

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Fourth Quarter Ended 31 December 2021**

|  | Note | Individual Quarter   |                                      | Cumulative Quarter   |   |
|--|------|----------------------|--------------------------------------|----------------------|---|
|  |      | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year to-date | Preceding Year Corresponding Period to-date |
|  |      | 31-12-2021           | 31-12-2020                           | 31-12-2021           | 31-12-2020                                  |
|  |      | RM                   | RM                                   | RM                   | RM  |
| Gross rental income                                    |      | 16,715,718           | 18,847,979                           | 68,998,220           | 82,352,366                                  |
| Other income   |      | 693,927              | 1,069,933                            | 2,544,863            | 3,748,350                                   |
| <b>Total revenue</b>                                   | B1   | <b>17,409,645</b>    | <b>19,917,912</b>                    | <b>71,543,083</b>    | <b>86,100,716</b>                           |
| Utilities expenses                                     |      | (140,905)            | (1,186,906)                          | (2,330,363)          | (4,287,747)                                 |
| Maintenance expenses                                   |      | (889,719)            | (1,116,136)                          | (3,135,090)          | (3,841,956)                                 |
| Quit rent and assessment                               |      | (422,909)            | (463,451)                            | (1,661,222)          | (1,832,035)                                 |
| Other property expenses                                |      | (2,334,537)          | (2,906,156)                          | (8,955,158)          | (10,685,331)                                |
| Property manager fee                                   |      | (119,100)            | (122,420)                            | (467,400)            | (483,915)                                   |
| <b>Total property expenses</b>                         |      | <b>(3,907,170)</b>   | <b>(5,795,069)</b>                   | <b>(16,549,233)</b>  | <b>(21,130,984)</b>                         |
| Net property income                                    |      | 13,502,475           | 14,122,843                           | 54,993,850           | 64,969,732                                  |
| Investment income                                      |      | 80,536               | 37,144                               | 329,773              | 451,867                                     |
| Gain on fair value adjustment of investment properties |      | (12,740,709)         | (31,988,683)                         | (12,740,709)         | (31,261,883)                                |
| Net investment (loss)/income                           |      | 842,302              | (17,828,696)                         | 42,582,914           | 34,159,716                                  |
| Manager's management fees                              |      | (627,708)            | (631,438)                            | (2,477,759)          | (2,323,291)                                 |
| Trustee's fees   |      | (30,294)             | (31,481)                             | (119,566)            | (124,660)                                   |
| Shariah advisors' fee                                  |      | (4,120)              | -                                    | (11,480)             | -   |
| Islamic financing costs                                |      | (6,593,084)          | (6,631,509)                          | (26,039,172)         | (28,889,781)                                |
| Other trust expenses <sup>1</sup>                      |      | (3,443,395)          | (2,473,168)                          | (10,747,748)         | (15,107,049)                                |
| Net income before tax                                  |      | (9,856,299)          | (27,596,292)                         | 3,187,189            | (12,285,065)                                |
| Taxation   |      | 16,833               | -                                    | 16,833               | (1,245,581)                                 |
| <b>Net income after tax</b>                            |      | <b>(9,839,466)</b>   | <b>(27,596,292)</b>                  | <b>3,204,022</b>     | <b>(13,530,646)</b>                         |
| Other comprehensive income, net of tax                 |      | -                    | -                                    | -                    | -   |
| <b>Total comprehensive income for the period</b>       |      | <b>(9,839,466)</b>   | <b>(27,596,292)</b>                  | <b>3,204,022</b>     | <b>(13,530,646)</b>                         |
| Net income after tax is made up as follow:             |      |                      |                                      |                      |   |
| Realised   |      | 4,413,816            | 3,213,850                            | 14,643,732           | 14,555,180                                  |
| Unrealised   |      | (14,253,282)         | (32,055,723)                         | (11,439,710)         | (28,085,826)                                |
|  |      | <b>(9,839,466)</b>   | <b>(28,841,873)</b>                  | <b>3,204,022</b>     | <b>(13,530,646)</b>                         |
| Earnings per unit (sen)                                |      | (1.70)               | (4.76)                               | 0.55                 | (2.33)                                      |

