

AL-SALĀM REIT

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Third Quarter Ended 30 September 2024

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period to-date
		30-09-2024	30-09-2023	30-09-2024	30-09-2023
Note		RM	RM	RM	RM
Gross rental income		16,895,356	17,562,708	51,128,934	52,003,948
Other income		2,268,022	1,820,685	7,425,704	5,081,361
Total revenue	B1	19,163,378	19,383,393	58,554,638	57,085,309
Utilities expenses		(2,271,129)	(2,056,562)	(6,890,287)	(6,141,319)
Maintenance expenses		(1,128,697)	(1,237,916)	(3,087,347)	(3,171,049)
Quit rent and assessment		(434,268)	(485,459)	(1,285,783)	(1,470,397)
Other property expenses		(2,878,812)	(2,427,161)	(8,109,960)	(7,600,033)
Property manager fee		(118,500)	(124,600)	(355,500)	(362,800)
Total property expenses		(6,831,406)	(6,331,698)	(19,728,877)	(18,745,598)
Net property income		12,331,972	13,051,695	38,825,761	38,339,711
Investment income		229,770	206,664	680,464	569,225
Gain on fair value adjustment of investment properties		-	-	-	-
Net investment income		12,561,742	13,258,359	39,506,225	38,908,936
Manager's management fees		(653,022)	(646,527)	(1,958,091)	(1,941,978)
Trustee's fees		(32,359)	(31,839)	(97,220)	(95,988)
Shariah advisors' fee		(2,000)	(3,000)	(6,000)	(7,000)
Islamic financing costs		(10,151,970)	(9,457,050)	(30,327,977)	(26,429,100)
Other trust expenses		(351,947)	(416,595)	(1,155,008)	(1,095,524)
Net income before tax		1,370,444	2,703,348	5,961,929	9,339,346
Taxation		-	-	-	-
Net income after tax		1,370,444	2,703,348	5,961,929	9,339,346
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		1,370,444	2,703,348	5,961,929	9,339,346
Net income after tax is made up as follow:					
Realised		570,910	1,889,301	3,551,999	6,923,751
Unrealised		799,534	814,047	2,409,930	2,415,595
		1,370,444	2,703,348	5,961,929	9,339,346
Earnings per unit (sen)		0.24	0.47	1.03	1.61

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 September 2024

	Note	Unaudited As at End Of Current Quarter 30-09-2024	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		1,210,937	868,564
Other receivables		928,267	928,267
Current Assets			
Trade receivables	B11	30,545,627	28,187,778
Other receivables & prepayments		7,106,297	6,685,143
Cash and bank balances		6,769,390	5,772,380
Fixed deposits with licensed banks		30,522,000	33,065,000
Amount due from related companies		462,161	1,540,171
		<u>75,405,475</u>	<u>75,250,472</u>
TOTAL ASSETS		<u>1,316,558,385</u>	<u>1,316,061,009</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	593,765,148	521,681,074
Other payables and accruals		14,262,989	5,602,842
Deferred tax liability		1,995,394	1,995,394
		<u>610,023,531</u>	<u>529,279,310</u>
Current Liabilities			
Islamic financing	B12	45,500,000	117,934,325
Other payables and accruals		11,961,277	19,729,498
Provision for income distribution		9,140	16,166
Amount due to related companies		-	2,693,853
		<u>57,470,417</u>	<u>140,373,842</u>
TOTAL LIABILITIES		<u>667,493,948</u>	<u>669,653,152</u>
NET ASSETS VALUE		<u>649,064,437</u>	<u>646,407,857</u>
REPRESENTED BY:			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		76,519,118	73,862,538
TOTAL UNITHOLDERS' FUND		<u>649,064,437</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		1.1191	1.1145
- After income distribution*		1.1191	1.1135

*After reflecting the 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 Third Quarter Ended 30 September 2024

	Unitholders' Capital RM	Undistributed income		Total RM
		Realised RM	Unrealised RM	
As at 1 January 2023	572,545,319	17,484,896	49,755,355	639,785,570
Total comprehensive income for the year	-	6,923,751	2,415,595	9,339,346
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(13,339,781)	-	(13,339,781)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(13,339,781)	-	(13,339,781)
As at 30 September 2023	572,545,319	11,068,866	52,170,950	635,785,135
As at 1 January 2024	572,545,319	9,976,547	63,885,991	646,407,857
Total comprehensive income for the year	-	3,551,999	2,409,930	5,961,929
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(3,305,349)	-	(3,305,349)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(3,305,349)	-	(3,305,349)
As at 30 September 2024	572,545,319	10,223,197	66,295,921	649,064,437

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.
- ii) Payment of second interim income distribution of 0.17 sen per unit for the financial year ending 31 December 2024 (taxable in the hands of unitholders) which was paid on 3 October 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 Third Quarter Ended 30 September 2024

