

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the First Quarter Ended 31 March 2021**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period to-date
		31-03-2021	31-03-2020	31-03-2021	31-03-2020
		RM	RM	RM	RM
Gross rental income		18,050,056	21,518,921	18,050,056	21,518,921
Other income		681,290	1,166,085	681,290	1,166,085
<b>Total revenue</b>	B1	<b>18,731,346</b>	<b>22,685,006</b>	<b>18,731,346</b>	<b>22,685,006</b>
Utilities expenses		(678,039)	(1,429,957)	(678,039)	(1,429,957)
Maintenance expenses		(762,358)	(914,624)	(762,358)	(914,624)
Quit rent and assessment		(417,709)	(446,804)	(417,709)	(446,804)
Other property expenses		(2,278,203)	(2,711,177)	(2,278,203)	(2,711,177)
Property manager fee		(110,100)	(110,100)	(110,100)	(110,100)
<b>Total property expenses</b>		<b>(4,246,409)</b>	<b>(5,612,662)</b>	<b>(4,246,409)</b>	<b>(5,612,662)</b>
Net property income		14,484,937	17,072,344	14,484,937	17,072,344
Investment income		64,136	237,434	64,136	237,434
Gain on fair value adjustment of investment properties		-	-	-	-
Net investment (loss)/income		14,549,073	17,309,778	14,549,073	17,309,778
Manager's management fees		(611,628)	(565,836)	(611,628)	(565,836)
Trustee's fees		(29,303)	(31,131)	(29,303)	(31,131)
Shariah advisors' fee		(2,120)	-	(2,120)	-
Islamic financing costs		(6,420,528)	(8,279,129)	(6,420,528)	(8,279,129)
Other trust expenses <sup>1</sup>		(2,248,366)	(1,614,941)	(2,248,366)	(1,614,941)
Net income before tax		5,237,128	6,818,741	5,237,128	6,818,741
Taxation		-	-	-	-
<b>Net income after tax</b>		<b>5,237,128</b>	<b>6,818,741</b>	<b>5,237,128</b>	<b>6,818,741</b>
Other comprehensive income, net of tax		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>5,237,128</b>	<b>6,818,741</b>	<b>5,237,128</b>	<b>6,818,741</b>
Net income after tax is made up as follow:					
Realised		4,309,577	5,767,961	4,309,577	5,767,961
Unrealised		927,551	1,050,780	927,551	1,050,780
		<b>5,237,128</b>	<b>6,818,741</b>	<b>5,237,128</b>	<b>6,818,741</b>
Earnings per unit (sen)		0.90	1.18	0.90	1.18

<sup>1</sup>The waiver of lease receivables or rental rebates given to tenants are accounted for in accordance with MFRS 9 and presented as an expense in the Statements of Comprehensive Income (SOCl).

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.

## AL-SALĀM REIT

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2021

	Note	Unaudited As at End Of Current Quarter 31-03-2021	Audited As at preceding year ended 31-12-2020
		RM	RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	A9	1,189,364,689	1,189,364,689
Property, plant & equipment		837,729	877,096
Trade receivables	B9	2,809,590	2,809,590
<b>Current Assets</b>			
Trade receivables	B9	20,323,555	21,834,125
Other receivables & prepayments		6,446,410	4,860,977
Cash and bank balances		27,790,690	6,340,983
Fixed deposits with licensed banks		5,483,000	27,970,000
Amount due from related companies		203,022	496,566
		<u>60,246,677</u>	<u>61,502,651</u>
<b>TOTAL ASSETS</b>		<u>1,253,258,685</u>	<u>1,254,554,026</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Islamic financing	B10	582,257,310	581,855,901
Other payables and accruals		8,946,318	8,946,318
Deferred tax liability		1,245,581	1,245,581
		<u>592,449,209</u>	<u>592,047,800</u>
<b>Current Liabilities</b>			
Islamic financing	B10	52,000,000	52,000,000
Other payables and accruals		13,266,935	13,124,845
Provision for income distribution		-	-
Amount due to related companies		-	-
		<u>65,266,935</u>	<u>65,124,845</u>
<b>TOTAL LIABILITIES</b>		<u>657,716,144</u>	<u>657,172,645</u>
<b>NET ASSETS VALUE</b>		<u>595,542,541</u>	<u>597,381,381</u>
<b>REPRESENTED BY:</b>			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		22,997,222	24,836,062
<b>TOTAL UNITHOLDERS' FUND</b>		<u>595,542,541</u>	<u>597,381,381</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		<u>580,000,000</u>	<u>580,000,000</u>
<b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b>		1.0268	1.0300

