AL-SALĀM REIT

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Second Quarter Ended 30 June 2022

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-06-2022	Preceding Year Corresponding Quarter 30-06-2021	Current Year to-date 30-06-2022	Preceding Year Corresponding Period to-date 30-06-2021
		RM	**RM**	**RM**	**RM**
Gross rental income		16,636,508	17,035,844	32,771,638	35,085,900
Other income		932,236	785,055	1,684,252	1,466,345
Total revenue	B1	17,568,744	17,820,899	34,455,890	36,552,245
Utilities expenses		(1,455,186)	(701,421)	(2,840,551)	(1,379,460)
Maintenance expenses		(858,934)	(841,068)	(1,544,888)	(1,603,426)
Quit rent and assessment		(411,347)	(406,018)	(856,238)	(823,727)
Other property expenses		(2,305,583)	(2,317,003)	(4,466,862)	(4,595,206)
Property manager fee		(119,100)	(119,100)	(238,200)	(229,200)
Total property expenses		(5,150,150)	(4,384,610)	(9,946,739)	(8,631,019)
Net property income		12,418,594	13,436,289	24,509,151	27,921,226
Investment income		65,601	86,479	140,430	150,615
Gain on fair value adjustment of investment properties		-	-	-	-
Net investment income		12,484,195	13,522,768	24,649,581	28,071,841
Manager's management fees		(617,548)	(616,901)	(1,228,496)	(1,228,529)
Trustee's fees		(29,313)	(29,892)	(58,166)	(59,195)
Shariah advisors' fee		-	-	(2,120)	(2,120)
Islamic financing costs		(6,686,736)	(6,481,287)	(13,135,477)	(12,901,815)
Other trust expenses[1]		(673,714)	(3,361,518)	(1,245,379)	(5,609,884)
Net income before tax		4,476,884	3,033,170	8,979,943	8,270,298
Taxation		-	-	-	-
Net income after tax		4,476,884	3,033,170	8,979,943	8,270,298
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		4,476,884	3,033,170	8,979,943	8,270,298
Net income after tax is made up as follow:					
Realised		3,545,900	2,095,312	7,128,206	6,404,889
Unrealised		930,984	937,858	1,851,737	1,865,409
		4,476,884	3,033,170	8,979,943	8,270,298
Earnings per unit (sen)		0.77	0.52	1.55	1.43

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

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Note	Unaudited As at End Of Current Quarter 30-06-2022	Audited As at preceding year ended 31-12-2021
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,177,236,522	1,177,236,522
Property, plant & equipment		845,992	708,310
Current Assets			
Trade receivables	B9	30,776,332	33,418,411
Other receivables & prepayments		7,803,101	4,953,108
Cash and bank balances		15,419,550	9,804,187
Fixed deposits with licensed banks		16,366,000	26,352,000
Amount due from related companies		196,154	1,027,188
		70,561,137	75,554,894
TOTAL ASSETS		1,248,643,651	1,253,499,726
LIABILITIES			
Non-current liabilities			
Islamic financing	B10	636,528,853	635,656,938
Other payables and accruals		13,302,810	8,194,657
Deferred tax liability		1,228,748	1,228,748
		651,060,411	645,080,343
Current Liabilities			
Other payables and accruals		8,433,790	14,005,846
Provision for income distribution		-	2,900,000
Amount due to related companies		-	904,101
		8,433,790	17,809,947
TOTAL LIABILITIES		659,494,201	662,890,290
NET ASSETS VALUE		589,149,450	590,609,436
REPRESENTED BY:			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		16,604,131	18,064,117
TOTAL UNITHOLDERS' FUND		589,149,450	590,609,436
NUMBER OF UNITS IN CIRCULATION		580,000,000	580,000,000
NET ASSETS VALUE (NAV) PER UNIT (RM)			
- Before income distribution		1.0158	1.0183
- After income distribution*		1.0108	1.0061

