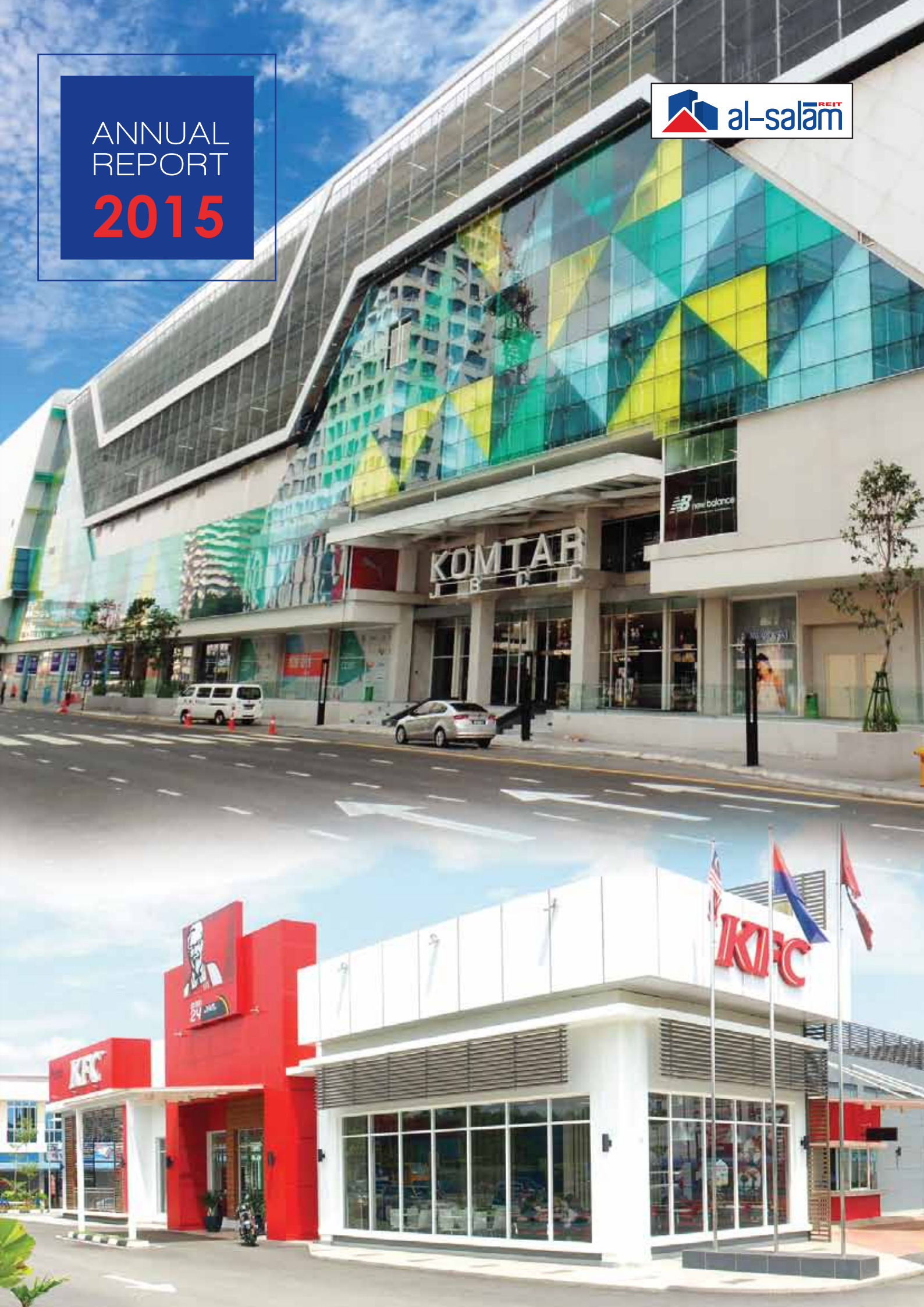


ANNUAL
REPORT
2015



Cover Rationale



The front cover shows two main assets of Al-Salām REIT namely KOMTAR JBCC and a KFC restaurant. KOMTAR JBCC being the crown jewel of assets, represents an upside potential of growth whilst KFC restaurants symbolizes the defensive nature of Al-Salām REIT.

KONV J B

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1

Overview

- Snapshot
- Corporate Profile
- Corporate Information
- Trust Structure
- Salient Features
- Financial Highlights
- Trading Performance
- Key Milestones
- Unitholders' Statistics

SNAPSHOT

	Property Value	Revenue	NPI
Retail	 58%	 48% RM	 39%
Office	 8%	 11% RM	 8%
F&B Restaurants	 17%	 21% RM	 28%
F&B Non-restaurants	 17%	 20% RM	 25%

THE DIVERSIFIED ISLAMIC REIT

Property Value	No. of Assets	Gross Floor Area
RM911.46 Million	31	1.91 million sq. ft.
Gross Revenue	Distribution Per Unit	Distribution Yield
RM20.7 Million	1.20 sen	5.00%*
Net Property Income	Market Capitalisation	Distribution Rate
RM15.7 Million	RM539.4 Million	99%

*Annualised from listing date

Corporate Profile



Al-Salām REIT is the most diversified Islamic REIT in Malaysia with assets strategically located in Johor Bahru City Centre as well as in major city throughout Malaysia. Al-Salām REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 29 September 2015. As at 31 December 2015, Al-Salām REIT asset size stood at RM949.7 million with a market capitalisation of RM539.4 million.

The initial portfolio of 31 assets were acquired by Al-Salām REIT from two subsidiaries of Johor Corporation (“JCorp”), namely Damansara Assets Sdn Bhd (“DASB”), and QSR Brands (M) Holdings Sdn Bhd (“QSR”). Among the major assets acquired from DASB are KOMTAR JBCC, Menara KOMTAR, @Mart Kempas and KFCH College while assets from QSR are KFC and Pizza Hut restaurant chains nationwide and selected operational industrial assets.

The Sponsor, JCorp, is an established and reputable conglomerate group with presence in plantations, property, healthcare and food and restaurant services sector amongst its other core businesses. Al-Salām REIT is managed by Damansara REIT Managers Sdn Berhad (“DRMSB”), a wholly-owned subsidiary of JCorp.

Al-Salām REIT’s key investment objectives is to provide unitholders with regular and stable distributions, sustainable long term distributable income, unit price and capital growth, while maintaining an appropriate capital structure.



Corporate Information

MANAGER

DAMANSARA REIT MANAGERS SDN BERHAD
(717704-V)

Registered Office

Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru,
Johor Darul Takzim.

Tel : (+607) 226 7692 / 226 7476
Fax : (+607) 222 3044

Principal Place of Business

Unit 1-19-02, Level 19, Block 1,
V SQUARE, Jalan Utara,
46200 Bandar Petaling Jaya,
Petaling Jaya,
Selangor Darul Ehsan.

Tel : (+603) 7932 1692 / 7932 3692
Fax : (+603) 7932 0692

BOARD OF DIRECTORS

Non-Independent Non-Executive Chairman

Dato' Kamaruzzaman bin Abu Kassim

Managing Director & Non-Independent Director

Yusaini bin Hj. Sidek

Non-Independent Non-Executive Directors

Lukman bin Hj. Abu Bakar

Jamaludin bin Md Ali

(resigned w.e.f. 21 January 2016)

Mohd Yusof bin Ahmad

Dato' Amiruddin bin Abdul Satar

(appointed w.e.f. 21 January 2016)

Independent Non-Executive Directors

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh
Bakir

Dr. Mohd Hafetz bin Ahmad

Zainah binti Mustafa

Dato' Mani a/l Usilappan

SHARIAH COMMITTEE MEMBER

Dato' (Dr) Haji Nooh bin Gadot
Professor Madya Dr. Ab. Halim bin Muhammad
Professor Dr. Mohamad @ Md Som bin Sujimon

COMPANY SECRETARY

Hana binti Ab Rahim @ Ali (MAICSA 7064336)
Rohaya binti Jaafar (LS 0008376)

MANAGEMENT TEAM

Yusaini bin Hj. Sidek

Managing Director & Chief Executive Officer

Shahril Zairis bin Ramli

Deputy General Manager

Roslan bin Manap

Head of Operations

Suhaimi bin Saad

Deputy Head of Operations

Muhammad Ikhwan bin Muhammad Hanapi

Head of Finance

Hamim bin Mohamad

Head of Compliance & Legal

Sahrin bin Munir

**Head of Business Development
& Investor Relations**

TRUSTEE

AMANAHRAYA TRUSTEES BERHAD
(766894-T)

Tingkat 2, Wisma AmanahRaya II,
No. 21, Jalan Melaka,
50100 Kuala Lumpur.

Tel : (+603) 2036 5000 / 2036 5129

Fax : (+603) 2072 0320

Email : art@arb.com.my

Website : www.artrustees.com.my

PROPERTY MANAGER

EXASTRATA SOLUTIONS SDN BHD
(926251-A)

A8-1 First Floor,
Jalan SS15/4D,
47500 Subang Jaya,
Selangor.

Tel : (+603) 5632 7686
Fax : (+603) 5613 1686
Email : admin@exastrata.net
Website : www.exastrata.net

SERVICE PROVIDER

SYNERGY MALL MANAGEMENT SDN BHD

Level 5, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru,
Johor.

Tel : (+607) 267 9900
Fax : (+607) 267 9926

AUDITOR

DELOITTE

Level 16, Menara LGB,
1 Jalan Wan Kadir, Taman Tun Dr. Ismail,
60000 Kuala Lumpur.

Tel : (+603) 7610 8888
Fax : (+603) 7726 8986
Website : www.deloitte.com/my

REGISTRAR

PRO CORPORATE MANAGEMENT SERVICES
SDN BHD (349501-M)

Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru,
Johor Darul Tazkim.

Tel : (+607) 226 7692/226 7476
Fax : (+607) 222 3044
Email : infoprocorporate@jcorp.com.my

SOLICITOR

ABDUL RAMAN SAAD & ASSOCIATES
Advocates & Solicitors

Level 8, Bangunan KWSP,
No. 3, Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 Kuala Lumpur.

Tel : (+603) 2032 2323
Fax : (+603) 2032 5775
Email : arsakl@arsa.com.my
Website : www.arsa.com.my

INDEPENDENT PROPERTY VALUER

CHESTON INTERNATIONAL (KL) SDN BHD
(647245-W)

Suite 2A, 2nd Floor, Plaza Flamingo,
No. 2, Tasik Ampang, Jalan Hulu Kelang,
68000 Ampang, Selangor.

Tel : (+603) 4251 2599
Fax : (+603) 4251 6599 / 4253 1393
Email : cikl@chestonint.com
Website : www.chestonint.com

STOCK EXCHANGE LISTING

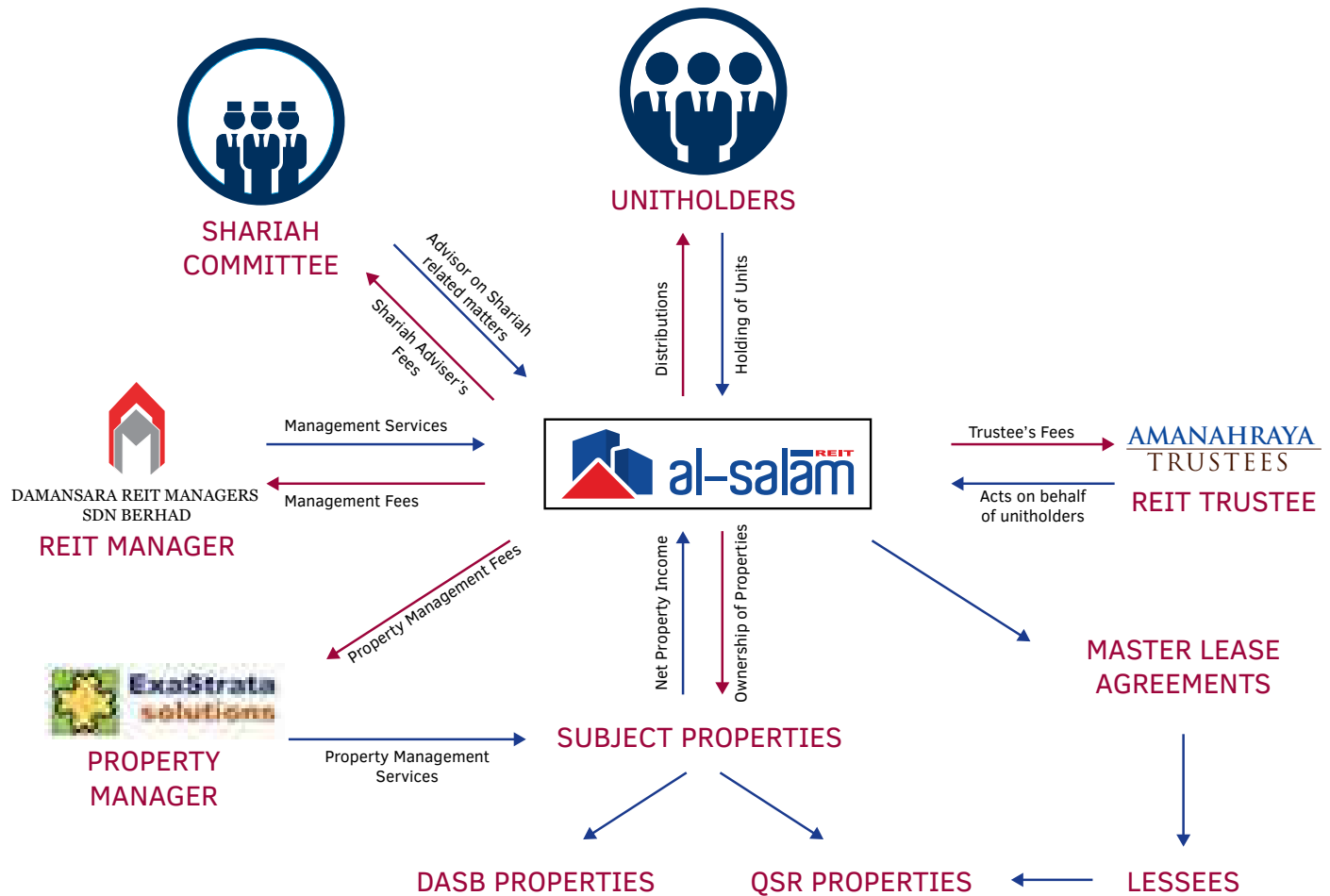
Main Market of Bursa Malaysia Securities Berhad
Stock Name: ALSREIT
Stock Code: 5269

WEBSITE

www.alsalamreit.com.my



Trust Structure



Salient Features



Name of Fund

Al-Salām REIT



Category of Fund

Diversified
Real Estate
Investment Trust



Type of Fund

Income
and Growth



Listing Date

29
September
2015



Listing

Main Market of
Bursa Malaysia
Securities
Berhad



Stock Name and Code

ALSREIT (5269)



Fund Size

580,000,000
units



Property Value

RM911.46
million



Distribution Policy

At least 90%



Financial Year End

31 December



Manager Fee

Base Fee
Up to 1% of Total
Asset Value
Acquisition Fee
1% of Transaction
Value
Divestment Fee
0.5% of Transaction
Value



Trustee Fee

0.02% per
annum of the
net asset value
of Al-Salām
REIT

Financial Highlights

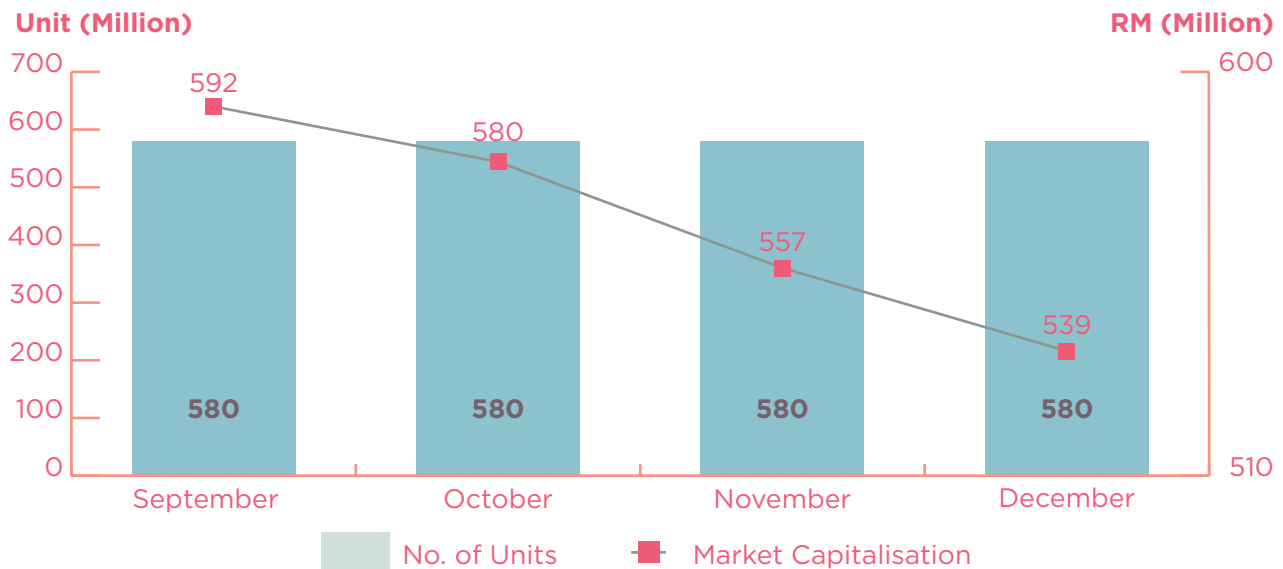
	2015 (RM'000)
Gross revenue	20,665
Net property income	15,707
Income before tax	14,767
Net income after tax	14,767
Earnings per unit (sen)	2.55
Investment properties	911,460
Total asset value	949,686
Net asset value	587,312
NAV per unit - before distribution (RM)	1.0126
NAV per unit - after distribution (RM)	1.0006
Market capitalisation	539,400
Distribution per unit (sen)	1.20
Annualised distribution yield	5.00%*

*From listing date

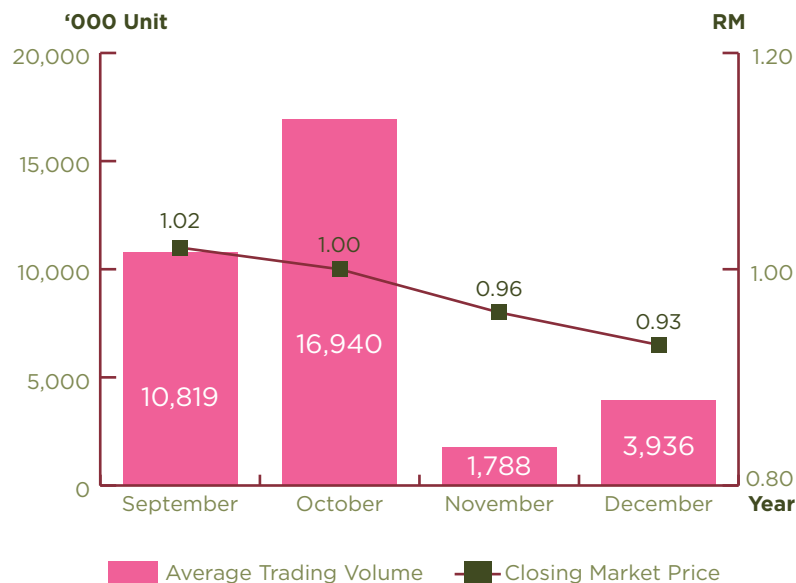
Trading Performance

Month	Lowest Traded Price (RM per unit)	Highest Traded Price (RM per unit)	Closing Market Price (RM per unit)	Average Trading Volume ('000 units)	Market Capitalisation ('000 units)
September	1.01	1.13	1.02	10,819	591,600
October	0.96	1.01	1.00	16,940	580,000
November	0.96	1.00	0.96	1,788	556,800
December	0.905	0.965	0.93	3,936	539,400

Market Capitalisation And Unit In Circulation Since Inception



Monthly Trading Performance



Key Milestones

2015

30 March 2015

The Establishment of Al-Salām REIT with the registration of the Trust Deed with the SC.

28 April 2015

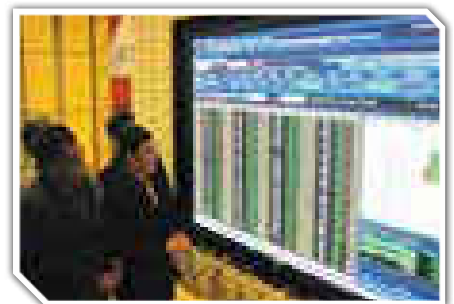
Signing Ceremony on the establishment of Al-Salām REIT between Johor Corporation and AmanahRaya Trustees Berhad held at Putrajaya Marriott Hotel.

4 September 2015

Launching of IPO Prospectus of Al-Salām REIT held at Impiana Hotel KLCC.

29 September 2015

Listing of Al-Salām REIT on the Main Market of Bursa Malaysia.





Unitholder's Statistics

Unitholdings Statistics as at 31 December 2015

Issued : 580,000,000 Units of RM1/= each

Fully Paid-Up Capital : RM580,000,000

Break down of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
Less than 100	81	1.06	3,648	-
100 - 1000	3,347	43.95	1,914,614	0.33
1,001 - 10,000	3,607	47.36	11,317,071	1.95
10,001 - 100,000	518	6.80	12,055,368	2.08
100,001 to less than 5 of Issued Capital	60	0.79	156,974,247	27.06
5% and above of Issued Capital	3	0.04	397,735,052	68.58
TOTAL	7,616	100.00	580,000,000	100.00

Top Thirty Securities Account Holders (As Per Record of Depositors)

(Without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Units	%
1	Damansara Assets Sdn. Bhd.	253,213,452	43.66
2	Tabung Amanah Warisan Negeri Johor	100,000,000	17.24
3	Kulim (Malaysia) Berhad	44,521,600	7.68
4	Maju Noms (T) Sdn Bhd - A/C Damansara Assets Sdn Bhd	25,000,000	4.31
5	Amanahraya Trustees Berhad - A/C Exempt An for Damansara Assets Sdn Bhd	24,026,652	4.14
6	Johor Corporation	21,757,500	3.75
7	Pelaburan Hartanah Berhad	20,000,000	3.45
8	Cartaban Noms (T) Sdn Bhd - A/C SQ SCBMB Trustee Berhad for Muamalat 1	14,710,000	2.54
9	Lembaga Tabung Haji	11,600,000	2.00
10	Waqaf An-Nur Corporation Berhad	10,014,801	1.73
11	Labuan Reinsurance (L) Ltd	4,800,000	0.83
12	CIMB Islamic Noms (T) Sdn Bhd - A/C CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	3,241,000	0.56
13	AMSec Noms (T) Sdn Bhd - A/C AMTrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	2,470,300	0.43
14	Citigroup Noms (T) Sdn Bhd - A/C Kenanga Islamic Investors Bhd for Lembaga Tabung Haji	2,360,000	0.41
15	HSBC Noms (T) Sdn Bhd - A/C HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (Pacific6939-407)	1,233,700	0.21
16	Maybank Noms (T) Sdn Bhd - A/C Etiqa Takaful Berhad (Family PIF EQ)	1,150,000	0.20
17	Maybank Noms (T) Sdn Bhd - A/C Exempt An for Maybank Islamic Asset Management Sdn Bhd (Resident) (475391)	1,002,900	0.17
18	Pua Soon	1,000,000	0.17
19	Universal Trustee (Malaysia) Berhad - A/C Kenanga Islamic Fund	889,000	0.15
20	Citigroup Noms (T) Sdn Bhd - A/C Kenanga Islamic Investors Bhd for Tabung Warisan Negeri Selangor (REITS)	740,000	0.13
21	Maybank Noms (T) Sdn Bhd - A/C Etiqa Takaful Berhad (Group PRF EQ)	730,000	0.13
22	Amanahraya Trustees Berhad - A/C PMB Dana Al-Aiman	700,000	0.12
23	AMSec Nominees (Tempatan) Sdn Bhd - A/C AMTrustee Berhad for Malaysia France Institute Sdn Bhd (PMF)	627,000	0.11

	Name	No. of Units	%
24	Tenh Hong Way	600,000	0.10
25	Citigroup Noms (T) Sdn Bhd - A/C Kenanga Islamic Investors Bhd for Tabung Warisan Negeri Selangor	596,000	0.10
26	Maybank Noms (T) Sdn Bhd - A/C Exempt An for Maybank Asset Management Sdn Bhd (Islamic) (Delegated A/Cs)	591,300	0.10
27	Amanahraya Trustees Berhad - A/C PMB Shariah Tactical Fund	413,000	0.07
28	Citigroup Noms (T) Sdn Bhd - A/C Kenanga Islamic Investors Bhd For Tabung Warisan Negeri Selangor (A)	380,000	0.07
29	Arshad bin Ayub	378,038	0.07
30	Johor Land Berhad	324,300	0.06

Substantial Unitholders

	Name	Direct		Indirect	
		No. of Units	%	No. of Units	%
1	Damansara Assets Sdn. Bhd. Amanahraya Trustees Berhad - A/C Exempt An For Damansara Assets Sdn Bhd Maju Noms (T) Sdn Bhd - A/C Damansara Assets Sdn Bhd	253,213,452 24,026,652 25,000,000		-	-
2	Tabung Amanah Warisan Negeri Johor	100,000,000	17.24	-	-
3	Kulim (Malaysia) Berhad	44,521,600	7.68	-	-

Analysis of Unitholders

	No. of Unitholders	%	No. of Units	%
Malaysian - Bumiputra	1,457	22.32	535,413,616	92.31
- Others	5,896	77.42	44,466,527	7.67
Foreigners	16	0.26	119,857	0.02
TOTAL	7,616	100.00	580,000,000	100.00

Unit Analysis as at 31 December 2015

As per Record of Depositors	TOTAL		BUMIPUTRA		NON - BUMIPUTRA		FOREIGN	
	Holder	No. of Unit	Holder	No. of Unit	Holder	No. of Unit	Holder	No. of Unit
Government Bodies	2	121,757,500	2	121,757,500	-	-	-	-
Finance	12	37,871,652	11	37,741,652	1	130,000	-	-
Investment Trust	1	7,400	-	-	1	7,400	-	-
Nominees	346	59,975,835	208	35,386,327	134	24,520,608	4	68,900
Companies	20	334,097,380	13	334,009,047	7	88,333	-	-
Co - Operatives	10	468,450	8	311,325	2	157,125	-	-
Trustee	2	8,311	1	5,351	1	2,960	-	-
Individuals	7,223	25,813,472	1,457	6,202,414	5,750	19,560,101	16	50,957
Total	7,616	580,000,000	1,700	535,413,616	5,896	44,466,527	20	119,857
%	100.00	100.00	22.32	92.31	77.42	7.67	0.26	0.02





2

The Committee

- Letter to Stakeholders
- Board of Directors' Profile
- Shariah Committees' Profile
- Organisation Chart

Letter to Stakeholders



Dato' Kamaruzzaman bin Abu Kassim
Chairman

“The success of the Al-Salām REIT IPO was due to the right combination of various factors, amongst others, growth potential of the assets, diverse portfolio strategy as well as bold move by the Manager and the Sponsor to act against all odds by proceeding with the listing despite the uncertainties in the stock market.”

