

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Second Quarter Ended 30 June 2024

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period to-date
		30-06-2024	30-06-2023	30-06-2024	30-06-2023
		RM	RM	RM	RM
Gross rental income		17,085,916	17,338,894	34,233,578	34,441,240
Other income		2,405,545	1,468,410	5,157,682	3,260,676
Total revenue	B1	19,491,461	18,807,304	39,391,260	37,701,916
Utilities expenses		(2,306,813)	(2,140,891)	(4,619,158)	(4,084,757)
Maintenance expenses		(1,058,158)	(1,056,106)	(1,958,650)	(1,933,133)
Quit rent and assessment		(442,137)	(483,327)	(851,515)	(984,938)
Other property expenses		(2,768,111)	(2,334,334)	(5,231,148)	(5,172,872)
Property manager fee		(118,500)	(119,100)	(237,000)	(238,200)
Total property expenses		(6,693,719)	(6,133,758)	(12,897,471)	(12,413,900)
Net property income		12,797,742	12,673,546	26,493,789	25,288,016
Investment income		225,715	178,250	450,694	362,561
Gain on fair value adjustment of investment properties		-	-	-	-
Net investment income		13,023,457	12,851,796	26,944,483	25,650,577
Manager's management fees		(651,925)	(645,463)	(1,305,069)	(1,295,451)
Trustee's fees		(32,412)	(31,770)	(64,861)	(64,149)
Shariah advisors' fee		(2,000)	(2,000)	(4,000)	(4,000)
Islamic financing costs		(10,042,212)	(8,607,810)	(20,176,007)	(16,972,050)
Other trust expenses		(437,277)	(373,457)	(803,061)	(678,929)
Net income before tax		1,857,631	3,191,296	4,591,485	6,635,998
Taxation		-	-	-	-
Net income after tax		1,857,631	3,191,296	4,591,485	6,635,998
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		1,857,631	3,191,296	4,591,485	6,635,998
Net income after tax is made up as follow:					
Realised		1,052,433	2,386,098	2,981,089	5,034,450
Unrealised		805,198	805,198	1,610,396	1,601,548
		1,857,631	3,191,296	4,591,485	6,635,998
Earnings per unit (sen)		0.32	0.55	0.79	1.14

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2024

	Note	Unaudited As at End Of Current Quarter 30-06-2024	Audited As at preceding year ended 31-12-2023
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,239,013,706	1,239,013,706
Property, plant & equipment		1,091,819	868,564
Other receivables		928,267	928,267
Current Assets			
Trade receivables	B11	30,046,059	28,187,778
Other receivables & prepayments		6,569,412	6,685,143
Cash and bank balances		5,863,734	5,772,380
Fixed deposits with licensed banks		31,149,000	33,065,000
Amount due from related companies		207,185	1,540,171
		<u>73,835,390</u>	<u>75,250,472</u>
TOTAL ASSETS		<u>1,314,869,182</u>	<u>1,316,061,009</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	594,979,546	521,681,074
Other payables and accruals		13,827,486	5,602,842
Deferred tax liability		1,995,394	1,995,394
		<u>610,802,426</u>	<u>529,279,310</u>
Current Liabilities			
Islamic financing	B12	45,500,000	117,934,325
Other payables and accruals		8,604,793	19,729,498
Provision for income distribution		16,091	16,166
Amount due to related companies		1,265,904	2,693,853
		<u>55,386,788</u>	<u>140,373,842</u>
TOTAL LIABILITIES		<u>666,189,214</u>	<u>669,653,152</u>
NET ASSETS VALUE		<u>648,679,968</u>	<u>646,407,857</u>
REPRESENTED BY:			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		76,134,649	73,862,538
TOTAL UNITHOLDERS' FUND		<u>648,679,968</u>	<u>646,407,857</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		1.1184	1.1145
- After income distribution*		1.1167	1.1135

*After reflecting the proposed second interim income distribution for financial year ending 31 December 2024 of 0.17 sen per unit (2023: final income distribution for financial year ended 31 December 2023 of 0.10 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 2023 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN NET ASSETS VALUE
For the Second Quarter Ended 30 June 2024

