

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Fourth Quarter Ended 31 December 2023

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period to-date
		31-12-2023	31-12-2022	31-12-2023	31-12-2022
		RM	RM	RM	RM
Gross rental income		17,463,105	18,409,530	69,467,053	67,901,145
Other income		1,734,405	1,152,764	6,815,766	3,898,915
Total revenue	B1	19,197,510	19,562,294	76,282,819	71,800,060
Utilities expenses		(2,375,887)	(1,451,238)	(8,517,206)	(5,720,275)
Maintenance expenses		(1,110,478)	(926,035)	(4,281,527)	(3,523,145)
Quit rent and assessment		(481,711)	(433,751)	(1,952,108)	(1,744,939)
Other property expenses		(2,542,225)	(2,117,109)	(10,142,258)	(8,896,680)
Property manager fee		(118,500)	(119,100)	(481,300)	(476,400)
Total property expenses		(6,628,801)	(5,047,233)	(25,374,399)	(20,361,439)
Net property income		12,568,709	14,515,061	50,908,420	51,438,621
Investment income		366,556	266,134	935,781	511,630
Gain on fair value adjustment of investment properties		12,582,560	46,674,376	12,582,560	46,674,376
Net investment income		25,517,825	61,455,571	64,426,761	98,624,627
Manager's management fees		(647,762)	(618,259)	(2,589,740)	(2,461,404)
Trustee's fees		(31,753)	(29,558)	(127,741)	(117,207)
Shariah advisors' fee		(2,000)	(3,880)	(9,000)	(10,000)
Islamic financing costs		(10,063,143)	(8,002,409)	(36,492,243)	(28,376,300)
Other trust expenses ¹		(2,228,904)	(646,896)	(3,324,428)	(1,658,586)
Net income before tax		12,544,263	52,154,569	21,883,609	66,001,130
Taxation		(181,565)	(585,081)	(181,565)	(585,081)
Net income after tax		12,362,698	51,569,488	21,702,044	65,416,049
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		12,362,698	51,569,488	21,702,044	65,416,049
Net income after tax is made up as follow:					
Realised		647,657	4,665,786	7,571,408	15,733,218
Unrealised		11,715,041	46,903,702	14,130,636	49,682,831
		12,362,698	51,569,488	21,702,044	65,416,049
Earnings per unit (sen)		2.13	8.89	3.74	11.28

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 (SOCl).

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Note	Unaudited As at End Of Current Quarter 31-12-2023	Audited As at preceding year ended 31-12-2022
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,239,013,706	1,224,173,346
Property, plant & equipment		868,564	802,663
Other receivables		928,267	-
Current Assets			
Trade receivables	B11	28,187,778	28,300,825
Other receivables & prepayments		6,685,143	6,406,911
Cash and bank balances		5,772,380	13,584,627
Fixed deposits with licensed banks		33,065,000	30,683,000
Amount due from related companies		1,540,171	1,162,365
		<u>75,250,472</u>	<u>80,137,728</u>
TOTAL ASSETS		<u>1,316,061,009</u>	<u>1,305,113,737</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	521,681,074	187,062,422
Other payables and accruals		5,602,842	3,346,464
Deferred tax liability		1,995,394	1,813,829
		<u>529,279,310</u>	<u>192,222,715</u>
Current Liabilities			
Islamic financing	B12	117,934,325	450,207,880
Other payables and accruals		19,729,498	18,766,229
Provision for income distribution		16,166	2,900,000
Amount due to related companies		2,693,853	1,231,343
		<u>140,373,842</u>	<u>473,105,452</u>
TOTAL LIABILITIES		<u>669,653,152</u>	<u>665,328,167</u>
NET ASSETS VALUE		<u>646,407,857</u>	<u>639,785,570</u>
REPRESENTED BY:			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		<u>73,862,538</u>	<u>67,240,251</u>
TOTAL UNITHOLDERS' FUND		<u>646,407,857</u>	<u>639,785,570</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		1.1145	1.1031
- After income distribution*		1.1135	1.0881

*After reflecting the proposed final income distribution for financial year ended 31 December 2023 of 0.10 sen per unit (2022: final income distribution for financial year ended 31 December 2022 of 1.50 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 2022 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 2023

