

## AL-SALĀM REIT

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Third Quarter Ended 30 September 2021

|  | Note | Individual Quarter   |                                      | Cumulative Quarter   |   |
|--|------|----------------------|--------------------------------------|----------------------|---|
|  |      | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year to-date | Preceding Year Corresponding Period to-date |
|  |      | 30-09-2021           | 30-09-2020                           | 30-09-2021           | 30-09-2020                                  |
|  |      | RM                   | RM                                   | RM                   | RM  |
| Gross rental income                                    |      | 17,196,602           | 20,621,915                           | 52,282,502           | 63,504,387                                  |
| Other income   |      | 384,591              | 874,752                              | 1,850,936            | 2,678,417                                   |
| <b>Total revenue</b>                                   | B1   | <b>17,581,193</b>    | <b>21,496,667</b>                    | <b>54,133,438</b>    | <b>66,182,804</b>                           |
| Utilities expenses                                     |      | (809,998)            | (1,039,756)                          | (2,189,458)          | (3,100,841)                                 |
| Maintenance expenses                                   |      | (641,945)            | (973,919)                            | (2,245,371)          | (2,725,820)                                 |
| Quit rent and assessment                               |      | (414,586)            | (464,702)                            | (1,238,313)          | (1,368,584)                                 |
| Other property expenses                                |      | (2,025,415)          | (2,528,484)                          | (6,620,621)          | (7,779,175)                                 |
| Property manager fee                                   |      | (119,100)            | (141,295)                            | (348,300)            | (361,495)                                   |
| <b>Total property expenses</b>                         |      | <b>(4,011,044)</b>   | <b>(5,148,156)</b>                   | <b>(12,642,063)</b>  | <b>(15,335,915)</b>                         |
| Net property income                                    |      | 13,570,149           | 16,348,511                           | 41,491,375           | 50,846,889                                  |
| Investment income                                      |      | 98,622               | 53,805                               | 249,237              | 414,723                                     |
| Gain on fair value adjustment of investment properties |      | -                    | 726,800                              | -                    | 726,800                                     |
| Net investment (loss)/income                           |      | 13,668,771           | 17,129,116                           | 41,740,612           | 51,988,412                                  |
| Manager's management fees                              |      | (621,522)            | (665,408)                            | (1,850,051)          | (1,691,853)                                 |
| Trustee's fees   |      | (30,077)             | (31,176)                             | (89,272)             | (93,179)                                    |
| Shariah advisors' fee                                  |      | (5,240)              | -                                    | (7,360)              | -   |
| Islamic financing costs                                |      | (6,544,273)          | (6,575,608)                          | (19,446,088)         | (22,258,272)                                |
| Other trust expenses <sup>1</sup>                      |      | (1,694,469)          | (4,325,248)                          | (7,304,353)          | (12,633,881)                                |
| Net income before tax                                  |      | 4,773,190            | 5,531,676                            | 13,043,488           | 15,311,227                                  |
| Taxation   |      | -                    | -                                    | -                    | -   |
| <b>Net income after tax</b>                            |      | <b>4,773,190</b>     | <b>5,531,676</b>                     | <b>13,043,488</b>    | <b>15,311,227</b>                           |
| Other comprehensive income, net of tax                 |      | -                    | -                                    | -                    | -   |
| <b>Total comprehensive income for the period</b>       |      | <b>4,773,190</b>     | <b>5,531,676</b>                     | <b>13,043,488</b>    | <b>15,311,227</b>                           |
| Net income after tax is made up as follow:             |      |                      |                                      |                      |   |
| Realised   |      | 3,825,027            | 3,663,339                            | 10,229,916           | 11,341,330                                  |
| Unrealised   |      | 948,163              | 1,868,337                            | 2,813,572            | 3,969,897                                   |
|  |      | <b>4,773,190</b>     | <b>5,531,676</b>                     | <b>13,043,488</b>    | <b>15,311,227</b>                           |
| Earnings per unit (sen)                                |      | 0.82                 | 0.95                                 | 2.25                 | 2.64  |

