

AL-SALĀM REIT
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the First Quarter Ended 31 March 2016

Note	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
	RM	RM	RM	RM
	16,208,964	-	16,208,964	-
	1,015,366	-	1,015,366	-
Total revenue	17,224,330	-	17,224,330	-
Utilities expenses	(1,891,866)	-	(1,891,866)	-
Maintenance expenses	(324,633)	-	(324,633)	-
Quit rent and assessment	(161,372)	-	(161,372)	-
Other operating expenses	(2,098,854)	-	(2,098,854)	-
Property manager fee	(67,500)	-	(67,500)	-
Property operating expenses	(4,544,225)	-	(4,544,225)	-
Net property income	12,680,105	-	12,680,105	-
Investment income	180,557	-	180,557	-
Gain in fair value adjustment	-	-	-	-
Net investment income	12,860,662	-	12,860,662	-
Manager's management fees	(575,140)	-	(575,140)	-
Trustee's fees	(30,000)	-	(30,000)	-
Shariah advisors' fee	(3,000)	-	(3,000)	-
Islamic financing costs	(4,796,285)	-	(4,796,285)	-
Other trust expenses	(183,410)	-	(183,410)	-
Net income before tax	7,272,827	-	7,272,827	-
Taxation	-	-	-	-
Net income for the period	7,272,827	-	7,272,827	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	7,272,827	-	7,272,827	-
Net income for the period is made up as follow:				
Realised	7,272,827	-	7,272,827	-
Unrealised	-	-	-	-
	7,272,827	-	7,272,827	-
Earnings per unit (sen)	1.25	-	1.25	-

(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 01 January 2016 to 31 March 2016)

AL-SALĀM REIT
CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

	Note	Unaudited As At End Of Current Quarter 31-03-2016	Audited As at preceding year ended 31-12-2015
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	911,460,000	911,460,000
Current Assets			
Trade receivables		753,589	1,014,861
Other receivables & prepayments		6,565,338	9,957,610
Cash and bank balances		13,607,243	16,197,642
Fixed deposits with licensed banks		20,342,059	9,242,000
Amount due from related companies		2,084,095	1,813,823
		<u>43,352,324</u>	<u>38,225,936</u>
TOTAL ASSETS		<u>954,812,324</u>	<u>949,685,936</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B9	346,134,446	345,910,943
Other payables and accruals		12,223,992	11,676,173
		<u>358,358,438</u>	<u>357,587,116</u>
Current Liabilities			
Trade payables		5,475,420	29,682
Other payables and accruals		3,302,386	4,221,154
Amount due to related companies		50,876	535,630
		<u>8,828,682</u>	<u>4,786,466</u>
TOTAL LIABILITIES		<u>367,187,120</u>	<u>362,373,582</u>
NET ASSETS VALUE		<u>587,625,204</u>	<u>587,312,354</u>
REPRESENTED BY:			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		15,079,885	14,767,035
TOTAL UNITHOLDERS' FUND		<u>587,625,204</u>	<u>587,312,354</u>
NUMBER OF UNITS IN CIRCULATION		<u>580,000,000</u>	<u>580,000,000</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.0131	1.0126

The condensed statement of financial position of Al-Salām REIT should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED STATEMENT OF CHANGES
IN NET ASSETS VALUE
For the First Quarter Ended 31 March 2016

	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	572,545,319	7,054,530	7,712,505	587,312,354
As at 1 January 2016	572,545,319	7,054,530	7,712,505	587,312,354
Total comprehensive income for the period	-	7,272,827	-	7,272,827
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(6,959,977)	-	(6,959,977)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(6,959,977)	-	(6,959,977)
As at 31 March 2016	572,545,319	7,367,380	7,712,505	587,625,204

Includes the payment of income distribution of 1.20 sen per unit (taxable in the hand of unitholders) for financial period from 31 March 2015 (date of establishment) to 31 December 2015 which was paid on 29 February 2016.

The condensed statement of changes in net asset value of Al-Salām REIT should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED STATEMENT OF CASH FLOWS
For the First Quarter Ended 31 March 2016

	To Date	
	31-03-2016	31-03-2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	7,272,827	-
Adjustment for:		
Islamic financing costs	4,796,285	-
Investment income	(180,557)	-
Gain on fair value adjustment	-	-
Operating profit before working capital changes	11,888,555	-
(Increase) / decrease in trade receivables	261,272	-
Increase in other receivables and prepayments	(5,001,338)	-
Increase in amount owing by related parties	(270,272)	-
Increase in payables and accruals	5,080,327	-
Increase / (decrease) in amount owing to related parties	(484,754)	-
Cash generated from operations	11,473,790	-
Taxes paid	-	-
Net cash generated from operating activities	11,473,790	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	106,562	-
Increase in fixed deposits with licensed banks	(11,014,059)	-
Increase in pledged deposits with licensed banks	(86,000)	-
(Increase) / decrease in goods and services tax recoverable	8,447,067	-
Net cash used in investing activities	(2,546,430)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(6,959,977)	-
Islamic financing costs paid	(4,557,782)	-
Net cash generated from financing activities	(11,517,759)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	(2,590,399)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	16,197,642	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	13,607,243	-

(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 had been completed on 6 May 2015 and 29 September 2015 respectively. The financial results reported refer to the period from 1 January 2016 to 31 March 2016)

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2016

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

The Audited Financial Statements of Al-Salām REIT for the financial year ended 31 December 2015 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

There were no 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 unitholders 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 unitholders) for financial period from 30 March 2015 (date of establishment) to 31 December 2015. The income distribution was paid on 29 February 2016.

A8. SEGMENTAL REPORTING

No segmental reporting is required as the Al-Salam REIT's activities are predominantly in one industry segment.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2016

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

A9. VALUATION OF INVESTMENT PROPERTIES

There was no valuation performed for the current financial period under review.

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the current financial period 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. 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 March 2016.

A13. CAPITAL COMMITMENT

There were no major capital commitment as at 31 March 2016

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2016

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

B1. REVIEW OF PERFORMANCE

For the financial period ended 31 March 2016, Al-Salām REIT recorded a total revenue of RM17.2 million and net property income of RM12.7 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 Islamic financing costs and trust expenses totalling of RM5.6 million, the net income before tax for the current financial period ended 31 March 2016 was RM7.3 million.

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

	Current Quarter ended 31.03.2016 RM	Immediate Preceding Quarter ended 31.12.2015 RM
Net income before tax	7,272,827	14,476,209

There was a decrease in net income before tax recorded in the current quarter as compared with the immediate preceding quarter due to gain in fair value adjustment of the properties amounting to RM7.7 million recorded in immediate preceding quarter.

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 established 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 First Quarter Ended 31 March 2016

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 was paid on 29 February 2016.

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

There was none.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2016

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

B9. ISLAMIC FINANCING

	The Group	
	As at 31-03-2016 RM'000	As at 31-12-2015 RM'000
<u>Non-current</u>		
Murabahah Term Financing-I of RM 350 million - CMTF-i	346,134	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 31-03-2016	Immediate Preceding Quarter ended 31-12-2015
Number of units in issue (units)	580,000,000	580,000,000
Earning per unit (EPU) - sen	1.25	2.50
Net income distribution to unitholders (RM'000)	6,960	-
Distribution per unit (DPU) - sen	1.20	-
Net Asset Value (NAV) - RM'000	587,625	587,312
NAV per unit (RM)	1.0131	1.0126
Market Value Per Unit (RM)	1.0000	0.9300

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 March 2016 and of its financial performance and cash flows for the period then ended.