

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Fourth Quarter Ended 31 December 2020

Note	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period to-date
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	RM	RM	RM	RM
	18,847,979	22,523,766	82,352,366	88,542,113
	1,069,933	1,581,063	3,748,350	6,370,271
Total revenue	19,917,912	24,104,829	86,100,716	94,912,384
Utilities expenses	(1,186,906)	(1,695,439)	(4,287,747)	(6,580,693)
Maintenance expenses	(1,116,136)	(1,126,273)	(3,841,956)	(4,238,846)
Quit rent and assessment	(463,451)	(448,361)	(1,832,035)	(1,730,461)
Other property expenses	(2,906,156)	(3,598,366)	(10,685,331)	(12,827,893)
Property manager fee	(122,420)	(106,548)	(483,915)	(413,477)
Total property expenses	(5,795,069)	(6,974,987)	(21,130,984)	(25,791,370)
Net property income	14,122,843	17,129,842	64,969,732	69,121,014
Investment income	37,144	288,879	451,867	1,067,052
(Loss)/gain on fair value adjustment of investment properties	(31,988,683)	2,754,991	(31,261,883)	3,543,048
Net investment (loss)/income	(17,828,696)	20,173,712	34,159,716	73,731,114
Manager's management fees	(631,438)	(617,197)	(2,323,291)	(2,229,843)
Trustee's fees	(31,481)	(31,026)	(124,660)	(123,539)
Shariah advisors' fee	-	(3,000)	-	(3,000)
Islamic financing costs	(6,631,509)	(8,622,226)	(28,889,781)	(33,822,078)
Other trust expenses ¹	(2,473,168)	(131,557)	(15,107,049)	(1,400,010)
Net (loss)/income before tax	(27,596,292)	10,768,706	(12,285,065)	36,152,644
Taxation	(1,245,581)	-	(1,245,581)	-
Net (loss)/income after tax	(28,841,873)	10,768,706	(13,530,646)	36,152,644
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income for the period	(28,841,873)	10,768,706	(13,530,646)	36,152,644
Net (loss)/income after tax is made up as follow:				
Realised	3,213,850	6,960,049	14,555,180	28,394,928
Unrealised	(32,055,723)	3,808,657	(28,085,826)	7,757,716
	(28,841,873)	10,768,706	(13,530,646)	36,152,644
(Loss)/Earnings per unit (sen)	(4.97)	1.86	(2.33)	6.23

¹The waiver of lease receivables or rental rebates given to tenants are accounted for in accordance with MFRS 9 and presented as an expense in the Statements of Comprehensive Income (SOCi). Consequently, we have restated the SOCi for the previous quarterly reports to conform to the current financial period presentation as enclosed in Appendix I.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

	Note	Unaudited As at End Of Current Quarter 31-12-2020	Audited As at preceding year ended 31-12-2019 Restated
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,189,364,689	1,187,635,000
Property, plant & equipment		877,096	930,577
Trade receivables	B9	2,809,590	-
Current Assets			
Trade receivables	B9	21,834,125	11,606,235
Other receivables & prepayments		4,860,977	3,731,184
Cash and bank balances		6,340,983	8,422,103
Fixed deposits with licensed banks		27,970,000	36,069,000
Amount due from related companies		496,566	785,646
		<u>61,502,651</u>	<u>60,614,168</u>
TOTAL ASSETS		<u>1,254,554,026</u>	<u>1,249,179,745</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B10	581,855,901	86,000,816
Other payables and accruals		8,946,318	7,182,569
Deferred tax liability		1,245,581	-
		<u>592,047,800</u>	<u>93,183,385</u>
Current Liabilities			
Islamic financing	B10	52,000,000	511,531,837
Other payables and accruals		13,124,845	13,666,681
Provision for income distribution		-	6,206,000
Amount due to related companies		-	513,948
		<u>65,124,845</u>	<u>531,918,466</u>
TOTAL LIABILITIES		<u>657,172,645</u>	<u>625,101,851</u>
NET ASSETS VALUE		<u>597,381,381</u>	<u>624,077,894</u>
REPRESENTED BY:			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		24,836,062	51,532,575
TOTAL UNITHOLDERS' FUND		<u>597,381,381</u>	<u>624,077,894</u>
NUMBER OF UNITS IN CIRCULATION		<u>580,000,000</u>	<u>580,000,000</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)			
- Before income distribution		1.0300	1.0760
- After income distribution*		1.0178	1.0619

*After reflecting the proposed final income distribution of 1.22 sen per unit (2019: 1.41 sen per unit)

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN NET ASSETS VALUE
For the Fourth Quarter Ended 31 December 2020

	Unitholders' Capital RM	Undistributed income		Total RM
		Realised RM	Unrealised RM	
As at 1 January 2019	572,545,319	16,541,448	31,840,344	620,927,111
Total comprehensive income for the period	-	28,394,928	7,757,716	36,152,644
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(33,001,861)	-	(33,001,861)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(33,001,861)	-	(33,001,861)
As at 31 December 2019	572,545,319	11,934,515	39,598,060	624,077,894
As at 1 January 2020	572,545,319	11,934,515	39,598,060	624,077,894
Total comprehensive income for the period	-	14,555,180	(28,085,826)	(13,530,646)
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(13,165,867)	-	(13,165,867)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(13,165,867)	-	(13,165,867)
As at 31 December 2020	572,545,319	13,323,828	11,512,234	597,381,381

Include :

- i) Payment of final income distribution of 1.41 sen per unit for the financial year ended 31 December 2019 (of which 1.35 sen is taxable and 0.06 sen per unit is non taxable in the hand of unitholders) in respect of the period from 1 October 2019 to 31 December 2019 which was paid on 28 February 2020.
- ii) Payment of the first interim income distribution of 0.86 sen per unit for the financial period from 1 January 2020 to 29 February 2020 (of which 0.76 sen is taxable and 0.10 sen per unit is non taxable in the hand of unitholders) which was announced on 11 March 2020. The distribution was paid on 15 April 2020.