<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 31 December 2021**

|   | Note | Unaudited<br>As at End Of<br>Current Quarter<br>31-12-2021 | 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   | 1,177,236,522  | 1,189,364,689  |
| Property, plant & equipment                 |      | 708,310  | 877,096  |
| Trade receivables                           | B9   | -  | 2,809,590  |
| <b>Current Assets</b>                       |      |  |  |
| Trade receivables                           | B9   | 33,418,411   | 21,834,125   |
| Other receivables & prepayments             |      | 4,953,108  | 4,860,977  |
| Cash and bank balances                      |      | 9,804,187  | 6,340,983  |
| Fixed deposits with licensed banks          |      | 26,352,000   | 27,970,000   |
| Amount due from related companies           |      | 1,027,188  | 496,566  |
|   |      | <u>75,554,894</u>  | <u>61,502,651</u>                                      |
| <b>TOTAL ASSETS</b>                         |      | <u>1,253,499,726</u>                                       | <u>1,254,554,026</u>                                   |
| <b>LIABILITIES</b>                          |      |  |  |
| <b>Non-current liabilities</b>              |      |  |  |
| Islamic financing                           | B10  | 635,656,938  | 581,855,901  |
| Other payables and accruals                 |      | 8,194,657  | 8,946,318  |
| Deferred tax liability                      |      | 1,228,748  | 1,245,581  |
|   |      | <u>645,080,343</u>   | <u>592,047,800</u>                                     |
| <b>Current Liabilities</b>                  |      |  |  |
| Islamic financing                           | B10  | -  | 52,000,000   |
| Other payables and accruals                 |      | 14,005,846   | 13,124,845   |
| Provision for income distribution           |      | 2,900,000  | -  |
| Amount due to related companies             |      | 904,101  | -  |
|   |      | <u>17,809,947</u>  | <u>65,124,845</u>                                      |
| <b>TOTAL LIABILITIES</b>                    |      | <u>662,890,290</u>   | <u>657,172,645</u>                                     |
| <b>NET ASSETS VALUE</b>                     |      | <u>590,609,436</u>   | <u>597,381,381</u>                                     |
| <b>REPRESENTED BY:</b>                      |      |  |  |
| Unitholders' capital                        |      | 572,545,319  | 572,545,319  |
| Undistributed income                        |      | 18,064,117   | 24,836,062   |
| <b>TOTAL UNITHOLDERS' FUND</b>              |      | <u>590,609,436</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                |      | 1.0183   | 1.0300   |
| - After income distribution*                |      | 1.0003   | 1.0178   |

\*After reflecting the proposed final income distribution for financial year ended 31 December 2021 of 1.80 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 Fourth Quarter Ended 31 December 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>                           | -                             | 14,555,180                             | (28,085,826)     | (13,530,646) |
| <b>Unitholders' transactions</b>   |                               |  |                  |              |
| Issuance of new units  | -                             | -                                      | -                | -            |
| Distribution to unitholders  | -                             | (13,165,867)                           | -                | (13,165,867) |
| <i>Decrease in net assets resulting<br/>    from unitholders' transactions</i> | -                             | (13,165,867)                           | -                | (13,165,867) |
| <b>As at 31 December 2020</b>  | 572,545,319                   | 13,323,828                             | 11,512,234       | 597,381,381  |
| <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>                           | -                             | 14,643,732                             | (11,439,710)     | 3,204,022    |
| <b>Unitholders' transactions</b>   |                               |  |                  |              |
| Issuance of new units  | -                             | -                                      | -                | -            |
| Distribution to unitholders#   | -                             | (9,975,967)                            | -                | (9,975,967)  |
| <i>Decrease in net assets resulting<br/>    from unitholders' transactions</i> | -                             | (9,975,967)                            | -                | (9,975,967)  |
| <b>As at 31 December 2021</b>  | 572,545,319                   | 17,991,593                             | 72,524           | 590,609,436  |

# 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.
- ii) Payment of the first interim income distribution of 0.50 sen per unit for the financial period from 1 January 2021 to 30 September 2021 (taxable in the hand of unitholders) which was announced on 26 November 2021. The distribution was paid on 20 January 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 2020 and the accompanying explanatory notes attached to the financial statements.

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Fourth Quarter Ended 31 December 2021**

|   | To Date             |                        |
|---|---------------------|------------------------|
|   | 31-12-2021          | 31-12-2020<br>restated |
|   | <u>RM</u>           | <u>RM</u>              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                     |                        |
| Net (loss)/income before tax                                  | 3,187,189           | (12,285,065)           |
| Adjustment for:   |                     |                        |
| Islamic financing costs                                       | 26,039,172          | 28,889,781             |
| Depreciation  | 172,286             | 163,514                |
| Fair value (loss)/gain on investment properties               | 12,740,709          | 31,261,883             |
| Investment income   | (329,773)           | (451,867)              |
| Unbilled rental income  | (3,734,166)         | (4,421,638)            |
| Allowance for expected credit losses                          | 9,527,577           | 13,404,632             |
| Operating profit before working capital changes               | <u>47,602,994</u>   | <u>56,561,240</u>      |
| <br>(Increase)/decrease in:                                   |                     |                        |
| Trade receivables   | (14,568,107)        | (22,020,474)           |
| Other receivables and prepaid expenses                        | (92,130)            | (1,129,793)            |
| Amount owing by related companies                             | (530,622)           | 289,080                |
| <br>(Decrease)/Increase in:                                   |                     |                        |
| Other payables and accrued expenses                           | 3,235,806           | (4,818,567)            |
| Amount owing to related companies                             | 904,101             | (513,948)              |
| Net cash generated from operating activities                  | <u>36,552,042</u>   | <u>28,367,538</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                     |                        |
| Addition to investment properties                             | (612,542)           | (2,017,972)            |
| Purchase of equipment   | (3,500)             | (110,033)              |
| Income received from other investments                        | 329,773             | 451,867                |
| Net cash generated / (used) in investing activities           | <u>(286,269)</u>    | <u>(1,676,138)</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                     |                        |
| (Increase) / Decrease in pledged deposits with licensed banks | (704,893)           | 5,891,893              |
| Increase in restricted cash                                   | (58,708)            | 113,185                |
| Net drawdown from Islamic financing                           | 1,000,000           | 7,215,000              |
| Islamic financing costs paid                                  | (24,546,741)        | (26,992,357)           |
| Transaction cost paid   | (897,860)           | (3,928,296)            |
| Income distribution paid                                      | (9,975,968)         | (13,165,867)           |
| Net cash used in financing activities                         | <u>(35,184,170)</u> | <u>(30,866,442)</u>    |