*After reflecting the first interim income distribution for financial year ended 31 December 2022 of 0.50 sen per unit and final income distribution for financial year ended 31 December 2021 of 1.80 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 2021 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 2022

	Unitholders' Capital RM	Undistributed income Realised RM	Undistributed income Unrealised RM	Total RM
As at 1 January 2021	572,545,319	13,323,828	11,512,234	597,381,381
Total comprehensive income for the period	-	6,404,889	1,865,409	8,270,298
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(7,075,968)	-	(7,075,968)
Decrease in net assets resulting from unitholders' transactions	-	(7,075,968)	-	(7,075,968)
As at 30 June 2021	572,545,319	12,652,749	13,377,643	598,575,711
As at 1 January 2022	572,545,319	17,991,593	72,524	590,609,436
Total comprehensive income for the period	-	7,128,206	1,851,737	8,979,943
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(10,439,929)	-	(10,439,929)
Decrease in net assets resulting from unitholders' transactions	-	(10,439,929)	-	(10,439,929)
As at 30 June 2022	572,545,319	14,679,870	1,924,261	589,149,450

Include :

i) Payment of final income distribution of 1.80 sen per unit for the financial year ended 31 December 2021 (of which 1.61 sen per unit is taxable and 0.19 sen per unit is non-taxable in the hands of unitholders) in respect of the financial year ending 31 December 2021 which was paid on 28 February 2022.

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 2021 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 2022

	To Date	
	30-06-2022	30-06-2021
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/income before tax	8,979,943	8,270,298
Adjustment for:		
Islamic financing costs	13,135,477	12,901,815
Depreciation	85,909	85,734
Fair value (loss)/gain on investment properties	-	-
Investment income	(140,430)	(150,615)
Unbilled rental income	(1,851,737)	(1,865,409)
Allowance for expected credit losses	628,149	4,807,434
Operating profit before working capital changes	20,837,311	24,049,257
(Increase)/decrease in:		
Trade receivables	3,865,667	(5,484,202)
Other receivables and prepaid expenses	(2,849,994)	(461,330)
Amount owing by related companies	831,034	293,544
(Decrease)/Increase in:		
Other payables and accrued expenses	(3,272,295)	182,537
Amount owing to related companies	(904,101)	-
Net cash generated from operating activities	18,507,622	18,579,806
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to invesment properties	-	-
Purchase of equipment	(223,590)	(13,500)
Income received from other investments	140,430	150,615
Net cash generated / (used) in investing activities	(83,160)	137,115
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease / (Increase) in pledged deposits with licensed banks	(14,000)	(35,000)
Increase in restricted cash	(2,864)	(33,672)
Net drawdown from Islamic financing	-	-
Islamic financing costs paid	(12,355,170)	(12,086,864)
Transaction cost paid	-	-
Income distribution paid	(10,439,929)	(7,075,968)
Net cash used in financing activities	(22,811,963)	(19,231,504)

AL-SALĀM REIT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the Second Quarter Ended 30 June 2022

	To Date	
	30-06-2022	30-06-2021
	RM	RM
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,387,501)	(514,583)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	28,304,366	28,829,870
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	23,916,865	28,315,287
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	15,419,550	26,305,000
Fixed deposits with licensed banks	16,366,000	7,560,072
	31,785,550	33,865,072
Less : Pledged deposits with licensed banks	(7,796,000)	(5,505,000)
Less : Restricted cash	(72,685)	(44,785)
CASH AND CASH EQUIVALENTS	23,916,865	28,315,287

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements.

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

A1. BASIS OF PREPARATION

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

The accounting policies and methods of computation adopted by the Group and the Fund in this interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2021.

Adoption of amendments to MFRSs

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

- Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021
- Annual improvements to MFRS Standards 2018 - 2020
- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

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

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

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

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

- 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 2021 was not subject to any audit qualification.

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

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

A5. CHANGES IN ACCOUNTING ESTIMATES

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

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

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

A7. INCOME DISTRIBUTION

There was no income distribution declared or paid during the quarter under review.