The Condensed Consolidated Statement of Changes In Net Assets Value should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fourth Quarter Ended 31 December 2020

	To Date	
	31-12-2020	31-12-2019
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/income before tax	(12,285,065)	36,152,644
Adjustment for:		
Islamic financing costs	28,889,781	33,822,078
Depreciation	163,514	140,211
Fair value (loss)/gain on investment properties	31,261,883	(3,543,048)
Investment income	(451,867)	(1,067,052)
Unbilled rental income	(4,421,638)	(4,214,668)
Allowance for expected credit losses	13,404,632	-
Operating profit before working capital changes	<u>56,561,240</u>	<u>61,290,165</u>
(Increase)/decrease in:		
Trade receivables	(22,020,474)	813,232
Other receivables and prepaid expenses	(1,129,793)	803,742
Amount owing by related companies	289,080	37,715
(Decrease)/Increase in:		
Other payables and accrued expenses	(4,818,567)	870,092
Amount owing to related companies	(513,948)	(566,582)
Net cash generated from operating activities	<u>28,367,538</u>	<u>63,248,364</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	(2,017,972)	(1,125,254)
Purchase of equipment	(110,033)	(175,645)
Income received from other investments	451,867	1,067,052
Net cash used in investing activities	<u>(1,676,138)</u>	<u>(233,847)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease / (Increase) in pledged deposits with licensed banks	7,499,000	(2,696,000)
Increase in restricted cash	113,185	2,294,109
Net drawdown from Islamic financing	7,215,000	-
Islamic financing costs paid	(26,992,357)	(31,483,607)
Transaction cost paid	(3,928,296)	(1,206,570)
Income distribution paid	(13,165,867)	(32,595,861)
Net cash used in financing activities	<u>(29,259,335)</u>	<u>(65,687,929)</u>

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the Fourth Quarter Ended 31 December 2020

	31-12-2020	To Date 31-12-2019
	<u>RM</u>	<u>RM</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,567,935)	(2,673,412)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	31,397,805	34,071,217
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>28,829,870</u>	<u>31,397,805</u>
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	6,340,983	8,422,103
Fixed deposits with licensed banks	27,970,000	36,069,000
	34,310,983	44,491,103
Less : Pledged deposits with licensed banks	(5,470,000)	(12,969,000)
Less : Restricted cash	(11,113)	(124,298)
CASH AND CASH EQUIVALENTS	<u>28,829,870</u>	<u>31,397,805</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

A1. BASIS OF PREPARATION

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

The accounting policies and methods of computation adopted by the Fund in this interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2019.

Adoption of new MFRSs, amendments to MFRSs, and Issues Committee Interpretation ("IC Interpretation")

The Group has adopted the following new MFRSs, amendments to MFRSs and IC Interpretation for the financial year beginning on 1 January 2020:

- MFRSs 'Amendments to References to the Conceptual Framework in MFRS Standards' (effective 1 January 2020)
- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material' (effective 1 January 2020)
- Amendments to IFRS 9, IAS 39 and MFRS 7 'Interest Rate Benchmark Reform' (effective 1 January 2020)

The adoption of these new MFRSs, amendments to MFRSs, and IC Interpretation did not result in significant changes to the accounting policies of the Group and had no significant effect on the financial performance or position of the Group.

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

The Group did not early adopt these new standards:

- Amendments to MFRS 10 and MFRS 128 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (effective date deferred to a date to be announced by MASB)

The abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The Audited Financial Statements of Al-Salām REIT for the financial year ended 31 December 2019 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

A5. CHANGES IN ACCOUNTING ESTIMATES

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

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

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

A7. INCOME DISTRIBUTION

No income distribution was paid during the current quarter.

A8. SEGMENTAL REPORTING

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

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

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

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

A8. SEGMENTAL REPORTING (continued)

For period ended 31 December 2020

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	F&B Non- restaurants RM'000	Other- Fund level operations RM'000	Total RM'000
Total revenue	49,416	9,173	16,164	11,348	-	86,101
Total property expenses	(16,613)	(3,654)	(32)	(348)	(484)	(21,131)
Net property income	32,803	5,519	16,132	11,000	(484)	64,970
Fair value (loss)/gain on investment properties	(36,677)	(201)	1,926	3,690	-	(31,262)
Investment income	-	-	-	-	452	452
Net investment income	(3,874)	5,318	18,058	14,690	(32)	34,160
Total trust expenses	-	-	-	-	(17,555)	(17,555)
Islamic financing costs	-	-	-	-	(28,890)	(28,890)
Net income before tax	(3,874)	5,318	18,058	14,690	(46,477)	(12,285)
Income tax expenses	-	-	-	-	(1,246)	(1,246)
Net (expense)/income for the period	(3,874)	5,318	18,058	14,690	(47,723)	(13,531)
Total assets	801,944	104,441	284,464	187,709	(124,004)	1,254,554
Total liabilities	15,085	3,013	-	700	638,375	657,173

