is a company incorporated in Malaysia and is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, a company incorporated in Malaysia. The directors of the Manager consider Johor Corporation as the ultimate holding corporation of the Manager, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by Enactment No. 5, 1995).

The principal activity of the Manager is that of managing real estate investment trusts. There has been no significant change in the nature of the principal activity during the financial year.

**Manager's investment strategies and policies**

The Fund is authorised to invest in real estate, special-purpose-vehicles ("SPVs"), real estate-related assets, non-real estate-related assets, cash, Shariah-compliant deposits, Islamic money market instruments and any other investments not specified above but specified as a permissible investment in the Guidelines on Real Estate Investment Trust (the "REIT Guidelines") and the Guidelines for Islamic Real Estate Investment Trust (the "Islamic REIT Guidelines") as issued by the Securities Commission Malaysia or as otherwise permitted by the Securities Commission Malaysia.

To achieve the Fund's primary objective, the Manager will seek to achieve the following strategies:

(a) Active asset management strategy

The Manager will seek to optimise the rental rates, occupancy rates and Net Lettable Area ("NLA") of the Fund's properties in order to improve the returns from the Fund's property portfolio.

(b) Acquisition growth strategy

The Manager will source for and acquire properties that fit within the Fund's investment strategy to enhance returns to unitholders and to capitalise on opportunities for future income and net asset value growth.

(c) Capital and risk management strategy

The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions, seek to manage financing and refinancing risk and to adopt an active financing rate management strategy to manage the risks associated with changes in financing rates.

The investments of the Fund are subject to the following investment limits imposed by the REIT Guidelines:

- (a) at least 50% of the Fund's total asset value must be invested in real estate assets at all times; and
- (b) not more than 25% of the Fund's total asset value may be invested in non-real estate-related assets and/or cash, Shariah-compliant deposits and Islamic money market instruments,



## MANAGER'S REPORT

(cont'd.)

### Manager's investment strategies and policies (cont'd.)

The investments of the Fund are limited to instruments in both real estate-related assets and non-real estate-related assets as follows:

- (a) the value of the Fund's investments in securities issued by any single issuer must not exceed 5% of the Fund's total asset value;
- (b) the value of the Fund's investment in securities issued by any group of companies must not exceed 10% of the Fund's total asset value; and
- (c) the Fund's investment in any class of securities must not exceed 10% of the securities issued by any single issuer; or

Such other limits and investments as may be permitted by the Securities Commission Malaysia or the REIT Guidelines.

### Directors of the Manager

The directors of the Manager in office since the beginning of the financial year and to the date of this report are:

Dato' Haji Mohd Redza Shah bin Abdul Wahid  
Dato' Wan Kamaruzaman bin Wan Ahmad  
Shamsul Anuar bin Abdul Majid  
Datuk Sr Akmal bin Ahmad  
Abdullah bin Abu Samah  
Datuk Hashim bin Wahir  
Dato' Haji Salehuddin bin Hassan  
Ng Yan Chuan  
Lailatul Azma binti Abdullah  
Wan Azman bin Ismail

(Appointed on 24 January 2022)  
(Appointed on 4 March 2022)  
(Appointed on 16 December 2022)  
(Appointed on 16 December 2022)  
(Resigned on 30 June 2022)

### Directors of the Manager's benefits

Since the end of the previous financial year, no director of the Manager has received or become entitled to receive any benefit (other than benefits which accrue from the fee paid to the Manager or from transactions made with companies related to the Manager) by reason of a contract made by the Manager or the Fund or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during that period, did there subsist any arrangement to which the Manager of the Fund is a party, with the object or objects of enabling the directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of the Fund or any other body corporate.

### Directors of the Manager's interests

According to the Register of Directors' Unitholdings kept by the Manager under Section 59 of the Companies Act 2016, the interests of the Directors of the Manager in office at the end of the financial year in units of the Fund and its related corporations during the financial year were as follows:

	<----- Number of ordinary shares ----->			
	At 1.1.2022	Acquired	Sold	At 31.12.2022
<b>Al-Salām Real Estate Investment Trust</b>				
Dato' Haji Salehuddin bin Hassan	9,125	-	-	- 9,125

Save as disclosed above, none of the other Directors of the Manager in office at the end of the financial year had any interest in units of the Fund and of its related corporations during and at the end of the financial year.

### **Manager's remuneration**

Pursuant to the Deed dated 25 November 2019, the Manager is entitled to receive from the Fund:

- (a) A base management fee of up to 1% per annum of total asset value (excluding cash and bank balances) of the Fund calculated on a monthly accrual basis;
- (b) An acquisition fee of 1% of the transaction value (being the total purchase price) of any investment property directly or indirectly acquired from time to time by the Trustee for and on behalf of the Fund pro-rated, if applicable, to the proportion of the Fund's interest and payable to the Manager upon completion of the acquisition of the investment property; and
- (c) A disposal fee of 0.5% of the transaction value (being the total sales price) of any investment property directly or indirectly sold from time to time by the Trustee for and on behalf of the Fund pro-rated, if applicable, to the proportion of the Fund's interest and payable to the Manager upon completion of the disposal of the investment property.

### **Soft commission**

During the year, the Manager did not receive any soft commission from its broker, by virtue of transactions conducted by the Fund.

### **Reserves and provision**

There was no material transfer to and from reserves or provisions during the year, other than those as disclosed in the statement of changes in net asset value.

### **Holding company and corporation**

The immediate holding company is Damansara Assets Sdn. Bhd.. The ultimate holding corporation is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995). Both holding company and corporation are incorporated in Malaysia.

### **Other statutory information**

- (a) Before the statements of comprehensive and statements of financial position of the Group and the Fund were made out, the Manager took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Manager is not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Fund inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Fund misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate.

## MANAGER'S REPORT

(cont'd.)

### Other statutory information (cont'd.)

- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Fund which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Fund which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group and of the Fund which has arisen since the end of the financial year.
- (f) In the opinion of the Manager:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Fund to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Fund for the financial year in which this report is made.
- (g) For the financial year ended 31 December 2022, the net current liabilities of the Group was RM392,967,724 and unitholders' fund of RM639,785,570. In the opinion of the Manager, the Group will be able to meet their obligations and liabilities as and when they fall due on the basis that the Group will be able to refinance their borrowings when it matures. As at the reporting date, the Group received proposal from financial institutions on the refinancing plan. As at the date of the financial statements, the Group is assessing the indicative issue term sheet and will finalise the refinancing plan by the maturity date in August 2023. Taking into consideration the viability of the refinancing plan, the Group is confident in materialising its refinancing plan.

### Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group	Fund
	RM	RM
Audit fees		
- Current year	220,000	195,000
- Other service	50,000	50,000
	270,000	245,000

### Auditors (cont'd.)

To the extent permitted by law, the Manager of the Fund has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 24 February 2023.

Dato' Haji Mohd Redza Shah bin Abdul Wahid

Abdullah bin Abu Samah

# STATEMENT BY THE DIRECTORS OF THE MANAGER

We, Dato' Haji Mohd Redza Shah bin Abdul Wahid and Abdullah bin Abu Samah, being two of the directors of Damansara REIT Managers Sdn Berhad (the "Manager"), do hereby state that, in the opinion of the Manager, the financial statements of Al-Salām Real Estate Investment Trust (the "Fund") set out on pages 159 to 207 are drawn up in accordance with applicable provisions of the Deed dated 25 November 2019, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2022 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 24 February 2023.

Dato' Haji Mohd Redza Shah bin Abdul Wahid

Abdullah bin Abu Samah

## STATUTORY DECLARATION

I, Abdullah bin Abu Samah, being the director of the Manager primarily responsible for the financial management of Al-Salām Real Estate Investment Trust, do solemnly and sincerely declare that the accompanying financial statements set out on pages 159 to 207 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Abdullah bin Abu Samah  
at Kuala Lumpur in the Federal Territory on

Abdullah bin Abu Samah

Before me,

Commissioner for Oaths  
Kuala Lumpur



# INDEPENDENT AUDITORS' REPORT

to the unitholders of Al-Salām Real Estate Investment Trust and its subsidiary  
(Incorporated in Malaysia)

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Al-Salām Real Estate Investment Trust (the "Fund"), which comprise the statements of financial position as at 31 December 2022 of the Group and of the Fund, and statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 159 to 207.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence and other ethical responsibilities*

We are independent of the Group and the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

### *Valuation of investment properties*

The Group and the Fund adopt fair value model for their investment properties. As at 31 December 2022, the carrying amount of the Group's and the Fund's investment properties is RM1,224,173,346 which represents 94% of the Group's and of the Fund's total assets.

We have identified this as an important area of our audit given the significance of the investment properties and the complex valuation method which is based on assumptions that are highly judgmental.

## **INDEPENDENT AUDITORS' REPORT**

to the unitholders of Al-Salām Real Estate Investment Trust and its subsidiary  
(Incorporated in Malaysia) (cont'd.)

### *Valuation of investment properties (cont'd.)*

Our audit procedures focused on the valuations performed by firms of independent valuers, which included, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of the firms of independent valuers;
- We obtained an understanding of the methodology adopted by the independent professional valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent professional valuers to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data, yield rate and discount rate;
- We tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged yield rate by comparing them with available industry data, taking into consideration comparability and market factors;
- We assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile; and
- We also evaluated the Group's and the Fund's disclosures on those assumptions to which the outcome of the valuation is most sensitive. The disclosures on the valuation sensitivity and significant assumptions used are included in Note 3.2 and 10 to the financial statements.

### *Information other than the financial statements and auditors' report thereon*

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Manager and Trustee for the financial statements*

The Manager of the Fund is responsible for the preparation of financial statements of the Group and of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determine is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Fund, the Manager is responsible for assessing the Group's and the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Group or the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Fund, including the disclosures, and whether the financial statements of the Group and the Fund represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **INDEPENDENT AUDITORS' REPORT**

to the unitholders of Al-Salām Real Estate Investment Trust and its subsidiary  
(Incorporated in Malaysia) (cont'd.)