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

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

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 30 September 2021**

|   | Note | Unaudited<br>As at End Of<br>Current Quarter<br>30-09-2021 | Audited<br>As at preceding<br>year ended<br>31-12-2020 |
|---|------|--|--|
|   |      | RM   | RM   |
| <b>ASSETS</b>                               |      |  |  |
| <b>Non-current assets</b>                   |      |  |  |
| Investment properties                       | A9   | 1,189,364,689  | 1,189,364,689  |
| Property, plant & equipment                 |      | 1,060,351  | 877,096  |
| Trade receivables                           | B9   | 702,398  | 2,809,590  |
| <b>Current Assets</b>                       |      |  |  |
| Trade receivables                           | B9   | 30,974,887   | 21,834,125   |
| Other receivables & prepayments             |      | 8,226,660  | 4,860,977  |
| Cash and bank balances                      |      | 7,455,965  | 6,340,983  |
| Fixed deposits with licensed banks          |      | 25,345,000   | 27,970,000   |
| Amount due from related companies           |      | 203,022  | 496,566  |
|   |      | <u>72,205,534</u>  | <u>61,502,651</u>                                      |
| <b>TOTAL ASSETS</b>                         |      | <u>1,263,332,971</u>                                       | <u>1,254,554,026</u>                                   |
| <b>LIABILITIES</b>                          |      |  |  |
| <b>Non-current liabilities</b>              |      |  |  |
| Islamic financing                           | B10  | 635,624,527  | 581,855,901  |
| Other payables and accruals                 |      | 8,946,318  | 8,946,318  |
| Deferred tax liability                      |      | 1,245,581  | 1,245,581  |
|   |      | <u>645,816,426</u>   | <u>592,047,800</u>                                     |
| <b>Current Liabilities</b>                  |      |  |  |
| Islamic financing                           | B10  | -  | 52,000,000   |
| Other payables and accruals                 |      | 14,167,644   | 13,124,845   |
| Provision for income distribution           |      | -  | -  |
| Amount due to related companies             |      | -  | -  |
|   |      | <u>14,167,644</u>  | <u>65,124,845</u>                                      |
| <b>TOTAL LIABILITIES</b>                    |      | <u>659,984,070</u>   | <u>657,172,645</u>                                     |
| <b>NET ASSETS VALUE</b>                     |      | <u>603,348,901</u>   | <u>597,381,381</u>                                     |
| <b>REPRESENTED BY:</b>                      |      |  |  |
| Unitholders' capital                        |      | 572,545,319  | 572,545,319  |
| Undistributed income                        |      | 30,803,582   | 24,836,062   |
| <b>TOTAL UNITHOLDERS' FUND</b>              |      | <u>603,348,901</u>   | <u>597,381,381</u>                                     |
| <b>NUMBER OF UNITS IN CIRCULATION</b>       |      | <u>580,000,000</u>   | <u>580,000,000</u>                                     |
| <b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b> |      |  |  |
| - Before income distribution                |      | 1.0403   | 1.0300   |
| - After income distribution*                |      | 1.0353   | 1.0178   |

\*After reflecting the proposed first interim income distribution for financial year ending 31 December 2021 of 0.50 sen per unit (2020: final income distribution for financial year ended 31 December 2020 of 1.22 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 2020 and the accompanying explanatory notes attached to the financial statements.

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES**  
**IN NET ASSETS VALUE**  
**For the Third Quarter Ended 30 September 2021**

|  | Unitholders'<br>Capital<br>RM | Undistributed income<br>Realised<br>RM | Unrealised<br>RM | Total<br>RM  |
|--|-------------------------------|--|------------------|--------------|
| <b>As at 1 January 2020</b>  | 572,545,319                   | 11,934,515                             | 39,598,060       | 624,077,894  |
| <b>Total comprehensive income<br/>for the period</b>                           | -                             | 11,341,330                             | 3,969,897        | 15,311,227   |
| <b>Unitholders' transactions</b>   |                               |  |                  |              |
| Issuance of new units  | -                             | -                                      | -                | -            |
| Distribution to unitholders  | -                             | (13,165,866)                           | -                | (13,165,866) |
| <i>Decrease in net assets resulting<br/>    from unitholders' transactions</i> | -                             | (13,165,866)                           | -                | (13,165,866) |
| <b>As at 30 September 2020</b>   | 572,545,319                   | 10,109,979                             | 43,567,957       | 626,223,255  |
| <b>As at 1 January 2021</b>  | 572,545,319                   | 13,323,828                             | 11,512,234       | 597,381,381  |
| <b>Total comprehensive income<br/>for the period</b>                           | -                             | 10,229,916                             | 2,813,572        | 13,043,488   |
| <b>Unitholders' transactions</b>   |                               |  |                  |              |
| Issuance of new units  | -                             | -                                      | -                | -            |
| Distribution to unitholders#   | -                             | (7,075,968)                            | -                | (7,075,968)  |
| <i>Decrease in net assets resulting<br/>    from unitholders' transactions</i> | -                             | (7,075,968)                            | -                | (7,075,968)  |
| <b>As at 30 September 2021</b>   | 572,545,319                   | 16,477,776                             | 14,325,806       | 603,348,901  |