	Unitholders' Capital RM	Undistributed income		Total RM
		Realised RM	Unrealised RM	
As at 1 January 2022	572,545,319	17,991,593	72,524	590,609,436
Total comprehensive income for the year	-	15,733,218	49,682,831	65,416,049
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(16,239,915)	-	(16,239,915)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(16,239,915)	-	(16,239,915)
As at 31 December 2022	572,545,319	17,484,896	49,755,355	639,785,570
As at 1 January 2023	572,545,319	17,484,896	49,755,355	639,785,570
Total comprehensive income for the year	-	7,571,408	14,130,636	21,702,044
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(15,079,757)	-	(15,079,757)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(15,079,757)	-	(15,079,757)
As at 31 December 2023	572,545,319	9,976,547	63,885,991	646,407,857

Include :

- i) Payment of final income distribution of 1.50 sen per unit for the financial year ended 31 December 2022 (taxable in the hands of unitholders) which was paid on 28 February 2023.
- ii) Payment of first interim income distribution of 0.40 sen per unit for the financial year ending 31 December 2023 (taxable in the hands of unitholders) in respect of the period from 1 January 2023 to 31 March 2023 which was paid on 10 July 2023.
- iii) Payment of second interim income distribution of 0.40 sen per unit for the financial year ending 31 December 2023 (taxable in the hands of unitholders) in respect of the period from 1 April 2023 to 30 June 2023 which was paid on 2 October 2023.
- iv) Payment of third interim income distribution of 0.30 sen per unit for the financial year ending 31 December 2023 (taxable in the hands of unitholders) in respect of the period from 1 July 2023 to 30 September 2023 which was paid on 27 December 2023.

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 2022 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 2023

	To Date	
	31-12-2023	31-12-2022
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	21,883,609	66,001,130
Adjustment for:		
Islamic financing costs	36,492,243	28,376,300
Depreciation	204,893	180,748
Fair value gain on investment properties	(12,582,560)	(46,674,736)
Investment income	(935,781)	(511,630)
Unbilled rental income	(3,229,641)	(3,593,176)
Allowance for expected credit losses	1,500,000	142,646
Operating profit before working capital changes	<u>43,332,763</u>	<u>43,921,282</u>
Decrease/(increase) in:		
Trade receivables	1,842,688	8,568,116
Other receivables and prepaid expenses	(1,206,499)	(1,453,803)
Amount due from related companies	(377,806)	(135,177)
(Decrease)/increase in:		
Other payables and accrued expenses	(2,476,000)	(125,363)
Amount due to related companies	1,462,510	327,242
Net cash generated from operating activities	<u>42,577,656</u>	<u>51,102,297</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment properties	(2,257,800)	(262,088)
Purchase of equipment	(270,794)	(275,101)
Income received from other investments	935,781	511,630
Net cash used in investing activities	<u>(1,592,813)</u>	<u>(25,559)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged deposits with licensed banks	(2,242,000)	(31,000)
Net drawdown in Sukuk Ijarah	4,000,000	-
Islamic financing costs paid	(31,738,233)	(26,591,583)
Transaction cost paid	(3,597,100)	(133,800)
Income distributions paid	(15,079,757)	(16,239,915)
Net cash used in financing activities	<u>(48,657,090)</u>	<u>(42,996,298)</u>

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the Fourth Quarter Ended 31 December 2023

	To Date	
	31-12-2023	31-12-2022
	RM	RM
NET INCREASE IN CASH AND CASH EQUIVALENTS	(7,672,247)	8,080,440
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	37,084,627	29,004,187
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	29,412,380	37,084,627
 DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	5,772,380	13,584,627
Fixed deposits with licensed banks	33,065,000	30,683,000
	38,837,380	44,267,627
Less : Pledged deposits with licensed banks	(9,425,000)	(7,183,000)
CASH AND CASH EQUIVALENTS	29,412,380	37,084,627

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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 financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2022.

Adoption of amendments to MFRSs

The Group and the Fund adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2023:

- MFRS 17 Insurance Contracts
- Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

The adoption of the above new and amended MFRS 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: Classification of Liabilities as Current or Non Current
- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101: Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements
- Amendments to MFRS 121: Lack of Exchangeability
- 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 2022 was not subject to any audit qualification.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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 MFRS, amendments to MFRS 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 24 November 2023, the Fund declared the third interim income distribution of 0.30 sen per unit for the financial year ended 31 December 2023 (taxable in the hand of unitholders) in respect of the period from 1 July 2023 to 30 September 2023. The said distribution has been paid on 27 December 2023.

