DAMANSARA REIT MANAGERS SDN. BERHAD

DAMANSARA REIT MANAGERS SDN BERHAD (200501035558)(717704-V)

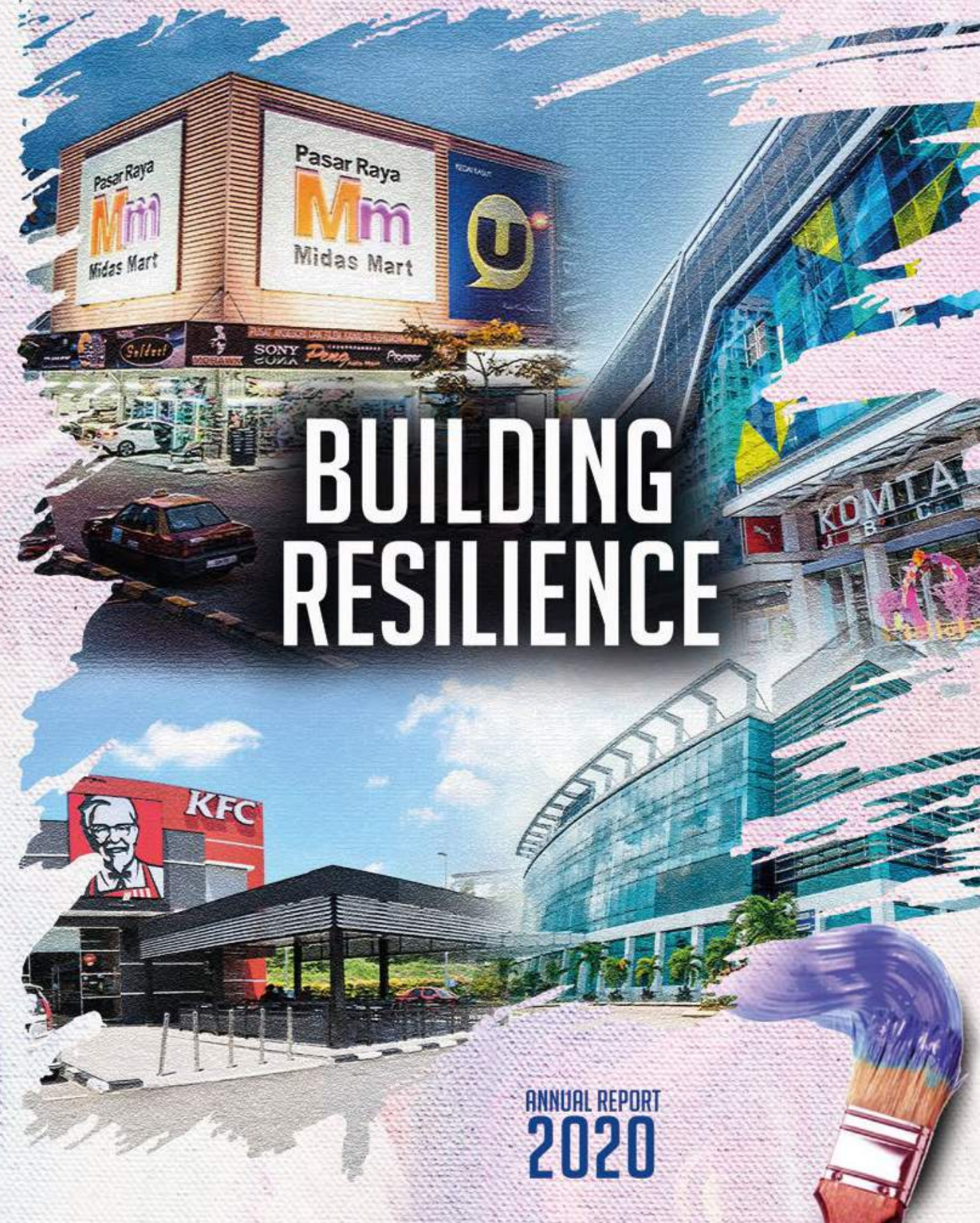
Unit 1-19-02, Level 19, Block 1,
V SQUARE, Jalan Utara,
46200 Bandar Petaling Jaya,
Petaling Jaya, Selangor.

www.alsalamreit.com.my

AL-SALĀM REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT 2020

al-salām REIT



BUILDING RESILIENCE

ANNUAL REPORT
2020

CONTENTS

SECTION 1
CORPORATE OVERVIEW **01**

2020 Highlights 02
Objective, Policy & Strategies 03
Corporate Profile 04
Corporate Information 06
Letter to Stakeholders 08
Salient Features 12
5-Year Financial Performance 13
Trading Performance 14
Analysis of Unitholdings 15

SECTION 2
THE DRIVING FORCE **17**

Trust Structure 18
Organisation Structure 19
The Board of Directors 20
The Shariah Advisory Committee 29
The Management Team 32

SECTION 3
STRATEGIC PERFORMANCE **35**

Management Discussion and Analysis 36
Market Report Summary 55
Portfolio Summary and Details 59

SECTION 4
SUSTAINABILITY STATEMENT **73**

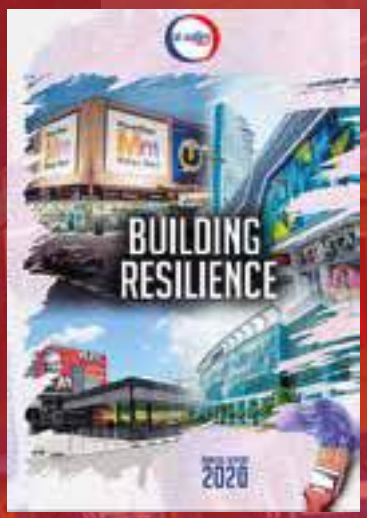
About this Report 74
The Sustainable REIT 75
Governance & Accountability 76
Engaging Stakeholders 77
Materiality Assessment 78
Sustainability Pillars 78
Governance 79
Environment 80
People 80
Partners 81
Corporate Social Responsibility 83

SECTION 5
CORPORATE GOVERNANCE **85**

Governance Structure 86
Board Audit & Risk Committee Report 95
Statement on Risk Management & Internal Control 99
Additional Compliance Information 103
Shariah Advisor's Report 105
Trustee's Report 106

SECTION 6
FINANCIAL REPORTS **107**

Manager's Report 108
Statement by Directors of the Manager 113
Statutory Declaration 113
Independent Auditors' Report 114
Statements of Comprehensive Income 117
Statements of Financial Position 119
Statements of Changes in Net Asset Value 121
Statements of Cash Flows 122
Notes to the Financial Statements 123



COVER RATIONALE

Building Resilience

As on a canvas that paints a thousand words attesting to its artistic rendition, this brush strokes cover depicts Al-Salām REIT's Islamic invested assets in its primarily commercial retail, office and industrial purposes. Each diversified shariah-compliant portfolio has been executed to meet its specific target income tenancy, driven on showcasing sustained values and building resilience in the midst of a challenging environment.



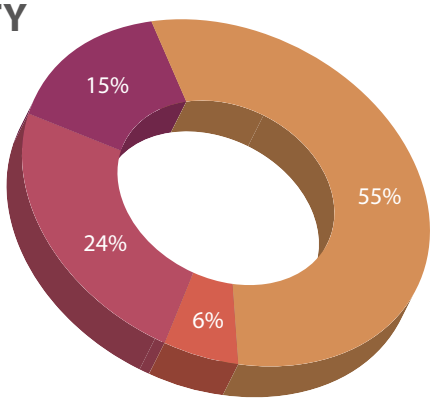
CORPORATE OVERVIEW

SECTION 1

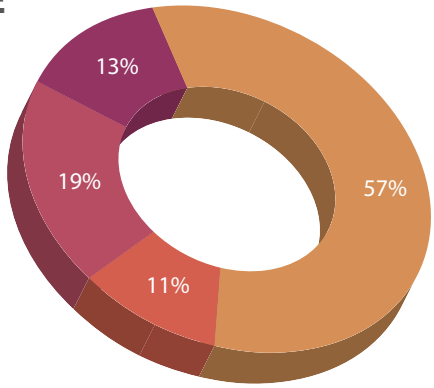
2020 Highlights	02
Objective, Policy & Strategies	03
Corporate Profile	04
Corporate Information	06
Letter to Stakeholders	08
Salient Features	12
5-Year Financial Performance	13
Trading Performance	14
Analysis of Unitholdings	15

2020 HIGHLIGHTS

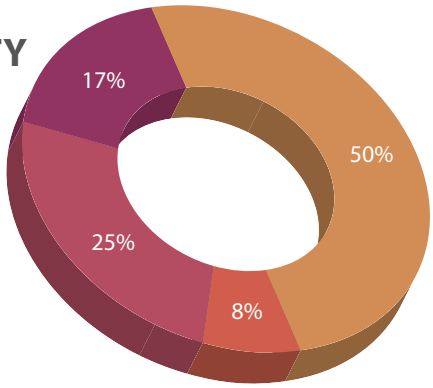
PROPERTY VALUE



REVENUE



NET PROPERTY INCOME



RETAIL
OFFICE
F&B RESTAURANTS
F&B NON-RESTAURANTS

NUMBER OF PROPERTIES
54

PROPERTY VALUE
RM1.2 billion

GROSS REVENUE
RM86.1 million

NET PROPERTY INCOME
RM65.0 million

MARKET CAPITALISATION
RM319.0 million

DISTRIBUTION PER UNIT
2.08 sen

GROSS FLOOR AREA
2.7 million sq.ft

OBJECTIVES, POLICY & STRATEGIES

OBJECTIVES

The Manager's key objective is to provide Unitholders with regular and stable distributions, sustainable long-term unit price and distributable income and capital growth of Al-Salām REIT. In the long run, through its key investment strategies, Al-Salām REIT maintains an optimum level of financing and equity capital structure.

POLICY

Al-Salām REIT is an Islamic REIT established with the principal investment policy of investing, directly and indirectly, in a diversified shariah-compliant portfolio with income producing real estate which are used primarily for commercial retail, office and industrial purposes in Malaysia as well as real estate-related assets.

STRATEGIES

1. **Active asset management strategy**

   The Manager will seek to optimise the rental rates, occupancy rates and net lettable area of the subject properties in order to improve the returns from Al-Salām REIT's property portfolio.

2. **Acquisition growth strategy**

   The Manager will source for and acquire properties that fit within Al-Salām REIT's investment strategy to enhance returns to Unitholders and capitalise on opportunities for future income and NAV growth.

3. **Capital and risk management**

   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.

CORPORATE PROFILE

"Al-Salām Real Estate Investment Trust (Al-Salām REIT) is a Shariah compliant fund with principal activity to invest in diversified Shariah compliant properties. Al-Salām REIT's properties with diversified portfolio are strategically located across Malaysia."





Al-Salām REIT embarked its milestone by being listed on the Main Market of Bursa Malaysia Securities Berhad on 29 September 2015 with an initial asset value of RM903.1 million. Starting with 31 properties in 2015, Al-Salām REIT has expanded its portfolio to 54 properties across Malaysia comprising 3 retail malls, an office building, 43 Food & Beverage restaurants and 7 Food & Beverage Non-Restaurant assets. The asset value of Al-Salām REIT had risen to RM1.19 billion as at 31 December 2020 from its initial investment.

Damansara REIT Managers Sdn Berhad, the Manager of Al-Salām REIT (DRMSB or The Manager), is a subsidiary of Johor Corporation (JCorp) Group of Companies. DRMSB is licensed under the Capital Markets and Services Act 2007, to manage Islamic REIT.

As at 31 December 2020, Al-Salām REIT market capitalisation stood at RM319.0 million









CORPORATE **INFORMATION**

MANAGER

DAMANSARA REIT MANAGERS SDN BERHAD (200501035558)(717704-V)

Registered Office:

Level 16, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor

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 Petaling Jaya
Selangor

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

TRUSTEE

AMANAHRAYA TRUSTEES BERHAD (200701008892)(766894-T)

Tingkat 14, Wisma AmanahRaya
No. 2, Jalan Ampang
50508 Kuala Lumpur

Tel : (+603) 2036 5129
Fax : (+603) 2072 0320
Email : art@arb.com.my
Website : www.artrustees.com.my

SHARIAH ADVISORY COMMITTEE

1. Dato' (Dr) Haji Nooh Bin Gadot

2. Professor Madya Dr Ab Halim Bin Muhammad

3. IBFIM (200701005076)(763075-W)

   3rd Floor, Menara Takaful Malaysia
   Jalan Sultan Sulaiman
   50000 Kuala Lumpur

   Tel : (+603) 2031 1010
   Fax : (+603) 2078 5250
   Email : info@ibfim.com
   Website : www.ibfimonline.com

PROPERTY MANAGER

EXASTRATA SOLUTIONS SDN BHD (201001042323)(926251-A)
Board Registration No: (VEPM (1) 0276)

E-5-4, 4th Floor
East Wing Subang Square
Jalan SS 15/4G
47500 Subang Jaya
Selangor

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

SERVICE PROVIDER

DASB PROPERTY MANAGEMENT SDN BHD (201001022192)(905962-U)
(Formerly known as 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

ERNST & YOUNG PLT (LLP0022760-LCA)(AF 0039)

Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Tel : (+603) 7495 8000
Fax : (+603) 2095 5332
Website : www.ey.com

REGISTRAR

JOHOR CORPORATION

Level 16, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor

Tel : (+607) 7495 8000
Fax : (+607) 223 3175

CORPORATE **INFORMATION**

SOLICITORS

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Jalan PJU 1A/4, Ara Damansara
47301 Petaling Jaya
Selangor

Tel : (+603) 7859 9229
Fax : (+603) 7734 5777
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Website : www.arsa.com.my

KADIR ANDRI & PARTNERS

Suite A-38-8, Level 38
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5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

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Fax : (+603) 2780 2833
Email : Partner@kaaplaw.com
Website : www.kaaplaw.com

ALBAR & PARTNERS

Suite 14-3, Level 14
Wisma UOA Damansara II
No. 6 Changkat Semantan
Damansara Heights
50490 Kuala Lumpur

Tel : (+603) 7890 3288
Fax : (+603) 7890 3266
Email : albar@albar.com.my
Website : www.albar.com.my

INDEPENDENT PROPERTY VALUERS

CHESTON INTERNATIONAL (KL) SDN BHD (200401008741)(647245-W)

Board Registration No: (VEPM (1) 0199)

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

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

IM GLOBAL PROPERTY CONSULTANTS SDN BHD (2005010109108)(701223-X)

Board Registration No: (VEPM (1) 0253)

No. 47-2, 2nd Floor
Wisma IMG
Jalan 3/76D, Desa Pandan
55100 Kuala Lumpur

Tel : (+603) 9284 8884
Fax : (+603) 9281 1884
Email : info@img.com.my
Website : www.img.my

VPC ALLIANCE (Kajang) SDN BHD (201401025087)(1101177-H)

Board Registration No: (V (1) 009/7)

27-1, Jalan Reko Sentral 2
Reko Sentral, Off Jalan Reko
43000 Kajang
Selangor

Tel : (+603) 8741 2491
Fax : (+603) 8741 6180
Email : vpckajang@vpc.com.my
Website : www.vpc.com.my

LISTING

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

WEBSITE

www.alsalamreit.com.my



Dear Stakeholders,

On behalf of the Board of Directors of the Manager, I hereby present the Annual Report and Audited Financial of Al-Salām REIT (the Fund) for the financial year ended 31 December 2020 (FY2020).

It was a great honour and privilege to be appointed Chairman of the Manager on 14 February 2020. Coming into the role proved to be challenging from the onset, as at that time, the COVID-19 pandemic was beginning to spread across Malaysia. A month later, Malaysia was in a total lockdown due to the Movement Control Order (MCO), which had affected the country from both social and economic perspectives.

LETTER TO **STAKEHOLDERS**

OVERVIEW OF THE MACRO OPERATING ENVIRONMENT

FY2020 was a uniquely challenging year as the COVID-19 pandemic had a major disruptive effect, not just in Malaysia, but across the world. Globally, the spread of the virus had brought many businesses and industrial sectors to a standstill through the imposition of lockdowns to contain the spread of the virus. The lockdowns also affected the daily lives of people across the world including regular consumption patterns. Cumulatively, the impact on people and businesses have led to significant disruptions in global and national economic growth.

In FY2020, the global economy shrunk by 4.4% compared with a contraction of just 0.1% in 2009, when the world underwent the subprime crisis. In Malaysia, the imposition of the first MCO in mid-March 2020 had a telling effect not just on the populace, but also on a wide range of businesses and industries. The strict MCO was eventually replaced with less restrictive Conditional and Recovery MCOs that allowed for some level of regular retail activities. However, the stringent SOP requirements, such as reduced number of customers, reduced operating hours, mandatory social distancing and other requirements continued to impact retailers and overall economic activity across a wide range of business sectors. Shopping centres and retailers were not able to operate at full capacity, compared to the pre-COVID-19 period. Footfall at shopping malls had dropped significantly.

While the subsequent Conditional and Recovery MCOs were less restrictive and allowed a certain degree of resumption in regular retail activities, the apprehension among consumers to revert to their normal consumption habits such as dining, shopping and more, remained muted in FY2020. The proliferation of eCommerce during FY2020 was another factor as consumers chose to use multiple digital platforms for their shopping as opposed to conventional, physical shopping. Reduced take-home pay during the period for many consumers due to having loss jobs or pay cuts had also curtailed purchasing power. Consequently, Malaysia's gross domestic product (GDP) saw negative growth of -4.5 % in FY2020. This deficit was attributed to three consecutive contractions in quarterly economic performance with the second quarter of FY2020 alone posting a 17.1% contraction. The third and fourth quarters of FY2020 saw contractions of -2.7% and -6.4% respectively.

As mentioned earlier, the first MCO has severely impacted retail growth. This was compounded by the third-wave of the COVID-19 pandemic and the second conditional movement control order (CMCO) FY2020 both which occurred in the 4th quarter of FY2020. These developments had dampened the recovery momentum, leading to continued negative growth for the retail sector. The retail sector in particular declined by 15.8 % in FY2020. All retail sub-sectors, except for other specialty retail stores, reported declining sales in FY2020. This included the department store cum supermarket sub-sector, which recorded a negative growth rate of 6.2%. Retail sales of the supermarket and hypermarket sub-sector dropped by 15.1%.

PROACTIVE BUSINESS RESPONSE TO THE OPERATING ENVIRONMENT

The Manager has been swift in implementing various measure in response to ensure business and operational sustainability in FY2020 given the pandemic impact on the Fund's retail exposure. The Manager was quick to support retailers with a wide range of financial incentives. The focus was on retaining tenancy occupancy rates, especially with proven, long-term tenants who have been reputable paymasters. Forms of assistance provided included rental rebates, deferred payment schemes and discounts or waivers on rentals on a case-by-case basis. The support provided commensurate with the respective tenants' financial performance towards enabling them to sustain their operations in FY2020.