A8. SEGMENTAL REPORTING

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

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

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

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

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

A8. SEGMENTAL REPORTING (continued)

For period ended 30 June 2022

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	F&B Non-restaurants RM'000	Other-Fund level operations RM'000	Total RM'000
Total revenue	16,176	4,020	8,560	5,699	-	34,455
Total property expenses	(7,608)	(1,914)	(16)	(170)	(238)	(9,946)
Net property income	8,568	2,106	8,544	5,529	(238)	24,509
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	140	140
Net investment income	8,568	2,106	8,544	5,529	(98)	24,649
Total trust expenses	-	-	-	-	(2,534)	(2,534)
Islamic financing costs	-	-	-	-	(13,135)	(13,135)
Net income before tax	8,568	2,106	8,544	5,529	(15,767)	8,980
Income tax expenses	-	-	-	-	-	-
Net (expense)/income for the period	8,568	2,106	8,544	5,529	(15,767)	8,980
Total assets	809,400	100,011	286,460	190,861	(138,088)	1,248,644
Total liabilities	14,824	3,541	-	727	640,402	659,494

For period ended 30 June 2021

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	F&B Non-restaurants RM'000	Other-Fund level operations RM'000	Total RM'000
Total revenue	18,335	4,022	8,512	5,683	-	36,552
Total property expenses	(6,645)	(1,597)	(20)	(140)	(229)	(8,631)
Net property income	11,690	2,425	8,492	5,543	(229)	27,921
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	151	151
Net investment income	11,690	2,425	8,492	5,543	(78)	28,072
Total trust expenses	-	-	-	-	(6,900)	(6,900)
Islamic financing costs	-	-	-		(12,902)	(12,902)
Net income before tax	11,690	2,425	8,492	5,543	(19,880)	8,270
Income tax expenses	-	-	-	-	-	-
Net income for the period for the period	11,690	2,425	8,492	5,543	(19,880)	8,270
Total assets	809,954	106,430	284,464	188,903	(133,005)	1,256,746
Total liabilities	15,731	3,626	-	746	638,067	658,170

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

A9. VALUATION OF INVESTMENT PROPERTIES

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

A10. SUBSEQUENT MATERIAL EVENTS

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

A11. CHANGES IN THE COMPOSITION OF THE TRUST

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

In the Annual General Meeting (AGM) held on 20 April 2022, 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.

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	
	30-06-2022 RM'000	30-06-2021 RM'000	30-06-2022 RM'000	30-06-2021 RM'000
Rental income	17,385	18,648	17,385	18,648
Other property management and fees charged	2,922	3,105	2,922	3,105
Finance cost paid/payable to a subsidiary	-	-	8,839	9,875

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

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

B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	30-06-2022 RM'000	30-06-2021 RM'000	Change %	30-06-2022 RM'000	30-06-2021 RM'000	Change %
Total revenue						
Retail outlets	8,455	8,744	(3.3)	16,176	18,335	(11.8)
Office buildings	1,998	1,973	1.3	4,020	4,022	(0.0)
F&B restaurants	4,280	4,260	0.5	8,560	8,512	0.6
F&B non-restaurants	2,835	2,843	(0.3)	5,699	5,683	0.3
Total	17,568	17,820	(1.4)	34,455	36,552	(5.7)
Net property income ("NPI")						
Retail outlets	4,549	5,377	(15.4)	8,568	11,690	(26.7)
Office buildings	967	1,157	(16.4)	2,106	2,425	(13.2)
F&B restaurants	4,272	4,249	0.5	8,544	8,492	0.6
F&B non-restaurants	2,750	2,772	(0.8)	5,529	5,543	(0.3)
Property manager fee	(119)	(119)	0.0	(238)	(229)	3.9
Total	12,419	13,436	(7.6)	24,509	27,921	(12.2)
Investment income	65	87	(25.3)	140	151	(7.3)
Fair value adjustment on investment properties	-	-	0.0	-	-	0.0
Trust expenses	(1,321)	(4,009)	(67.0)	(2,534)	(6,900)	(63.3)
Islamic financing costs	(6,686)	(6,481)	3.2	(13,135)	(12,902)	1.8
Net income before tax	4,477	3,033	47.6	8,980	8,270	8.6