A8. SEGMENT REPORTING

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

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

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

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

A8. SEGMENT REPORTING (cont'd.)

For year ended 31 December 2023

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	Industrial & Others RM'000	Other- Fund level operations RM'000	Total RM'000
Total revenue	39,493	8,140	17,400	11,249	-	76,282
Total property expenses	(19,650)	(4,830)	(32)	(381)	(481)	(25,374)
Net property income	19,843	3,310	17,368	10,868	(481)	50,908
Fair value (loss)/gain on investment properties	(153)	(1,324)	7,160	6,900	-	12,583
Investment income	133	-	-	-	803	936
Net investment income	19,823	1,986	24,528	17,768	322	64,427
Total trust expenses	(1,500)	-	-	-	(6,493)	(7,993)
Islamic financing costs	-	-	-	-	(34,550)	(34,550)
Net income before tax	18,323	1,986	24,528	17,768	(40,721)	21,884
Income tax expenses	-	-	-	-	(182)	(182)
Net income / (loss) after tax	18,323	1,986	24,528	17,768	(40,903)	21,702
Total assets	707,599	62,215	310,949	190,062	45,236	1,316,061
Total liabilities	17,080	3,193	593	99	648,688	669,653

For year ended 31 December 2022

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	Industrial & Others RM'000	Other- Fund level operations RM'000	Total RM'000
Total revenue	34,098	8,708	17,834	11,160	-	71,800
Total property expenses	(15,604)	(3,951)	(33)	(297)	(476)	(20,361)
Net property income	18,494	4,757	17,801	10,863	(476)	51,439
Fair value (loss)/gain on investment properties	6,623	7,922	21,230	10,900	-	46,675
Investment income	108	-	-	-	403	511
Net investment income	25,225	12,679	39,031	21,763	(73)	98,625
Total trust expenses	(143)	-	-	-	(5,852)	(5,995)
Islamic financing costs	-	-	-	-	(26,629)	(26,629)
Net income before tax	25,082	12,679	39,031	21,763	(32,554)	66,001
Income tax expenses	-	-	-	-	(585)	(585)
Net income / (loss) after tax	25,082	12,679	39,031	21,763	(33,139)	65,416
Total assets	701,713	61,697	308,363	188,480	44,861	1,305,114
Total liabilities	16,970	3,173	-	687	644,498	665,328

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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 gain of RM12.6 million and has been incorporated into the financial statements of Al-Salām REIT as at 31 December 2023. The details of the said valuation carried out are tabled as follows:

Description of Property	Date of Valuation	2023
		Fair Value RM'000
1. KOMTAR JBCC	31.12.2023	431,000
2. Menara KOMTAR	31.12.2023	70,000
3. @Mart Kempas Community Hypermarket	31.12.2023	78,000
4. Malaysian College of Hospitality and Management	31.12.2023	36,200
5. Mydin Hypermart Gong Badak	31.12.2023	172,000
6. Premises Nos. 18 & 20, Jalan Sulaiman, 43000 Kajang, Selangor Darul Ehsan	31.12.2023	11,000
7. Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman	31.12.2023	590
8. Premises No. 1, Jalan Baru Bandar 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor	31.12.2023	2,500
9. Premises No. 34, Jalan Mahsuri, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang	31.12.2023	4,800
10. Premises Nos. 60 & 62, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	31.12.2023	10,000
11. Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan	31.12.2023	2,000
12. Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan	31.12.2023	590
13. Premises No. 3, 3A & 3B, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim	31.12.2023	1,100
14. Premises No. 1 & 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor Darul Takzim	31.12.2023	1,000
15. Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	31.12.2023	15,300
16. Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang	31.12.2023	3,500
17. Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	31.12.2023	2,550

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

A9. VALUATION OF INVESTMENT PROPERTIES (cont'd.)