LETTER TO **STAKEHOLDERS**

The Manager also worked closely with the management of malls to create a more facilitative environment to attract consumers. This included providing free parking at selected hours and various other incentives.

Despite the operating conditions, the Manager has continued to undertake Asset Enhancement Initiatives (AEIs), but on a case-by-case basis. AEIs are essential towards ensuring that all retail assets are operating at optimum condition.



FINANCIAL HIGHLIGHTS

The Board is pleased to share that these and many other efforts undertaken in FY2020 have enabled Al-Salām REIT to register a positive financial performance. Despite the Fund's gross revenue decreasing on the back of reduced rental contributions from its properties, net property income remained positive at RM65.0 million. Total distribution per unit (DPU) was 2.08 sen, totalling RM12.01 million, which represents 96% of the income available for distribution.

The fund's cash position is sufficient to cover capex for AEI and other expenditures and as at 31 December 2020, stands at a healthy RM28.8 million (FY2019: RM31.4 million). Debts and liabilities continue to be well managed and sufficient working capital is retained to meet operational requirements and debt obligations.

BUSINESS HIGHLIGHTS

Al-Salām REIT's financial performance was driven by the fund's sizable triple net lease assets portfolio comprising Mydin Hypermart Gong Badak and other food and beverage (F&B) related properties.

Assets operated by QSR Brands (M) Holdings Bhd (QSR) also contributed to income stability. QSR continues to persevere by virtue of their time-tested operational excellence and sustainable market share amidst the challenging business environment. Importantly, the F&B sector was comparatively robust in FY2020, spearheaded by leading household brands. The strong brand equity continued to enable QSR to see traction with consumers and with that, continued to contribute positively to Al-Salām REIT's performance.

The Malaysian College of Hospitality and Management, being the Fund's sole education property asset, has also provided stable earnings, derived from master lease arrangement with KPJ Group's education arm.

On the whole, Al-Salām REIT's overall performance is within management's expectations save for the retail segment, in particular, KOMTAR JBCC. Due to extended MCO and the Malaysia-Singapore border closure, rental performance for KOMTAR JBCC was below initial expectations for FY2020.

The Manager will continue to explore ways to optimise the asset going forward into FY2021. Other strategic plans initially earmarked for FY2020 such as a private placement exercise, asset acquisitions as well as tenant mix enhancement for KOMTAR JBCC were deferred due to the unfavourable operating environment. These remain in the pipeline and will be reassessed for suitability going forward into FY2021.

LETTER TO **STAKEHOLDERS**



LOOKING FORWARD

Prospects for FY2021 remain challenging. The imposition of the second MCO on 13 January 2021 will stifle the nascent recovery of the economy and the retail sector. It is likely that initial GDP growth forecast of between 6.5%-7.5% may need to be reassessed.

Al-Salām REIT's sizable triple net lease assets portfolio (consisting of Mydin Hypermart Gong Badak and QSR related properties) will continue to provide sustained core income for unitholders.

Menara KOMTAR is expected to maintain its position as a strategic office space in Johor Bahru as the property is a uniquely defensive asset in a challenging sector.

QSR's continued operational excellence and market leadership position will provide the fund with a sustainable source of income and a measure of stability in FY2021. @Mart Kempas continues to prove its resilience as a community-centric hypermarket offering essential provisions throughout the restrictive movement policy implementation.

The continued closure of the Malaysia-Singapore border poses further risk of low customer volume for KOMTAR JBCC. However, in the medium to long-term, KOMTAR JBCC retains its value and competitive advantages. With a progressive return to normalcy in the second half of 2021, the asset should recover to its potential in the long run.

APPRECIATION AND ACKNOWLEDGEMENTS

The Board wishes to express its heartfelt appreciation to the Manager and its employees for their business acumen and proactiveness in making timely, necessary and strategic decisions to ensure the Fund's robustness during FY2020.

As Chairman of the Board, I wish to extend my gratitude to my fellow members of the Board whose wise counsel and astute leadership have been pivotal in steering a continued path of progress for Al-Salām REIT.

In particular, I wish to recognise outgoing directors, Dato' Amiruddin Bin Abdul Satar, Dato' Dr. Rahah Binti Ismail, Dr. Mohd Hafetz Bin Ahmad, and Yusaini Bin Hj Sidek all of whom have chosen to pursue personal interests and other opportunities. The Board wishes them well in their future undertakings, and thanks them for their sterling contributions during their tenure with the Fund.

In their stead, the Board has the pleasure of welcoming Dato' Wan Kamaruzaman Bin Wan Ahmad who was appointed as an Independent Non-Executive Director with Shamsul Anuar Bin Abdul Majid and Datuk Sr Akmal Bin Ahmad who were appointed as Non-Independent Non-Executive Directors on 24 August 2020 and 21 January 2021, respectively.

Gratitude is also extended to the Shariah Committee for their guidance and advice towards ensuring that Al-Salām REIT's assets remained shariah compliant throughout FY2020. The Board also wishes to recognise an outgoing member of the Shariah Advisory Committee, Professor Md Som Bin Sujimon and welcoming IBFIM as a new Shariah Advisory Committee member. The Board is also thankful to our unitholders, our trustees, financiers, business partners, regulatory authorities and other stakeholders for their support to Al-Salām REIT during the financial year.

In what has been a most eventful FY2020, Al-Salām REIT has managed to weather a tumultuous operating environment with many lessons learnt and insights gained. These will hold us in good stead going forward as we continue to take strategic measures to bolster the resilience and overall sustainability of the Fund.

DATO' HJ. MOHD REDZA SHAH BIN ABDUL WAHID
CHAIRMAN

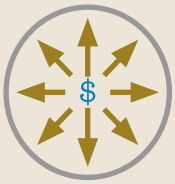
SALIENT **FEATURES**



Name of Fund:
Al-Salām Real Estate Investment Trust



Type of Fund:
Income and Growth



Category of Fund:
Diversified Real Estate Investment Trust



Stock Name and Code:
ALSREIT/5269



Listing:
Main Market of Bursa Malaysia Securities Berhad



Listing Date:
29 September 2015



Fund Size:
580,000,000 units



Distribution Policy:
At least 90% from Distributable Income



Financial Year End:
31 December

5-YEAR FINANCIAL PERFORMANCE

Financial Highlights – Group

	FY2016 RM`000	FY2017 RM`000	FY2018 RM`000	FY2019 RM`000	FY2020 RM`000
Statement of Comprehensive Income – Key Data & Financial Ratios					
Gross Revenue	76,135	80,033	82,151	94,912	86,101
Net Property Income	56,913	56,887	58,245	69,121	64,970
Income Available for Distribution (Realised)	36,037	35,542	31,867	28,395	12,537
Earnings Per Unit (Realised) (Sen)	6.21	6.13	5.49	4.90	2.51
Distribution per Unit (DPU) (Sen)	6.00	6.00	5.35	4.75	2.08
Annualised Distribution Yield (%)	5.60	6.00	6.60	5.86	3.78
Management Expenses Ratio (%)	0.51	0.66	0.51	0.60	0.66
Statement of Financial Position – Key Data & Financial Ratios					
Investment Properties	922,090	927,470	1,092,686	1,187,635	1,189,365
Other Non-current Assets	144	557	895	931	3,686
Current Assets	55,948	60,729	62,858	60,614	61,503
Total Asset Value	**978,182**	**988,756**	**1,157,161**	**1,249,180**	**1,254,554**
Current Liabilities	6,473	10,412	12,732	524,775	65,125
Non-Current Liabilities	359,769	362,048	523,502	100,327	592,048
Total Liabilities	**366,242**	**372,460**	**536,234**	**625,102**	**657,173**
Net Asset Value (NAV)	**611,940**	**616,296**	**620,927**	**624,078**	**597,381**
Total Unitholders' Fund	**611,940**	**616,296**	**620,927**	**624,078**	**597,381**
NAV Per Unit (Before Income Distribution) (RM)	1.0551	1.0626	1.0706	1.0760	1.0300
NAV Per Unit (After Income Distribution (RM)	1.0211	1.0311	1.0471	1.0619	1.0178

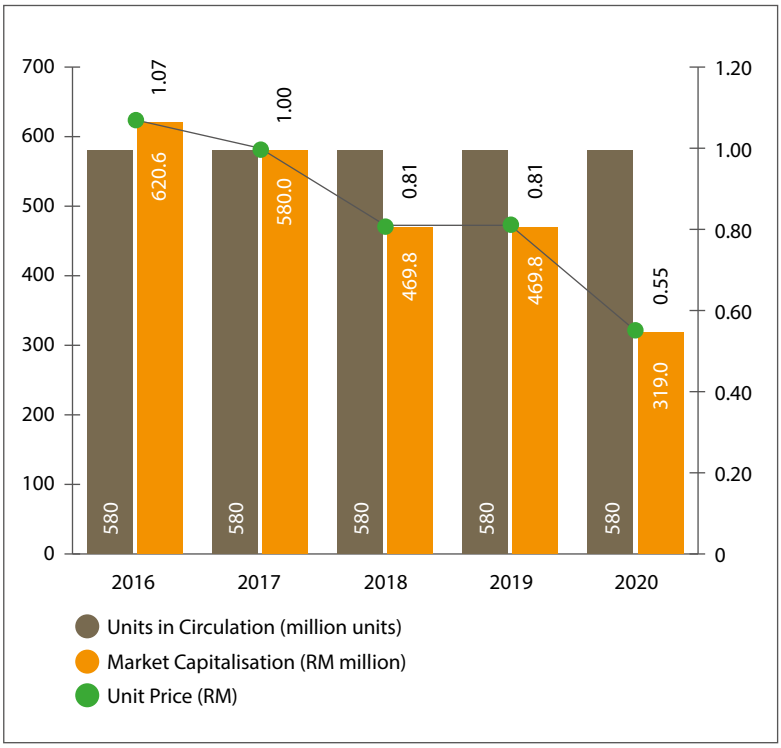
Financial Highlights – Fund

	FY2016 RM`000	FY2017 RM`000	FY2018 RM`000	FY2019 RM`000	FY2020 RM`000
Statement of Comprehensive Income – Key Data & Financial Ratios					
Gross Revenue	76,135	80,033	82,151	94,912	86,101
Net Property Income	56,913	56,887	58,245	69,121	64,970
Income Available for Distribution (Realised)	36,037	35,542	31,892	28,461	12,596
Earnings Per Unit (Realised) (Sen)	6.21	6.13	5.50	4.91	2.52
Statement of Financial Position – Key Data & Financial Ratios					
Investment Properties	922,090	927,470	1,092,686	1,187,635	1,189,365
Other Non-Current Assets	144	557	895	931	3,686
Current Assets	55,948	60,729	61,075	58,062	56,021
Total Asset Value	**978,182**	**988,756**	**1,154,656**	**1,246,628**	**1,249,072**
Current Liabilities	6,473	10,412	11,819	522,132	64,713
Non-Current Liabilities	359,769	362,048	521,885	100,327	586,827
Total Liabilities	**366,242**	**372,460**	**533,704**	**622,459**	**651,540**
Net Asset Value (NAV)	**611,940**	**616,296**	**620,952**	**624,169**	**597,532**
Total Unitholders' Fund	**611,940**	**616,296**	**620,952**	**624,169**	**597,532**
NAV Per Unit (Before Income Distribution)	1.0551	1.0626	1.0706	1.0762	1.0302
NAV Per Unit (After Income Distribution	1.0211	1.0311	1.0471	1.0621	1.0180
Lowest NAV (RM)	1.00	1.03	1.04	1.05	1.03
Highest NAV (RM)	1.06	1,06	1.07	1.08	1.08
Unit Price as at 31 Dec (RM)	1.07	1.00	0.81	0.81	0.55

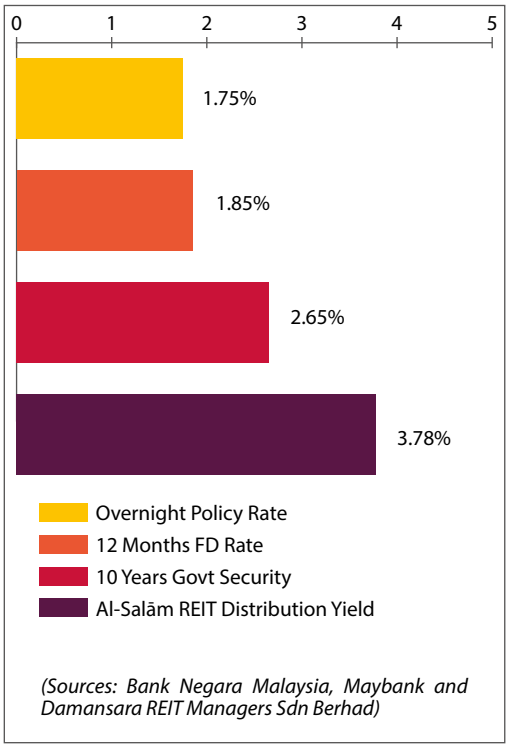
TRADING **PERFORMANCE**

Trading Summary	FY2016	FY2017	FY2018	FY2019	FY2020
Closing Unit Price (RM)	1.07	1.00	0.81	0.81	0.55
52-weeks Highest Traded Price (RM)	1.70	1.67	0.99	0.94	0.87
52-weeks Lowest Traded Price (RM)	0.90	0.97	0.83	0.78	0.50
Price Movement (%)	15.1	(6.5)	(19.0)	-	(32.1)
Annual Total Return (%)	20.6	(1.0)	(12.4)	5.9	(28.3)
Number of Units in Circulation (unit '000)	580,000	580,000	580,000	580,000	580,000
Market Capitalisation (RM'000)	620,600	580,000	469,800	469,800	319,000

MARKET CAPITALISATION, UNIT PRICE AND UNITS IN CIRCULATION

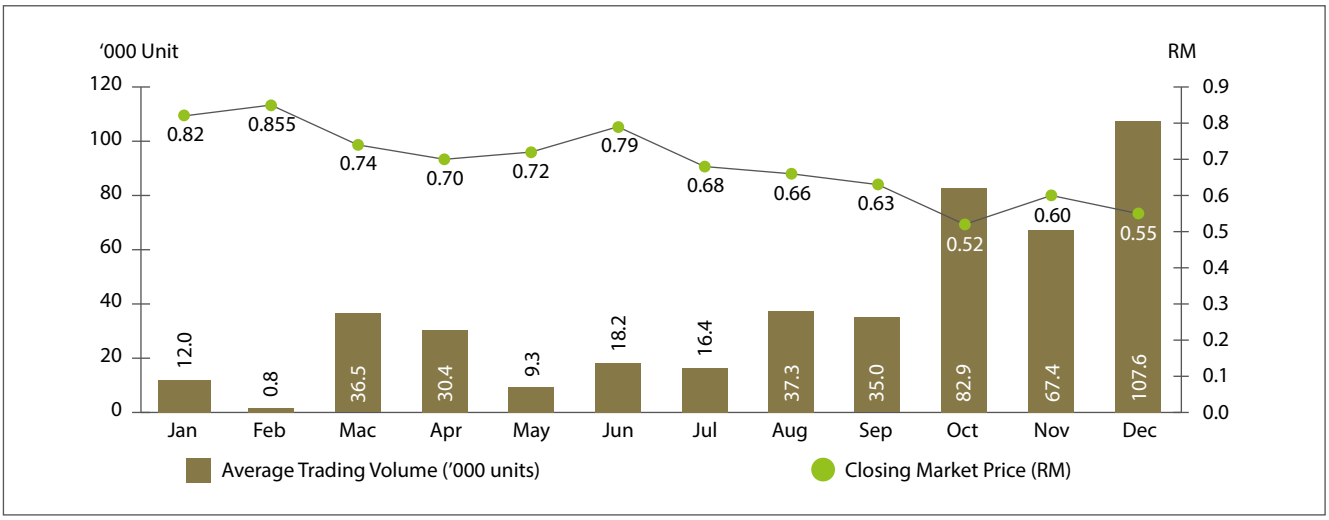


COMPARATIVE YIELD



(Sources: Bank Negara Malaysia, Maybank and Damansara REIT Managers Sdn Berhad)

FY2020 TRADING PERFORMANCE



ANALYSIS OF **UNITHOLDINGS**

Unitholdings Statistics as at
31 December 2020 as per Record of Depositor

BREAK DOWN OF UNITHOLDINGS

Total number of units issued : 580,000,000
Fully Paid up Capital : RM 580,000,000

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
Less than 100	242	3.01	9,727	-
100 – 1000	3,791	47.17	2,128,720	0.37
1,001 – 10,000	3,471	43.19	10,593,718	1.83
10,001 – 100,000	478	5.95	11,651,717	2.01
100,001 to less than 5% of Issued Capital	51	0.63	122,697,500	21.15
5% and above of Issued Capital	4	0.05	432,918,618	74.64
TOTAL	**8,037**	**100.00**	**580,000,000**	**100.00**

TOP THIRTY SECURITIES ACCOUNT HOLDERS

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

	Name	No. of Units	%
1.	Damansara Assets Sdn. Bhd.	243,805,626	42.04
2.	Tabung Amanah Warisan Negeri Johor	96,153,900	16.58
3.	Waqaf An-Nur Corporation Berhad	58,225,301	10.04
4.	Maju Noms (T) Sdn Bhd - A/C Damansara Assets Sdn Bhd	34,733,791	5.99
5.	Kulim (Malaysia) Berhad	27,060,600	4.67
6.	Johor Corporation	24,436,600	4.21
7.	Pelaburan Hartanah Berhad	20,000,000	3.45
8.	Lembaga Tabung Haji	16,859,100	2.91
9.	Cartaban Noms (T) Sdn Bhd - A/C Muamalat 1	13,293,400	2.29
10.	Maybank Noms (T) Sdn Bhd - A/C Bank Kerjasama Rakyat (M) Berhad	4,000,000	0.69
11.	Amanahraya Trustees Berhad - A/C Amanah Saham Malaysia 3	2,200,000	0.38
12.	KPJ Healthcare Berhad	2,000,000	0.34
13.	Johor Land Berhad	1,499,500	0.26
14.	Labuan Reinsurance (L) Ltd	1,472,800	0.25
15.	Citigroup Noms (T) Sdn Bhd - A/C Tabung Warisan Negeri Selangor (REITS)	1,107,300	0.19
16.	CIMB Group Noms (T) Sdn Bhd - A/C Dana Johor	604,311	0.10
17.	Tenh Hong Way	600,000	0.10
18.	Maybank Secs Noms (T) Sdn Bhd - A/C Pelaburan Johor Berhad (MBB Dana Johor)	520,501	0.09
19.	Ng Kim Yuen	408,100	0.07
20.	Goh Siew Cheng	390,700	0.07
21.	KAF Equities Sdn Bhd - A/C Kenanga Islamic Investors Berhad	343,600	0.06
22.	Maybank Noms (T) Sdn Bhd - A/C Etiqa Family Takaful Berhad (Family PIF)	330,900	0.06
23.	Kumpulan Bertam Plantations Berhad	296,000	0.05
24.	Ng Inn Jwee	273,100	0.05
25.	Maybank Noms (T) Sdn Bhd - A/C Pledged Securities Account For Kamaruzzaman Bin Abu Kassim	251,100	0.04
26.	Labuan Reinsurance (L) Ltd	250,000	0.04
27.	Chong Teck Seng	250,000	0.04
28.	Ahamad Bin Mohamad	249,500	0.04
29.	Stephen Tong Chu Wei	232,000	0.04
30	Wong Wai Kuan	225,000	0.04