# Include :

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

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

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Third Quarter Ended 30 September 2021**

|   | To Date             |                        |
|---|---------------------|------------------------|
|   | 30-09-2021          | 30-09-2020<br>restated |
|   | RM                  | RM                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                     |                        |
| Net (loss)/income before tax                                  | 13,043,488          | 15,311,227             |
| Adjustment for:   |                     |                        |
| Islamic financing costs                                       | 19,076,088          | 22,258,272             |
| Depreciation  | 128,805             | 120,954                |
| Fair value (loss)/gain on investment properties               | -                   | (726,800)              |
| Investment income   | (249,236)           | (414,723)              |
| Unbilled rental income  | (2,813,572)         | (3,243,097)            |
| Allowance for expected credit losses                          | 6,174,136           | 11,308,639             |
| Operating profit before working capital changes               | <u>35,359,709</u>   | <u>44,614,472</u>      |
| <br>(Increase)/decrease in:                                   |                     |                        |
| Trade receivables   | (13,207,705)        | (18,988,358)           |
| Other receivables and prepaid expenses                        | (850,687)           | (3,210,934)            |
| Amount owing by related companies                             | 293,544             | 583,924                |
| <br>(Decrease)/Increase in:                                   |                     |                        |
| Other payables and accrued expenses                           | 955,188             | 1,576,678              |
| Amount owing to related companies                             | -                   | (513,948)              |
| Net cash generated from operating activities                  | <u>22,550,049</u>   | <u>24,061,834</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                     |                        |
| Addition to investment properties                             | -                   | (28,603,200)           |
| Purchase of equipment   | (13,500)            | (3,874,120)            |
| Income received from other investments                        | 249,236             | 414,723                |
| Net cash generated / (used) in investing activities           | <u>235,736</u>      | <u>(32,062,597)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                     |                        |
| (Increase) / Decrease in pledged deposits with licensed banks | (60,000)            | 12,939,000             |
| Increase in restricted cash                                   | (33,452)            | (5,323,280)            |
| Net drawdown from Islamic financing                           | 1,000,000           | -                      |
| Islamic financing costs paid                                  | (18,219,835)        | (19,635,967)           |
| Proceeds from issuance of long term Islamic financing         | -                   | 38,188,600             |
| Income distribution paid                                      | (7,075,968)         | (19,371,867)           |
| Net cash used in financing activities                         | <u>(24,389,255)</u> | <u>6,796,486</u>       |

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**For the Third Quarter Ended 30 September 2021**

|   | <b>To Date</b>    |                   |
|---|-------------------|-------------------|
|   | <b>30-09-2021</b> | <b>30-09-2020</b> |
|   | <b>RM</b>         | <b>RM</b>         |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                  | (1,603,470)       | (1,204,277)       |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b> | 28,829,870        | 31,397,805        |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>       | 27,226,400        | 30,193,528        |
| <br><b>DEPOSITS, CASH AND BANK BALANCES</b>                       |                   |                   |
| Cash and bank balances  | 7,455,965         | 35,641,106        |
| Fixed deposits with licensed banks                                | 25,345,000        | 30,000            |
|   | 32,800,965        | 35,671,106        |
| Less : Pledged deposits with licensed banks                       | (5,530,000)       | (30,000)          |
| Less : Restricted cash  | (44,565)          | (5,447,578)       |
| <b>CASH AND CASH EQUIVALENTS</b>                                  | 27,226,400        | 30,193,528        |

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

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

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

##### A1. BASIS OF PREPARATION

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

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

##### Adoption of amendments to MFRSs

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

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

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

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

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

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

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

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

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

## **AL-SALĀM REIT**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the Third Quarter Ended 30 September 2021**

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

**A3. SEASONALITY AND CYCLICALITY OF OPERATIONS**

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

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

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

**A5. CHANGES IN ACCOUNTING ESTIMATES**

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

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

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

**A7. INCOME DISTRIBUTION**

In line with the Restated Trust Deed dated 25 November 2019, Al-Salām REIT intends to distribute at least 90% of its distributable income at least once yearly, or at such other intervals as the Manager may determine.

**A8. SEGMENTAL REPORTING**

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

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

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

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

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

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

#### A8. SEGMENTAL REPORTING (continued)

|  | For period ended 30 September 2021 |                               |                              |                                   |  | Total<br>RM'000 |
|--|------------------------------------|-------------------------------|------------------------------|-----------------------------------|--|-----------------|
|  | Retail<br>outlets<br>RM'000        | Office<br>buildings<br>RM'000 | F&B<br>Restaurants<br>RM'000 | F&B Non-<br>restaurants<br>RM'000 | Other-<br>Fund level<br>operations<br>RM'000 |                 |
| Total revenue                                      | 26,685                             | 6,136                         | 12,778                       | 8,534                             | -  | 54,133          |
| Total property expenses                            | (9,686)                            | (2,369)                       | (28)                         | (211)                             | (348)  | (12,642)        |
| Net property income                                | 16,999                             | 3,767                         | 12,750                       | 8,323                             | (348)  | 41,491          |
| Fair value (loss)/gain on<br>investment properties | -                                  | -                             | -                            | -                                 | -  | -               |
| Investment income                                  | -                                  | -                             | -                            | -                                 | 249  | 249             |
| Net investment income                              | 16,999                             | 3,767                         | 12,750                       | 8,323                             | (99)   | 41,740          |
| Total trust expenses                               | (4,953)                            | (322)                         | (900)                        | -                                 | (3,076)                                      | (9,251)         |
| Islamic financing costs                            | -                                  | -                             | -                            | -                                 | (19,446)                                     | (19,446)        |
| Net income before tax                              | 12,046                             | 3,445                         | 11,850                       | 8,323                             | (22,621)                                     | 13,043          |
| Income tax expenses                                | -                                  | -                             | -                            | -                                 | -  | -               |
| Net (expense)/income<br>for the period             | 12,046                             | 3,445                         | 11,850                       | 8,323                             | (22,621)                                     | 13,043          |
| Total assets                                       | 812,635                            | 106,979                       | 284,464                      | 189,446                           | (130,191)                                    | 1,263,333       |
| Total liabilities                                  | 16,884                             | 2,938                         | -                            | 713                               | 639,449                                      | 659,984         |