Review of Individual/Cumulative Quarter Results

Retail outlets

The retail segment reported a total revenue of RM8.5 million for the current quarter ended 30 June 2022 (Q2 2022), a decrease of RM0.2 million compared to the preceding year corresponding quarter (Q2 2021) of RM8.7 million. This was mainly due to lower rental income of RM0.3 million, offsetted by higher parking income of RM0.1 million. Net property income (NPI) of RM4.5 million represented a decrease of RM0.9 million due to the decrease in total revenue as stated earlier and higher operating expenses of RM0.7 million from all retail outlets.

For cumulative period to-date, total revenue and net property income of the retail segment had experienced a decrease of RM2.2 million and RM3.1 million respectively due to lower rental income of RM2.3 million and higher operating expenses of RM0.9 million from all retail outlets offsetted by higher parking income of RM0.1 million.

Office building

The office segment reported a total revenue of RM2.0 million for Q2 2022 and Q1 2021. No significant changes noted. NPI of the office segment in Q2 2022 was RM1.0 million, lower by RM0.2 million compared to the preceding year corresponding quarter due to higher operating expenses.

For the cumulative period to-date, total revenue of RM4.0 million for 2022 and 2021. No significant changes noted. NPI reported a decrease of RM0.3 million due to higher operating expenses of RM0.3 million.

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

B1. REVIEW OF PERFORMANCE (continued)

F&B restaurants

For current quarter ended 30 June 2022 (Q2 2022), total revenue and NPI recorded an increase of RM29,000 and RM30,000 respectively as compared to Q2 2021. This was due to higher rental renewal rate. The properties are on a Triple Net arrangement with 100% occupancy rate (2021: 100%).

For cumulative period ended 30 June 2022 (Q2 2022), total revenue and NPI recorded an increase of RM49,000 and RM52,000 respectively compared to Q2 2021. This was due to higher rental income as stated earlier.

F&B non-restaurant

For current quarter and cumulative period ended 30 June 2021 (Q2 2022), total revenue and NPI recorded a slight increase of 0.3% and 0.8% respectively as compared to Q2 2021. No material changes noted. The occupancy rate is 100% (2021: 100%).

Overall

For Q2 2022, Al-Salām REIT recorded a total NPI of RM12.4 million, a decrease of RM1.0 million or 7.5% as compared to Q2 2021. This was mainly due to lower performance of the retail segment. Net income before tax was higher by RM1.5 million as compared to Q2 2021. This was mainly due to lower rental rebate granted to tenants of RM2.7 million offsetted by higher Islamic financing costs of RM0.2 million.

For the cumulative financial period ended 30 June 2022, Al-Salām REIT recorded a total NPI of RM24.5 million, a decrease of RM3.4 million from RM27.9 million recorded in previous year. The decrease was mainly due to lower NPI contribution from the retail segment. Trust expenses was lower by RM4.4 million mainly due to lower provision for rental rebate. Islamic financing costs was higher by RM0.2 million due to higher profit rate for the Islamic financings. After taking into consideration of all the above, Al-Salām REIT recorded a net income before tax of RM9.0 million as compared to net income of RM8.3 million in the previous year.