For period ended 31 December 2019

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	F&B Non- restaurants RM'000	Other- Fund level operations RM'000	Total RM'000
Total revenue	59,862	9,235	14,503	11,312	-	94,912
Total property expenses	(21,304)	(3,789)	(31)	(254)	(413)	(25,791)
Net property income	38,558	5,446	14,472	11,058	(413)	69,121
Fair value (loss)/gain on investment properties	(907)	(117)	4,458	109	-	3,543
Investment income	-	-	-	-	1,067	1,067
Net investment income	37,651	5,329	18,930	11,167	654	73,731
Total trust expenses	-	-	-	-	(3,756)	(3,756)
Islamic financing costs	-	-	-	-	(33,822)	(33,822)
Net income for the period for the period	37,651	5,329	18,930	11,167	(36,924)	36,153
Total assets	829,482	99,071	253,935	181,776	(115,084)	1,249,180
Total liabilities	177,765	2,491	-	680	444,166	625,102

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

A9. VALUATION OF INVESTMENT PROPERTIES

During the current quarter under review, a valuation exercise was undertaken for all fifty-four (54) properties of Al-Salām REIT pursuant to MFRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The revaluation has resulted in a loss of RM31.3 million and has been incorporated into the financial statements of Al-Salām REIT as at 31 December 2020. The details of the said valuation carried out are tabled as follows:

Description of Property	Date of Valuation	2020 Fair Value RM'000
1. KOMTAR JBCC	31.12.2020	432,000
2. Menara KOMTAR	31.12.2020	73,000
3. @Mart Kempas Community Hypermarket	31.12.2020	70,000
4. Malaysian College of Hospitality and Management	31.12.2020	33,800
5. Mydin Hypermart Gong Badak	31.12.2020	164,000
6. Premises Nos. 18 & 20, Jalan Sulaiman, 43000 Kajang, Selangor Darul Ehsan	31.12.2020	9,700
7. Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman	31.12.2020	530
8. Premises No. 1, Jalan Baru Bandar 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor	31.12.2020	2,000
9. Premises No. 34, Jalan Mahsuri, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang	31.12.2020	4,000
10. Premises Nos. 60 & 62, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	31.12.2020	9,400
11. Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan	31.12.2020	1,750
12. Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan	31.12.2020	480
13. Premises No. 3, 3A & 3B, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim	31.12.2020	870
14. Premises No. 1 & 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor Darul Takzim	31.12.2020	830
15. Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	31.12.2020	13,972
16. Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang	31.12.2020	2,842
17. Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	31.12.2020	2,540

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

A9. VALUATION OF INVESTMENT PROPERTIES (continued)

Description of Property	Date of Valuation	2020 Fair Value RM'000
18. Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	31.12.2020	1,110
19. Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur	31.12.2020	15,000
20. PT No. 2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah Darul Aman	31.12.2020	5,300
21. PTD 103231, Taman Impian Senai, 81400 Senai, Johor Darul Takzim	31.12.2020	8,600
22. PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru, Johor Darul Takzim	31.12.2020	12,100
23. PTD No. 171459, Jalan Persiaran Perling, Taman Perling, 81200 Johor Bahru, Johor Darul Takzim	31.12.2020	13,800
24. PT No. 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak Darul Ridzuan	31.12.2020	8,700
25. Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong, 52100 Kuala Lumpur	31.12.2020	16,000
26. PT No. 6878, Jalan 8/27A, Pusat Bandar Wangsa Maju, 53300 Kuala Lumpur	31.12.2020	27,000
27. PT No. 19503, Lebuhraya Ayer Keroh, 75450 Hang Tuah Jaya, Melaka	31.12.2020	8,700
28. Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang	31.12.2020	1,500
29. Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah	31.12.2020	3,000
30. Premises No. 3, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	31.12.2020	47,398
31. Premises No. 6, Jalan Gerudi, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	31.12.2020	27,000
32. Premises Nos. 17, 19 & 21, Jalan Pemaju U1/15, Sek U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	31.12.2020	59,052
33. Lot No. 2430 and 2429, Title No. PM12274 and PM12273, No. 23 & 24 Jalan 54, Desa Jaya Kepong, 52100 Kepong, Kuala Lumpur	31.12.2020	7,500
34. Lot No. 96, Title No. PN326743, 158 Jalan Idris, 31900 Kampar, Perak	31.12.2020	1,400
35. Lot No. 1417,1419 and 1421, Title No. 59853,59858 and 59862, 140 Jalan Raja Laut, 50350 Kuala Lumpur	31.12.2020	4,700
36. Lot No. 503, Title No. 10894, 437 Wisma Hualang, Jalan Ipoh, 51200 Kuala Lumpur	31.12.2020	8,700
37. Lot 48635, Title No. 8311, 79 Jalan Dato' Lau Pak Khuan, Ipoh Garden, 31400 Ipoh, Perak	31.12.2020	2,000

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

A9. VALUATION OF INVESTMENT PROPERTIES (continued)