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES**  
**IN NET ASSETS VALUE**  
**For the First Quarter Ended 31 March 2021**

	Unitholders' Capital RM	Undistributed income		Total RM
		Realised RM	Unrealised RM	
<b>As at 1 January 2020</b>	572,545,319	11,934,515	39,598,060	624,077,894
<b>Total comprehensive income for the period</b>	-	5,767,961	1,050,780	6,818,741
<b>Unitholders' transactions</b>				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(13,165,922)	-	(13,165,922)
<i>Decrease in net assets resulting     from unitholders' transactions</i>	-	(13,165,922)	-	(13,165,922)
<b>As at 31 March 2020</b>	<u>572,545,319</u>	<u>4,536,554</u>	<u>40,648,840</u>	<u>617,730,713</u>
<b>As at 1 January 2021</b>	572,545,319	13,323,828	11,512,234	597,381,381
<b>Total comprehensive income for the period</b>	-	4,309,577	927,551	5,237,128
<b>Unitholders' transactions</b>				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(7,075,968)	-	(7,075,968)
<i>Decrease in net assets resulting     from unitholders' transactions</i>	-	(7,075,968)	-	(7,075,968)
<b>As at 31 March 2021</b>	<u>572,545,319</u>	<u>10,557,437</u>	<u>12,439,785</u>	<u>595,542,541</u>

# Include :

- i) Payment of final income distribution of 1.22 sen per unit for the financial year ended 31 December 2020 (taxable in the hand of unitholders) in respect of the period from 1 March 2020 to 31 December 2020 which was paid on 26 February 2021.

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 2020 and the accompanying explanatory notes attached to the financial statements.

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the First Quarter Ended 31 March 2021**

	31-03-2021	To Date 31-03-2020 restated
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)/income before tax	5,237,128	6,818,741
Adjustment for:		
Islamic financing costs	6,420,528	8,279,129
Depreciation	42,867	39,563
Fair value (loss)/gain on investment properties	-	-
Investment income	(64,136)	(237,434)
Unbilled rental income	(927,551)	(1,050,780)
Allowance for expected credit losses	1,737,420	1,255,194
Operating profit before working capital changes	<u>12,446,256</u>	<u>15,104,413</u>
(Increase)/decrease in:		
Trade receivables	(3,118,237)	(409,158)
Other receivables and prepaid expenses	2,233,490	(2,660,024)
Amount owing by related companies	293,544	591,224
(Decrease)/Increase in:		
Other payables and accrued expenses	(43,364)	5,740,292
Amount owing to related companies	-	(513,948)
Net cash generated from operating activities	<u>11,811,689</u>	<u>17,852,799</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(3,500)	(2,153,642)
Income received from other investments	64,136	237,434
Net cash generated / (used) in investing activities	<u>60,636</u>	<u>(1,916,208)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Increase) / Decrease in pledged deposits with licensed banks	(13,000)	3,042,000
Increase in restricted cash	(30,682)	(2,322,144)
Islamic financing costs paid	(5,833,650)	(7,732,851)
Income distribution paid	(7,075,968)	(14,383,922)
Net cash used in financing activities	<u>(12,953,300)</u>	<u>(21,396,917)</u>