	Unitholders' Capital RM	Undistributed income Realised RM	Unrealised RM	Total RM
As at 1 January 2023	572,545,319	17,484,896	49,755,355	639,785,570
Total comprehensive income for the year	-	5,034,450	1,601,548	6,635,998
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(8,699,805)	-	(8,699,805)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(8,699,805)	-	(8,699,805)
As at 30 June 2023	572,545,319	13,819,541	51,356,903	637,721,763
As at 1 January 2024	572,545,319	9,976,547	63,885,991	646,407,857
Total comprehensive income for the year	-	2,981,089	1,610,396	4,591,485
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(2,319,374)	-	(2,319,374)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(2,319,374)	-	(2,319,374)
As at 30 June 2024	572,545,319	10,638,262	65,496,387	648,679,968

Include :

- i) Payment of final income distribution of 0.10 sen per unit for the financial year ended 31 December 2023 (taxable in the hands of unitholders) which was paid on 29 February 2024.
- ii) Payment of first interim income distribution of 0.30 sen per unit for the financial year ending 31 December 2024 (taxable in the hands of unitholders) which was paid on 28 June 2024.

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 2023 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Second Quarter Ended 30 June 2024

	To Date	
	30-06-2024	30-06-2023
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	4,591,485	6,635,998
Adjustment for:		
Islamic financing costs	20,176,007	16,972,050
Depreciation	94,430	130,922
Fair value gain on investment properties	-	-
Investment income	(450,694)	(362,561)
Unbilled rental income	(1,610,396)	(1,601,548)
Allowance for expected credit losses	-	-
Operating profit before working capital changes	<u>22,800,832</u>	<u>21,774,861</u>
Decrease/(increase) in:		
Trade receivables	(132,983)	2,944,801
Other receivables and prepaid expenses	829	(7,310,210)
Amount due from related companies	1,332,986	955,243
(Decrease)/increase in:		
Other payables and accrued expenses	(2,839,645)	2,569,147
Amount due to related companies	(1,427,949)	(1,231,343)
Net cash generated from operating activities	<u>19,734,070</u>	<u>19,702,499</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment properties	-	-
Purchase of equipment	(317,685)	(688,299)
Income received from other investments	450,694	362,561
Net cash generated from/(used in) investing activities	<u>133,009</u>	<u>(325,738)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged deposits with licensed banks	(164,000)	(171,000)
Net drawdown in Sukuk Ijarah	-	-
Islamic financing costs paid	(19,172,351)	(15,852,455)
Transaction cost paid	(200,000)	-
Income distributions paid	(2,319,374)	(8,699,804)
Net cash used in financing activities	<u>(21,855,725)</u>	<u>(24,723,259)</u>

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the Second Quarter Ended 30 June 2024

	To Date	
	30-06-2024	30-06-2023
	RM	RM
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,988,646)	(5,346,498)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	29,412,380	37,084,627
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	27,423,734	31,738,129
 DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	5,863,734	7,238,129
Fixed deposits with licensed banks	31,149,000	31,854,000
	37,012,734	39,092,129
Less : Pledged deposits with licensed banks	(9,589,000)	(7,354,000)
CASH AND CASH EQUIVALENTS	27,423,734	31,738,129

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2024

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

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Listing Requirement of the Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standard (MFRS) 134 and International Financial Reporting Standards

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023.

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

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

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

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

- Amendments to MFRS 121: Lack of Exchangeability (1 January 2025)
- Amendments to MFRS 9 and MFRS 7: Classification and Measurement of Financial Instruments (1 January 2026)
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

The Group did not early adopt these new standards.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The Audited Financial Statements of Al-Salām REIT for the financial year ended 31 December 2023 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.

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2024

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

A5. CHANGES IN ACCOUNTING ESTIMATES

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

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

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

A7. INCOME DISTRIBUTION

On 24 May 2024, the Fund declared the first interim income distribution of 0.30 sen per unit for the financial year ending 31 December 2024 (taxable in the hand of unitholders) in respect of the period from 1 January 2024 to 31 March 2024. The said distribution has been paid on 28 June 2024.