Description of Property	Date of Valuation	2020 Fair Value RM'000
38. Lot 4111, PN18632, No.9 Jalan PPM 9, Plaza Pandan Malim, 75250 Melaka	31.12.2020	950
39. Lot 107788, Title No. 343902, No. 1 & 1A, Jalan Resam 13, Taman Bukit Tiram, Ulu Tiram, Johor	31.12.2020	1,630
40. Lot 1293 N, Title No. 40351, No. 65 Jalan Dato' Onn Jaafar, 30300 Ipoh, Perak	31.12.2020	3,400
41. Lot 4125 & 4126, Title No. 177945 & 108899, 24 & 26 Jalan Bunga Raya 7, Pusat Perniagaan Senawang, Taman Tasik Jaya, 70400 Senawang, Negeri Sembilan	31.12.2020	830
42. Lot 831 & 832, Title No. 50935 & 40542, 20 & 21 Jalan Dato' Sheikh Ahmad, 70000 Seremban, Negeri Sembilan	31.12.2020	3,900
43. Title No. Country Lease 015437948, Lot 25, Block 3, Jalan Kolam, 88300 Kota Kinabalu, Sabah	31.12.2020	2,770
44. Lot 182 Sublot No.104 & Lot 183 Sublot No.15, Section 65, Kuching Town Land District	31.12.2020	4,000
45. HS(D) No. 499885, PTD 210469, Jalan Suria 1, Bandar Seri Alam, Johor Bahru, Johor Darul Takzim	31.12.2020	7,620
46. HS(D) No. 499524, PTD 181614, Taman Mutiara Rini, 81300 Skudai, Johor Darul Takzim	31.12.2020	7,900
47. Lot 599, Title No. 23532, D.T.L Section 5, Bandar Georgetown, Pulau Pinang	31.12.2020	24,000
48. HS(D) 33885, Lot 22529, Part Lot 20022, Jalan Bertam, Mukim 6, Kepala Batas, Seberang Perai Utara, Pulau Pinang	31.12.2020	6,900
49. Lease No. 015319892, Lot 43A, Karamunsing Warehouse, 88000 Kota Kinabalu, Sabah	31.12.2020	3,640
50. No 2105 Jalan 3/1, Bandar Baru Sungai Buloh, 47000 Sungai Buloh, Selangor	31.12.2020	1,580
51. 555 Plaza Melaka, Jalan Hang Tuah, 75300 Melaka	31.12.2020	2,090
52. Lot PT 15140, Persiaran Taman Tasik Prima, Puchong Perdana, Selangor	31.12.2020	14,800
53. Lot 33693, Mukim Rasah, District of Seremban, Negeri Sembilan	31.12.2020	8,300
54. PT 4294 (Lot 6497), Mukim Merlimau, Daerah Jasin, Melaka	31.12.2020	4,270
Valuation per valuers' report		1,198,854
Less : Accrued rental income		(9,489)
		<u>1,189,365</u>

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

A10. SUBSEQUENT MATERIAL EVENTS

On 26 January 2021, the Manager, after consultation with the Trustee, declared a final income distribution of 1.22 sen per unit totalling RM7.1 million for the financial year ended 31 December 2020. The distribution was approved by the Trustee and has not been included as a liability in the financial statements.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

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

In the Annual General Meeting (AGM) held on 25 June 2020, the following resolutions have been passed by the unit holders of Al-Salām REIT:

Ordinary Resolution 1

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

Ordinary Resolution 2

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

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

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A13. CAPITAL COMMITMENT

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	The Group		The Fund	
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	RM'000	RM'000	RM'000	RM'000
Rental income	34,959	37,299	34,959	37,543
Other property management and fees charged	6,104	7,442	6,104	7,442
Finance cost paid/payable to a subsidiary	-	-	12,310	9,036

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	31-12-2020	31-12-2019	Change	31-12-2020	31-12-2019	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Total revenue						
Retail outlets	10,204	15,021	(32.1)	49,416	59,862	(17.5)
Office buildings	2,359	2,303	2.4	9,173	9,235	(0.7)
F&B restaurants	4,518	3,918	15.3	16,164	14,503	11.5
F&B non-restaurants	2,837	2,863	(0.9)	11,348	11,312	0.3
Total	19,918	24,105	(17.4)	86,101	94,912	(9.3)
Net property income ("NPI")						
Retail outlets	5,767	9,301	(38.0)	32,803	38,558	(14.9)
Office buildings	1,241	1,215	2.1	5,519	5,446	1.3
F&B restaurants	4,512	3,909	15.4	16,132	14,472	11.5
F&B non-restaurants	2,725	2,812	(3.1)	11,000	11,058	(0.5)
Property manager fee	(122)	(107)	14.0	(484)	(413)	17.2
Total	14,123	17,130	(17.6)	64,970	69,121	(6.0)
Investment income	37	289	(87.2)	452	1,067	(57.6)
Fair value adjustment on investment properties	(31,989)	2,755	(>100.0)	(31,262)	3,543	(>100.0)
Trust expenses	(3,135)	(783)	300.4	(17,555)	(3,756)	367.4
Islamic financing costs	(6,632)	(8,622)	(23.1)	(28,890)	(33,822)	(14.6)
Net (loss) / income before tax	(27,596)	10,769	(>100.0)	(12,285)	36,153	(>100.0)

Review of Individual/Cumulative Quarter Results

Retail outlets

The retail segment reported a total revenue of RM10.2 million for the current quarter ended 31 December 2020 (Q4 2020), a decrease of RM4.8 million compared to the preceding year corresponding quarter (Q4 2019) of RM15.0 million. This was mainly due to lower rental income of RM2.8 million, lower percentage rental of RM1.4 million and lower events and advertising income of RM0.6 mil. Net property income (NPI) of RM5.8 million represented a decrease of RM3.5 million due to the decrease in total revenue as stated earlier offsetted by lower operating expenses of RM1.3 million from all retail outlets.