On behalf of the Board of Directors of the Manager, it is my utmost pleasure to present Al-Salām Real Estate Investment Trust (“Al-Salām REIT” or “the Fund”) Annual Report and audited financial statements for the financial period ended 31 December 2015.

A promising start

The listing of Al-Salām REIT on the Main Market of Bursa Malaysia on 29 September 2015 with 31 assets worth RM903 million marked a historically significant occasion for Johor Corporation (“JCorp”), being the sponsor of the IPO exercise.

Even though, the direction of the Bursa Malaysia at the point of listing of Al-Salām REIT was shrouded with uncertainties due to the challenging economy, however, the Manager always believe that REIT has its own appeal to the investors since REIT is less volatile and is not subject to the fluctuation of the stock market due to the main features of REIT itself which offers consistent income to the investors attributed to the stable earnings generated from the underlying properties.

Nonetheless, the listing of Al-Salām REIT, has at least, created some excitement in the Malaysia Real Estate Investment Trust (“M-REIT”) market since the last M-REIT IPO listing was way back in 2012.

The institutional offering, which consists of 240.76 million units offered to institutional and selected investors, was fully placed out. The retail offering of 11.6 million units made available for subscription by the Malaysian public garnered healthy demand and was oversubscribed by 2.96 times.

The overwhelming response received in the public portion indicates the market confidence in Islamic REIT as the preferred investment instruments that guarantee a good yield. On the day of listing, the unit price of Al-Salām REIT achieved a high of RM1.13 against IPO price of RM1.00 and subsequently closed at RM1.05.

The success of the Al-Salām REIT IPO was due to the right combination of various factors, amongst others, growth potential of the assets, diverse portfolio strategy as well as bold move by the Manager and the Sponsor to act against all odds by proceeding with the listing despite the uncertainties in the stock market.

Financial performance

During this short span of time, we were able to deliver a good result with revenue of RM20.7 million and net property income of RM15.7 million. The profit before tax stands at RM14.8 million which is 71% from the revenue with the net realised income of RM7.1 million.

We are pleased to announce that the maiden distribution income of 1.20 sen per unit for the financial period ended 31 December 2015 have been fully paid to eligible unitholders on 29 February 2016. The total payout of RM6.96 million represents approximately 99% of Al-Salām REIT's distributable net income for the year. The high distribution payout was way above our distribution policy of 90% and it shows our early commitment to continue giving favourable returns to our unitholders.

Al-Salām REIT overall financial position is still healthy at a loan-to-value ratio of approximately 36%. This provides Al-Salām REIT with opportunity to acquire assets which are yield accretive when the opportunity arises without the need of additional unitholders funds.

Bright outlook

The existing portfolio of Al-Salām REIT has its own unique proposition, amongst others, strategic location of the assets, diverse portfolio strategy with high occupancy rates and platform for future growth.

KOMTAR JBCC being the jewel on the crown asset is strategically located in the city centre of Johor Bahru, just a stone's throw from the Custom, Immigration and Quarantine Complex ("CIQ"). The strategic location offers immediate catchment of crowd from Singapore plus the weakening of the Ringgit had in fact encourage more Singaporeans to shop in Johor Bahru and benefitting business activities at KOMTAR JBCC.

The Manager also believed that in the future KOMTAR JBCC will also benefits from the completion of the ongoing development of proposed grade A office tower and four (4) star hotel at KOMTAR JBCC by 2017 which is expected to drive further visitors footfall to KOMTAR JBCC.

Apart from that, the proposed upcoming Johor Bahru Rapid Transit System ("RTS") link will only further enhance the accessibility and connectivity for both KOMTAR JBCC and Menara KOMTAR. This should, in turn, translate into stronger bargaining power for rental reversion while eventually boosting the capital values of both assets.

The prospect of KOMTAR JBCC is further encouraged by the ongoing development under the Johor Bahru City Centre Transformation plan coupled with the adjacent proposed Ibrahim International Business District ("IIBD") developed jointly by JCorp together with other renowned developers.

The QSR properties will provide strong earnings resiliency, backed by long triple net lease arrangement. Such arrangement will help minimise Al-Salām REIT's exposure to the hikes in operating expenses required for the properties in the long run. We foresee that QSR properties together with @mart Kempas and KFC College provide a stable and resilient earnings base whilst KOMTAR JBCC and Menara KOMTAR offer strong impetus in rental growth, given their strategic location.

We believe that the relatively young KOMTAR JBCC should act as the growth driver for Al-Salām REIT. The mall is only two (2) years old and has yet to go through rental reversion. We believe that there is potential room for growth in rents as the mall's luxury and premium brand tenants have the ability to pay high rents, as witnessed in the Johor Bahru city centre.

Despite the challenging economic environment and softening property market, the Manager sees there will be always opportunity during this adverse market condition thus presenting exciting growth prospects for Al-Salām REIT. The Manager will continuously growing Al-Salām REIT by leveraging on JCorp Group of assets as well as actively looking at yield accretive third

party acquisitions. We hope to continuously announce positive and exciting developments for all stakeholders in the coming years.

Acknowledgements

On behalf of the Board of Directors, I am delighted to extend my deepest and sincere appreciation to all unitholders, tenants, business partners and the authorities, namely Securities Commission Malaysia and Bursa Malaysia Securities Berhad for their committed support during the listing of Al-Salām REIT.

I would like to extend my heartfelt gratitude to the Board members for their high dedication and tireless guidance throughout the year. I would also like to express my utmost appreciation to the management team for the undivided commitment in delivering consistent performance despite the tough situation we are currently facing.

On this note, I would also like to extend my appreciation on behalf of all Board members to Tuan Haji Jamaludin bin Md Ali for his contribution to Al-Salām REIT until his resignation on 21 January 2016. The Board wishes

Tuan Haji Jamaludin well in his undertakings and welcoming Dato' Amiruddin bin Abdul Satar as the new director of the Manager as the Non-Independent Non-Executive Director effective from 21 January 2016.

Being new in the REIT market, I am proud to announce that Al-Salām REIT was bestowed the Best Islamic REIT Deal of the Year in Southeast Asia by the Alpha Southeast Asia magazine in the 9th Annual Alpha Southeast Asia Deal & Solution Awards 2015. The prestigious award ceremony that was held on 2 February 2016 at a prominent hotel in Kuala Lumpur is a welcoming recognition towards our hard work to make the listing materialised. The award also presents a testimony that Al-Salām REIT is gaining recognition internationally despite its listing on the Bursa Malaysia is less than half a year and the award serves as an aspiration for the Manager to strive for continuous improvement.

Moving forward, we will continue to do our best to achieve better performance in coming year in order to provide all unitholders with regular and stable distributions and to achieve the goals of Al-Salām REIT in the long run.



Yusaini Hj. Sidek (Managing Director/CEO of DRMSB) received on behalf of Al-Salām REIT for the Best Islamic REIT Deal of the Year 2015 in Southeast Asia award in the Alpha Southeast Asia 9th Annual Deal & Solution Awards 2015 in Kuala Lumpur.



Board of Directors' Profile

1. Dato' Kamaruzzaman bin Abu Kassim
2. Yusaini bin Hj. Sidek
3. Zainah binti Mustafa
4. Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
5. Dr. Mohd Hafetz bin Ahmad
6. Lukman bin Hj. Abu Bakar
7. Dato' Mani a/I Usilappan
8. Jamaludin bin Md Ali (Resigned w.e.f. 21 January 2016)
9. Mohd Yusof bin Ahmad
10. Dato' Amiruddin bin Abdul Satar (Appointed w.e.f. 21 January 2016)

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**Dato' Kamaruzzaman bin Abu Kassim**

Non-Independent Non-Executive Chairman

Dato' Kamaruzzaman bin Abu Kassim, aged 52, is the Chairman and Non-Independent Non-Executive Director of the Manager. He was appointed to the Board as a Director on 12 January 2007 and as the Chairman on 12 January 2011. In addition, he is currently the President & Chief Executive of Johor Corporation ("JCorp") with effect from 1 December 2010.

Dato' Kamaruzzaman graduated with a Bachelor of Commerce (Accountancy) from University of Wollongong, New South Wales, Australia in 1987.

Dato' Kamaruzzaman is also the Chairman of several listed companies on the Main Market of Bursa Securities, namely, Kulim and KPJ. Further, he is also the Chairman and/or Director of several companies within the JCorp Group which includes, amongst others, Johor Land ("JLand"), QSR Brands Berhad ("QSR") and Waqaf An-Nur Corporation Berhad ("Waqaf An-Nur"), an Islamic endowment institution which spearheads JCorp's corporate social responsibility programmes.

Dato' Kamaruzzaman embarked his career as an Audit Assistant with Messrs K.E Chan & Associates in May 1988 and later joined Messrs Pricewaterhouse Coopers (formerly known as Messrs Coopers & Lybrand) in 1989. In December 1992, he joined Perbadanan Kemajuan Ekonomi Negeri Johor (currently known as Johor Corporation) as a Deputy Manager in the Corporate Finance Department and was later promoted to General Manager in 1999. He then served as the Chief Operating Officer of JCorp beginning 1 August 2006 and later appointed as the Senior Vice President, Corporate Services & Finance of JCorp beginning 1 January 2009 and Acting President & Chief Executive of JCorp beginning 29 July 2010.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.

**Yusaini bin Hj. Sidek**

Managing Director & Non-Independent Director

Yusaini bin Hj. Sidek, aged 48, is the Managing Director of the Manager. He was appointed to the Board as an Executive Director in 2009 and subsequently assumed his current role on 1 February 2013. Prior thereto, he had served as the Chief Executive Officer of the Manager since 2006. He is also presently the Executive Director of Damansara Assets Sdn Bhd (“DASB”) being appointed on 1 December 2012 and the Vice President, Commercial Property, Property Division of JCorp since May 2015.

Yusaini graduated with a Master of Business Administration (“MBA”), with specialisation in International Business from University of Southern Queensland, Australia in 2010. He also holds a Bachelor of Business Administration from Universiti Kebangsaan Malaysia in 1999 and a Diploma in Valuation from Universiti Teknologi Malaysia in 1989.

Yusaini has approximately twenty five (25) years of experience in the Malaysian property industry, particularly in property management and valuations. He gained professional experience via attachment with numerous property-related companies and/or entities in Malaysia, namely, Colliers, Jordan Lee & Jaafar Sdn Bhd, the Valuation and Property Services Department of the Ministry of Finance, Bank Industri Malaysia Berhad, FIMA Corporation Berhad, CSM Corporation Berhad and Empire Tower (M) Sdn Bhd, wholly-owned subsidiary of Low Yatt Group of Companies.

During his tenure with the aforementioned companies, amongst the buildings under his supervision are Bank Industri Building, Airtel Complex, Plaza Damansara, Jaya Shopping Centre, Menara CSM, Empire Tower and City Square Complex. He has vast experience in building management, primarily in the areas of tenancy management, marketing as well as promotion, preparation of business plan for buildings and maintenance management. In 2001, he joined Harta Consult Sdn Bhd, a wholly-owned subsidiary of Johor Corporation as a Senior Manager until 2005 managing the properties under DASB in Kuala Lumpur prior to his appointment at DRMSB.

Yusaini has obtained a Capital Markets Services Representatives’ Licence for REIT as a Licensed Director to carry on regulated activities specified under the CMSA. In January 2015, he was appointed as the Vice Chairman of the Malaysian REIT Managers Association (“MRMA”), an organization that act as a platform for the Malaysian REIT managers to engage with the regulatory bodies in proposing changes to the industry to promote its growth.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.

**Zainah binti Mustafa**

Independent Non-Executive Director

Zainah binti Mustafa, aged 61, is the Independent Non-Executive Director of the Manager. She was appointed to the Board and as the Chairman of the Manager's audit committee on 16 February 2007.

Zainah graduated from Institut Teknologi MARA (presently Universiti Teknologi MARA) in 1977. She obtained her Association of Chartered Certified Accountants ("ACCA") United Kingdom in 1976. She is now a Fellow of ACCA.

In 1977, she started her career as an Assistant Senior Auditor in Perbadanan Nasional Berhad. She joined JCorp in October 1978 and rose through the ranks to the Group Chief Financial Officer before retiring on 31 October 2002.

Zainah is also presently the Independent Non-Executive Director of KPJ and Damansara Realty Berhad and sits on the board of various companies within the JCorp Group.

Other than as disclosed, she does not have any family relationship with any director and/or major shareholder of DRMSB. She has no personal interest in any business arrangement involving DRMSB. She has not been convicted for any offences. She attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.

**Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir**

Independent Non-Executive Director

Tan Sri Datin Paduka Siti Sadiyah binti Sheikh Bakir, aged 64, is the Independent Non-Executive Director of the Manager. She was appointed to the Board on 22 June 2006.

Tan Sri Datin Paduka holds a Bachelor of Economics from University of Malaya and an MBA from Henley Business School, University of Reading, London, United Kingdom.

Tan Sri Datin Paduka is also an Independent Non-Executive Director of KPJ Healthcare Berhad (KPJ), re-designated on 1 May 2015. Tan Sri Datin Paduka served as the Managing Director of KPJ from 1 March 1993 until her retirement on 31 December 2012. From 1 January 2013 until 31 December 2014, she served as KPJ's Corporate Advisor. She is the Chairman and Pro-Chancellor of KPJ Healthcare University College (KPJUC) since 1 August 2011 to date.

Tan Sri Datin Paduka career with JCorp commenced in 1974 and she has been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn Bhd from 1989 until the listing of KPJ in November 1994.

Tan Sri Datin Paduka currently also sits as a Director of Kulim (Malaysia) Berhad and Chemical Company of Malaysia Berhad (CCM). She was a Board member of KFC Holdings (Malaysia) Bhd and QSR Brands Bhd from 2010 until their privatization in 2013. Tan Sri Datin Paduka was an independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and a Board member of MATRADE from 1999 to 2010.

Committed to promoting excellence in healthcare, Tan Sri Datin Paduka is the President of the Malaysian Society for Quality in Health (MSQH), the national accreditation body for healthcare services, elected since its inception in 1997 to date. Currently, she also sits on many other councils and committees at the national level.

In 2010, Tan Sri Datin Paduka was named the 'CEO of the Year 2009' by the New Straits Times Press and the American Express. She has also received many more awards and accolades from 2011 to 2014, due to her contributions to the healthcare industry in Malaysia.

Tan Sri Datin Paduka is a member of the Academic Committee of the Razak School of Government (RSOG), and sits on several University Committees, namely Universiti Utara Malaysia (UUM), Universiti Malaya (UM) and University of Reading Malaysia. Recently, she was appointed as a Director of UUM, with effect from 15 January 2016 until 14 January 2019.

Other than as disclosed, she does not have any family relationship with any director and/or major shareholder of DRMSB. She has no personal interest in any business arrangement involving DRMSB. She has not been convicted for any offences. She attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.

**Dr. Mohd Hafetz bin Ahmad**

Independent Non-Executive Director

Dr. Mohd Hafetz bin Ahmad, aged 66, is the Independent Non-Executive Director of the Manager. He was appointed to the Board on 22 June 2006.

Dr. Mohd Hafetz obtained his Medical Degree from University Malaya in 1975. He did his housemanship in Hospital Sultanah Aminah, Johor Bahru, Johor and continued as Medical Officer in the same hospital. In 1978, he did his specialist training in Obstetrics and Gynaecology at the University Hospital, Kuala Lumpur. Thereafter, he served as a Trainee Lecturer and then as a Lecturer at the Department of Obstetrics and

Gynaecology, University Malaya.

Dr. Mohd Hafetz joined Johor Specialist Hospital (“JSH”) in 1983 as a Consultant Obstetrician and Gynaecologist. Besides his clinical practice, he has been involved in various aspects of hospital management and clinical governance in his capacity as Chairman, JSH Consultant’s Advisory Committee (1990-1994) and Medical Director (1994–2014).

Dr. Mohd Hafetz was the President of the Obstetrical and Gynaecological Society of Malaysia (“OGSM”) from 2004 to 2005 and he also served as a council member of the OGSM from 2003 to 2006. He is a member of the Malaysian Medical Association, Malaysian Menopause Society and Persatuan Perubatan Islam Malaysia. In 2011, he was awarded Johan Mangku Negara (JMN) by DYMM Yang Di Pertuan Agong.

Dr. Mohd Hafetz presently sits on the Board of Directors of Kluang Utama Specialist Hospital and is a member of KPJ Group Medical Advisory Committee. Previously, he was an Independent Non-Executive Director of Johor Land Berhad, Sindora Berhad, Waqaf An-Nur Corporation and was a Director of KPJ Johor Specialist Hospital, KPJ Puteri Specialist Hospital and KPJ University College.

Dr. Mohd Hafetz has no directorships in other public companies in Malaysia.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.

**Lukman bin Hj. Abu Bakar**

Non-Independent Non-Executive Director

Lukman bin Hj. Abu Bakar, aged 57, is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 12 January 2007 and as a member of the audit committee on 18 August 2010.

Lukman graduated with a Bachelor of Urban and Regional Planning (Hons) from the Universiti Teknologi Malaysia in 1982. He also holds a Post Graduate Diploma (Housing, Building and Planning) from Institute for Housing Studies, Rotterdam, Holland in 1985.

Upon graduation, he joined JCorp as a Town Planning Officer. He had held various positions in the JCorp Group before he was promoted as the Deputy Manager of JCorp in 1989. In 1992, he was appointed as the Manager cum Deputy Secretary of Pasir Gudang Local Authority (now known as Pasir Gudang Municipal Council). In 1993, he joined Sindora Berhad as the Deputy General Manager and was promoted as the General Manager in 1995. On 1 January 2006, he was appointed as the Senior General Manager of JCorp. On 1 July 2008, the Pasir Gudang Local Authority was upgraded as a full-fledged Municipal Council. Concurrently, he was appointed as its first President and served until 31 August 2009 when the Council was handed over to the administration of the State Government of Johor. Thereafter, he was promoted as a Senior Vice President in JCorp on 1 September 2009.

Lukman presently is the Managing Director of Johor Land Berhad (“JLand”) since 1 January 2010 and the Senior Vice President / Chief Executive of Property Division of JCorp since 1 January 2011. He is also the Chairman of Syarikat Pengangkutan Maju Berhad as well as few other companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.

**Dato' Mani a/I Usilappan**

Independent Non-Executive Director

Dato' Mani a/I Usilappan, aged 66, is the Independent Non-Executive Director of the Manager. He was appointed to the Board on 1 November 2010.

Dato' Mani is a Chartered Surveyor of 38 years, having passed the final examination of the Royal Institution of Chartered Surveyors ("RICS") in 1976. He holds a Masters in Property Development from Southbank University London with Distinction in 1992.

Dato' Mani served nine (9) years as Deputy Director General and subsequently retired as Director General of the Valuation and Property Services Department, Ministry of Finance, Government of Malaysia in 2006. He was a past president of the Royal Institution of Surveyors Malaysia and also a council member of Persatuan Penilai Swasta. He was a former President of the Board of Valuers, Appraisers and Estate Agents and also the RICS. He is currently Managing Director of VPC Alliance Kajang and act as a property consultant.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Jamaludin bin Md Ali (Resigned w.e.f. 21 January 2016)
Non-Independent Non-Executive Director

Jamaludin bin Md Ali, aged 58, is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 1 February 2013.

Jamaludin graduated with a Bachelor of Economics (Honours) Degree from the University of Malaya in 1982 and Master of Business Administration from University of Strathclyde, Glasgow, Scotland in 1987.

Jamaludin started his career with Malayan Banking Berhad as a Trainee Officer in 1982 and later served as an International Fund Manager in Permodalan Nasional Berhad in 1991. He joined JCorp in 1992 and was appointed as the Managing Director of Johor Capital Holdings Sdn Bhd in 1998. He was appointed as the Managing Director of Pelaburan Johor Berhad in 2000.

Jamaludin was also the Group Chief Operating Officer of JCorp since 2001 before he was appointed Managing Director of QSR Brands Bhd on 8 June 2006 as well as the Managing Director of KFCH Holdings (Malaysia) Bhd on 2 July 2006.

Jamaludin is presently the Executive Director of Kulim since 4 December 2012 and also the Senior Vice President of Corporate Social Responsibility Division of JCorp since 1 May 2015.

Jamaludin presently sits on the board of various companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.

**Mohd Yusof bin Ahmad**

Non-Independent Non-Executive Director

Mohd Yusof bin Ahmad, aged 48, is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 4 February 2014.

Mohd Yusof graduated with a Bachelor of Science Surveying (Property Management) from Universiti Teknologi Malaysia in 1992.

Upon graduation, he gained experience as a Valuation Executive in Sailan & Co and KGV-Lambert Smith Hampton. In 1993, he joined JLand as an Executive and later served as

Valuation Executive at Planning Department in 1995.

Since 2000, he had served several departments in JLand which includes Property Management, Marketing Department, Corporate Office, Planning Department and Business Development and Planning. He is Currently the General Manager of Special Project (JB Urban Redelopment) of JLand since his appointment on 1 June 2015. He is also the General Manager, Special Projects (Property Division) of JCorp since 1 May 2015.

Mohd Yusof presently sits on the board of various companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Dato' Amiruddin bin Abdul Satar (Appointed w.e.f. 21 January 2016)
Non-Independent Non-Executive Director

Dato' Amiruddin bin Abdul Satar, aged 52, is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 21 January 2016.

Dato' Amiruddin is the President and Managing Director of KPJ Healthcare Berhad since 1 January 2013.

Dato' Amiruddin embarked on his career with KPJ in 1993 and prior to his current appointment, he was involved in the areas of hospital operations, finance and various senior management functions such as strategic planning and investment decisions

of KPJ.

Dato' Amiruddin gained significant experience in finance and management through his capacity as the Accountant and Finance Manager of several large and reputable organisations in the country.

A member of the Association of Chartered Certified Accountants (ACCA), Dato' Amiruddin obtained his Masters in Business Administration (MBA) from the Henley Business School, University of Reading, United Kingdom in 2010.

Dato' Amiruddin also holds directorships in several KPJ hospitals as the Chairman.

Dato' Amiruddin contributes actively in the development of the Malaysian healthcare sector through his involvement with the Association of Private Hospitals of Malaysia (APHM), where he is currently the Vice President.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences.

Company **Secretary**



Hana Binti Ab Rahim @ Ali
(MAICSA 7064336)



Rohaya Binti Jaafar
(LS 0008376)

Shariah Committees' Profile

1. Dato' (Dr) Haji Nooh bin Gadot
2. Professor Madya Dr. Ab. Halim bin Muhammad
3. Professor Dr. Mohamad @ Md. Som bin Sujimon





Dato' (Dr) Haji Nooh bin Gadot

Chairman and Member of Shariah Committee of Al-Salām REIT

Dato' (Dr) Haji Nooh bin Gadot, aged 70, was appointed as the Chairman and Member of Shariah Committee of Al-Salām REIT since 9 July 2015. Currently, Dato' (Dr) Haji Nooh is the Islamic Advisor to DYMM Sultan Johor and Advisor to Johor State Islamic Council. He is a member of the Johor Royal Council and Islamic Religious Council (Johor).

Dato' (Dr) Haji Nooh graduated from the Al-Azhar University in Egypt with a Bachelor in Islamic Law and Shariah Islamiah. He obtained his tertiary Islamic education from Maahad Institution in Johor majoring in As-Syahadah Al-Thanawiyah,

Arabic Secondary School, Segamat Madrasah Al-Khairiyyah Al-Arabiyyah - AsSyahadah Al-Ibtidaiyyah, Segamat and Islamic Primary School State of Johor Special Class. On 22 April 2012, he obtained the Ijazah Kehormat Sarjana Sastera (Master of Art) from Asia e University.

In addition to his official studies, Dato' (Dr) Haji Nooh attended a course on Managing Fatwa Darul Iffa in Ministry of Justice of Egypt under the supervision of State Mufti of Egypt, Al-Ustaz Al-Kabeer Dr. Syed Muhammad Tantawi and courses on Management and Administration of Wakaf organised by Egypt Wakaf Authority.

Before his appointment as Mufti of Johor from year 1999, Dato' (Dr) Haji Nooh was appointed as Vice Mufti of Johor and Chief Assistant Director, Department of Administration of Shariah Law (Chief Kadi). His vast experience in Islamic practise and jurisprudence, juristic methodology, hadith and its sciences and spirituality was gained throughout his services as Acting Kadi, Syarie Lawyer, Islamic Affair Officer Religious Department (Prime Minister Department), Acting Assistant Examination and Registrar Religious School of Johor State and Religious Teacher of Johor State. He compulsorily retired as Mufti of Johor in November 2002 and continued his service until 13 November 2008 and now remains as the Advisor to the Islamic Religious Council (Johor). Currently, he holds various positions which includes amongst others, the Board Member of Waqaf An-Nur Corporation Berhad, Board Member of Kolej Pengajian Islam Johor ("MARSAN"), Vice Chairman of Pengawasan dan Perlesenan Pencetakan Teks Al-Qur'an Kementerian Dalam Negeri, Board Member of Yayasan Dakwah Islamiah Malaysia, Shariah Committee of QSR Brands and KFC Holdings, Shariah Committee of Jabatan Kemajuan Islam Malaysia (JAKIM), Shariah Committee of Permodalan Nasional Berhad (PNB), Board Member of Infaq Lil-Waqaf Angkatan Koperasi Kebangsaan Malaysia Berhad ("ANGKASA"), Shariah Committee of NCB Holdings Bhd, Joint Chairman of Institut Ahli Sunnah Wal Jamaah Johor ("IASWJ"), Primary Consultant of Shariah Advisory Panel of Koperasi Permodalan Melayu Negeri Johor ("KPMNJ), Board Member of Maij Urus Sdn. Bhd., Shariah Advisor of Fly Johore Sdn. Bhd., Committee Member of Selection and Service of Yayasan Dakwah Islamiah Malaysia ("YADIM"), Panel Pemikir Fatwa Jabatan Kemajuan Islam Malaysia ("JAKIM"), Advisory Member of Word Halal Summit (Shapers M'sia Sdn. Bhd.), Board of Trustee Member of Yayasan Wakaf Anak Yatim Malaysia (YAWATIM), Advisory Panel of Pameran Kenali & Cintai Rasulullah ("PKCR") and Advisory Committee Hajj Member of Tabung Haji Malaysia.