**AL-SALĀM REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**For the Fourth Quarter Ended 31 December 2021**

|   | To Date     |                        |
|---|-------------|------------------------|
|   | 31-12-2021  | 31-12-2020<br>restated |
|   | RM          | RM                     |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                  | 1,081,603   | (4,175,042)            |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b> | 27,222,763  | 31,397,805             |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>       | 28,304,366  | 27,222,763             |
| <br>  |             |                        |
| <b>DEPOSITS, CASH AND BANK BALANCES</b>                           |             |                        |
| <br>  |             |                        |
| Cash and bank balances  | 9,804,187   | 6,340,983              |
| Fixed deposits with licensed banks                                | 26,352,000  | 27,970,000             |
|   | 36,156,187  | 34,310,983             |
| Less : Pledged deposits with licensed banks                       | (7,782,000) | (7,077,107)            |
| Less : Restricted cash  | (69,821)    | (11,113)               |
| <b>CASH AND CASH EQUIVALENTS</b>                                  | 28,304,366  | 27,222,763             |

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 Fourth Quarter Ended 31 December 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 Fourth Quarter Ended 31 December 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**

On 26 November 2021, the Fund declared the first interim income distribution of 0.50 sen per unit for the financial period ending 31 December 2021 (taxable in the hand of unitholders) in respect of the period from 1 January 2021 to 30 September 2021. The said distribution has been paid on 20 January 2022.

##### **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 Fourth Quarter Ended 31 December 2021

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

#### A8. SEGMENTAL REPORTING (continued)

| For period ended 31 December 2021                  |                             |                               |                              |                                   |  |                 |
|--|-----------------------------|-------------------------------|------------------------------|-----------------------------------|--|-----------------|
|  | 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<br>RM'000 |
| Total revenue                                      | 34,491                      | 8,288                         | 17,388                       | 11,376                            | -  | 71,543          |
| Total property expenses                            | (12,316)                    | (3,361)                       | (36)                         | (299)                             | (537)  | (16,549)        |
| Net property income                                | 22,175                      | 4,927                         | 17,352                       | 11,077                            | (537)  | 54,994          |
| Fair value (loss)/gain on<br>investment properties | (3,640)                     | (11,107)                      | 2,156                        | (150)                             | -  | (12,741)        |
| Investment income                                  | -                           | -                             | -                            | -                                 | 330  | 330             |
| Net investment income                              | 18,535                      | (6,180)                       | 19,508                       | 10,927                            | (207)  | 42,583          |
| Total trust expenses                               | (8,287)                     | (141)                         | (885)                        | (253)                             | (3,791)                                      | (13,357)        |
| Islamic financing costs                            | -                           | -                             | -                            | -                                 | (26,039)                                     | (26,039)        |
| Net income before tax                              | 10,248                      | (6,321)                       | 18,623                       | 10,674                            | (30,037)                                     | 3,187           |
| Income tax expenses                                | -                           | -                             | -                            | -                                 | 17   | 17              |
| Net (expense)/income<br>for the period             | 10,248                      | (6,321)                       | 18,623                       | 10,674                            | (30,020)                                     | 3,204           |
| Total assets                                       | 799,208                     | 106,294                       | 286,460                      | 189,779                           | (128,241)                                    | 1,253,500       |
| Total liabilities                                  | 7,451                       | 12,020                        | -                            | 733                               | 642,686                                      | 662,890         |
| For period ended 31 December 2020                  |                             |                               |                              |                                   |  |                 |
|  | 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<br>RM'000 |
| Total revenue                                      | 49,416                      | 9,173                         | 16,164                       | 11,348                            | -  | 86,101          |
| Total property expenses                            | (16,613)                    | (3,654)                       | (32)                         | (348)                             | (484)  | (21,131)        |
| Net property income                                | 32,803                      | 5,519                         | 16,132                       | 11,000                            | (484)  | 64,970          |
| Fair value (loss)/gain on<br>investment properties | (36,677)                    | (201)                         | 1,926                        | 3,690                             | -  | (31,262)        |
| Investment income                                  | -                           | -                             | -                            | -                                 | 452  | 452             |
| Net investment income                              | (3,874)                     | 5,318                         | 18,058                       | 14,690                            | (32)   | 34,160          |
| Total trust expenses                               | -                           | -                             | -                            | -                                 | (17,555)                                     | (17,555)        |
| Islamic financing costs                            | -                           | -                             | -                            | -                                 | (28,890)                                     | (28,890)        |
| Net income before tax                              | (3,874)                     | 5,318                         | 18,058                       | 14,690                            | (46,477)                                     | (12,285)        |
| Income tax expenses                                | -                           | -                             | -                            | -                                 | (1,246)                                      | (1,246)         |
| Net income for the period<br>for the period        | (3,874)                     | 5,318                         | 18,058                       | 14,690                            | (47,723)                                     | (13,531)        |
| Total assets                                       | 801,944                     | 104,441                       | 284,464                      | 187,709                           | (124,004)                                    | 1,254,554       |
| Total liabilities                                  | 15,085                      | 3,013                         | -                            | 700                               | 638,375                                      | 657,173         |