For cumulative period to-date, NPI of the retail segment had experienced a decrease of RM5.7 million due to lower revenue of RM10.4 million, offsetted by lower property expenses of RM4.7 million.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

B1. REVIEW OF PERFORMANCE (continued)

Office building

The office segment reported a total revenue of RM2.4 million for Q4 2020, slight increase of RM56,000 compared to Q4 2019. NPI of the office segment in Q4 2020 was RM1.2 million, higher by RM28,000 compared to the preceding year corresponding quarter due to higher revenue.

For the cumulative period to-date, total revenue reported a decrease of RM0.1 million while NPI reported an increase of RM0.1 million due to lower operating expenses of RM0.2 mil.

F&B restaurants

For Q4 2020, total revenue and NPI recorded an increase of RM0.6 million compared to Q4 2019. This was due to the addition of 5 QSR properties in September 2020. The properties are on a Triple Net arrangement with 100% occupancy rate (2019:100%).

For cumulative period to-date, total revenue and NPI recorded an increase of RM1.7 million as compared to Q4 2019. This was due to the addition of 16 QSR Properties in March 2019 and 5 QSR Properties in September 2020. The properties are on a Triple Net arrangement with 100% occupancy rate (2019:100%).

F&B non-restaurant

For Q4 2020, total revenue and NPI recorded a slight decrease of 0.9% and 3.1% respectively as compared to Q4 2019. No material changes noted. The occupancy rate is 100% (2019:100%).

For cumulative period to-date, there was a slight increase of 0.3% in total revenue and slight decrease of 0.5% in NPI. This was due higher operating expenses. The occupancy rate is 100% (2019:100%).

Overall

For Q4 2020, Al-Salām REIT recorded a total NPI of RM14.1 million, a decrease of RM3.0 million or 17.6% as compared to Q4 2019. This was mainly due to lower performance of the retail segment. Net income before tax was lower by RM38.4 million as compared to Q4 2019. This was mainly due to fair value loss of RM32 million arising from the valuation of investment properties and rental rebate granted to tenants in the current quarter, offsetted by lower Islamic financing costs of RM2.0 million.

For the financial year ended 31 December 2020, Al-Salām REIT recorded a total NPI of RM65 million, a decrease of RM4.1 million from RM69.1 million recorded in previous year. The decrease was mainly due to lower NPI contribution from the retail segment. Trust expenses was higher by RM13.8 million mainly due to rental rebate granted to tenants arising from the Covid-19 pandemic and implementation of MCO, RMCO and CMCO since mid- March 2020. Fair value loss of RM31.2 million arising from the valuation of investment properties was recognised during the year as compared to fair value gain of RM3.5 million recorded last year. Islamic financing costs was lower by RM4.9 million due to lower profit rate for the Islamic financings. After taking into consideration of all the above, Al-Salām REIT recorded a net loss before tax of RM12.3 million as compared to net income of RM36.2 million in the previous year.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

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

	Quarter ended		Change %
	31-12-2020 RM'000	30-09-2020 RM'000	
Total revenue			
Retail outlets	10,204	12,473	(18.2)
Office buildings	2,359	2,351	0.3
F&B restaurants	4,518	3,842	17.6
F&B non-restaurants	2,837	2,831	0.2
	19,918	21,497	(7.3)
Net property income ("NPI") :			
Retail outlets	5,767	8,447	(31.7)
Office buildings	1,241	1,445	(14.1)
F&B restaurants	4,512	3,834	17.7
F&B non-restaurants	2,725	2,765	(1.4)
Property manager fee	(122)	(142)	(14.1)
	14,123	16,349	(13.6)
Investment income	37	54	(31.5)
Fair value adjustment on investment properties	(31,989)	727	(>100.0)
Trust expenses	(3,135)	(5,022)	(37.6)
Islamic financing costs	(6,632)	(6,576)	0.9
Net income before tax	(27,596)	5,532	(>100.0)

Net income before tax for the current quarter was lower by RM33.1 million as compared to immediate preceding quarter mainly due to fair value loss of RM32.0 million arising from the valuation of investment properties as at 31 December 2020.

B3. CHANGES IN NET ASSET VALUE

	As at	As at
	31-12-2020 RM'000	30-09-2020 RM'000
Net asset value ("NAV")	597,381	626,223
NAV per unit (RM)	1.0300	1.0797

The NAV as at 31 December 2020 was lower by RM28.8 million as compared to the immediate preceding quarter, as a result of total comprehensive loss of RM28.8 million recognised during the current quarter, mainly arising from the revaluation exercise as mentioned earlier.

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

B4. PROSPECTS

The ongoing Covid-19 pandemic has significantly weakened global growth prospects as downside risk due to further resurgence of Covid-19 infections could lead to weaker business, employment and income conditions. In October last year, the IMF reported that expected GDP output in both advanced economies and emerging and developing economies will remain below 2019 levels for the year 2020 and even 2021. By end 2021 the expected loss in output relative to the pre-pandemic projected level for emerging and developing economies (excluding China) is -8.1%, much larger than the loss for advanced economies of -4.7%. (Source: IMF and World Economic Outlook). Domestically, RHB Investment Bank Bhd (RHB IB) has also revised Malaysia's 2021 GDP forecast downward to 5.4%, from 6.3% previously, due to the reinstatement of the Movement Control Order (MCO 2.0) by the government in January 2021. (Source: The Edge Markets).

Al-Salām REIT's overall performance will be impacted in the immediate term as the Fund's exposure to the retail segment is expected to weigh down on current year performance especially with the re-implementation of stricter movement control measures. Nonetheless, based on analysts' consensus for BNM to maintain OPR at current 1.75% in light of the recent additional relief stimulus announced by the government in January 2021, the prevailing interest rate environment would cushion the Fund's bottom line for the immediate and medium term.