### **Other matters**

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Mimie Joanna Binti Johar  
03592/09/2023 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
24 February 2023

# STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

		Group		Fund	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Gross rental income	4	67,901,145	68,998,220	67,901,145	68,998,220
Other income	5	3,898,915	2,544,863	3,898,915	2,544,863
<b>Total revenue</b>		<b>71,800,060</b>	<b>71,543,083</b>	<b>71,800,060</b>	<b>71,543,083</b>
Utilities expenses		(5,720,275)	(2,330,363)	(5,720,275)	(2,330,363)
Maintenance expenses		(3,523,145)	(3,135,090)	(3,523,145)	(3,135,090)
Quit rent and assessment		(1,744,939)	(1,661,222)	(1,744,939)	(1,661,222)
Property manager fee		(476,400)	(467,400)	(476,400)	(467,400)
Other property expenses		(8,896,680)	(8,955,158)	(8,896,680)	(8,955,158)
<b>Total property expenses</b>		<b>(20,361,439)</b>	<b>(16,549,233)</b>	<b>(20,361,439)</b>	<b>(16,549,233)</b>
<b>Net property income</b>		<b>51,438,621</b>	<b>54,993,850</b>	<b>51,438,621</b>	<b>54,993,850</b>
Investment income	6	511,630	329,773	511,630	329,773
Net fair value gain/(loss) on investment properties	10	46,674,736	(12,740,709)	46,674,736	(12,740,709)
<b>Total investment income/(expense)</b>		<b>47,186,366</b>	<b>(12,410,936)</b>	<b>47,186,366</b>	<b>(12,410,936)</b>
<b>Net investment income</b>		<b>98,624,987</b>	<b>42,582,914</b>	<b>98,624,987</b>	<b>42,582,914</b>
Finance costs on loan:					
- Finance costs charged by financing institution		(26,629,136)	(24,340,276)	(7,474,053)	(5,272,853)
- Finance costs from a subsidiary		-	-	(19,155,083)	(19,067,423)
- Imputed finance costs		(1,747,164)	(1,698,896)	(1,747,164)	(1,698,896)
Allowance for expected credit losses of trade receivables	13	(142,646)	(9,527,577)	(142,646)	(9,527,577)
Allowance for expected credit loss on amount due from a subsidiary		-	-	(302,800)	(1,133,848)
Manager fees		(2,461,404)	(2,477,759)	(2,461,404)	(2,477,759)
Trustee fees		(117,207)	(119,566)	(117,207)	(119,566)
Audit fees					
- Current year		(220,000)	(190,000)	(195,000)	(155,000)
- Other services		(50,000)	(10,000)	(50,000)	(10,000)
Valuation fees		(540,000)	(340,000)	(540,000)	(340,000)
Other expenses		(716,300)	(691,651)	(707,824)	(666,059)
<b>Total fund expenses</b>		<b>(32,623,857)</b>	<b>(39,395,725)</b>	<b>(32,893,181)</b>	<b>(40,468,981)</b>
<b>Profit before tax</b>		<b>66,001,130</b>	<b>3,187,189</b>	<b>65,731,806</b>	<b>2,113,933</b>
Tax (expense)/credit	7	(585,081)	16,833	(585,081)	16,833
<b>Profit for the year, representing total comprehensive income for the year</b>		<b>65,416,049</b>	<b>3,204,022</b>	<b>65,146,725</b>	<b>2,130,766</b>



## STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2022 (cont'd.)

	Note	Group		Fund	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Total comprehensive income for the year</b>					
Realised		15,733,218	14,643,732	15,766,694	14,704,324
Unrealised:		49,682,831	(11,439,710)	49,380,031	(12,573,558)
Unbilled rental income	<b>4</b>	3,593,176	3,734,166	3,593,176	3,734,166
Net fair value gain/(loss) on investment properties	<b>10</b>	46,674,736	(12,740,709)	46,674,736	(12,740,709)
Tax (expense)/credit	<b>7</b>	(585,081)	16,833	(585,081)	16,833
Allowance for expected credit loss on amount due from receivables		-	(2,450,000)	-	(2,450,000)
Allowance for expected credit loss on amount due from a subsidiary		-	-	(302,800)	(1,133,848)
		65,416,049	3,204,022	65,146,725	2,130,766
<b>Earnings per unit</b>	<b>8</b>				
Gross		11.38	0.55	11.33	0.36
Net		11.28	0.55	11.23	0.37
<b>Net income distribution</b>	<b>9</b>	16,239,915	9,975,967	16,239,915	9,975,967
<b>Income distribution per unit (sen):</b>	<b>9</b>				
Gross		2.80	1.72	2.80	1.72
Net		2.80	1.72	2.80	1.72

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group		Fund	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Investment properties	10	1,224,173,346	1,177,236,522	1,224,173,346	1,177,236,522
Equipment	11	802,663	708,310	802,663	708,310
Investment in a subsidiary	12	-	-	2	2
		1,224,976,009	1,177,944,832	1,224,976,011	1,177,944,834
<b>Current assets</b>					
Trade receivables	13(a)	28,300,825	33,418,411	28,300,825	33,418,411
Other receivables and prepaid expenses	13(b)	6,406,911	4,953,108	6,381,769	4,952,844
Amount due from immediate holding company	13(c)	26,373	-	26,373	-
Amount due from related companies	13(d)	1,135,992	1,027,188	1,135,992	1,027,188
Fixed deposits with licensed banks	14	30,683,000	26,352,000	25,153,000	20,822,000
Cash and bank balances	14	13,584,627	9,804,187	13,455,715	9,734,366
		80,137,728	75,554,894	74,453,674	69,954,809
<b>Total assets</b>		1,305,113,737	1,253,499,726	1,299,429,685	1,247,899,643
<b>Total unitholders' fund and liabilities</b>					
<b>Unitholders' fund</b>					
Unitholders' capital	18	572,545,319	572,545,319	572,545,319	572,545,319
Undistributed income		67,240,251	18,064,117	66,048,105	17,141,295
<b>Total unitholders' fund</b>		639,785,570	590,609,436	638,593,424	589,686,614
<b>Non-current liabilities</b>					
Deferred tax liability	15	1,813,829	1,228,748	1,813,829	1,228,748
Other payables	16	3,346,464	8,194,657	3,343,617	8,194,657
Islamic financing	17	187,062,422	635,656,938	187,062,422	186,669,178
Amount due to a subsidiary	16(c)	-	-	-	444,679,509
		192,222,715	645,080,343	192,219,868	640,772,092

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022 (cont'd.)

	Note	Group		Fund	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Current liabilities</b>					
Other payables and accrued expenses	<b>16</b>	21,666,229	16,905,846	21,416,449	16,536,836
Amount due to immediate holding company	<b>16(a)</b>	-	54,496	-	54,496
Amount due to related companies	<b>16(b)</b>	1,231,343	849,605	1,231,343	849,605
Amount due to a subsidiary	<b>16(c)</b>	-	-	445,968,601	-
Islamic financing	<b>17</b>	450,207,880	-	-	-
		473,105,452	17,809,947	468,616,393	17,440,937
<b>Total liabilities</b>		665,328,167	662,890,290	660,836,261	658,213,029
<b>Total unitholders' fund and liabilities</b>		1,305,113,737	1,253,499,726	1,299,429,685	1,247,899,643
<b>Number of units in circulation</b>	<b>18</b>	580,000,000	580,000,000	580,000,000	580,000,000
<b>Net asset value ("NAV")</b>					
- before income distribution		639,785,570	590,609,436	638,593,424	589,686,614
- after income distribution		631,085,570	580,169,436	629,893,424	579,246,614
<b>NAV per unit</b>					
- before income distribution		1.10	1.02	1.10	1.02
- after income distribution		1.09	1.00	1.09	1.00

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN NET ASSET VALUE

For the year ended 31 December 2022

	Unitholders' capital RM	Realised* RM	Unrealised RM	Total undistributed income RM	Total unitholders' fund RM
<b>Group</b>					
<b>At 1 January 2021</b>	572,545,319	13,323,828	11,512,234	24,836,062	597,381,381
Total comprehensive income/(loss)	-	14,643,732	(11,439,710)	3,204,022	3,204,022
Transactions with unitholders:					
Income distributions (Note 9)	-	(9,975,967)	-	(9,975,967)	(9,975,967)
<b>At 31 December 2021</b>	572,545,319	17,991,593	72,524	18,064,117	590,609,436
<b>At 1 January 2022</b>	572,545,319	17,991,593	72,524	18,064,117	590,609,436
Total comprehensive income	-	15,733,218	49,682,831	65,416,049	65,416,049
Transactions with unitholders:					
Income distributions (Note 9)	-	(16,239,915)	-	(16,239,915)	(16,239,915)
<b>At 31 December 2022</b>	572,545,319	17,484,896	49,755,355	67,240,251	639,785,570
<b>Fund</b>					
<b>At 1 January 2021</b>	572,545,319	13,474,262	11,512,234	24,986,496	597,531,815
Total comprehensive income/(loss)	-	14,704,324	(12,573,558)	2,130,766	2,130,766
Transactions with unitholders:					
Income distributions (Note 9)	-	(9,975,967)	-	(9,975,967)	(9,975,967)
<b>At 31 December 2021</b>	572,545,319	18,202,619	(1,061,324)	17,141,295	589,686,614
<b>At 1 January 2022</b>	572,545,319	18,202,619	(1,061,324)	17,141,295	589,686,614
Total comprehensive income	-	15,766,694	49,380,031	65,146,725	65,146,725
Transactions with unitholders:					
Income distributions (Note 9)	-	(16,239,915)	-	(16,239,915)	(16,239,915)
<b>At 31 December 2022</b>	572,545,319	17,729,398	48,318,707	66,048,105	638,593,424