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2021

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

##### A9. VALUATION OF INVESTMENT PROPERTIES

During the current quarter under review, a valuation exercise was undertaken for all fifty-four (54) properties of Al-Salām REIT pursuant to MFRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The revaluation has resulted in a loss of RM12.7 million and has been incorporated into the financial statements of Al-Salām REIT as at 31 December 2021. The details of the said valuation carried out are tabled as follows:

| Description of Property  | Date of Valuation | 2021 Fair Value RM'000 |
|--|-------------------|------------------------|
| 1. KOMTAR JBCC   | 31.12.2021        | 429,600                |
| 2. Menara KOMTAR   | 31.12.2021        | 62,000                 |
| 3. @Mart Kempas Community Hypermarket  | 31.12.2021        | 72,000                 |
| 4. Malaysian College of Hospitality and Management   | 31.12.2021        | 34,000                 |
| 5. Mydin Hypermart Gong Badak  | 31.12.2021        | 165,000                |
| 6. Premises Nos. 18 & 20, Jalan Sulaiman, 43000 Kajang, Selangor Darul Ehsan   | 31.12.2021        | 9,700                  |
| 7. Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman                            | 31.12.2021        | 530                    |
| 8. Premises No. 1, Jalan Baru Bandar 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor                            | 31.12.2021        | 2,040                  |
| 9. Premises No. 34, Jalan Mahsuri, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang                                    | 31.12.2021        | 4,000                  |
| 10. Premises Nos. 60 & 62, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan                    | 31.12.2021        | 9,300                  |
| 11. Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan    | 31.12.2021        | 1,800                  |
| 12. Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan                                  | 31.12.2021        | 480                    |
| 13. Premises No. 3, 3A & 3B, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim                      | 31.12.2021        | 936                    |
| 14. Premises No. 1 & 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor Darul Takzim   | 31.12.2021        | 816                    |
| 15. Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang                         | 31.12.2021        | 14,000                 |
| 16. Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang                               | 31.12.2021        | 2,850                  |
| 17. Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang | 31.12.2021        | 2,540                  |

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2021

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

##### A9. VALUATION OF INVESTMENT PROPERTIES (continued)

| Description of Property   | Date of Valuation | 2021 Fair Value RM'000 |
|---|-------------------|------------------------|
| 18. Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang          | 31.12.2021        | 1,110                  |
| 19. Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur  | 31.12.2021        | 14,500                 |
| 20. PT No. 2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah Darul Aman                                     | 31.12.2021        | 5,300                  |
| 21. PTD 103231, Taman Impian Senai, 81400 Senai, Johor Darul Takzim   | 31.12.2021        | 8,800                  |
| 22. PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru, Johor Darul Takzim  | 31.12.2021        | 12,300                 |
| 23. PTD No. 171459, Jalan Persiaran Perling, Taman Perling, 81200 Johor Bahru, Johor Darul Takzim                                 | 31.12.2021        | 14,000                 |
| 24. PT No. 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak Darul Ridzuan                                      | 31.12.2021        | 8,700                  |
| 25. Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong, 52100 Kuala Lumpur   | 31.12.2021        | 15,800                 |
| 26. PT No. 6878, Jalan 8/27A, Pusat Bandar Wangsa Maju, 53300 Kuala Lumpur  | 31.12.2021        | 26,700                 |
| 27. PT No. 19503, Lebuhraya Ayer Keroh, 75450 Hang Tuah Jaya, Melaka  | 31.12.2021        | 10,700                 |
| 28. Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang   | 31.12.2021        | 1,600                  |
| 29. Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah     | 31.12.2021        | 3,000                  |
| 30. Premises No. 3, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan                       | 31.12.2021        | 47,200                 |
| 31. Premises No. 6, Jalan Gerudi, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan                          | 31.12.2021        | 26,700                 |
| 32. Premises Nos. 17, 19 & 21, Jalan Pemaju U1/15, Sek U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan | 31.12.2021        | 59,100                 |
| 33. Lot No. 2430 and 2429, Title No. PM12274 and PM12273, No. 23 & 24 Jalan 54, Desa Jaya Kepong, 52100 Kepong, Kuala Lumpur      | 31.12.2021        | 7,300                  |
| 34. Lot No. 96, Title No. PN326743, 158 Jalan Idris, 31900 Kampar, Perak  | 31.12.2021        | 1,400                  |
| 35. Lot No. 1417,1419 and 1421, Title No. 59853,59858 and 59862, 140 Jalan Raja Laut, 50350 Kuala Lumpur                          | 31.12.2021        | 4,700                  |
| 36. Lot No. 503, Title No. 10894, 437 Wisma Hualang, Jalan Ipoh, 51200 Kuala Lumpur   | 31.12.2021        | 8,700                  |
| 37. Lot 48635, Title No. 8311, 79 Jalan Dato' Lau Pak Khuan, Ipoh Garden, 31400 Ipoh, Perak                                       | 31.12.2021        | 2,000                  |