Since year 2001 until now, Dato' (Dr) Haji Nooh is active in presenting his proposals and working papers in various issues related to religion that brings into effect the social and spiritual life of the communities. He was conferred the prestigious award Ma'al Hijrah from the State of Johor in year 2009, award Tokoh Dakwah Sempena Sambutan Jubli Emas dan Sempena Anugerah Kecemerlangan Maahad Johor and prestigious award of Maulidur Rasul National Award for the year 1434H/2013M as well as Pingat Bakti Setia (Anugerah Menteri Dalam Negeri) in conjunction with the celebration of 224th Prison Day. Apart from that, Dato' (Dr) Haji Nooh also awarded with Pingat Sultan Ibrahim Pangkat Kedua (P.S.I II), Honorary Doctorate Award (Human Development) from Universiti Tun Hussien Onn (UTM) and Senior Citizens' Special Award in conjunction with the celebration of 2015 National Senior Citizens and Children's Day from Ministry of Social Welfare.

**Professor Madya Dr. Ab. Halim bin Muhammad**

Shariah Committee Member of Al-Salām REIT

Professor Madya Dr. Ab. Halim bin Muhammad, aged 70, was appointed on 9 July 2015 as the Shariah Committee Member of Al-Salām REIT.

He obtained his Bachelor in Shariah from Al-Azhar University in Egypt in 1972 and subsequently obtained his PhD in Shariah from St. Andrews, University of Scotland in 1977.

He began his career with Universiti Kebangsaan Malaysia as the Head of Department of Quran and Sunnah, Faculty of Islamic Studies and Lecturer at Faculty of Law Universiti

Kebangsaan Malaysia.

He has served as Shariah Advisor and Shariah committee member at several corporate organisation like Tabung Haji, Bank Negara Malaysia, Dewan Bahasa dan Pustaka, Takaful Nasional and Terengganu Trust Fund as well as financial institutions namely, Bank Muamalat Malaysia Berhad, Bank Kerjasama Rakyat Malaysia Berhad, RHB Bank Berhad and Bank Pembangunan Malaysia Berhad. He was also appointed as Shariah Advisor to the SC.

At present he is the Shariah committee member of Bank Muamalat Malaysia Berhad, ANGKASA and Terengganu Trust Fund.



Professor Dr. Mohamad @ Md. Som bin Sujimon

Shariah Committee Member of Al-Salām REIT

Professor Dr. Mohamad @ Md. Som bin Sujimon, aged 61, was appointed on 9 July 2015 as the Shariah Committee Member of Al-Salām REIT.

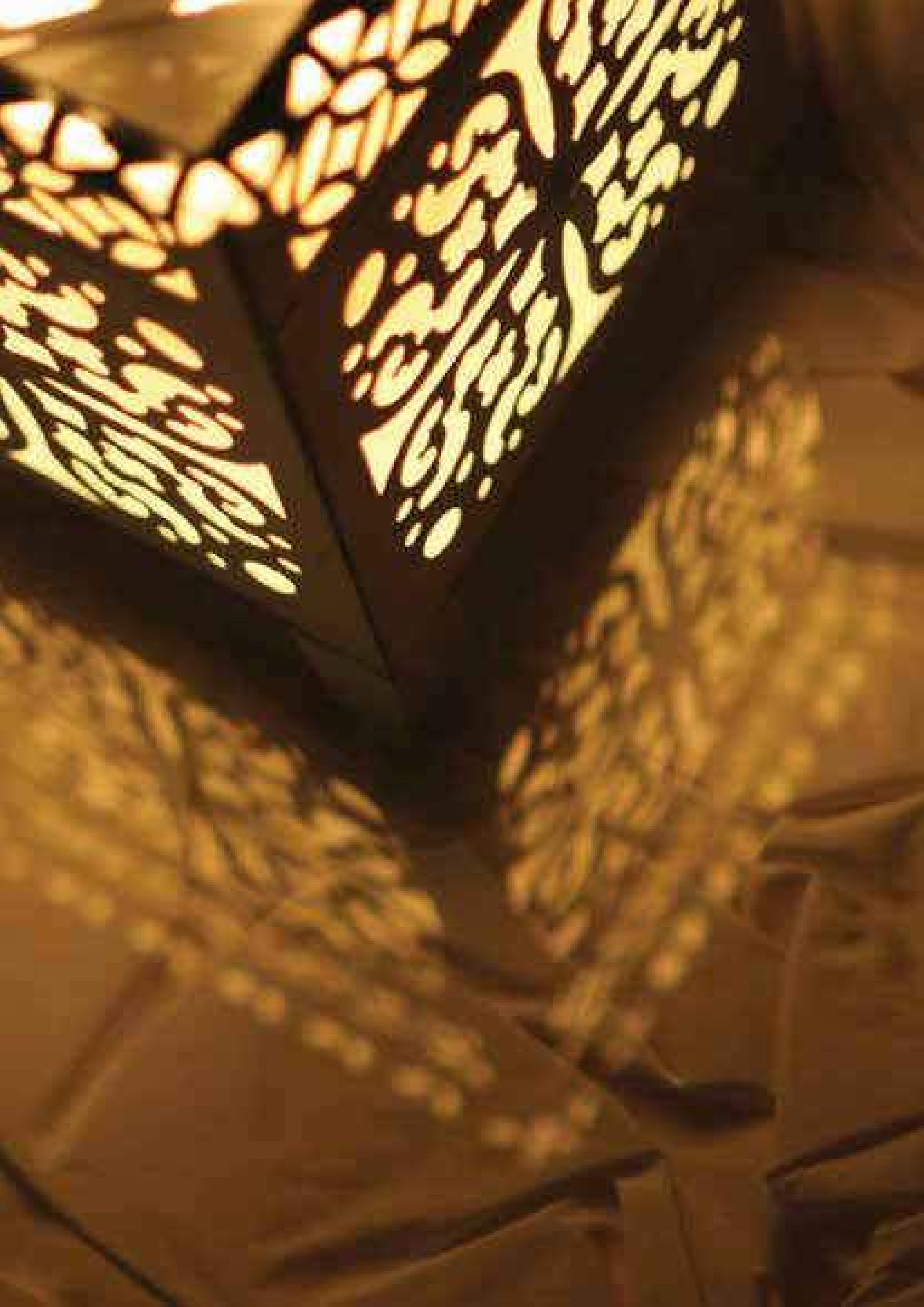
He graduated from University of Al-Azhar, Egypt with a Bachelor of Honour from the Faculty of Islamic Jurisprudence and Law in 1979. He obtained his Master of Arts in Teaching from Mississippi State University, United States of America in 1982 and completed PhD in Islamic and Middle Eastern Studies at the Faculty of Arts in University of Edinburgh, Scotland, United Kingdom in 1997.

He began his career as a Lecturer at the Faculty of Arts and Social Science, Universiti Malaya from 1983-1986. He was then migrated to Brunei Darussalam whereby he was part of the team which founded three (3) institutions, namely Universiti Brunei Darussalam (“UBD”), Universiti Islam Sultan Syarif Ali (“UNISSA”) and Kolej Universiti Perguruan Ugama Seri Begawan (“KUPU SB”).

In Brunei Darussalam, he was an Associate Professor at the Faculty of Shariah and Law, UNISSA as well as an Associate Professor at the UBD and Institute of Islamic Studies Sultan Haji Omar Ali Saifuddien. He was also an Associate Professor at the International Islamic University Malaysia from 1999 to 2005.

He has published many papers including Fikah Kekeluargaan; The Problems of the Illegitimate Child (walad zina) and Foundling (laqit) in the Sunni School of Law; Kes-kes Kehakiman Berkaitan Jenayah Hudud, Qisas dan Kekeluargaan Di Zaman Khulafa’ al-Rashidin; Concept and Implementation of Islamic Finance During the Caliphate of Islam; Translated from Arabic work by Dr. Subhi Mahmasani; Modelling Retail Sukuk in Indonesia and Manual Mazhab Hanafi Yang Dilupakan Murshid al-Hayran ila Ma’rifat Ahwal al-Insan by Mohammed Kadri Pasha (The Forgotten Hanafite Manual of Murshid al-Hayran ila Ma’rifat Ahwal al-Insan by Mohammed Kadri Pasha); Pertukaran dan Perdagangan Matawang Dalam Islam: Satu Sorotan Awal (Exchange and Money Transaction in Islam: A Preliminary Survey); and many other notable intellectual writings.

He was a Senior Researcher at the International Shariah Research Academy (“ISRA”) and is currently the Chief Executive Officer of Kolej Pengajian Islam Johor (MARSAH) and member of the Shariah committee for HSBC Amanah Takaful. In December 2013, he was appointed as the Chairman for the Shariah Board of Brisbane Islamic Investment Fund, an Australian regulated Islamic investment fund and Islamic finance business custodians which deals with manufacturing and services, energy and resources, real estate, solar and clean energy and live stocks.



Organisation Chart

Board of Directors

Managing Director

Yusaini bin Hj. Sidek

Deputy General Manager

Shahril Zairis bin Ramli

HOD FINANCE

Muhammad Ikhwan
bin Muhammad Hanapi

HOD OPERATIONS

Roslan bin Manap

Deputy Head of Operations

Suhaimi bin Saad

HOD COMPLIANCE & LEGAL

Hamim bin Mohamad

HOD BUSINESS DEVELOPMENT & INVESTOR RELATIONS

Sahrin bin Munir

COMPLIANCE
& LEGAL TEAM

BUSINESS DEVELOPMENT
& INVESTOR RELATIONS TEAM

FINANCE TEAM

OPERATIONS TEAM

MANAGEMENT LEVEL

OPERATION LEVEL

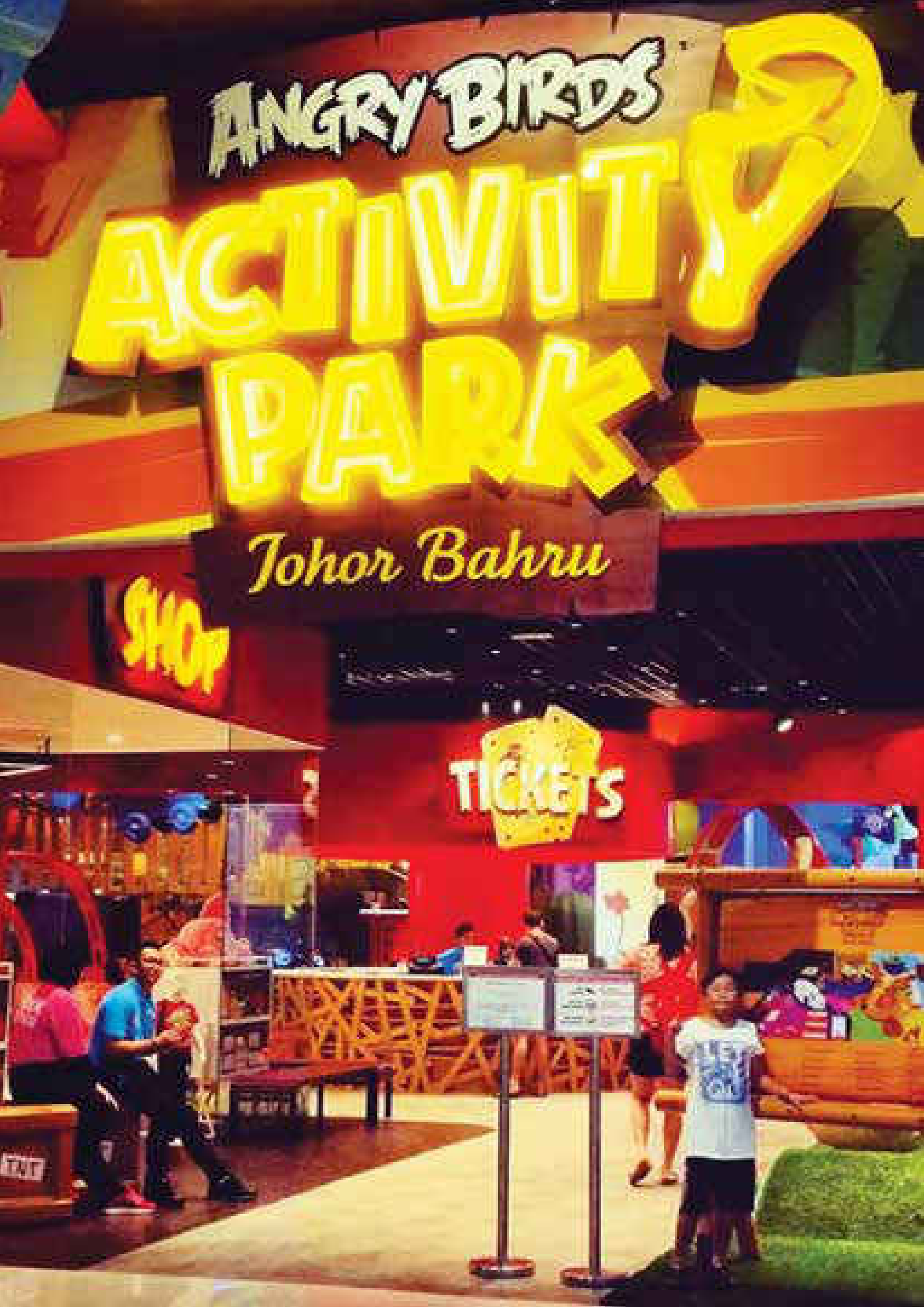
ANGRY BIRDS

ACTIVITY PARK

Johor Bahru

SHOP

TICKETS





3

Business Review

- Financial Review
- Operations Review
- Capital Management
- Investor Relations
- Market Report



Financial Review

	FP2015 ¹ (RM '000)	Estimate Period 2015 ² (RM '000)	Variance (%)
Gross revenue	20,665	26,497	(22.0)
Net Property Income	15,707	19,947	(21.3)
Net income (realised)	7,055	10,522	(32.9)
Income available for distribution (realised)	7,055	10,522	(32.9)
EPU (sen)	1.21	1.81	(33.1)
DPU (sen)	1.20	1.81	(33.7)

	Gross Revenue			Net Property Income		
	FP2015 ¹ (RM '000)	Estimate Period 2015 ² (RM '000)	Variance (%)	FP2015 ¹ (RM '000)	Estimate Period 2015 ² (RM '000)	Variance (%)
KOMTAR JBCC	8,159	11,865	(31.2)	5,114	7,604	(32.7)
@Mart Kempas	1,753	2,269	(22.7)	1,034	1,276	(19.0)
Menara KOMTAR	2,284	2,953	(22.7)	1,265	1,897	(33.3)
KFCH College	594	767	(22.6)	531	645	(17.7)
22 KFC and/or Pizza Hut Outlet	4,354	4,755	(8.4)	4,349	4,755	(8.5)
5 Industrial Premises	3,521	3,888	(9.4)	3,515	3,888	(9.6)
Property Manager Fees	-	-	-	(101)	(118)	14.4
TOTAL	20,665	26,497	(22.0)	15,707	19,947	(21.3)

Notes:

- (1) Al-Salām REIT was established on 30 March 2015 and commenced operations on 6 May 2015 following the completion of the acquisition under Phase 1 (the acquisition of the thirteen (13) QSR Properties, which does not require relevant State authority's consent to transfer and/or charge). The acquisition under Phase 2 (comprising KOMTAR JBCC, @ Mart Kempas, Menara KOMTAR and KFCH College) ("Phase 2 Acquisition") was completed on 29 September 2015 and 30 September 2015. Accordingly, FP2015 reflects the actual financial results of Al-Salām REIT for the financial period from 30 March 2015 (date of establishment) to 31 December 2015.
- (2) Based on the profit estimates for the financial period from 30 March 2015 (date of establishment) to 31 December 2015 ("Estimate Period 2015") as per Al-Salām REIT prospectus dated 4 September 2015 which assumes that the completion of Phase 2 Acquisition had taken effect on 1 September 2015.

Al-Salām REIT registered gross revenue of RM20.7 million for the financial period of 30 March 2015 (date of establishment) to 31 December 2015 as compared to RM26.5 million under the Estimate Period 2015 with a variance of approximately RM5.8 million or 22.0%.

Net property income was RM15.7 million against the Estimate Period 2015 of RM19.9 million, difference by 21.3% or RM4.2 million.

The lesser gross revenue and net property income as compared to Estimate Period 2015 was primarily due to the fact that the Estimate Period 2015 was prepared on the assumption that the completion of Phase 2 Acquisition will be on 1 September 2015, but the actual completion of Phase 2 Acquisition was on 29 September 2015 and 30 September 2015 instead.

As such, the variance on the actual performance of fund as well as the properties against the Estimate Period 2015 is mainly due to the timing differences as FP2015 incorporates 3 months financial results of Phase 2 Acquisition whilst the Estimate Period 2015 had assumed 4 months financial results.

In addition, the late opening of outlets by certain tenants for the period under review, also contributed to the slightly lesser revenue for KOMTAR JBCC as against the Estimate Period 2015. The slight delay in the opening of the outlets by the tenants reflects the cautiously optimistic approach of the retailers in view of the challenging economy ahead.

Save for the timing difference due to Phase 2 Acquisition, income for the 22 KFC and/or Pizza Hut Outlets as well as the 5 industrial properties are in line with the financial forecast under the Estimate Period 2015.

Retail segment is the key contributor, accounting for 48% and 39% of gross revenue and NPI respectively. As at 31 December 2015, KOMTAR JBCC recorded occupancy rate of 89% whilst @Mart Kempas recorded occupancy rate of 95%.

The office segment contributed total revenue and NPI of 11% and 8%, respectively. During the financial period, Menara KOMTAR maintained its occupancy rate at 96%. Being occupied as the main office of JCorp, this would allow Menara KOMTAR to enjoy stable rental period in the long run.

The food and beverages restaurant segment and non-food and beverages restaurant segment witnessed a steady contribution of income due to its Triple Net Lease arrangement.

Total comprehensive income for FP2015 was RM14.8 million which include unrealised income of RM7.7 million contributed mainly by fair value gain on investment properties and realised income of RM7.1 million. Accordingly, the Fund has paid an income distribution of RM6.96 million equivalent to 1.20 sen per unit for FP2015 on 29 February 2016.

Fair value of investment properties

Property	Acquisition cost ¹ (RM '000)	Appraised value ² (RM '000)	Fair value adjustment (RM '000)
KOMTAR JBCC	462,000	462,000	-
@Mart Kempas	65,131	65,000	(131)
Menara KOMTAR	70,198	70,000	(198)
KFCH College	28,258	28,200	(58)
22 KFC & Pizza Hut Outlet	151,022	155,320	4,298
5 Industrial Premises	127,139	130,940	3,801
TOTAL	903,748	911,460	7,712

¹Comprises of purchase price and directly attributable expenditures.

²Appraised market value based on the valuations carried out by independent professional valuer, Cheston International (KL) Sdn Bhd on 31 December 2015.

Status of utilisation of proceeds

Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Timeframe for utilisation	Deviation RM '000
Part payment of the purchase consideration for the acquisition	242,860	242,860	Utilised	
Listing expenses	9,500	7,455	Utilised	2,045
Total	252,360	250,315		2,045

Al-Salām REIT raised a total of RM252.36 million from its IPO, of which RM242.86 was utilised to part finance the acquisition of the properties with a total purchase consideration of RM903.14 million. The balance purchase consideration was funded by borrowings of RM332.64 million and RM327.64 million was satisfied in the form of Al-Salām REIT units. RM7.5 million was utilised to defray the listing expenses and the surplus of RM2.0 million was utilised as working capital.

Operations **Review**

Rental Renewals

During FP2015, a total of 12 tenancies representing 7.9% of the total NLA of the retail and office portfolio had been renewed with a rental increase of 10% at @Mart Kempas whilst no increase of rental rates for Menara KOMTAR.

Property	No. of renewed tenancies	NLA renewed sq.ft.	% of property NLA
@Mart Kempas	6	3,038	3.1
Menara KOMTAR	6	17,563	10.9
Total	12	20,601	7.9

Lease Expiry Profile

The portfolio has a well-spread lease expiry profile with NLA expiring of 1.3% (FY2016), 17.8% (FY2017), 1.8% (FY2018) and 79.1% (after FY2018). The majority of the tenancies are three-year tenancies with renewal option for another three-year term.

The KFCH College master lease is for a term of 3 years from October 2010, with compulsory renewal for another 2 terms, expiring in October 2019. For the master lease agreements on properties acquired from QSR, the first rental period for 13 properties commenced in May 2015 will be renewed in May 2018 while the first rental period for the remaining 14 properties commenced in September 2015 will be renewed in September 2018. The lease is renewable every 3 years up to a maximum of 15 years with an option to renew for a further period of 15 years.

Trade Sector Analysis (Gross Rental Income)

The portfolio has a diversified tenant mix operate in different sectors. For the retail properties, the top five trade mix are departmental store, fashion and accessories, beauty and wellness, food and beverage and leisure and entertainment. For the office properties, the sectors are state conglomerate and professional services only.

Retail properties		Office properties	
Fashion and accessories	37.8%	State conglomerate	77%
Food & beverages	14.1%	Professional services	23%
Departmental store and supermarket	13.3%		
Beauty and wellness	12.2%		
Fresh mart	4.5%		

Top 10 Tenants

Al-Salām REIT has a diverse tenant mix comprising over 150 tenancies and two master leases. The major tenants contributed for approximately 53% of total income.

Tenant	Trade sector	% of total income*
QSR Stores Sdn Bhd	Food & beverages	15.0
Efinite Revenue Sdn Bhd	Non-food & beverages	12.9
Johor Corporation	State conglomerate	9.5
Metrojaya	Departmental store	5.1
SPM Restaurants Sdn Bhd	College	3.6
Padini Dot Com Sdn Bhd	Fashion	2.3
RSH Group	Fashion	1.3
Angry Bird Activity Park Johor Bahru	Leisure and entertainment	1.2
Littles (M) Sdn Bhd	Fashion	1.1
Unified Version Sdn Bhd	Supermarket	1.0
TOTAL		52.9

*Based on monthly rental for December 2015

Capital Management

The Manager is committed to manage Al-Salām REIT's capital to ensure that it will continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity.

The manager intends to implement this strategy by:

- Diversifying sources of debt funding
- Maintaining a reasonable level of loan service capability
- Securing the most favourable terms of funding
- Managing its financial obligations
- Where appropriate, managing the exposures arising from adverse market financing rates and foreign exchange exposures through appropriate hedging strategies
- Actively manage the range of maturities to reduce refinancing risk and optimise the cost of capital

Al-Salām REIT secured the Commodity Murabahah Term Financing-i ("CMTF-i") amounting to RM350 million from financiers to part finance the acquisition of properties during the IPO stage. The successful financing facility was issued via the First Tranche of RM136 million on 6 May 2015 and the second Tranche of RM214 million on 29 September 2015. The CMTF-i profit is payable over a period of 60 months from the date of first disbursement with full repayment of principal sum on the 60th month. The effective financing rate for the CMTF-i will be based on cost of funds + 1.35% per annum for the first two (2) years and COF + 1.50% per annum from the third year onwards.

The gearing of Al-Salām REIT as at 31 December 2015 is 36%, leaving a debt headroom of approximately RM120 million to fund its capex plans and future acquisitions before reaching the statutory limit of 50%.

Currently, the Manager is considering to refinance the existing financial commitment, acquisition of future assets as well as for the working capital requirement by establishing a Sukuk programme. This capital management initiative will enable Al-Salām REIT to enjoy a lower blended yield with fixed financing rate on longer tenure.

Investor Relations

At Al-Salām REIT, investor relations activities are focused on increasing awareness in the investment community via an open dialogue with all stakeholders, namely unitholders, analysts, media, potential investors and the general public. Our aim is to enable market participants to form a realistic opinion of the company's profitability, strategic positioning and the associated opportunities and risks.

Signing Ceremony on the Establishment of Al-Salām REIT

The signing ceremony on the establishment of Al-Salām REIT between Damansara Assets Sdn Bhd and QSR Brands (M) Holdings Sdn Bhd with Amanahraya Trustees Berhad was held on 28 April 2015 at Marriot Hotel Putrajaya. The ceremony were witnessed by YAB Dato' Mohamed Khaled Bin Nordin, Johor Chief Minister cum Chairman of JCorp, Dato' Abd Rahman bin Dato' Md Khalid, Group Managing Director of Amanahraya Berhad and Dato' Kamaruzzaman bin Abu Kassim, President and Chief Executive of JCorp.



Launching of IPO Prospectus

The IPO Prospectus of Al-Salām REIT was successfully launched on 4 September 2015 by YAB Dato' Mohamed Khaled Bin Nordin, Johor Chief Minister cum Chairman of JCorp. The distinguished guests present in the ceremony were Tan Sri Azlan bin Zainol, Chairman of RHB Bank Berhad and Dato' Abd Rahman bin Dato' Md Khalid, Group Managing Director of Amanahraya Berhad.



Listing of Al-Salām REIT on the Main Market of Bursa Malaysia.

Al-Salām REIT was successfully listed on the Main Market of Bursa Malaysia on 29 September 2015. The listing ceremony was held at Bursa Malaysia Berhad. Al-Salām REIT officially commenced trading under ALSREIT (5269) on the Main Market of Bursa Malaysia Securities Berhad.