Description of Property	Date of Valuation	2023 Fair Value RM'000
18. Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	31.12.2023	1,130
19. Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur	31.12.2023	14,600
20. PT No. 2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah Darul Aman	31.12.2023	6,100
21. PTD 103231, Taman Impian Senai, 81400 Senai, Johor Darul Takzim	31.12.2023	10,600
22. PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru, Johor Darul Takzim	31.12.2023	13,000
23. PTD No. 171459, Jalan Persiaran Perling, Taman Perling, 81200 Johor Bahru, Johor Darul Takzim	31.12.2023	15,100
24. PT No. 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak Darul Ridzuan	31.12.2023	9,200
25. Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong, 52100 Kuala Lumpur	31.12.2023	18,300
26. PT No. 6878, Jalan 8/27A, Pusat Bandar Wangsa Maju, 53300 Kuala Lumpur	31.12.2023	29,500
27. PT No. 19503, Lebuhraya Ayer Keroh, 75450 Hang Tuah Jaya, Melaka	31.12.2023	10,700
28. Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang	31.12.2023	1,600
29. Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah	31.12.2023	3,000
30. Premises No. 3, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	31.12.2023	51,500
31. Premises No. 6, Jalan Gerudi, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	31.12.2023	30,000
32. Premises Nos. 17, 19 & 21, Jalan Pemaju U1/15, Sek U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	31.12.2023	66,100
33. Lot No. 2430 and 2429, Title No. PM12274 and PM12273, No. 23 & 24 Jalan 54, Desa Jaya Kepong, 52100 Kepong, Kuala Lumpur	31.12.2023	7,300
34. Lot No. 96, Title No. PN326743, 158 Jalan Idris, 31900 Kampar, Perak	31.12.2023	1,700
35. Lot No. 1417,1419 and 1421, Title No. 59853,59858 and 59862, 140 Jalan Raja Laut, 50350 Kuala Lumpur	31.12.2023	4,800
36. Lot No. 503, Title No. 10894, 437 Wisma Hualang, Jalan Ipoh, 51200 Kuala Lumpur	31.12.2023	10,300
37. Lot 48635, Title No. 8311, 79 Jalan Dato' Lau Pak Khuan, Ipoh Garden, 31400 Ipoh, Perak	31.12.2023	2,300

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

A9. VALUATION OF INVESTMENT PROPERTIES (cont'd.)

Description of Property	Date of Valuation	2023 Fair Value RM'000
38. Lot 4111, PN18632, No.9 Jalan PPM 9, Plaza Pandan Malim, 75250 Melaka	31.12.2023	1,200
39. Lot 107788, Title No. 343902, No. 1 & 1A, Jalan Resam 13, Taman Bukit Tiram, Ulu Tiram, Johor	31.12.2023	2,100
40. Lot 1293 N, Title No. 40351, No. 65 Jalan Dato' Onn Jaafar, 30300 Ipoh, Perak	31.12.2023	4,000
41. Lot 4125 & 4126, Title No. 177945 & 108899, 24 & 26 Jalan Bunga Raya 7, Pusat Perniagaan Senawang, Taman Tasik Jaya, 70400 Senawang, Negeri Sembilan	31.12.2023	1,100
42. Lot 831 & 832, Title No. 50935 & 40542, 20 & 21 Jalan Dato' Sheikh Ahmad, 70000 Seremban, Negeri Sembilan	31.12.2023	4,400
43. Title No. Country Lease 015437948, Lot 25, Block 3, Jalan Kolam, 88300 Kota Kinabalu, Sabah	31.12.2023	3,100
44. Lot 182 Sublot No.104 & Lot 183 Sublot No.15, Section 65, Kuching Town Land District	31.12.2023	4,300
45. HS(D) No. 499885, PTD 210469, Jalan Suria 1, Bandar Seri Alam, Johor Bahru, Johor Darul Takzim	31.12.2023	8,900
46. HS(D) No. 499524, PTD 181614, Taman Mutiara Rini, 81300 Skudai, Johor Darul Takzim	31.12.2023	9,400
47. Lot 599, Title No. 23532, D.T.L Section 5, Bandar Georgetown, Pulau Pinang	31.12.2023	26,000
48. HS(D) 33885, Lot 22529, Part Lot 20022, Jalan Bertam, Mukim 6, Kepala Batas, Seberang Perai Utara, Pulau Pinang	31.12.2023	7,900
49. Lease No. 015319892, Lot 43A, Karamunsing Warehouse, 88000 Kota Kinabalu, Sabah	31.12.2023	4,800
50. No 2105 Jalan 3/1, Bandar Baru Sungai Buloh, 47000 Sungai Buloh, Selangor	31.12.2023	1,900
51. 555 Plaza Melaka, Jalan Hang Tuah, 75300 Melaka	31.12.2023	2,400
52. Lot PT 15140, Persiaran Taman Tasik Prima, Puchong Perdana, Selangor	31.12.2023	15,300
53. Lot 33693, Mukim Rasah, District of Seremban, Negeri Sembilan	31.12.2023	8,700
54. PT 4294 (Lot 6497), Mukim Merlimau, Daerah Jasin, Melaka	31.12.2023	4,600
Valuation per valuers' report		1,259,060
Less : Accrued rental income		(20,046)
		<u>1,239,014</u>