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2021

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

##### A9. VALUATION OF INVESTMENT PROPERTIES (continued)

| Description of Property  | Date of Valuation | 2021 Fair Value RM'000 |
|--|-------------------|------------------------|
| 38. Lot 4111, PN18632, No.9 Jalan PPM 9, Plaza Pandan Malim, 75250 Melaka  | 31.12.2021        | 980                    |
| 39. Lot 107788, Title No. 343902, No. 1 & 1A, Jalan Resam 13, Taman Bukit Tiram, Ulu Tiram, Johor  | 31.12.2021        | 1,648                  |
| 40. Lot 1293 N, Title No. 40351, No. 65 Jalan Dato' Onn Jaafar, 30300 Ipoh, Perak  | 31.12.2021        | 3,400                  |
| 41. Lot 4125 & 4126, Title No. 177945 & 108899, 24 & 26 Jalan Bunga Raya 7, Pusat Perniagaan Senawang, Taman Tasik Jaya, 70400 Senawang, Negeri Sembilan | 31.12.2021        | 840                    |
| 42. Lot 831 & 832, Title No. 50935 & 40542, 20 & 21 Jalan Dato' Sheikh Ahmad, 70000 Seremban, Negeri Sembilan  | 31.12.2021        | 3,900                  |
| 43. Title No. Country Lease 015437948, Lot 25, Block 3, Jalan Kolam, 88300 Kota Kinabalu, Sabah  | 31.12.2021        | 2,800                  |
| 44. Lot 182 Sublot No.104 & Lot 183 Sublot No.15, Section 65, Kuching Town Land District   | 31.12.2021        | 4,000                  |
| 45. HS(D) No. 499885, PTD 210469, Jalan Suria 1, Bandar Seri Alam, Johor Bahru, Johor Darul Takzim   | 31.12.2021        | 7,800                  |
| 46. HS(D) No. 499524, PTD 181614, Taman Mutiara Rini, 81300 Skudai, Johor Darul Takzim   | 31.12.2021        | 8,000                  |
| 47. Lot 599, Title No. 23532, D.T.L Section 5, Bandar Georgetown, Pulau Pinang   | 31.12.2021        | 24,000                 |
| 48. HS(D) 33885, Lot 22529, Part Lot 20022, Jalan Bertam, Mukim 6, Kepala Batas, Seberang Perai Utara, Pulau Pinang                                      | 31.12.2021        | 6,900                  |
| 49. Lease No. 015319892, Lot 43A, Karamunsing Warehouse, 88000 Kota Kinabalu, Sabah  | 31.12.2021        | 3,800                  |
| 50. No 2105 Jalan 3/1, Bandar Baru Sungai Buloh, 47000 Sungai Buloh, Selangor  | 31.12.2021        | 1,600                  |
| 51. 555 Plaza Melaka, Jalan Hang Tuah, 75300 Melaka  | 31.12.2021        | 2,090                  |
| 52. Lot PT 15140, Persiaran Taman Tasik Prima, Puchong Perdana, Selangor   | 31.12.2021        | 15,100                 |
| 53. Lot 33693, Mukim Rasah, District of Seremban, Negeri Sembilan  | 31.12.2021        | 8,400                  |
| 54. PT 4294 (Lot 6497), Mukim Merlimau, Daerah Jasin, Melaka   | 31.12.2021        | 4,000                  |
| Valuation per valuers' report  |                   | 1,190,460              |
| Less : Accrued rental income   |                   | (13,223)               |
|  |                   | <u>1,177,237</u>       |

## **AL-SALĀM REIT**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2021**

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

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

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

##### **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 Fourth Quarter Ended 31 December 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>31-12-2021</b> | <b>31-12-2020</b> | <b>31-12-2021</b> | <b>31-12-2020</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>     | <b>RM'000</b>     | <b>RM'000</b>     |
| Rental income                              | 34,775            | 34,959            | 34,775            | 34,959            |
| Other property management and fees charged | 5,903             | 6,104             | 5,903             | 6,104             |
| Finance cost paid/payable to a subsidiary  | -                 | -                 | 19,335            | 12,310            |