\*Distributable

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

For the year ended 31 December 2022

Note	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Cash flows from operating activities</b>				
Profit before tax	66,001,130	3,187,189	65,731,806	2,113,933
Adjustments for:				
Finance costs on loan:				
- Finance costs charged by financing institution	26,629,136	24,474,076	26,629,136	24,474,076
- Imputed finance costs	1,747,164	1,698,896	1,747,164	1,565,096
Depreciation of equipment	180,748	172,286	180,748	172,286
Fair value (gain)/loss on investment properties	(46,674,736)	12,740,709	(46,674,736)	12,740,709
Investment income	(511,630)	(329,773)	(511,630)	(329,773)
Unbilled rental income	(3,593,176)	(3,734,166)	(3,593,176)	(3,734,166)
Allowance for expected credit losses of trade receivables	142,646	9,527,577	142,646	9,527,577
Operating profit before working capital changes	43,921,282	47,736,794	43,651,958	46,529,738
(Increase)/decrease in:				
Trade receivables	8,568,116	(14,701,907)	8,568,116	(14,568,107)
Other receivables and prepaid expenses	(1,453,803)	(92,130)	(1,428,925)	(92,357)
Amount due from immediate holding company	(26,373)	50,377	(26,373)	50,377
Amount due from related companies	(108,804)	(580,999)	(108,804)	(580,999)
(Decrease)/increase in:				
Other payables and accrued expenses	(125,363)	3,235,806	(98,210)	3,230,745
Amount due to immediate holding company	(54,496)	54,496	(54,496)	54,496
Amount due to related companies	381,738	849,605	381,738	849,605
Net cash generated from operating activities	51,102,297	36,552,042	50,885,004	35,473,498
<b>Cash flows from investing activities</b>				
Income received from other investments	511,630	329,773	511,630	329,773
Purchase of equipment	(275,101)	(3,500)	(275,101)	(3,500)
Additions to investment properties	(262,088)	(612,542)	(262,088)	(612,542)
Net cash used in investing activities	(25,559)	(286,269)	(25,559)	(286,269)
<b>Cash flows from financing activities</b>				
Increase in pledged deposits with licensed banks	(31,000)	(74,893)	(31,000)	(14,893)
Income distributions paid	(16,239,915)	(9,975,968)	(16,239,915)	(9,975,968)
Islamic financing costs paid	(26,591,583)	(24,546,741)	(26,592,739)	(24,546,741)
Transaction cost paid	(133,800)	(897,860)	(129,800)	(917,059)
Increase/(decrease) in amount due to a subsidiary	-	-	155,358	(68,020,965)
Net drawdown in Islamic Financing	-	1,000,000	-	70,000,000
Net cash used in financing activities	(42,996,298)	(34,495,462)	(42,838,096)	(33,475,626)
<b>Net increase in cash and cash equivalents</b>	8,080,440	1,770,311	8,021,349	1,711,603
<b>Cash and cash equivalents at beginning of year</b>	29,004,187	27,233,876	28,934,366	27,222,763
<b>Cash and cash equivalents at end of year (Note 14)</b>	37,084,627	29,004,187	36,955,715	28,934,366

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 1. Corporate information

Al-Salām Real Estate Investment Trust (the “Fund”) is a Malaysian domiciled Islamic Real Estate Investment Trust constituted pursuant to a Trust Deed dated 26 March 2015 between the Fund, Damansara REIT Managers Sdn Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”). The Trust Deed was registered with the Securities Commission Malaysia (“SC Malaysia”) on 30 March 2015.

On 6 June 2019, at the Extraordinary General Meeting the unitholders of the Fund has approved the proposed amendments and consolidation of the Trust Deed into Restated Trust Deed was executed and lodged on 25 November 2019 with the Security Commission. The Fund will continue its operations until such time as determined by the Trustee and the manager as provided under the provision of the Restated Trust Deed.

The Fund is regulated by the Capital Markets and Services Act, 2007, SC Malaysia Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts (the “SC Guidelines”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Rules of the Depository, and taxation laws and rulings of Malaysia. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Deed.

The Fund commenced its business operations on 6 May 2015 and was listed on the Main Market of Bursa Malaysia on 29 September 2015.

The immediate holding company is Damansara Assets Sdn. Bhd.. The ultimate holding corporation is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995). Both holding company and corporation are incorporated in Malaysia.

The principal activity of the Fund is to invest in Shariah-compliant properties with the primary objective of providing unitholders with regular and stable income distributions, sustainable long term unit prices and distributable income and capital growth, while maintaining an appropriate capital structure.

The principal activity of the subsidiary is as a special-purpose company for the purpose of raising Islamic financing for Al-Salām Real Estate Investment Trust.

The registered office of the Manager is located at Level 14, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia.

The principal place of business of the Manager is located at Unit 1-19-02, Level 19, Block 1, V SQUARE, Jalan Utara, 46200 Petaling Jaya, Selangor, Malaysia.

The Fund has entered into several service agreements in relation to the management of the Fund and its property operations. The fees structure of these services is as follows:

### (a) Property manager’s fees

Under a Property Management Agreement dated between the Fund, the Manager and Exastrata Solution Sdn Bhd (the “Property Manager”), the Property Manager is entitled to receive property manager’s fees.

The property manager’s fee for the current financial year is RM476,400 (2021: RM467,400).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 1. Corporate information (cont'd.)

### (b) Manager's fees

Pursuant to the Deed dated 25 November 2019, the Manager is entitled to receive the following fees from the Fund:

- (i) A base management fee of up to 1% per annum of total asset value (excluding cash and bank balances) of the Fund calculated on a monthly accrual basis. The Manager's base management fee for the current financial year is RM2,461,404 (2021: RM2,477,759).
- (ii) An acquisition fee of 1% of the transaction value (being the total purchase price) of any investment property directly or indirectly acquired from time to time by the Trustee for and on behalf of the Fund pro-rated, if applicable, to the proportion of the Fund's interest and payable to the Manager upon completion of the acquisition of the investment property. The Manager did not earn any acquisition fee for the current and previous financial year.
- (iii) A disposal fee of 0.5% of the transaction value (being the total sales price) of any investment property directly or indirectly sold from time to time by the Trustees for and on behalf of the Fund pro-rated, if applicable, to the proportion of the Fund's interest and payable to the Manager upon completion of the disposal of the investment property. The Manager did not earn any disposal fee for the current and previous financial year.

### (c) Trustee's fees

Pursuant to the Deed dated 25 November 2019, the Trustee is entitled to receive a fee of up to 0.02% per annum of the net asset value of the Fund, calculated based on the monthly accrual basis and payable monthly in arrears. The Trustee's fees for the current financial year is RM117,207 (2021: RM119,566).

The financial statements of the Group and of the Fund were authorised by the Board of Directors of the Manager for issuance on 24 February 2023.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Group and of the Fund have been prepared in accordance with the applicable provisions of the Restated Trust Deed dated 25 November 2019, Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements of the Group and the Fund are prepared under the historical cost basis except for investment properties and applicable financial instruments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise stated.

As of 31 December 2022, the current liabilities of the Group and the Fund have exceeded the current assets by RM392,967,724 and RM394,162,719 respectively. The net current liabilities position are mainly derived from the Sukuk Ijarah of RM451,000,000 which will be due for repayment in August 2023 as disclosed in Note 17.

The Manager believes that the Group will meet their short term obligation as and when they fall due on the basis that the Group will be able to refinance their borrowings when it matures. As at the reporting date, the Group received proposal from financial institutions on the refinancing plan.

As at the date of the financial statements, the Group is assessing the indicative issue term sheet and will finalise the refinancing plan by the maturity date in August 2023. Taking into consideration the viability of the refinancing plan, the Group is confident in materialising its refinancing plan before the maturity date. Accordingly, the Manager is of the opinion going concern basis used in the preparation of financial statements is appropriate.

## 2. Significant accounting policies (cont'd.)

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group and the Fund adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2022:

Description	Effective for annual period beginning on or after
Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

The adoption of the above new and amended MFRS did not have any significant financial impact to the Group and the Fund.

### 2.3 Standards and interpretations 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:

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Fund. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Fund controls an investee if and only if the Fund has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Fund considers the following in assessing whether or not the Fund's voting rights in an investee are sufficient to give it power over the investee:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Fund's voting rights and potential voting rights.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Fund loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to undistributed income. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

#### Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. Under the acquisition method, the identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date.

Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

In business combinations achieved in stages, previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

**2. Significant accounting policies (cont'd.)**

**2.4 Summary of significant accounting policies (cont'd.)**

**(a) Basis of consolidation (cont'd.)**

**Subsidiary**

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Fund's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

**(b) Revenue recognition**

**(i) Rental income**

The Group and the Fund earn revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

**(a) Gross rental income**

Revenue from rental of investment properties, including service charges, are recognised on a straight line basis over the period of the lease term in accordance with terms and conditions of the tenancy agreement between the Group and its tenants.

**(b) Percentage rent**

Rental income earned from certain tenants include percentage rent clauses whereby rent received and/or receivable is the higher of base rent and a percentage of sales earned by the tenant during the financial year. Percentage rent is recognised when it can be reliably measured by the Group.

**(ii) Other income**

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Fund recognise revenue when or as it transfer control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (b) Revenue recognition (cont'd.)

##### (ii) Other income (cont'd.)

An entity transfer control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (i) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or
- (ii) The entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (iii) The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for payment completed to date.

If a performance obligation is not satisfied over time, an entity satisfied the performance obligation at a point in time.

#### (a) Parking income and event and advertising income

Parking income and events and advertising income are recognised on an accruals basis in the accounting period in which the services are being rendered.

#### (b) Investment income

Investment income, which comprise income earned from Islamic fixed deposit placements, are recognised on an accrual basis.

#### (c) Income distribution

Income distributions are recognised as a liability when they are approved by Trustee and the board of directors of the Manager. Interim distributions are deducted from unitholders' funds when they are paid.

Income distribution to unitholders that are declared after the reporting period are not recognised as a liability at the end of the reporting period.

#### (d) Taxation

##### (i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in OCI or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

In accordance with Section 61A(1) of the Income Tax Act 1967, the total income of the Fund will be exempted from income tax provided that at least 90% of the total taxable income of the Fund is distributed to unitholders within two months from the end of the reporting period.

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (d) Taxation (cont'd.)

##### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (a) When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group and the Fund offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### (e) Investment properties

Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises principally office building and shopping mall that are not occupied substantially for use by, or in the operations of, the Group and the Fund, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

### 2. Significant accounting policies (cont'd.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (e) Investment properties

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. The fair values were determined based on the capitalisation of net income method ("investment method") and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The valuation is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

For the purposes of these financial statements, in order to avoid double counting, the fair value reported in the financial statements is:

- (i) Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments;
- (ii) In the case of investment property held under a lease, increased by the carrying amount of any liability to the head lessor that has been recognised in the statement of financial position as a finance lease obligation.

Investment property is derecognised either when it has been disposed of (i.e. at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in MFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group and the Fund consider the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in MFRS 15.

##### (f) Equipment

Equipment are stated at cost less accumulated depreciation and any impairment losses.

Equipment are depreciated on the straight-line method at an annual rate of 10% based on its estimated useful lives.

The estimated useful lives, residual values and depreciation method of equipment are reviewed at the end of each reporting period, with the effect of any change in estimates accounted for prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

##### (g) Impairment of non financial assets

At the end of each reporting period, the Group and the Fund review the carrying amounts of their non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Fund estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (g) Impairment of non financial assets (cont'd.)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### (h) Leases

##### As a lessor

Leases in which the Group and the Fund do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (i) Islamic Financing

Islamic financing are recognised initially at fair value, net of transaction costs incurred. Islamic Financing are subsequently stated at amortised cost; any difference between the fair value (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the Islamic financing using the effective interest method.

Islamic financing are classified as current liabilities unless the Group and the Fund have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Debt financing costs incurred arising from extinguishment of Islamic financing are accounted for in profit or loss in the period during which the extinguishment is concluded. Debt financing costs incurred on new Islamic financing are capitalised and amortised over the period of Islamic financing. All other Islamic financing costs are recognised in profit or loss in the period they are incurred. Islamic financing costs consist of financing costs and other costs that the Group and the Fund incurred in connection with the Islamic financing of funds.