Media Relations

The Manager is aware of the important role played by the media in shaping the present and future image of the Fund and always opens its door to interact with media at all times. Al-Salām REIT continues to attract coverage by the media such as newspapers, radio and television as well as attracting new media attention among financial blogs and forums. Press conferences were held on each of the key events as follows:

- 28 April 2015: Signing of the Memorandum of Understanding to set up Al-Salām REIT
- 4 September 2015: Launching of IPO Prospectus
- 29 September 2015: Listing of Al-Salam REIT on the Main Market of Bursa Malaysia

Exhibition

The Manager is committed to increase awareness on Al-Salām REIT among public and local investors. Al-Salām REIT has participated in the Malaysia Investment and Stock Exchange Expo 2015 (MISEE) from 20th to 22nd November 2015 which was held at Putra World Trade Centre (PWTC), Kuala Lumpur. MISEE aims to expose the variety of investments and include awareness of the public about the legitimate investment products in Malaysia. This is a great channel to communicate with investors as this expo not only attended by public as well as local and foreign investors.



Research Coverage

During the financial year, Al-Salām REIT is covered by the following research houses:

Research House	Date of Report	Target Price
Public Invest Research	14 Sept 2015	RM1.03
TA Securities	10 Sept 2015	RM1.12
Maybank Investment Bank	14 Aug 2015	RM1.07
RHB Investment Bank	14 Aug 2015	RM1.10
Inter-Pacific Research Sdn Bhd	17 Sept 2015	RM1.14
M&A Securities	22 Sept 2015	RM1.13
Kenanga Research	15 Sept 2015	RM1.05
Mercury Securities Sdn Bhd	15 Sept 2015	RM1.20

Malaysian REIT Managers Association (MRMA)

DRMSB is an active member of the Malaysian REIT Managers Association (“MRMA”) since 2009. The Manager took the opportunity attending the quarterly meetings and the annual general meeting to exchange views with other members and planning concerted efforts to promote M-REITs industry to both domestic and foreign investors. The Managing Director/CEO of the Manager was re-elected as the Vice Chairman of MRMA in January 2016.

Analyst Research



Analyst Research

Maybank Research **AI-Salam REIT** **BUY**

Target Price: RM 1.40

Key Metrics:

Current Price	RM 1.35
Dividend Yield	4.4%
NAV	RM 1.35
EBITDA	RM 1.35
EBIT	RM 1.35
EBITDA Margin	100%
EBIT Margin	100%
EBITDA/NAV	1.0
EBIT/NAV	1.0
EBITDA/NAV	1.0
EBIT/NAV	1.0

Summary: AI-Salam REIT is a leading REIT in the market, offering a high dividend yield and a strong track record. The company's assets are primarily composed of commercial properties, which provide a stable and predictable cash flow. The company's management team is experienced and has a proven track record of successful acquisitions and disposals. The company's financial performance is strong, with a high EBITDA margin and a strong balance sheet. The company's stock price is currently trading at a discount to its NAV, making it an attractive investment opportunity.

Conclusion: AI-Salam REIT is a strong investment opportunity, offering a high dividend yield and a strong track record. The company's assets are primarily composed of commercial properties, which provide a stable and predictable cash flow. The company's management team is experienced and has a proven track record of successful acquisitions and disposals. The company's financial performance is strong, with a high EBITDA margin and a strong balance sheet. The company's stock price is currently trading at a discount to its NAV, making it an attractive investment opportunity.

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TA SECURITIES **AI-Salam REIT** **BUY**

Key Metrics:

Current Price	RM 1.35
Dividend Yield	4.4%
NAV	RM 1.35
EBITDA	RM 1.35
EBIT	RM 1.35
EBITDA Margin	100%
EBIT Margin	100%
EBITDA/NAV	1.0
EBIT/NAV	1.0
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JCorp sasar tambahan aset RM2 billion

JCorp sasar untuk menambah aset RM2 billion dalam tempoh tiga tahun, kata Ketua Pegawai Eksekutif (CEO) JCorp, Datuk Seri Dr. J. S. Jeyaretnam, pada sidang media selepas mesyuarat tahunan JCorp di sini hari ini.

Dr. Jeyaretnam berkata, JCorp akan menambah aset RM2 billion dalam tempoh tiga tahun, iaitu RM1 billion dalam tempoh dua tahun pertama dan RM1 billion dalam tempoh dua tahun seterusnya.

Dr. Jeyaretnam berkata, JCorp akan menambah aset RM2 billion dalam tempoh tiga tahun, iaitu RM1 billion dalam tempoh dua tahun pertama dan RM1 billion dalam tempoh dua tahun seterusnya.



Rangkum 31 aset

JCorp sasar 31 aset REIT dengan nilai RM2.5 billion

JCorp sasar untuk menambah 31 aset REIT dengan nilai RM2.5 billion dalam tempoh tiga tahun, kata Ketua Pegawai Eksekutif (CEO) JCorp, Datuk Seri Dr. J. S. Jeyaretnam, pada sidang media selepas mesyuarat tahunan JCorp di sini hari ini.

Dr. Jeyaretnam berkata, JCorp akan menambah 31 aset REIT dengan nilai RM2.5 billion dalam tempoh tiga tahun, iaitu 15 aset dalam tempoh dua tahun pertama dan 16 aset dalam tempoh dua tahun seterusnya.

Dr. Jeyaretnam berkata, JCorp akan menambah 31 aset REIT dengan nilai RM2.5 billion dalam tempoh tiga tahun, iaitu 15 aset dalam tempoh dua tahun pertama dan 16 aset dalam tempoh dua tahun seterusnya.

JCorp upbeat on Al Salam REIT outlook

Analisis: JCorp yakin Al Salam REIT akan mencapai sasaran RM252 juta

JCorp yakin Al Salam REIT akan mencapai sasaran RM252 juta, kata Ketua Pegawai Eksekutif (CEO) JCorp, Datuk Seri Dr. J. S. Jeyaretnam, pada sidang media selepas mesyuarat tahunan JCorp di sini hari ini.

Dr. Jeyaretnam berkata, JCorp yakin Al Salam REIT akan mencapai sasaran RM252 juta, iaitu RM126 juta dalam tempoh dua tahun pertama dan RM126 juta dalam tempoh dua tahun seterusnya.

Dr. Jeyaretnam berkata, JCorp yakin Al Salam REIT akan mencapai sasaran RM252 juta, iaitu RM126 juta dalam tempoh dua tahun pertama dan RM126 juta dalam tempoh dua tahun seterusnya.



BISNES

Untuk mencapai sasaran RM252 juta, JCorp yakin Al Salam REIT akan mencapai sasaran RM252 juta, kata Ketua Pegawai Eksekutif (CEO) JCorp, Datuk Seri Dr. J. S. Jeyaretnam, pada sidang media selepas mesyuarat tahunan JCorp di sini hari ini.

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BISNES

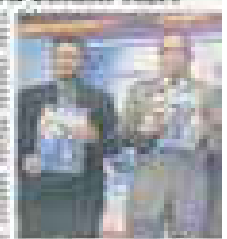


JCorp jangka raih RM252.36j menerusi IPO Al-Salam REIT

JCorp jangka raih RM252.36j menerusi IPO Al-Salam REIT, kata Ketua Pegawai Eksekutif (CEO) JCorp, Datuk Seri Dr. J. S. Jeyaretnam, pada sidang media selepas mesyuarat tahunan JCorp di sini hari ini.

Dr. Jeyaretnam berkata, JCorp jangka raih RM252.36j menerusi IPO Al-Salam REIT, iaitu RM126.18j dalam tempoh dua tahun pertama dan RM126.18j dalam tempoh dua tahun seterusnya.

Dr. Jeyaretnam berkata, JCorp jangka raih RM252.36j menerusi IPO Al-Salam REIT, iaitu RM126.18j dalam tempoh dua tahun pertama dan RM126.18j dalam tempoh dua tahun seterusnya.



JCorp to list RM250m Islamic REIT in Q3

JCorp to list RM250m Islamic REIT in Q3, kata Ketua Pegawai Eksekutif (CEO) JCorp, Datuk Seri Dr. J. S. Jeyaretnam, pada sidang media selepas mesyuarat tahunan JCorp di sini hari ini.

Dr. Jeyaretnam berkata, JCorp to list RM250m Islamic REIT in Q3, iaitu RM125m dalam tempoh dua tahun pertama dan RM125m dalam tempoh dua tahun seterusnya.

Dr. Jeyaretnam berkata, JCorp to list RM250m Islamic REIT in Q3, iaitu RM125m dalam tempoh dua tahun pertama dan RM125m dalam tempoh dua tahun seterusnya.

IPO Al-Salam REIT dijangka jana RM252 juta

IPO Al-Salam REIT dijangka jana RM252 juta, kata Ketua Pegawai Eksekutif (CEO) JCorp, Datuk Seri Dr. J. S. Jeyaretnam, pada sidang media selepas mesyuarat tahunan JCorp di sini hari ini.

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Dr. Jeyaretnam berkata, IPO Al-Salam REIT dijangka jana RM252 juta, iaitu RM126 juta dalam tempoh dua tahun pertama dan RM126 juta dalam tempoh dua tahun seterusnya.



JCorp sasar kumpul aset RM2b

JCorp sasar kumpul aset RM2b, kata Ketua Pegawai Eksekutif (CEO) JCorp, Datuk Seri Dr. J. S. Jeyaretnam, pada sidang media selepas mesyuarat tahunan JCorp di sini hari ini.

Dr. Jeyaretnam berkata, JCorp sasar kumpul aset RM2b, iaitu RM1b dalam tempoh dua tahun pertama dan RM1b dalam tempoh dua tahun seterusnya.

Dr. Jeyaretnam berkata, JCorp sasar kumpul aset RM2b, iaitu RM1b dalam tempoh dua tahun pertama dan RM1b dalam tempoh dua tahun seterusnya.



Market Report

Economic Overview

While the global economy continues to expand, the recovery in the advanced economies has not been as strong as earlier expected and the growth in the emerging economies has slowed. The current heightened financial market volatility and uncertainties also pose additional downside risks to global growth.

For Malaysia, growth remains driven by domestic demand. While private consumption has moderated as households adjust to the higher cost of living, household spending is being supported by continued growth in income and employment. Overall investment has benefited from the implementation of infrastructure development projects and capital spending in the manufacturing and services sectors despite the lower investment in the oil and gas sector.

Going forward, while recent trends suggest a turnaround in exports, the contribution of the external sector to overall growth is expected to be modest. In this challenging environment, the economy is expected to experience more moderate growth in 2016, after expanding by about 5 percent in 2015. Downside risks to growth have increased following greater uncertainty on both the global and domestic fronts. In confronting this more difficult environment, the Malaysian economy will benefit from having diversified sources of growth, economic flexibility, low unemployment, manageable level of external debt, and a well-capitalised banking system and developed capital markets that provide continued access to financing.

(Source: Official website of Bank Negara Malaysia, Monetary Policy Statement 21 January 2016)

Malaysian REIT

MGS yields had been volatile throughout much of 2015 (hitting a high of 4.45% in Aug 2015 from a low of 3.72% in Feb; 4.26% at the time of writing), driven in part by foreign selloffs on concerns of a weakening MYR (-22% YTD) and falling crude oil prices (dated Brent: - 30% YTD). Positively, however, unit prices of M-REITS remained relatively stable (YTD: +2.6%), while one-year forward yields fluctuated within a narrow band of 5.6-6.2%, backed by strong fundamentals and healthy balance sheets. The yield spread (between M-REITs' forward yield and 10— year MGS yield) has hovered around the 170-180bps level (low of 151bps in Sep 2015; 2014 average at 194bps).

A more stable outlook is expected for 2016 include an unchanged overnight policy rate at 3.25%, a 10-year MGS yield of 4.30%/4.35% by end-1Q16/2Q16, and a narrower band for the USD/MYR rate of MYR3.95-4.15 at each quarter end. These metrics, coupled with decent DPU yields, should thus contribute to a more stable outlook for the unit prices of the listed REITs.

(Source: Research report 2016: Outlook & lookouts by Maybank IB Research 14 December 2015)

Commercial Property Market

The property market is a vital building block for the development of other economic activities in the country, including construction, manufacturing, finance and business services as well as wholesale and retail trade, hotels and restaurants. The construction sector contributed to 3.9% of Malaysia's GDP in 2014. In the same year, the manufacturing sector contributed an estimated 24.6% to Malaysia's GDP, while wholesale, retail trade, hotels and restaurants collectively contributed 15.4%, and finance, insurance, real estate and business services collectively contributed approximately 14.5%. In order for these economic activities to operate and thrive, properties such as industrial parks, office buildings, retail malls, hotels and restaurants must be built.

Demand for property in Malaysia, measured by value of property transactions, has witnessed an increase from RM46.1 billion in 2004 to RM128.4 billion in 2014 at a CAGR of 10.8%. Commercial property witnessed the highest growth rate of 11.3% between 2004 and 2014, recording a rise from RM11.0 billion to RM31.8 billion. Property transactions in the South region of Malaysia was registered at RM27.0 billion. Regional growth is strongly driven by growth of property demand in key sub-markets, with Selangor and Kuala Lumpur strongly driving growth in the Central region, Johor driving growth in the South region and Penang and Perak driving growth in the North region. Demand for residential and commercial properties in Malaysia is supported by economic wellbeing, growth prospects of end-user markets/industries, growth in the number of companies and businesses, increasing disposable income and affluence of the population, and plans, policies and stimulus by the Federal Government to regulate and maintain the affordability of properties in Malaysia.

The demand for residential and commercial properties in Johor Bahru, measured by property transaction values, have been growing on an upward trend between 2004 and 2014 as total transaction values increased from RM4.4 billion to RM14.9 billion at a CAGR of 13.1%. Demand for residential and commercial properties witnessed a dramatic increase of 222.2% in 2013 compared to the previous year following the completion of the foundation and infrastructure for Iskandar Malaysia in 2010 that prepared the way for increased commercial activities in this capital city of Johor. Johor Bahru City Centre is also being revitalised through the upgrading of its central business district and waterfront to reposition the city as a vibrant, modern and livable city centre, thus further drawing prospective homeowners and businesses to this city.

Johor's CDP (2006—2025) was launched for Iskandar Malaysia and encompasses the districts of Johor Bahru, Kulaijaya, Pontian and Kota Tinggi. Over the period of 2011 and 2015, Iskandar Malaysia intends to achieve the creation of 55,730 employment opportunities. This target is in line with the commencement of several jet catalyst projects under various flagship development zones. Nine (9) major economic clusters have been identified to spearhead the growth of Iskandar Malaysia and these clusters are electrical and electronics, petrochemicals and oleochemicals, food and agro-processing, logistics and related services, tourism, health services, educational services, financial services and creative industries. The implementation of these economic plans and targeted strategies under the respective plans, including infrastructure and transportation improvement, have great impact on socio-economic developments in Johor, and the anticipated business opportunities arising from these economic plans will have positive impact on commercial property supply and demand in Johor.

The retail sector in Malaysia is an integral component of the nation's economy and the fourth (4th) largest contributor to GDP after oil and gas, agriculture and manufacturing. The retail landscape in Malaysia has transformed in the last decade with modern retail formats increasing in dominance over small family-owned and operated shops. The launching of large shopping malls has increased the lifestyle elements of shopping in Malaysia, with retail concepts carefully chosen to target specific consumer groups. The retail market in Malaysia, measured by the value of retail

sales, grew from RM108.0 billion in 2004 to RM175.3 billion in 2014 at a CAGR of 5.0%. Retail sales in Malaysia is expected to grow from RM175.3 billion in 2014 to RM190.5 billion in 2016 at a CAGR of 4.2% with store-based retailing continuing to remain a key component of retail sales. Growth of Malaysia's retail market will be strongly driven by the increasing disposable income of the population that signifies growth potential for retail sales, greater access to technology and higher internet penetration rates that promote growth in internet retailing, higher tourist arrivals coupled with tourism receipts that boost retail sales, and greater Government-driven initiatives to propel the retail market in Malaysia and boost retail expenditure.

Fast food is becoming a more prominent consumer foodservice format due to the rise in urbanisation and time-pressed lifestyles of the Malaysian population. Chicken fast food is a key segment within fast food due to the preference of the local population for chicken meals, with major brands being KFC, Marrybrown and Popeye's, followed by burger fast food comprising brands such as McDonald's and Burger King, and pizza outlets such as Pizza Hut and Domino's. The consumer foodservice market in Malaysia, measured by the sales value of transactions, grew from RM18.2 billion in 2004 to RM35.0 billion in 2014 at a CAGR of 6.8%. While fast food or QSRs comprised a smaller 14.3% of sales transaction value in 2014, this dining format witnessed a higher growth rate of 10.4% as sales transactions rose from RM1.9 billion in 2004 to RM5.0 billion in 2014. Sales transactions for consumer foodservice is expected to grow from RM35.0 billion in 2014 to RM38.9 billion in 2016 at a CAGR of 5.4%. Further growth in consumer foodservice will be a result of rapid urbanisation, increasing disposable income of the population, advertising and promotional activities by consumer foodservice providers and growth in distribution.

(Source: Independent Property Market Report by Smith Zander International Sdn Bhd and Raine & Horne International Zaki+Partners Sdn Bhd 31 July 2015)



4

Portfolio Review

- Portfolio Summary
- Portfolio Details



Portfolio Summary



Asset Breakdown by Property
Value as at 31 December 2015Asset Breakdown by GFA
as at 31 December 2015

Retail

58%

41%



Office

8%

13%

F&B
Restaurants

17%

10%

F&B
Non-restaurants

17%

36%

Sabah
1 unit of (D)

Portfolio Details



Retail KOMTAR JBCC



Location	KOMTAR JBCC, Johor Bahru City Centre, Jalan Wong Ah Fook, Johor Bahru, Johor Darul Takzim
Description	A Four (4)-Level Shopping Mall
Date of acquisition	30 September 2015
Acquisition price	RM462 million
Year of completion	2014
Title	Lot 14530, Title No. Geran 44587 situated in Town and District of Johor Bahru, Johor
Tenure	Freehold
Encumbrances	Charged to RHB Islamic Bank Berhad
Appraised value	RM462 million
Date of latest valuation	31 December 2015

“The Now Chic Destination”

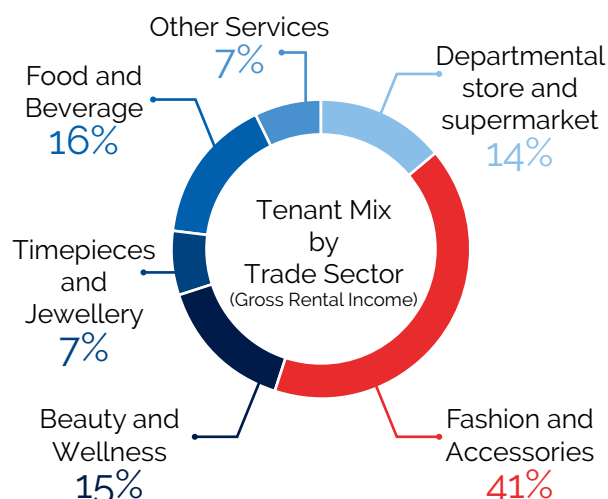
KOMTAR JBCC is the crown asset of Al-Salām REIT, located in the Iskandar Development flagship zone primed to be a hub for financial services, commerce and retail, arts and culture, hospitality, urban tourism and manufacturing. KOMTAR JBCC is a four (4) level shopping mall that forms part of an integrated development known as Johor Bahru City Centre (“JBCC”) which comprise of a seven-storey shopping mall cum car park complex together with a rooftop, an existing 25-storey purpose built office known as Menara KOMTAR, a proposed office tower to be known as Menara Johor Land, a proposed hotel and a proposed mosque.

JBCC is prominently located between the city’s primary business routes of Jalan Tun Abdul Razak and Jalan Wong Ah Fook and opposite the city’s major landmarks, namely the Customs Immigration and Quarantine Complex (“CIQ”) transportation hub and the Johor Bahru Sentral (“JB Sentral”) train station.

KOMTAR JBCC is positioned as a regional premium shopping mall targeting the middle to upper income level population in Iskandar Malaysia and tourists. The mall houses various types of retailers comprising well known departmental stores, international and local brand outlets, fashion, specialty food and beverages and entertainment centres. Its anchor tenants are Metrojaya Department Store and Angry Birds Activity Park, with other tenants, amongst others, Marks & Spencer, Padini Concept Store, Sephora, Tony Roma’s, Charles & Keith, Tissot, Victoria’s Secret, Chanel, Royal Selangor Pewter and Swiss Watch Gallery.

Contact details for management office:
Centre Management Office,
Level 5, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru, Johor
Tel: (607)-267 9900
Fax: (607)-267 9926

GFA (sq. ft.)	NLA (sq. ft.)	No. of parking bays	No. of tenancies	Occupancy as at 31 Dec 2015 (%)	Annual shopper traffic	Revenue (RM mil)	NPI (RM mil)
623,374	397,555	1,187	114	89.0	6.5 million	8.2	5.1



Lease Expiry Schedule – expiring tenancies as % of NLA



0.1%



47%



6%

Top 10 Tenants by trade name – gross rental income

Total	31%
Metrojaya	12%
Padini Concept Store	5%
Brands Outlet	3%
Marks & Spencer	2%
Angry Birds	2%
F.O.S	2%
G2000	2%
Kapitan Grocer	1%
Stadium	1%
Tony Roma's	1%

Marketing Activities

October 2015

Deepavali Highlights

Shoppers were mesmerized with the beautiful Kolam, located at the KOMTAR JBCC's Main Lobby, Centre Court as Diwali was welcomed with warmth. Whilst shopping, patrons of the mall were entertained with Indian Traditional Dance performances and other cultural activities.



Raffles University Iskandar ("RUI") Apprentice

The event with Raffles University is part of CSR programme to encourage students to create innovative ideas and exposure on modules they have learnt in practical by being an RUI Apprentice. More than 200 students participated in the programme held at Level 3, KOMTAR JBCC.

November 2015

Kasih Disayang

Angry Bird's Activity Park, in collaboration with Mutiara JCorp organised a CSR programme, by hosting underprivileged children from orphanage homes and Tahfiz religious schools.

Bomba Fire Safety Campaign

Johor's Fire & Rescue Department conducted a Public Fire and Safety Awareness Campaign to the building owners and authorities. An appreciation awards was given to sectors involved on their aggressive participation towards the campaign.

Tony Roma's Rib-Eating Contest

Tony Roma's organized the event which extended to their frequent diners in KOMTAR JBCC. Eight female and eight male contenders faced off in the finale of Tony Roma's Rib-Eating Contest 2015 at the concourse of KOMTAR JBCC.

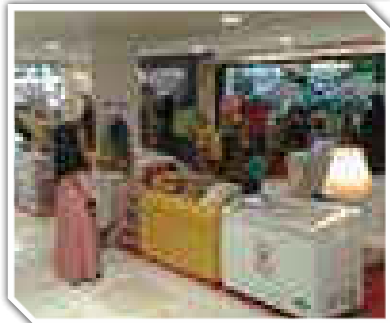
December 2015

Christmas 2015

Shoppers were mesmerized with the snow fall which is the key-highlight of the event to reflect a classic wintery Christmas celebration. Many fun-filled activities and performances were carried out throughout weekends at the center court of KOMTAR JBCC. Piano performance, Santa Claus Candies Giveaway and Christmas Caroling were some of the activities carried out to lighten up the festivity spirit.

Mon Marche— Ministry of Women, Family and Community Development

The SME (Small Medium Entrepreneur) under the Ministry of Women, Family and Community Development involved total 20 SME exhibitors in this programme. The event was held from 25 December 2015 to 27 December 2015 at Level 2 and 3 of the mall.





Retail

@MART KEMPAS

Location	Premises No.10, Jalan Persiaran Tanjung, Taman Cempaka 81200 Johor Bahru, Johor Darul Takzim
Description	A Single-Storey Hypermarket
Date of acquisition	29 September 2015
Acquisition price	RM65 million
Year of completion	2010
Title	PTD No. 165998, Title No. HS(D) 510051 situated in Mukim of Tebrau, Daerah Johor Bahru, Johor
Tenure	Leasehold – 99 year, expiring on 23 January 2106
Encumbrances	Charged to RHB Islamic Bank Berhad
Appraised value	RM65 million
Date of latest valuation	31 December 2015

“It’s All Inside”

@Mart Kempas is a single-storey purpose built hypermarket servicing the local residents within Kempas. @Mart Kempas targets the lower and middle income market and offer shoppers an affordable “one stop convenience hypermarket”.

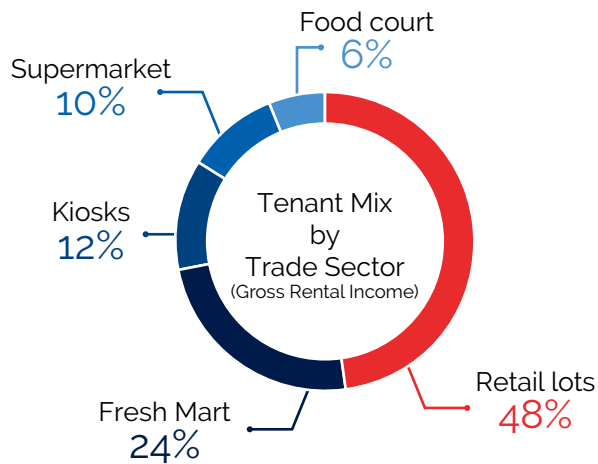
@Mart Kempas is a translation of a modern wet market from the olden days that offers cleaner and a more convenient shopping experience compared to the traditional wet market. @Mart Kempas serves to provide broad catchment for the consumers from the residential areas in the immediate Kempas vicinity comprising amongst others Taman Kempas, Taman Dahlia, Taman Johor, Taman Melor, Taman Cempaka, Taman Tampoi, Taman Kobena, Taman Munshi Ibrahim and Taman Siantan.

@Mart Kempas layout area is divided into several areas for its fresh groceries, several bazaar lots, kiosks, a food court, and the main commercial store. The layout with wide walkways and ample parking facilities as compared to the traditional wet market, offers convenient shopping atmosphere to the shoppers in meeting their daily needs. @Mart Kempas can accommodate about 228 retail lots and has 478 car park bays.