  

|  | For period ended 30 September 2020 |                               |                              |                                   |  | Total<br>RM'000 |
|--|------------------------------------|-------------------------------|------------------------------|-----------------------------------|--|-----------------|
|  | Retail<br>outlets<br>RM'000        | Office<br>buildings<br>RM'000 | F&B<br>Restaurants<br>RM'000 | F&B Non-<br>restaurants<br>RM'000 | Other-<br>Fund level<br>operations<br>RM'000 |                 |
| Total revenue                                      | 39,211                             | 6,814                         | 11,646                       | 8,511                             | -  | 66,183          |
| Total property expenses                            | (12,176)                           | (2,536)                       | (26)                         | (236)                             | (362)  | (15,336)        |
| Net property income                                | 27,035                             | 4,278                         | 11,620                       | 8,275                             | (362)  | 50,847          |
| Fair value (loss)/gain on<br>investment properties | -                                  | -                             | 727                          | -                                 | -  | 727             |
| Investment income                                  | -                                  | -                             | -                            | -                                 | 415  | 415             |
| Net investment income                              | 27,035                             | 4,278                         | 12,347                       | 8,275                             | 53   | 51,989          |
| Total trust expenses                               | (10,174)                           | (108)                         | (1,026)                      | -                                 | (3,111)                                      | (14,420)        |
| Islamic financing costs                            | -                                  | -                             | -                            | -                                 | (22,258)                                     | (22,258)        |
| Net income for the period<br>for the period        | 16,861                             | 4,170                         | 11,321                       | 8,275                             | (25,316)                                     | 15,311          |
| Total assets                                       | 843,394                            | 102,894                       | 283,265                      | 183,497                           | (127,832)                                    | 1,285,218       |
| Total liabilities                                  | 18,161                             | 2,774                         | -                            | 711                               | 637,349                                      | 658,995         |

## **AL-SALĀM REIT**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021**

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

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

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

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

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

##### **A11. CHANGES IN THE COMPOSITION OF THE TRUST**

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

In the Annual General Meeting (AGM) held on 28 April 2021, the following resolutions have been passed by the unit holders of Al-Salām REIT:

###### Ordinary Resolution 1

Proposed authority to allot and issue up to 116,000,000 new units of Al-Salām REIT, representing 20% of the approved fund size of Al-Salām REIT, pursuant to Clause 14.03 of the SC REIT Guidelines.

###### Ordinary Resolution 2

Proposed increase in existing approved fund size of Al-Salām from 580,000,000 units to a maximum of 696,000,000 units pursuant to Ordinary Resolution 1.

However, there were no issuance of new units for the current quarter under review.

##### **A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

##### **A13. CAPITAL COMMITMENT**

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

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

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

##### A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

|  | <b>The Group</b>  |                   | <b>The Fund</b>   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | <b>30-09-2021</b> | <b>30-09-2020</b> | <b>30-09-2021</b> | <b>30-09-2020</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>     | <b>RM'000</b>     | <b>RM'000</b>     |
| Rental income                              | 27,501            | 27,720            | 27,501            | 27,555            |
| Other property management and fees charged | 4,527             | 4,545             | 4,527             | 4,545             |
| Finance cost paid/payable to a subsidiary  | -                 | -                 | 14,852            | 7,146             |