#### (j) Provisions

Provisions are recognised when the Group and the Fund have a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

### 2. Significant accounting policies (cont'd.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (k) Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition and measured either at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Fund's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Fund have applied the practical expedient, the Group and the Fund initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component and therefore are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Fund's business model for managing financial assets refer to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Fund commit to purchase or sell the asset.

The Group and the Fund determined the classification of their financial assets as financial assets (debt instruments) at amortised cost at its initial recognition.

###### Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Fund's financial assets at amortised cost includes trade receivables, other receivables (excluding prepaid expenses and unbilled rental income), amount due from related companies, fixed deposits with licensed banks, and cash and bank balances.

###### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Group and the Fund have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Fund has transferred substantially all the risks and rewards of the asset, or the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



**2. Significant accounting policies (cont'd.)**

**2.4 Summary of significant accounting policies (cont'd.)**

**(k) Financial assets (cont'd.)**

**Derecognition (cont'd.)**

When the Group and the Fund have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Fund continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Fund also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Fund have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Fund could be required to repay.

**(l) Impairment of financial assets**

The Group and the Fund recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Fund expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Fund apply a simplified approach in calculating ECLs. Therefore, the Group and the Fund do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Fund have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Fund consider factors if a financial asset in default such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments that indicate that the Group and the Fund are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**(m) Financial liabilities**

**Recognition and measurement**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as other financial liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

### 2. Significant accounting policies (cont'd.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (m) Financial liabilities (cont'd.)

###### Recognition and measurement (cont'd.)

The Group's and the Fund's other financial liabilities include total payables (non-current and current), Islamic financing, amount due to related companies and amount due to a subsidiary.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

###### Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same financier on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### (n) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### (o) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of restricted cash as they are considered an integral part of the Group's and the Fund's cash management.

##### (p) Segment reporting

For management purposes, the Group and the Fund are organised into operating segments based on industry which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Manager of the Group and the Fund who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 23, including the factors used to identify the reportable segments and the measurement basis of segment information.

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (q) Current versus non-current classification

The Group and the Fund present assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold and consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after reporting period; or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting period; or
- There is no unconditional right to defer the settlement of the liability; for at least twelve months after reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### (r) Fair value measurement

The Group and the Fund measure financial instruments such as derivatives and investment property at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

### 2. Significant accounting policies (cont'd.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (r) Fair value measurement (cont'd.)

The Group and the Fund use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Fund determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 3. Significant accounting judgements and estimates

The preparation of the Group's and the Fund's financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts of the revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 3.1 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Fund's accounting policies that have a significant effect on the amounts recognised in the financial statements.

##### (a) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured at fair value, the Group and the Fund have concluded that certain investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time while others are held for eventual sale. As a result, the Group and the Fund have measured deferred tax on changes in fair values of these investment properties using the corporate income tax rate or the real property gains tax rate, as appropriate.

### 3. Significant accounting judgements and estimates (cont'd.)

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities of the Fund within the next financial year are discussed below:

##### Fair value of investment properties

The Group and the Fund carry their investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group and the Fund had engaged an independent professional valuer to determine the fair value and there are no material events that affect the valuation between the valuation date and financial year end.

The determined fair value of the investment properties by the independent professional valuer is most sensitive to the estimated yield rate and discount rate. The range of the yield rate and the discount rate used in the valuation is described in Note 10.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated term yield rate, discount rate and its corresponding sensitivity result in a higher or lower fair value measurement:

	Fair value Increase/(decrease)	
	2022 RM	2021 RM
Yield rate		
- 0.25%	9,210,000	28,732,000
+ 0.25%	(10,360,000)	(32,363,000)
Discount rate		
- 0.25%	36,330,000	10,011,000
+ 0.25%	(32,760,000)	(15,498,000)

### 4. Gross rental income

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Rental income:</b>				
- Base rental income	59,699,698	61,544,366	59,699,698	61,544,366
- Unbilled rental income	3,593,176	3,734,166	3,593,176	3,734,166
Percentage rent	1,774,232	558,467	1,774,232	558,467
Service charges	2,834,039	3,161,221	2,834,039	3,161,221
	67,901,145	68,998,220	67,901,145	68,998,220



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 5. Other income

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Timing of revenue recognition:</b>				
<b>At a point in time</b>				
Parking income	2,304,751	1,499,953	2,304,751	1,499,953
Event and advertising income	1,594,164	1,044,910	1,594,164	1,044,910
	3,898,915	2,544,863	3,898,915	2,544,863

## 6. Investment income

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Income from Islamic deposit placements	511,630	329,773	511,630	329,773

## 7. Tax (expense)/credit

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax relating to the origination and reversal of temporary differences (Note 15)	(585,081)	16,833	(585,081)	16,833

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of the Fund will be exempted from tax provided that at least 90% of its total taxable income (as defined in the Act) is distributed to the unitholders' in the basis period of the Fund for that year of assessment within two months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of the financial year which forms the basis period for a year of assessment, the Fund will be subject to income tax at the prevailing statutory rate on its total taxable income. Income which has been taxed at the Fund's level will have tax credits attached when subsequently distributed to unitholders.

As at the date of this financial statements, the Fund has declared more than 90% of its distributable income to unitholders for the financial year ended 31 December 2022 accordingly. No provision for income tax expense has been made for the year.

Deferred tax liability has been provided for the investment properties held by Al-Salām REIT at 10% which reflects the expected manner of recovery of the investment properties, i.e. recovered through sale.

**7. Tax (expense)/credit (cont'd.)**

Reconciliation of the tax (expense)/credit is as follows:

	<b>Group</b>		<b>Fund</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Profit before tax	66,001,130	3,187,189	65,731,806	2,113,933
Tax at the statutory tax rate of 24% (2021: 24%)	15,840,271	764,925	15,775,633	507,344
Expenses not deductible for tax purposes	334,855	4,043,762	429,192	4,015,530
Income not subject to tax	(16,175,126)	(4,808,687)	(16,204,825)	(4,522,874)
Deferred tax recognised at different tax rate	(585,081)	16,833	(585,081)	16,833
	(585,081)	16,833	(585,081)	16,833

**Taxation of the unitholders**

Pursuant to Section 109D(2) of the Malaysian Income Tax Act 1967, where 90% or more of the Real Estate Investment Trust's ("REIT") total taxable income is distributed by the REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

<b>Unitholders</b>	<b>Tax rate</b>
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24%.

**8. Earnings per unit**

The gross and net earnings per unit, which are calculated based on the profit before tax and profit for the financial year of the Group and of the Fund, respectively, divided by the weighted average number of units in circulation as of 31 December 2022, are as follows:

	<b>Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Earnings attributable to unitholders:		
Profit before tax	66,001,130	3,187,189
Profit for the year	65,416,049	3,204,022
Number of units	580,000,000	580,000,000
Gross earnings per unit (sen)	11.38	0.55
Net earnings per unit (sen)	11.28	0.55

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 9. Income distribution

	Group and Fund	
	2022 RM	2021 RM
<b>Income distributions on ordinary shares in respect of the current financial year</b>		
First interim income distribution of 0.50 sen per unit declared on 26 November 2021 and paid on 20 January 2022	-	2,900,000
First interim income distribution of 0.50 sen per unit declared on 26 August 2022 and paid on 11 October 2022	2,899,986	-
Second interim income distribution of 0.50 sen per unit declared on 25 November 2022 and paid on 6 January 2023	2,900,000	-
	5,799,986	2,900,000
<b>Income distribution on ordinary shares in respect of the previous financial year</b>		
Final income distribution of 1.22 sen per unit declared on 26 January 2021 and paid on 26 February 2021	-	7,075,967
Final income distribution of 1.80 sen per unit declared on 27 January 2022 and paid on 28 February 2022	10,439,929	
	16,239,915	9,975,967

The Manager had declared a final income distribution of 1.50 (2021: 1.80) sen per unit totalling RM8,700,000 (2021: RM10,440,000) for the financial year ended 31 December 2022 on 2 February 2023 (2021: 27 January 2022).

The financial statements for the current year do not reflect this final income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2022.

The total distributions (including proposed final income distribution) for the financial year ended 31 December 2022 amounting to RM14,499,986 (2021: RM13,339,929). Total income distribution is 2.50 (2021: 2.30) sen per unit.

**9. Income distribution (cont'd.)**

Distribution to unitholders is derived from the following sources:

	<b>Group</b>		<b>Fund</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Net property income	51,438,621	54,993,850	51,438,621	54,993,850
Investment income	511,630	329,773	511,630	329,773
Less: Unbilled rental income	(3,593,176)	(3,734,166)	(3,593,176)	(3,734,166)
	48,357,075	51,589,457	48,357,075	51,589,457
Less: Fund expenses	(32,623,857)	(39,395,725)	(32,590,381)	(40,468,981)
Realised income	15,733,218	14,643,732	15,766,694	14,704,324
Undistributed income brought forward	17,991,593	13,323,828	18,202,619	13,474,262
Less: Undistributed income	(17,484,896)	(17,991,593)	(17,729,398)	(18,202,619)
	16,239,915	9,975,967	16,239,915	9,975,967
Number of units in circulation	580,000,000	580,000,000	580,000,000	580,000,000
<b>Income distribution per unit (sen):</b>				
Gross	2.80	1.72	2.80	1.72
Net	2.80	1.72	2.80	1.72

**10. Investment properties**

	<b>Group</b>		<b>Fund</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
At 1 January	1,177,236,522	1,189,364,689	1,177,236,522	1,189,364,689
Enhancements	262,088	612,542	262,088	612,542
Fair value adjustment	46,674,736	(12,740,709)	46,674,736	(12,740,709)
At 31 December	1,224,173,346	1,177,236,522	1,224,173,346	1,177,236,522

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 10. Investment properties (cont'd.)

### Fair value measurement of the Group's and the Fund's investment properties

The fair values of the Group's and the Fund's investment properties as of 31 December 2022 have been arrived at on the basis of valuation carried out by Cheston International Sdn Bhd, independent valuer not related to the Group and the Fund. The valuer are registered members of the Board of Valuers, Appraisers and Estate Agents, Malaysia, and they have appropriate qualifications and recent experience in the valuation of the properties in the relevant locations. The valuation of the Fund's investment properties were performed in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The fair values were determined based on the capitalisation of net income method and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The values estimated under this method are derived by ascertaining the market rent of the properties; deducting all reasonable annual operating expenses (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance, repairs and maintenance and management, are deducted from gross rental income together with allowance for void.