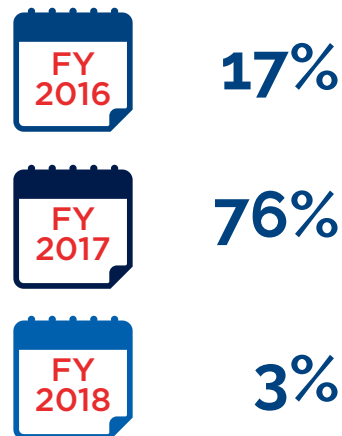
Contact details for management office:

Centre Management Office,
No.10, Jalan Persiaran Tanjung
Taman Cempaka
81200 Johor Bahru, Johor
Tel: (607)-232 8262 / 8260
Fax: (607)-238 4122

GFA (sq.ft.)	NLA (sq.ft.)	No. of parking bays	No. of tenancies	Occupancy as at 31 Dec 2015 (%)	Revenue (RM mil)	NPI (RM mil)
164,460	98,723	478	198	95.0	1.8	1.0



Lease Expiry Schedule – expiring tenancies as % of NLA



Top Tenants by trade name – gross rental income

Total	17%
Midas Mart	10%
PasarayaKu	3%
Dsigno	2%
Kasut You	2%

Marketing Activities

October 2015

Program Merayakan Seni Budaya in conjunction with Karnival Bazar Seni 2015 organised by Jabatan Kebudayaan Dan Kesenian Negara Johor

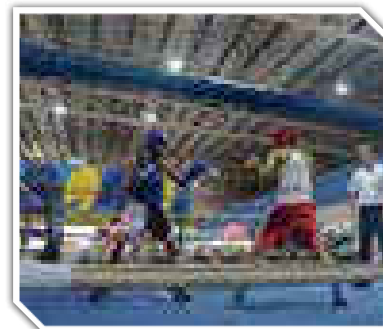
@Mart Kempas was part of the venue for the year-long Karnival Bazar Seni 2015 organized by the National Department for Culture and Arts, Johor. Patrons were treated with cultural performances, several contests and bazaar selling handicraft items.



November 2015

Inter-Zone Junior Boxing Championship Finals

National Sports Council and Johor Sports Council co-organized the Inter-Zone Junior Boxing Championship Finals at @Mart Kempas. 120 participants of under 17 years of age came from 11 states participated in different weight category.





Office

MENARA KOMTAR

Location	Menara Komtar, Johor Bahru City Centre, Jalan Wong Ah Fook, Johor Bahru, Johor Darul Takzim
Description	A Twenty Five (25)-Storey Office Building
Date of acquisition	30 September 2015
Acquisition price	RM70 million
Year of completion	1979
Title	Lot 14530, Title No. Grant 44587 situated in Town and District of Johor Bahru, Johor
Tenure	Freehold
Encumbrances	Charged to RHB Islamic Bank Berhad
Appraised value	RM70 million
Date of latest valuation	31 December 2015

“We are Up on Top”

Menara KOMTAR is a 25-storey office building together with 145 car park bays located within the integrated development of Johor Bahru City Centre which forms part of the revitalization and redevelopment programme in Flagship A of Iskandar Malaysia. The office tower which started its operation in 1979, was then the highest office tower and has become a prominent landmark for Johor Bahru.

Recently, Menara KOMTAR has received a contemporary touch of internal and external modifications while preserving the distinctive identity of the landmark thru the major refurbishment work with the internal works being fully completed in 2014 and the external works on the façade is expected to be completed by June 2016. Menara KOMTAR recorded 96% occupancy rate where JCorp and its subsidiaries, including Damansara Assets Sdn Bhd, TPM Technopark Sdn Bhd and Institut Pembangunan Pengurusan Johor Sdn Bhd, are the major tenants.

GFA (sq. ft.)	NLA (sq. ft.)	No. of parking bays	No. of tenancies	Occupancy as at 31 Dec 2015 (%)	Revenue (RM mil)	NPI (RM mil)
242,195	160,592	145	26	96.0	2.3	1.3

Professional
Services
23%



State Conglomerate
77%

Lease Expiry Schedule – expiring tenancies
as % of NLA



2%



4%



-

Top Tenants – gross rental income

Total	86.0%
JCorp	77.0%
TPM Technopark Sdn Bhd	7.0%
Institut Pembangunan Pengurusan Johor	2.0%



F&B Restaurant

KFC & PIZZA HUT OUTLETS

Food and beverage segment comprising of 22 KFC and Pizza restaurants that are largely situated in proximity to middle and high income established commercial and residential areas which provides immediate catchment that comprises some of the more established and matured neighborhoods in Penang, Johor and Klang Valley. The restaurants enjoy 100% occupancy and are lease based on a Triple Net Lease rental. The total gross floor area of 22 KFC and Pizza restaurants are 199,951 sq. ft.

“Always in Good Taste”

Selangor



Location	Premises Nos.18 & 20, Jalan Sulaiman, 43000 Kajang, Selangor
Description	KFC Restaurant
Date of acquisition	6 May 2015
Acquisition price	RM8,000,000
Year of completion	1982
Title	GN 45688 & 45689, Lot No. 62 & 63 Seksyen 7 situated in Bandar Kajang, Daerah Ulu Langat, Selangor
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM8,300,000
Date of latest valuation	31 December 2015



Location	Premises Nos. 60 & 62, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan
Description	KFC Restaurant
Date of acquisition	3 August 2015
Acquisition price	RM7,800,000
Year of completion	1996
Title	PN 72423, PN 72424 Lot No. 46464 and 46465 situated in Bandar Sunway, Daerah Petaling, Negeri Selangor HS(M) 9319, HS (M) 9320, Lot No. PT 17192 and PT 17193 situated in Mukim Damansara, Daerah Petaling, Negeri Selangor
Tenure	Leasehold 99 years expiring on 28 December 2092 and 11 March 2095
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM8,000,000
Date of latest valuation	31 December 2015

Wilayah Persekutuan Kuala Lumpur



Location	Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur
Description	Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
Date of acquisition	6 May 2015
Acquisition price	RM13,900,000
Year of completion	2008
Title	PN (WP) 1421, Lot 14083 situated in Mukim Petaling, Kuala Lumpur, Federal Territory Kuala Lumpur
Tenure	Leasehold 99 years expiring on 8 February 2064
Encumbrances	Charged to RHB Islamic Bank Berhad
Appraised value	RM14,000,000
Date of latest valuation	31 December 2015



Location	Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong 52100 Kuala Lumpur
Description	Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
Date of acquisition	29 September 2015
Acquisition price	RM14,800,000
Year of completion	2005
Title	PN (WP) 33135, Lot 59060 situated in Mukim Batu, Kuala Lumpur, Federal Territory Kuala Lumpur
Tenure	Leasehold 96 years expiring on 28 April 2096
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM15,300,000
Date of latest valuation	31 December 2015



Location	PT No. 6878, Jalan 8/27A, Pusat Bandar Wangsa Maju, 53300 Kuala Lumpur
Description	Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
Date of acquisition	29 September 2015
Acquisition price	RM24,200,000
Year of completion	2004
Title	HS(D) 99750, PT No. 6878 (New Lot 28333) situated in Mukim Setapak, Daerah Kuala Lumpur, Federal Territory Kuala Lumpur
Tenure	Leasehold 83 years expiring on 19 April 2083
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM24,800,000
Date of latest valuation	31 December 2015

Kedah

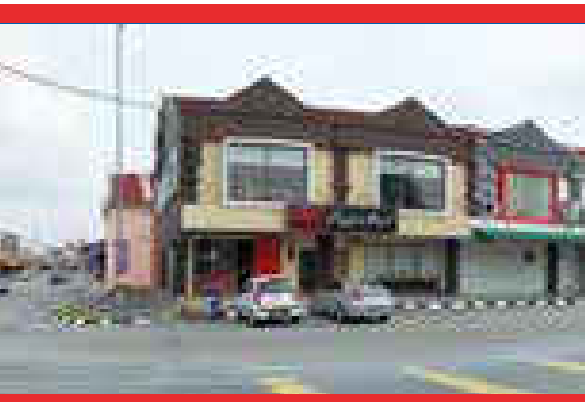


Location	Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah
Description	KFC Restaurant
Date of acquisition	6 May 2015
Acquisition price	RM490,000
Year of completion	1992
Title	HS(D) 17607, PT No. 740 situated in Bandar Jitra, Daerah Kubang Pasu, Kedah
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM500,000
Date of latest valuation	31 December 2015



Location	PT2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah)
Description	Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
Date of acquisition	6 May 2015
Acquisition price	RM5,000,000
Year of completion	2012
Title	HS(D) 125211, PT No. 2281 situated in Bandar Sungai Petani, Daerah Kuala Muda, Kedah
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM5,190,000
Date of latest valuation	31 December 2015

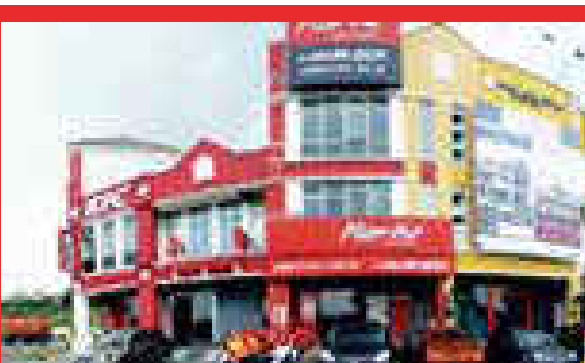
Johor



Location	No. 1 & 1-1, Jalan Niaga, Pusat Perniagaan Jalan Mawai, 81900 Kota Tinggi, Johor
Description	Pizza Hut Restaurant , and KFC Restaurant with Drive Through Facility
Date of acquisition	6 May 2015
Acquisition price	RM800,000
Year of completion	2004
Title	HS(D) 19846, PTB 3315 situated in Bandar & Daerah Kota Tinggi, State of Johor
Tenure	Leasehold 99 years expiring on 14 May 2085
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM820,000
Date of latest valuation	31 December 2015



Location	No. 1, Jalan Bandar Baru 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor
Description	KFC Restaurant
Date of acquisition	6 May 2015
Acquisition price	RM1,900,000
Year of completion	2011
Title	HSD 57587, PTD 19773 situated in Mukim of Sri Gading, Daerah Batu Pahat, Johor
Tenure	Leasehold 93 years expiring on 16 July 2101
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM1,960,000
Date of latest valuation	31 December 2015



Location	No. 3, 3A & 3B, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor
Description	PHD Restaurant
Date of acquisition	6 May 2015
Acquisition price	RM820,000
Year of completion	2010
Title	GRN 343903, Lot 107789 situated in Mukim of Tebrau, Daerah Johor Bahru, Johor
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM850,000
Date of latest valuation	31 December 2015



Location	PTD 103231, Taman Impian Senai, 81400 Senai, Johor
Description	Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
Date of acquisition	6 May 2015
Acquisition price	RM8,100,000
Year of completion	2014
Title	HS(D) 58402, PTD 103231 situated in Mukim Senai, Daerah Kulaijaya, Johor
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM8,400,000
Date of latest valuation	31 December 2015



Location	PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru
Description	Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
Date of acquisition	6 May 2015
Acquisition price	RM11,600,000
Year of completion	2009
Title	HSD 491589, PTD 153154 situated in Mukim Tebrau, Daerah Johor Bahru, Johor
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM12,000,000
Date of latest valuation	31 December 2015



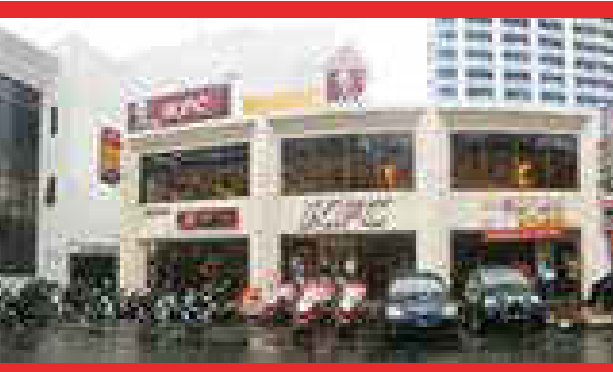
Location	PTD No. 171459, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor
Description	Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
Date of acquisition	6 May 2015
Acquisition price	RM12,800,000
Year of completion	2012
Title	HS(M) 2181, PTD 171459 situated in Mukim Pulau, Daerah Johor Bahru, Johor
Tenure	Freehold
Encumbrances	Charged to RHB Islamic Bank Berhad
Appraised value	RM13,270,000
Date of latest valuation	31 December 2015

Perak



Location	PT 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak
Description	Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
Date of acquisition	6 May 2015
Acquisition price	RM8,100,000
Year of completion	2011
Title	Geran 140646, Lot 383044 situated in Mukim Hulu Kinta, Daerah Kinta, Perak
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad TNB lease
Appraised value	RM8,400,000
Date of latest valuation	31 December 2015

Penang



Location	Premises No. 34, Jalan Mahsuri, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang
Description	KFC Restaurant
Date of acquisition	29 September 2015
Acquisition price	RM3,700,000
Year of completion	1993
Title	PN 2263, Lot No 9538 situated in Mukim 12, Daerah Barat Daya, Pulau Pinang
Tenure	Leasehold 99 years expiring on 15 May 2090
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM3,800,000
Date of latest valuation	31 December 2015



Location	Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang
Description	KFC Restaurant
Date of acquisition	29 September 2015
Acquisition price	RM11,600,000
Year of completion	2008
Title	GRN 97433/M1/1/126, Strata Lot No. 15736 situated in Mukim 12, Daerah of Barat Daya, Pulau Pinang
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM12,000,000
Date of latest valuation	31 December 2015



Location	Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang
Description	KFC Restaurant
Date of acquisition	3 29 September 2015
Acquisition price	RM2,650,000
Year of completion	1997
Title	Parent Title no.GRN 61275, Parent Lot No 9954 situated in Mukim 13, Daerah Timor Laut, Pulau Pinang
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM2,740,000
Date of latest valuation	31 December 2015



Location	Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang
Description	KFC Restaurant
Date of acquisition	29 September 2015
Acquisition price	RM2,600,000
Year of completion	1998
Title	Parent Title no.PN 2352, Parent Lot No 5659 situated in Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang
Tenure	Leasehold 99 years expiring on 4 July 2094
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM2,690,000
Date of latest valuation	31 December 2015



Location	Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang
Description	KFC Restaurant
Date of acquisition	29 September 2015
Acquisition price	RM1,900,000
Year of completion	1998
Title	Parent Title no.PN 2352, Parent Lot No 5659 situated in Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang
Tenure	Leasehold 99 years expiring on 4 July 2094
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM1,960,000
Date of latest valuation	31 December 2015

Negeri Sembilan



Location	Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, Negeri Sembilan Darul Khusus
Description	KFC Restaurant
Date of acquisition	29 September 2015
Acquisition price	RM1,600,000
Year of completion	1997
Title	HS(D) 35190, PT NO.654 situated in Bandar & Daerah Port Dickson, Negeri Sembilan
Tenure	Leasehold 74 years expiring on 8 May 2085
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM1,600,000
Date of latest valuation	31 December 2015

Perlis



Location	Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan
Description	KFC Restaurant
Date of acquisition	29 September 2015
Acquisition price	RM450,000
Year of completion	1996
Title	Pajakan Mukim 1181, Lot 2105 situated in Mukim Kuala Perlis, Daerah Perlis, Perlis
Tenure	Leasehold 99 years expiring on 25 September 2092
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM460,000
Date of latest valuation	31 December 2015

Melaka



Location	PT No. 19503, Lebuah Ayer Keroh, 75450 Hang Tuah Jaya, Melaka
Description	Pizza Hut Restaurant , and KFC Restaurant with Drive Through Facility
Date of acquisition	29 September 2015
Acquisition price	RM8,000,000
Year of completion	2012
Title	Pajakan Mukim No. 4878, lot 19838 situated in Mukim Bukit Katil, Daerah Melaka Tengah, Melaka
Tenure	Leasehold 99 years expiring on 13 May 2108
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM8,280,000
Date of latest valuation	31 December 2015



Location	No.1, Jalan Dato' Onn 1, Bandar Dato' Onn 81100 Johor Bahru, Johor Darul Takzim
Description	A four (4)-Storey College Building
Date of acquisition	29 September /2015
Acquisition price	RM28.2 million
Year of completion	2010
Title	Lot No: PTD 180682, Title No.: H.S (D) 539995 situated in Mukim of Tebrau, Daerah Johor
Tenure	Freehold
Encumbrances	Charged to RHB Islamic Bank Berhad
Appraised value	RM28.2 million
Date of latest valuation	31 December 2015

“Leading Tomorrow”

KFCH College is a hospitality college that offers diploma programmes, culinary skills certificates courses and other short courses. It commenced its operation at its current location in Bandar Dato' Onn, Johor Bahru in 2011. Bandar Dato' Onn is situated in the developing area of Kempas, where several major residential, commercial and industrial developments are on-going in the vicinity. This residential estate is still in the midst of various phases of development and, when fully developed, will comprise various residential properties, apartments, an urban garden, a club house, shopping complexes and schools. It is surrounded by several other housing estates and strategically located only 12 km from both Johor Bahru City Centre and Skudai. It is also located about 15km from Quarantine Complex (“CIQ”) and 21 km from the Senai International Airport, providing easy access to students and visitors alike.

GFA (sq. ft.)	NLA (sq. ft.)	No. of parking bays	Revenue (RM mil)	NPI (RM mil)
92,157	85,799	133	0.6	0.5

Master Lease Details

Master lessee	SPM Restaurants Sdn Bhd
Duration	3 years from 8 October 2010 (with compulsory renewal for another 2 terms)
Rental uplift	10% for every subsequent term of 3-years
Rental basis	Double net lease



F&B Non-Restaurant

INDUSTRIAL PREMISES

Five (5) industrial premises located in Penang, Klang Valley and Sabah are supporting the operations of QSR in Malaysia, specifically in relation to the operations of fast food brand of KFC and Pizza Hut. The industrial premises consists of factory, warehouse and office with total gross floor area of 589,435 sq.ft. These industrial premises operations encompass sauce manufacturing, bakery and commissary operations.

“It’s What’s Inside That Counts”

Selangor



Location	Premises No. 3, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan
Description	Warehouse
Date of acquisition	29 September 2015
Acquisition price	RM44,800,000
Year of completion	1996
Title	PN 11243, Lot 9 section 21 situated in Bandar Port Swettenham, Daerah Klang, Selangor
Tenure	Leasehold 99 years expiring on 15 March 2087
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM46,000,000
Date of latest valuation	31 December 2015



Location	Premises No. 6, Jalan Gerudi, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan
Description	Factory/Warehouse
Date of acquisition	29 September 2015
Acquisition price	RM25,500,000
Year of completion	2004
Title	PN 8616, lot 59560 Section 21 situated in Bandar Port Swettenham, Daerah Klang, Selangor
Tenure	Leasehold 99 years expiring on 15 March 2087
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM26,100,000
Date of latest valuation	31 December 2015



Location	No 17, 19 & 21, Jalan Pemaju U1/15, Seksyen U1, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor
Description	Warehouse / Bakery / Commissary
Date of acquisition	6 May 2015
Acquisition price	RM53,400,000
Year of completion	1998
Title	GRN 215115, Lot 61718 situated in Bandar Glenmarie, Daerah Petaling, Selangor
Tenure	Freehold
Encumbrances	Charged to RHB Islamic Bank Berhad TNB lease
Appraised value	RM55,300,000
Date of latest valuation	31 December 2015

Penang



Location	Premise No. 31, Lorong IKS Juru 3, Taman IKS Juru 14100 Simpang Ampat, Pulau Pinang
Description	Commissary
Date of acquisition	6 May 2015
Acquisition price	RM1,130,000
Year of completion	1997
Title	GRN 149808, Lot No 3499 situated in Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang
Tenure	Freehold
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM1,170,000
Date of latest valuation	31 December 2015

Sabah



Location	Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal 88450 Kota Kinabalu, Sabah
Description	Factory
Date of acquisition	29 September 2015
Acquisition price	RM2,300,000
Year of completion	1999
Title	Parent Title no. Country Lease 015580097, Parent Lot 20 situated in Developer's Lot No. 5, Lorong Tembaga Tiga, Kawasan MIEL, KKIP Selatan (Formerly known as Kota Kinabalu Export Oriented Industrial Zone, K.K.I Pm Sepangar Bay
Tenure	Leasehold 99 years expiring on December 2096
Encumbrances	Private caveat by RHB Islamic Bank Berhad
Appraised value	RM2,370,000
Date of latest valuation	31 December 2015





5

Corporate Governance

- Board Charter
- Corporate Governance Report
- Audit Committee Report
- Statement on Risk Management and Internal Control

Board Charter

1. INTRODUCTION

The Board of Directors of the Managers (“the Board”) regards corporate governance as vitally important to the success of Al-Salām Real Estate Investment Trust’s (“Al-Salām REIT”) business and is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its unitholders and relevant stakeholders:

- The Board is the focal point of the corporate governance system. It is ultimately accountable and responsible for the performance and affairs of Al-Salām REIT.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible for achieving a high level of good governance.
- This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

2. OBJECTIVE

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Manager are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and to ensure that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of Al-Salām REIT.

In pursuit of the ideals in this Board Charter, the intention is to exceed “minimum legal requirements” with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

3.1 Role

The key roles of the Board are to:

- a) Guide the corporate strategy and directions of the Manager (including acquisition and divestment of Authorised Investment);
- b) Oversee the proper conduct of the Manager (including budgeting approval and all other financial matters);
- c) Set the guidelines for internal controls;
- d) Ensure compliance with the Relevant Laws and Requirements;
- e) Determine and approve the distribution amounts to Unitholders and payment of the Management Fee; and
- f) Evaluate and approve the acquisition and divestment of properties.

3.2 Composition and Board Balance

The composition of the Board of Directors is as follows:

- 1) 1 Non-Independent Non-Executive Chairman
- 2) 3 Non-Independent Non-Executives Directors
- 3) 4 Independent Non-Executive Directors
- 4) 1 Managing Director / Non-Independent Director

Recommendation of 3.5 of the MCGG 2012 states that where the Chairman of the Board is not an Independent Director, the Board must comprise of a majority of Independent Directors. Although the Manager is yet to be in line with Recommendation 3.5, the Board believes that the interests of Unitholders would be better served by a Chairman and a team of Board members who act collectively in the best overall interests of Unitholders. As the Chairman is representing JCorp which ultimately has substantial interest in the Fund, he is well placed to act on behalf of Unitholders and in their best interests.

3.3 Appointments

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.

New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of Al-Salām REIT.

The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

3.4 Directors' Training

In addition to the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad ("Bursa Securities"), Board members are also encouraged to attend seminars and training programmes organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

3.5 Board Meetings and Supply of Information

The Board meets regularly at least once every quarter to discuss and approve the release of the quarterly and annual financial results, review acquisitions or disposals, annual budget, capital expenditure requirements, property reports, investor relations reports, performance of the Manager and Al-Salām REIT against the approved budget. When necessary, the Board meets to review and approve acquisitions or disposals for recommendation to the trustee of Al-Salām REIT ("Trustee") or any other issues requiring the immediate attention of the Board.

Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Board to study and evaluate the matters to be discussed.

The board papers provided include inter alia, the financial results, business plan and budget, progress report on the properties' developments, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.

4. CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

4.1 Chairman

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- a) Leading the Board in setting the values and standards of Al-Salām REIT;
- b) Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- c) Ensuring the provision of accurate, timely and clear information to Directors;
- d) Ensuring effective communication with unitholders and relevant stakeholders; and

- e) Ensuring that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues.

4.2 Chief Executive Officer (“CEO”)

- 4.2.1 The CEO is the conduit between the Board and the Management in ensuring the success of the governance and management functions of Al-Salām REIT.
- 4.2.2 The CEO has the executive responsibility for the day-to-day operation of business, and the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing Al-Salām REIT.
- 4.2.3 All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO’s authority and accountability as far as the Board is concerned.

5. COMMITTEES

In carrying its functions, the Board is supported by the Audit Committee and Nomination and Remuneration Committee, all of which operate within defined terms of reference. These committees provide the appropriate checks and balances.

5.1 Audit Committee

A. Membership

- (i) The members of the Committee shall be appointed by the Board and shall consist of not less than 3 members.
- (ii) All members must be Non-Executive Directors.
- (iii) All members should be financially literate and at least one member must be a member of the Malaysian

Institute of Accountants (“MIA”) or have the relevant qualifications and experience as specified in the Bursa Malaysia Securities Main Market Listing Requirements.

- (iv) The Chairman of the Committee, elected from amongst the Audit Committee members shall be an Independent Director.
- (v) No alternate Director of the Board shall be appointed as a member of the Committee.

B. Purposes

- (i) To ensure transparency, integrity and accountability in the Fund’s activities so as to safeguard the rights and interests of the Unitholders;
- (ii) To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- (iii) To improve the Fund’s business efficiency, the quality of the accounting and audit function and strengthen public confidence in the Fund’s reported financial results; and
- (iv) To maintain open lines of communication between the Board and the External Auditors.

C. Duties and Responsibilities

The objective of the Audit Committee is to assist the Board of Directors of the Manager in fulfilling its fiduciary responsibilities relating to corporate governance, internal controls, financial and accounting records and policies as well as financial reporting practices of Al-Salām. The Audit Committee’s responsibilities include:

- (i) To review the quarterly and year-end financial statements of the Fund prior to the approval by the Board of Directors of the Manager;
- (ii) To provide an independent assessment of the adequacy and effectiveness of risk management functions;
- (iii) To review the internal audit programme, the results of the internal audit process or investigation undertaken and ensure that appropriate action is taken on the recommendations of the internal audit function;
- (iv) To review with external auditors the audit plan, scope of audit and audit reports; and
- (v) To review any related party transactions and conflict of interest situation that may arise.

D. Meetings

A minimum of 4 meetings shall be planned during the financial year and the quorum for the meeting shall be 2 members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present. Reports of the Committee meeting shall be tabled by the Audit Committee Chairman at the Board of Directors meeting.