ANALYSIS OF **UNITHOLDINGS**

Statistics as at 31 December 2020
as per Record of Depositor

SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)

	Name	Direct		Indirect	
		No. of Units	%	No. of Units	%
1.	Johor Corporation	24,436,600	4.21	309,403,205	53.35
2.	Damansara Assets Sdn. Bhd. 243,805,626 Maju Noms (T) Sdn Bhd - A/C Damansara Assets Sdn Bhd 34,733,791	278,539,417	48.03	-	-
3.	Tabung Amanah Warisan Negeri Johor	96,153,900	16.58	-	-
4.	Waqaf An-Nur Corporation Berhad	58,225,301	10.04	-	-

Note:-
(i) Deemed interested by virtue of its interest in Damansara Assets Sdn Bhd, Kulim (Malaysia) Berhad, KPJ Healthcare Berhad,Johor Land Berhad, Kumpulan Bertam Plantation Berhad and Tenaga Utama (J) Berhad under Section 8 of the Companies Act, 2016

UNIT ANALYSIS AS AT 31 DECEMBER 2020

ROD	TOTAL		BUMIPUTRA		NON - BUMIPUTRA		FOREIGN	
	Holder	No. of Unit	Holder	No. of Unit	Holder	No. of Unit	Holder	No. of Unit
Government Bodies	2	120,590,500	2	120,590,500	-	-	-	-
Finance	3	19,402,700	3	19,402,700	-	-	-	-
Investment Trust	1	7,400	-	-	1	7,400	-	-
Nominees	491	58,073,450	338	42,621,678	145	15,184,772	8	267,000
Companies	22	354,870,376	14	354,683,856	8	186,520	-	-
Clubs / Association	3	23,686	2	20,726	1	2,960	-	-
Co - Operatives	14	329,929	12	320,035	2	9,894	-	-
Others	1	9	-	-	1	9	-	-
Individual	7,500	26,701,950	1,514	5,709,415	5,955	20,516,172	31	476,363
Total	**8,037**	**580,000,000**	**1,885**	**543,348,910**	**6,113**	**35,907,727**	**39**	**743,363**
%	**100.00**	**100.00**	**23.45**	**93.68**	**76.06**	**6.19**	**0.49**	**0.13**

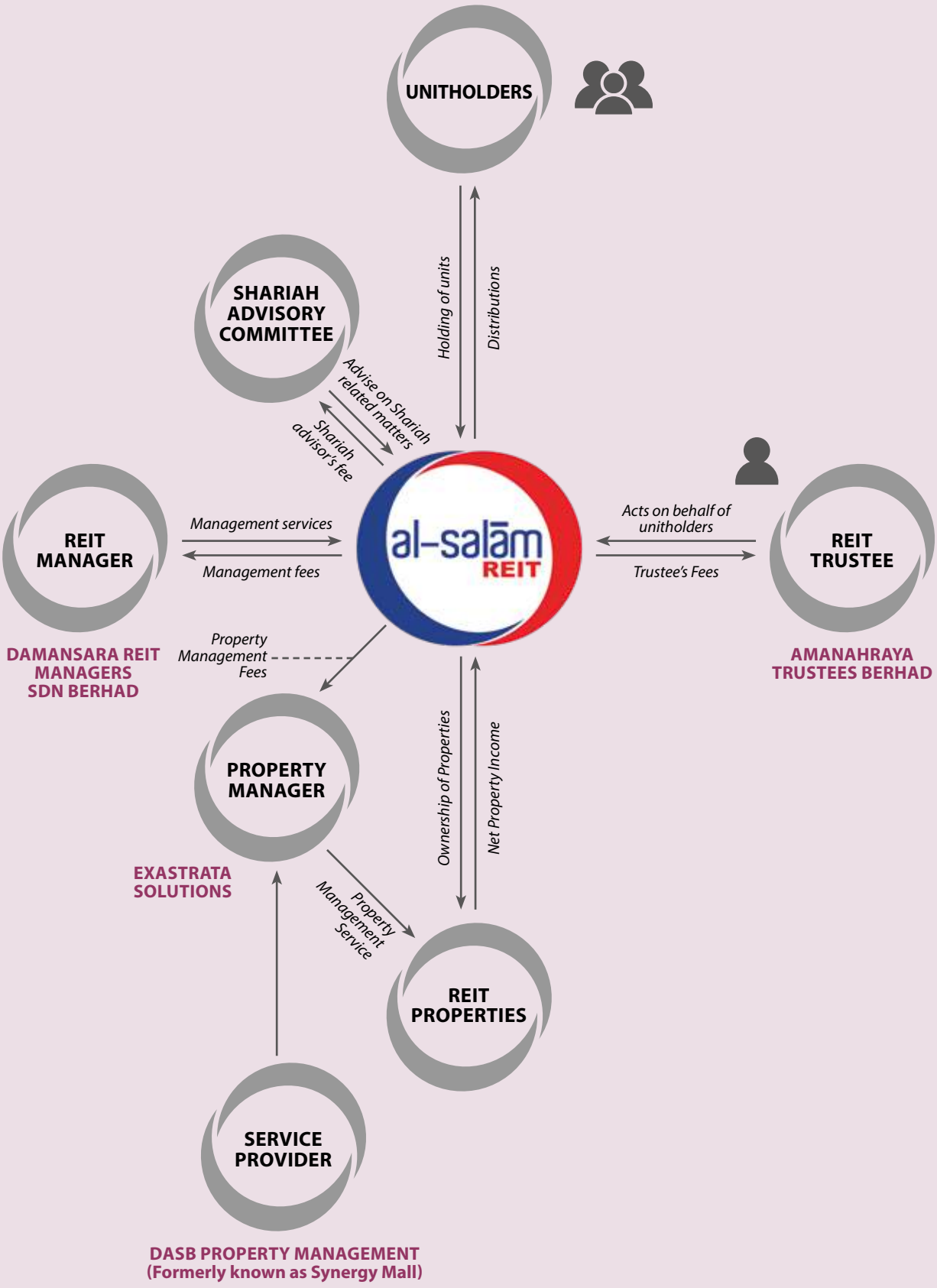
DRIVING FORCE

SECTION 2

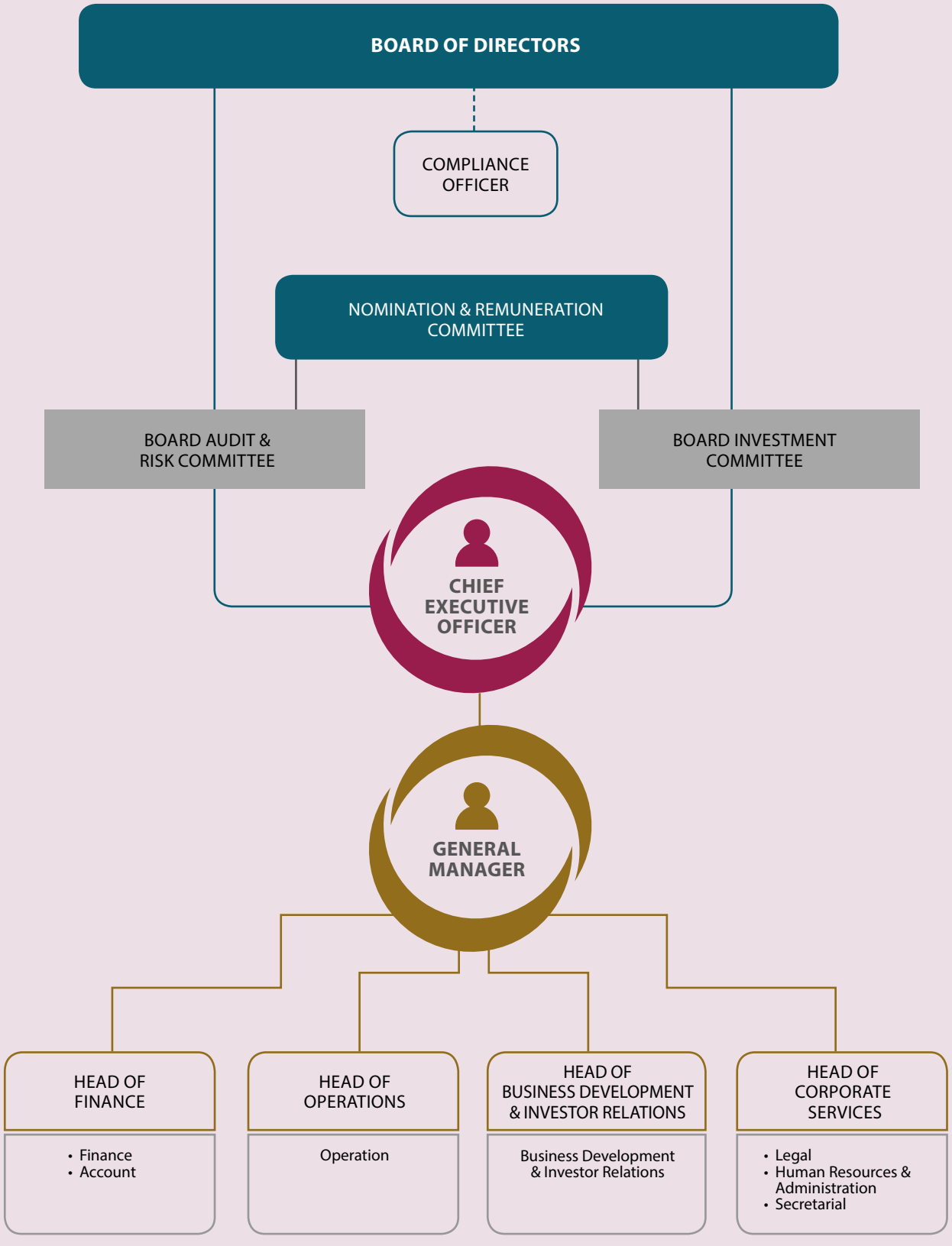
Trust Structure	18
Organisation Structure	19
The Board of Directors	20
The Shariah Advisory Committee	29
The Management Team	32



TRUST **STRUCTURE**



ORGANISATION **STRUCTURE**



THE BOARD OF **DIRECTORS**



CHAIRMAN **MEMBER**

		Board of Directors	Board Audit & RiskCommittee	Board Investment Committee	Nomination & Remuneration Committee
1.	Dato Hj Mohd Redza Shah bin Abdul Wahid	C			C
2.	Wan Azman bin Ismail	M			
3.	Zainah binti Mustafa	M	C	M	M
4.	Dato' Wan Kamaruzaman bin Wan Ahmad	M	M	C	M
5.	Datuk Sr Akmal bin Ahmad	M			
6.	Shamsul Anuar bin Abdul Majid	M		M	
7.	Mohd Yusof bin Ahmad	M	M		

THE BOARD OF **DIRECTORS**



COMPANY SECRETARIES

1. Nuraliza binti A.Rahman (MAICSA 7067934)

2. Rohaya binti Jaafar (LS0008376)



THE BOARD OF **DIRECTORS**



DATO HJ. MOHD REDZA SHAH BIN ABDUL WAHID

Chairman
Independent Non-Executive Director

58

M

Committee Member

Chairman, Nomination and Remuneration Committee

Appointment date

14 February 2020

Academic and Professional Qualifications

1. Bachelor of Science in Economic (Industry and Trade), London School of Economic, University of London, United Kingdom
2. Master of Science of Economics (International Banking and Finance), University of Wales in Cardiff, United Kingdom
3. Member, Institute of Chartered Accountant in England and Wales (ICAEW)
4. Chartered Bankers, Asian Institute of Chartered Bankers

Working Experience

Present Appointment
Nil

Past Experiences
1. Chief Financial Officer, Silterra Malaysia Berhad (2001)
2. Group Chief Executive Officer, Tradewinds Corporation Berhad (2005)
3. Group Chief Executive Officer, DRB-Hicom Berhad (2006)
4. Chief Executive Officer, Bank Muamalat Malaysia Berhad (2019)

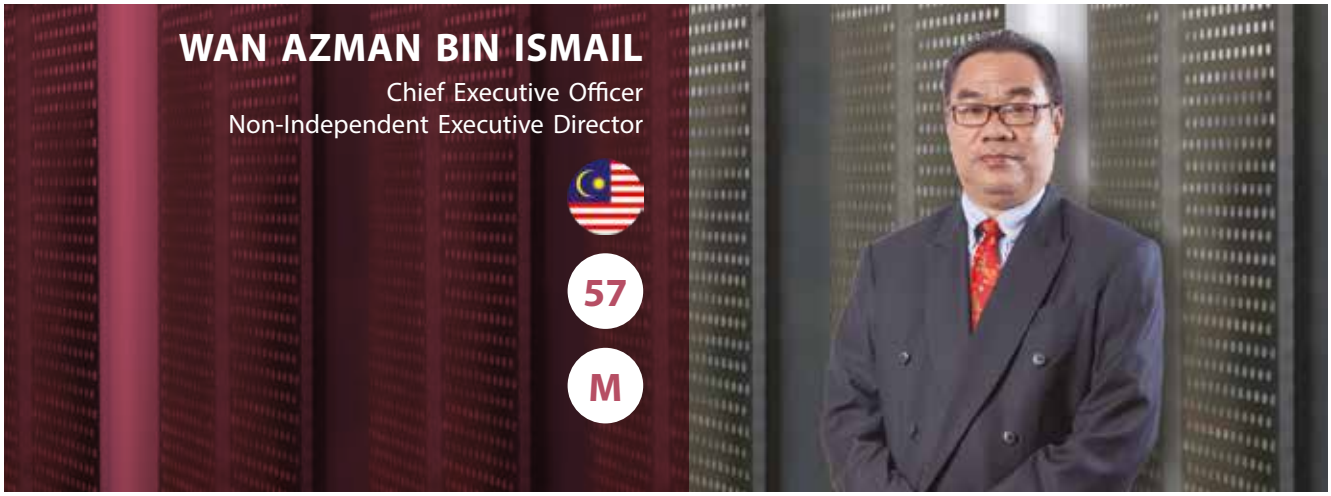
Other Directorship

Listed Issuer
- EA Technique (M) Berhad
  KPJ Healthcare Berhad

Public Companies
Nil

Other Appointment
Chairman, Yayasan Pembangunan Ekonomi Islam Malaysia

THE BOARD OF **DIRECTORS**



Committee Member

Nil

Appointment date

27 March 2017

Academic and Professional Qualifications

Bachelor of Arts, (Hons) in Accounting and Financial Analysis, University of Newcastle upon Tyne, United Kingdom

Working Experience

Present Appointment
Chief Executive Officer, Damansara REIT Managers Sdn Berhad

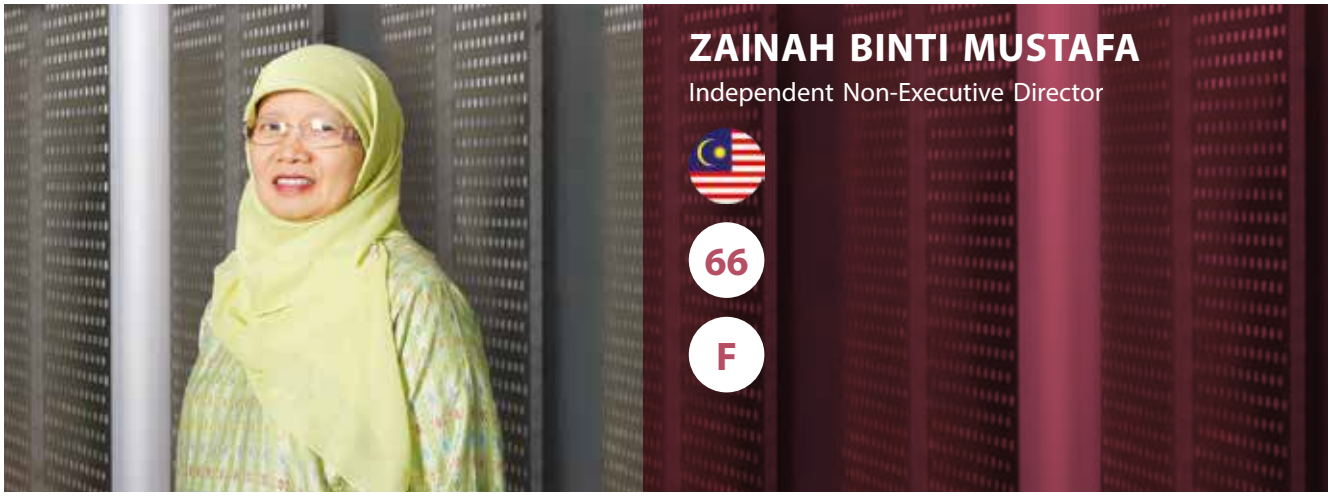
Past Experiences
1. Manager, Perwira Affin Merchant Bank Berhad (1996)
2. Senior Manager (Corporate Finance), BSN Merchant Bank Berhad (1999)
3. Senior Manager (Corporate Finance), Johor Corporation (2000)
4. General Manager, Damansara Realty Berhad (2011)
5. Executive Director, Damansara Realty Berhad (2013)
6. Managing Director, Damansara Realty Berhad (2014)
7. Vice President (Strategic Development Department) Johor Corporation (2017)