In estimating the fair values of the investment properties, the highest and best use of the investment properties is their current use.

The following table shows a reconciliation of Level 3 fair values:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Valuation per valuers' report	1,240,990,000	1,190,460,000	1,240,990,000	1,190,460,000
Less: Unbilled rental income	(16,816,654)	(13,223,478)	(16,816,654)	(13,223,478)
	1,224,173,346	1,177,236,522	1,224,173,346	1,177,236,522

The fair value of the investment properties are classified as Level 3 for fair value hierarchy disclosure purposes. The significant unobservable inputs applied by the independent valuer in applying the investment method above are as follows:

Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Term yield ranging from 5.00% - 6.75% (2021: 5.00% - 6.75%)	Higher term yield rates, lower fair value
Reversionary yield ranging from 5.50% - 7.25% (2021: 5.50% - 7.5%)	Higher reversionary yield rates, lower fair value
Discount rate ranging from 5.00% to 7.25% (2021: 5.00% - 7.25%)	Higher discount rate, lower fair value
Allowance for void of 3.0% - 10.00% (2021: 2.5% - 10.00%)	Higher allowance for void rate, lower fair value

The valuer had adopted market corroborated capitalisation rates, which is the most frequently adopted methodology by the property industry in Malaysia, based on information pertaining to recent comparable sales which are publicly available, adjusted for the location, quality and characteristics of the investment properties.



**10. Investment properties (cont'd.)**

A summary of the investment properties of the Group and of the Fund, as required to be disclosed by the SC Guidelines, is as follows:

Description of property	Tenure of land	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2022 Fair value RM	2021 Fair value RM	Fair value hierarchy
1. KOMTAR JBCC ##	Freehold	-	-	Johor Bahru, Johor	31/12/2022	431,000,000	429,600,000	3
2. Menara KOMTAR ##	Freehold	-	-	Johor Bahru, Johor	31/12/2022	70,000,000	62,000,000	3
3. @Mart Kempas ##	Leasehold	99	84	Johor Bahru, Johor	31/12/2022	76,000,000	72,000,000	3
4. Malaysian College of Hospitality & Management (MCHM)##	Freehold	-	-	Johor Bahru, Johor	31/12/2022	36,000,000	34,000,000	3
5. Mydin Hypermart Gong Badak##	Leasehold	99	87	Gong Badak, Terengganu	31/12/2022	153,183,346	151,776,522	3
6. QSR Properties: Restaurant in shop lots								
a. KFC restaurant ##	Freehold	-	-	Kajang, Selangor	31/12/2022	11,000,000	9,700,000	3
b. KFC restaurant ##	Freehold	-	-	Jitra, Kedah	31/12/2022	570,000	530,000	3
c. KFC restaurant ##	Leasehold	93	82	Ayer Hitam, Johor	31/12/2022	2,300,000	2,040,000	3
d. KFC restaurant #	Leasehold	99	68	Bayan Lepas, Penang	31/12/2022	4,500,000	4,000,000	3
e. KFC restaurant ###	Leasehold	99	73	Petaling Jaya, Selangor	31/12/2022	10,000,000	9,300,000	3
f. KFC restaurant #	Leasehold	74	63	Port Dickson, Negeri Sembilan	31/12/2022	1,900,000	1,800,000	3
g. KFC restaurant ##	Leasehold	99	70	Kuala Perlis,Perlis	31/12/2022	590,000	480,000	3
h. PHD restaurant ##	Freehold	-	-	Ulu Tiram, Johor	31/12/2022	1,100,000	936,000	3
i. PHD restaurant ##	Leasehold	99	63	Kota Tinggi, Johor	31/12/2022	960,000	816,000	3
j. KFC restaurant #	Leasehold	99	59	Kepong,Kuala Lumpur	31/12/2022	7,300,000	7,300,000	3
k. KFC restaurant #	Freehold	-	-	Kampar, Perak	31/12/2022	1,600,000	1,400,000	3
l. KFC restaurant #	Freehold	-	-	Jalan Raja Laut, Kuala Lumpur	31/12/2022	4,700,000	4,700,000	3
m. KFC restaurant #	Freehold	-	-	Jalan Ipoh, Kuala Lumpur	31/12/2022	10,000,000	8,700,000	3
n. KFC restaurant #	Freehold	-	-	Ipoh, Perak	31/12/2022	2,200,000	2,000,000	3
o. KFC restaurant #	Leasehold	99	77	Balai Panjang, Melaka	31/12/2022	1,200,000	980,000	3
p. KFC restaurant #	Freehold	-	-	Ulu Tiram, Johor	31/12/2022	1,800,000	1,648,000	3

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 10. Investment properties (cont'd.)

Description of property	Tenure of land	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2022 Fair value RM	2021 Fair value RM	Fair value hierarchy
6. QSR Properties: Restaurant in shop lots (cont'd.)								
q. KFC restaurant #	Freehold	-	-	Jalan Dato Onn Jaafar, Perak	31/12/2022	4,000,000	3,400,000	3
r. KFC restaurant #	Freehold	-	-	Senawang, Negeri Sembilan	31/12/2022	1,000,000	840,000	3
s. KFC restaurant #	Freehold	-	-	Seremban, Negeri Sembilan	31/12/2022	4,400,000	3,900,000	3
t. KFC restaurant #	Leasehold	999	893	Kota Kinabalu, Sabah	31/12/2022	3,000,000	2,800,000	3
u. Pizza Hut restaurant #	Leasehold	99	91	Kuching, Sarawak	31/12/2022	4,000,000	4,000,000	3
v. KFC restaurant #	Leasehold	99	65	Sg Buloh, Selangor	31/12/2022	1,800,000	1,600,000	3
w. KFC restaurant #	Freehold	-	-	Jalan Hang Tuah, Melaka	31/12/2022	2,300,000	2,090,000	3
Restaurants in shopping mall								
x. KFC Restaurant in Queensbay Mall #	Freehold	-	-	Bayan Lepas, Penang	31/12/2022	14,800,000	14,000,000	3
y. KFC Restaurant Kompleks Bukit Jambul #	Freehold	-	-	Bayan Lepas, Penang	31/12/2022	3,400,000	2,850,000	3
z. KFC Restaurant in Megamall Pinang Shopping Complex #	Freehold	-	-	Perai, Penang	31/12/2022	2,550,000	2,540,000	3
aa. Pizza Hut Restaurant in Megamall Pinang Shopping Complex #	Freehold	-	-	Perai, Penang	31/12/2022	1,120,000	1,110,000	3
Restaurants with drive-through facility								
bb. Pizza Hut and KFC ##	Leasehold	99	42	Jalan Kuchai Lama, Kuala Lumpur	31/12/2022	14,600,000	14,500,000	3
cc. Pizza Hut and KFC #	Freehold	-	-	Sungai Petani, Kedah	31/12/2022	6,100,000	5,300,000	3
dd. Pizza Hut and KFC #	Freehold	-	-	Senai, Johor	31/12/2022	9,900,000	8,800,000	3
ee. Pizza Hut and KFC #	Freehold	-	-	Taman Damansara Aliff, Johor Bahru	31/12/2022	13,000,000	12,300,000	3
ff. Pizza Hut and KFC ###	Freehold	-	-	Taman Perling, Johor Bahru	31/12/2022	15,100,000	14,000,000	3
gg. Pizza Hut and KFC #	Freehold	-	-	Ipoh, Perak	31/12/2022	9,100,000	8,700,000	3
hh. Pizza Hut and KFC ####	Leasehold	96	74	Off Jalan Kepong, Kuala Lumpur	31/12/2022	17,300,000	15,800,000	3
ii. Pizza Hut and KFC #	Leasehold	83	61	Pusat Bandar Wangsa Maju, Kuala Lumpur"	31/12/2022	28,000,000	26,700,000	3
jj. Pizza Hut and KFC #	Leasehold	99	86	Hang Tuah Jaya, Melaka	31/12/2022	10,700,000	10,700,000	3
kk. KFC #	Freehold	-	-	Bandar Seri Alam, Johor Bahru	31/12/2022	8,700,000	7,800,000	3

**10. Investment properties (cont'd.)**

Description of property	Tenure of land	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2022 Fair value RM	2021 Fair value RM	Fair value hierarchy
6. QSR Properties: Restaurant in shop lots (cont'd.)								
Restaurants with drive-through facility (cont'd.)								
ll. KFC #	Leasehold	991	889	Skudai, Johor	31/12/2022	9,400,000	8,000,000	3
mm. KFC #	Freehold	-	-	Georgetown, Penang	31/12/2022	26,000,000	24,000,000	3
nn. Pizza Hut and KFC #	Freehold	-	-	Kepala Batas, Penang	31/12/2022	7,800,000	6,900,000	3
oo. Pizza Hut and KFC #	Leasehold	99	86	Puchong Perdana, Selangor	31/12/2022	15,100,000	15,100,000	3
pp. Pizza Hut and KFC #	Freehold	-	-	Seremban Negeri Sembilan	31/12/2022	8,500,000	8,400,000	3
qq. KFC #	Leasehold	99	89	Jasin, Melaka	31/12/2022	4,300,000	4,000,000	3
7. Warehouse and factory								
rr. Warehouse ##	Freehold	-	-	Simpang Ampat, Penang	31/12/2022	1,600,000	1,600,000	3
ss. Warehouse and factory #	Leasehold	99	74	Kota Kinabalu, Sabah	31/12/2022	3,000,000	3,000,000	3
tt. Warehouse ##	Leasehold	99	65	Pelabuhan Klang, Selangor	31/12/2022	50,000,000	47,200,000	3
uu. Warehouse and factory ##	Leasehold	99	65	Pelabuhan Klang, Selangor	31/12/2022	28,000,000	26,700,000	3
vv. Warehouse and factory ###	Freehold	-	-	Shah Alam, Selangor	31/12/2022	63,000,000	59,100,000	3
ww. Warehouse #	Leasehold	999	879	Kota Kinabalu, Sabah	31/12/2022	4,700,000	3,800,000	3
						1,224,173,346	1,177,236,522	

# The investment properties amounting to RM165,070,000 (2021: RM152,658,000) are used to secure against Term Financing-I ("TF-I") issued by the Fund as disclosed in Note 17.

## The investment properties amounting to RM939,103,346 (2021: RM911,878,522) are used to secure against Islamic Medium Term Notes ("IMTNs") issued by the subsidiary as disclosed in Note 17.

### The investment properties amounting to RM102,700,000 (2021: RM96,900,000) are used to secure against Business Financing-I ("BF-I") issued by the Fund as disclosed in Note 17.