5.2 Executive Committee

The Committee meets on a scheduled basis at least 4 times a year. The minutes of the Executive Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

5.3 Nomination and Remuneration Committee

The main responsibilities for the Nomination function is to ensure that the Board comprises Directors with appropriate skills, knowledge, expertise and experience, as well as to ensure a proper balance Executive Directors and

Independent Non-Executive Directors whilst the main responsibilities for the Remuneration function is establishing, reviewing and recommending to the Board, the remuneration packages of Chief Executive Officer/Managing Director and reviewing his performance against the goals and objectives set.

6. REMUNERATION POLICIES

The remuneration of the Directors is paid by the Manager and not by the Fund. The remuneration of the Managing Director is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, they receive a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the committee meetings.

7. FINANCIAL REPORTING

7.1 Compliance Officer

The Manager has designated compliance officer working towards ensuring the compliance with all legislations, rules and guidelines issued by the Securities Commission and Bursa Securities as well as Al-Salām REIT's Deed.

7.2 External Auditors

The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditors through its Audit Committee.

The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the External Auditors. The Board ensures that the External Auditors do not supply a substantial volume of non-audit services.

The appointment of External Auditors, who may be nominated by the Manager, must be approved by the Trustee. The External Auditors appointed must be independent of the Manager and the Trustee. The remuneration of the External Auditors must be approved by the Trustee.

8. RISKS MANAGEMENT

8.1 Internal Control

The Board is responsible for maintaining a system of internal control that covers financial and operational controls and risk management. The system provides reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

8.2 Conflict of Interest

The Manager has established the following procedures to deal with potential conflicts of interest and related party transactions which it (including its Directors, executive officers and employees) may encounter in managing Al-Salām REIT:-

- a) Any related party transaction must be duly disclosed by the related parties to the Audit Committee and the Board;
- b) The Audit Committee shall review the terms of the related party transaction before recommending to the Board;
- c) The Board shall ensure one-third of its Directors are Independent Directors; and
- d) In circumstances where any Director or officer of the Manager may have a direct or indirect interest in any related party transaction, they will abstain from deliberation and voting at any Board meeting and will require the Trustee's approval prior to entering into any transaction/agreement.

The Manager shall avoid instances of conflict of interest in any transaction and shall ensure that Al-Salām REIT is not disadvantaged by the transaction concerned. In addition, the Manager shall ensure that such transactions are undertaken in full compliance with the SC REIT Guidelines, the Trust Deed and the Listing Requirements.

8.3 Related Party Transactions

In dealing with any related party transaction, all related party transactions carried out by or on behalf of Al-Salām REIT should be conducted as follows:-

- a) Carried out in full compliance with the REIT Guidelines and the Trust Deed;
- b) Carried out at arm's length basis;
- c) In the best interest of unitholders;
- d) Adequately disclosed to unitholders;
- e) Consented by the Trustee; and
- f) Consistent with the investment objectives and strategies of Al-Salām REIT.

All related party transactions are subject to review by the Audit Committee prior to recommendation to the Board. If a member of the Audit Committee has an interest in a transaction, he is to abstain from participating in the review and recommendation process in relation to that transaction.

8.4 Internal Audit

The Internal Audit function is outsourced and undertaken by the Manager's holding company's Internal Audit Department. The primary obligation, accountability and responsibility with regards to the scope of internal audit services shall remain with the Board and the Manager at all times.

9. ANNUAL GENERAL MEETING ("AGM")

The Board regards the AGM as an important event in the corporate calendar of which all Directors and key personnel should attend. The Board regards the AGM as the principal forum for dialogue with unitholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from the unitholders.

The Chairman encourages active participation by the unitholders during the AGM. The Chairman and where appropriate, the Chief Executive Officer responds to unitholders' queries during the AGM.

10. COMMUNICATION AND INVESTOR RELATIONS

The Board values constant dialogue and is committed to clear communication with unitholders and investors. In this respect, as part of Al-Salām REIT's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, unitholders and the media to convey information about Al-Salām REIT's performance, corporate strategy and other matters affecting unitholders' interests.

The Manager communicates information on Al-Salām REIT to unitholders and the investing community through announcements that are released to Bursa Securities via Bursa LINK. Such announcements include the quarterly results, material transactions and other developments relating to Al-Salām REIT requiring disclosure under the Listing Requirements of Bursa Securities. Communication channels with unitholders are also made accessible via:-

- Press and analysts' briefings
- One-on-one/group meetings, conference calls, investor luncheons, domestic/overseas roadshows and conferences
- Annual Reports
- Press releases on major developments of Al-Salām REIT
- Al-Salām REIT's website at www.alsalamreit.com.my

With the majority of units in Al-Salām REIT held by institutional investors, the Manager considers meetings with local and foreign fund managers an integral part of investor relations. These meetings and roadshows with investors enabled the Manager to update potential and current unitholders on Al-Salām REIT's significant developments and its medium to long term strategies. Al-Salām REIT also participates in various local and overseas conferences as part of its efforts to build interest in the Malaysia's real estate investment trust market.

In addition to ensuring that the published Annual Report is available to all unitholders and quarterly results announced to Bursa Securities, Al-Salām REIT has established a website at www.alsalamreit.com.my from which investors and unitholders can access for information.

While the Manager endeavours to provide as much information as possible to unitholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

11. COMPANY SECRETARY

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is accountable to the Board on all governance matters.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting Al-Salām REIT and/or the Manager.

The Company Secretary must keep abreast of, and inform the Board of current governance practices.

The Board members have unlimited access to the professional advice and services of the Company Secretary.

Corporate Governance **Report**

The Board of Directors of the Manager (“the Board”) recognises the value of good corporate governance and prioritises in ensuring that high standards of corporate governance is upheld and practised with the ultimate objective of protecting and enhancing unitholders’ value and protecting the interests of all stakeholders. The Board is committed to ensure the continuity of good corporate governance practice that will add value to the business and affairs of the Manager.

The Manager has been guided by the measures set out in the Guidelines on Real Estate Investment Trust issued by the Securities Commission (“REIT Guidelines”), the Listing Requirements of Bursa Malaysia (“Listing Requirements”) and the principles and recommendations of the Malaysian Code on Corporate Governance 2012.

THE MANAGER’S ROLE

In accordance with the Deed, the Manager is appointed to manage the assets and administer the funds of Al-Salām Real Estate Investment Trust (“Al-Salām REIT”). Its primary objective is to provide the unitholders with long term and stable income distributions with the potential of sustainable growth as well as to enhance the net asset value of Al-Salām REIT’s units.

The Manager has been issued a Capital Markets Services License (“CMSL”) by the Securities Commission (“SC”) on 27 June 2013 as required under the new requirement in Capital Markets Services Act (“CMSA”) for REIT Managers which took effect from 28 December 2012. Its three (3) licensed representatives, namely Yusaini Hj. Sidek, Shahril Zairis Ramli and Suhaimi Saad have respectively been issued with a Capital Markets Services Representatives License (“CMSRL”).

Al-Salām REIT is externally managed by the Manager and as such, it has no employees. The Manager has appointed experienced and qualified personnel to handle its day-to-day operations. All Directors and employees of the Manager are remunerated by the Manager and not by Al-Salām REIT.

The Manager is required to ensure that the business and operations of Al-Salām REIT are carried and conducted in a proper, diligent and efficient manner, and in accordance with the acceptable business practices in the real estate investment trust industry in Malaysia. Subject to the provisions of the Deed, the Manager has full and complete control in managing the Fund (including all assets and liabilities of Al-Salām REIT) for the benefits of the Unitholders

The Manager’s main functions, amongst others, are as follows:

- **Investment Strategy**
Formulate and implement Al-Salām REIT’s investment strategy.
- **Acquisition and Divestment**
Make recommendations and coordinate with the Trustee and implement the acquisition of new assets and divestment of Al-Salām REIT’s existing investments.
- **Asset Management**
Supervise and oversee the management of Al-Salām REIT’s properties including procurement of service providers to carry out specified activities, including but not limited to onsite property management, property maintenance, rent collection and arrear control. The Manager is also responsible for developing a business plan in the short, medium and long term with a view to maximise the income of Al-Salām REIT.
- **Risk Management**
Identifying principal risks of Al-Salām REIT and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- **Financing**
Formulate plans for equity and debt financing for Al-Salām REIT’s funding requirements with the objective of optimising the capital structure and cost of capital.

■ **Accounting Records**

Keep books and prepare or cause to be prepared accounts and annual reports, including annual budget for Al-Salām REIT.

■ **Investor Relations**

Developing and maintaining investor relations including information coordination and distribution as well as customer service to investors.

■ **Compliance Management**

Supervise all regulatory filings on behalf of Al-Salām REIT, and ensure that Al-Salām REIT is in compliance with the applicable provisions of the Securities Commission Act, SC REIT Guidelines, Bursa Securities Listing Requirements, Trust Deed and all relevant contracts.

substantial interest in the Fund, he is well placed to act on behalf of Unitholders and in their best interests.

Board Duties and Responsibilities

In discharging their duties and responsibilities, the Board ensures that all decisions made are in the best interests of the Fund and stakeholders. As prescribed by the MCCG 2012, the Board assumes the following responsibilities:

■ **Reviewing and adopting a strategic plan for the Fund**

The strategic and business plan must be discussed and approved by the Board at its meeting. The Board will assess whether strategic consideration being proposed at Board meetings during the year are in line with the objectives and broad outline of the adopted strategic plans.

■ **Overseeing the conduct and overall management of the Manager and management of the assets of Al-Salām REIT**

The Board is responsible to oversee and review the Fund's annual budget, operational and financial performance on a periodic basis against the budget. At Board meetings, all operational matters will be discussed and appropriate consultation will be sought if necessary. Where and when available, the performance of the Fund will be benchmarked and compared against the performance of its competitors.

■ **Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures**

The Risk Management Report will be tabled on a periodic basis in the Board meeting to review the Fund's risks.

■ **Succession planning**

The Board will deliberate on the latest plans and actions taken in respect of the succession planning to ensure that all candidates appointed to senior management positions are of sufficient calibre.

■ **Overseeing the development and implementation of a Unitholder communications policy for the Fund**

PRINCIPLES OF THE CORPORATE GOVERNANCE CODE

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Structure, Composition and Balance

The composition of the Board of Directors is as follows:

- 1 Non-Independent Non-Executive Chairman
- 3 Non-Independent Non-Executives Directors
- 4 Independent Non-Executive Directors
- 1 Managing Director / Non-Independent Director

Recommendation of 3.5 of the MCCG 2012 states that where the Chairman of the Board is not an Independent Director, the Board must comprise of a majority of Independent Directors. Although the Manager is yet to be in line with Recommendation 3.5, the Board believes that the interests of Unitholders would be better served by a Chairman and a team of Board members who act collectively in the best overall interests of Unitholders. As the Chairman is representing JCorp which ultimately has

The Manager has introduced many activities with regards to engagement and communication with investors to ensure that they are well informed about the Fund affairs and developments.

■ **Reviewing the adequacy and the integrity of the management information and internal controls system of the Fund**

The Board's function as regard to fulfilling these responsibilities effectively are supported and reinforced through the various Committees established at both the Board and Manager's level. The active functioning of these Committees through their regular meetings and discussions would provide a strong check and balance and reasonable assurance on the adequacy of the Fund's internal controls.

Committees

In carrying its functions, the Board is supported by the Audit Committee and Nomination and Remuneration Committee, all of which operate within defined terms of reference. These committees provide the appropriate checks and balances.

■ **Audit Committee**

A. **Membership**

- (i) The members of the Committee shall be appointed by the Board and shall consist of not less than 3 members.
- (ii) All members must be Non-Executive Directors.
- (iii) All members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants ("MIA") or have the relevant qualifications and experience as specified in the Bursa Malaysia Securities Main Market Listing Requirements.
- (iv) The Chairman of the Committee, elected from amongst the Audit Committee members shall be an Independent Director.

- (v) No alternate Director of the Board shall be appointed as a member of the Committee.

B. **Purposes**

- (i) To ensure transparency, integrity and accountability in the Fund's activities so as to safeguard the rights and interests of the Unitholders;
- (ii) To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- (iii) To improve the Fund's business efficiency, the quality of the accounting and audit function and strengthen public confidence in the Fund's reported financial results; and
- (iv) To maintain open lines of communication between the Board and the External Auditors.

C. **Duties and Responsibilities**

The objective of the Audit Committee is to assist the Board of Directors of the Manager in fulfilling its fiduciary responsibilities relating to corporate governance, internal controls, financial and accounting records and policies as well as financial reporting practices of Al-Salām REIT. The Audit Committee's responsibilities include:

- (i) To review the quarterly and year-end financial statements of the Fund prior to the approval by the Board of Directors of the Manager;
- (ii) To provide an independent assessment of the adequacy and effectiveness of risk management functions;

(iii) To review the internal audit programme, the results of the internal audit process or investigation undertaken and ensure that appropriate action is taken on the recommendations of the internal audit function;

(iv) To review with external auditors the audit plan, scope of audit and audit reports; and

(v) To review any related party transactions and conflict of interest situation that may arise.

D. Meetings

A minimum of 4 meetings shall be planned during the financial year and the quorum for the meeting shall be 2 members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present. Reports of the Committee meeting shall be tabled by the Audit Committee Chairman at the Board of Directors meeting.

■ Executive Committee

The Committee meets on a scheduled basis at least 4 times a year. The minutes of the Executive Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

■ Nomination and Remuneration Committee

The main responsibilities for the Nomination function is to ensure that the Board comprises Directors with appropriate skills, knowledge, expertise and experience, as well as to ensure a proper balance Executive Directors and Independent Non-Executive Directors whilst the main responsibilities for the Remuneration function is establishing, reviewing and recommending to the Board, the remuneration packages of Chief Executive Officer/Managing Director and reviewing his performance against the goals and objectives set.

Access to Information and Advice

Prior to each board meeting, the Board Report will be circulated to all Directors so that each Director has ample time to peruse and review it for further deliberation at the Board meeting. The Board Report includes among others, the following details:

- Minutes of meeting of all Committees of the Board
- Any matters arising from previous meetings
- Business strategies and corporate proposals
- Review of operational matters and financial report of the Group
- Progress report on risk management
- Executive Committee and Audit Committee report

The Board is fully aware of its duties and responsibilities with regards to the above and decisions and deliberation at the Board meetings are recorded and minuted by Company Secretary. All minutes will be confirmed prior to the meetings.

Company Secretary

The Company Secretary and/or her assistants attend all Board meetings and, together with the Directors are responsible for the proper conduct of the meetings according to applicable rules and regulations. The Company Secretary regularly updated the Board on new regulations and directives issued by regulatory authorities.

Compliance Officer

The Manager has a designated compliance officer working towards ensuring the compliance with the Trust Deed and all legislation, rules and guidelines particularly the SC REIT Guidelines and Bursa Malaysia Listing Requirements which applicable to Al-Salām REIT.

2. STRENGTHENING COMPOSITION

Establishment of a Nomination and Remuneration Committee

Even though there is no specific requirement or regulation to establish the Nomination and Remuneration Committee (“NRC”), it is a corporate best practice as stated in the Malaysian Code on Corporate Governance 2012. Being the manager of a listed fund, the Board of Directors of the Manager has taken initiative to setup the NRC. The Board of Directors has approved the appointment of NRC members from among the Board of Directors. The terms of reference of the NRC which include the purpose, membership, meetings and scope of activities also be adopted in accordance with the objectives and principles of the corporate governance.

Remuneration Policies

The remuneration of the Directors is paid by the Manager and not by the Fund. The remuneration of the Managing Director is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, they receive a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the committee meetings.

3. REINFORCING INDEPENDENCE

The Manager is led and oversaw by experienced Board of Directors with a wide and varied range of expertise. This broad spectrum of skills and experience gives added strength to the leadership, thus ensuring the Manager is under the guidance of an accountable and competent Board. The Board currently has nine (9) Directors comprising of four (4) non-independent members, four (4) independent members and one (1) Managing Director. This is in compliance with the requirements of Para 3.06 of REIT Guidelines which stated that at least one-third of the Board to be independent.

There is a clear segregation of roles and responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. This also provides a healthy professional relationship between the Board and management with clarity of roles and

robust deliberation on the business activities of Al-Salām REIT.

The Chairman ensures that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues. The Managing Director has full executive responsibilities over the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing Al-Salām REIT.

4. FOSTERING COMMITMENT

Meeting and Supply of Information

The Board meets regularly at least once every quarter to discuss and approve the release of the quarterly and annual financial results, review acquisitions or disposals, annual budget, capital expenditure requirements, property reports, investor relations reports, performance of the Manager and Al-Salām REIT against the approved budget. When necessary, the Board meets to review and approve acquisitions or disposals for recommendation to the trustee of Al-Salām REIT (“Trustee”) or any other issues requiring the immediate attention of the Board.

Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Board to study and evaluate the matters to be discussed.

The board papers provided include inter alia, the financial results, business plan and budget, progress report on the properties’ developments, regulatory/statutory updates and other operational and financial issues for the Board’s information and/or approval.

Directors Training

In addition to the Mandatory Accreditation Programme (“MAP”) as required by Bursa Malaysia Securities Berhad (“Bursa Securities”), Board members are also encouraged to attend seminars and training programmes organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Board will assess the training needs of the Directors and disclose in the Annual Report the

trainings attended by the Directors.

The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements, annual report and quarterly announcements to Unitholders, the Board aims to present a balanced and understandable assessment of Al-Salām REIT's financial position, performance and prospects.

The Directors have taken the necessary steps to ensure that Al-Salām REIT had complied with all applicable Financial Reporting Standards, provisions of the Companies Act 1965 and relevant provision of laws and regulations in Malaysia and the respective countries in which the subsidiaries operate, consistently and that the policies are supported by reasonable and prudent judgement and estimates.

The Audit Committee assists the Board in ensuring both annual financial statements and quarterly announcements are accurate and the preparation is consistent with the accounting policies adopted by Al-Salām REIT.

Relationship with the External Auditors

The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditors through its Audit Committee.

The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the External Auditors. The Board ensures that the External Auditors do not supply a substantial volume of non-audit services.

The appointment of External Auditors, who may be nominated by the Manager, must be approved

by the Trustee. The External Auditors appointed must be independent of the Manager and the Trustee. The remuneration of the External Auditors must be approved by the Trustee.

6. RECOGNISE AND MANAGE RISKS

Internal Control

The Board is responsible for maintaining a system of internal control that covers financial and operational controls and risk management. The system provides reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

Conflict of Interest

The Manager has established the following procedures to deal with potential conflicts of interest and related party transactions which it (including its Directors, executive officers and employees) may encounter in managing Al-Salām REIT:-

- a) Any related party transaction must be duly disclosed by the related parties to the Audit Committee and the Board;
- b) The Audit Committee shall review the terms of the related party transaction before recommending to the Board;
- c) The Board shall ensure at least one-third of its Directors are Independent Directors; and
- d) In circumstances where any Director and/or officer of the Manager may have a direct or indirect interest in any related party transaction, they will abstain from deliberation and voting at any Board meeting and will require the Trustee's approval prior to entering into any transaction/agreement.

The Manager shall avoid instances of conflict of interest in any transaction and shall ensure that Al-Salām REIT is not disadvantaged by the transaction concerned. In addition, the Manager shall ensure that such transactions are undertaken in full compliance with the SC REIT Guidelines, the Trust Deed and the Listing Requirements.

Related Party Transactions

In dealing with any related party transaction, all related party transactions carried out by or on behalf of Al-Salām REIT should be conducted as follows:-

- a) Carried out in full compliance with the REIT Guidelines and the Trust Deed;
- b) Carried out at arm's length basis;
- c) In the best interest of unitholders;
- d) Adequately disclosed to unitholders;
- e) Consented by the Trustee; and
- f) Consistent with the investment objectives and strategies of Al-Salām REIT.

All related party transactions are subject to review by the Audit Committee prior to recommendation to the Board. If a member of the Audit Committee has an interest in a transaction, he is to abstain from participating in the review and recommendation process in relation to that transaction.

Internal Audit

The Internal Audit function is outsourced and undertaken by the Manager's holding company's Internal Audit Department. The primary obligation, accountability and responsibility with regards to the scope of internal audit services shall remain with the Board and the Manager at all times.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

Al-Salām REIT has in place procedures for compliance with the Listing Requirements of Bursa Securities and ensures that all material information must be announced immediately to Bursa Securities.

Leverage on Information Technology

A website: <http://www.alsalamreit.com.my> is maintained to create greater awareness of Al-Salām REIT activities, performance and other relevant information among the stakeholders and general public. The website has all information with reference to material information of quarterly and annual result announcements, changes to shareholding and press releases are published concurrently with Bursa Malaysia website.

8. STRENGTHEN RELATIONSHIP WITH THE UNITHOLDERS

Communication and Investors Relations

The Board values constant dialogue and is committed to clear communication with unitholders and investors. In this respect, as part of Al-Salām REIT's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, unitholders and the media to convey information about Al-Salām REIT's performance, corporate strategy and other matters affecting unitholders' interests.

The Manager communicates information on Al-Salām REIT to unitholders and the investing community through announcements that are released to Bursa Securities via Bursa LINK. Such announcements include the quarterly results, material transactions and other developments relating to Al-Salām REIT requiring disclosure under the Listing Requirements of Bursa Securities. Communication channels with unitholders are also made accessible via:-

- Press and analysts' briefings
- One-on-one/group meetings, conference calls, investor luncheons, domestic/overseas roadshows and conferences
- Annual Reports
- Press releases on major developments of Al-Salām REIT.
- Al-Salām REIT's website at www.alsalamreit.com.my

With the majority of units in Al-Salām REIT held by institutional investors, the Manager considers meetings with local and foreign fund managers an integral part of investor relations. These meetings and roadshows with investors enabled

the Manager to update potential and current unitholders on Al-Salām REIT's significant developments and its medium to long term strategies. Al-Salām REIT also participates in various local and overseas conferences as part of its efforts to build interest in the Malaysia's real estate investment trust market.

In addition to ensuring that the published Annual Report is available to all unitholders and quarterly results announced to Bursa Securities, Al-Salām REIT has established a website at www.alsalamreit.com.my from which investors and unitholders can access for information.

While the Manager endeavours to provide as much information as possible to unitholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Annual General Meeting ("AGM")

The Board regards the AGM as an important event in the corporate calendar of which all Directors and key personnel should attend. The Board regards the AGM as the principal forum for dialogue with unitholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from the unitholders.

The Chairman encourages active participation by the unitholders during the AGM. The Chairman and where appropriate, the Chief Executive Officer responds to unitholders' queries during the AGM.

Audit Committee **Report**

1. COMPOSITION AND ATTENDANCE

For the financial year ended 31 December 2015, the Audit Committee comprised of 3 Directors, all of whom are also members of the Board of the Manager.

The composition of the Audit Committee was as follows:

Members/Directorship	No. of meetings attended
Zainah Mustafa Chairman/Independent Non-Executive Director	1 out of 1
Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir Member/Independent Non-Executive Director	1 out of 1
Lukman Hj. Abu Bakar Member/Non-Independent Non-Executive Director	1 out of 1

2. TERMS OF REFERENCE

2.1 Purpose

- To ensure transparency, integrity and accountability in the Fund's activities so as to safeguard the rights and interests of the Unitholders;
- To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- To improve the Fund's business efficiency, the quality of the accounting and audit function and strengthen public confidence in the Fund's reported financial results; and
- To maintain open lines of communication between the Board and the External Auditors.

2.2 Membership

- The members of the Committee shall be appointed by the Board and shall consist of not less than 3 members.
- All members must be Non-Executive Directors.
- All members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants ("MIA") or have the relevant qualifications and experience as specified in the Bursa Malaysia Securities Main Market Listing Requirements.
- The Chairman of the Committee, elected from amongst the Audit Committee members shall be an Independent Director.
- No alternate Director of the Board shall be appointed as a member of the Committee.

2.3 Meetings

A minimum of 4 meetings shall be planned during the financial year and the quorum for the meeting shall be 2 members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present. Reports of the Committee meeting shall be tabled by the Audit Committee Chairman at the Board of Directors meeting. A total of one meeting was held on 19 November 2015 since inception.

3. DUTIES AND RESPONSIBILITIES

The objective of the Audit Committee is to assist the Board of Directors of the Manager in fulfilling its fiduciary responsibilities relating to corporate governance, internal controls, financial and accounting records and policies as well as financial reporting practices of Al-Salām.

The Audit Committee's responsibilities include:

- To review the quarterly and year-end financial statements of the Fund prior to the approval by the Board of Directors of the Manager;
- To provide an independent assessment of the adequacy and effectiveness of risk management functions;
- To review the internal audit programme, the results of the internal audit process or investigation undertaken and ensure that appropriate action is taken on the recommendations of the internal audit function;
- To review with external auditors the audit plan, scope of audit and audit reports; and
- To review any related party transactions and conflict of interest situation that may arise.

STATEMENT ON **RISK MANAGEMENT & INTERNAL CONTROL**

The Manager has established a risk management framework and internal control system to be in line with the best practices in corporate governance and comply with Chapter 15, Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Risk Management Framework

The Manager adopts a risk management framework that enables it to continuously identify, evaluate, mitigate and monitor risks that affect Al-Salām REIT in achieving its objectives in a timely and effective manner. The risk management process is integrated with the business processes, enabling proper risk management at operation level of each property as well as at the fund level.

The Risk Register is updated periodically by the Manager when a key risk profile was established. The updates involved all the action plans that the Manager had put in place in addressing the various risks faced by the business.

Internal Control

The following key elements embody the current internal control system adopted by the Manager:-

- The Board has in place its own management reporting mechanisms which enable the Board to review the performance of Al-Salām REIT.
- The Board approved annual budgets and business plans prepared for each property.
- Investment strategies and criteria which are formulated by the management and agreed by the Executive Committee and/or recommendation on any acquisition or divestment would be presented to the Board for approval before forwarding to the Trustee for final approval.
- Comprehensive policies and procedures manual that provide guidelines on, and authority limits over various operating, financial and human resources matters.
- Regular management meetings involving the review of the operations and financial performance of each property.
- The Audit Committee with formal terms of reference clearly outlining its functions and duties delegated by the Board.
- The internal audit carried out by the outsourced internal auditor approved by the Audit Committee.
- A systematic performance appraisal system for all levels of staff.
- Relevant training provided to staff across all functions to maintain a high level of competency and capability.



