

AL-SALĀM REIT
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the Fourth Quarter Ended 31 December 2015

Note	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
	RM	RM	RM	RM
Gross rental income	15,813,433	-	19,322,096	-
Other income	1,340,878	-	1,342,789	-
Total revenue	17,154,311	-	20,664,885	-
Utilities expenses	(1,895,025)	-	(1,929,553)	-
Maintenance expenses	(515,565)	-	(521,044)	-
Quit rent and assessment	(184,808)	-	(187,438)	-
Other operating expenses	(2,177,645)	-	(2,218,626)	-
Property manager fee	(97,096)	-	(101,371)	-
Property operating expenses	(4,870,139)	-	(4,958,032)	-
Net property income	12,284,172	-	15,706,853	-
Investment income	54,573	-	167,312	-
Gain in fair value adjustment	7,712,505	-	7,712,505	-
Net investment income	20,051,250	-	23,586,670	-
Manager's management fees	(603,160)	-	(708,273)	-
Trustee's fees	(50,000)	-	(80,000)	-
Shariah advisors' fee	-	-	-	-
Islamic financing costs	(4,830,202)	-	(7,861,113)	-
Other trust expenses	(91,679)	-	(170,249)	-
Net income before tax	14,476,209	-	14,767,035	-
Taxation	-	-	-	-
Net income for the period	14,476,209	-	14,767,035	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	14,476,209	-	14,767,035	-
Net income for the period is made up as follow:				
Realised	6,763,704	-	7,054,530	-
Unrealised	7,712,505	-	7,712,505	-
	14,476,209	-	14,767,035	-
Earnings per unit (sen)	2.50	-	2.55	-

(No comparative figures are available as this is the first unaudited interim financial report of Al-Salām REIT prepared by the Manager since Al-Salām REIT was established on 30 March 2015. The acquisition of the properties by Al-Salām REIT were completed on 6 May 2015 and 29 September 2015 respectively. The financial results reported refers to the period from 30 March 2015 to 31 December 2015)

AL-SALĀM REIT
CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Note	Unaudited As At End Of Current Quarter 31-12-2015	Audited As at preceding year ended 31-12-2014
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	911,460,000	-
Current Assets			
Trade receivables		1,014,861	-
Other receivables & prepayments		9,957,610	-
Cash and bank balances		16,197,642	-
Fixed deposits with licensed banks		9,242,000	-
Amount due from related companies		1,813,823	-
		<u>38,225,936</u>	<u>-</u>
TOTAL ASSETS		<u>949,685,936</u>	<u>-</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B9	345,910,943	-
Other payables and accruals		11,676,173	-
		<u>357,587,116</u>	<u>-</u>
Current Liabilities			
Trade payables		29,682	-
Other payables and accruals		4,221,154	-
Amount due to related companies		535,630	-
		<u>4,786,466</u>	<u>-</u>
TOTAL LIABILITIES		<u>362,373,582</u>	<u>-</u>
NET ASSETS VALUE		<u>587,312,354</u>	<u>-</u>
REPRESENTED BY:			
Unitholders' capital		572,545,319	-
Undistributed income		14,767,035	-
TOTAL UNITHOLDERS' FUND		<u>587,312,354</u>	<u>-</u>
NUMBER OF UNITS IN CIRCULATION		<u>580,000,000</u>	<u>-</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.0126	-

(No comparative figures are available as this is the first unaudited interim financial report of Al-Salām REIT prepared by the Manager since Al-Salām REIT was established on 30 March 2015. The acquisition of the properties by Al-Salām REIT were completed on 6 May 2015 and 29 September 2015 respectively. The financial results reported refers to the period from 30 March 2015 to 31 December 2015).