#### Restaurant with drive-through facility: Pizza Hut and KFC Off Jalan Kepong, Kuala Lumpur, amounting of RM17,300,000 (2021: RM15,800,000) are used to secure against Commodity Murabahah Revolving Credit ("CMRC").

\* Based on valuation carried out by independent professional valuer, Messrs. Cheston.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 11. Equipment

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Cost</b>				
At 1 January	1,273,913	1,270,413	1,273,913	1,270,413
Additions	275,101	3,500	275,101	3,500
At 31 December	1,549,014	1,273,913	1,549,014	1,273,913
<b>Accumulated depreciation</b>				
At 1 January	(565,603)	(393,317)	(565,603)	(393,317)
Charge for the year	(180,748)	(172,286)	(180,748)	(172,286)
At 31 December	(746,351)	(565,603)	(746,351)	(565,603)
<b>Net carrying amount</b>				
At 31 December	802,663	708,310	802,663	708,310

## 12. Investment in a subsidiary

	Fund	
	2022 RM	2021 RM
Unquoted shares, at cost	2	2

Details of the subsidiary are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest	
			2022 %	2021 %
ALSREIT Capital Sdn Bhd	Special purpose company for the purpose of raising Islamic Financing for the Fund	Malaysia	100	100

**13. Trade receivables, other receivables and prepaid expenses**

**(a) Trade receivables**

	<b>Group and Fund</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
<b>Current</b>		
Third parties	7,841,308	11,873,475
Amount due from related companies	6,141,672	13,491,214
	13,982,980	25,364,689
Less: Allowance for expected credit losses	(2,498,809)	(5,169,756)
	11,484,171	20,194,933
Unbilled rental income (Note (i))	16,816,654	13,223,478
	28,300,825	33,418,411

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).

The ageing analysis of the Group's and of the Fund's trade receivables is as follows:

	<b>Total gross carrying amount at default RM</b>	<b>Allowance for expected credit losses RM</b>	<b>Total RM</b>
<b>Group and Fund</b>			
<b>At 31 December 2022</b>			
1 to 30 days past due	3,968,992	(696,291)	3,272,701
31 to 60 days past due	1,499,993	(269,999)	1,229,994
61 to 90 days past due	39,116	(7,041)	32,075
90 to 120 days past due	610,733	(109,932)	500,801
More than 120 days pass due	7,864,146	(1,415,546)	6,448,600
	13,982,980	(2,498,809)	11,484,171
<b>At 31 December 2021</b>			
1 to 30 days past due	4,396,892	(776,963)	3,619,929
31 to 60 days past due	3,147,348	(68,529)	3,078,819
61 to 90 days past due	2,165,760	(318)	2,165,442
90 to 120 days past due	2,623,660	(7,132)	2,616,528
More than 120 days pass due	13,031,029	(4,316,814)	8,714,215
	25,364,689	(5,169,756)	20,194,933



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 13. Trade receivables, other receivables and prepaid expenses (cont'd.)

### (a) Trade receivables (cont'd.)

Movement in allowance for expected credit losses of trade receivables:

	Group and Fund	
	2022 RM	2021 RM
At 1 January	5,169,756	3,457,908
Derecognition loss on lease receivables (Note (ii))	142,646	9,527,577
Written off	(2,813,593)	(7,815,729)
At 31 December	2,498,809	5,169,756

### (i) 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.

### (ii) Derecognition loss on lease receivables

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

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	6,260,072	4,617,722	6,234,930	4,617,458
Prepaid expenses	146,839	335,386	146,839	335,386
<b>Other receivables and prepaid expenses</b>	<b>6,406,911</b>	<b>4,953,108</b>	<b>6,381,769</b>	<b>4,952,844</b>

**13. Trade receivables, other receivables and prepaid expenses (cont'd.)**

**(b) Other receivables and prepaid expenses**

	<b>Group</b>		<b>Fund</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>Total trade and non-trade receivables</b>	34,707,736	38,371,519	34,682,594	38,371,255
Less:				
Prepaid expenses	(146,839)	(335,386)	(146,839)	(335,386)
Add:				
Amount due from immediate holding company (Note(c))	26,373	-	26,373	-
Amount due from related companies (Note (d))	1,135,992	1,027,188	1,135,992	1,027,188
Fixed deposits with licensed banks	30,683,000	26,352,000	25,153,000	20,822,000
Cash and bank balances	13,584,627	9,804,187	13,455,715	9,734,366
<b>Total financial assets carried at amortised cost (debt instruments)</b>	<b>79,990,889</b>	<b>75,219,508</b>	<b>74,306,835</b>	<b>69,619,423</b>

**(c) Amount due from immediate holding company**

Amount due from immediate holding company is non-trade, unsecured, interest-free and repayable on demand.

**(d) Amount due from related companies**

Amount due from related companies, which arose mainly from collections on behalf, is unsecured, interest-free and repayable on demand. Transactions with related parties are disclosed in Note 20.

**14. Cash and cash equivalents**

	<b>Group</b>		<b>Fund</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Fixed deposits with licensed banks	30,683,000	26,352,000	25,153,000	20,822,000
Cash and bank balances	13,584,627	9,804,187	13,455,715	9,734,366
	44,267,627	36,156,187	38,608,715	30,556,366
Less:				
Deposits with licensed banks with maturity period of more than 3 months	(7,183,000)	(7,152,000)	(1,653,000)	(1,622,000)
	37,084,627	29,004,187	36,955,715	28,934,366

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

### 14. Cash and cash equivalents (cont'd.)

At the reporting date, the weighted average deposit rate per annum and average remaining maturity period of fixed deposits with licensed banks are as follows:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Weighted average deposit rate (%)	5.16%	3.41%	4.73%	3.04%
Average remaining maturity period	36	45	32	25

The deposits with licensed banks of the Group and of the Fund of RM7,183,000 and RM1,653,000 (2021: RM7,152,000 and RM1,622,000) respectively are placed as reserve for repayment of finance costs on long-term Islamic financing as mentioned in Note 17 and hence, are not available for general use.

### 15. Deferred tax liability

	Group and Fund	
	2022 RM	2021 RM
At 1 January	1,228,748	1,245,581
Recognised in profit or loss (Note 7)	585,081	(16,833)
At 31 December	1,813,829	1,228,748

The deferred tax liability relates to fair value gain on investment properties which is expected to be recovered through sale. The amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Based on the Finance Act 2019 which was gazetted in December 2019, it was clarified that the RPGT rate of 10% is prescribed for disposal of investment properties held for more than 5 years for a trustee of a trust.

**16. Other payables and accrued expenses**

	<b>Group</b>		<b>Fund</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>Non current</b>				
Tenant deposit payables	3,346,464	8,194,657	3,343,617	8,194,657
<b>Current</b>				
Tenant deposit payables	10,125,926	5,882,510	10,125,926	5,882,510
Other payables	3,273,986	3,328,226	3,273,986	3,328,226
Income distribution	2,900,000	2,900,000	2,900,000	2,900,000
Accrued expenses	4,193,730	3,660,076	4,188,730	3,625,076
Accrued financing cost (Note 17)	1,172,587	1,135,034	927,807	801,024
	21,666,229	16,905,846	21,416,449	16,536,836
<b>Total payables (non-current and current)</b>	<b>25,012,693</b>	<b>25,100,503</b>	<b>24,760,066</b>	<b>24,731,493</b>
Add:				
Islamic financing (Note 17)	637,270,302	635,656,938	187,062,422	186,669,178
Amount due to immediate holding company (Note (a))	-	54,496	-	54,496
Amount due to related companies (Note (b))	1,231,343	849,605	1,231,343	849,605
Amount due to a subsidiary (Note (c))	-	-	445,968,601	444,679,509
<b>Total financial liabilities carried at amortised cost</b>	<b>663,514,338</b>	<b>661,661,542</b>	<b>659,022,432</b>	<b>656,984,281</b>

**(a) Amount due to immediate holding company**

Amount due to immediate holding company is non-trade, unsecured, interest-free and repayable on demand.

**(b) Amount due to related companies**

Amount due to related companies are non-trade, unsecured, interest-free and repayable on demand.

**(c) Amount due to a subsidiary**

Amount due to a subsidiary represents unsecured advances received from the proceeds raised from Islamic financing by the subsidiary. The finance costs and repayment terms of the unsecured advances mirror the finance costs and repayment terms of the Islamic financing of Sukuk Ijarah raised by the said subsidiary as disclosed in Note 17.

The amount due to a subsidiary is unsecured, repayable on demand and bears returns of 3.75% to 5.09% (2021: 3.72% to 3.91%) per annum, that are presented as net amount as there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 17. Islamic financing

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Non current</b>				
Term Financing-i ("TF-i") (Note (a))	118,000,000	118,000,000	118,000,000	118,000,000
Business Financing-i ("BF-i") (Note (b))	70,000,000	70,000,000	70,000,000	70,000,000
Sukuk Ijarah (Note (c))	-	451,000,000	-	-
	188,000,000	639,000,000	188,000,000	188,000,000
Less: Transaction cost	(937,578)	(3,343,062)	(937,578)	(1,330,822)
	187,062,422	635,656,938	187,062,422	186,669,178
<b>Current</b>				
Sukuk Ijarah (Note (c))	451,000,000	-	-	-
Less: Transaction cost	(792,120)	-	-	-
	450,207,880	-	-	-
Total Islamic financing	637,270,302	635,656,938	187,062,422	186,669,178

### (a) TF-i

The TF-i profit is payable over a period of 60 months from the date of first disbursement. The effective profit rate for the TF-i will be based on COF which is based on the Bank's COF + 1.45% per annum for the duration of the TF-i.

The average effective profit rate for the TF-i is 4.04% (2021: 3.79%) per annum. The principal amount is to be expected to be paid in March 2024.

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

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

The financing is secured by the investment properties amounting to RM165,070,000 (2021: RM152,658,000) as per disclosed in Note 10.

### (b) BF-i

The BF-i profit is payable over a period of 72 months from the date of first disbursement. The effective profit rate for the BF-i will be based on COF which is based on the Bank's COF + 0.60% per annum for the duration of the BF-i.

The average effective profit rate for the BF-i is 3.69% (2020: 3.56%) per annum. The principal amount is to be expected to be paid in September 2026.

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

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

The financing is secured by the investment properties amounting to RM102,700,000 (2021: RM96,900,000) as per disclosed in Note 10.

**17. Islamic financing (cont'd.)**

(c) Sukuk Ijarah

On 24 August 2018, a subsidiary of the Group, ALSREIT Capital Sdn Bhd established a Sukuk Ijarah Programme comprising Islamic Medium Term Notes ("IMTN") of up to RM1,500,000,000.