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ROYAL
SELANGOR
FOOTBALL CLUB
KUALA KEDAH
FOOTBALL CLUB

MARKS

MARKS

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Financial Statement

- Manager's Report
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- Shariah Committee Report
- Independent Auditor's Report
- Financial Statements



MANAGER'S REPORT

The Directors of DAMANSARA REIT MANAGERS SDN BERHAD (the "Manager"), the Manager of AL-SALĀM REAL ESTATE INVESTMENT TRUST (the "Fund"), have pleasure in submitting their report and the audited financial statements of the Fund for the financial period 30 March 2015 (date of establishment) to 31 December 2015.

THE FUND AND ITS INVESTMENT OBJECTIVE

The Fund is a Malaysia-based real estate and investment trust established pursuant to the execution of a Trust Deed dated 26 March 2015 between the Fund, the Manager and AmanahRaya Trustees Berhad (the "Trustee"). The said Trust Deed was registered with Securities Commission Malaysia on 30 March 2015 which is the Fund's establishment date. The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 29 September 2015.

The Manager's key objective is to provide unitholders with regular and stable income distributions, sustainable long term unit prices and distributable income and capital growth, while maintaining an appropriate capital structure.

This objective is sought to be achieved by optimising the performance and enhancing the overall quality for a large and geographically diversified portfolio of Shariah-compliant real estate assets through various permissible investment and business strategies.

On 28 January 2016, the Manager, after consultation with the Trustee, had declared an income distribution of 1.20 sen per unit totalling RM6,960,000 for the financial period 30 March 2015 (date of establishment) to 31 December 2015. The said distribution will be paid on 29 February 2016 and has not been included as a liability in the Financial Statements.

THE MANAGER AND ITS PRINCIPAL ACTIVITY

The Manager is a company incorporated in Malaysia and is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, a company incorporated in Malaysia. The Directors of the Manager consider Johor Corporation as the ultimate holding entity of the Manager. Johor Corporation is a public enterprise and a statutory body established via Johor Enactment No. 4, 1968 (as amended under Enactment No. 5, 1995).

The principal activity of the Manager is that of managing real estate investment trusts. There has been no significant change in the nature of the principal activity during the financial period.

MANAGER'S INVESTMENT STRATEGIES AND POLICIES

The Fund is authorised to invest in real estate, special-purpose-vehicles ("SPVs"), real estate-related assets, non-real estate-related assets, cash, Shariah-compliant deposits, Islamic money market instruments and any other investments not specified above but specified as a permissible investment in the Guidelines on Real Estate Investment Trust ("the REIT Guidelines") and the Guidelines for Islamic Real Estate Investment Trust ("the Islamic REIT Guidelines") as issued by Securities Commission Malaysia or as otherwise permitted by Securities Commission Malaysia.

MANAGER'S REPORT (Continued)

MANAGER'S INVESTMENT STRATEGIES AND POLICIES (Continued)

To achieve the Fund's primary objective, the Manager will seek to achieve the following strategies:

(a) Active asset management strategy

The Manager will seek to optimise the rental rates, occupancy rates and Net Lettable Area ("NLA") of the Fund's properties in order to improve the returns from the Fund's property portfolio.

(b) Acquisition growth strategy

The Manager will source for and acquire properties that fit within the Fund's investment strategy to enhance returns to unitholders and to capitalise on opportunities for future income and net asset value growth.

(c) Capital and risk management strategy

The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions, seek to manage financing and refinancing risk and to adopt an active financing rate management strategy to manage the risks associated with changes in financing rates.

The investments of the Fund are subject to the following investment limits imposed by the REIT Guidelines:

- (a) at least 50% of the Fund's total asset value must be invested in real estate assets at all times; and
- (b) not more than 25% of the Fund's total asset value may be invested in non-real estate-related assets and/or cash, Shariah-compliant deposits and Islamic money market instruments,

provided that instruments in both real estate-related assets and non-real estate-related assets are limited as follows:

- (a) the value of the Fund's investments in securities issued by any single issuer must not exceed 5% of the Fund's total asset value;
- (b) the value of the Fund's investment in securities issued by any group of companies must not exceed 10% of the Fund's total asset value; and
- (c) the Fund's investment in any class of securities must not exceed 10% of the securities issued by any single issuer; or

such other limits and investments as may be permitted by Securities Commission Malaysia or the REIT Guidelines.

MANAGER'S REPORT (Continued)

DIRECTORS OF THE MANAGER

The Directors who served on the Board of the Manager, since the date of establishment and at the date of this report are:

Dato' Kamaruzzaman bin Abu Kassim
 Yusaini bin Sidek
 Zainah binti Mustafa
 Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
 Dr Mohd Hafetz bin Ahmad
 Lukman bin Abu Bakar
 Dato' Mani a/l Usilappan
 Mohd Yusof bin Ahmad
 Dato' Amiruddin bin Abdul Satar (appointed w.e.f. 21 January 2016)
 Jamaludin bin Md Ali (resigned w.e.f 21 January 2016)

DIRECTORS' BENEFITS

Neither at the end of the financial period, nor at any time during that period, did there subsist any arrangement to which the Manager of the Fund is a party, with the object or objects of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of the Fund or any other body corporate.

Since the date of establishment, no Director of the Manager has received or become entitled to receive any benefit (other than benefits which accrue from the fee paid to the Manager or from transactions made with companies related to the Manager) by reason of a contract made by the Manager or the Fund or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' unitholding of the Fund, the interests of Directors of the Manager in office at the end of the financial period are as follows:

The Manager's Directors and shareholders	Number of Units in the Fund			
	As of 30.03.2015 (date of establishment)	Acquired	Sold	As of 31.12.2015
Dato' Kamaruzzaman bin Abu Kassim	-	6,150	-	6,150
Tan Sri Siti Sa'diah binti Sheikh Bakir	-	5,920	-	5,920
Lukman bin Abu Bakar	-	2,960	-	2,960
Jamaludin bin Md Ali	-	22,200	-	22,200

Save as disclosed above, none of the other Directors of the Manager in office at the end of the financial period had any interest in shares in the Fund or its related corporations during and at the end of the financial period.

MANAGER'S REPORT (Continued)

MANAGER'S REMUNERATION

Pursuant to the Trust Deed dated 26 March 2015, the Manager is entitled to receive from the Fund:

- (a) A base management fee of up to 1% per annum of total asset value (excluding cash and bank balances) of the Fund calculated on a monthly accrual basis;
- (b) An acquisition fee of 1% of the transaction value (being the total purchase price) of any investment property directly or indirectly acquired from time to time by the Trustee for and on behalf of the Fund pro-rated, if applicable, to the proportion of the Fund's interest and payable to the Manager upon completion of the acquisition of the investment property; and
- (c) A disposal fee of 0.5% of the transaction value (being the total sales price) of any investment property directly or indirectly sold from time to time by the Trustee for and on behalf of the Fund pro-rated, if applicable, to the proportion of the Fund's interest and payable to the Manager upon completion of the disposal of the investment property.

SOFT COMMISSION

During the year, the Manager did not receive any soft commission from its broker, by virtue of transactions conducted by the Fund.

RESERVES AND PROVISIONS

There was no material transfer to and from reserves or provisions during the financial period.

OTHER INFORMATION

- (a) Before the statement of profit or loss and other comprehensive income and the statement of financial position of the Fund were made out, the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there are no known bad debts to be written off and that no allowance for doubtful debts is necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Manager is not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the statement of financial position of the Fund; and
 - (ii) the values attributed to the current assets in the financial statements of the Fund misleading.

MANAGER'S REPORT (Continued)

OTHER INFORMATION (Continued)

- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Fund misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of the Fund which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Fund which has arisen since the end of the financial period which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Fund which has arisen since the end of the financial period.
- (f) In the opinion of the Manager:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Fund to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Fund for the financial period in which this report is made.

SIGNIFICANT EVENTS

The details of significant events are disclosed in Note 25 to the Financial Statements.

AUDITORS

The auditors, Messrs. Deloitte, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors of the Manager,



DATO' KAMARUZZAMAN BIN ABU KASSIM
Kuala Lumpur,
17 February 2016



YUSAINI BIN SIDEK

STATEMENT BY THE MANAGER

We, Dato' Kamaruzzaman bin Abu Kassim and Yusaini bin Sidek, being two of the Directors of DAMANSARA REIT MANAGERS SDN BERHAD (the "Manager"), do hereby state that, in the opinion of the Manager, the financial statements of AL-SALĀM REAL ESTATE INVESTMENT TRUST (the "Fund") are drawn up in accordance with applicable provisions of the Trust Deed dated 26 March 2015, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts so as to give a true and fair view of the financial position of AL-SALĀM REAL ESTATE INVESTMENT TRUST as at 31 December 2015 and of the results and the cash flows for the financial period 30 March 2015 (date of establishment) to 31 December 2015.

The supplementary information set out in Note 27 on page 150, which is not part of the financial statements, is prepared in all material respect, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance
with a resolution of the Directors of the Manager,



DATO' KAMARUZZAMAN BIN ABU KASSIM
Kuala Lumpur,
17 February 2016



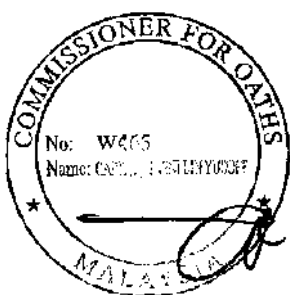
YUSAINI BIN SIDEK

DECLARATION BY THE DIRECTOR OF THE MANAGER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE FUND

I, YUSAINI BIN SIDEK, the Managing Director of DAMANSARA REIT MANAGERS SDN BERHAD (“the Manager”) and primarily responsible for the financial management of AL-SALĀM REAL ESTATE INVESTMENT TRUST (the “Fund”), do solemnly and sincerely declare that the accompanying financial statements, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed YUSAINI BIN SIDEK at KUALA LUMPUR this 17th day of February, 2016.

Before me,



Lot 1.08, 1st Floor,
KWSP Building, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

COMMISSIONER FOR OATHS

YUSAINI BIN SIDEK

TRUSTEE'S REPORT FOR THE FINANCIAL PERIOD FROM 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AL-SALĀM REAL ESTATE INVESTMENT TRUST for the financial period from 30 March 2015 (Date of Establishment) to 31 December 2015. In our opinion, DAMANSARA REIT MANAGERS SDN BERHAD, the Manager, has managed AL-SALĀM REAL ESTATE INVESTMENT TRUST in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Real Estate Investment Trust, the Capital Markets and Services Act 2007 and other applicable laws during the financial period from 30 March 2015 (Date of Establishment) to 31 December 2015.

We are of the opinion that:

- (a) the procedures and processes employed by the Manager to value and/or price the units of AL-SALĀM REAL ESTATE INVESTMENT TRUST are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirement: and
- (b) creation of units are carried out in accordance with the Deed and other regulatory requirement.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD



HABSAH BINTI BAKAR

Chief Executive Officer

Kuala Lumpur, Malaysia
17 February 2016

SHARIAH COMMITTEE REPORT TO THE UNITHOLDERS OF AL-SALĀM REAL ESTATE INVESTMENT TRUST

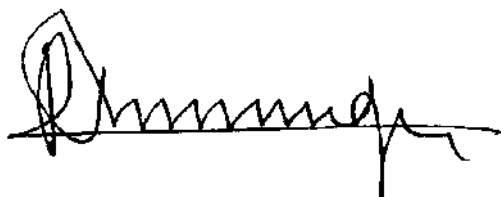
We have acted as the Shariah Adviser of AL-SALĀM REAL ESTATE INVESTMENT TRUST (the “Fund”). Our responsibility is to ensure that the procedures and processes employed by DAMANSARA REIT MANAGERS SDN BERHAD (the “Manager”) and that the provisions of the Trust Deed are in accordance with Shariah principles.

In our opinion, the Manager has managed and administered the Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial period 30 March 2015 (date of establishment) to 31 December 2015.

In addition, we also confirm that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- (a) Rental income from investment properties which complied with the Guidelines for Islamic Real Estate Investment Trust; and
- (b) Cash placement and liquid assets, which are placed in Shariah-compliant investments and/or instruments.

For the Member of Shariah Committee



DATO' HAJI NOOH BIN GADOT
CHAIRMAN, SHARIAH COMMITTEE

17 February 2016

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-SALĀM REAL ESTATE INVESTMENT TRUST

Report on the Financial Statements

We have audited the financial statements of AL-SALĀM REAL ESTATE INVESTMENT TRUST ("the Fund"), which comprise the statement of financial position of the Fund as at 31 December 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial period 30 March 2015 (date of establishment) to 31 December 2015, and a summary of significant accounting policies and other explanatory information, as set out on pages 113 to 149.

Manager's and Trustee's Responsibility for the Financial Statements

The Manager of the Fund is responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts. The Manager of the Fund is also responsible for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable fair presentation of these financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-SALĀM REAL ESTATE INVESTMENT TRUST (Continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 31 December 2015 and of its financial performance and cash flows for the financial period 30 March 2015 (date of establishment) to 31 December 2015 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts.

Other Reporting Responsibilities

The supplementary information set out in Note 27 on page 150 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors of the Manager are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.



DELOITTE
AF 0080
Chartered Accountants

Kuala Lumpur,
17 February 2016



HUANG KHEAN YEONG
Partner - 2993/05/16 (J)
Chartered Accountant

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015

	Note	RM
Gross rental income	5	19,322,096
Other income	6	<u>1,342,789</u>
Total revenue		<u>20,664,885</u>
Utilities expenses		(1,929,553)
Maintenance expenses		(521,044)
Quit rent and assessment		(187,438)
Property manager fee		(101,371)
Other property expenses		<u>(2,218,626)</u>
Total property expenses		<u>(4,958,032)</u>
Net property income		<u>15,706,853</u>
Investment income	7	167,312
Gain on fair value of investment properties	11	<u>7,712,505</u>
Net investment income		<u>23,586,670</u>
Islamic financing costs:		
Finance costs		(7,480,110)
Imputed finance costs		(381,003)
Manager's fees		(708,273)
Trustee's fees		(80,000)
Audit fees		(50,000)
Other expenses		<u>(120,249)</u>
Total Fund expenses		<u>(8,819,635)</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

	Note	RM
Profit before tax		14,767,035
Income tax expense	8	-
		<u>14,767,035</u>
Profit for the financial period and total comprehensive income for the financial period		<u>14,767,035</u>
Total comprehensive income for the financial period is made up as follows:		
Realised		7,054,530
Unrealised		7,712,505
		<u>14,767,035</u>
Earnings per unit (sen):	9	
Gross		2.55
Net		<u>2.55</u>
Net income distribution	10	-
Income distribution per unit (sen):	10	
Gross		-
Net		<u>-</u>

The accompanying Notes form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	RM
ASSETS		
Non-Current Asset		
Investment properties	11	<u>911,460,000</u>
Current Assets		
Trade receivables	12	1,014,861
Other receivables and prepaid expenses	12	9,957,610
Amount owing by related parties	18	1,813,823
Fixed deposits with licensed banks	13	9,242,000
Cash and bank balances	13	<u>16,197,642</u>
Total Current Assets		<u>38,225,936</u>
Total Assets		<u>949,685,936</u>
LIABILITIES		
Current Liabilities		
Other payables and accrued expenses	14	4,250,836
Amount owing to related parties	18	<u>535,630</u>
Total Current Liabilities		<u>4,786,466</u>
Non-Current Liabilities		
Other payables	14	11,676,173
Islamic financing	15	<u>345,910,943</u>
Total Non-Current Liabilities		<u>357,587,116</u>
Total Liabilities		<u>362,373,582</u>
Net Asset Value		<u>587,312,354</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (Continued)

	Note	RM
UNITHOLDERS' FUND		
Unitholders' capital	16	572,545,319
Undistributed income		<u>14,767,035</u>
Total Unitholders' Fund		<u><u>587,312,354</u></u>
Number of units in circulation		<u><u>580,000,000</u></u>
Net Asset Value per unit (ex-distribution)		<u><u>1.01</u></u>

The accompanying Notes form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015

	Note	Unitholders' capital RM	Undistributed income Realised RM	Undistributed income Unrealised RM	Total RM
Balance as at 30 March 2015 (date of establishment)		-	-	-	-
Unitholders' transactions:					
Issuance of units	16	580,000,000	-	-	580,000,000
Listing expenses charged to unitholders	16	(7,454,681)	-	-	(7,454,681)
Total unitholders' transactions		572,545,319	-	-	572,545,319
Total comprehensive income for the period		-	7,054,530	7,712,505	14,767,035
Balance as at 31 December 2015		572,545,319	7,054,530	7,712,505	587,312,354

The accompanying Notes form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015

	Note	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax		14,767,035
Adjustments for:		
Islamic financing costs:		
Finance costs		7,480,110
Imputed finance costs		381,003
Gain on fair value of investment properties		(7,712,505)
Investment revenue		(167,312)
Operating Profit Before Working Capital Changes		14,748,331
Increase in:		
Trade receivables		(1,014,861)
Other receivables and prepaid expenses		(1,687,295)
Amount owing by related parties		(1,813,823)
Increase in:		
Other payables and accrued expenses		15,353,935
Amount owing to related parties		535,630
Net Cash From Operating Activities		26,121,917
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of investment properties (Note)	11	(576,107,495)
Increase in pledged deposits with licensed banks	13	(9,242,000)
Increase in goods and services tax recoverable	12	(8,270,315)
Income received from other investments		227,877
Net Cash Used In Investing Activities		(593,391,933)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of units	16	252,360,000
Listing expenses paid	16	(7,454,681)
Net proceeds from Islamic financing	15	345,529,940
Islamic financing costs paid		(6,967,601)
Net Cash From Financing Activities		583,467,658

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

	Note	RM
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,197,642
CASH AND CASH EQUIVALENTS AT DATE OF ESTABLISHMENT		-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13	<u>16,197,642</u>
Note:		
Additions to investment properties	11	903,747,495
Consideration satisfied through issuance of units	16	<u>(327,640,000)</u>
Cash paid for acquisition of investment properties		<u>576,107,495</u>

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015

1. CORPORATE INFORMATION

Al-Salām Real Estate Investment Trust (the “Fund”) is a Malaysian domiciled Islamic Real Estate Investment Trust constituted pursuant to a Trust Deed dated 26 March 2015 between the Fund, Damansara REIT Managers Sdn Berhad (“the Manager”) and AmanahRaya Trustees Berhad (“the Trustee”). The Trust Deed was registered with Securities Commission Malaysia (“SC Malaysia”) on 30 March 2015.

The Fund is regulated by the Capital Markets and Services Act, 2007, SC Malaysia Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts (“the SC Guidelines”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Rules of the Depository, and taxation laws and rulings of Malaysia. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Trust Deed.

The Fund commenced its business operations on 6 May 2015 and was listed on the Main Market of Bursa Malaysia on 29 September 2015.

The principal activity of the Fund is to invest in Shariah-compliant properties with the primary objective of providing unitholders with regular and stable income distributions, sustainable long term unit prices and distributable income and capital growth, while maintaining an appropriate capital structure.

The registered office of the Manager is located at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia.

The principal place of business of the Manager is located at Unit 1-19-02, Level 19, Block 1, V SQUARE, Jalan Utara, 46200 Petaling Jaya, Selangor, Malaysia.

The Fund has entered into several service agreements in relation to the management of the Fund and its property operations. The fees structure of these services is as follows:

(a) Property manager’s fees

Under a Property Management Agreement dated 6 May 2015 between the Fund, the Manager and Exastrata Solution Sdn Bhd (“the Property Manager”), the Property Manager is entitled to receive property manager’s fees. The property manager’s fee is RM7,000 (excluding GST) per month for the months of May 2015 to August 2015. The property manager’s fee was increased to a fixed fee of RM22,500 (excluding GST) per month upon the listing of the Fund on Main Market of Bursa Malaysia and the completion of all acquisitions of investment properties by the Fund as mentioned in Note 25.

The property manager’s fee for the current financial period is RM101,731.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

1. CORPORATE INFORMATION (Continued)

(b) Manager's fees

Pursuant to the Trust Deed dated 26 March 2015, the Manager is entitled to receive the following fees from the Fund:

- (i) A base management fee of up to 1% per annum of total asset value (excluding cash and bank balances) of the Fund calculated on a monthly accrual basis. The Manager's base management fee for the current financial period is RM708,273.
- (ii) An acquisition fee of 1% of the transaction value (being the total purchase price) of any investment property directly or indirectly acquired from time to time by the Trustee for and on behalf of the Fund pro-rated, if applicable, to the proportion of the Fund's interest and payable to the Manager upon completion of the acquisition of the investment property. The Manager had not earned any acquisition fee for the current financial period.
- (iii) A disposal fee of 0.5% of the transaction value (being the total sales price) of any investment property directly or indirectly sold from time to time by the Trustees for and on behalf of the Fund pro-rated, if applicable, to the proportion of the Fund's interest and payable to the Manager upon completion of the disposal of the investment property. The Manager had not earned any disposal fee for the current financial period.

(c) Trustee's fees

Pursuant to the Trust Deed dated 26 March 2015, the Trustee is entitled to receive a fee of up to 0.02% per annum of the net asset value of the Fund, calculated based on the monthly accrual basis and payable monthly in arrears. The Trustee's fees for the current financial period is RM80,000 and is determined based on 0.02% of the monthly net asset value of the Fund.

The financial statements of the Fund have been authorised by the Board of Directors of the Manager for issuance on 17 February 2016.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared in accordance with the provisions of the Trust Deed dated 26 March 2015, Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the SC Guidelines.

2.1 Standards and Amendments in issue but not yet effective

At the date of the authorisation for issue of these financial statements, the new and revised Standards and Amendments relevant to the Fund which were in issue but not yet effective and not early adopted by the Fund are as listed below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.1 Standards and Amendments in issue but not yet effective (Continued)

MFRS 9	Financial Instruments ²
MFRS 15	Revenue from Contracts with Customers ²
Amendments to MFRS 101	Disclosure Initiatives ¹
Amendments to MFRSs	Annual Improvements to MFRSs 2012-2014 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

The Manager anticipates that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Fund in the period of initial application except as discussed below.

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and profit on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instruments (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.1 Standards and Amendments in issue but not yet effective (Continued)

MFRS 9 Financial Instruments (Continued)

- in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Manager is currently assessing the impact of adoption of MFRS 9 and have not made any accounting policy decision. Thus, the impact of adopting the new MFRS 9 on the Fund's annual financial statements cannot be determined until the process is completed.

MFRS 15 Revenue from Contracts with Customers

In May 2014, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition requirements including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

- | | |
|---------|---|
| Step 1: | Identify the contract with a customer |
| Step 2: | Identify the performance obligations in the contract |
| Step 3: | Determine the transaction price |
| Step 4: | Allocate the transaction price to the performance obligations in the contract |
| Step 5: | Recognise revenue when (or as) the entity satisfies a performance obligation |

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.1 Standards and Amendments in issue but not yet effective (Continued)

MFRS 15 Revenue from Contracts with Customers (Continued)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Manager is currently assessing the impact on adoption of MFRS 15 on the amounts reported and disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Fund completes a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the basis of historical cost, except for certain non-current assets that are measured at revalued amounts or fair values, at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for any share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency

The financial statements of the Fund are presented in Ringgit Malaysia (“RM”), the currency of the primary economic environment in which the Fund operates (its functional currency).

In preparing the financial statements of the Fund, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of the gain or loss is also recognised directly in other comprehensive income.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Gross rental income

Revenue from rental of investment properties, including service charges, are recognised on a straight line basis in accordance with terms and conditions of the tenancy agreement between the Fund and its tenants.

(b) Investment Revenue

Investment revenue, which comprise income earned from Islamic fixed deposit placements, are recognised on an accrual basis.

(c) Parking income and events and advertising income

Parking income and events and advertising income are recognised on an accruals basis in the accounting period in which the services are being rendered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current Tax

Tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Fund's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

In accordance with Section 61A(1) of the Income Tax Act, 1967, the total income of the Fund will be exempted from income tax provided that at least 90% of the total taxable income of the Fund is distributed to unit holders within two months from the end of the financial year.

(b) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

(b) Deferred Tax (Continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. The Manager reviewed the Fund's investment property portfolios and concluded that none of the Fund's investment properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Manager has determined that the "sale" presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Fund has not recognised any deferred taxes on changes in fair value of the investment properties as the Fund is not subject to any income taxes on the fair value change of investment properties on disposal.

(c) Current and Deferred Tax for the Period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or capital appreciation. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. All of the Fund's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gain and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of Non-Financial Assets

At the end of each reporting period, the Fund reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Fund estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Non-Financial Assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leasing

(a) As lessee

Finance leases, which transfer to the Fund substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of financing return on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Fund will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Fund retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the fair value (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Debt financing costs incurred arising from extinguishment of borrowings are accounted for in profit or loss in the period during which the extinguishment is concluded. Debt financing costs incurred on new borrowings are capitalised and amortised over the period of borrowings. All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of financing costs and other costs that the Fund incurred in connection with the borrowing of funds.

Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Fund will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Assets

Financial assets are classified into the following specified categories: financial asset 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Rate ("EIR") Method

The EIR method is a method of calculating the amortised cost of a financial asset and of allocating profit income over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the EIR method, less any impairment. Profit income is recognised by applying the EIR, except for short-term receivables when the recognition of profit would be immaterial.

Impairment of Financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in profit or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Fund's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original EIR.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Assets (Continued)

Impairment of Financial Assets (Continued)

The carrying amount of such financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of Financial Assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial Liabilities and Equity Instruments

Classification As Debt Or Equity

Debt and equity instruments are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recorded at the proceeds received, net of direct issue costs.

Unitholders' units are recorded at the proceeds received, net of direct attributable transactions costs and are classified as equity. Distributions on Unitholders' units are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Liabilities and Equity Instruments (Continued)

Financial Liabilities

Financial liabilities are classified as other financial liabilities.

The Fund's other financial liabilities include trade payables, other payables and accrued expenses and borrowings.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method, with financing costs recognised on an effective yield basis.

The EIR method is a method of calculating the amortised cost of a financial liability and of allocating financing costs over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligation is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Cash and Cash Equivalents

The Fund adopts the indirect method in the preparation of the statement of cash flows.

Cash and cash equivalents comprise cash and bank balances, term deposits and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value, against which bank overdrafts, if any, are deducted and excludes amounts which are restricted for general use.