A8. SEGMENT REPORTING

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

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

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

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2024

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

A8. SEGMENT REPORTING (cont'd.)

For period ended 30 June 2024

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	Industrial & Others RM'000	Other- Fund level operations RM'000	Total RM'000
Total revenue	21,369	3,686	8,717	5,619	-	39,391
Total property expenses	(10,055)	(2,374)	(16)	(215)	(237)	(12,897)
Net property income	11,314	1,312	8,701	5,404	(237)	26,494
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	451	451
Net investment income	11,314	1,312	8,701	5,404	214	26,945
Total trust expenses	-	-	-	-	(2,178)	(2,178)
Islamic financing costs	-	-	-	-	(20,176)	(20,176)
Net income before tax	11,314	1,312	8,701	5,404	(22,140)	4,591
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	11,314	1,312	8,701	5,404	(22,140)	4,591
Total assets	695,183	71,510	313,730	193,930	40,516	1,314,869
Total liabilities	14,104	3,595	-	727	647,763	666,189

For period ended 30 June 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	19,202	4,310	8,561	5,629	-	37,702
Total property expenses	(9,671)	(2,324)	(16)	(165)	(238)	(12,414)
Net property income	9,531	1,986	8,545	5,464	(238)	25,288
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	363	363
Net investment income	9,531	1,986	8,545	5,464	125	25,651
Total trust expenses	-	-	-	-	(2,043)	(2,043)
Islamic financing costs	-	-	-	-	(16,972)	(16,972)
Net income before tax	9,531	1,986	8,545	5,464	(18,890)	6,636
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	9,531	1,986	8,545	5,464	(18,890)	6,636
Total assets	710,524	59,727	307,690	187,766	39,800	1,305,507
Total liabilities	20,908	3,536	-	696	642,646	667,786

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2024

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

A9. VALUATION OF INVESTMENT PROPERTIES

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

A10. SUBSEQUENT MATERIAL EVENTS

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

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

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A13. CAPITAL COMMITMENT

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2024

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	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
	RM'000	RM'000	RM'000	RM'000
Rental income received/receivable from related companies	13,028	17,269	13,028	17,269
Other property management and fees charged	3,242	3,089	3,242	3,089
Finance cost paid/payable to a subsidiary	-	-	14,044	11,288

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2024

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

B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	30-06-2024 RM'000	30-06-2023 RM'000	Change %	30-06-2024 RM'000	30-06-2023 RM'000	Change %
Total revenue						
Retail outlets	10,505	9,585	9.6	21,369	19,202	11.3
Office building	1,818	2,133	(14.8)	3,686	4,310	(14.5)
F&B restaurants	4,359	4,280	1.8	8,717	8,561	1.8
Industrial & others	2,809	2,809	-	5,619	5,629	(0.2)
Total	<u>19,491</u>	<u>18,807</u>	3.6	<u>39,391</u>	<u>37,702</u>	4.5
Net property income ("NPI")						
Retail outlets	5,229	4,850	7.8	11,314	9,531	18.7
Office building	607	941	(35.5)	1,312	1,986	(33.9)
F&B restaurants	4,351	4,277	1.7	8,701	8,545	1.8
Industrial & others	2,729	2,725	0.1	5,404	5,464	(1.1)
Property manager fee	(118)	(119)	(0.8)	(237)	(238)	(0.4)
Total	<u>12,798</u>	<u>12,674</u>	1.0	<u>26,494</u>	<u>25,288</u>	4.8
Investment income	226	179	26.3	451	363	24.2
Fair value adjustment on investment properties	-	-	-	-	-	-
Trust expenses	(1,124)	(1,054)	6.6	(2,177)	(2,043)	6.6
Islamic financing costs	(10,042)	(8,608)	16.7	(20,176)	(16,972)	18.9
Net income before tax	<u>1,858</u>	<u>3,191</u>	(41.8)	<u>4,592</u>	<u>6,636</u>	(30.8)

Review of Individual/Cumulative Quarter Results

Retail outlets

The retail segment reported a total revenue of RM10.5 million for the current quarter (Q2 2024), an increase of RM0.9 million compared to the preceding year's corresponding quarter (Q2 2023) of RM9.6 million. This was mainly due to higher parking income of RM0.6 million and promotional income of RM0.3 million. Net property income (NPI) of RM5.2 million represented an increase of RM0.3 million due to the increase in total revenue as stated earlier offsetted by higher operating expenses of RM0.6 million from all retail outlets.