AL-SALĀM REIT
CONDENSED STATEMENT OF CHANGES
IN NET ASSETS VALUE
For the Fourth Quarter Ended 31 December 2015

	Unitholders' Capital RM	Distributable Undistributed Income Realised RM	Non-distributable Undistributed Income Unrealised RM	Total Unitholders' Fund RM
As at 30 March 2015	-	-	-	-
Total comprehensive income for the period	-	7,054,530	7,712,505	14,767,035
Unitholders' transactions				
Issuance of new units	580,000,000	-	-	580,000,000
Issuing expenses	(7,454,681)	-	-	(7,454,681)
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	572,545,319	-	-	572,545,319
As at 31 December 2015	<u>572,545,319</u>	<u>7,054,530</u>	<u>7,712,505</u>	<u>587,312,354</u>

(No comparative figures are available as this is the first unaudited interim financial report of Al-Salām REIT prepared by the Manager since Al-Salām REIT was established on 30 March 2015. The acquisition of the properties by Al-Salām REIT were completed on 6 May 2015 and 29 September 2015 respectively. The financial results reported refers to the period from 30 March 2015 to 31 December 2015)

AL-SALĀM REIT
CONDENSED STATEMENT OF CASH FLOWS
For the Fourth Quarter Ended 31 December 2015

	To Date	
	31-12-2015	30-12-2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	14,767,035	-
Adjustment for:		
Islamic financing costs	7,861,113	-
Investment income	(167,312)	-
Gain on fair value adjustment	(7,712,505)	-
Operating profit before working capital changes	14,748,331	-
Increase in trade receivables	(1,014,861)	-
Increase in other receivables and prepayments	(1,687,295)	-
Increase in amount owing by related parties	(1,813,823)	-
Increase in payables and accruals	15,353,935	-
Increase in amount owing to related parties	535,630	-
Cash generated from operations	26,121,917	-
Taxes paid	-	-
Net cash generated from operating activities	26,121,917	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	227,877	-
Increase in pledged deposits with licensed banks	(9,242,000)	-
Increase in goods and services tax recoverable	(8,270,315)	-
Purchase of investment properties	(576,107,495)	-
Net cash used in investing activities	(593,391,933)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new units less direct issue cost	244,905,319	-
Islamic financing costs paid	(6,967,601)	-
Proceeds from issuance of long term Islamic financing direct issue cost	345,529,940	-
Net cash generated from financing activities	583,467,658	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	16,197,642	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
	-	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD		
	16,197,642	-

(No comparative figures are available as this is the first unaudited interim financial report of Al-Salām REIT prepared by the Manager since Al-Salām REIT was established on 30 March 2015. The acquisition of the properties by Al-Salām REIT were completed on 06 May 2015 and 29 Sept 2015 respectively. The financial results reported refers to the period from 30 March 2015 to 31 December 2015)

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2015

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

A1. BASIS OF PREPARATION

This Interim Financial Report is unaudited and has been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by Malaysian Accounting Standards Board, paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Securities Commission's Guidelines on Real Estate Investment Trust. This Interim Financial Report should be read in conjunction with the proforma financial information in the Prospectus and the accompanying notes attached to this Interim Financial Report.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no auditor's report of preceding financial statements as Al-Salām REIT was established on 30 March 2015 and commenced its operations on 6 May 2015.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

Al-Salām REIT's operations were 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 financial period under review.

A5. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates arising from the adoption of the new and revised FRSs, that have had a material effect during the financial period 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 financial period under review.

A7. INCOME DISTRIBUTION

Based on the trust deed between Damansara REIT Managers Sdn Berhad ("Manager") and AmanahRaya Trustees Berhad ("Trustee") dated 26 March 2015 ("Deed"), the Manager will distribute at least 90% of Al-Salām REIT's distributable income to unit holders within two (2) months after the financial year end. Distribution of income should only be made from realised gains or realised income.

On 28 January 2016, the Fund has declared an income distribution of 1.20 sen per unit (taxable in the hand of unit holders) for financial period from 30 March 2015 (date of establishment) to 31 December 2015. The income distribution will be paid on 29 February 2016 and has not been included as a liability in the current financial period under review.