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

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 save for the re-financing of Sukuk Issue 2 via issuance of Sukuk Issue 3 as disclosed in B12.

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 18 April 2023, 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 2023

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	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022
	RM'000	RM'000	RM'000	RM'000
Rental income received/receivable from related companies	34,671	37,124	34,671	37,124
Other property management and fees charged	6,118	5,700	6,118	5,700
Finance cost paid/payable to a subsidiary	-	-	24,699	19,505

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 2023

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

B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	31-12-2023 RM'000	31-12-2022 RM'000	Change %	31-12-2023 RM'000	31-12-2022 RM'000	Change %
Total revenue						
Retail outlets	10,209	9,035	13.0	39,493	34,098	15.8
Office buildings	1,857	2,591	(28.3)	8,140	8,708	(6.5)
F&B restaurants	4,322	4,993	(13.4)	17,400	17,834	(2.4)
Industrial & others	2,809	2,943	(4.6)	11,249	11,160	0.8
Total	<u>19,197</u>	<u>19,562</u>	(1.9)	<u>76,282</u>	<u>71,800</u>	6.2
Net property income ("NPI")						
Retail outlets	5,146	4,993	3.1	19,843	18,494	7.3
Office buildings	548	1,656	(66.9)	3,310	4,757	(30.4)
F&B restaurants	4,314	5,081	(15.1)	17,368	17,801	(2.4)
Industrial & others	2,679	2,904	(7.7)	10,868	10,863	0.0
Property manager fee	(118)	(119)	(0.8)	(481)	(476)	1.1
Total	<u>12,569</u>	<u>14,515</u>	(13.4)	<u>50,908</u>	<u>51,439</u>	(1.0)
Investment income	367	266	38.0	936	511	83.2
Fair value adjustment on investment properties	12,583	46,675	(73.0)	12,583	46,675	(73.0)
Trust expenses	(2,911)	(3,046)	(4.4)	(6,051)	(5,995)	0.9
Islamic financing costs	(10,063)	(6,255)	60.9	(36,492)	(26,629)	37.0
Net income before tax	<u>12,545</u>	<u>52,155</u>	(75.9)	<u>21,884</u>	<u>66,001</u>	(66.8)

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 2023 (Q4 2023), an increase of RM1.2 million compared to the preceding year's corresponding quarter (Q4 2022) of RM9.0 million. This was mainly due to higher rental income of RM0.6 million, parking income of RM0.4 million and promotional income of RM0.2 million. Net property income (NPI) of RM5.2 million represented an increase of RM0.2 million due to the increase in total revenue as stated earlier offsetted by higher operating expenses of RM1.0 million from all retail outlets.

For the cumulative period to date, total revenue had experienced an increase of RM5.4 million due to higher rental income of RM2.8 million, parking income of RM1.7 million and promotional income of RM0.9 million. NPI of RM19.8 million represented an increase of RM1.3 million due to an increase in total revenue stated earlier offsetted by higher operating expenses of RM4.1 million from all retail outlets.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

B1. REVIEW OF PERFORMANCE (cont'd.)

Office building

The office segment reported a total revenue of RM1.9 million for Q4 2023, a decrease of RM0.7 million as compared to Q4 2022. This was due to lower rental rate charged to tenants. NPI of the office segment in Q4 2023 was RM0.5 million, lower by RM1.1 million compared to the preceding year's corresponding quarter due to higher operating expenses of RM0.4 mil in addition to a decrease in total revenue as stated earlier.