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

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2021

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

##### B1. REVIEW OF PERFORMANCE

|   | Quarter ended        |                      |             | Year ended           |                      |             |
|---|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
|   | 31-12-2021<br>RM'000 | 31-12-2020<br>RM'000 | Change<br>% | 31-12-2021<br>RM'000 | 31-12-2020<br>RM'000 | Change<br>% |
| <b>Total revenue</b>                              |                      |                      |             |                      |                      |             |
| Retail outlets                                    | 7,806                | 10,205               | (23.5)      | 34,491               | 49,416               | (30.2)      |
| Office buildings                                  | 2,152                | 2,359                | (8.8)       | 8,288                | 9,173                | (9.6)       |
| F&B restaurants                                   | 4,610                | 4,518                | 2.0         | 17,388               | 16,164               | 7.6         |
| F&B non-restaurants                               | 2,842                | 2,837                | 0.2         | 11,376               | 11,348               | 0.2         |
| Total   | <u>17,410</u>        | <u>19,918</u>        | (12.6)      | <u>71,543</u>        | <u>86,101</u>        | (16.9)      |
| <b>Net property income ("NPI")</b>                |                      |                      |             |                      |                      |             |
| Retail outlets                                    | 5,176                | 5,768                | (10.3)      | 22,175               | 32,803               | (32.4)      |
| Office buildings                                  | 1,160                | 1,241                | (6.5)       | 4,927                | 5,519                | (10.7)      |
| F&B restaurants                                   | 4,602                | 4,512                | 2.0         | 17,352               | 16,132               | 7.6         |
| F&B non-restaurants                               | 2,754                | 2,725                | 1.1         | 11,077               | 11,000               | 0.7         |
| Property manager fee                              | (189)                | (122)                | 54.9        | (537)                | (484)                | 11.0        |
| Total   | <u>13,503</u>        | <u>14,123</u>        | (4.4)       | <u>54,994</u>        | <u>64,970</u>        | (15.4)      |
| Investment income                                 | 81                   | 37                   | 118.9       | 330                  | 452                  | (27.0)      |
| Fair value adjustment on<br>investment properties | (12,741)             | (31,989)             | (60.2)      | (12,741)             | (31,262)             | (59.2)      |
| Trust expenses                                    | (4,106)              | (3,135)              | 31.0        | (13,357)             | (17,555)             | (23.9)      |
| Islamic financing costs                           | (6,593)              | (6,632)              | (0.6)       | (26,039)             | (28,890)             | (9.9)       |
| <b>Net income before tax</b>                      | <u>(9,856)</u>       | <u>(27,596)</u>      | (64.3)      | <u>3,187</u>         | <u>(12,285)</u>      | (125.9)     |

#### Review of Individual/Cumulative Quarter Results

##### **Retail outlets**

The retail segment reported total revenue of RM7.8 million for the current quarter ended 31 December 2021 (Q4 2021), a decrease of RM2.4 million compared to the preceding year's corresponding quarter (Q4 2020) of RM10.2 million. This was mainly due to a lower rental income of RM1.9 million, lower parking income of RM0.2 million, and lower events and advertising income of RM0.3 million. Net property income (NPI) of RM5.1 million represented a decrease of RM0.7 million due to the decrease in total revenue as stated earlier offsetted by lower operating expenses of RM1.7 million from all retail outlets.

For cumulative period to date, total revenue of the retail segment had experienced a decrease of RM14.9 million due to lower rental income of RM13.8 million, parking income of RM0.5 million and events and advertising income of RM0.6 million. Cumulative NPI of RM22.2 million represented a decrease of RM10.6 million due to the decrease in total revenue as stated earlier offsetted by lower operating expenses of RM4.3 million from all retail outlets.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 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 RM2.2 million for Q4 2021, a decrease of RM0.2 million compared to Q4 2020. This was due to lower occupancy rate of 86% (2020: 89%). NPI of the office segment in Q4 2021 was RM1.2 million, lower by RM81,000 compared to the preceding year corresponding quarter due to decrease in total revenue as stated earlier offsetted by lower operating expenses of RM126,000.

For the cumulative period to date, total revenue reported a decrease of RM0.9 million and NPI reported a decrease of RM0.6 million due to lower rental income of RM0.9 million offsetted by lower operating expenses of RM0.3 million.

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

For current quarter ended 31 December 2021 (Q4 2021), total revenue and NPI recorded an increase of RM0.1 million as compared to Q4 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 31 December 2021 (Q4 2021), total revenue and NPI recorded an increase of RM1.2 million as compared to Q4 2020. This was due to higher rental income as stated earlier.

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

For current quarter ended 31 December 2021 (Q4 2021), total revenue and NPI recorded a slight increase of 3.6% and 3.7% respectively as compared to Q3 2020. No material changes noted.

For the cumulative period ended 31 December 2021 (Q4 2021), total revenue and NPI recorded a slight increase of 0.9% and 0.9% respectively as compared to Q4 2020. No material changes were noted. The occupancy rate is 100% (2020: 100%).

###### **Overall**

For Q4 2021, Al-Salām REIT recorded a total NPI of RM13.5 million, a decrease of RM0.6 million or 4% as compared to Q4 2020. This was mainly due to lower performance of the retail segment. Net loss before tax was lower by RM17.7 million as compared to Q4 2020. This was mainly due to lower fair value loss of RM19.3 million arising from valuation of investment properties and lower rental rebate granted to tenants in the current quarter.

