

AL-SALĀM REIT
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the Third Quarter Ended 30 September 2015

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
		30-09-2015	30-09-2014	30-09-2015	30-09-2014
		RM	RM	RM	RM
Gross rental income		2,253,345	-	3,508,663	-
Other income		1,911	-	1,911	-
Total revenue	B1	2,255,256	-	3,510,574	-
Utilities expenses		(34,528)	-	(34,528)	-
Maintenance expenses		(5,479)	-	(5,479)	-
Quit rent and assessment		(2,630)	-	(2,630)	-
Other operating expenses		(40,981)	-	(40,981)	-
Property manager fee		(4,275)	-	(4,275)	-
Property operating expenses		(87,893)	-	(87,893)	-
Net property income		2,167,363	-	3,422,681	-
Investment income		65,488	-	112,739	-
Net investment income		2,232,851	-	3,535,420	-
Manager's management fees		(76,653)	-	(105,113)	-
Trustee's fees		(30,000)	-	(30,000)	-
Shariah adviser's fee		-	-	-	-
Islamic financing cost		(1,902,933)	-	(3,030,911)	-
Other trust expenses		(18,034)	-	(78,570)	-
Net income before tax		205,231	-	290,826	-
Taxation		-	-	-	-
Net income for the period		205,231	-	290,826	-
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		205,231	-	290,826	-
Net income for the period is made up as follow:					
Realised		205,231	-	290,826	-
Unrealised		-	-	-	-
		205,231	-	290,826	-
Earnings per unit (sen)		0.04	-	0.05	-

(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 30 September 2015)

AL-SALĀM REIT
CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 September 2015

	Note	Unaudited As At End Of Current Quarter 30-09-2015	Audited As at preceding year ended 31-12-2014
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	903,140,000	-
Current Assets			
Trade receivables		210,398	-
Other receivables & prepayments		8,591,211	-
Cash and bank balances		9,791,151	-
Fixed deposits with licensed banks		9,177,000	-
		<u>27,769,760</u>	<u>-</u>
TOTAL ASSETS		<u>930,909,760</u>	<u>-</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B9	345,817,440	-
		<u>345,817,440</u>	<u>-</u>
Current Liabilities			
Trade payables		10,276,982	
Other payables and accruals		1,655,527	-
		<u>11,932,509</u>	<u>-</u>
TOTAL LIABILITIES		<u>357,749,949</u>	<u>-</u>
NET ASSETS VALUE		<u>573,159,811</u>	<u>-</u>
REPRESENTED BY:			
Unitholders' capital		572,868,985	-
Undistributed income		290,826	-
TOTAL UNITHOLDERS' FUND		<u>573,159,811</u>	<u>-</u>
NUMBER OF UNITS IN CIRCULATION		<u>580,000,000</u>	<u>-</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		0.9882	-

(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 30 September 2015).

AL-SALĀM REIT
CONDENSED STATEMENT OF CHANGES
IN NET ASSETS VALUE
For the Third Quarter Ended 30 September 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	-	290,826	-	290,826
Unitholders' transactions				
Issuance of new units	580,000,000	-	-	580,000,000
Issuing expenses	(7,131,015)	-	-	(7,131,015)
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	572,868,985	-	-	572,868,985
As at 30 September 2015	<u>572,868,985</u>	<u>290,826</u>	<u>-</u>	<u>573,159,811</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 30 September 2015)

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Third Quarter Ended 30 September 2015

	To Date	
	30-09-2015	30-09-2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	290,826	-
Adjustment for:		
Islamic financing cost	3,030,911	-
Investment income	(112,739)	-
Operating profit before working capital changes	3,208,998	-
Increase in receivables and prepayments	(8,625,194)	-
Increase in other payables and accruals	11,417,221	-
Cash generated from operations	6,001,025	-
Taxes paid	-	-
Net cash generated from operating activities	6,001,025	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	112,739	-
Purchase of investment properties	(575,500,000)	-
Net cash used in investing activities	(575,387,261)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new units less direct issue cost	245,228,985	
Islamic financing cost paid	(2,534,538)	-
Proceeds from issuance of long term Islamic financing direct issue cost	345,659,940	-
Net cash generated from financing activities	588,354,387	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	18,968,151	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
	-	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD		
	18,968,151	-

(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 30 Sept 2015)

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 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 during 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 FRSSs, that have had a material effect during the financial period under review.

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

During the current financial period, 580 million units of Al-Salām REIT were issued and listed on the Main Market of Bursa Securities comprising:

- (i) 327.64 million consideration units to the Vendor as part payment for the acquisition; and
- (ii) 252.36 million new units for the Initial Public Offerings ("IPO").

Save for the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current financial period.

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.

The first distribution, which will be in respect of the period from the date of establishment of Al-Salām REIT to 31 December 2015, is targeted to be paid by end of February 2016. No distribution was declared for the current financial period ended 30 September 2015.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2015

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

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.

A9. VALUATION OF INVESTMENT PROPERTIES

Based on the Prospectus, the market value of all the acquired properties were RM 903.14 million. 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 30 September 2015.

A13. CAPITAL COMMITMENT

There were no major capital commitment as at 30 September 2015.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2015

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

B1. REVIEW OF PERFORMANCE

For the financial period ended 30 September 2015, Al-Salām REIT's registered total revenue of RM3.5 million and net property income of RM3.4 million. The gross rental income mainly derived from 13 QSR properties which were acquired by the Fund on 6 May 2015.

After taking Islamic financing cost and trust expenses totalling of RM3.1 million, the net income before tax for the current financial period ended 30 September 2015 was RM290,826. There was no unrealised profit for the financial period under review.

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

Not applicable as this is Al-Salām REIT's first interim financial report.

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 CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 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

A total of 580 million units were issued at RM1.00 per unit by Al-Salām REIT to satisfy part of purchase consideration for the investment properties as follows :

	Purchase Consideration	Consideration Units	Cash Consideration
	RM '000	RM '000	RM '000
Komtar JBCC	462,000	281,040	180,960
Menara KOMTAR @MART	70,000	-	70,000
KFCH College	65,000	32,500	32,500
QSR Properties	28,200	14,100	14,100
	277,940	-	277,940
	903,140	327,640	575,500

Cash considerations were funded through the proceeds raised from the IPO and funds received from the drawdown of the financing facility. The total cash proceeds of RM 252.36 million raised from the IPO are used for the following :

Purpose	RM '000
Part payment of the purchase consideration for the Acquisitions	242,860
Listing expenses	7,131
Working capital	2,369
	<u>252,360</u>

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.

The first distribution, which will be in respect of the period from the date of establishment of Al-Salām REIT to 31 December 2015, is targeted to be paid within 2 months from the end of the financial period ending 31 December 2015 and accordingly, no estimated current tax payable or deferred tax is required to be provided in the financial statements.

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 CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2015

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

B9. ISLAMIC FINANCING

	The Group	
	As at 30-09-2015 RM'000	As at 31-12-2014 RM'000
Non-current		
Murabahah Term Financing-I of RM 350 million - CMTF-i	345,817	-

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 during the current financial period under review.

B13. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 30-09-2015	Immediate Preceding Quarter ended 30-06-2015
Number of units in issue (units)	580,000,000	-
Earning per unit (EPU) - sen	0.04	-
Net income distribution to unitholders (RM'000)	-	-
Distribution per unit (DPU) - sen	-	-
Net Asset Value (NAV) - RM'000	573,160	-
NAV per unit (RM)	0.9882	-
Market Value Per Unit (RM)	1.0000	-

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 30 September 2015 and of its financial performance and cash flows for the period then ended.