A8. SEGMENTAL REPORTING

The segmental financial information by operating segments is not presented as Al-Salām REIT's entire business is considered as one operating segment.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2015

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

A9. VALUATION OF INVESTMENT PROPERTIES

During financial period under review, a valuation exercise was undertaken for all thirty-one (31) properties of Al-Salām REIT pursuant to FRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The revaluation has resulted in a surplus of RM 7.7 million and has been incorporated into the financial statements of Al-Salām REIT as at 31 December 2015. The details of the said valuation carried out are tabled as follows:

Description of Property	Date of Valuation	2015 Fair Value (RM)
KOMTAR JBCC	31-Dec-15	462,000,000.00
Menara KOMTAR	31-Dec-15	70,000,000.00
@Mart Kempas Community Hypermarket	31-Dec-15	65,000,000.00
KFCH International College	31-Dec-15	28,200,000.00
Premises No. 34, Jalan Mahsuri, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang	31-Dec-15	3,800,000.00
Premises Nos. 60 & 62, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	31-Dec-15	8,000,000.00
Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman	31-Dec-15	500,000.00
Premises No. 1 & 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor Darul Takzim	31-Dec-15	820,000.00
Premises No. 3, 3A & 3B, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim	31-Dec-15	850,000.00
Premises No. 1, Jalan Baru Bandar 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor	31-Dec-15	1,960,000.00
Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan Darul Khusus	31-Dec-15	1,600,000.00
Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan	31-Dec-15	460,000.00
Premises Nos. 18 & 20, Jalan Sulaiman, 43000 Kajang, Selangor Darul Ehsan	31-Dec-15	8,300,000.00
Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	31-Dec-15	12,000,000.00
Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang	31-Dec-15	2,740,000.00
Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	31-Dec-15	2,690,000.00
Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	31-Dec-15	1,960,000.00
Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah	31-Dec-15	2,370,000.00
Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang	31-Dec-15	1,170,000.00
Premises No. 3, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	31-Dec-15	46,000,000.00

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2015

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

A9. VALUATION OF INVESTMENT PROPERTIES

Description of Property	Date of Valuation	2015 Fair Value (RM)
Premises No. 6, Jalan Gerudi, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	31-Dec-15	26,100,000.00
Premises Nos. 17, 19 & 21, Jalan Pemaju U1/15, Sek U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	31-Dec-15	55,300,000.00
Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur	31-Dec-15	14,000,000.00
Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong, 52100 Kuala Lumpur	31-Dec-15	15,300,000.00
PT No. 6878, Jalan 8/27A, Pusat Bandar Wangsa Maju, 53300 Kuala Lumpur	31-Dec-15	24,800,000.00
PT No. 2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah Darul Aman	31-Dec-15	5,190,000.00
PT No. 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak Darul Ridzuan	31-Dec-15	8,400,000.00
PTD No. 171459, Jalan Persiaran Perling, Taman Perling, 81200 Johor Bahru, Johor Darul Takzim	31-Dec-15	13,270,000.00
PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru, Johor Darul Takzim	31-Dec-15	12,000,000.00
PT No. 19503, Lebuhraya Ayer Keroh, 75450 Hang Tuah Jaya, Melaka	31-Dec-15	8,280,000.00
PTD 103231, Taman Impian Senai, 81400 Senai, Johor Darul Takzim	31-Dec-15	8,400,000.00
		<u>911,460,000.00</u>

A10. SUBSEQUENT MATERIAL EVENTS

On 28 January 2016, the Fund has declared an income distribution of 1.20 sen per unit (taxable in the hand of unit holders) for financial period from 30 March 2015 (date of establishment) to 31 December 2015. The income distribution will be paid on 29 February 2016 and has not been included as a liability in the current financial period under review.

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. Since listing, there was no material change in composition or fund size for the current financial period under review.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 31 December 2015.

A13. CAPITAL COMMITMENT

There were no major capital commitment as at 31 December 2015.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2015

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

B1. REVIEW OF PERFORMANCE

For the financial period ended 31 December 2015, Al-Salām REIT recorded a total revenue of RM20.7 million and net property income of RM15.7 million. The gross rental income mainly derived from 27 QSR properties and Komtar JBCC which were acquired by the Fund on 6 May 2015 and 29 September 2015 respectively.

After taking gain in fair value adjustment of RM7.7 million, Islamic financing costs and trust expenses totalling of RM8.8 million, the net income before tax for the current financial period ended 31 December 2015 was RM14.7 million.