For the cumulative period to date, total revenue of RM8.1 million, a decrease of RM0.6 million as compared to Q4 2022. This was due to lower rental rate charged to tenants despite having a higher occupancy rate of 92% (2022: 89%). NPI reported a decrease of RM1.4 million due to higher operating expenses of RM0.8 million in addition to a decrease in total revenue as stated earlier.

F&B restaurants

For current quarter and the cumulative period ended 31 December 2023 (Q4 2023), total revenue and NPI recorded a decrease of RM0.7 million and RM0.8 million respectively as compared to Q4 2022. The decrease was due to lower provision of rental variable. The properties are on a Triple Net arrangement with 100% occupancy rate (2022: 100%).

For the cumulative period ended 31 December 2023, total revenue and NPI recorded a decrease of RM0.4 million and RM0.4 million respectively as compared to Q4 2022. This was due to lower provision of rental variable income as stated earlier.

Industrial & Others

For current quarter ended 31 December 2023 (Q4 2023), total revenue and NPI recorded a decrease of RM0.2 million as compared to Q4 2022. This was due to lower rental income from KPJIC JB. The occupancy rate is 100% (2022: 100%).

For the cumulative period ended 31 December 2023 (Q4 2023), total revenue recorded an increase of RM0.1 million as compared to Q4 2022. NPI for Q4 2023 and Q4 2022 remain the same due to higher operating expenses of RM0.1 million.

Overall

For Q4 2023, Al-Salām REIT recorded a total NPI of RM12.6 million, a decrease of RM1.9 million or 13% as compared to Q4 2022. This was mainly due to the lower performance of office, F&B and industrial segments. Net income before tax was lower by RM39.7 million as compared to Q4 2022. This was mainly due to lower gain on fair value of investment properties of RM34.1 million and higher Islamic financing costs of RM3.8 million from the increase in 100bps OPR increase in May, July, Sep and Nov 2022 offsetted by higher investment income of RM0.1 million.

For the cumulative financial period ended 31 December 2023, Al-Salām REIT recorded a total NPI of RM50.9 million, a decrease of RM0.5 million from RM51.4 million recorded in the previous year. The decrease was mainly due to lower NPI contributions from the office and F&B segments. Gain on fair value of investment properties was lower by RM34.1 million. Islamic financing costs were higher by RM9.9 million due to higher profit rates for Islamic financings. Higher investment income of RM0.4 million due to higher placement rate offered by the Banks. After taking into consideration all the above, Al-Salām REIT recorded a net income before tax of RM21.9 million as compared to a net income of RM66.0 million in the previous year.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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 %
	31-12-2023 RM'000	30-09-2023 RM'000	
Total revenue			
Retail outlets	10,209	10,082	1.3
Office buildings	1,857	1,973	(5.9)
F&B restaurants	4,322	4,517	(4.3)
F&B non-restaurants	2,809	2,811	(0.1)
	19,197	19,383	(1.0)
Net property income ("NPI") :			
Retail outlets	5,146	5,166	(0.4)
Office buildings	548	776	(29.4)
F&B restaurants	4,314	4,509	(4.3)
F&B non-restaurants	2,679	2,725	(1.7)
Property manager fee	(118)	(125)	(5.6)
	12,569	13,051	(3.7)
Investment income	367	206	78.2
Fair value adjustment on investment properties	12,583	-	100.0
Trust expenses	(2,911)	(1,097)	165.4
Islamic financing costs	(10,063)	(9,457)	6.4
Net income before tax	12,545	2,703	364.1

Higher net income before tax for the current quarter of RM12.5 million as compared to the immediate preceding quarter of RM2.7 million mainly due to gain on fair value of investment properties and higher Islamic financing costs.

B3. CHANGES IN NET ASSET VALUE

	As at	As at
	31-12-2023 RM'000	30-09-2023 RM'000
Net asset value ("NAV")	646,408	635,785
NAV per unit (RM)	1.1145	1.0962

The NAV as at 31 December 2023 was higher by RM10.6 million as compared to the immediate preceding quarter, mainly due to gain on fair value of investment properties and comprehensive income recognised offset by payment of third interim income distribution.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

B4. PROSPECTS

The global economy continues to expand, driven by domestic demand amid strong labour market conditions. There are further signs of recovery in the electrical and electronics (E&E) sector, but global trade remains soft partly due to the continued shift in spending from goods to services, and ongoing trade restrictions. While China's economy continues to show signs of improvement, its recovery remains modest given the weakness in the property market. Global headline and core inflation edged downwards in recent months but continue to be above average. On the global front, while the monetary policy stance is likely to remain tight in the near term, the tightening cycle has peaked for most central banks. The growth outlook remains subject to downside risks, mainly from an escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and heightened volatility in global financial markets.