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**For the First Quarter Ended 31 March 2021**

	<b>31-03-2021</b>	<b>To Date 31-03-2020</b>
	<b>RM</b>	<b>RM</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,080,975)	(5,460,326)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	28,829,870	31,397,805
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	27,748,895	25,937,479
 <b>DEPOSITS, CASH AND BANK BALANCES</b>		
Cash and bank balances	27,790,690	19,055,921
Fixed deposits with licensed banks	5,483,000	19,255,000
	33,273,690	38,310,921
Less : Pledged deposits with licensed banks	(5,483,000)	(9,927,000)
Less : Restricted cash	(41,795)	(2,446,442)
<b>CASH AND CASH EQUIVALENTS</b>	27,748,895	25,937,479

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021

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

##### A1. BASIS OF PREPARATION

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

The accounting policies and methods of computation adopted by the Group and the Fund in this interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2020.

##### Adoption of amendments to MFRSs

The Group and the Fund adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:

- Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of this amendments to MFRSs did not have any significant financial impact to the Group and the Fund.

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

The standards and interpretations that are issued but not yet effective are disclosed below. The Group and the Fund intend to adopt these standards, if applicable, when they become effective:

- Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 – 2020
- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Fund expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of application.

##### A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The Audited Financial Statements of Al-Salām REIT for the financial year ended 31 December 2020 was not subject to any audit qualification.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021

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

##### A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

##### A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

##### A5. CHANGES IN ACCOUNTING ESTIMATES

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

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

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

##### A7. INCOME DISTRIBUTION

On 26 January 2021, the Fund declared the final income distribution of 1.22 sen per unit for the financial year ended 31 December 2020 (taxable in the hand of unitholders) in respect of period from 1 March 2020 to 31 December 2020. The said distribution has been paid on 26 February 2021.

##### 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.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021

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

#### A8. SEGMENTAL REPORTING (continued)

##### For period ended 31 March 2021

	<b>Retail outlets RM'000</b>	<b>Office buildings RM'000</b>	<b>F&amp;B Restaurants RM'000</b>	<b>F&amp;B Non- restaurants RM'000</b>	<b>Other- Fund level operations RM'000</b>	<b>Total RM'000</b>
Total revenue	9,591	2,049	4,252	2,840	-	18,732
Total property expenses	(3,278)	(781)	(9)	(69)	(110)	(4,247)
Net property income	6,313	1,268	4,243	2,771	(110)	14,485
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	64	64
Net investment income	6,313	1,268	4,243	2,771	(46)	14,549
Total trust expenses	-	-	-	-	(2,891)	(2,891)
Islamic financing costs	-	-	-	-	(6,421)	(6,421)
Net income before tax	6,313	1,268	4,243	2,771	(9,358)	5,237
Income tax expenses	-	-	-	-	-	-
Net (expense)/income for the period	6,313	1,268	4,243	2,771	(9,358)	5,237
Total assets	809,172	104,966	284,464	188,315	(133,658)	1,253,259
Total liabilities	15,834	3,289	-	729	637,864	657,716

##### For period ended 31 March 2020

	<b>Retail outlets RM'000</b>	<b>Office buildings RM'000</b>	<b>F&amp;B Restaurants RM'000</b>	<b>F&amp;B Non- restaurants RM'000</b>	<b>Other- Fund level operations RM'000</b>	<b>Total RM'000</b>
Total revenue	13,652	2,290	3,903	2,840	-	22,685
Total property expenses	(4,562)	(846)	(9)	(86)	(110)	(5,613)
Net property income	9,090	1,444	3,894	2,754	(110)	17,072
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	237	237
Net investment income	9,090	1,444	3,894	2,754	127	17,309
Total trust expenses	-	-	-	-	(2,211)	(2,211)
Islamic financing costs	-	-	-	-	(8,279)	(8,279)
Net income for the period for the period	9,090	1,444	3,894	2,754	(10,363)	6,819
Total assets	840,594	99,939	253,935	182,375	(130,069)	1,246,774
Total liabilities	20,537	2,546	-	720	605,240	629,043