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 2021

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

##### B1. REVIEW OF PERFORMANCE

|   | Quarter ended        |                      |             | Year ended           |                      |             |
|---|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
|   | 30-09-2021<br>RM'000 | 30-09-2020<br>RM'000 | Change<br>% | 30-09-2021<br>RM'000 | 30-09-2020<br>RM'000 | Change<br>% |
| <b>Total revenue</b>                              |                      |                      |             |                      |                      |             |
| Retail outlets                                    | 8,350                | 12,473               | (33.1)      | 26,685               | 39,211               | (31.9)      |
| Office buildings                                  | 2,114                | 2,290                | (7.7)       | 6,136                | 6,814                | (10.0)      |
| F&B restaurants                                   | 4,266                | 3,903                | 9.3         | 12,778               | 11,646               | 9.7         |
| F&B non-restaurants                               | 2,851                | 2,831                | 0.7         | 8,534                | 8,511                | 0.3         |
| Total   | <u>17,581</u>        | <u>21,497</u>        | (18.2)      | <u>54,133</u>        | <u>66,183</u>        | (18.2)      |
| <b>Net property income ("NPI")</b>                |                      |                      |             |                      |                      |             |
| Retail outlets                                    | 5,309                | 8,446                | (37.1)      | 16,999               | 27,035               | (37.1)      |
| Office buildings                                  | 1,342                | 1,384                | (3.1)       | 3,767                | 4,278                | (12.0)      |
| F&B restaurants                                   | 4,258                | 3,895                | 9.3         | 12,750               | 11,620               | 9.7         |
| F&B non-restaurants                               | 2,780                | 2,765                | 0.5         | 8,323                | 8,275                | 0.6         |
| Property manager fee                              | (119)                | (142)                | (16.2)      | (348)                | (362)                | (3.9)       |
| Total   | <u>13,570</u>        | <u>16,349</u>        | (17.0)      | <u>41,491</u>        | <u>50,847</u>        | (18.4)      |
| Investment income                                 | 98                   | 54                   | 81.5        | 249                  | 415                  | (40.0)      |
| Fair value adjustment on<br>investment properties | -                    | 727                  | (100.0)     | -                    | 727                  | (100.0)     |
| Trust expenses                                    | (2,351)              | (5,023)              | (53.2)      | (9,251)              | (14,420)             | (35.8)      |
| Islamic financing costs                           | (6,544)              | (6,575)              | (0.5)       | (19,446)             | (22,258)             | (12.6)      |
| <b>Net income before tax</b>                      | <u>4,773</u>         | <u>5,532</u>         | (13.7)      | <u>13,043</u>        | <u>15,311</u>        | (14.8)      |

#### Review of Individual/Cumulative Quarter Results

##### **Retail outlets**

The retail segment reported total revenue of RM8.4 million for the current quarter ended 30 September 2021 (Q3 2021), a decrease of RM4.1 million compared to the preceding year's corresponding quarter (Q3 2020) of RM12.5 million. This was mainly due to a lower rental income of RM3.6 million, lower parking income of RM0.2 million, and lower events and advertising income of RM0.3 million. Net property income (NPI) of RM5.3 million represented a decrease of RM3.1 million due to the decrease in total revenue as stated earlier offsetted by lower operating expenses of RM1.0 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 RM12.5 million and RM10.0 million respectively due to lower rental income of RM11.4 million, percentage rental income of RM0.3 million, parking income of RM0.2 million and events and advertising income of RM0.6 million. Cumulative NPI of RM17.0 million represented a decrease of RM10.0 million due to the decrease in total revenue as stated earlier offsetted by lower operating expenses of RM2.5 million from all retail outlets.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

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

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

###### **Office building**

The office segment reported a total revenue of RM2.1 million for Q3 2021, a decrease of RM0.2 million compared to Q3 2020. This was due to lower occupancy rate of 86% (2020: 89%). NPI of the office segment in Q3 2021 was RM1.3 million, lower by RM42,000 compared to the preceding year corresponding quarter due to decrease in total revenue as stated earlier offsetted by lower operating expenses of RM134,000.

For the cumulative period to date, total revenue reported a decrease of RM0.7 million and NPI reported a decrease of RM0.5 million due to lower rental income of RM0.7 million offsetted by lower operating expenses of RM0.2 million.

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

For current quarter ended 30 September 2021 (Q3 2021), total revenue and NPI recorded an increase of RM0.4 million as compared compared to Q3 2020. This was due to the addition of 5 QSR properties in September 2020. The properties are on a Triple Net arrangement with 100% occupancy rate (2020: 100%).

For the cumulative period ended 30 September 2021 (Q3 2021), total revenue and NPI recorded an increase of RM1.1 million as compared to Q2 2020. This was due to higher rental income as stated earlier.

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

For current quarter ended 30 September 2021 (Q3 2021), total revenue and NPI recorded a slight increase of 0.7% and 0.5% respectively as compared to Q3 2020. No material changes noted.

For the cumulative period ended 30 September 2021 (Q3 2021), total revenue and NPI recorded a slight increase of 0.3% and 0.6% respectively as compared to Q3 2020. No material changes were noted. The occupancy rate is 100% (2020: 100%).

###### **Overall**

For Q3 2021, Al-Salām REIT recorded a total NPI of RM13.6 million, a decrease of RM2.8 million or 17% as compared to Q3 2020. This was mainly due to lower performance of the retail segment. Net income before tax was lower by RM0.8 million as compared to Q3 2020. This was mainly due to lower NPI contribution from retail segment offsetted by lower rental rebate granted to tenants.