On 24 August 2020, the Company issued RM520,000,000 in nominal value of IMTNs ("Issue 2") which bears profit rate of 3.75% to 5.09% (2021: 3.72% to 3.91%) per annum.

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

- (i) Finance Service Cover Ratio ("FSCR") at Issuer level of not less than 1.5 times;
- (ii) FSCR at Al-Salām REIT level of not less than 1.5 times;
- (iii) Minimum Security Cover Ratio of at least 2.0; and
- (iv) 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 the investment properties amounting to RM939,103,346 (2021: RM911,878,522) as per disclosed in Note 10.

The Manager believes that the Group will meet their short term obligation as and when they fall due on the basis that the Group will be able to refinance their borrowings when it matures. As at the reporting date, the Group received proposal from financial institutions on the refinancing plan.

As at the date of the financial statements, the Group is assessing the indicative issue term sheet and will finalise the refinancing plan by the maturity date in August 2023. Taking into consideration the viability of the refinancing plan, the Group is confident in materialising its refinancing plan. Accordingly, the Manager is of the opinion going concern basis used in the preparation of financial statements is appropriate.

Revolving credit:

As of 31 December 2022, the Fund unutilised revolving credit facilities amounting to RM10,000,000 (2021: RM10,000,000) which is granted from a financial institution. The said facility of is secured by investment properties of the Fund amounting to RM17,300,000 (2021: RM15,800,000) as mentioned in Note 10.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 17. Islamic financing (cont'd.)

Changes in liabilities arising from financing activities:

	Non-current RM	Current RM	Total RM
<b>Group</b>			
At 1 January 2022	635,656,938	-	635,656,938
Cash flows	(133,800)	-	(133,800)
Reclassification	(450,207,880)	450,207,880	-
Charged to profit or loss	1,747,164	-	1,747,164
At 31 December 2022	187,062,422	450,207,880	637,270,302
At 1 January 2021	581,855,902	52,000,000	633,855,902
Cash flows	52,102,140	(52,000,000)	102,140
Charged to profit or loss	1,698,896	-	1,698,896
At 31 December 2021	635,656,938	-	635,656,938
<b>Fund</b>			
At 1 January 2022	186,669,178	-	186,669,178
Charged to profit or loss	393,244	-	393,244
At 31 December 2022	187,062,422	-	187,062,422
At 1 January 2021	117,108,795	-	117,108,795
Cash flows	69,216,741	-	69,216,741
Charged to profit or loss	343,642	-	343,642
At 31 December 2021	186,669,178	-	186,669,178

**18. Unitholders' capital**

	No. of units			
	2022	2021	2022 RM	2021 RM
<b>Group and Fund</b>				
Unitholders' capital	580,000,000	580,000,000	572,545,319	572,545,319

The Fund issued 580,000,000 units of RM1 each in conjunction with the Fund's Initial Public Offering ("IPO") on the Main Market of Bursa Malaysia on 29 September 2015 of which 327,640,000 units of RM1 each were issued to vendors of the Fund's investment properties to partially finance the acquisition of the said investment properties. The remaining 252,360,000 units of RM1 each were issued as part of the IPO to institutional investors and the Malaysian public.

Details of units held by the related companies of the Manager which comprise companies related to Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995), and substantial unitholders of the Fund, and their market value as of 31 December 2021 based on the Record of Depositors are as follows:

	No. of units			
	2022	2021	2022 RM	2021 RM
<b>Group and Fund</b>				
<b>Related companies:</b>				
Johor Corporation	24,436,600	24,436,600	9,041,542	11,851,751
Damansara Assets Sdn Bhd	278,539,417	278,539,417	103,059,584	135,091,617
Kulim (Malaysia) Berhad	27,060,600	27,060,600	10,012,422	13,124,391
Waqaf An-Nur Corporation Berhad	57,769,401	-	21,374,678	-
Johor Land Berhad	1,499,500	1,499,500	554,815	727,258
KPJ Healthcare Berhad	2,000,000	2,000,000	740,000	970,000
Kumpulan Bertam Plantations Berhad	296,000	296,000	109,520	143,560
Tenaga Utama (Johor) Berhad	7,688	7,688	2,845	3,729

Market value for purposes of disclosure above is based on the closing price of the Fund as shown on the board of the Main Market of Bursa Malaysia, which was RM0.37 per unit as at 31 December 2022 (2021: RM0.49 per unit).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 19. Management Expense Ratio ('MER')

	Group and Fund	
	2022 %	2021 %
MER	0.69	0.63

The calculation of MER is based on the total fees of the Fund incurred for the year, including the Manager's fees, Trustee's fees, audit fee, tax agent's fee and administrative expenses, to the average net asset value of the Fund during the year calculated on a monthly basis. Since the average net asset value is calculated on a monthly basis, comparison of the MER of the Fund with other Real Estate Investment Trusts ("REIT") which use a different basis of calculation may not be an accurate comparison.

## 20. Significant related party transactions

For the purposes of these financial statements, related companies are considered to be related to the Group and the Fund if the Group and the Fund 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 Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Significant related party transactions other than those separately disclosed elsewhere in the financial statements are as follows:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Rental income received/receivable from related companies	37,123,527	34,774,595	37,123,527	34,774,595
Other property management fees charged by related companies of the Manager (including in other operating expenses)	5,669,715	5,902,509	5,669,715	5,902,509
Finance cost paid/payable to a subsidiary	-	-	19,505,069	19,335,023

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

## 21. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The carrying amount of the various financial assets and financial liabilities reflected in the statements of financial position approximate their fair values other than as disclosed below:

	Carrying amount RM	Fair value RM
<b>Group</b>		
<b>At 31 December 2022</b>		
<b>Financial liability at amortised cost</b>		
Islamic financing - non-current	187,062,422	170,918,728
Islamic financing - current	450,207,880	436,752,578
	637,270,302	607,671,306
<b>At 31 December 2021</b>		
<b>Financial liability at amortised cost</b>		
Islamic financing - non-current	635,656,938	590,541,852
<b>Fund</b>		
<b>At 31 December 2022</b>		
<b>Financial liability at amortised cost</b>		
Islamic financing - non-current	187,062,422	170,918,728
Amount due to a subsidiary - current	445,968,601	436,752,578
	633,031,023	607,671,306
<b>At 31 December 2021</b>		
<b>Financial liability at amortised cost</b>		
Islamic financing - non-current	186,669,178	166,135,378
Amount due to a subsidiary - non-current	444,679,509	424,406,473
	631,348,687	590,541,852

The fair value of the non-current Islamic financing was estimated using discounted cash flow analysis based on market equivalent profit rate of 4.53% (2021: 3.68%) per annum for similar type of instruments of similar risk and cash flow profiles. The disclosure of the fair value of the non-current Islamic financing is considered a Level 2 fair value hierarchy disclosure.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 22. Financial risk management objectives and policies

The Group's and the Fund's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and Fund's portfolios whilst managing their credit risks, liquidity risks and financing rate risks. The Group and the Fund have taken measures to minimise their exposure to the risks associated with its financing, investing and operating activities and operates within clearly defined guidelines as set out in the SC Guidelines and the Fund's Trust Deed.

The following sections provide details regarding the Group's and the Fund's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks:

### (a) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group and the Fund. Credit risk with respect to trade and other receivables is managed through the application of credit approvals, credit limits and monitoring procedures. Credit is extended to the customers based upon careful evaluation of the customers' financial condition and credit history.

At the end of the reporting period, the Group's and the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables, other receivables and amount due from related companies is disclosed in Note 13.

#### Credit risk concentration profile

The Group and the Fund determine concentrations of credit risk by monitoring individual profile of their trade receivables on an ongoing basis. At the end of the reporting period, approximately 56% (2021: 59%) of the Group's and Fund's trade receivables was due from third party. The risk of default arising from non-performance by this party is low.

### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Fund may encounter difficulty in meeting financial obligations on time due to shortage of funds. The Group's and the Fund's exposure to liquidity risk arises from mismatches of the maturities of financial assets and liabilities. The Group's and the Fund's approach are to maintain a balance between continuity of funding and flexibility through the use of their credit and financing facilities.

The Group and the Fund manage liquidity risk by maintaining adequate reserves, banking facilities and financing facilities, by continuously monitoring forecast and actual cash flow from their portfolios, and by matching the maturity profiles of financial assets and liabilities.

As of 31 December 2022, the current liabilities of the Group and the Fund have exceeded the current assets by RM392,967,724 and RM394,162,719 respectively. The net current liabilities position are mainly derived from the Sukuk Ijarah of RM451,000,000 which will be due for repayment in August 2023 as disclosed in Note 17.

The Manager believes that the Group will meet their short term obligation as and when they fall due on the basis that the Group will be able to refinance their borrowings when it matures. As at the reporting date, the Group received proposal from financial institutions on the refinancing plan.

As at the date of the financial statements, the Group is assessing the indicative issue term sheet and will finalise the refinancing plan by the maturity date in August 2023. Taking into consideration the viability of the refinancing plan, the Group is confident in materialising its refinancing plan. Accordingly, the Manager is of the opinion going concern basis used in the preparation of financial statements is appropriate.

**22. Financial risk management objectives and policies (cont'd.)**

**(b) Liquidity risk (cont'd.)**

Maturity analysis

The table below summarises the maturity profile of the Group's and the Fund's financial liabilities as at the reporting date based on undiscounted contractual payments:

	Weighted average effective profit rate %	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	Within 2 to 5 years RM
<b>Group</b>					
<b>31 December 2022</b>					
Non-profit bearing financial liabilities:					
Other payables and accrued expenses	-	25,012,693	25,012,693	21,666,229	3,346,464
Profit bearing financial liabilities:					
Variable profit rate instruments - Islamic financing	4.07	637,270,302	681,429,400	470,302,800	211,126,600
<b>Fund</b>					
<b>31 December 2022</b>					
Non-profit bearing financial liabilities:					
Other payables and accrued expenses	-	24,760,066	24,760,066	21,416,449	3,343,617
Profit bearing financial liabilities:					
Variable profit rate instruments - Islamic financing	3.97	187,062,422	212,533,600	-	212,533,600
Amount owing to a subsidiary	4.28	445,968,601	470,302,800	470,302,800	-
<b>Group</b>					
<b>31 December 2021</b>					
Non-profit bearing financial liabilities:					
Other payables and accrued expenses	-	25,100,503	25,100,503	16,905,846	8,194,657
Profit bearing financial liabilities:					
Variable profit rate instruments - Islamic financing	3.68	635,656,938	701,000,600	-	701,000,600
<b>Fund</b>					
<b>31 December 2021</b>					
Non-profit bearing financial liabilities:					
Other payables and accrued expenses	-	24,731,493	24,731,493	16,536,836	8,194,657
Profit bearing financial liabilities:					
Variable profit rate instruments - Islamic financing	3.64	186,669,178	216,085,400	-	216,085,400
Amount owing to a subsidiary	3.76	444,679,509	484,915,200	-	484,915,200



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 22. Financial risk management objectives and policies (cont'd.)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Fund's financial instruments will fluctuate because of changes in the market interest rates.