## **AL-SALĀM REIT**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021**

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

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

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

##### **A10. SUBSEQUENT MATERIAL EVENTS**

There were no material events subsequent to the current quarter under review up to the date of this Interim Financial Report

##### **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 28 April 2021, 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 First Quarter Ended 31 March 2021

#### 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	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020
	RM'000	RM'000	RM'000	RM'000
Rental income	9,324	9,545	9,324	9,558
Other property management and fees charged	1,590	1,539	1,590	1,539
Finance cost paid/payable to a subsidiary	-	-	4,908	2,159

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 First Quarter Ended 31 March 2021

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

##### B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	31-03-2021	31-03-2020	Change	31-03-2021	31-03-2020	Change
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Total revenue</b>						
Retail outlets	9,591	13,652	(29.7)	9,591	13,652	(29.7)
Office buildings	2,049	2,290	(10.5)	2,049	2,290	(10.5)
F&B restaurants	4,252	3,903	8.9	4,252	3,903	8.9
F&B non-restaurants	2,840	2,840	-	2,840	2,840	-
<b>Total</b>	<b>18,732</b>	<b>22,685</b>	<b>(17.4)</b>	<b>18,732</b>	<b>22,685</b>	<b>(17.4)</b>
<b>Net property income ("NPI")</b>						
Retail outlets	6,313	9,090	(30.6)	6,313	9,090	(30.6)
Office buildings	1,268	1,444	(12.2)	1,268	1,444	(12.2)
F&B restaurants	4,243	3,894	9.0	4,243	3,894	9.0
F&B non-restaurants	2,771	2,754	0.6	2,771	2,754	0.6
Property manager fee	(110)	(110)	0.0	(110)	(110)	0.0
<b>Total</b>	<b>14,485</b>	<b>17,072</b>	<b>(15.2)</b>	<b>14,485</b>	<b>17,072</b>	<b>(15.2)</b>
Investment income	64	237	(73.0)	64	237	(73.0)
Fair value adjustment on investment properties	-	-	-	-	-	-
Trust expenses	(2,891)	(2,211)	30.7	(2,891)	(2,211)	30.7
Islamic financing costs	(6,421)	(8,279)	(22.4)	(6,421)	(8,279)	(22.4)
<b>Net income before tax</b>	<b>5,237</b>	<b>6,819</b>	<b>(23.2)</b>	<b>5,237</b>	<b>6,819</b>	<b>(23.2)</b>

#### Review of Individual/Cumulative Quarter Results

##### **Retail outlets**

The retail segment reported a total revenue of RM9.6 million for the current and cumulative ended 31 March 2021 (Q1 2021), a decrease of RM4.1 million compared to the preceding year corresponding quarter (Q1 2020) of RM13.7 million. This was mainly due to lower rental income of RM3.3 million, lower percentage rental of RM0.3 million and lower events and advertising income of RM0.5 mil. Net property income (NPI) of RM6.3 million represented a decrease of RM2.8 million due to the decrease in total revenue as stated earlier offsetted by lower operating expenses of RM1.3 million from all retail outlets.

##### **Office building**

The office segment reported a total revenue of RM2.0 million for Q1 2021, a decrease of RM0.2 million compared to Q1 2020. This was due to lower occupancy rate of 86% (2020: 89%). NPI of the office segment in Q1 2021 was RM1.3 million, lower by RM176,000 compared to the preceding year corresponding quarter due to decrease in total revenue as stated earlier offsetted by lower operating expenses of RM65,000.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021

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

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

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

For current and cumulative quarter ended 31 March 2021 (Q1 2021), total revenue and NPI recorded an increase of RM349,000 compared to Q1 2020. 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 (2020: 100%).