For the cumulative financial period ended 30 September 2021, Al-Salām REIT recorded a total NPI of RM41.5 million, a decrease of RM9.3 million from RM50.8 million recorded in the previous year. The decrease was mainly due to lower NPI contributions from the retail segment. Trust expenses were lower by RM5.2 million mainly due to lower provision for rental arising from the Covid-19 pandemic and implementation of MCO 2.0 on 13 January 2021 as compared to MCO 1.0 which was implemented on 18 March 2020. Islamic financing costs were lower by RM2.8 million due to the lower profit rate for the Islamic financings. After taking into consideration all the above, Al-Salām REIT recorded a net income before tax of RM13.0 million as compared to net income of RM15.3 million in the previous year.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

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

#### B2. MATERIAL CHANGES IN NET INCOME BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

|  | Quarter ended        |                      | Change<br>%  |
|--|----------------------|----------------------|--------------|
|  | 30-09-2021<br>RM'000 | 30-06-2021<br>RM'000 |              |
| <b>Total revenue</b>                           |                      |                      |              |
| Retail outlets                                 | 8,350                | 8,744                | (4.5)        |
| Office buildings                               | 2,114                | 1,973                | 7.1          |
| F&B restaurants                                | 4,266                | 4,260                | 0.1          |
| F&B non-restaurants                            | 2,851                | 2,843                | 0.3          |
|  | <b>17,581</b>        | <b>17,820</b>        | <b>(1.3)</b> |
| <b>Net property income ("NPI") :</b>           |                      |                      |              |
| Retail outlets                                 | 5,309                | 5,377                | (1.3)        |
| Office buildings                               | 1,342                | 1,157                | 16.0         |
| F&B restaurants                                | 4,258                | 4,249                | 0.2          |
| F&B non-restaurants                            | 2,780                | 2,772                | 0.3          |
| Property manager fee                           | (119)                | (119)                | 0.0          |
|  | <b>13,570</b>        | <b>13,436</b>        | <b>1.0</b>   |
| Investment income                              | 98                   | 87                   | 12.6         |
| Fair value adjustment on investment properties | -                    | -                    | -            |
| Trust expenses                                 | (2,351)              | (4,009)              | (41.4)       |
| Islamic financing costs                        | (6,544)              | (6,481)              | 1.0          |
| <b>Net income / (loss) before tax</b>          | <b>4,773</b>         | <b>3,033</b>         | <b>57.4</b>  |

Net income before tax for the current quarter was higher by RM1.7 million as compared to immediate preceding quarter mainly due to lower provision for rental rebates for Q3 2021.

#### B3. CHANGES IN NET ASSET VALUE

|                         | As at                | As at                |
|-------------------------|----------------------|----------------------|
|                         | 30-09-2021<br>RM'000 | 30-06-2021<br>RM'000 |
| Net asset value ("NAV") | 603,349              | 598,576              |
| NAV per unit (RM)       | 1.0403               | 1.0320               |

The NAV as at 30 September 2021 was higher by RM4.8 million as compared to the immediate preceding quarter, as a result of total comprehensive income of RM4.8 million recognised during the current quarter.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

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

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

The ongoing COVID-19 pandemic continues to weaken global growth prospects as downside risk due to the creeping resurgence of Covid-19 infections could lead to weaker business, employment and income conditions. In October 2021, the IMF maintained the projected global GDP growth in 2022 at 4.9% but lowered the projected global GDP growth in 2021 to 5.9% (from 6% in its July 2021 report). The agency's revised downward outlook for the current year is largely due to the slowing recovery momentum amidst supply chain issues in advanced economies and a worsening health situation in emerging countries resulting from laggard vaccination rates. Based on the World Bank's September 2021 report, it has lowered Malaysia's 2021 GDP growth forecast to 3.3% from 4.5% in June 2021 as increased precautionary consumer behavior and subdued labour market conditions continue to adversely impact private consumption and overall economic growth.

Al-Salām REIT's overall performance will be impacted in the immediate term as the Fund's exposure to the retail segment is expected to weigh down on current year performance especially as the lingering presence of the Covid-19 virus continues to drive cautious sentiment amongst shoppers. Nonetheless, based on economists' consensus for BNM to maintain OPR at 1.75% for the remainder of the year and in light of the Budget 2022 recently announced by the government (largest allocated budget for the country at RM332.1 billion), the largely supportive policies are expected to provide positive impact towards the domestic economy and thus would bode well for Fund's performance within the coming terms.

In light of the reeling pandemic-impacted economic landscape as well as the prevailing movement control order, Al-Salām REIT has chosen the strategy to provide rental support/rebates to maintain long term tenant relationships. The strategy is also undertaken to commensurate with the tenant's financial performance in the interest of maintaining tenancy sustainability for the Fund's portfolio of properties. Amidst the challenging landscape, @Mart Kempas continues to prove its resilience as a community-centric hypermarket offering essential provisions throughout the restrictive movement policy implementation. Additionally, despite the ongoing economic turbulence, the Fund's sizable triple net lease assets portfolio (consisting of Mydin Hypermart Gong Badak and F&B-related properties) will continue to provide a sustained contribution to Al-Salām REIT's core income albeit at a tapered performance due to the pandemic.