	To Date	
	30-09-2024	30-09-2023
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	5,961,929	9,339,346
Adjustment for:		
Islamic financing costs	30,327,977	26,429,100
Depreciation	141,574	209,130
Fair value gain on investment properties	-	-
Investment income	(680,464)	(569,225)
Unbilled rental income	(2,409,930)	(2,415,595)
Allowance for expected credit losses	-	-
Operating profit before working capital changes	<u>33,341,086</u>	<u>32,992,756</u>
Decrease/(increase) in:		
Trade receivables	52,080	3,659,548
Other receivables and prepaid expenses	(421,153)	(5,846,485)
Amount due from related companies	1,332,986	928,810
(Decrease)/increase in:		
Other payables and accrued expenses	1,114,964	526,378
Amount due to related companies	(2,948,829)	(1,231,343)
Net cash generated from operating activities	<u>32,471,134</u>	<u>31,029,664</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment properties	-	-
Purchase of equipment	(483,947)	(880,274)
Income received from other investments	680,464	569,225
Net cash generated from/(used in) investing activities	<u>196,517</u>	<u>(311,049)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged deposits with licensed banks	(247,000)	(2,132,000)
Net drawdown in Sukuk Ijarah	-	4,000,000
Islamic financing costs paid	(28,981,392)	(22,320,879)
Transaction cost paid	(1,926,900)	(3,575,467)
Income distributions paid	(3,305,349)	(13,339,780)
Net cash used in financing activities	<u>(34,460,641)</u>	<u>(37,368,126)</u>

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

	To Date	
	30-09-2024	30-09-2023
	RM	RM
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,792,990)	(6,649,511)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	29,412,380	37,084,627
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	27,619,390	30,435,116
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	6,769,390	6,795,116
Fixed deposits with licensed banks	30,522,000	32,955,000
	37,291,390	39,750,116
Less : Pledged deposits with licensed banks	(9,672,000)	(9,315,000)
CASH AND CASH EQUIVALENTS	27,619,390	30,435,116

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 Third 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 Third 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 29 August 2024, the Fund declared the second interim income distribution of 0.17 sen per unit for the financial year ending 31 December 2024 (taxable in the hand of unitholders) in respect of the period from 1 April 2024 to 30 June 2024. The said distribution has been paid on 3 October 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 Third Quarter Ended 30 September 2024

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")**A8. SEGMENT REPORTING (cont'd.)****For period ended 30 September 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	31,953	5,294	12,879	8,429	-	58,555
Total property expenses	(15,332)	(3,690)	(24)	(327)	(356)	(19,729)
Net property income	16,621	1,604	12,855	8,102	(356)	38,826
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	680	680
Net investment income	16,621	1,604	12,855	8,102	324	39,506
Total trust expenses	-	-	-	-	(3,216)	(3,216)
Islamic financing costs	-	-	-	-	(30,328)	(30,328)
Net income before tax	16,621	1,604	12,855	8,102	(33,220)	5,962
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	16,621	1,604	12,855	8,102	(33,220)	5,962
Total assets	696,173	71,428	313,730	193,936	41,291	1,316,558
Total liabilities	16,424	3,510	186	736	646,638	667,494

For period ended 30 September 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	29,284	6,283	13,078	8,440	-	57,085
Total property expenses	(14,587)	(3,521)	(24)	(251)	(363)	(18,746)
Net property income	14,697	2,762	13,054	8,189	(363)	38,339
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	569	569
Net investment income	14,697	2,762	13,054	8,189	206	38,908
Total trust expenses	-	-	-	-	(3,140)	(3,140)
Islamic financing costs	-	-	-	-	(26,429)	(26,429)
Net income before tax	14,697	2,762	13,054	8,189	(29,363)	9,339
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	14,697	2,762	13,054	8,189	(29,363)	9,339
Total assets	710,170	58,683	307,690	187,960	40,438	1,304,941
Total liabilities	18,702	3,469	-	687	646,298	669,156

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 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 Third Quarter Ended 30 September 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	
	30-09-2024	30-09-2023	30-09-2024	30-09-2023
	RM'000	RM'000	RM'000	RM'000
Rental income received/receivable from related companies	24,320	25,772	24,320	25,772
Other property management and fees charged	4,993	4,571	4,993	4,571
Finance cost paid/payable to a subsidiary	-	-	21,161	17,708

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 Third Quarter Ended 30 September 2024