###### **F&B non-restaurant**

For current and cumulative quarter ended 31 March 2021 (Q1 2021), total revenue recorded the same amount while NPI recorded a slight increase of 0.9% as compared to Q1 2020. No material changes noted. The occupancy rate is 100% (2020: 100%).

###### **Overall**

For the current and cumulative financial period ended 31 March 2021, Al-Salām REIT recorded a total NPI of RM14.5 million, a decrease of RM2.6 million from RM17.1 million recorded in previous year. The decrease was mainly due to lower NPI contribution from the retail segment. Trust expenses was higher by RM0.7 million mainly due to higher provision for rental rebate arising from the Covid-19 pandemic and implementation of MCO 2.0 on 13 January 2021 as compared to MCO 1.0 which was implemented on 18 March 2020. Islamic financing costs was lower by RM1.9 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 RM5.2 million as compared to net income of RM6.8 million in the previous year.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021

#### 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 %
	31-03-2021 RM'000	31-12-2020 RM'000	
<b>Total revenue</b>			
Retail outlets	9,591	10,204	(6.0)
Office buildings	2,049	2,359	(13.1)
F&B restaurants	4,252	4,518	(5.9)
F&B non-restaurants	2,840	2,837	0.1
	<b>18,732</b>	<b>19,918</b>	<b>(6.0)</b>
<b>Net property income ("NPI") :</b>			
Retail outlets	6,313	5,767	9.5
Office buildings	1,268	1,241	2.2
F&B restaurants	4,243	4,512	(6.0)
F&B non-restaurants	2,771	2,725	1.7
Property manager fee	(110)	(122)	(9.8)
	<b>14,485</b>	<b>14,123</b>	<b>2.6</b>
Investment income	64	37	73.0
Fair value adjustment on investment properties	-	(31,989)	(100.0)
Trust expenses	(2,891)	(3,135)	(7.8)
Islamic financing costs	(6,421)	(6,632)	(3.2)
<b>Net income / (loss) before tax</b>	<b>5,237</b>	<b>(27,596)</b>	<b>&gt;100.0</b>

Net income before tax for the current quarter was higher by RM32.8 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
	31-03-2021 RM'000	31-12-2020 RM'000
Net asset value ("NAV")	595,543	597,381
NAV per unit (RM)	1.0268	1.0300

The NAV as at 31 March 2021 was lower by RM1.8 million as compared to the immediate preceding quarter, as a result of total comprehensive income of RM5.2 million recognised during the current quarter less final income distribution of RM7.0 million.

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

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

The ongoing Covid-19 pandemic continue to affect global growth prospects. New variants, widespread transmission, slow vaccination rollouts and further lockdowns could further weaken business and economic recovery. The IMF has projected that global GDP growth to be at 6% in 2021 but somewhat moderating to 4.4% in 2022. Nonetheless, IMF also cautioned against the positive outlook as the projected GDP output for the current and coming year is expected to remain below 2019 levels. Bank Negara Malaysia projected that the Malaysian economy to achieve GDP growth between 6.0% from 7.5% in 2021 as compared to -5.6% in 2020 on the assumption that domestic Covid-19 containment measures remained targeted and international borders remained closed for non-essential travel.

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 March 2021 (ie via the Strategic Programme to Empower the People and the Economy (PEMERKASA), the prevailing interest rate environment would cushion the Fund's bottom line for the immediate and medium term.

Following the introduction of MCO2.0 commencing January this year, Al-Salām REIT continues to provide rental support/rebates 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 net 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 the continuing closure of the Malaysia-Singapore border to have 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 Q1 2021, Menara Komtar is primarily occupied by the Johor Corporation Group with the overall occupancy rate of the property at 86%.

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.