The Manager anticipates the continuing closure of the Malaysia-Singapore border to have a bearing upon the Fund's performance for the immediate and medium term. Although the completion of the shopping mall's vacant ground floor renovation works is expected to field new tenants, nonetheless, progress to fill up space will be hampered by medium term leasing headwinds due to the current environment. Additionally, rental performance for Komtar JBCC is also expected to remain subdued within the foreseeable periods due to the pandemic. Nonetheless, the reopening of the Singapore – Johor Causeway is expected to be an important catalyst to improve the mall's yield performance moving forward.

Menara KOMTAR is expected to maintain its position as a strategic office space destination within the center of Johor Bahru's metropolitan area amidst the city's eventual recovery from the pandemic. As of Q3 2021, Menara Komtar is primarily occupied by the Johor Corporation Group with the overall occupancy rate of the property at 86%.

Even as the current pandemic weighs down upon Malaysia's F&B (food and beverage) scene, assets operated by QSR Brands (M) Holdings Bhd (QSR) continue to provide income stability on the back of triple net lease arrangement with Al-Salām REIT. Despite the group's impacted performance, Al-Salām REIT remains confident in QSR's continued perseverance by virtue of their time-tested operational excellence and sustainable market share amidst the challenging business environment. The Malaysian College of Hospitality and Management, being the Fund's sole education property asset has also provided stable earnings deriving from master lease arrangement with KPJ Group's education arm.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

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

##### **B4. PROSPECTS (continued)**

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.

In addition, the Manager is also targeting to expand Al-Salām REIT portfolio especially into the industrial segment to ensure the fund's resilience of performance against the adverse and challenging commercial landscape. The Manager continues to explore opportunities for potential acquisitions including pipeline assets from the Johor Corporation Group to achieve sustainable growth of Al-Salām REIT.

Source:

- i) IMF and World Economic Outlook
- ii) The World Bank

##### **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**

|                | <b>The Group</b>  |                   | <b>The Fund</b>   |                   |
|----------------|-------------------|-------------------|-------------------|-------------------|
|                | <b>30-09-2021</b> | <b>30-09-2020</b> | <b>30-09-2021</b> | <b>30-09-2020</b> |
|                | <b>RM'000</b>     | <b>RM'000</b>     | <b>RM'000</b>     | <b>RM'000</b>     |
| Tax expense    |                   |                   |                   |                   |
| - Current tax  | -                 | -                 | -                 | -                 |
| - Deferred tax | -                 | -                 | -                 | -                 |
|                | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |

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.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

#### **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 |            |
|--|---------------|------------|------------|------------|
|  | 30-09-2021    | 30-09-2020 | 30-09-2021 | 30-09-2020 |
|  | RM'000        | RM'000     | RM'000     | RM'000     |
| Net rental income  | 17,581        | 21,497     | 54,133     | 66,183     |
| Investment revenue                                       | 99            | 54         | 249        | 415        |
| Less: Unbilled rental income                             | (948)         | (1,142)    | (2,814)    | (3,243)    |
|  | 16,732        | 20,409     | 51,568     | 63,355     |
| Less: Expenses   | (12,907)      | (16,746)   | (41,338)   | (52,014)   |
| Realised/distributable income<br>for the quarter/period  | 3,825         | 3,663      | 10,230     | 11,341     |
| Previous year's undistributed<br>realised income         | 12,653        | 6,447      | 6,248      | 3,757      |
| Total realised income available<br>for distribution      | 16,478        | 10,110     | 16,478     | 15,098     |
| Less: Income to be distributed for<br>the quarter/period | (2,900)       | -          | (2,900)    | (4,988)    |
| Balance undistributed<br>realised income                 | 13,578        | 10,110     | 13,578     | 10,110     |
| Distribution per unit (sen)                              | 0.50          | -          | 0.50       | 0.86       |

##### **B8. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

There were no disposal of unquoted securities or investment properties during the current quarter under review.

##### **B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES**

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

##### **B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED**

###### **Proposed Placement of up to 116 million new units ("Proposed Placement")**

On 28 February 2020, Al-Salām REIT had made a Bursa Malaysia announcement to undertake a proposed private placement of up to 116,000,000 representing up to 20% of its total issued units. Subsequently, on 13 March 2020, Al-Salām REIT obtained Bursa Securities' approval for the listing of and quotation of up to 116,000,000 units of Al-Salām REIT to be issued pursuant to the proposed private placement to be completed within 6 months from the approval date.

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

Al-Salām REIT has decided not to proceed with the Proposed Private Placement and has lapsed on 13 September 2021.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

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

##### B11. TRADE RECEIVABLES

|                                | The Group                     |                               |
|--------------------------------|-------------------------------|-------------------------------|
|                                | As at<br>30-09-2021<br>RM'000 | As at<br>30-09-2020<br>RM'000 |
| Non-current                    |                               |                               |
| Third parties                  | 702                           | -                             |
| Current                        |                               |                               |
| Third parties                  | 14,453                        | 11,731                        |
| Related companies              | 9,921                         | 5,799                         |
| Unbilled rental income         | 12,303                        | 8,311                         |
| Less: Allowance for impairment | (5,703)                       | (6,555)                       |
|                                | <u>30,974</u>                 | <u>19,286</u>                 |

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

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

In 2020, the Fund entered into a settlement agreement with a customer. Both parties agreed that the outstanding rental of RM5,619,180 is to be paid by the customer through 24 monthly instalments as and when they fall due on 7th day of each month starting January 2021.