For the cumulative period to date, total revenue had experienced an increase of RM2.2 million due to higher rental income of RM0.4 million, parking income of RM1.3 million and promotional income of RM0.5 million. NPI of RM11.3 million represented an increase of RM1.8 million due to an increase in total revenue stated earlier offsetted by higher operating expenses of RM0.4 million from all retail outlets.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2024

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

B1. REVIEW OF PERFORMANCE (cont'd.)

Office building

The office segment reported a total revenue of RM1.8 million for Q2 2024, a decrease of RM0.3 million as compared to Q2 2023. This was due to the lower rental rate charged to tenants. NPI of the office segment in Q2 2024 was RM0.6 million, lower by RM0.3 million compared to the preceding year's corresponding quarter due to a decrease in total revenue as stated earlier.

For the cumulative period to date, total revenue of RM3.7 million, a decrease of RM0.6 million as compared to Q2 2023. This was due to a lower rental income of RM0.9 million offset by a higher parking income of RM0.3 million. NPI reported a decrease of RM0.7 million due to a decrease in total revenue stated earlier and higher operating expenses of RM0.1 million.

F&B restaurants

The F&B segment reported a total revenue and NPI of RM4.4 million for Q2 2024, an increase of RM0.1 million as compared to Q2 2023. No significant changes were noted. The properties are on a Triple Net arrangement with 100% occupancy rate (2023: 100%)

For the cumulative period to date, total revenue and NPI of RM8.7 million, an increase of RM0.1 million and RM0.2 million respectively as compared to Q2 2023. No significant changes were noted.

Industrial & Others

For current quarter and cumulative period ended 30 June 2024 (Q2 2024), no significant changes were noted for total revenue and NPI as compared to Q2 2023. The properties are on a Triple Net arrangement with 100% occupancy rate (2023: 100%)

Overall

For Q2 2024, Al-Salām REIT recorded a total NPI of RM12.8 million, an increase of RM0.1 million or 1% as compared to Q2 2023. This was mainly due to the higher performance of retail outlets and F&B segments. Net income before tax was lower by RM1.3 million as compared to Q2 2023. This was mainly due to higher Islamic financing costs of RM1.4 million from the increase in the actual profit rate for Islamic financings.

For the cumulative financial period ended 30 June 2024, Al-Salām REIT recorded a total NPI of RM26.5 million, an increase of RM1.2 million from RM25.3 million recorded in the previous year. The increase was mainly due to higher NPI contributions from the retail outlets and F&B segments. Islamic financing costs were higher by RM3.2 million due to higher profit rates for Islamic financings. Higher investment income of RM0.1 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 RM4.6 million as compared to a net income of RM6.6 million in the previous year.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2024

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 %
	30-06-2024 RM'000	31-03-2024 RM'000	
Total revenue			
Retail outlets	10,505	10,864	(3.3)
Office buildings	1,818	1,868	(2.7)
F&B restaurants	4,359	4,358	0.0
F&B non-restaurants	2,809	2,810	(0.0)
	19,491	19,900	(2.1)
Net property income ("NPI") :			
Retail outlets	5,229	6,085	(14.1)
Office buildings	607	705	(13.9)
F&B restaurants	4,351	4,350	0.0
F&B non-restaurants	2,729	2,675	2.0
Property manager fee	(118)	(119)	(0.8)
	12,798	13,696	(6.6)
Investment income	226	225	0.4
Fair value adjustment on investment properties	-	-	0.0
Trust expenses	(1,124)	(1,053)	6.7
Islamic financing costs	(10,042)	(10,134)	(0.9)
Net income before tax	1,858	2,734	(32.0)

Lower net income before tax for the current quarter of RM1.9 million as compared to the immediate preceding quarter of RM2.7 million mainly due to lower NPI contribution from retail segment.