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

B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	30-09-2024 RM'000	30-09-2023 RM'000	Change %	30-09-2024 RM'000	30-09-2023 RM'000	Change %
Total revenue						
Retail outlets	10,584	10,082	5.0	31,953	29,284	9.1
Office building	1,608	1,973	(18.5)	5,294	6,283	(15.7)
F&B restaurants	4,162	4,517	(7.9)	12,879	13,078	(1.5)
Industrial & others	2,810	2,811	(0.04)	8,429	8,440	(0.1)
Total	<u>19,164</u>	<u>19,383</u>	(1.1)	<u>58,555</u>	<u>57,085</u>	2.6
Net property income ("NPI")						
Retail outlets	5,307	5,166	2.7	16,621	14,697	13.1
Office building	292	776	(62.4)	1,604	2,762	(41.9)
F&B restaurants	4,154	4,509	(7.9)	12,855	13,054	(1.5)
Industrial & others	2,698	2,725	(1.0)	8,102	8,189	(1.1)
Property manager fee	(119)	(125)	(4.8)	(356)	(363)	(1.9)
Total	<u>12,332</u>	<u>13,051</u>	(5.5)	<u>38,826</u>	<u>38,339</u>	1.3
Investment income	229	206	11.2	680	569	19.5
Fair value adjustment on investment properties	-	-	-	-	-	-
Trust expenses	(1,039)	(1,097)	(5.3)	(3,216)	(3,140)	2.4
Islamic financing costs	(10,152)	(9,457)	7.3	(30,328)	(26,429)	14.8
Net income before tax	<u>1,370</u>	<u>2,703</u>	(49.3)	<u>5,962</u>	<u>9,339</u>	(36.2)

Review of Individual/Cumulative Quarter Results

Retail outlets

The retail segment reported a total revenue of RM10.6 million for the current quarter (Q3 2024), an increase of RM0.5 million compared to the preceding year's corresponding quarter (Q3 2023) of RM10.1 million. This was mainly due to higher rental income of RM0.1 mil parking income of RM0.3 million and promotional income of RM0.1 million. Net property income (NPI) of RM5.3 million represented an increase of RM0.1 million due to the increase in total revenue as stated earlier offsetted by higher operating expenses of RM0.1 million from all retail outlets.

For the cumulative period to date, total revenue had experienced an increase of RM2.6 million due to higher rental income of RM0.5 million, parking income of RM1.5 million and promotional income of RM0.6 million. NPI of RM16.6 million represented an increase of RM1.9 mil due to an increase in total revenue stated earlier offsetted by higher operating expenses of RM0.7 million from all retail outlets.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 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 RM1.6 million for Q3 2024, a decrease of RM0.4 million as compared to Q3 2023. This was due to the lower rental rate charged to tenants. NPI of the office segment in Q3 2024 was RM0.3 million, lower by RM0.5 million compared to the preceding year's corresponding quarter due to a decrease in total revenue as stated earlier and higher operating expenses of RM0.2 million.

For the cumulative period to date, total revenue of RM5.3 million, a decrease of RM1.0 million as compared to Q3 2023. This was due to a lower rental income of RM1.1 million offset by a higher parking income of RM0.1 million. NPI reported a decrease of RM1.1 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 RM4.2 million and RM4.1 million for Q3 2024, a decrease of RM0.3 million and RM0.4 million respectively as compared to Q3 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 RM12.9 million and RM12.8 million, lower by RM0.2 million as compared to Q3 2023. No significant changes were noted.

Industrial & Others

For current quarter and cumulative period ended 30 September 2024 (Q3 2024), no significant changes were noted for total revenue and NPI as compared to Q3 2023. The properties are on a Triple Net arrangement with 100% occupancy rate (2023: 100%)

Overall

For Q3 2024, Al-Salām REIT recorded a total NPI of RM12.3 million, a decrease of RM0.8 million or 6% as compared to Q3 2023. This was mainly due to the lower performance of office and F&B segments offsetted by higher performance from retail outlet. Net income before tax was lower by RM1.3 million as compared to Q3 2023. This was mainly due to higher Islamic financing costs of RM0.6 million from the increase in the actual profit rate for Islamic financings.

For the cumulative financial period ended 30 September 2024, Al-Salām REIT recorded a total NPI of RM38.8 million, an increase of RM0.5 million from RM38.3 million recorded in the previous year. The increase was mainly due to higher NPI contributions from the retail outlets offsetted by lower performance from office segment. Islamic financing costs were higher by RM3.9 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 RM6.0 million as compared to a net income of RM9.4 million in the previous year.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 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 %
	30-09-2024 RM'000	30-06-2024 RM'000	
Total revenue			
Retail outlets	10,584	10,505	0.8
Office buildings	1,608	1,818	(11.6)
F&B restaurants	4,162	4,359	(4.5)
F&B non-restaurants	2,810	2,809	0.0
	19,164	19,491	(1.7)
Net property income ("NPI") :			
Retail outlets	5,307	5,229	1.5
Office buildings	292	607	(51.9)
F&B restaurants	4,154	4,351	(4.5)
F&B non-restaurants	2,698	2,729	(1.1)
Property manager fee	(119)	(118)	0.8
	12,332	12,798	(3.6)
Investment income	229	226	1.3
Fair value adjustment on investment properties	-	-	0.0
Trust expenses	(1,039)	(1,124)	(7.6)
Islamic financing costs	(10,152)	(10,042)	1.1
Net income before tax	1,370	1,858	(26.3)

Lower net income before tax for the current quarter of RM1.4 million as compared to the immediate preceding quarter of RM1.9 million mainly due to lower performance from office segment.