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

	Current Quarter ended 31.12.2015 RM	Immediate Preceding Quarter ended 30.09.2015 RM
Net income before tax	14,476,209	205,231

There was an increase in net income before tax recorded in the current quarter as compared with the immediate preceding quarter due to net income from Al-Salām properties which were acquired in September 2015.

B3. PROSPECTS

Al-Salām REIT currently owns the following properties:

- (i) KOMTAR JBCC: a four-level shopping mall together with an allocation of 1,187 car park bays and 480 motorcycle bays located in Johor Bahru City Centre, Johor Bahru;
- (ii) Menara KOMTAR: a twenty five-storey office building together with 145 car park bays located in Johor Bahru City Centre, Johor Bahru;
- (iii) @Mart Kempas Community Hypermarket: a single-storey hypermarket located within Kempas, Johor Bahru ("@Mart Kempas");
- (iv) KFCH International College: a four-storey building located in Bandar Dato' Onn, Johor Bahru ("KFCH College"); and
- (v) Twenty seven (27) properties, comprising restaurant properties and non-restaurant properties ("QSR Properties").

(Collectively, KOMTAR JBCC, Menara KOMTAR, @Mart Kempas, KFCH College and QSR Properties are referred to as "Al-Salām properties").

Strategic location of Al-Salām Properties

The QSR Properties are primarily located in strategic locations in Penang, Johor and Klang Valley which are with largely situated in proximity to middle and high income establishment commercial and residential areas. KOMTAR JBCC, Menara KOMTAR, @Mart Kempas and KFCH College are all situated in Johor Bahru, Johor which the locations are within the core development precinct of Flagship Zone A, Johor Bahru City Centre of Iskandar Malaysia. Johor Bahru City Centre was establish with the key development strategy to rebrand and revitalised Johor Bahru into a vibrant economic centre while preserving its cultural and heritage value.

Diverse portfolio strategy with high occupancy rates

Al-Salām Properties form a diversified portfolio ranging from office buildings, shopping malls, college buildings, warehouses and food and beverages retail outlets. Al-Salām REIT with properties currently enjoy an overall average occupancy rate of approximately 94%.

Platform for future growth

In the near term, some properties are potential for injection into Al-Salām REIT, which are subject to amongst others, due diligence and assessment of commercial viability such as Galleria@Kotaraya, Menara 238 and Menara JCorp.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2015

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

B4. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There was no issuance of new units during the financial period under review.

B5. TAXATION

Al-Salām REIT will be exempted from income tax provided that Al-Salām REIT distributes 90% or more of its total income as defined in the Malaysian Income Tax Act, 1967 ("ITA") to its unitholders within 2 months from the close of its financial period which forms the basis period for the period of assessment of Al-Salām REIT.

On 28 January 2016, the Fund has declared an income distribution of 1.20 sen per unit (taxable in the hand of unit holders) for financial period from 30 March 2015 (date of establishment) to 31 December 2015. The income distribution will be paid on 29 February 2016 and has not been included as a liability in the current financial period under review.

B6. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

B7. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Currently there were no corporate proposals announced.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the Fourth Quarter Ended 31 December 2015

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

B9. ISLAMIC FINANCING

The Group	
As at	As at
31-12-2015	31-12-2014
RM'000	RM'000
Non-current	
Murabahah Term Financing-I of RM 350 million - CMTF-i	
345,911	-

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. MATERIAL LITIGATION

There was no pending material litigation as at the date of the Interim Financial Report.

B12. SOFT COMMISSION RECEIVED

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

B13. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-12-2015	Immediate Preceding Quarter ended 30-09-2015
Number of units in issue (units)	580,000,000	580,000,000
Earning per unit (EPU) - sen	2.50	0.04
Net income distribution to unitholders (RM'000)	-	-
Distribution per unit (DPU) - sen	-	-
Net Asset Value (NAV) - RM'000	587,312	573,160
NAV per unit (RM)	1.0126	0.9882
Market Value Per Unit (RM)	0.93	1.02

B14. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with FRS 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 2015 and of its financial performance and cash flows for the period then ended.