B3. CHANGES IN NET ASSET VALUE

	As at	As at
	30-06-2024 RM'000	31-03-2024 RM'000
Net asset value ("NAV")	648,680	648,562
NAV per unit (RM)	1.1184	1.1182

The NAV as at 30 June 2024 was higher by RM0.1 million as compared to the immediate preceding quarter, mainly due to comprehensive income of RM1.8 million recognised offset by payment of first interim income distribution of RM1.7 million paid.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2024

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

B4. PROSPECTS

The global economy continues to expand amid resilient labour markets in some countries and continued recovery in global trade. Looking ahead, global growth is expected to be sustained, as headwinds from tight monetary policy and reduced fiscal support will be cushioned by positive labour market conditions and moderating inflation. Global trade is expected to strengthen further as the global tech upcycle gains momentum. While global headline and core inflation continued to edge downwards in recent months, the pace for disinflation has slowed in some advanced economies. This increases the prospect of interest rates to remain high for longer, particularly in the US. The growth outlook remains subject to downside risks, mainly from further escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and volatility in global financial markets.

For the Malaysian economy, the latest indicators point towards higher economic activity in the first quarter of 2024, driven by resilient domestic expenditure and a positive turnaround in exports. Going forward, the recovery in exports is expected to gather momentum supported by the global tech upcycle and continued strength in non-electrical and electronics goods. Tourist arrivals and spending are also poised to rise further. Continued employment and wage growth remain supportive of household spending. Investment activity would be supported by the ongoing progress of multi-year projects in both the private and public sectors, the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. The growth outlook is subject to downside risks 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, more robust tourism activity, and faster implementation of existing and new projects.

Foreign interest returned as key infrastructure projects such as the Rapid Transit System (RTS) link, Gemas-Johor Bahru Electrified Double Track and Sungai Pulai Bridge connecting the Port of Tanjung Pelepas (PTP) in Gelang Patah and Tanjung Bin in Pontian made significant progress. Collaboration with Singapore to ease Causeway congestion will also prompt business activities and tourism.

Singaporeans, visitors from Singapore and Malaysians working in Singapore have significantly influenced the Iskandar Malaysia property market driven by their robust spending power and the strong Singaporean currency. Retail malls showcased encouraging footfall and occupancy levels, due to their patronage, with F&B businesses as the key attraction for the crowds.

As the economy recovers, Al-Salām REIT expects an improvement in the performance of its retail properties, reflecting the rebound in consumer confidence. Mart Kempas and Mydin Hypermart continue to demonstrate resilience as community-focused hypermarkets, providing essential daily provisions. Furthermore, the Fund's substantial triple-net lease assets portfolio, including Mydin Hypermart Gong Badak and F&B-related properties, will continue to deliver steady contributions to Al-Salām REIT's core income.

In Johor Bahru, the planned Johor-Singapore Special Economic Zone and the new Special Financial Zone in Forest City are anticipated to drive rapid economic growth through increased cross-border activities. This should benefit KOMTAR JBCC, as the mall caters to many patrons from across the strait. To address the expected rise in shoppers and changing consumer behaviors, the Manager is working with the property manager on repositioning the mall to include more experiential shopping options. The upcoming link bridge connecting the RTS to KOMTAR JBCC is also expected to be a key factor in improving the mall's performance.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2024

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

B4. PROSPECTS (cont'd.)

Furthermore, the expected economic spillover from nearby developments is anticipated to positively impact Menara KOMTAR's performance. As the area develop, they are likely to increase demand for office space. In light of this scenario, the Manager is actively collaborating with the property manager to evaluate the current space offerings in Menara KOMTAR. This collaboration includes exploring potential enhancements, such as introducing customizable space designs to better align with current market demand.

The assets operated by QSR Brands (M) Holdings Bhd (QSR) continue to offer income stability, thanks to the triple net lease arrangement with Al-Salām REIT. Al-Salām REIT remains confident in QSR's resilience, bolstered by their long-standing operational excellence and sustained market share, even in a challenging business environment.

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:

- 1) Bank Negara Monetary Policy Statement, 9 May 2024
- 2) CBRE WTW Market Outlook 2024 Report

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

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

B6. TAX

	The Group		The Fund	
	30-06-2024 RM'000	30-06-2023 RM'000	30-06-2024 RM'000	30-06-2023 RM'000
Tax expense				
- Income tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</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.