B3. CHANGES IN NET ASSET VALUE

	As at	As at
	30-09-2024 RM'000	30-06-2024 RM'000
Net asset value ("NAV")	649,064	648,680
NAV per unit (RM)	1.1191	1.1184

The NAV as at 30 September 2024 was higher by RM0.4 million as compared to the immediate preceding quarter, mainly due to comprehensive income of RM1.4 million recognised offset by payment of second interim income distribution of RM1.0 million paid.

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 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 continues to strengthen as the global tech upcycle gains momentum. Global headline and core inflation continued to edge downwards in recent months with some central banks commencing monetary policy easing. 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 sustained strength in economic activity in the second quarter of 2024, driven by resilient domestic expenditure and better export performance. Going forward, exports are expected to be further lifted by the global tech upcycle given Malaysia's position in the semiconductor supply chain, as well as continued strength in non-electrical and electronics goods. Tourist arrivals and spending are also poised to rise further. Continued employment and wage growth, as well as policy measures, will continue to support 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.

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.

Furthermore, the expected economic spillover from nearby developments is anticipated to impact Menara KOMTAR's performance positively. As the area develops, 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.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2024

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

B4. PROSPECTS (cont'd.)

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.

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, 11 July 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	
	30-09-2024	30-09-2023	30-09-2024	30-09-2023
	RM'000	RM'000	RM'000	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 Third Quarter Ended 30 September 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	
	30-09-2024	30-09-2023	30-09-2024	30-09-2023
	RM'000	RM'000	RM'000	RM'000
Net rental income	19,164	19,383	58,555	57,085
Investment revenue	229	206	680	569
Less: Unbilled rental income	(800)	(814)	(2,410)	(2,416)
	18,593	18,775	56,825	55,238
Less: Expenses	(18,023)	(16,887)	(53,273)	(48,315)
Realised/distributable income for the quarter/period	570	1,888	3,552	6,923
Previous year's undistributed realised income	9,652	9,180	9,396	8,785
Total realised income available for distribution	10,222	11,068	12,948	15,708
Less: Income to be distributed for the quarter/period	-	(1,740)	(2,726)	(6,380)
Balance undistributed realised income	10,222	9,328	10,222	9,328
Distribution per unit (sen)	-	0.30	0.47	1.10

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 Third Quarter Ended 30 September 2024

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

B11. TRADE RECEIVABLES

	The Group	
	As at 30-09-2024 RM'000	As at 30-09-2023 RM'000
Current		
Third parties	5,312	5,137
Related companies	6,087	10,011
Unbilled rental income	22,456	16,003
Less: Allowance for expected credit loss	(3,309)	(2,387)
	<u>30,546</u>	<u>28,764</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 30-09-2024 RM'000	As at 30-09-2023 RM'000
	1 - 30 days	3,092
31 - 60 days	1,528	2,135
61 - 90 days	1,204	664
91 - 120 days	436	800
More than 120 days	5,139	8,094
	<u>11,399</u>	<u>15,148</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 Third Quarter Ended 30 September 2024

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

B12. ISLAMIC FINANCING

	The Group	
	As at 30-09-2024 RM'000	As at 30-09-2023 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")	409,500	455,000
	<u>597,500</u>	<u>525,000</u>
Less: Transaction costs	(3,735)	(3,806)
	<u>593,765</u>	<u>521,194</u>
<u>Current</u>		
Secured		
- Term Financing-i ("TF-i")	-	118,000
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 3")	45,500	-
	<u>45,500</u>	<u>118,000</u>
Less: Transaction costs	-	(131)
	<u>45,500</u>	<u>117,869</u>
Total Islamic Financing	<u>639,265</u>	<u>639,063</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 5.44% (2023: 4.88%) 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 5.32% (2023: 5.64%) 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 Third Quarter Ended 30 September 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 September 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 Third Quarter Ended 30 September 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 30-09-2024	Immediate Preceding Quarter ended 30-06-2024
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	0.24	0.32
Net income distribution to unitholders (RM'000)	-	986
Distribution per unit (DPU) - sen	-	0.17
Net Asset Value (NAV) - RM'000	649,064	648,680
NAV per unit (RM)	1.1191	1.1184
Market Value Per Unit (RM)	0.3800	0.3950

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 September 2024 and of its financial performance and cash flows for the period then ended.