Other Directorship

Listed Issuer
Al-`Aqar Healthcare REIT

Public Companies
Nil

THE BOARD OF **DIRECTORS**



ZAINAH BINTI MUSTAFA

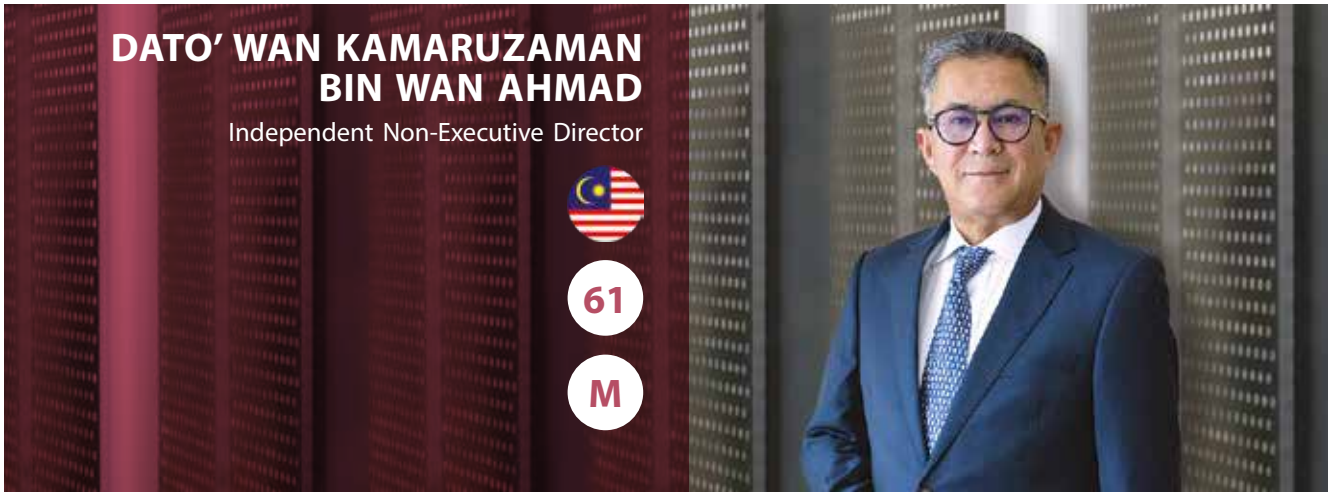
Independent Non-Executive Director

66

F

Committee Member	1. Chairman, Board Audit & Risk Committee 2. Member, Board Investment Committee 3. Member, Nomination and Remuneration Committee
Appointment date	16 February 2007
Academic and Professional Qualifications	Fellow Member, Association of Chartered Certified Accountant
Working Experience	**Present Appointment** Nil **Past Experiences** 1. Assistant Senior Auditor, Perbadanan Nasional Berhad (1977) 2. Group Chief Financial Officer, Johor Corporation (2002)
Other Directorship	**Listed Issuer** Al-`Aqar Healthcare REIT **Public Companies** Nil

THE BOARD OF **DIRECTORS**



Committee Member

1. Chairman, Board Investment Committee
2. Member, Board Audit & Risk Committee
3. Member, Nomination and Remuneration Committee

Appointment date

24 August 2020

Academic and Professional Qualifications

1. Bachelor of Economics (Analytical Economic) Hons, Universiti Malaya
2. Chartered Banker, Asian Institute of Chartered Banker

Working Experience

Present Appointment
Nil

Past Experiences
1. FX Trader/Chief Dealer/Treasury Manager, Treasury Dept. KL, London and Hamburg, Malayan Banking Berhad (1994)
2. Chief Executive Officer, Affin Moneybrokers Sdn Bhd (2003)
3. Chief Executive Officer, Affin Trust Management Bhd and Affin Fund Management Sdn Bhd (2005)
4. Finance Director, Izoma Sdn Bhd and Kemuncak Facilities Management Sdn Bhd (2007)
5. General Manager, Treasury Department, Employees Provident Fund (2013)
6. Chief Executive Officer Kumpulan Wang Persaraan (Diperbadankan) (2018)

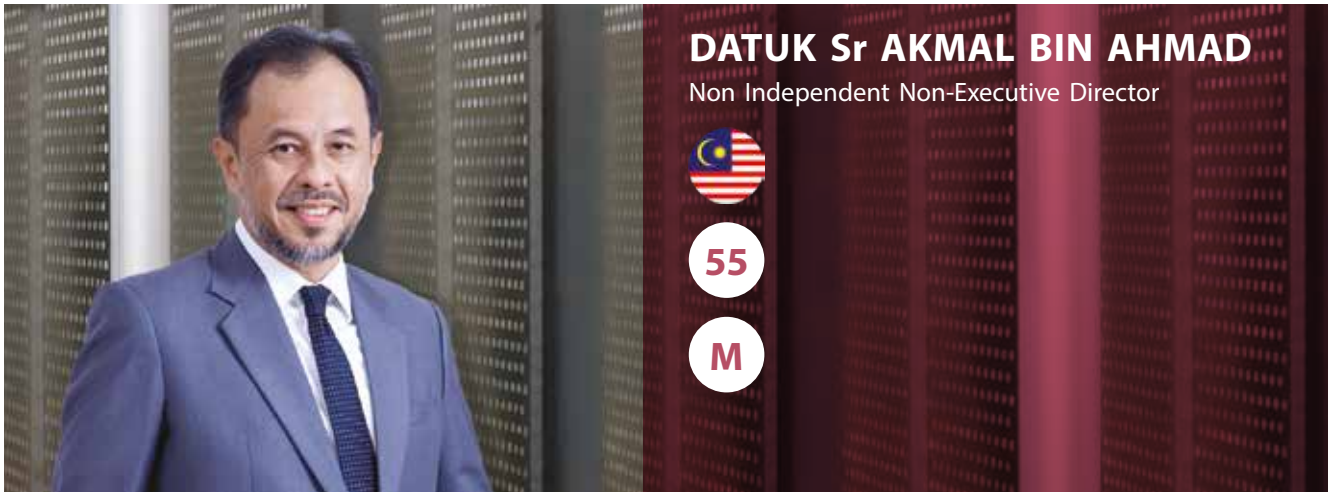
Other Directorship

Listed Issuer
Al-`Aqar Healthcare REIT

Public Companies
Nil

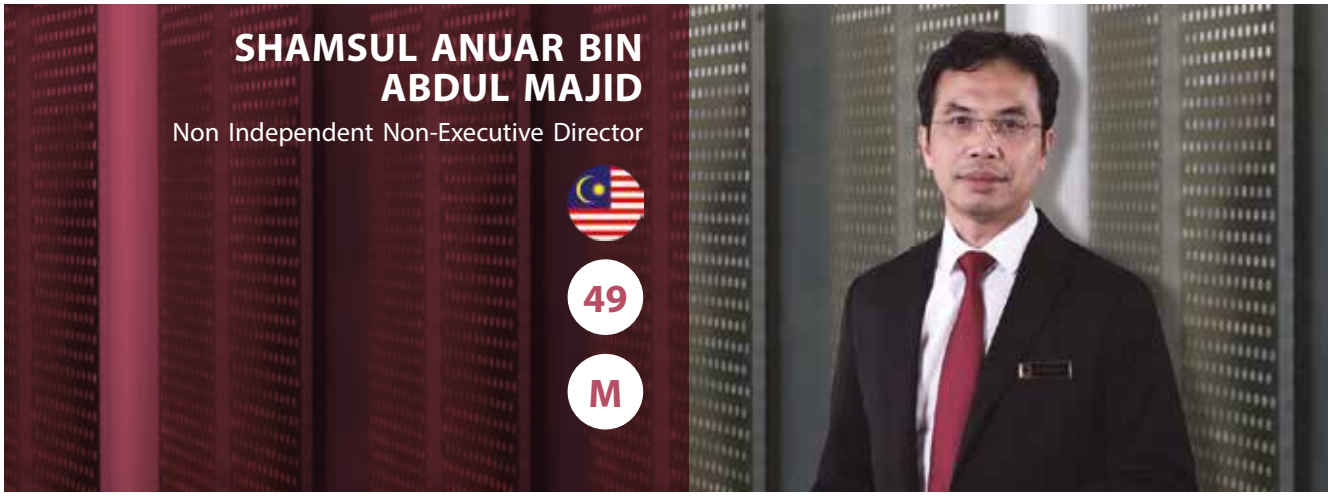
Other Appointment:
1. EPF Investment Panel
2. Minority Shareholder Watchdog Group (MSWG)
3. Malaysia Convention & Exhibition Bureau (MyCEB)
4. Bond Information Exchange

THE BOARD OF **DIRECTORS**



Committee Member	-
Appointment date	21 January 2021
Academic and Professional Qualifications	1. Diploma in Quantity Surveying, Universiti Teknologi MARA 2. Bachelor of Science in Quantity Surveying, Universiti Teknologi MARA
Working Experience	**Present Appointment** 1. Director, Real Estate & Infrastructure, Johor Corporation 2. Group Managing Director, Johor Land Berhad **Past Experiences** 1. Assistant Quantity Surveyor, Yong & Mohd Faiz Sdn Bhd (1989) 2. Technical Services Executive, Island & Peninsular Berhad (1993) 3. Contract Management Executive, KLCC 4.Projeks Sdn Bhd (1993) 4. Project Manager (Petronas Twin Towers Fit-Out) KLCC Projeks Sdn Bhd (1999) 5. Project Manager (University Technology of Petronas Development) KLCC Projeks Sdn Bhd (2003) 6. Project Manager 1 (Prince Court Medical Centre Project) KLCC Projeks Sdn Bhd (2007) 7. General Manager, Nusajaya Development Sdn Bhd (UEM Land Berhad subsidiary)(2007) 8. Director of Operations, Iskandar Development Management Services Sdn Bhd (2013) 9. Chief Development Officer, Iskandar Investment Berhad (2016) 10. Chief Executive Officer, Iskandar Development Management Services Sdn Bhd (IIB Subsidiary)(2018) 11. Chief Operating Officer, Iskandar Investment Berhad (2020)
Other Directorship	**Listed Issuer** Al-`Aqar Healthcare REIT **Public Companies** Nil

THE BOARD OF **DIRECTORS**



Committee Member

Member, Board Investment Committee

Appointment date

24 August 2020

Academic and Professional Qualifications

1. A-Levels, Chemistry, Biology, Physics, Epsom College, Surrey, England
2. Bachelor of Science (Honours), Chemistry, Imperial College London, England
3. Master of Business Administration (MBA), Islamic Finance, International Islamic University Malaysia
4. Member, Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, USA

Working Experience

Present Appointment
Chief Investment Officer, Johor Corporation

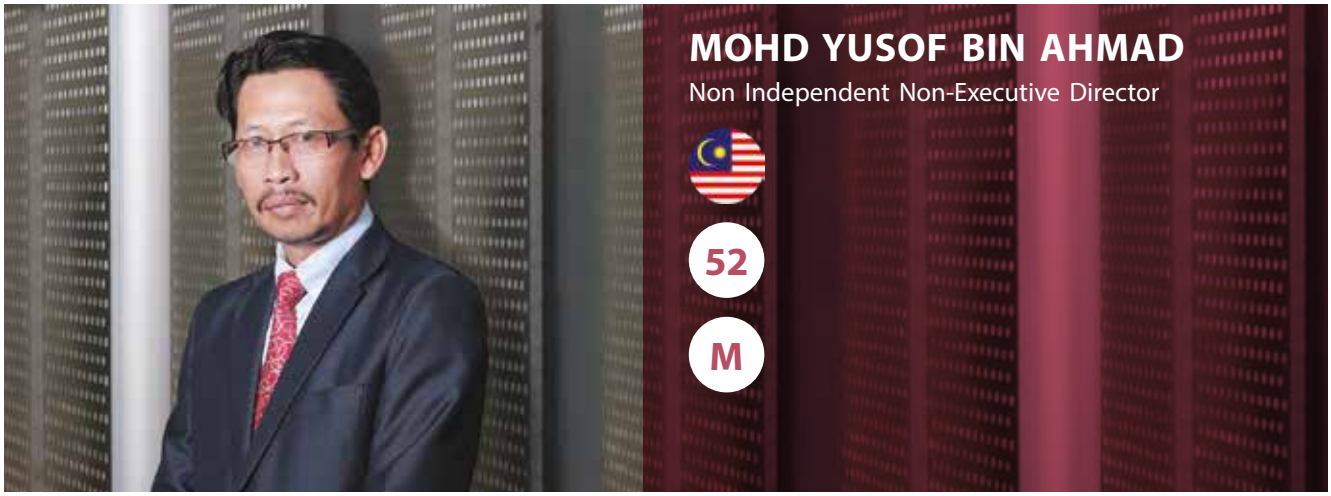
Past Experiences
1. Planning Analyst, Downstream Economics Planning Department, Shell Malaysia (1999)
2. Energy Sector Specialist, The Boston Consulting Group (2001)
3. Vice President, Finance and Special Projects, Grenland Malaysia (2007)
4. Executive Vice President, Strategy & Feasibility, Iskandar Investment Berhad (2011)
5. Special Officer to the Managing Director, Iskandar Waterfront Holdings (2014)
6. Director and Principal Partner, Fikiran Sepakat Sdn Bhd (2017)
7. General Manager, Johor Corporation (2017)

Other Directorship

Listed Issuer
Al-`Aqar Healthcare REIT
KPJ Healthcare Berhad

Public Companies
Nil

THE BOARD OF **DIRECTORS**



MOHD YUSOF BIN AHMAD

Non Independent Non-Executive Director

52

M

Committee Member	Member, Board Audit and Risk Committee
Appointment date	30 January 2014
Academic and Professional Qualifications	Bachelor of Science Surveying (Property Management), Universiti Teknologi Malaysia
Working Experience	**Present Appointment** Executive Director, Johor Land Berhad **Past Experiences** 1. Executive, Johor Land Berhad (1995) 2. Valuation Executive, Johor Land Berhad (1996) 3. Senior Valuation Executive, Johor Land Berhad (2002) 4. Deputy Manager, Johor Land Berhad (2006) 5. Manager, Johor Land Berhad (2010) 6. Senior Manager, Johor Land Berhad (2012) 7. Deputy General Manager, Johor Land Berhad (2014) 8. General Manager of Special Projects JB Urban Redevelopment, Johor Land (2015) 9. General Manager, Special Projects (Property Division) of Johor Corporation (2015)
Other Directorship	**Listed Issuer** Al-`Aqar Healthcare REIT **Public Companies** Waqaf An-Nur Corporation Berhad

Notes: *- None of the directors have:*

- *Any family relationship with any Director of Manager and/or major unitholder of Al-Salām REIT;*
- *Any conflict of interest with Al-Salām REIT;*
- *Any conviction of interest within the past 5 years (other than traffic offences); and*
- *Any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 31 December 2020*

THE SHARIAH ADVISORY COMMITTEE



Appointment date

22 June 2006

Academic and Professional Qualifications

1. Bachelor Islamic Law and Syariah Islamiah, Al-Azhar University, Egypt
2. Master of Arts, Asia e University
3. Doctor of Philosophy (Human Development), Universiti Tun Hussein Onn Malaysia

Working Experience

Currently, he 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). He 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).

He was appointed as Federal Supreme Committee of Islamic Affairs Strengthening Management on 9 August 2018. 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.

Other Directorship

1. Chairman of Yayasan Infaq Angkasa
2. Shariah Adviser Member, Permodalan Nasional Berhad
3. Director, Universiti Tun Hussein Onn
4 Director, Yayasan Wakaf Anak Yatim Malaysia
5. Committee Member, Johor Islamic Council including Zakat, Wakaf, Baitulmal, Teaching Certification and Education
6. Committee Member of various companies within the JCorp Group.
7. Committee Member of various councils including the Johor Royal Congregational Council, Johor Islamic Council's Finance and Investment, Planning and Development units.

THE SHARIAH **ADVISORY COMMITTEE**



PROFESSOR MADYA DR. ABDUL HALIM BIN MUHAMMAD

Member, Shariah Advisory Committee

76

M

Appointment date	22 June 2006
Academic and Professional Qualifications	1. Bachelor in Shariah, Al-Azhar University, Egypt 2. Doctor of Philosophy (PhD) in Shariah, St. Andrews, University of Scotland
Working Experience	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 such as 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.
Other Directorship	1. Shariah Committee Member Al-`Aqar Healthcare REIT 2. Shariah Committee Member Terengganu Trust Fund 3. Trust Fund Amanah Saham Darul Iman 4. Kelantan Ulama Council

THE SHARIAH **ADVISORY COMMITTEE**

ABOUT THE SHARIAH ADVISER

IBFIM is a lifelong learning institution for the Islamic financial services industry. IBFIM is also a registered Shariah adviser under the Capital Market Services Act 2007 and has been providing a wide range of Shariah advisory and consultancy services for Islamic financial services industry since 2001.

As Shariah Adviser to Al-Salam REIT, IBFIM is providing necessary advice to ensure that Al-Salam REIT business is Shariah compliant.

IBFIM was appointed as Shariah Adviser for Al-Salam REIT REIT effective 2 July 2020.

Profile of Designated Person responsible for Shariah matters relating to Al-Salam REIT

In relation to Shariah matters, the designated person responsible for the fund investment activities under Al-Salam REIT is Muhammad Shahier Sa'min. He is currently the Head of Business Development, Business Advisory, IBFIM.

Muhammad Shahier started his career in IBFIM as Consultant (Shariah) in January 2015 and was a member of IBFIM Shariah Committee in 2015 – 2017. He later pursued his career as Senior Executive, Shariah Compliance at Malaysia Debt Ventures Berhad until June 2019. Afterwards, he was offered to join IBFIM again as the Head of Business Development until to date.

At IBFIM, he is responsible in providing input on the advisory, consultancy and research functions with regard to Islamic banking, takaful, Islamic capital market and Shariah-compliant unit trust funds. He is experienced in conversion of conventional product to Islamic as well as audit and review for financial institutions. He is also actively providing training for various inhouse training workshops organized by IBFIM.

Muhammad Shahier graduated with Bachelor of Shariah (Economics and Islamic Banking) (Hons.) from Yarmouk University, Jordan. At present, he is pursuing Certified Professional Shariah Auditor (CPSA). He is registered with the Securities Commission Malaysia as IBFIM's designated person responsible for Shariah matters related to the Islamic funds management related activities.