For the cumulative financial year ended 31 December 2021, Al-Salām REIT recorded a total NPI of RM55.0 million, a decrease of RM10.0 million from RM65.0 million recorded in the previous year. The decrease was mainly due to lower NPI contributions from the retail segment. Trust expenses were lower by RM4.2 million mainly due to lower provision for rental rebate 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. Fair value loss of RM12.7 million arising from valuation of investment properties was recognized during the year as compared to fair value loss of RM31.3 million recorded last year. Islamic financing costs were lower by RM2.9 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 RM3.2 million as compared to net loss of RM12.3 million in the previous year.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 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>%    |
|--|----------------------|----------------------|----------------|
|  | 31-12-2021<br>RM'000 | 30-09-2021<br>RM'000 |                |
| <b>Total revenue</b>                           |                      |                      |                |
| Retail outlets                                 | 7,806                | 8,350                | (6.5)          |
| Office buildings                               | 2,152                | 2,114                | 1.8            |
| F&B restaurants                                | 4,610                | 4,266                | 8.1            |
| F&B non-restaurants                            | 2,842                | 2,851                | (0.3)          |
|  | <b>17,410</b>        | <b>17,581</b>        | <b>(1.0)</b>   |
| <b>Net property income ("NPI") :</b>           |                      |                      |                |
| Retail outlets                                 | 5,176                | 5,309                | (2.5)          |
| Office buildings                               | 1,160                | 1,342                | (13.6)         |
| F&B restaurants                                | 4,602                | 4,258                | 8.1            |
| F&B non-restaurants                            | 2,754                | 2,780                | (0.9)          |
| Property manager fee                           | (189)                | (119)                | 58.8           |
|  | <b>13,503</b>        | <b>13,570</b>        | <b>(0.5)</b>   |
| Investment income                              | 81                   | 98                   | (17.3)         |
| Fair value adjustment on investment properties | (12,741)             | -                    | (100.0)        |
| Trust expenses                                 | (4,106)              | (2,351)              | 74.6           |
| Islamic financing costs                        | (6,593)              | (6,544)              | 0.7            |
| <b>Net income / (loss) before tax</b>          | <b>(9,856)</b>       | <b>4,773</b>         | <b>(306.5)</b> |

Net income before tax for the current quarter was lower by RM14.6 million as compared to the immediate preceding quarter mainly due to the revaluation exercise as mentioned earlier and allowance for expected credit loss of trade receivables.

#### B3. CHANGES IN NET ASSET VALUE

|                         | As at                | As at                |
|-------------------------|----------------------|----------------------|
|                         | 31-12-2021<br>RM'000 | 30-09-2021<br>RM'000 |
| Net asset value ("NAV") | 590,609              | 603,349              |
| NAV per unit (RM)       | 1.0183               | 1.0403               |

The NAV as at 31 December 2021 was lower by RM12.7 million as compared to the immediate preceding quarter, mainly due to loss on fair value adjustment of investment properties of RM12.7 million mitigated by total comprehensive income recognised during the current quarter.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2021

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

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

The global economy continues to recover, supported by manufacturing and trade activity. Labour market conditions have also improved in many countries. However, several countries reintroduced measures to curb ongoing COVID-19 resurgences, causing some moderation in the pace of recovery in domestic activity, especially services. Going forward, continued progress in vaccination coverage, advancements in vaccine efficacy, and the availability of anti-viral treatments will allow for better management of the pandemic, hence supporting global growth prospects.

For Malaysia, the latest high-frequency indicators show that economic activity rebounded in the fourth quarter, in line with the relaxation of containment measures. For 2021, growth will be within the projected range of 3% to 4%. Looking ahead, growth is expected to gain further momentum in 2022 largely driven by the expansion in global demand and higher private sector expenditure amid improvements in the labour market and continued policy support. Following economists' consensus for BNM to maintain OPR at 1.75% for the 1H of 2022 and in light of the implementation of Budget 2022 (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.

As the economy recuperates, Al-Salām REIT anticipates its performance of retail properties to improve in line with the recovery in consumer sentiment. @Mart Kempas and Mydin Hypermart continues to prove their resilience as community-centric hypermarkets offering daily essential provisions. Additionally, the Fund's sizable triple net 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.

The Manager expects the ongoing closure of the Malaysia-Singapore border to have bearing upon Komtar JBCC's performance as the mall primarily caters to shoppers from across the strait. Nonetheless, in anticipation of the returning 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. Thus, the eventual reopening of the causeway 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) IMF and World Economic Outlook
- ii) The World Bank

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2021

#### **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**

|                | <b>The Group</b>  |                   | <b>The Fund</b>   |                   |
|----------------|-------------------|-------------------|-------------------|-------------------|
|                | <b>31-12-2021</b> | <b>31-12-2020</b> | <b>31-12-2021</b> | <b>31-12-2020</b> |
|                | <b>RM'000</b>     | <b>RM'000</b>     | <b>RM'000</b>     | <b>RM'000</b>     |
| Tax expense    |                   |                   |                   |                   |
| - Current tax  | -                 | -                 | -                 | -                 |
| - Deferred tax | (17)              | 1,246             | (17)              | 1,246             |
|                | <b>(17)</b>       | <b>1,246</b>      | <b>(17)</b>       | <b>1,246</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.