Due to the extended MCO period (and variants thereof) commencing from mid March 2020, Al-Salām REIT has provided rental support/rebates that commensurate with respective tenants' financial performance, in the interest of maintaining tenancy sustainability for the Fund's portfolio of properties. Amidst the challenging landscape, @Mart Kempas continues to prove its resilience as a community-centric hypermarket offering essential provisions throughout the restrictive movement policy implementation. Additionally, despite the ongoing economic turbulence, the Fund's sizable triple nett lease assets portfolio (consisting of Mydin Hypermart Gong Badak and F&B-related properties) will continue to provide sustained contribution to Al-Salām REIT's core income albeit at a tampered performance due to the pandemic.

The Manager anticipates impact of anchor tenant vacancy in Komtar JBCC to continue having bearing upon the Fund's performance for the immediate and medium term. Although the completion of the shopping mall's vacant ground floor renovation works is expected to field new tenants, nonetheless, progress to fill up space will be hampered by medium term leasing headwinds due to the current environment. Additionally, rental performance for Komtar JBCC is also expected to remain subdued within the foreseeable periods due to the pandemic. Nonetheless, reopening of the Singapore – Johor Causeway is expected to be an important catalyst to improve the mall's yield performance moving forward.

Menara KOMTAR is expected to maintain its position as a strategic office space destination within the center of Johor Bahru's metropolitan area as the city's burgeoning development will undoubtedly enhance the property's reputation going forward. As at Q4 2020, Menara Komtar is primarily occupied by the Johor Corporation Group with the overall occupancy rate of the property at 87%.

Even as the current pandemic weighs down upon Malaysia's F&B (food and beverage) scene, assets operated by QSR Brands (M) Holdings Bhd (QSR) continues to provides income stability on the back of triple net lease arrangement with Al-Salām REIT. Despite the group's impacted performance, Al-Salām REIT remains confident on QSR's continued perseverance by virtue of their time-tested operational excellence and sustainable market share amidst the challenging business environment. The Malaysian College of Hospitality and Management, being the Fund's sole education property asset has also provided stable earnings deriving from master lease arrangement with KPJ Group's education arm.

The Manager warrants the existing assets within the portfolio are well maintained to ensure the stability of rental income, stable income distributions for Al-Salām REIT and create long-term value for its unitholders. In addition, the Manager is always on the lookout for potential acquisitions including pipeline assets from the Johor Corporation Group to achieve sustainable growth of Al-Salām REIT.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

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

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

B6. TAX

	The Group		The Fund	
	31-12-2020 RM'000	31-12-2019 RM'000	31-12-2020 RM'000	31-12-2019 RM'000
Tax expense				
- Deferred tax	1,246	-	1,246	-
	<u>1,246</u>	<u>-</u>	<u>1,246</u>	<u>-</u>

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

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

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.

B7. INCOME DISTRIBUTION

Income distributions to unitholders is derived from the following sources:

	The Group		The Fund	
	31-12-2020 RM'000	31-12-2019 RM'000	31-12-2020 RM'000	31-12-2019 RM'000
Net rental income	86,101	94,912	86,101	94,912
Investment revenue	452	1,067	452	1,067
Less: Unbilled rental income	(4,422)	(4,215)	(4,422)	(4,215)
	<u>82,131</u>	<u>91,764</u>	<u>82,131</u>	<u>91,764</u>
Less: Expenses	(67,576)	(63,370)	(67,517)	(63,304)
Realised income for the year	14,555	28,394	14,614	28,460
Undistributed income b/f	11,935	16,541	12,026	16,566
Less: Undistributed income	(13,324)	(11,935)	(13,474)	(12,026)
	<u>13,166</u>	<u>33,000</u>	<u>13,166</u>	<u>33,000</u>
Distribution per unit (sen)	2.27	5.69	2.27	5.69

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

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

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

B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Proposed Placement of up to 116 million new units ("Proposed Placement")

On 28 February 2020, Al-Salām REIT had made a Bursa Malaysia announcement to undertake a proposed private placement of up to 116,000,000 representing up to 20% of its total issued units. Subsequently, on 13 March 2020, Al-Salām REIT obtained Bursa Securities' approval for the listing of and quotation of up to 116,000,000 units of Al-Salām REIT to be issued pursuant to the proposed private placement to be completed within 6 months from the approval date. As the exercise has yet to complete to date, Al-Salām REIT will seek Bursa Securities' approval for an additional 6 months extension of time from 13 September 2020 until 13 March 2021 to complete the proposed private placement.

B11. TRADE RECEIVABLES

	The Group	
	As at 31-12-2020 RM'000	As at 31-12-2019 RM'000
Non-current		
Third parties	2,810	-
Current		
Third parties	9,546	2,329
Related companies	6,257	2,289
Accrued percentage rent	-	1,920
Unbilled rental income	9,489	5,068
Less: Allowance for impairment	(3,458)	-
	<u>21,834</u>	<u>11,606</u>

Trade receivables comprise rental receivable from lessees. The credit period granted by the Group and the Fund on rental receivable from lessees generally ranges from 1 to 7 days (2019: 1 to 7 days).