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		
	30-06-2022 RM'000	31-03-2022 RM'000	Change %
Total revenue			
Retail outlets	8,455	7,721	9.5
Office buildings	1,998	2,022	(1.2)
F&B restaurants	4,280	4,280	0.0
F&B non-restaurants	2,835	2,864	(1.0)
	17,568	**16,887**	**4.0**
Net property income ("NPI") :			
Retail outlets	4,549	4,019	13.2
Office buildings	967	1,139	(15.1)
F&B restaurants	4,272	4,272	0.0
F&B non-restaurants	2,750	2,779	(1.0)
Property manager fee	(119)	(119)	0.0
	12,419	**12,090**	**2.7**
Investment income	65	75	(13.3)
Fair value adjustment on investment properties	-	-	0.0
Trust expenses	(1,321)	(1,213)	8.9
Islamic financing costs	(6,686)	(6,449)	3.7
Net income / (loss) before tax	**4,477**	**4,503**	**(0.6)**

No material changes to net income before tax for the current quarter of RM4.5 million as compared to the immediate preceding quarter.

B3. CHANGES IN NET ASSET VALUE

	As at 30-06-2022 RM'000	As at 31-03-2022 RM'000
Net asset value ("NAV")	589,149	584,673
NAV per unit (RM)	1.0158	1.0081

The NAV as at 30 June 2022 was higher by RM4.5 million as compared to the immediate preceding quarter, mainly due to total comprehensive income recognised during the current quarter.

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

B4. PROSPECTS

The reopening of the global economy and the improvement in labour market conditions continue to support the recovery of economic activity. However, these have been partly offset by the impact from rising cost pressures, the military conflict in Ukraine and strict containment measures in China. Inflationary pressures have continued to increase mainly due to elevated commodity prices and strong demand conditions, despite some easing in global supply chain conditions. Consequently, central banks are expected to continue adjusting their monetary policy settings, some at a faster pace, to reduce inflationary pressures. Going forward, the pace of global growth is expected to moderate, and will continue to be affected by the elevated cost pressures, conflict in Ukraine, global supply chain conditions, and financial market volatility.

With growth in the first half of 2022 at 6.9%, the Malaysian economy is projected to expand further for the remainder of the year. Headline inflation is projected to trend higher in some months during the remainder of the year, due partly to the base effect from the discount on electricity prices implemented in 3Q 2021. Core inflation is expected to average higher in 2022, as demand continues to improve amid the high-cost environment. The extent of upside pressures on inflation is expected to remain partly contained by the existing price control measures, fuel subsidies and the continued spare capacity in the economy. Nevertheless, the inflation outlook continues to be contingent on upside risks steming from the strength of domestic demand, global price developments, and domestic policy measures.

As the economy recuperates , Al-Salām REIT anticipates it's 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. In the long term, the return of foreign shoppers and the ensuing repositioning exercise is expected to be an important catalyst 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.

The Manager warrants 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:
i) Bank Negara Monetary Policy Statement, 6 July 2022
ii) Bank Negara Economic and Financial Developments in Malaysia in the Second Quarter of 2022, 12 August 2022

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

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

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

B6. TAX

	The Group		The Fund	
	30-06-2022 RM'000	30-06-2021 RM'000	30-06-2022 RM'000	30-06-2021 RM'000
Tax expense				
- Income tax	-	-	-	-
	-	-	-	-

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.

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	
	30-06-2022 RM'000	30-06-2021 RM'000	30-06-2022 RM'000	30-06-2021 RM'000
Net rental income	17,569	17,821	34,456	36,552
Investment revenue	65	87	140	151
Less: Unbilled rental income	(931)	(937)	(1,852)	(1,865)
	16,703	16,971	32,744	34,838
Less: Expenses	(13,157)	(14,875)	(25,616)	(28,433)
Realised/distributable income for the quarter/period	3,546	2,096	7,128	6,405
Previous year's undistributed realised income	11,134	10,557	7,552	6,248
Total realised income available for distribution	14,680	12,653	14,680	12,653
Less: Income to be distributed for the quarter/period	(2,900)	-	(2,900)	-
Balance undistributed realised income	11,780	12,653	11,780	12,653
Distribution per unit (sen)	0.50	-	0.50	-

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.