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2024

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

B7. INCOME DISTRIBUTION

Income distributions to unitholders is derived from the following sources:

	Quarter ended		Year ended	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
	RM'000	RM'000	RM'000	RM'000
Net rental income	19,491	18,807	39,391	37,702
Investment revenue	226	179	451	363
Less: Unbilled rental income	(805)	(806)	(1,610)	(1,602)
	18,912	18,180	38,232	36,463
Less: Expenses	(17,859)	(15,794)	(35,250)	(31,428)
Realised/distributable income for the quarter/period	1,053	2,386	2,982	5,035
Previous year's undistributed realised income	9,585	9,114	9,396	8,785
Total realised income available for distribution	10,638	11,500	12,378	13,820
Less: Income to be distributed for the quarter/period	(986)	(2,320)	(2,726)	(4,640)
Balance undistributed realised income	9,652	9,180	9,652	9,180
Distribution per unit (sen)	0.17	0.40	0.47	0.80

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.

B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2024

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

B11. TRADE RECEIVABLES

	The Group	
	As at 30-06-2024 RM'000	As at 30-06-2023 RM'000
Current		
Third parties	5,919	5,505
Related companies	5,612	4,709
Unbilled rental income	21,657	18,418
Less: Allowance for expected credit loss	(3,142)	(1,674)
	<u>30,046</u>	<u>26,958</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
	30-06-2024 RM'000	30-06-2023 RM'000
1 - 30 days	2,892	968
31 - 60 days	2,177	1,330
61 - 90 days	535	797
91 - 120 days	230	260
More than 120 days	5,697	6,859
	<u>11,531</u>	<u>10,214</u>

During the financial year, the Group and the Fund derecognised past lease receivables of RMnil (2023: RMnil) in respect of waiver of lease receivables and rental concessions given to tenants.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Second Quarter Ended 30 June 2024

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

B12. ISLAMIC FINANCING

	The Group	
	As at 30-06-2024 RM'000	As at 30-06-2023 RM'000
<u>Non-current</u>		
Secured		
- Term Financing-i ("TF-i")	118,000	118,000
- Business Financing-i ("BF-i")	70,000	70,000
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 3")	409,500	-
	<u>597,500</u>	<u>188,000</u>
Less: Transaction costs	(2,520)	(741)
	<u>594,980</u>	<u>187,259</u>
<u>Current</u>		
Secured		
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 2")	-	451,000
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 3")	45,500,000	-
	<u>45,500,000</u>	<u>451,000</u>
Less: Transaction costs	-	(113)
	<u>45,500,000</u>	<u>450,887</u>
Total Islamic Financing	<u>46,094,980</u>	<u>638,146</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 5.45% (2023: 4.84%) per annum. The principal amount is expected to be paid in March 2024. The Bank, via letter dated 4 March 2024 agreed to extend the tenure for another 2 years.

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 (2023: RM168.8 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 5.37% (2023: 5.49%) 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 (2023: RM105.8 million)

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2024

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 6.32% per annum. The principal amount is to be expected to be paid in 24 August 2026.

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

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

The financing is secured by investment properties amounting to RM946.1 million (2023: RM946.1 million).

Revolving Credit

As of 30 June 2024, the Fund unutilised revolving credit facilities amounting to RM10.0 million (2023: 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 (2023: RM18.3 million).

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

For the current quarter, the Group does not have any off balance sheet financial instruments.

B14. MATERIAL LITIGATION

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

B15. SOFT COMMISSION RECEIVED

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

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2024

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

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 30-06-2024	Immediate Preceding Quarter ended 31-03-2024
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	0.32	0.47
Net income distribution to unitholders (RM'000)	986	1,740
Distribution per unit (DPU) - sen	0.17	0.30
Net Asset Value (NAV) - RM'000	648,680	648,562
NAV per unit (RM)	1.1184	1.1182
Market Value Per Unit (RM)	0.3950	0.4350

B17. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Salām REIT as at 30 June 2024 and of its financial performance and cash flows for the period then ended.