Notes: *- None of the Shariah Advisory Committee member have:*

- *Any family relationship with any Director of Manager and/or major unitholder of Al-Salām REIT;*
- *Any conflict of interest with Al-Salām REIT;*
- *Any conviction of interest within the past 5 years (other than traffic offences); and*
- *Any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 31 December 2020*

THE MANAGEMENT **TEAM**

WAN AZMAN BIN ISMAIL
Chief Executive Officer
Independent Non Executive Chairman

For further information, please refer to the Board of Directors' profile

SHAHRIL ZAIRIS BIN RAMLI
General Manager

Nationality
Malaysian

Age
51

Gender
Male

Appointment Date
1 July 2012

Qualifications
- Diploma in Investment Analysis, Universiti Teknologi Mara
- Bachelor of Banking and Finance, Bangor University, Wales, United Kingdom
- Capital Markets Services Representative Licence Holder

Directorship
Nil

Working Experience
- Officer, BSN Merchant Bank (1999)
- Manager, Damansara Realty Berhad (2006)
- Senior Manager, Johor Corporation (2012)

Responsibilities
- Develop investment strategies and investment portfolio through strategic acquisitions
- Responsible to overall day to day management and operations of Al-Salām REIT

ROZIAH BINTI ABU BAKAR
Head of Compliance and Risk Management

Nationality
Malaysian

Age
53

Gender
Female

Appointment Date
1 March 2016

Qualifications
- Bachelor of Arts in International Relations, the University of British Columbia
- Masters in Business Administration, Henley Business School, University of Reading
- Enterprise Risk Advisor, Institute of Enterprise Risk Practitioners

Directorship
Nil

Working Experience
- Executive, Corporate Office, Johor Corporation (2004)
- Senior Executive, Business Development Department, Johor Corporation (2007)
- Deputy Manager, Chief Operating Officer Office, Johor Corporation (2010)
- Manager, Akademi Johor Corporation (2013)
- Senior Manager, KFCH International College (2016)

Responsibilities
- Ensure compliance with internal control policies and procedures, securities laws, regulations and relevant guidelines
- Detect and prevent breaches of securities laws, regulations and relevant guidelines and provide regular reports on the effectiveness of a business' compliance measure
- Reviews, monitors and oversees risk profiles (strategic & business, operational, finance, compliance and integrity risks) and their related mitigation programmes
- Plans, implements and oversees risk-related programmes
- Reviews internal audit reports and monitors the performance on internal auditors
- Ensures the development and implementation of the Business Continuity Management Plan
- Oversees the implementation of Sustainability programme

THE MANAGEMENT **TEAM**

SUHAIMI BIN SAAD
Head of Operations

Nationality
Malaysian

Age
51

Gender
Male

Appointment Date
1 July 2006

Qualifications
- Bachelor of Arts (Hons) in Urban Studies and Planning University of Malaya
- Capital Markets Services Representatives License
- Registered Property Manager
  The Board of Valuers, Appraisers, Estate Agents and Property Managers

Directorship
Nil

Working Experience
- Project Admin. Executive, Akitek Akiprima Sdn Bhd (1997)
- Admin. Assistant, Dewina Food Industries Sdn Bhd (2000)
- Marketing Admin. Coordinator, Dewina Trading Sdn Bhd (2001)
- Marketing Executive, Damansara-Harta Management Sdn Bhd (2001)
- Property Executive, Harta Consult Sdn Bhd, 2006

Responsibilities
- Formulate strategies and business plans to ensure continuous asset enhancement initiatives are carried out to enhance property income and values in the long run
- Manage and supervise the services in relation to the Al-Salām REIT's assets

HAMIM BIN MOHAMAD
Head of Corporate Services

Nationality
Malaysian

Age
44

Gender
Male

Appointment Date
16 July 2014

Qualifications
Bachelor in Engineering, Universiti Kebangsaan Malaysia

Directorship
Nil

Working Experience
- Head of Legal, Damansara Realty Berhad (2004)

Responsibilities
- Attend and manage all legal matters in relation to any issues and transactions involving Al-Salām REIT and its assets.
- Responsible for all matters in relation to human resources of the Manager.
- Responsible for day-to-day administration, IT and support services of the Manager.
- Attend and liaise with the company secretaries on any secretarial and company-related matters.

THE MANAGEMENT **TEAM**

MUHAMMAD IKHWAN BIN MUHAMMAD HANAPI

Head of Finance

Nationality
Malaysian

Age
35

Gender
Male

Appointment Date
10 October 2011

Qualifications
- Member, Malaysian Institute of Accountant
- Member, Association of Chartered Certified Accountants

Directorship
Nil

Working Experience
- Audit Assistant, KPMG Desa Megat & Co (2008)
- Assistant Manager, KPMG Desa Megat & Co (2011)

Responsibilities
- Responsible for the management of financial functions including monitoring of cash flow, monitoring and reporting financial performance as well as prepare relevant statutory report for statutory requirement
- Overseeing implementation of Al-Salām REIT short and medium term busines plans, cash and funding managements activities and financial condition.
- Responsible in applying appropriate capital management strategy including tax and treasury matters, as well as finance and accounting matters.

SAHRIN BIN MUNIR

Head of Business Development & Investor Relations

Nationality
Malaysian

Age
39

Gender
Male

Appointment Date
2 May 2013

Qualifications
Bachelor of Management (Technology), Universiti Teknologi Malaysia

Directorship
Nil

Working Experience
- Executive, Damansara Realty Berhad (2008)
- Investment Executive, Pembangunan Ekuiti Sdn Bhd (2011)
- Investment Officer, Felda (2013)

Responsibilities
- Develop investment strategies and grow the Fund's portfolio through strategic acquisitions.
- Implement effective communication strategies with all stakeholders and maintaining continuous engagement with the investment community.

Notes:

None of the Management have:

- any family relationship with any Director of the Manager and/or major unitholder of Al-Salam REIT;
- any conflict of interest with Al-Salam REIT;
- any convictions for offences within the past 5 years (other than traffic offences); and
- any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 31 December 2020

STRATEGIC PERFORMANCE



SECTION 3

Management Discussion and Analysis 36
A. Financial Review 36
B. Operations Review 40
C. Capital Review 51
D. Risk Management 53

Market Report Summary 55

Portfolio Summary and Details 59

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND **BUSINESS REVIEW**

OVERVIEW OF AL-SALĀM REIT

Al-Salām REIT is a diversified Malaysian REIT with a total portfolio asset value of RM1.19 billion. The asset portfolio comprises retail, office, F&B Restaurants and F&B non-restaurant properties.

Aggregate gross floor area of its investment properties as at 31 December 2020 totalled 2.73 million sq ft with 1.96 million sq ft of total net lettable area.

FINANCIAL REVIEW

Table 1: Key Financial Highlights

The Group	FY2019 (RM`000)	FY2020 (RM`000)	Variance (%)
Gross Revenue	94,912	86,101	(9.3)
Net Property Income	69,121	64,970	(6.0)
Trust Expenses	37,578	46,445	(23.6)
Profit for the Year (Realised)	28,395	14,555	(48.7)
EPU (Sen)- Realised	4.90	2.51	(48.7)
The Fund			
Income Available for distribution (Realised)	28,461	12,596	(55.7)
DPU (Sen)- Realised	4.75	2.08	(56.2)

On the back of reductions in revenue by 9.3,% Al-Salām REIT registered a lower net property income (NPI) of RM65.0 million (FY2019: RM69.1 million).

The reduction in revenue and net property income were largely from the retail segment particularly KOMTAR JBCC in the wake of the COVID-19 pandemic but was mitigated by the performance of other segments.

Given the weaker economic climate and reduced consumer consumption especially in the retail segment in FY2020, a vast majority of the Fund's tenants had suffered a slump in business operations. As such, as a support to tenants within our properties, the Manager has opted to provide selective rental assistance in FY2020 which totalled to RM13.4 million and was recognised in the trust expenses. However, this was mitigated by lower Islamic financing costs of RM4.9 million. As a result, Al-Salām REIT registered lower realised earnings per unit (EPU) of 2.51 sen for FY 2020 (FY2019: 4.90 sen).

SEGMENTAL PERFORMANCE

The retail segment reported a total revenue of RM49.4 million and net property income of RM32.8 million, a decrease of RM10.4 million and RM5.8 million compared to the preceding year, respectively. The decline in revenue was mainly attributable to imposition of various MCOs and closure of Malaysia-Singapore border which adversely impacted the retail segment particularly KOMTAR JBCC but was mitigated by lower operating expenses of RM4.7 million from all retail outlets.

The office segment reported a total revenue of RM9.2 million and net property income of RM5.5 million, a decrease of RM0.1 million and an increase of RM0.1 million as compared to FY2019 respectively. The increase in net property income in FY2020 was due to lower operating expenses of RM0.2 million.

The F&B segment recorded a total revenue and net property income of RM16.2 million and RM16.1 million in FY2020 respectively, an increase of RM1.7 million as compared to FY2019. This was due to the full year contribution from 16 QSR Properties acquired in March 2019 and contribution from 5 QSR Properties acquired in September 2020. The properties are on a triple net arrangement with 100% occupancy rate (2019: 100%).

The F&B non-restaurant segment recorded a slight increase of 0.3% in total revenue and slight decrease of 0.5% in net property income in FY2020. The decrease in net property income was mainly due to higher operating expenses at MCHM.

	Gross Revenue			Net Property Income		
	FY2019 RM'000	FY2020 RM'000	Change (%)	FY2019 RM'000	FY2020 RM'000	Change (%)
KOMTAR JBCC	38,140	27,501	(27.9)	20,981	14,444	(77.0)
@Mart Kempas	7,898	7,750	(1.9)	3,767	4,209	(18.5)
Mydin Hypermart Gong Badak	13,825	14,165	2.5	13,810	14,149	(4.5)
Total Retail Segment	**59,863**	**49,416**	**(17.5)**	**38,557**	**32,802**	**(14.9)**
Menara KOMTAR	9,235	9,173	(0.7)	5,447	5,520	1.3
Total Office Segment	**9,235**	**9,173**	**(0.7)**	**5,447**	**5,520**	**1.3**
43 KFC &/or Pizza Hut Outlets	14,503	16,164	11.5	14,472	16,132	11.5
Total F&B Restaurants	**14,503**	**16,164**	**11.5**	**14,472**	**16,132**	**11.5**
Industrial Premises	8,748	8,798	0.6	8,727	8,776	0.6
MCHM	2,563	2,550	(0.5)	2,331	2,224	(4.6)
Total F&B Non-Restaurants	**11,311**	**11,348**	**0.3**	**11,058**	**11,000**	**(0.5)**
Property Manager Fee	-	-	-	(413)	(484)	17.2
TOTAL PORTFOLIO	**94,912**	**86,101**	**(9.3)**	**69,121**	**64,970**	**(6.0)**

PROFIT FOR THE YEAR

For FY2020, Al-Salām REIT recorded a realised profit of RM14.6 million (FY2019: RM28.4 million) and an unrealised loss of RM28.1 million (FY2019: unrealised gain of RM7.8 million).

Realised profit was lower by 48.7% or RM13.8 million mainly attributed to the drop in NPI of RM4.2 million and provision of rental support of RM13.4 million, cushioned by lower Islamic financing costs of RM4.9 million during the FY2020.

The unrealised loss of RM28.1 million was attributed to fair value loss from the revaluation of investment properties of RM31.3 million and deferred tax expense of RM1.2 million, less of unbilled rental income of RM4.4 million.

DISTRIBUTION PER UNIT

Total income available for distribution for FY2020 was RM12.6 million (FY2019: RM28.4 million). This was derived from net realised income of RM14.6 million, less capital expenditures of RM2.0 million paid by internal cash during the year.

The Fund had distributed an interim income distribution of 0.86 sen per unit amounting to approximately RM5.0 million for the period from 1 January to 29 February 2020 on 15 April 2020.

On 26 January 2021, the Manager, declared a final income distribution of 1.22 sen per unit totalling RM7.1 million. The said distribution was paid on 26 February 2021 and has not been included as a liability in the financial statements as of 31 December 2020.

Total income distribution for FY2020 is 2.08 sen per unit (FY2019: 4.75 sen) totalling RM12.1 million, which represents 96% of the income available for distribution.

MANAGEMENT DISCUSSION **AND ANALYSIS**
FINANCIAL AND **BUSINESS REVIEW**

STATEMENT OF FINANCIAL POSITION

Al-Salām REIT's total asset value increased slightly at RM1.25 billion as at 31 December 2020 (FY2019: RM1.25 billion). Total liabilities were higher by 5% or RM32 million, mainly due to the drawdown of Islamic financing of RM31.0 million during the year in relation to the acquisition of 5 QSR properties.

OVERVIEW OF AL-SALĀM REIT

PERFORMANCE BENCHMARKS

Performance Benchmarks	FY2019	FY2020	Commentary
i. Management expense ratio (%)	0.60	0.66	Management expense ratio of 0.66% increased by 10% due to decline in NAV.
ii. Distribution Yield (%)	5.86	3.78	Distribution yield has decreased from 5.86% to 3.78% due to lower DPU.
iii. Total Return (%)	5.86	(28.32)	Total return for the financial year turned negative 28.32% (FY2019: 5.86%) contributed by 32.1% capital loss (FY2019: capital loss of 0%) plus distribution yield of 3.78% (FY2019: 5.86%)
iv. Average annual total return (5 years) (%)	3.75	(2.95)	The 5-year average annual total return decreased due to negative return recorded in 2015, 2017, 2018 and 2020.
v. Average annual total return (3 years) (%)	(2.36)	(11.62%)	The 3-year average annual total return decreased due to negative return recorded in 2017, 2018 and 2020.
vi. NAV per unit (after income distribution) (RM)	1.0619	1.0178	NAV per unit decreased by 4.2% mainly due to loss in fair value of investment properties.

Notes:

i. The ratio of expenses incurred in operating Al-Salām REIT of RM4.1 million (FY2019: RM3.7 million) to the weighted average NAV of Al-Salām REIT of RM620.2 million (FY2019: RM617.8 million).

ii. Based on DPU of 2.08 sen (FY2019: 4.75 sen) divided by its closing price as at 31 December 2020 of RM0.55 (FY2019: RM0.81).

iii. Total return represents the change in unit price during the year plus distribution yield for the year.

iv. Average annual total return is the sum of the return rates of Al-Salām REIT over a given number of years divided by that number of years.

v. Average annual total return is the sum of the return rates of Al-Salām REIT over a given number of years divided by that number of years.

vi. Net asset value per unit is determined by deducting the value of all Al-Salām REIT's liabilities from the total asset value divided by total issued units.

STATEMENT OF CASH FLOWS

Operating activities

Net cash generated from operating activities was RM28.4 million in FY2020, lower by RM34.9 million in FY2019. This was mainly due to lower revenue from retail, segment provision of rental support to tenants and longer collection period from tenants.

Investing activities

Al-Salām REIT spent RM1.7 million for investing activities in FY2020 (FY2019: RM0.2 million). Investing activities for the financial year comprises the acquisition of 5 QSR properties as well as expenditure on equipment and capex.

Financing activities

Net cash used in financing activities during the financial year was RM29.3 million, mainly related to payment of Islamic financing costs and income distribution of RM27.0 million and RM13.1 million, respectively.

Hence, as at 31 December 2020, the Fund's cash and cash equivalent position stood at RM28.8 million, a decrease of RM2.6 million from FY2019.

Fair Value of Investment Properties

As at 31 December 2020, the value of Al-Salām REIT's properties stood at RM1.19 billion (FY2019: RM1.19 billion), an increase of 0.15%. The increase was due to the acquisition of 5 QSR Properties at a purchase consideration of RM28.3 million, offsetted by net fair value loss of RM31.3 million.

The portfolio property yield for FY2020 decreased from 5.92% to 5.56% mainly due to the lower performance of KOMTAR JBCC during the financial year.

	Fair Value @ 31 Dec 2019 (RM'000)	Fair Value @ 31 Dec 2020 (RM'000)	Property Yield 2019 (%)	Property Yield 2020 (%)
Retail				
Komtar JBCC	462,000	432,000	4.54	3.34
@Mart Kempas	68,000	70,000	5.71	6.01
Mydin Hypermart Gong Badak	161,000	164,000	8.58	8.63[iii]
Office				
Menara KOMTAR	73,000	73,000	7.46	7.56
F&B Restaurants				
38 KFC and/or Pizza Hut Outlets	253,935	284,464[iii]	6.14	6.11[ii]
F&B Non-Restaurants				
Industrial Premises	141,700	141,590	6.19	6.20
MCHM	30,000	33,800	7.77	6.58
TOTAL	**1,187,635**	**1,198,854**	**5.92**	**5.56**

Notes:

i. Appraised value based on valuation carried out by an independent professional valuer, Cheston International (KL) Sdn Bhd, VPC Alliance (Kajang) Sdn Bhd and IM Global Property Consultant Sdn Bhd on 31 December 2020.

ii. The acquisition of 5 QSR Properties was completed on 17 September 2020.

iii. Annualised property yield computed based on NPI (which includes unbilled rental income) from completion date of acquisition to 31 December 2020.

MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Retail Segment - KOMTAR JBCC

OVERVIEW OF PROPERTY

Located in the heart of the Central Business District of Johor Bahru City Centre, KOMTAR JBCC offers an array of outlets of international as well as local luxury brands.

The 4-storey shopping mall with indoor parking facilities is attached with an existing 25 storey purpose-built office tower known as Menara KOMTAR and a 37-storey purpose-built Grade A office tower known as Menara JLand.

Being adjacent to the CIQ with excellent pedestrian connectivity to the mall allows KOMTAR JBCC to further capitalise on visitors and shoppers from outside its identified catchment.

The launch of Holiday Inn Johor Bahru City Center in second half of 2020 as part of KOMTAR JBCC's mixed use development is also expected to further increase catchment of the mall moving forward.

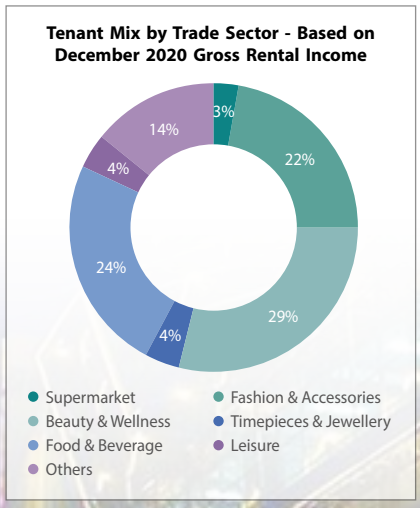
Existing Use	4 level shopping mall
GFA (sq ft)	623,374
NLA (sq ft)	382,465
Number of Car Park Bays	1,049 car parking bays and 480 motorcycle parking bays
Market Value	RM432 million
Number of Tenancies	96

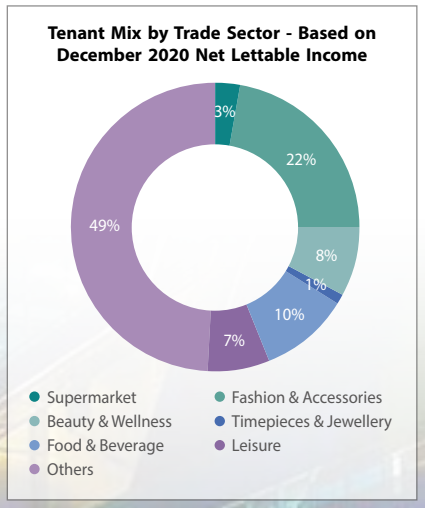
KOMTAR JBCC

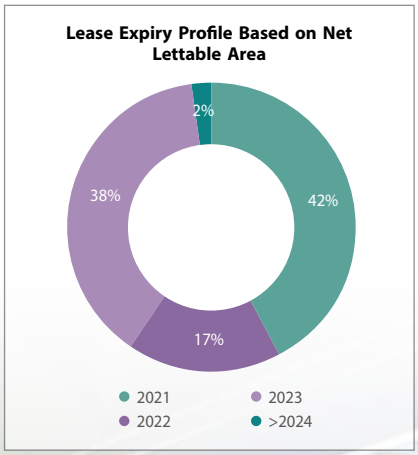
Occupancy as at 31 December 2020 **57%**

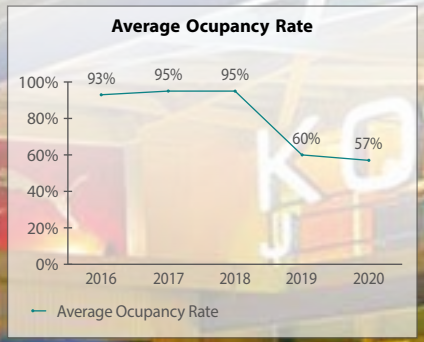
TOP 10 TENANTS

Tenant	% Total Income
Angry Bird Family	3
RHB Bank	3
Good2u Outlet Store	3
Padini Concept Store	3
Oven & Fried Chicken (OFC)	3
F.O.S	3
Kapitan Grocer	3
Kiehl's	3
Mark & Spencer	2
Guardian	2









MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Retail Segment - KOMTAR JBCC

ASSET PERFORMANCE

In FY2020, KOMTAR JBCC saw a reduced financial contribution to the Fund. Due to the extended MCO and prolonged Malaysia-Singapore border closure, rental performance for the asset was subdued for FY2020.