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

B11. TRADE RECEIVABLES

	The Group	
	As at 30-06-2022 RM'000	As at 30-06-2021 RM'000
Non-current		
Third parties	-	1,405
Current		
Third parties	5,408	8,558
Related companies	12,679	9,835
Unbilled rental income	15,075	11,355
Less: Allowance for expected credit loss	(2,386)	(5,833)
	30,776	23,915

Trade receivables comprise rental receivable from lessees. The credit period granted by the Group and the Fund on rental receivable from lessees generally ranges from 1 to 7 days (2020: 1 to 7 days).

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

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 30-06-2022 RM'000	As at 30-06-2021 RM'000
1 - 30 days	4,358	3,627
31 - 60 days	3,267	2,325
61 - 90 days	2,257	1,345
91 - 120 days	293	5,263
More than 120 days	7,912	5,833
	18,087	18,393

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

As at the date of the financial statements, Malaysia's international borders remain closed. In view of the ongoing COVID-19 pandemic, the Group and the Fund granted rent concession of RM628,149 (2021: RM4,807,434) to their tenants.

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

B12. ISLAMIC FINANCING

	The Group	
	As at 30-06-2022 RM'000	As at 30-06-2021 RM'000
Non-current		
Secured		
- Term Financing-i ("TF-i")	118,000	118,000
- Business Financing-i ("BF-i")	70,000	-
- Sukuk Ijarah - Islamic Medium Term Notes ("IMTN")	451,000	468,000
	639,000	586,000
Less: Transaction costs	(2,471)	(3,341)
	636,529	582,659
Current		
Secured		
- Sukuk Ijarah - Islamic Medium Term Notes ("IMTN")	-	52,000
Total Islamic Financing	636,529	634,659

Term Financing-i

The TF-i profit is payable over a period of 60 months from the date of first disbursement. The effective profit rate for the TF-i will be based on COF which is based on the Bank's COF + 1.45% per annum for the duration of the TF-i. The average effective profit rate for the TF-i is 3.66% (2021: 3.79%) per annum. The principal amount is expected to be paid in March 2024.

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

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

The financing is secured by the investment properties amounting to RM152.7 million (2021: RM152.7 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 3.55% (2021: 3.56%) 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:

(a) The finance service cover ratio ("FPCR") of not less than 1.25 times;
(b) Minimum security cover of 1.30 times.

The financing is secured by the investment properties amounting to RM96.9 million (2021: RM96.9 million)

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

B12. ISLAMIC FINANCING (continued)

Sukuk Ijarah - Islamic Medium Term Notes

On 24 August 2018, a subsidiary of the Group, ALSREIT Capital Sdn Bhd established a Sukuk Ijarah Programme comprising Islamic Medium Term Notes ("IMTN") of up to RM1.5 billion.

On 24 August 2020, the Group issued RM520.0 million in nominal value of IMTNs ("Issue 2") which bears profit rate of 3.75% to 4.00% (2020: 3.72% to 3.91%) per annum.

On 24 September 2021, ALSREIT Capital Sdn Bhd redeem outstanding Issue 2 of RM69.0 million on the first anniversary of the issue date.

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

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

The financing was used to secure the investment properties amounting to RM911.9 million (2021: RM911.9 million).

Revolving Credit

As of 30 June 2022, the Fund unutilised revolving credit facilities amounting to RM10.0 million (2021: RM10.0 million) which is granted from a financial institution. The said facility of is secured by investment properties of the subsidiary amounting to RM15.8 million (2021: RM15.8 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.

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

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 30-06-2022	Immediate Preceding Quarter ended 31-03-2022
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	0.77	0.78
Net income distribution to unitholders (RM'000)	2,900	-
Distribution per unit (DPU) - sen	0.50	-
Net Asset Value (NAV) - RM'000	589,149	584,673
NAV per unit (RM)	1.0158	1.0081
Market Value Per Unit (RM)	0.4450	0.5050

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 2022 and of its financial performance and cash flows for the period then ended.