Source:

- i) IMF and World Economic Outlook
- ii) BNM's Economic and Monetary Review 2020

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021

#### 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	
	31-03-2021 RM'000	31-03-2020 RM'000	31-03-2021 RM'000	31-03-2020 RM'000
Tax expense				
- Current tax	-	-	-	-
- Deferred tax	-	-	1,246	-
	<u>-</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:

	Quarter ended		Year ended	
	31-03-2021 RM'000	31-03-2020 RM'000	31-03-2021 RM'000	31-03-2020 RM'000
Net rental income	18,731	22,685	18,731	22,685
Investment revenue	64	237	64	237
Less: Unbilled rental income	(928)	(1,051)	(928)	(1,051)
	<u>17,867</u>	<u>21,871</u>	<u>17,867</u>	<u>21,871</u>
Less: Expenses	(13,558)	(16,104)	(13,558)	(16,104)
Realised income for the year	4,309	5,767	4,309	5,767
Undistributed income b/f	13,324	11,935	13,324	11,935
Less: Undistributed income	(10,557)	(4,537)	(10,557)	(4,537)
	<u>7,076</u>	<u>13,165</u>	<u>7,076</u>	<u>13,165</u>
Distribution per unit (sen)	1.22	2.27	1.22	2.27

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021

#### **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.

Subsequently on 18 March 2021, on behalf of the Manager, AmInvestment Bank Berhad announced that Bursa Malaysia Securities Berhad, had vide its letter dated 17 March 2021, granted Al-Salām REIT an extension of time to 13 September 2021 to complete the implementation of the Proposed Placement.

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

	The Group	
	As at 31-03-2021 RM'000	As at 31-03-2020 RM'000
Non-current		
Third parties	2,810	-
Current		
Third parties	9,079	2,449
Related companies	3,719	2,193
Accrued percentage rent	-	278
Unbilled rental income	10,417	6,118
Less: Allowance for impairment	(2,891)	-
	<u>20,324</u>	<u>11,038</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 (2020: 1 to 7 days).

###### **Trade receivables (non-current)**

In 2020, 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 First Quarter Ended 31 March 2021

#### 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 31-03-2021 RM'000	As at 31-03-2020 RM'000
0 - 30 days	2,186	1,945
31 - 60 days	1,547	1,962
61 - 90 days	1,851	350
91 - 365 days	4,323	385
Impaired	2,891	-
	<u>12,798</u>	<u>4,642</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 RM15.1 million to their tenants that waived partial lease receivables of RM1.7 million for Q1 2021 (Q1 2020: RM1.3 million).

##### B12. **ISLAMIC FINANCING**

	The Group	
	As at 31-03-2021 RM'000	As at 31-03-2020 RM'000
<b><u>Non-current</u></b>		
<b><u>Secured</u></b>		
- 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	(3,743)	(1,054)
	<u>582,257</u>	<u>85,972</u>
<b><u>Current</u></b>		
<b><u>Secured</u></b>		
- 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	-	(752)
	<u>52,000</u>	<u>512,033</u>
<b>Total Islamic Financing</b>	<u>634,257</u>	<u>598,005</u>

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021

#### **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 3.82% (2020: 4.18%) 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 (2020: RM152.1 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 (2020: RM1,030.7 million).

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2021

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

##### **B12. ISLAMIC FINANCING (continued)**

###### Revolving Credit

As of 31 March 2021, Al-Salām REIT has an unutilized revolving credit facility amounting to RM10.0 million (2020: 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**

	<b>Current Quarter ended 31-03-2021</b>	<b>Immediate Preceding Quarter ended 31-12-2020</b>
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	0.90	(4.97)
Net income distribution to unitholders (RM'000)	7,075,968	-
Distribution per unit (DPU) - sen	1.22	-
Net Asset Value (NAV) - RM'000	595,543	597,381
NAV per unit (RM)	1.0268	1.0300
Market Value Per Unit (RM)	0.6000	0.5500

##### **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 March 2021 and of its financial performance and cash flows for the period then ended.