While tenant occupancy rates were comparatively stable at 57% (FY2019: 60%), the COVID-19 pandemic and the subsequent MCO had impacted overall footfall to the mall, resulting in reduced business for the mall's tenants. With less customers and reduced revenue, many tenants faced difficulties in paying their rents.

In retaining these long-standing tenants, the mall management opted to provide rental rebates and the rebates have impacted the mall's overall contribution to Al-Salām REIT. The strategy has been effective in retaining tenants in light of the challenging environment.

Other factors that impacted overall performance in FY2020 included the continued lack of specialty tenant. Although the completion of the shopping mall's vacant ground floor renovation works is expected to field new tenants, nonetheless, progress to fill up space was hampered by medium term leasing headwinds due to the current environment.

The Manager's intention to enhance the mall's tenant mix towards including more experiential retail tenants such as F&B and wellness brands had to be deferred due to the pandemic. The focus in FY2020 was on retaining existing tenants to ensure stable occupancy rates across the financial year.

ASSET ENHANCEMENT INITIATIVES

In FY2020, several Asset Enhancement Initiatives (AEIs) totalling RM3.26 million were undertaken at KOMTAR JBCC. This included renovation of the ground floor and refurbishment of empty lots.

The purpose for undertaking these AEIs were to enhance the value proposition of the vacant lots towards increasing rental viability, and to allow for a more conducive events space for marketing and promotional activities.

Given the present pandemic period, the true impact of these AEIs will be felt in the second half of FY2021.



MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Retail Segment - KOMTAR JBCC

RESPONSE TOWARDS COVID-19 PANDEMIC

Al-Salām REIT aims to keep all buildings continuously operating in a safe and orderly manner. The main objective of the ongoing COVID-19 pandemic response is to reduce transmission to the tenants and also to the visitors. Al-Salām REIT actively coordinates and manages issues arising from the COVID-19 pandemic and has implemented a programme to regularly clean and sanitise all high-risk areas.





Sanitisation works taken place in KOMTAR JBCC

CHALLENGES AND PROSPECTS

The outlook for the retail sector for FY2021 appears challenging. The continued presence of the COVID-19 pandemic and the reimposition of a strict MCO in January 2021, will dampen the nascent recovery of the sector. While consumers may opt for digital channels for their daily consumption needs, most or many will still flock to the malls for experiential shopping such as dine-in, wellness, healthcare, social events and activities.

Hence, the strategy to progressively increase the overall experiential tenant mix and to undertake AEIs to create a conducive environment for experiential retail. However, the strategy hinges on a recovery in consumer confidence to patronise shopping malls. This requires a speedy and effective resolution to the present pandemic. It is hoped that the distribution of vaccines by the first quarter of FY2021 will provide a swifter and permanent resolution to the COVID-19 pandemic and thus enable a recovery in the economy as well as consumer confidence.

Additionally, reopening of the Singapore – Johor Causeway should improve the mall's performance. We look forward to such development in FY2021. The Management of KOMTAR JBCC also intends to collaborate with e-commerce platform providers to enable omni-channel access to current/future tenants of the mall moving forward. The mall manager had commenced work on an e-commerce portal to consolidate all the tenant retailers in the group and built to accommodate other local and international retailers.

MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Retail Segment - @Mart Kempas

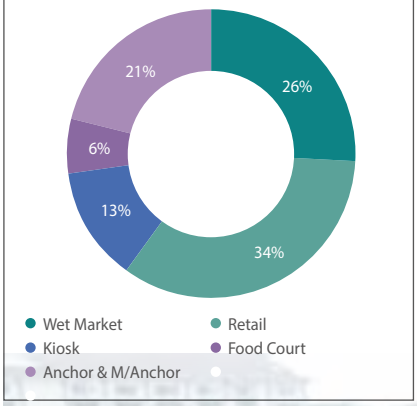
OVERVIEW OF PROPERTY

@Mart Kempas is a single storey purpose-built hypermarket which had commenced operations since March 2011. Located within Kempas, Johor Bahru surrounded by residential and commercial area, @Mart Kempas' layout is divided into several areas for, amongst others, a fresh market, dry retail lots, a food court and various promotion area.

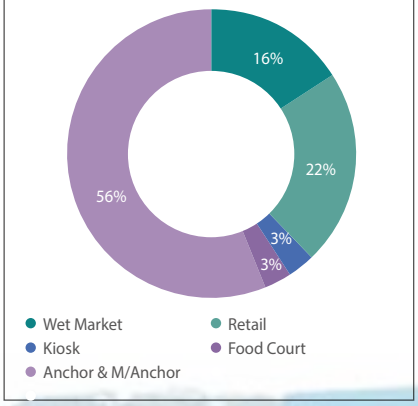
The 'one stop convenience hypermarket' targets the lower and medium market that offers cleaner and more convenient shopping experience compared to the traditional wet market.

Existing Use	Community Hypermarket
GFA (sq ft)	164,625
NLA (sq ft)	98,247
Number of Car Park Bays	478
Market Value	RM70 million
Number of Tenancies	211

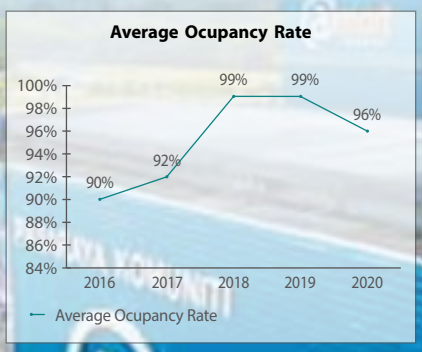
Tenant Mix by Trade Sector - Based on December 2020 Gross Rental Income



Tenant Mix by Trade Sector - Based on December 2020 Net Lettable Income



Average Ocupancy Rate



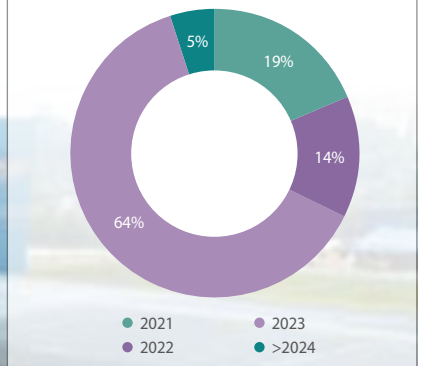
@MART KEMPAS

Occupancy as at 31 December 2020 **96%**

TOP 10 TENANTS

Tenant	% Total Income
Unified Vision Sdn Bhd (Midas)	10
J&E Telecommunication Sdn Bhd	3
Pasaraya ku Trading (Melaka) Sdn Bhd	3
Linkme LM Trading Sdn Bhd	2
Kasut U Sdn Bhd	2
Lionmas Furnitures (M) Sdn Bhd	2
Jeko Long Sdn Bhd	2
Cosmo Restaurants Sdn Bhd	2
Ashri Soya Enterprise	2
Mr. D.I.Y. (Johor) Sdn Bhd	1

Lease Expiry Profile Based on Net Lettable Area



MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Retail Segment - @Mart Kempas

ASSET PERFORMANCE

@Mart Kempas continues to prove its resilience as a community-centric hypermarket. Given its strategic location, the high convenience factor of shopping at the hypermarket and a large variety of household items available, @Mart Kempas continued to be a preferred location with local shoppers.

However, many of the existing tenants did face financial issues. Consistent with the approach adopted for KOMTAR JBCC, rebates were provided on a case-by-case basis. This has enabled occupancy rates to remain stable at 96% in FY2020. The lease expiry profile has also reduced from a high of 73% during the financial to just 19% in FY2021.



MAJOR ASSET ENHANCEMENT INITIATIVE

Initial plans for a RM22 million expansion to add 30,000 sqft of lettable space was deferred given the unfavourable operating environment. The proposal will be relooked in the coming financial year.

The expansion will see @Mart Kempas expand from a single storey hypermart into one and half-storey retail asset with an increase of 130 car parking bays. This will meet requirements for sufficient medium and long-term capacity.

CHALLENGES AND PROSPECTS

The macro retail sector remains challenging, but @Mart Kempas can leverage on its strategic competitive positioning within the local community. The retail asset's strong branding and consumer familiarity, the presence of reputable tenants and many other compelling factors, cumulatively provide the supermarket with a distinct competitive advantage.

The focus going forward, is to leverage on the inherent strengths of the asset towards pursuing business growth. The Manager will work closely with tenants, especially the anchor and mini-anchor tenants to develop strategies to attract footfall to @MartKempas.

This may include providing extra conveniences, such as free parking during specific operating hours, extending operating hours with the approval of regulatory authorities and other strategies. Focus will also be placed on seeking feedback from all tenants towards developing a more conducive physical environment for retailers as well as consumers.

Other strategies include:

- Continual assessment and if need be, repositioning the lessee trade mix to ensure the community mart is constantly fresh in its commercial space offering
- Diversify and generate more robust non-core income flow including advertising space rental as well as creating new tenanted and promotional areas
- Notching up footfall volume through year round promotional activities, revenue-maximising events as well as continuing to offer quality products at affordable prices.

MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Retail Segment - Mydin Gong Badak

OVERVIEW OF PROPERTY

Mydin Hypermart Gong Badak is a double storey hypermart with business activity in retailing and wholesaling. The mall comprises conventional retail lots including F&B lots, promotion lots, kiosks, push carts as well as ancillary lots, bazaar lots and food court.

Unlike traditional warehouse type hypermarts, Mydin Hypermart Gong Badak is constructed as a modern shopping mall that provides a more leisure-like ambience. The strategic location of the hypermart along the eastern side of Jalan Tengku Ampuan Intan Zahrah, one of the main development thoroughfares of Kuala Terengganu town is a main attraction to locals.

As at 31 December 2021, Mydin Hypermart Gong Badak continues to have a 100% tenancy occupancy rate.

Existing Use	Hypermart
GFA (sq ft)	589,232
NLA (sq ft)	253,752
Number of Car Park Bays	805
Market Value	RM164 million
Number of Tenancies	1

LEASE TERM

As stipulated in the lease agreement dated 26 September 2018, the lease will be for a term of thirty years ending on 20 September 2048 with an option to renew which the length will be mutually agreed between Al-Salām REIT and the lessee.

MAJOR ASSET ENHANCEMENT INITIATIVE

The property are on a triple net lease arrangement and therefore, no major asset enhancement initiative was undertaken in FY2020. The Fund will continue to enhance the relationships with the tenants and proactively attend to tenants' needs and requirements.



MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Office Segment - Menara KOMTAR

OVERVIEW OF PROPERTY

The 25-storey, Menara KOMTAR is a purpose-built office tower located in Flagship Zone A of Iskandar Malaysia which is established with the key development strategy to regenerate Johor Bahru into a vibrant economic centre while preserving its cultural and heritage values.

It is also located strategically within proximity of the world's most dynamic economic at the confluence of important East-West trade routes and part of the Indonesia-Malaysia-Singapore Growth Triangle.

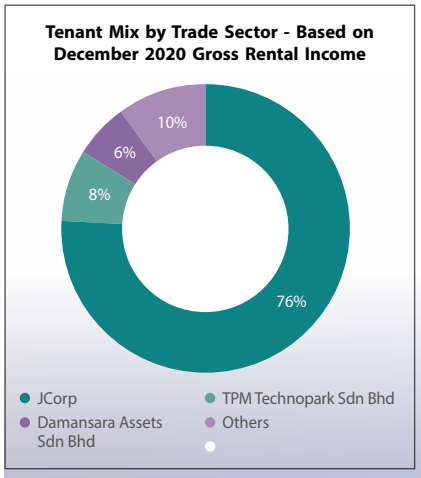
Existing Use	Community Hypermarket
GFA (sq ft)	242,195
NLA (sq ft)	160,592
Number of Car Park Bays	208
Market Value	RM73 million
Number of Tenancies	19

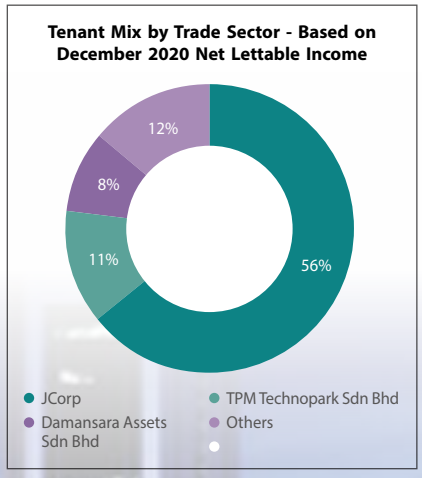
MENARA KOMTAR

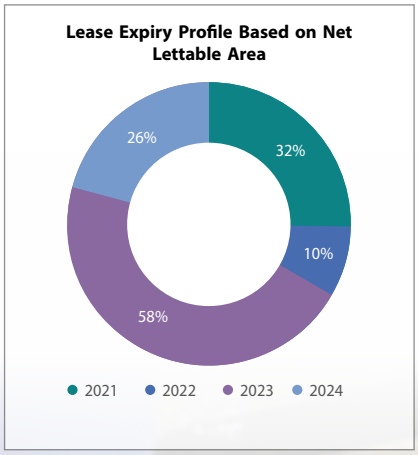
Occupancy as at 31 December 2020 **86%**

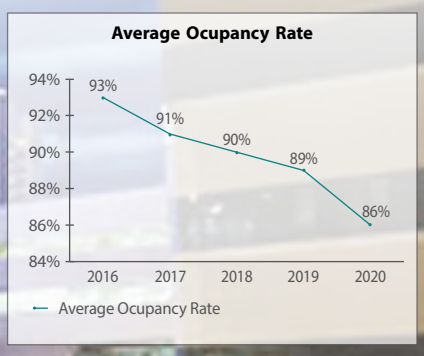
TOP 10 TENANTS

Tenant	% Total Income
JCORP	76
TPM Technopark Sdn Bhd	8
Damansara Assets Sdn Bhd	6









MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Office Segment - Menara KOMTAR

ASSET PERFORMANCE

Menara KOMTAR registered a stable performance in FY2020 on the back of strong tenants who have signed long-term leases. The performance was consistent with the overall performance of the office property segment, which was relatively resilient in FY2020.

Menara KOMTAR was affected by incoming supply of new office space in Johor Bahru as well as the rise of serviced offices, co-sharing workspaces and new commercial trends. However, Al-Salām REIT is confident in Menara KOMTAR's sustained competitive advantages including its strategic location in close proximity to the surrounding city centre, excellent connectivity and access to convenient travel and equally important, good building management and supporting services.

The asset is well maintained and in good condition, which is important in attracting and retaining tenants.

MAJOR ASSET ENHANCEMENT INITIATIVE

No major asset enhancement initiative was undertaken in FY2020. The Fund will continue to enhance the relationships with the tenants and proactively attend to tenants' needs and requirements.



OUTLOOK AND PROSPECTS

The office segment is expected to remain stable in FY2021 though downward pressures remain. Incoming supply may lead to increased competition and thus reduced rentals to retain tenants.

One of the key strategies would be to approach tenants to commit to longer term leases beyond a year and the building management continues to actively engage its tenants towards this end.

The Manager will also explore the commercial feasibility of remodelling some of the existing vacant office space at Menara KOMTAR into co-working/flexible workspace to capture the niche market of start-up businesses, sole proprietors, freelancers and others.

MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Food & Beverage Segment - KFC & Pizza Hut Restaurant

OVERVIEW OF PROPERTY

The Food & Beverage Restaurant segment comprises 43 restaurant properties located across Malaysia. The properties support the food and beverage operations of QSR, specifically in relation to the operations of fast food brands namely KFC and Pizza Hut. Al-Salām REIT leases all properties to the QSR Group of Companies.

Description	No of Properties	Market Value (RM)
Restaurant located at shophouses/offices	23	RM75.0 million
Single-storey restaurants building with drive-through outlets	16	RM189.0 million
Restaurants at mall	4	RM20.5 million
Total	**43**	**RM284.4 million**

LEASE TERM

Pursuant to the master lease agreements, the properties are leased based on a Triple Net Lease for a term of 3 years, renewable every 3 years (Rental Period) up to a maximum of 15 years (Lease Term). Upon expiry, the Lease Term can be extended for a further period of 15 years (Extended Lease Term).

No of Properties (Second Acquisition)	First Rental Period
16	19 March 2019 – 18 March 2022
5	17 September 2020 – 16 September 2023

No of Properties (First Acquisition)	Second Rental Period
11	6 May 2018 – 5 May 2021
10	29 September 2018 – 28 September 2021

Note : 1 property at Megamall Pinang Shopping Complex is currently untenanted since 29 September 2020 and the Manager has appointed a property agent to market the property to a prospect tenant.

MAJOR ASSET ENHANCEMENT INITIATIVE

No major asset enhancement initiative was undertaken in FY2020. The Fund will continue to enhance the relationships with the tenants and proactively attend to tenants' needs and requirements.

OUTLOOK AND PROSPECTS

The F&B sector is expected to remain resilient in FY2021. In FY2020, despite the effects of the COVID-19 pandemic, the sector continued to post positive growth. Hence, the same trend is foreseen for FY2021.