Trade receivables (non-current)

During the year, the Fund entered into a settlement agreement with a customer. Both parties agreed that the outstanding rental of RM5,619,180 is to be paid by the customer through 24 monthly instalments as and when they fall due on 7th day of each month starting January 2021.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

B11. **TRADE RECEIVABLES (continued)**

Unbilled rental income

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

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

	As at 31-12-2020 RM'000	As at 31-12-2019 RM'000
0 - 30 days	7,509	3,140
31 - 60 days	1,183	730
61 - 90 days	1,161	726
91 - 365 days	2,492	22
Impaired	3,458	-
	<u>15,803</u>	<u>4,618</u>

In March 2020, the Covid-19 outbreak was declared a pandemic by the World Health Organisation. The rapid spread of ongoing Covid-19 pandemic throughout the country has a significant impact on the overall economy. The Movement Control Order ("MCO") imposed by the Government of Malaysia has caused the reduction in the income generated by their retail and food and beverages ("F&B") tenants.

As at the date of the financial statements, Malaysia's international borders remain closed. In view of the ongoing Covid-19 pandemic, the Group and the Fund grant a rent concession of RM13.4 million to their tenants that waived partial lease receivables of RM13.4 million.

B12. **ISLAMIC FINANCING**

	The Group	
	As at 31-12-2020 RM'000	As at 31-12-2019 RM'000
<u>Non-current</u>		
<u>Secured</u>		
- Term Financing-i ("TF-i")	118,000	87,026
- Sukuk Ijarah - Islamic Medium Term Notes ("IMTN")	468,000	-
	<u>586,000</u>	<u>87,026</u>
Less: Transaction costs	(4,144)	(1,025)
	<u>581,856</u>	<u>86,001</u>
<u>Current</u>		
<u>Secured</u>		
- Commodity Murabahah Revolving Credit-i ("CMRC-i")	-	-
- Commodity Murabahah Term Financing-i ("CMTF-i")	-	350,000
- Sukuk Ijarah - Islamic Medium Term Notes ("IMTN")	52,000	162,785
	<u>52,000</u>	<u>512,785</u>
Less: Transaction costs	-	(1,253)
	<u>52,000</u>	<u>511,532</u>
Total Islamic Financing	<u>633,856</u>	<u>597,533</u>

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2020

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

B12. ISLAMIC FINANCING (continued)

Term Financing-i

The TF-i profit is payable over a period of 60 months from the date of first disbursement. The effective profit rate for the TF-i will be based on COF which is based on the Bank's COF + 1.45% per annum for the duration of the TF-i. The average effective profit rate for the TF-i is 4.18% (2019: 5.15%) per annum. The principal amount is expected to be paid in March 2024.

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

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

The financing is secured by the investment properties amounting to RM152.1 million (2019: RM121.7 million)

Commodity Murabahah Term Financing-i

The CMTF-i profit is payable over a period of 60 months from the date of first disbursement with full repayment of principal sum on the 60th month. The effective profit rate for the CMTF-i will be based on COF + 1.35% per annum for the first 16 months, COF + 1.40% per annum for the next 8 months and COF + 1.50% per annum for the remaining duration of the CMTF-i. The COF is based on each respective Bank's COF. The average effective profit rate for the CMTF-i is 4.63% (2019: 5.26%) per annum.

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

- (a) The consolidated net gearing ratio of not more than 1.0 time;
- (b) Financing to Value ("FTV") ratio shall not exceed 50% of security value;
- (c) Minimum shareholder's fund of not less than RM500 million; and
- (d) Minimum Finance Service Cover Ratio ("FSCR") of 1.50 times.

Sukuk Ijarah - Islamic Medium Term Notes

On 24 August 2018, a subsidiary of the Group, ALSREIT Capital Sdn Bhd established a Sukuk Ijarah Programme comprising Islamic Medium Term Notes ("IMTN") of up to RM1.5 billion in nominal value and issued RM162.8 million in nominal value of IMTNs ("Issue 1") with transaction cost amounting RM2.4 million.

On 24 August 2020, ALSREIT Capital Sdn Bhd issued RM520.0 million in nominal value of IMTNs ("Issue 2") with transaction cost amounting RM3.9 million. The financing was used to refinance the maturity of Issue 1 and CMTF-i amounting to RM162.8 million and RM350.0 million respectively.

The Group is obligated to redeem outstanding Issue 2 of at least 10% of the nominal value of the Issue 2 on the first anniversary of issue date (i.e. 24 August 2021) which amounting to RM52.0 million.

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

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

The financing was used to secure the investment properties amounting to RM1,030.7 million (2019: RM331.1 million).

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2020

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

B12. ISLAMIC FINANCING (continued)

Revolving Credit

As of 31 December 2020, Al-Salām REIT has an unutilized revolving credit facility amounting to RM10.0 million (2019: RM10.0 million) granted by a financial institution. The said facility is secured by an investment property amounting to RM16.0 million.

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B14. MATERIAL LITIGATION

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

B15. SOFT COMMISSION RECEIVED

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

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-12-2020	Immediate Preceding Quarter ended 30-09-2020
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	(4.97)	0.95
Net income distribution to unitholders (RM'000)	-	-
Distribution per unit (DPU) - sen	-	-
Net Asset Value (NAV) - RM'000	597,381	626,223
NAV per unit (RM)	1.0300	1.0797
Market Value Per Unit (RM)	0.5500	0.6300

B15. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Salām REIT as at 31 December 2020 and of its financial performance and cash flows for the period then ended.