For the Malaysian economy, the fourth quarter advance estimates for GDP affirmed that the overall growth for 2023 expanded within expectations. Moving forward, growth is expected to improve in 2024, supported by the recovery in exports and resilient domestic expenditure. Continued employment and wage growth remain supportive of household spending. Tourist arrivals and spending are expected to improve further. Investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and implementation of catalytic initiatives under the national master plans. The growth outlook remains subject to downside risks stemming from weaker-than-expected external demand and larger declines in commodity production. Meanwhile, upside risks to growth mainly emanate from greater spillover from the tech upcycle, stronger-than-expected tourism activity and faster implementation of existing and new projects.

As the economy recuperates, Al-Salām REIT anticipates its performance of retail properties to improve in line with the recovery in consumer sentiment. @Mart Kempas and Mydin Hypermart continues to prove their resilience as community-centric hypermarkets offering daily essential provisions. Additionally, the Fund's sizable triple nett lease assets portfolio (consisting of Mydin Hypermart Gong Badak and F&B-related properties) will also continue to provide a sustained contribution to Al-Salām REIT's core income.

Manager anticipates that the uptick of cross border activities will continue to positively impact Komtar JBCC's performance as the mall primarily caters to shoppers from across the strait. Thus, in anticipation of the eventual increase in retail crowd and change in consumer shopping behavior, the Manager continues to engage with the property manager to undertake a repositioning of the mall by incorporating more experiential shopping presence into Komtar JBCC. Additionally the recent signing of MOU signed between Al-Salām REIT (via trustee) and Malaysia Rapid Transit System Sdn Bhd for development of a link bridge connecting the upcoming RTS to Komtar JBCC will be an important catalyst to transform the mall in to improve the mall's yield performance moving forward.

The landscape for domestic office space market continues to undergo change as new workplace arrangements and flexible working practices are being embraced by the workforce at large resulting from the pandemic. Being mindful of this scenario, the Manager is engaging with the property manager to assess the current space offering in Menara Komtar and incorporate possible changes including elements of customizable space designs in line with current demand.

Assets operated by QSR Brands (M) Holdings Bhd (QSR) continue to provide income stability on the back of triple net lease arrangement with Al-Salām REIT. Al-Salām REIT remains confident in QSR's continued perseverance by virtue of their time-tested operational excellence and sustainable market share amidst the challenging business environment.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

B4. PROSPECTS (cont'd.)

The Manager is confident that the fund's existing stable of assets 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.

Source:

Bank Negara Monetary Policy Statement, 24 January 2024

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	
	31-12-2023 RM'000	31-12-2022 RM'000	31-12-2023 RM'000	31-12-2022 RM'000
Tax expense				
- Income tax	182	585	182	585
	182	585	182	585

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

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

The deferred tax liability has been provided for the investment properties at 10% which reflects the expected manner of recovery of the investment properties i.e. recovered through sale.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

B7. INCOME DISTRIBUTION

Income distributions to unitholders is derived from the following sources:

	Quarter ended		Year ended	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022
	RM'000	RM'000	RM'000	RM'000
Net rental income	19,198	19,562	76,283	71,800
Investment revenue	367	267	936	512
Less: Unbilled rental income	(814)	(814)	(3,230)	(3,593)
	18,751	19,015	73,989	68,719
Less: Expenses	(18,103)	(14,348)	(66,418)	(52,985)
Realised/distributable income for the quarter/period	648	4,667	7,571	15,734
Previous year's undistributed realised income	9,328	12,819	8,785	7,552
Total realised income available for distribution	9,976	17,486	16,356	23,286
Less: Income to be distributed for the quarter/period	(580)	(8,700)	(6,960)	(14,500)
Balance undistributed realised income	9,396	8,786	9,396	8,786
Distribution per unit (sen)	0.10	1.50	1.20	2.50

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

There were no corporate proposals announced but not completed during the current quarter under review.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

B11. TRADE RECEIVABLES

	The Group	
	As at 31-12-2023 RM'000	As at 31-12-2022 RM'000
Current		
Third parties	7,418	7,841
Related companies	4,704	6,142
Unbilled rental income	20,046	16,817
Less: Allowance for expected credit loss	(3,980)	(2,499)
	<u>28,188</u>	<u>28,301</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 (2021: 1 to 7 days).