The 16 drive-through outlets are expected to record growth in the current pandemic period due to its ability to offer 4 distinct marketing channels, namely drive-through, dine-in, take-away and delivery. The QSR brands such as KFC and Pizza Hut are Malaysian favourites and thus customer traction will remain strong.



MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Non-F&B Restaurant - Industrial Premises

OVERVIEW OF PROPERTY

Al-Salām REIT has 6 industrial/warehouse properties with a cumulative market value of RM141.6 million. The 6 properties located across Malaysia support the Food & Beverage operations of KFC and Pizza Hut, the fast food brands under QSR.

The said properties leased to QSR based on a Triple Net Lease for a term of 3 years, renewable every 3 years (Rental Period) up to a maximum of 15 years (Lease Term). Upon expiry, the Lease Term can be extended for a further period of 15 years (Extended Lease Term).

LEASE TERM

No. of Properties (Second Acquisition)	First Rental Period
1	19 March 2019 – 18 March 2022

No of Properties (First Acquisition)	Second Rental Period
2	6 May 2018 – 5 May 2021
3	29 September 2018 – 28 September 2021

MAJOR ASSET ENHANCEMENT INITIATIVE

The properties are on a triple net lease arrangement and therefore, no major asset enhancement initiative was undertaken in FY2020. The Fund will continue to enhance the relationships with the tenants and proactively attend to tenants' needs and requirements.

OUTLOOK AND PROSPECTS

The industrial segment is expected to remain robust on the back of continued strong demand. Hence, Al-Salām REIT will look to grow its portfolio of industrial properties by acquiring warehouse of similar type, yield accretive properties. Specifically targeted industrial assets would be assets related to integrated warehousing and last-mile delivery for retail tenants.



MANAGEMENT DISCUSSION **AND ANALYSIS**

OPERATIONAL REVIEW **(ASSET PERFORMANCE)**

Non-F&B Restaurant - Malaysian College of Hospitality & Management

OVERVIEW OF PROPERTY

The property is a 4-storey building known as Malaysian College of Hospitality & Management (MCHM) located in Bandar Dato' Onn, a self-contained, residential township located 12 km from Johor Bahru. The 597-hectare (1,474 acre) Bandar Dato' Onn will be home to more than 90,000 residents across 19 neighbourhood upon expected completion in 2025.

The building has a 100% occupancy rate as at 31 December 2020.

RENTAL TERM

MCHM is currently rented by two tenants. The tenancies for MCHM are for a term of 3 years subject to a compulsory renewal for further 2 terms of 3 years each per term. The current rental period will expire on 31 October 2022.

MAJOR ASSET ENHANCEMENT INITIATIVE

Given that the building is in good condition, no major expansion, renovation or asset enhancement initiatives are planned for the near future. Furthermore, there is no requirement from the existing tenants to expand their operations.

OUTLOOK AND PROSPECTS

The education market segment has remained resilient throughout the ongoing pandemic outbreak. Accordingly, MCHM being the Fund's sole college property is expected to continue to provide stable earnings deriving from lease arrangement with KPJ Group's education arm.



MANAGEMENT DISCUSSION **AND ANALYSIS**

CAPITAL **REVIEW**

CAPITAL MANAGEMENT

The Manager's capital management strategy for Al-Salām REIT is to maintain an appropriate gearing level and active financing rate to ensure that the Fund is able to service its Islamic financings and liabilities. The capital management strategy also seeks to reduce exposure to fluctuations in financing rates. The approach ensures improved cashflows and cash position while optimising Al-Salām REIT's distributable income.

The following capital management strategies were implemented in FY2020:

- Maintaining a diverse range of sources for debt funding. These include Islamic term financing and Sukuk;
- Retaining sufficient cash flows and cash position to service all financing obligations
- Constantly reviewing the Fund's debt portfolio towards identifying optimal debt refinancing strategy towards reducing cost of financing and
- Actively managing the range of maturities of its various financing obligations such as Sukuk to reduce refinancing risk and to optimise the cost of capital.

As at 31 December 2020, Al-Salām REIT's Islamic financing portfolio comprises the following:

	FY2019	FY2020
Total Borrowings (RM Mil)	597.5	633.9
Average Cost of Financing (%)	5.41	4.27
Fixed/Floating Ratio	100% Floating	100% Floating
Average Maturity Period (years)	2	3
Financing Service Cover ratio (times)	3.00	2.57
Gearing ratio (%)	47.8	50.5

	2019 (RM)	2020 (RM)
Non-Current:		
Term Financing-i	87,026,400	118,000,000
Sukuk Ijarah	-	468,000,000
	87,026,400	**586,000,000**
Less: Transaction cost	(1,025,584)	(4,144,099)
	86,100,816	**581,855,901**
Current:		
Commodity Murabahah Term Financing-i	350,000,000	-
Sukuk Ijarah	162,785,000	52,000,000
	512,785,000	**52,000,000**
Less: Transaction cost	(1,253,163)	-
	511,531,837	**52,000,000**
Total Islamic Financing	**597,532,653**	**633,855,901**

SUKUK IJARAH

On 24 August 2020, the Group issued RM520.0 million in nominal value of IMTNs (Issue 2) with a transaction cost amounting RM3.9 million. The issuance was used to refinance the maturity of Issue 1 and CMTF-i amounting to RM162.8 million and RM350.0 million respectively.

MANAGEMENT DISCUSSION **AND ANALYSIS**
CAPITAL **REVIEW**

TERM FINANCING-I

On 27 February 2019, Al-Salām REIT obtained the Term Financing (TF-i) of up to RM118.0 million to finance the Proposed Acquisition of 22 QSR Properties.

On 19 March 2019, the Fund's drawdown of RM87.0 million was to complete the acquisition of 17 QSR properties which comprises 16 restaurants and a warehouse. On 17 September 2020, the Fund's drawdown of an additional RM30.9 million was to complete the acquisition of 5 restaurants properties from QSR.

MOVING FORWARD

Given that all the Islamic financings are on floating financing basis, the Manager is considering several options to mitigate financing risk in the near future. Nevertheless, on the upside, the Fund has been enjoying the recent reductions in the OPR by Bank Negara Malaysia from 3.00% in November 2019 to 1.75% in July 2020. This has been reflected in the reduction in the Fund's financing costs from RM33.8 million in FY2019 to RM28.9 million in FY2020.

The gearing of Al-Salām REIT as of 31 December 2020 is 50.5%. Although the SC had previously set the maximum gearing limit at 50%, on 12 August 2020 the SC announced that it will temporarily increase the gearing limit of Malaysian REITs from 50% to 60%, effective immediately until 31 December 2022.

Al-Salām REIT is looking to pare down current debt levels to a more manageable degree with the aim of achieving optimum gearing in the coming year. The Fund plans to attain this target via implementing placements as well as assessing other cost-effective financing solutions to obtain the most optimal capital structure moving forward.

Al-Salām REIT had planned to undertake a placement exercise in Q1 FY2020. However, given the turbulent economic conditions, the Manager proceeded to defer this exercise until market conditions are more favourable.

Al-Salām REIT will continue to execute proper stewardship of capital and risk in its pursuit to deliver long term and sustainable value to the unitholders as well as all stakeholders involved.

MANAGEMENT DISCUSSION **AND ANALYSIS**
RISK **MANAGEMENT**

3.5 KEY RISK FACTORS

The Manager promotes a proactive and effective risk management which forms a fundamental part of Al-Salām REIT's business strategy. A sound and robust risk management framework ensures that the Manager is ready to meet challenges and seize opportunities.

The Management consistently identified anticipated or known risks that the group is exposed to which may have a material effect on the group's operations, performance, financial condition, and liquidity and a discussion of the plans or strategies to mitigate such risks.

The assessment and discussion of the risks involved outsourced functions which constitute an integral part of risk profiles of the Fund.

a) performing due diligence on the nature, scope and complexity of the outsourcing to identify key risk areas and risk mitigation strategies;

b) conducting review of its outsourcing arrangement and identifying new risks which may arise; and

c) analysing the impact of the outsourcing arrangement on the overall risk profile of the Fund, and whether there are adequate measures and resources in place to mitigate the risks identified.

Anticipated and Known Risk Profiles

Focus Areas	Disclosures
Sustainable Performance and Competitive Returns to Unitholders	
Properties become not yield-accretive due to declining net property income as a result of decreasing demand for retail and office spaces. This leads to lower occupancy rates, rental income & NPI against fixed operation and maintenance costs. As a result of declining profitability, the returns to unitholders will be adversely affected.	The growth of eCommerce and COVID-19 situation have significantly affected the retail and office space sectors. In addition, as more people become accustomed to the new norm of online shopping and working from home, this will adversely affect both sectors. The oversupply situation in office space will continue to be challenging in 2021. In order to mitigate the changes in the industrial trends, the Manager is planning a repositioning exercise for KOMTAR JBCC which involves change in tenancy mix (eg. healthcare component in the mall). In addition to the above, the Manager has shifted its leasing strategy which increase casual leasing in common areas to rent vacant lots to tenants for a short period of time (1- 3 months)
Competition	
The properties under the portfolio face increased competition from other existing properties as well as upcoming properties in the surrounding area.	The Manager undertakes active marketing and promotional strategies with the aim to maximise occupancy rate. Due to stiff competition in the retail sector, the Manager has decided to revise the rental rates of renewing tenants.

MANAGEMENT DISCUSSION **AND ANALYSIS**
RISK **MANAGEMENT**

Focus Areas	Disclosures
Financing	
The issuance of strata title for KOMTAR JBCC to enable the financiers to perfect the charge on the property did not meet the timeline set by the financiers on 31 Dec 2018. Due to the delay in securing perfection of transfer and charge over strata titles of KOMTAR JBCC and Menara KOMTAR, the bank has imposed a higher borrowing rates for the financing of the property. The Fund is currently being charged with a higher interest rate of 15 basis points in connection with the strata title issue.	The Manager is currently undertaking aggressive engagements with regulatory bodies such as the Majlis Bandaraya Johor Bahru, Fire Department (Bomba) and Jabatan Ukur dan Pemetaan Malaysia (JUPEM) to expedite the process. The target completion is the fourth quarter of 2021.
Outsourcing Arrangement Risk	
The Manager outsources certain core functions such as property management, maintenance and services and leasing to appointed Property Manager and Service Manager. Rise in tenants' number of complaints, failure in securing good tenants and providing good tenancy mix, inefficiencies property management, data errors in management reports and Increase in the frequency of machinery/equipment breakdown are consequences of inadequate monitoring	Close monitoring services and performance is required to ensure outsourced service providers perform their duties. The monitoring mechanisms include: • Annual evaluation of outsourced service providers and tabling the evaluation report to the Board of Directors • Compliance to establish standard operating procedure • Internal audit report • Monitor the number of complaints and time taken to resolve issues • Conduct tenants satisfaction survey
Credit Control	
Debtors ageing has exceeded the 90-days limit. Non-payment of rentals increases the risk of default whilst affecting the cash flow of the Fund	The Manager has put in place a credit control policy and will enforce its implementation. This include: • Having a designated credit control unit • Credit control assessment prior to signing the lease agreement • Securing a higher deposit, depending on asset type and credit control assessment report
Cyber Security Risks	
Cyber security breaches, for example, can damage a company's reputation, which is difficult to insure against.	Penetration test and IT risk assessment exercise has kicked-off in February 2021 and is expected to be completed in mid-March 2021. The exercise is aimed at ensuring that the cybersecurity and BCM Framework are robust and in place. Disaster Recovery Plan is carried out quarterly
Human Capital Risk	
Succession risk which refers to the fact that a critical role will become vacant and cannot be filled satisfactorily thus, poses an unacceptable impact on the organisation. Strategic implementation of activities and processes designed to decrease the likelihood of lengthy vacancies in critical roles, and limiting the impact of vacancies in critical roles when they do occur is critical.	A comprehensive programme to develop Succession Framework will be developed. This will involve, among others: a) talent development programme - its target participants - programme design - roles and responsibilities - nomination process - assessment and selection process - evaluation of participants and program effectiveness b) Role on-boarding c) Retention management d) Capturing and sharing tacit knowledge e) Performance management

MARKET REPORT **SUMMARY**

1. ECONOMIC OVERVIEW

We expect the Malaysian economy to grow +5.1% in 2021 after the 5.4% contraction in 2020. But there are speed bumps on the road to recovery as Malaysia is going through its third wave of COVID-19 infections, thus the re imposition of restrictions. This necessitates continued monetary and fiscal stimulus, including BNM keeping the record low OPR and Government maintaining large deficit spending in 2021.

Availability of COVID-19 vaccines starting 1Q 2021 is an extra stimulus for the economy, plus potential upside from relocation FDI amid the supply chain security, resilience and regionalization arising from US China tension, pandemic and Regional Comprehensive Economic Partnership (RCEP). Domestic political uncertainty and instability remains a major overhang as the Government's thin Parliament majority makes a snap general election ahead of mid 2023 a possibility. We are also keeping an eye on the economic "scarring effect" of the pandemic which may well be currently masked or delayed as financial and fiscal relief measures are extended into 2021.

For Malaysia equities, the multiple COVID-19 vaccine breakthroughs announced from early November, and the expedited approvals and distribution in major economies from Dec, is a game changer. While pandemic accelerated structural shifts will continue to underpin tech led growth stocks, 2021's "Goldilocks" combination of continuing fiscal and monetary stimulus, even as earnings growth recovers with accelerated economic re openings, is ideal for re rating global cyclical plays, especially value stocks heavy emerging markets which are enjoying the additional tailwind of a weakening USD.

While Malaysia's recovery story is shadowed by political uncertainties and fiscal stress, these are unlikely to derail equities favouring combination of sequential earnings recovery and the supporting factors of i) a resilient banking sector set to deliver an earnings rebound vis à vis ample liquidity, capital; ii) infrastructure stimulus per record gross development expenditure allocation; iii) BNM's ability to tap multiple policy levers to support economic recovery; iv) rebounding commodities prices re the key exports and fiscal drivers of crude oil and CPO; and v) asset reallocation flows out of fixed income per MKE's mildly bearish outlook on MGS as demand supply dynamics weaken. Re thematics, there are tentative signs of GLC restructuring; however, structurally, dividend yield and supply chain relocation are more cogent.

(Extracted from Maybank Economic Report 2020: Malaysia 2021 Outlooks and Lookouts)

2. MALAYSIAN REIT

2020 has been an exceptionally challenging year for M-REITs due to the COVID-19 pandemic which has deeply impacted M-REITs with high exposure to retail and hospitality assets. The lower FY20 earnings (YoY) were mainly impacted by rental support, softer occupancy rates (selected properties) and drop in non-rental income (i.e. car park, advertising). The sector's 2020 YTD average unit price has fallen by 14%. Meanwhile, 2020 YTD, Bank Negara has cut the Overnight Policy Rate (OPR) 4 times (Jan, Mar, May and Jul) in view of weakened global economic conditions due to the pandemic - lowering Nov 2019's OPR of 3.00% down to 1.75%. Consequently, 10-year MGS yield has eased to 2.75% (end-Nov 2020), vs. 3.30% as at end-2019.

We expect a better YoY earnings for M-REITs in 2021, albeit limited - namely for M-REITs with exposure to retail and hotel assets. This would be mainly attributed to absence of major rental assistance and/or waiver and gradual but limited recovery of footfall traffic and tenant sales. Nevertheless, we expect retail mall to continue providing rental support to selected struggling tenants. Meanwhile, we anticipate near-term outlook for hotels to remain challenging due to absence of foreign tourists/travelers. Due to the ongoing pandemic-related measures and limitations, we also expect minimal/no major MICE events in 2021. Separately, the current lower interest rate environment would entail cheaper financing costs for selected borrowings.

We expect the acquisition pipeline to gradually pick up throughout 2021-2022, as compared to 2020 which has fewer property acquisitions (i.e. by Axis and SunREIT) due to the pandemic which has resulted in delays and uncertainties in the commercial property market. Our 2021 forecasts have only imputed several industrial property acquisitions by Axis. Beyond the near-term, we continue to favour prime malls with prominent locations, and office and industrial assets with long-term tenants.

(Extracted from Maybank Economic Report 2020: Malaysia 2021 Outlooks and Lookouts)

3. RETAIL

The number of retail malls mushrooming in Iskandar Malaysia for the past two to three years intensified the competition to retain tenants. The supply of retail space in Iskandar Malaysia is approximately 22 million square feet in 2020 after the entrance of one (1) new mall i.e. Paragon Market Place, with 156,000 square feet of retail space and TF Value Mart as the anchor tenant. The cross border travel ban has crippled the retail market in the region severely, especially due to the heavy reliance on cross border shoppers i.e. Singaporeans.

MARKET REPORT **SUMMARY**

As more office workers adopted the work from home, neighbourhood malls with hypermarkets were relatively less effected. Retailers are well visited by many for daily necessities and household sundries. Job insecurity and salary cuts are also causing consumers to be more prudent and selective in purchasing non essentials items and to put more priority on essentials items such as food and health products.

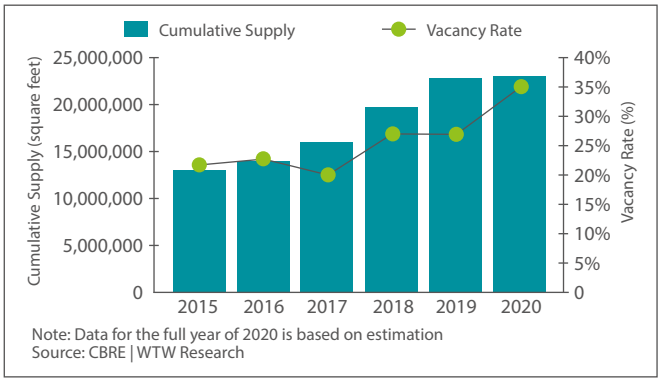
The Movement Control Order (MCO) have restricted shoppers mobility, thus encouraging the growth of omnichannel and e-commerce platforms. A one stop shop on a 24 hour operation, without costs associated with hiring staff and rental commitment is attracting a growing number of retailers to move their operation online rather than opening more outlets in retail malls.

Mall operators are also re-strategising and investing in e-commerce platforms to help their traditional brick and mortar retailers drive online sales. Despite the rise of e-commerce, shoppers will still opt to visit shopping malls once the pandemic is resolved, for the experiential retail experience which virtual shopping cannot fully replicate.

Since pre-COVID-19, some malls in Iskandar Malaysia ie. ToppenShopping Centre and Sunway Big Box have already emphasized an experiential and activity-based environment to enhance shopping experience and boost footfall.

The performance of retail malls is severely hit by the COVID-19 pandemic, with Singaporeans previously being major contributors of physical shoppers. Retailers need to restructure their business models and fully embrace the new shopping landscape. Retail malls in Iskandar Malaysia need to have more distinct market positioning and attract shoppers by providing highly memorable shopping experiences.