AL-SALĀM REIT

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the First Quarter Ended 31 March 2020

For the Second Quarter Ended 30 June 2020

For the Third Quarter Ended 30 September 2020

	Individual Quarter		Cumulative Quarter		Individual Quarter		Cumulative Quarter		Individual Quarter		Cumulative Quarter	
	Previously Announced Quarter	Restated Quarter	Previously Announced to-date	Restated Period to-date	Previously Announced Quarter	Restated Quarter	Previously Announced to-date	Restated Period to-date	Previously Announced Quarter	Restated Quarter	Previously Announced to-date	Restated Period to-date
	31-03-2020	31-03-2020	31-03-2020	31-03-2020	30-06-2020	30-06-2020	30-06-2020	30-06-2020	30-09-2020	30-09-2020	30-09-2020	30-09-2020
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Gross rental income	20,263,727	21,518,921	20,263,727	21,518,921	15,120,062	21,363,551	35,383,789	42,882,472	16,811,959	20,621,915	52,195,748	63,504,387
Other income	1,166,085	1,166,085	1,166,085	1,166,085	637,580	637,580	1,803,665	1,803,665	874,752	874,752	2,678,417	2,678,417
Total revenue	21,429,812	22,685,006	21,429,812	22,685,006	15,757,642	22,001,131	37,187,454	44,686,137	17,686,711	21,496,667	54,874,165	66,182,804
Utilities expenses	(1,429,957)	(1,429,957)	(1,429,957)	(1,429,957)	(631,128)	(631,128)	(2,061,085)	(2,061,085)	(1,039,756)	(1,039,756)	(3,100,841)	(3,100,841)
Maintenance expenses	(914,624)	(914,624)	(914,624)	(914,624)	(837,277)	(837,277)	(1,751,901)	(1,751,901)	(973,919)	(973,919)	(2,725,820)	(2,725,820)
Quit rent and assessment	(446,804)	(446,804)	(446,804)	(446,804)	(457,078)	(457,078)	(903,882)	(903,882)	(464,702)	(464,702)	(1,368,584)	(1,368,584)
Other property expenses	(2,711,177)	(2,711,177)	(2,711,177)	(2,711,177)	(2,539,514)	(2,539,514)	(5,250,691)	(5,250,691)	(2,528,484)	(2,528,484)	(7,779,175)	(7,779,175)
Property manager fee	(110,100)	(110,100)	(110,100)	(110,100)	(110,100)	(110,100)	(220,200)	(220,200)	(141,295)	(141,295)	(361,495)	(361,495)
Total property expenses	(5,612,662)	(5,612,662)	(5,612,662)	(5,612,662)	(4,575,097)	(4,575,097)	(10,187,759)	(10,187,759)	(5,148,156)	(5,148,156)	(15,335,915)	(15,335,915)
Net property income	15,817,150	17,072,344	15,817,150	17,072,344	11,182,545	17,426,034	26,999,695	34,498,378	12,538,555	16,348,511	39,538,250	50,846,889
Investment income	237,434	237,434	237,434	237,434	123,484	123,484	360,918	360,918	53,805	53,805	414,723	414,723
Gain on fair value adjustment	-	-	-	-	-	-	-	-	726,800	726,800	726,800	726,800
Net investment income	16,054,584	17,309,778	16,054,584	17,309,778	11,306,029	17,549,518	27,360,613	34,859,296	13,319,160	17,129,116	40,679,773	51,988,412
Manager's management fees	(565,836)	(565,836)	(565,836)	(565,836)	(460,609)	(460,609)	(1,026,445)	(1,026,445)	(665,408)	(665,408)	(1,691,853)	(1,691,853)
Trustee's fees	(31,131)	(31,131)	(31,131)	(31,131)	(30,872)	(30,872)	(62,003)	(62,003)	(31,176)	(31,176)	(93,179)	(93,179)
Shariah advisors' fee	-	-	-	-	-	-	-	-	-	-	-	-
Islamic financing costs	(8,279,129)	(8,279,129)	(8,279,129)	(8,279,129)	(7,403,535)	(7,403,535)	(15,682,664)	(15,682,664)	(6,575,608)	(6,575,608)	(22,258,272)	(22,258,272)
Other trust expenses	(359,747)	(1,614,941)	(359,747)	(1,614,941)	(450,203)	(6,693,692)	(809,950)	(8,308,633)	(515,292)	(4,325,248)	(1,325,242)	(12,633,881)
Net income before tax	6,818,741	6,818,741	6,818,741	6,818,741	2,960,810	2,960,810	9,779,551	9,779,551	5,531,676	5,531,676	15,311,227	15,311,227
Taxation	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the period	6,818,741	6,818,741	6,818,741	6,818,741	2,960,810	2,960,810	9,779,551	9,779,551	5,531,676	5,531,676	15,311,227	15,311,227
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	6,818,741	6,818,741	6,818,741	6,818,741	2,960,810	2,960,810	9,779,551	9,779,551	5,531,676	5,531,676	15,311,227	15,311,227
Net income for the period is made up as follow:												
Realised	5,767,961	5,767,961	5,767,961	5,767,961	1,910,030	1,910,030	7,677,991	7,677,991	3,663,337	3,663,337	11,341,330	11,341,330
Unrealised	1,050,780	1,050,780	1,050,780	1,050,780	1,050,780	1,050,780	2,101,560	2,101,560	1,868,339	1,868,339	3,969,897	3,969,897
	6,818,741	6,818,741	6,818,741	6,818,741	2,960,810	2,960,810	9,779,551	9,779,551	5,531,676	5,531,676	15,311,227	15,311,227
Earnings per unit (sen)	1.18	1.18	1.18	1.18	0.51	0.51	1.69	1.69	0.95	0.95	2.64	2.64

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.