Unbilled rental income

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

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

	As at	As at
	31-12-2023 RM'000	31-12-2022 RM'000
1 - 30 days	4,047	3,969
31 - 60 days	1,082	1,500
61 - 90 days	44	39
91 - 120 days	488	611
More than 120 days	6,461	7,864
	<u>12,122</u>	<u>13,983</u>

During the financial year, the Group and the Fund derecognised past lease receivables of RM1,500,000 (2022: RM142,646) in respect of waiver of lease receivables and rental concessions given to tenants.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

B12. ISLAMIC FINANCING

	The Group	
	As at 31-12-2023 RM'000	As at 31-12-2022 RM'000
<u>Non-current</u>		
Secured		
- Term Financing-i ("TF-i")	-	118,000
- Business Financing-i ("BF-i")	70,000	70,000
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 3")	455,000	-
	<u>525,000</u>	<u>188,000</u>
Less: Transaction costs	(3,319)	(938)
	<u>521,681</u>	<u>187,062</u>
<u>Current</u>		
Secured		
- Term Financing-i ("TF-i")	118,000	-
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 2")	-	451,000
	<u>118,000</u>	<u>451,000</u>
Less: Transaction costs	(66)	(792)
	<u>117,934</u>	<u>450,208</u>
Total Islamic Financing	<u>639,615</u>	<u>637,270</u>

Term Financing-i

The TF-i profit is payable over a period of 60 months from the date of first disbursement. The effective profit rate for the TF-i will be based on COF which is based on the Bank's COF + 1.45% per annum for the duration of the TF-i. The average effective profit rate for the TF-i is 5.07% (2022: 4.04%) 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:

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

The financing is secured by the investment properties amounting to RM168.8 million (2022: RM165.1 million)

Business Financing-i

The BF-i profit is payable over a period of 72 months from the date of first disbursement. The effective profit rate for the BF-i will be based on COF which is based on the Bank's COF + 0.60% per annum for the duration of the BF-i. The average effective profit rate for the BF-i is 5.53% (2022: 3.69%) per annum. The principal amount is to be expected to be paid in September 2026.

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

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

The financing is secured by the investment properties amounting to RM105.8 million (2022: RM102.7 million)

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2023

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

B12. ISLAMIC FINANCING (cont'd.)

Sukuk Ijarah - Islamic Medium Term Notes

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

On 24 August 2020, the Group issued RM520.0 million in nominal value of IMTNs ("Issue 2") which bears profit rate of 4.83% to 5.60% (2022: 3.75% to 5.09%) per annum. The Group redeemed RM69.0 million and RM451.0 million in nominal value of IMTNs ("Issue 2") on 24 September 2021 and 24 August 2023 respectively.

On 24 August 2023, the Group issued RM455.0 million in nominal value of IMTNs ("Issue 3") which bears profit rate of 6.03% to 6.25% per annum. The principal amount is to be expected to be paid in 25 August 2026.

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

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

The financing is secured by investment properties amounting to RM946.1 million (2022: RM939.1 million).

Revolving Credit

As of 31 December 2023, the Fund unutilised revolving credit facilities amounting to RM10.0 million (2022: RM10.0 million) which is granted from a financial institution. The said facility of is secured by investment properties of the subsidiary amounting to RM18.3 million (2022: RM17.3 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.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2023

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

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-12-2023	Immediate Preceding Quarter ended 30-09-2023
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	2.13	0.47
Net income distribution to unitholders (RM'000)	580	1,740
Distribution per unit (DPU) - sen	0.10	0.30
Net Asset Value (NAV) - RM'000	646,408	635,785
NAV per unit (RM)	1.1145	1.0962
Market Value Per Unit (RM)	0.4750	0.4550

B17. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Salām REIT as at 31 December 2023 and of its financial performance and cash flows for the period then ended.