The deferred tax liability relates to fair value gain on investment properties which is expected to be recovered through sale. The amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Based on the Finance Act 2019 which was gazetted in December 2019, it was clarified that the RPGT rate of 10% is prescribed for disposal of investment properties held for more than 5 years for a trustee of a trust.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 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 |            |
|--|---------------|------------|------------|------------|
|  | 31-12-2021    | 31-12-2020 | 31-12-2021 | 31-12-2020 |
|  | RM'000        | RM'000     | RM'000     | RM'000     |
| Net rental income  | 17,410        | 19,918     | 71,543     | 86,101     |
| Investment revenue                                       | 81            | 37         | 330        | 452        |
| Less: Unbilled rental income                             | (920)         | (1,179)    | (3,734)    | (4,422)    |
|  | 16,571        | 18,776     | 68,139     | 82,131     |
| Less: Expenses   | (12,157)      | (15,562)   | (53,495)   | (67,576)   |
| Realised/distributable income<br>for the quarter/period  | 4,414         | 3,214      | 14,644     | 14,555     |
| Previous year's undistributed<br>realised income         | 13,578        | 10,110     | 6,248      | 3,757      |
| Total realised income available<br>for distribution      | 17,992        | 13,324     | 20,892     | 18,312     |
| Less: Income to be distributed for<br>the quarter/period | (10,440)      | (7,076)    | (13,340)   | (12,064)   |
| Balance undistributed<br>realised income                 | 7,552         | 6,248      | 7,552      | 6,248      |
| Distribution per unit (sen)                              | 1.80          | 1.22       | 2.30       | 2.08       |

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

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

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

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

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

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

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2021

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

##### B11. TRADE RECEIVABLES

|  | The Group                     |                               |
|--|-------------------------------|-------------------------------|
|  | As at<br>31-12-2021<br>RM'000 | As at<br>31-12-2020<br>RM'000 |
| Non-current                              |                               |                               |
| Third parties                            | -                             | 2,810                         |
| Current                                  |                               |                               |
| Third parties                            | 11,874                        | 9,546                         |
| Related companies                        | 13,491                        | 6,257                         |
| Unbilled rental income                   | 13,223                        | 9,489                         |
| Less: Allowance for expected credit loss | (5,170)                       | (3,458)                       |
|  | <u>33,418</u>                 | <u>21,834</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 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<br>31-12-2021<br>RM'000 | As at<br>31-12-2020<br>RM'000 |
|--------------------|-------------------------------|-------------------------------|
|                    | 1 - 30 days                   | 4,397                         |
| 31 - 60 days       | 3,147                         | 1,934                         |
| 61 - 90 days       | 2,166                         | 1,935                         |
| 91 - 120 days      | 2,624                         | 1,661                         |
| More than 120 days | 13,031                        | 2,144                         |
|                    | <u>25,365</u>                 | <u>15,803</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 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 RM9,527,577 (2020: RM13,404,632) to their tenants.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2021

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

##### B12. ISLAMIC FINANCING

|   | The Group                     |                               |
|---|-------------------------------|-------------------------------|
|   | As at<br>31-12-2021<br>RM'000 | As at<br>31-12-2020<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                             | (3,343)                       | (4,144)                       |
|   | <u>635,657</u>                | <u>581,856</u>                |
| <b><u>Current</u></b>                               |                               |                               |
| <b>Secured</b>                                      |                               |                               |
| - Sukuk Ijarah - Islamic Medium Term Notes ("IMTN") | -                             | 52,000                        |
|   | <u>-</u>                      | <u>52,000</u>                 |
| <b>Total Islamic Financing</b>                      | <u>635,657</u>                | <u>633,856</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 3.79% (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 ration ("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 RM152.7 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. 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 3.56% (2020: nil) per annum. The principal amount is to be expected to be paid in September 2026.

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

- The 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 RM96.9 million.

## AL-SALĀM REIT

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 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.

On 24 August 2020, the Group issued RM520.0 million in nominal value of IMTNs ("Issue 2") which bears profit rate of 3.72% to 3.91% (2020: 3.72% to 3.90%) 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 RM925.1 million (2020: RM1,030.7 million).

###### Revolving Credit

As of 31 December 2021, the Fund unutilised revolving credit facilities amounting to RM10.0 million (2020: 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 (2020: 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 Fourth Quarter Ended 31 December 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/>31-12-2021</b> | <b>Immediate<br/>Preceding<br/>Quarter ended<br/>30-09-2021</b> |
|---|---|---|
| Number of units in issue (units)                | 580,000,000                                     | 580,000,000   |
| Earnings per unit (EPU) - sen                   | (1.70)  | 0.82  |
| Net income distribution to unitholders (RM'000) | -   | 2,900   |
| Distribution per unit (DPU) - sen               | -   | 0.50  |
| Net Asset Value (NAV) - RM'000                  | 590,609   | 603,349   |
| NAV per unit (RM)                               | 1.0183  | 1.0403  |
| Market Value Per Unit (RM)                      | 0.4850  | 0.5300  |

##### **B17. RESPONSIBILITY STATEMENT**

This quarterly report has been prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Salām REIT as at 31 December 2021 and of its financial performance and cash flows for the period then ended.