Segment Reporting

For management purposes, the Fund is organised into operating segments based on industry which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Manager of the Fund who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 22, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Fund's accounting policies, which are described in Note 3, the Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical Judgements in Applying the Fund's Accounting Policies

In the process of applying the Fund's accounting policies, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements other than disclosed below:

(a) Recognition of Contingent Rent

In accordance with the accounting policies of the Fund, as stated in Note 3, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Certain tenancy agreements between the Fund and its tenants contain clauses as to contingent rent whereby rent received and/or receivable by the Fund is the higher of (i) the base rent as determined in the tenancy agreement and (ii) a percentage of sales revenue earned by the tenant during the financial period. Due to lack of historical trend of sales revenue information from the Fund's tenants and audited financial statements of the Fund's tenants are yet to be made available to the Manager, the Manager has determined that contingent rent cannot be reliably measured for the financial period. Therefore, revenue for the financial period represents the base rent and service charges, where applicable, as stipulated in the tenancy agreements.

4.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities of the Fund within the next financial year are discussed below:

(a) Fair Value of Investment Properties

The fair value of the Fund's investment properties as at 31 December 2015 has been arrived at on the basis of a valuation carried out by Messrs. Cheston International (KL) Sdn Bhd, an independent valuer not related to the Fund, in accordance with Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

4.2 Key Sources of Estimation Uncertainty (Continued)

(a) Fair Value of Investment Properties (Continued)

The fair value was determined based on capitalisation of net income method ("investment method") as the primary valuation method with comparison and cost methodologies as a secondary check. In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use. The valuers have considered the results of the above methods in their valuation and applied professional judgement in the determination of the fair value of the Fund's investment properties. Further details are disclosed in Note 11.

5. GROSS RENTAL INCOME

	RM
Base rental income	18,331,353
Service charges	990,743
	<u>19,322,096</u>

6. OTHER INCOME

	RM
Parking income	883,782
Event and advertising income	459,007
	<u>1,342,789</u>

7. INVESTMENT INCOME

	RM
Income from Islamic fixed deposit placements	<u>167,312</u>

8. INCOME TAX

Pursuant to the Section 61A of the Income Tax Act, 1967, where 90% or more of the total income of the unit trust is distributed to the unitholder, the total income of the unit trust for that year of assessment shall be exempted from tax. The Manager also expects to distribute the net income within two 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

9. EARNINGS PER UNIT

The gross and net earnings per unit, which are calculated based on the profit before tax and profit for the financial period of the Fund, respectively, divided by the weighted average number of units in circulation as of 31 December 2015, are as follows:

	RM
Earnings attributable to unitholders:	
Profit before tax	14,767,035
Profit for the year	14,767,035
Weighted average number of units	580,000,000
Gross earnings per unit (sen)	2.55
Net earnings per unit (sen)	2.55

10. NET INCOME DISTRIBUTIONS

The Manager had not declared any interim distribution from the Fund for the financial period 30 March 2015 (date of establishment) to 31 December 2015.

On 28 January 2016, the Manager, after consultation with the Trustee, had declared an income distribution of 1.20 sen per unit totalling RM6,960,000 for the financial period 30 March 2015 (date of establishment) to 31 December 2015. The said distribution will be paid on 29 February 2016 and has not been included as a liability in the financial statements as of 31 December 2015.

11. INVESTMENT PROPERTIES

	RM
At 30 March 2015 (date of establishment)	-
Additions	903,747,495
Gain on fair value of investment properties	7,712,505
At 31 December 2015	911,460,000

The investment properties acquired by the Fund in the current financial period of RM903,747,495 was partially funded by the issuance of units in the Fund amounting to RM327,640,000 to the vendors of the said investment properties during the Initial Public Offering ("IPO") of the Fund's units on the Main Market of Bursa Malaysia on 29 September 2015. The remaining investment properties were funded by a mixture of net cash proceeds from the IPO to institutional investors and the Malaysian public (Note 16) and net proceeds from the Islamic financing facility (Note 15).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

11. INVESTMENT PROPERTIES (Continued)

Fair Value Measurement of the Fund's Investment Properties

The fair values of the Fund's investment properties as at 31 December have been arrived at on the basis of a valuation carried out by Messrs. Cheston International (KL) Sdn Bhd ("Cheston"), an independent valuer not related to the Fund. Messrs. Cheston are registered members of the Board of Valuers, Appraisers and Estate Agents, Malaysia, and they have appropriate qualifications and recent experience in the valuation of the properties in the relevant locations. The valuation of the Fund's investment properties was performed in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The fair values were determined based on the capitalisation of net income method and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The values estimated under this method are derived by ascertaining the market rent of the properties; deducting all reasonable annual operating expenses (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance, repairs and maintenance and management, are deducted from gross rental income together with allowance for void.

In estimating the fair values of the investment properties, the highest and best use of the investment properties are their current use.

The fair value of the investment properties are classified as Level 3 for fair value hierarchy disclosure purposes. The significant unobservable inputs applied by the independent valuer in applying the net income method above are the capitalisation rates of 6.5% to 7.8% based on reversionary yields on the Fund's investment properties. The valuer had adopted market corroborated capitalisation rates, which is the most frequently adopted methodology by the property industry in Malaysia, based on information pertaining to recent comparable sales which are publicly available, adjusted for the location, quality and characteristics of the investment properties.

A significant increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

11. INVESTMENT PROPERTIES (Continued)

A summary of the investment properties of the Fund, as required to be disclosed by the SC Guidelines, are as follows:

Description of property	Tenure of land	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2015 Fair value RM	Fair value hierarchy
1. KOMTAR JBCC	Freehold	-	-	Johor Bahru, Johor	31.12.2015	462,000,000	3
2. Menara KOMTAR	Freehold	-	-	Johor Bahru, Johor	31.12.2015	70,000,000	3
3. @Mart Kempas	Leasehold	99	91	Johor Bahru, Johor	31.12.2015	65,000,000	3
4. KFCH International College	Freehold	-	-	Johor Bahru, Johor	31.12.2015	28,200,000	3
5. QSR Properties:							
Restaurant in shop lots							
a. KFC restaurant	Freehold	-	-	Kajang, Selangor	31.12.2015	8,300,000	3
b. KFC restaurant	Freehold	-	-	Jitra, Kedah	31.12.2015	500,000	3
c. KFC restaurant	Leasehold	93	86	Ayer Hitam, Johor	31.12.2015	1,960,000	3
d. KFC restaurant	Leasehold	99	75	Bayan Lepas, Penang	31.12.2015	3,800,000	3
e. KFC restaurant	Leasehold	99	80	Petaling Jaya, Selangor	31.12.2015	8,000,000	3
f. KFC restaurant	Leasehold	74	70	Port Dickson, Negeri Sembilan	31.12.2015	1,600,000	3
g. KFC restaurant	Leasehold	99	77	Kuala Perlis, Perlis	31.12.2015	460,000	3
h. PHD restaurant	Freehold	-	-	Ulu Tiram, Johor	31.12.2015	850,000	3
i. PHD restaurant	Freehold	-	-	Kota Tinggi, Johor	31.12.2015	820,000	3
Restaurants in shopping mall							
j. KFC Restaurant in Queensbay Mall	Freehold	-	-	Bayan Lepas, Penang	31.12.2015	12,000,000	3
k. KFC Restaurant Kompleks Bukit Jambul	Freehold	-	-	Bayan Lepas, Penang	31.12.2015	2,740,000	3
l. KFC Restaurant in Megamall Pinang Shopping Complex	Leasehold	99	79	Perai, Penang	31.12.2015	2,690,000	3
m. Pizza Hut Restaurant in Megamall Pinang Shopping Complex	Leasehold	99	79	Perai, Penang	31.12.2015	1,960,000	3

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

11. INVESTMENT PROPERTIES (Continued)

Fair value measurement of the Fund's investment properties (Continued)

Description of property	Tenure of land	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2015 Fair value RM	Fair value hierarchy
Restaurants with drive-through facility							
n. Pizza Hut and KFC	Leasehold	99	70	Jln Kuchai Lama, Kuala Lumpur	31.12.2015	14,000,000	3
o. Pizza Hut and KFC	Leasehold	99	49	Sungai Petani, Kedah	31.12.2015	5,190,000	3
p. Pizza Hut and KFC	Freehold	-	-	Senai, Johor	31.12.2015	8,400,000	3
q. Pizza Hut and KFC	Freehold	-	-	Tmn Damansara Aliff, Johor Bahru	31.12.2015	12,000,000	3
r. Pizza Hut and KFC	Freehold	-	-	Taman Perling, Johor Bahru	31.12.2015	13,270,000	3
s. Pizza Hut and KFC	Freehold	-	-	Ipoh, Perak	31.12.2015	8,400,000	3
t. Pizza Hut and KFC	Leasehold	96	81	Off Jln Kepong, Kuala Lumpur	31.12.2015	15,300,000	3
u. Pizza Hut and KFC	Leasehold	83	68	Pusat Bandar Wangsa Maju, Kuala Lumpur	31.12.2015	24,800,000	3
v. Pizza Hut and KFC	Leasehold	99	93	Hang Tuah Jaya, Melaka	31.12.2015	8,280,000	3
Warehouse and factory							
w. Warehouse	Freehold	-	-	Simpang Ampat, Penang	31.12.2015	1,170,000	3
x. Warehouse and factory	Leasehold	99	81	Kota Kinabalu, Sabah	31.12.2015	2,370,000	3
y. Warehouse	Leasehold	99	72	Pelabuhan Klang, Selangor	31.12.2015	46,000,000	3
z. Warehouse and factory	Leasehold	99	72	Pelabuhan Klang, Selangor	31.12.2015	26,100,000	3
aa. Warehouse and factory	Freehold	-	-	Shah Alam, Selangor	31.12.2015	55,300,000	3

Investment properties of the Fund amounting to RM707,770,000 are used to secure the Islamic financing granted by domestic financial institutions to the Fund as mentioned in Note 15.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

12. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	RM
Trade receivables	1,014,861

Trade receivables comprise rental receivable from lessees.

The credit period granted by the Fund on rental receivable from lessees ranges from 30 to 60 days.

The aging analysis of the Fund's trade receivables is as follows:

	RM
0 - 30 days	810,271
31 - 60 days	152,850
61 - 90 days	14,282
91 - 120 days	37,458
	<u>1,014,861</u>

The Fund have not recognised any allowance for doubtful debts as the Fund holds tenant deposits as credit enhancement and the amounts are considered recoverable.

Other receivables and prepaid expenses consist of:

	RM
Goods and services tax recoverable	8,270,315
Other receivables	942,572
Prepaid expenses	<u>744,723</u>
Other receivables and prepaid expenses	<u>9,957,610</u>
Less prepaid expenses	(744,723)
Add:	
Trade receivables	1,014,861
Amounts owing by related parties	1,813,823
Fixed deposits with licensed banks	9,242,000
Cash and bank balances	<u>16,197,642</u>
Total loans and receivables	<u>37,481,213</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following:

	RM
Cash and bank balances	16,197,642
Fixed deposits with licensed banks	9,242,000
	<u>25,439,642</u>
Less: Pledged deposits with licensed banks	<u>(9,242,000)</u>
	<u>16,197,642</u>

Fixed deposits with licensed banks earn profit rates at rates between 3.55% and 3.75% per annum and have maturity periods of between 1 to 3 months. The fixed deposits with licensed banks are placed as reserve for repayment of finance costs on long-term Islamic financing and hence, are not available for general use.

14. OTHER PAYABLES AND ACCRUED EXPENSES

	RM
Non-current:	
Other payables - tenant deposits received	<u>11,676,173</u>
Current:	
Other payables	740,020
Accrued expenses	<u>3,510,816</u>
	<u>4,250,836</u>
Add:	
Islamic financing (Note 15)	345,910,943
Amount owing to related parties	<u>535,630</u>
Total financial liabilities carried at amortised cost	<u><u>362,373,582</u></u>

15. ISLAMIC FINANCING

	RM
Non-current:	
Commodity Murabahah Term Financing-i	350,000,000
Transaction costs	<u>(4,089,057)</u>
	<u><u>345,910,943</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

15. ISLAMIC FINANCING (Continued)

The Islamic financing facility is a Commodity Murabahah Term Financing-i (“CMTF-i”) dated 14 April 2015 amounting to RM350.0 million from RHB Islamic Bank Berhad and Maybank Islamic Berhad (collectively “the Banks”) to part finance the acquisition of the investment properties of the Fund. The nominal value of the CMTF-i is comprised of Tranche 1 and Tranche 2 amounting to RM136.04 million and RM213.96 million, respectively.

The CMTF-i profit is payable over a period of 60 months from the date of first disbursement with full repayment of principal sum on the 60th month. The effective profit rate for the CMTF-i will be based on Cost of Funds (“COF”) + 1.35% per annum for the first 24 months and COF + 1.50% per annum for the remaining duration of the CMTF-i. The COF is based on each respective Banks’ COF. For the financial period 30 March 2015 (date of establishment) to 31 December 2015, the average effective profit rate for the CMTF-i is 5.11%.

The total transaction costs of RM4,470,060 was debited against the amount of the Islamic financing facility on drawdown date comprising, amongst others, processing and stamping fees, legal advisory fees and other establishment fees.

The Islamic financing facility is secured against investment properties totaling RM707,770,000 as mentioned in Note 11.

16. UNITHOLDERS’ CAPITAL

	No. of units	RM
At 30 March 2015 (date of establishment)	-	-
Issuance of units	580,000,000	580,000,000
Listing expenses charged to Unitholders	-	(7,454,681)
At 31 December 2015	<u>580,000,000</u>	<u>572,545,319</u>

The Fund issued 580,000,000 units of RM1 each in conjunction with the Fund’s IPO on the Main Market of Bursa Malaysia on 29 September 2015 of which 327,640,000 units of RM1 each were issued to vendors of the Fund’s investment properties (Note 11) to partially finance the acquisition of the said investment properties. The remaining 252,360,000 units of RM1 each were issued as part of the IPO to institutional investors and the Malaysian public.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

16. UNITHOLDERS' CAPITAL (Continued)

Details of units held by the related parties of the Manager which comprises companies related to Johor Corporation, a public enterprise and a statutory body established via Johor Enactment No. 4, 1968 (as amended under Enactment No. 5, 1995), and substantial unitholders of the Fund, and their market value as of 31 December 2015 based on the Record of Depositors are as follows:

	No. of units	Market value RM
Related parties:		
Johor Corporation	21,757,500	20,234,475
Damansara Assets Sdn Bhd	302,240,104	281,083,297
Kulim (Malaysia) Berhad	44,521,600	41,405,088
Waqaf An-Nur Corporation Berhad	10,014,801	9,313,765
Johor Land Berhad	<u>324,300</u>	<u>301,599</u>

Market value for purposes of disclosure above is based on the closing price of the Fund as shown on the board of the Main Market of Bursa Malaysia, which was RM0.93 per unit as at 31 December 2015.

17. MANAGEMENT EXPENSE RATIO ("MER")

	%
MER	<u>0.17</u>

The calculation of MER is based on the total fees of the Fund incurred for the year, including the Manager's fees, Trustee's fees, audit fee, tax agent's fee and administrative expenses, to the average net asset value of the Fund during the year calculated on a monthly basis. Since the average net asset value is calculated on a monthly basis, comparison of the MER of the Fund with other Real Estate Investment Trusts ("REIT") which use a different basis of calculation may not be an accurate comparison.

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Fund if the Fund has 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 Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The investment properties acquired during the current financial period as disclosed in Note 11 were acquired from related parties of the Manager.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

18. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Significant related party transactions other than those disclosed in Note 4 are as follows:

	RM
Rental income received/receivable from related parties	10,652,548
Other property management fees charged by related parties of the Manager (including in other operating expenses)	<u>1,131,329</u>

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

19. COMMITMENTS

The Fund leases out its investment properties under operating leases. The future minimum lease payments to be received under non-cancellable leases are as follows:

	RM
Less than one year	65,848,648
Between one and five years	242,075,842
More than five years	<u>242,691,713</u>
	<u>550,616,203</u>

20. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The carrying amount of the various financial assets and financial liabilities reflected in the statement of financial position approximate their fair values other than as disclosed below:

	Carrying amount RM	Fair value RM
Financial liability at amortised cost		
Islamic financing - non-current	<u>345,910,943</u>	<u>341,167,000</u>

The fair value of the non-current Islamic financing was estimated using discounted cash flow analysis based on market equivalent profit rate of 5.22% per annum for similar type of instruments of similar risk and cash flow profiles. The disclosure of the fair value of the non-current Islamic financing is considered a Level 2 fair value hierarchy disclosure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Fund's portfolios whilst managing its credit risks, liquidity risks and financing rate risks. The Fund has taken measures to minimise its exposure to the risks associated with its financing, investing and operating activities and operates within clearly defined guidelines as set out in the SC Guidelines and the Fund's Trust Deed.

The following sections provide details regarding the Fund's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks:

(a) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Fund. Credit risk with respect to trade and other receivables is managed through the application of credit approvals, credit limits and monitoring procedures. Credit is extended to the customers based upon careful evaluation of the customers' financial condition and credit history.

Exposure to Credit Risk

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 12.

Credit Risk Concentration Profile

The Fund determines concentrations of credit risk by monitoring individual profile of its trade receivables on an ongoing basis. At the reporting date, the Fund does not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument.

Financial Instruments That Are Neither Past Due Nor Impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 12. Deposits with banks and other financial institutions are placed with reputable financial institutions with good credit ratings.

(b) Liquidity Risk Management

Liquidity risk is the risk that the Fund may encounter difficulty in meeting financial obligations on time due to shortage of funds. The Fund's exposure to liquidity risk arises from mismatches of the maturities of financial assets and liabilities. The Fund's approach is to maintain a balance between continuity of funding and flexibility through the use of its credit and financing facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity Risk Management (Continued)

The Fund manages liquidity risk by maintaining adequate reserves, banking facilities and financing facilities, by continuously monitoring forecast and actual cash flow from its portfolios, and by matching the maturity profiles of financial assets and liabilities.

Financial Assets

The following table details the Fund's expected contractual maturity for its non-derivative financial assets:

	Weighted average effective profit rate %	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM
Non-profit bearing financial assets:				
Trade receivables	-	1,014,861	1,014,861	1,014,861
Other receivables	-	9,212,887	9,212,887	9,212,887
Amount owing by related parties	-	1,813,823	1,813,823	1,813,823
Profit bearing financial asset:				
Fixed profit rate instruments - deposits financial institutions	3.75	9,242,000	9,328,672	9,328,672
		<u>21,283,571</u>	<u>21,370,243</u>	<u>21,370,243</u>

Financial Liabilities

	Weighted average effective profit rate %	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	Within 2 to 5 years RM
Non-profit bearing financial liabilities:					
Other payables and accrued expenses	-	4,250,836	4,250,836	4,250,836	-
Amount owing to related parties	-	535,630	535,630	535,630	-
Profit bearing financial liabilities:					
Variable profit rate instruments - Islamic financing	5.11	345,910,943	429,944,107	18,329,669	411,614,438
		<u>350,697,409</u>	<u>434,730,573</u>	<u>23,116,135</u>	<u>411,614,438</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Financing Rate Risk Management

Financing rate risk is the risk that the fair value or future cash flows of the Fund's financial instruments will fluctuate because of changes in the market financing rates.

The Fund manage its financing rate exposure by maintaining matching its cash flows from rental income and fixed rate profit bearing deposits with the Fund's variable rate profit bearing borrowings. The Fund places cash deposits on short-term basis and therefore allows the Fund to respond to significant changes of financing rate promptly.

Financing Rate Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to financing rates on the Fund's variable rate profit bearing borrowings. The analysis is prepared assuming the amount of variable rate profit bearing borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used for the analysis and this represents management's assessment of reasonable possible change in financing rate.

If financing rates had been 25 basis point higher/lower and all other variables were held constant, the Fund's net profit/total comprehensive income for the year would decrease/increase by RM875,000. The assumed movement in basis points for financing rate sensitivity analysis is based on the currently observable market environment.

22. SEGMENT REPORTING

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

For management purposes, the Fund is organised 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.

The accounting policies of the reportable segments below are the same as the Fund's accounting policies described in Note 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

22. SEGMENT REPORTING (Continued)

	Retail outlets RM	Office buildings RM	F&B Restaurants RM	F&B Non-restaurants RM	Other - Fund level operations RM	Total RM
Total revenue	9,912,081	2,284,174	4,353,552	4,115,078	-	20,664,885
Total property expenses	(3,763,621)	(1,018,947)	(4,278)	(69,815)	(101,371)	(4,958,032)
Net property income	6,148,460	1,265,227	4,349,274	4,045,263	(101,371)	15,706,853
Gain on fair value of investment properties	(131,220)	(197,525)	3,743,470	4,297,780	-	7,712,505
Investment income	-	-	-	-	167,312	167,312
Total income	6,017,240	1,067,702	8,092,744	8,343,043	65,941	23,586,670
Total Fund expenditure	-	-	-	-	(958,522)	(958,522)
Operating profit	6,017,240	1,067,702	8,092,744	8,343,043	(892,581)	22,628,148
Islamic financing costs	-	-	-	-	(7,861,113)	(7,861,113)
Profit before tax	6,017,240	1,067,702	8,092,744	8,343,043	(8,753,694)	14,767,035
Income tax expense	-	-	-	-	-	-
Profit for the financial period	6,017,240	1,067,702	8,092,744	8,343,043	(8,753,694)	14,767,035
Total assets	530,312,718	70,084,158	155,320,000	159,735,887	34,233,173	949,685,936
Total liabilities	11,870,713	3,315,945	-	674,613	346,512,311	362,373,582

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

23. CAPITAL MANAGEMENT

The Fund manages its capital to ensure that the Fund will be able to continue as going concern while maximising the return to unitholders through the optimisation of the debt and equity balance. The Fund's overall strategy remain unchanged from the date of establishment.

The capital structure of the Fund consists of net debt (borrowings as detailed in Note 15) offset by cash and cash equivalents (Note 13) and Unitholders' fund of the Fund (Note 16) (comprising Unitholders' capital and undistributed income).

The Fund is not subject to any externally imposed capital requirements. However, the Fund is required to comply with the SC Guidelines on borrowings.

The SC Guidelines requires that the total borrowings of the Fund (including borrowings through issuance of debt securities) should not exceed 50% of the total asset value of the Fund at the time the borrowings are incurred. Notwithstanding, the Fund's total borrowings may exceed this limit with the sanction of the unitholders by way of an ordinary resolution.

The Manager's risk management committee reviews the capital structure of the Fund on a regular basis to ensure that the SC Guidelines are complied with.

Gearing Ratios

The Fund's gearing ratios are calculated based on the proportion of total borrowings to the total asset value in accordance with the SC Guidelines. The gearing ratios at the end of the reporting period is as follows.

	RM
Total borrowings (Note 15)	345,910,943
Total assets value as per statement of financial position	949,685,936
Total borrowings to total assets value ratio	36.4%

24. PORTFOLIO TURNOVER RATIO ("PTR")

	%
PTR (times)	-

The calculation of PTR is based on the average of total acquisitions and total disposals of investments in the Fund for the year to the average net asset value during the year calculated on a monthly basis.

PTR is nil for the Fund as there were no new acquisitions and disposals of investments in the portfolio of the Fund since the date of establishment of 30 March 2015 except for the initial acquisition of the investment properties during the initial public offering that was completed on 29 September 2015.

Since the basis of calculating PTR can vary among real estate investment trusts, there is no sound basis for providing accurate comparison of the Fund's PTR against other real estate investment trusts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

25. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The following are significant events during the financial period that are not disclosed elsewhere in the financial statements.

- (a) As part of the listing scheme for the Initial Public Offering (“IPO”) of the units of the Fund on the Main Market of Bursa Malaysia, the Fund completed the acquisition of 13 properties, comprising restaurant properties and non-restaurant properties, from wholly-owned subsidiaries of QSR Brands (M) Holdings Sdn Bhd, a subsidiary of Johor Corporation on 6 May 2015 in accordance with the terms of the respective sales and purchase agreements dated 27 April 2014 at an aggregate purchase consideration of RM126.04 million.

The purchase consideration was satisfied by proceeds received from the partial drawdown of the Islamic financing facility amounting to RM136.04 million (Note 15). The purchase consideration of the said properties was arrived at on a willing-buyer willing-seller basis based on the market value of the said properties as appraised by Cheston International (KL) Sdn Bhd and Cheston International (Johor) Sdn Bhd, independent valuers not related to the Fund.

- (b) The Fund was listed on the Main Market of Bursa Malaysia on 29 September 2015.

- (c) In fulfilment of the listing scheme for the IPO of the units of the Fund on the Main Market of Bursa Malaysia, the Fund completed the acquisition of the following properties on 29 September 2015 and 30 September 2015 in accordance with the terms of the respective sales and purchase agreements dated 2 April 2015 and 10 April 2015 at an aggregate purchase consideration of RM777.10 million:

- (i) KOMTAR JBCC, Menara KOMTAR, @Mart Kempas and KFCH International College from Damansara Assets Sdn Bhd, a wholly-owned subsidiary of Johor Corporation; and
- (ii) the remaining 14 properties, comprising restaurant properties and non-restaurant properties, from wholly-owned subsidiaries of QSR Brands (M) Holdings Sdn Bhd, a subsidiary of Johor Corporation.

The purchase consideration was satisfied by proceeds received from the final drawdown of the Islamic financing facility amounting to RM213.96 million (Note 15). The purchase consideration of the said properties was arrived at on a willing-buyer willing-seller basis based on the market value of the said properties as appraised by Cheston International (KL) Sdn Bhd and Cheston International (Johor) Sdn Bhd, independent valuers not related to the Fund.

26. COMPARATIVE FIGURES

The financial statements are drawn up for the financial period 30 March 2015 (date of establishment) to 31 December 2015, or for a period of 9 months.

As the financial statements are drawn up for the first time, no comparative figures are represented.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD 30 MARCH 2015 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2015 (Continued)

27. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFIT

The breakdown of the undistributed income of the Fund as at 31 December 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with the Guideline on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, is as follows:

	RM
Total undistributed income of the Fund	
Realised	7,054,530
Unrealised	<u>7,712,505</u>
Total undistributed income as per statement of financial position	<u><u>14,767,035</u></u>

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia and is not made for any other purposes.