The Group and the Fund manage their interest rate exposure by maintaining matching their cash flows from rental income and fixed rate profit bearing deposits with the Group's and the Fund's variable rate profit bearing Islamic financing. The Group and the Fund place cash deposits on a short-term basis and therefore allows the Group and the Fund to respond to significant changes of interest rate promptly.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's and Fund's profit before tax would have been:

	Group (Decrease)/Increase		Fund (Decrease)/Increase	
	Effect on profit before tax 2022 RM	Effect on profit before tax 2021 RM	Effect on profit before tax 2022 RM	Effect on profit before tax 2021 RM
Interest rate decreased by 25 basis points	1,514,813	1,531,620	401,138	417,945
Interest rate increased by 25 basis points	(1,514,813)	(1,531,620)	(401,138)	(417,945)

The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

The interest rate mentioned above will have an impact on the management of the Group and the Fund, regardless of whether it is an Islamic fund or otherwise. It does not in any way suggest that the Group and the Fund will invest in conventional financial instruments. All the investments and placements carried out for the Group and the Fund are in accordance with the Shariah requirements.

## 23. Segment reporting

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

For management purposes, the Group and the Fund are organised into the following operating divisions:

- Retail outlets
- Office buildings
- Food and beverage ('F&B') properties comprising restaurant
- Industrial and others
- Other comprising fund level operations

No information on geographical areas is presented as the Group and the Fund operate solely in Malaysia.

The accounting policies of the reportable segments below are the same as the Group's and the Fund's accounting policies described in Note 2.

**23. Segment reporting (cont'd.)**

The accounting policies of the reportable segments below are the same as the Group's and the Fund's accounting policies described in Note 2.

Group	Retail outlets RM	Office buildings RM	F&B restaurants RM	Industrial & Others RM	Other - Fund level operations RM	Total RM
<b>For the year ended 31 December 2022</b>						
Total revenue	34,098,108	8,708,342	17,833,716	11,159,894	-	71,800,060
Total property expenses	(15,603,667)	(3,951,132)	(32,719)	(297,521)	(476,400)	(20,361,439)
Net property income	18,494,441	4,757,210	17,800,997	10,862,373	(476,400)	51,438,621
Fair value gain on investment properties	6,623,153	7,921,583	21,230,000	10,900,000	-	46,674,736
Investment income	108,361	-	-	-	403,269	511,630
Total income	25,225,955	12,678,793	39,030,997	21,762,373	(73,131)	98,624,987
Total fund expenditure	(142,646)	-	-	-	(5,852,075)	(5,994,721)
Operating profit/(loss)	25,083,309	12,678,793	39,030,997	21,762,373	(5,925,206)	92,630,266
Islamic financing costs	-	-	-	-	(26,629,136)	(26,629,136)
Income tax expense	-	-	-	-	(585,081)	(585,081)
Profit/(loss) for the year	25,083,309	12,678,793	39,030,997	21,762,373	(33,139,423)	65,416,049
Total assets	701,712,637	61,697,318	308,362,785	188,480,847	44,860,150	1,305,113,737
Total liabilities	16,970,040	3,172,689	-	687,129	644,498,309	665,328,167

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 23. Segment reporting (cont'd.)

	Retail outlets RM	Office buildings RM	F&B restaurants RM	Industrial & Others RM	Other - Fund level operations RM	Total RM
<b>Fund</b>						
<b>For the year ended 31 December 2022</b>						
Total revenue	34,098,108	8,708,342	17,833,716	11,159,894	-	71,800,060
Total property expenses	(15,603,667)	(3,951,132)	(32,719)	(297,521)	(476,400)	(20,361,439)
Net property income	18,494,441	4,757,210	17,800,997	10,862,373	(476,400)	51,438,621
Fair value gain on investment properties	6,623,153	7,921,583	21,230,000	10,900,000	-	46,674,736
Investment income	108,361	-	-	-	403,269	511,630
Total income	25,225,955	12,678,793	39,030,997	21,762,373	73,131	98,624,987
Total fund expenditure	(142,646)	-	-	-	(6,121,399)	(6,264,045)
Operating profit/(loss)	25,083,309	12,678,793	39,030,997	21,762,373	(6,194,530)	92,360,942
Islamic financing costs	-	-	-	-	(26,629,136)	(26,629,136)
Income tax expense	-	-	-	-	(585,081)	(585,081)
Profit/(loss) for the year	25,083,309	12,678,793	39,030,997	21,762,373	(33,408,747)	65,146,725
Total assets	701,712,637	61,697,318	308,362,785	188,480,846	39,176,099	1,299,429,685
Total liabilities	16,970,040	3,172,689	-	687,127	640,006,405	660,836,261

**23. Segment reporting (cont'd.)**

The accounting policies of the reportable segments below are the same as the Group's and the Fund's accounting policies described in Note 2.

Group	Retail outlets RM	Office buildings RM	F&B restaurants RM	Industrial & Others RM	Other - Fund level operations RM	Total RM
<b>For the year ended 31 December 2021</b>						
Total revenue	34,491,746	8,288,137	17,387,619	11,375,581	-	71,543,083
Total property expenses	(12,316,371)	(3,361,506)	(35,883)	(298,730)	(536,743)	(16,549,233)
Net property income/(loss)	22,175,375	4,926,631	17,351,736	11,076,851	(536,743)	54,993,850
Fair value (loss)/gain on investment properties	(3,639,865)	(11,106,844)	2,156,000	(150,000)	-	(12,740,709)
Investment income	-	-	-	-	329,773	329,773
Total (loss)/income	18,535,510	(6,180,213)	19,507,736	10,926,851	(206,970)	42,582,914
Total fund expenditure	(8,286,790)	(140,840)	(884,993)	(253,164)	(5,489,662)	(15,055,449)
Operating (loss)/profit	10,248,720	(6,321,053)	18,622,743	10,673,687	(3,997,736)	27,527,465
Islamic financing costs	-	-	-	-	(24,340,276)	(24,340,276)
Income tax expense	-	-	-	-	16,833	16,833
(Loss)/profit for the year	10,248,720	(6,321,053)	18,622,743	10,673,687	(30,020,075)	3,204,022
Total assets	678,052,031	63,620,635	285,995,067	177,229,294	48,602,699	1,253,499,726
Total liabilities	7,450,761	12,020,139	-	733,264	642,686,126	662,890,290

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022 (cont'd.)

## 23. Segment reporting (cont'd.)

	Retail outlets RM	Office buildings RM	F&B restaurants RM	Industrial & Others RM	Other - Fund level operations RM	Total RM
<b>Fund</b>						
<b>For the year ended 31 December 2021</b>						
Total revenue	34,491,746	8,288,137	17,387,619	11,375,581	-	71,543,083
Total property expenses	(12,316,371)	(3,361,506)	(35,883)	(298,730)	(536,743)	(16,549,233)
Net property income/(loss)	22,175,375	4,926,631	17,351,736	11,076,851	(536,743)	54,993,850
Fair value loss on investment properties	(3,639,865)	(11,106,844)	2,156,000	(150,000)	-	(12,740,709)
Investment income	-	-	-	-	329,773	329,773
Total income/(loss)	18,535,510	(6,180,213)	19,507,736	10,926,851	(206,970)	42,582,914
Total fund expenditure	(8,286,790)	(140,840)	(884,993)	(253,164)	(6,562,918)	(16,128,705)
Operating profit/(loss)	10,248,720	(6,321,053)	18,622,743	10,673,687	(5,070,992)	26,454,209
Islamic financing costs	-	-	-	-	(24,340,276)	(24,340,276)
Income tax expense	-	-	-	-	16,833	16,833
Profit/(Loss) for the year	10,248,720	(6,321,053)	18,622,743	10,673,687	(31,093,331)	2,130,766
Total assets	678,052,032	63,620,636	285,995,068	77,229,295	43,002,612	1,247,899,643
Total liabilities	7,450,761	12,020,140	-	733,264	638,008,864	658,213,029

## 24. Capital management

The Group and the Fund manage their capital to ensure that the Group and the Fund will be able to continue as going concern while maximising the return to unitholders through the optimisation of the debt and equity balance. The Group's and the Fund's overall strategy remain unchanged from 2018.

The capital structure of the Group and the Fund consist of net debt (Islamic financing as detailed in Note 17) offset by cash and cash equivalents in Note 14 and unitholders' fund of the Fund (Note 18) (comprising unitholders' capital and undistributed income).

The Group and the Fund are not subject to any externally imposed capital requirements. However, the Group and the Fund are required to comply with the SC Guidelines on borrowings.

The SC Guidelines requires that the total borrowings of the Group and the Fund (including Islamic financing through issuance of debt securities) should not exceed 60% of the total asset value of the Group and the Fund at the time the borrowings are incurred. Notwithstanding, the Group's and the Fund's total borrowings may exceed this limit with the sanction of the unitholders by way of an ordinary resolution.

The Manager's risk management committee reviews the capital structure of the Group and of the Fund on a regular basis to ensure that the SC Guidelines are complied with.

### Gearing ratios

The Group's and the Fund's gearing ratios are calculated based on the proportion of total Islamic financing to the total asset value. The gearing ratios at the end of the reporting period is as follows:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Total Islamic financing (Note 17)	637,270,302	635,656,938	187,062,422	186,669,178
Amount due to a subsidiary	-	-	445,968,601	444,679,509
	637,270,302	635,656,938	633,031,023	631,348,687
Total assets value as per statements of financial position	1,305,113,737	1,253,499,726	1,299,429,685	1,247,899,643
Total Islamic financing total assets value ratio	48.8%	50.7%	48.7%	50.6%

## 25. Commitments

The Group and the Fund lease out their investment properties under operating leases. The future minimum lease payments to be received under non-cancellable leases are as follows:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Less than one year	36,747,530	36,381,092	36,747,530	36,381,092
Between one and five years	188,559,606	186,933,090	188,559,606	186,933,090
More than five years	374,390,110	412,764,157	374,390,110	412,764,157
	599,697,247	635,930,139	599,697,247	635,930,139



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