##### **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<br>30-09-2021<br>RM'000 | As at<br>30-09-2020<br>RM'000 |
|---------------|-------------------------------|-------------------------------|
| 0 - 30 days   | 3,680                         | 3,229                         |
| 31 - 60 days  | 3,658                         | 3,495                         |
| 61 - 90 days  | 261                           | 1,530                         |
| 91 - 365 days | 11,072                        | 9,276                         |
| Impaired      | 5,703                         | -                             |
|               | <u>24,374</u>                 | <u>17,530</u>                 |

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

As at the date of the financial statements, Malaysia's international borders remain closed. In view of the ongoing Covid-19 pandemic, the Group and the Fund grant a rent concession of RM19.6 million to their tenants that waived partial lease receivables of RM1.4 million for Q3 2021 (Q3 2020: RM3.8 million).

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2021

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

##### B12. ISLAMIC FINANCING

|   | The Group                     |                               |
|---|-------------------------------|-------------------------------|
|   | As at<br>30-09-2021<br>RM'000 | As at<br>30-09-2020<br>RM'000 |
| <b><u>Non-current</u></b>                           |                               |                               |
| <b>Secured</b>                                      |                               |                               |
| - 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                       |
|   | <u>639,000</u>                | <u>586,000</u>                |
| Less: Transaction costs                             | (3,375)                       | (4,527)                       |
|   | <u>635,625</u>                | <u>581,473</u>                |
| <b><u>Current</u></b>                               |                               |                               |
| <b>Secured</b>                                      |                               |                               |
| - Sukuk Ijarah - Islamic Medium Term Notes ("IMTN") | -                             | 52,000                        |
|   | <u>-</u>                      | <u>52,000</u>                 |
| Less: Transaction costs                             | -                             | -                             |
|   | <u>-</u>                      | <u>52,000</u>                 |
| <b>Total Islamic Financing</b>                      | <u>635,625</u>                | <u>633,473</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 3.82% (2020: 4.18%) per annum. The principal amount is expected to be paid in March 2024.

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

- 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% or any value set by Security Commission Malaysia ("SC"); and
- Minimum security cover of 1.25 times.

The financing is secured by the investment properties amounting to RM152.1 million (2020: RM152.1 million)

##### Business Financing-i

The BF-i profit is payable over a period of 72 months from the date of first disbursement with full repayment of principal sum on the 72nd month. The effective profit rate for the CMTF-i will be based on 3MCOF + 0.60% per annum for the duration of the BF-i. The principal amount is expected to be paid in September 2027.

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

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

The financing is secured by the investment properties amounting to RM97.3 million.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2021

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#### **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 in nominal value and issued RM162.8 million in nominal value of IMTNs ("Issue 1") with transaction cost amounting RM2.4 million.

On 24 August 2020, ALSREIT Capital Sdn Bhd issued RM520.0 million in nominal value of IMTNs ("Issue 2") with transaction cost amounting RM3.9 million. The financing was used to refinance the maturity of Issue 1 and CMTF-i amounting to RM162.8 million and RM350.0 million respectively.

On 24 September 2020, 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 RM933.5 million (2020: RM1,030.7 million).

###### Revolving Credit

As of 30 September 2021, Al-Salām REIT has an unutilized revolving credit facility amounting to RM10.0 million (2020: RM10.0 million) granted by a financial institution. The said facility is secured by an investment property amounting to RM16.0 million.

##### **B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

For the current quarter there was no off balance sheet financial instruments.

##### **B14. MATERIAL LITIGATION**

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

##### **B15. SOFT COMMISSION RECEIVED**

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

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2021

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

##### **B16. SUMMARY OF DPU, EPU AND NAV**

|   | <b>Current<br/>Quarter ended<br/>30-09-2021</b> | <b>Immediate<br/>Preceding<br/>Quarter ended<br/>30-06-2021</b> |
|---|---|---|
| Number of units in issue (units)                | 580,000,000                                     | 580,000,000   |
| Earnings per unit (EPU) - sen                   | 0.82  | 0.52  |
| Net income distribution to unitholders (RM'000) | 2,900   | -   |
| Distribution per unit (DPU) - sen               | 0.50  | -   |
| Net Asset Value (NAV) - RM'000                  | 603,349   | 598,576   |
| NAV per unit (RM)                               | 1.0403  | 1.0320  |
| Market Value Per Unit (RM)                      | 0.5300  | 0.5600  |

##### **B15. RESPONSIBILITY STATEMENT**

This quarterly report has been prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Salām REIT as at 30 September 2021 and of its financial performance and cash flows for the period then ended.