CUMULATIVE SUPPLY AND VACANCY RATE OF RETAIL MALL IN ISKANDAR MALAYSIA



(Extracted from CBRE/WTW Research: 2021 Real Estate Market Outlook Malaysia)

4. OFFICE

The PBO sector in IM experienced the severe sluggish effect of the COVID-19 pandemic. Total supply of PBO space in Iskandar Malaysia ("IM") remained at 11.3 million square feet as there was no new completion in 2020. As reported by National Property Information Centre (NAPIC) as of 1H 2020, about 71% (8.0 million square feet) was contributed by privately owned office buildings while the remaining 29% (about 3.2 million square feet) was government buildings.

As of end 2020, we have observed vacancies as high as 45% for PBO buildings in IM. This record high vacancy rate was mainly contributed by the mushrooming of new PBOs over the past few years which was not matched by new demand. The total space occupied was approximately 3.1 million square feet.

There are another five (5) PBOs with a total of approximately 1.7 million square feet in the pipeline. Three (3) of the PBOs, UMCity Premium Corporate Office Tower and Medini 10 in Medini, and MVS North Tower in Kota Southkey, were scheduled for completion in 2020.

MARKET REPORT **SUMMARY**

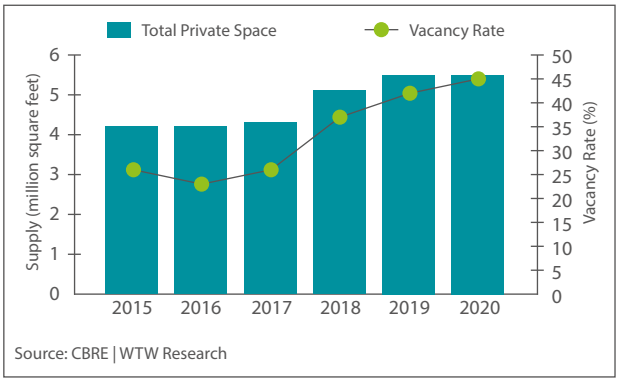
Another two (2) PBOs, Menara Bank Rakyat in JB city centre and MVS South Tower in Kota Southkey, were targeted to complete in 2021. If all under construction PBOs are completed as scheduled, the IM market will have an additional 1.7 million square feet of new office space by 2021, making a total of 7.3 million square feet, about 31% more than 5 years ago in 2015. Even though IM had no new supply in 2020, the current available space in IM will still need years to fill up. It may worsen with the incoming PBOs, exacerbated by the COVID-19 pandemic.

Rental for purpose-built offices (PBOs) in Iskandar Malaysia (IM) is expected to remain challenging. Old and new office buildings are competing with each other to secure tenants. Older PBOs are holding on to their lower rental; while new PBOs are offering attractive rental packages with competitive rentals. The current rental of old PBOs which are mostly located in Johor Bahru city is about RM2.40 per square foot per month; while new PBOs which are mostly located in Medini or Puteri Harbour are asking RM3.50 per square foot per month.

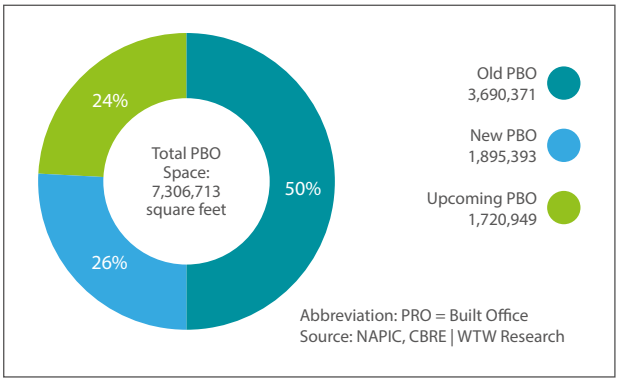
We anticipate that office demand may contract due to the spread of telework and work from home. While companies still prefer office-centered work, they are adapting to a more appropriate level of "hybrid" working style and social distancing in the physical office. It seems too early for us to judge the future demand of PBOs. PBOs will have to reinvent themselves to match the latent demand of commercial space in this dynamic market.

The future development of PBO is uncertain but is also interesting. A re-vamped office market is expected in the new future due to the swift Information Technology (IT) upgrowth with multi-elements. A market player who could think out of the box with new ideas and elements to catch the transforming demand will be the next market leader.

SUPPLY AND VACANCY RATE OF PRIVATELY-OWNED PBO IN ISKANDAR MALAYSIA



TOTAL PURPOSE-BUILT OFFICE IN ISKANDAR MALAYSIA



(Extracted from CBRE/WTW Research: 2021 Real Estate Market Outlook Malaysia)

5. INDUSTRIAL

Johor remained as one of the top states contributing to the total approved investments amongst all other states in Malaysia for 5 consecutive years. Johor ranked 3rd with a recorded RM3.6 billion of total approved investment for January –June 2020, accounting for about 10% of total national approved investment. On foreign direct investment, Johor is the 2nd top state that draws huge attention from foreign investors after Penang, with approved investment worth around RM2.4 billion for the same period.

As at 1H 2020, 177 industrial properties worth RM584 million were transacted. The transaction volume fell by 52% from 365 units recorded in 1H 2019. The most significant transaction activity recorded was the purchase of 72 freehold industrial plots in the third phase of Southern Industry and Logistics Clusters (SiLC) in Iskandar Puteri worth RM434.3 million by AME Elite Consortium Bhd from UEM Sunrise Bhd with validity of the Head of Agreement (HOA) period until 7th Dec 2020. The site which encompasses of 169.8 acres of industrial plot forms part of the integrated industrial park known as SiLC Phase 3.

Global technology giant, Microsoft is building a data centre in Kulai. The 40% completed data centre is expected to draw interest from Microsoft network companies to invest in Iskandar Malaysia in the near future. 745 acres of the Kulai Iskandar Data Exchange (KIDEX) is set to be the second new regional data hub in Malaysia after Cyberjaya. Its proximity and fiber connection to Singapore is an opportunity for KIDEX to be an alternative Data Hub for the Southeast Asia region.

MARKET REPORT **SUMMARY**

Upon its full operation in 2023, KIDEX is anticipated to generate RM17.5 billion in investment value and creating 1,600 job opportunities. Adopting the current trend of automation data exchange in manufacturing technologies comprising cyber-physical systems, the Internet of Things (IoT), cloud computing, artificial intelligence and smart factory, KIDEX will serve as a key enabler to entice Industry 4.0 players to the 2,950 hectares Kulai Industrial Park. In addition, KIDEX will also use sustainable energy generated from the planned Solar Farm and CoGen Plant in the development area.

Referring to the CBRE 2020 Asia Pacific Investor Intentions Survey, 30% of investors in the region has strong interest to purchase data centres this year. Demand for data centres is anticipated to rise, boosted by the current global pandemic. With the emergence of new data hubs in this region, a robust and stable data communication network would be beneficial for all stakeholders within Iskandar Malaysia economic corridor specifically for modern enterprises to function and remain competitive.

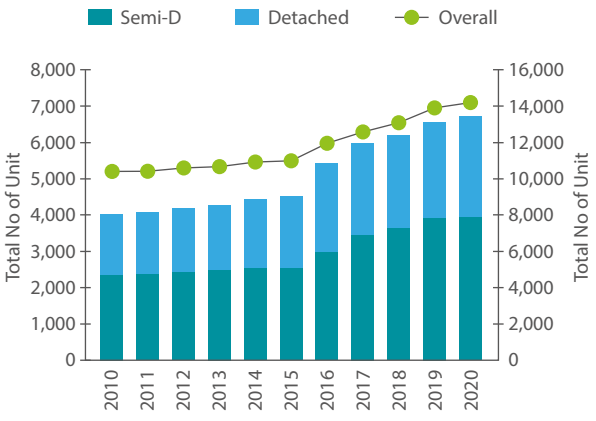
The ongoing trade dispute between United States and China has opened doors of opportunities for Electronics Manufacturing Services (EMS) players to Southeast Asia. Global EMS provider Enics AG (Enics) has landed its first Southeast Asia manufacturing site in i-Park @ Senai Airport City. The 10,000 square metre high-performance industrial electronics factory will be constructed by AME Elite Consortium Bhd; an integrated industrial space solutions provider with estimated completion by early 2021. i-Park @ Senai Airport City factory will be Enics' eight (8) manufacturing site globally, complementing its present sites across Europe and China.

Chem One Group, a Singapore-based oil and gas, petrochemicals and natural resources conglomerate was scheduled to kick off the construction of the Pengerang Energy Complex (PEC) in 2H 2020. PEC aspires to be a world-class petrochemical hub that will add value to the downstream oil and gas value chain in Malaysia.

Industrial land sales in Iskandar Malaysia (IM) was seen to be slowing down in 2020 after an uptrend of transaction activities for three consecutive years since 2017. Industrial land in the Iskandar Puteri Corridor were transacted at premium prices compared to other industrial areas in IM due to government promotions and targeting high-tech manufacturing and the biotechnology industry. Infrastructure enhancement and well-planned industrial parks in strategic locations and easily accessible to the airport, seaport and Singapore, are also more sought-after by Multinational Corporations (MNCs).

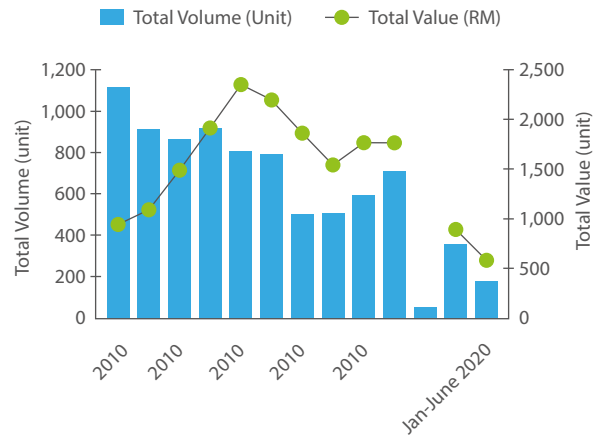
Meanwhile, Senai-Kulai with its proximity to the airport and direct access to major expressways has become the home to the electric and electronics sector with major players such as Panasonic, V.S Industry and Foxcon. Pasir Gudang being the most matured industrial corridor in IM was stable with healthy transaction activity due to its port's facilities and ability to accommodate heavy industries.

INDUSTRIAL PROPERTY SUPPLY IN ISKANDAR MALAYSIA



Abbreviation: RM = Ringgit Malaysia, per sq. ft. = per square feet
Note: Data for the full year of 2020 is based on estimation
Source: NAPIC, CBRE | WTC Research

PERFORMANCE OF INDUSTRIAL SECTOR IN ISKANDAR MALAYSIA



Abbreviation: RM = Ringgit Malaysia
Note: Data for the full year of 2020 is based on estimation
Source: NAPIC, CBRE | WTC Research

(Extracted from CBRE/WTW Research: 2021 Real Estate Market Outlook Malaysia)

PORTFOLIO SUMMARY **AND DETAILS**

RETAIL



KOMTAR JBCC

LOCATION	: KOMTAR JBCC, Johor Bahru City Centre, Jalan Wong Ah Fook, Johor Bahru, Johor Bahru,
DESCRIPTION	: A 4-Level Shopping Mall
YEAR OF COMPLETION	: 2014
TITLE	: Geran No. 44587
TENURE	: Freehold
ENCUMBRACES	: Private caveat to RHB Islamic Bank Berhad
MARKET VALUE	: RM432,000,000
DATE OF LATEST VALUATION	: 31 December 2020



@MART KEMPAS

LOCATION	: Premises No. 10, Jalan Persiaran Tanjung, Taman Cempaka 81200 Johor Bahru, Johor
DESCRIPTION	: Single-Storey Community Hypermarket
YEAR OF COMPLETION	: 2010
TITLE	: HSD 510051
TENURE	: Leasehold - 99 years, expiring on 23 January 2106
ENCUMBRACES	: Charged to RHB Islamic Bank Berhad
MARKET VALUE	: RM70,000,000
DATE OF LATEST VALUATION	: 31 December 2020



MYDIN HYPERMART GONG BADAK

LOCATION	: Lot 52606 (Formerly PT No. 35511), Dataran Austin, Jalan Gong Pak Damat, 21200 Kuala Terengganu, Terengganu
DESCRIPTION	: A double storey hypermarket, each floor with a mezzanine level
YEAR OF COMPLETION	: 2014
TITLE	: PN 10207
TENURE	: Leasehold - 99 years, expiring on 26 December 2109
ENCUMBRACES	: Charged to Malaysian Trustees Berhad
MARKET VALUE	: RM164,000,000
DATE OF LATEST VALUATION	: 31 December 2020

OFFICE



MENARA KOMTAR

LOCATION	: Menara KOMTAR, Johor Bahru City Centre, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor
DESCRIPTION	: A 25-Storey Office Building
YEAR OF COMPLETION	: 1979
TITLE	: Grant 44587
TENURE	: Freehold
ENCUMBRACES	: Private caveat to RHB Islamic Bank Berhad
MARKET VALUE	: RM73,000,000
DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS		
	**LOCATION**	: Premises No. 34, Jalan Mahsuri, Bandar Baru Bayan,11950 Bayan Lepas, Pulau Pinang
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 1993
	TITLE	: PN 2263
	TENURE	: Leasehold 99 years expiring on 15 May 2090
	ENCUMBRACES	: Nil
	MARKET VALUE	: RM4,000,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Premises No. 60 & 62, Jalan PJS 11/28A Bandar Sunway, 46150 Petaling Jaya, Selangor
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 1996
	TITLE	: PN 72423, PN 72424, HSM 9319, HSM 9320
	TENURE	: Leasehold 99 years expiring on 28 December 2092 and 11 March 2095
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM9,400,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 1992
	TITLE	: HSD17607
	TENURE	: Freehold
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM530,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: No. 1 & 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor
	DESCRIPTION	: Pizza Hut Restaurant
	YEAR OF COMPLETION	: 2004
	TITLE	: PN74196
	TENURE	: Leasehold 99 years expiring on 14 May 2085
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM830,000
	DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS		
	**LOCATION**	: No 3, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram Johor
	DESCRIPTION	: Pizza Hut Restaurant
	YEAR OF COMPLETION	: 2010
	TITLE	: GRN 343903
	TENURE	: Freehold
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM870,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: No. 1, Jalan Bandar Baru 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 2011
	TITLE	: PN69846
	TENURE	: Leasehold 93 years expiring on 16 July 2101
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM2,000,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 1997
	TITLE	: PN48982
	TENURE	: Leasehold 74 years expiring 8 May 2085
	ENCUMBRACES	: Nil
	MARKET VALUE	: RM1,750,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 1996
	TITLE	: PM1181
	TENURE	: Leasehold 99 years expiring on 25 September 2092
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM480,000
	DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS	
	**LOCATION** : Premises Nos.18 & 20, Jalan Sulaiman, 43000, Kajang, Selangor **DESCRIPTION** : KFC Restaurant **YEAR OF COMPLETION** : 1982 **TITLE** : GRN 45688 & GRN 45689 **TENURE** : Freehold **ENCUMBRACES** : Charged to Malaysian Trustees Berhad **MARKET VALUE** : RM9,700,000 **DATE OF LATEST VALUATION** : 31 December 2020
	**LOCATION** : No 12C & 12D, Metrocity Commercial Precinct, Lorong Metrocity Boulevard 3A, 93500 Kuching, Sarawak. **DESCRIPTION** : Pizza Hut Restaurant **YEAR OF COMPLETION** : 2015 **TITLE** : Lot No 13768 Section 65, Kuching Town Land District, Sarawak **TENURE** : Leasehold 99 years expiring on 11 August 2113 **ENCUMBRACES** : Charged to Malaysian Trustees Berhad **MARKET VALUE** : RM4,000,000 **DATE OF LATEST VALUATION** : 31 December 2020
	**LOCATION** : Nos 20 & 21, Jalan Dato' Sheikh Ahmad, 70000 Seremban, Negeri Sembilan **DESCRIPTION** : KFC Restaurant **YEAR OF COMPLETION** : 1982 **TITLE** : GRN 50935 & 40542, Lot No 831 & 832 situated in Bandar Seremban, Seremban, Negeri Sembilan **TENURE** : Freehold **ENCUMBRACES** : Charged to CIMB Islamic Bank Berhad **MARKET VALUE** : RM3,900,000 **DATE OF LATEST VALUATION** : 31 December 2020
	**LOCATION** : No 65, Jalan Dato On Jaafar, 30300 Ipoh, Perak **DESCRIPTION** : KFC Restaurant **YEAR OF COMPLETION** : 2017 **TITLE** : GRN 40351 Lot 1293 N, situated in Kinta, Ipoh, Perak **TENURE** : Freehold **ENCUMBRACES** : Nil **MARKET VALUE** : RM3,400,000 **DATE OF LATEST VALUATION** : 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS		
	**LOCATION**	: Nos 24 & 26, Jalan Bunga Raya 7, Pusat Perniagaan Senawang, Taman Tasik Jaya, 70400 Senawang, Negeri Sembilan
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 1997
	TITLE	: GRN 108899 & 177945, Lot No 4126 & 4125 situated in Pekan Senawang, Seremban, Negeri Sembilan
	TENURE	: Freehold
	ENCUMBRACES	: Charged to CIMB Islamic Bank Berhad
	MARKET VALUE	: RM830,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: No. 1 & 1A, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Ta'zim
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 2017
	TITLE	: GRN 343902 situated at Mukim Terbrau, Johor Bahru, Johor
	TENURE	: Freehold
	ENCUMBRACES	: Charged to CIMB Islamic Bank Berhad
	MARKET VALUE	: RM1,630,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Lot 25, Block 3 Bornion Centre, Jalan Kolam 88300 Kota Kinabalu, Sabah
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 1990
	TITLE	: CL 015437948, situated at Jalan Kolam, Kota Kinabalu, Sabah
	TENURE	: Leasehold 999 years expiring on 15 May 2915
	ENCUMBRACES	: Nil
	MARKET VALUE	: RM2,770,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: No. 158, Jalan Idris, 31900 Kampar, Perak
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 2005
	TITLE	: PN 326743, Lot No 96, situated in Kampar, Perak
	TENURE	: Freehold
	ENCUMBRACES	: Nil
	MARKET VALUE	: RM1,400,000
	DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS		
	**LOCATION**	: No. 79, Jalan Dato' Lau Pak Khuan, Ipoh Garden, 31400 Ipoh, Perak
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 1971
	TITLE	: GRN 8311 Lot No 48635, situated in Mukim Hulu Kinta, Kinta, Perak
	TENURE	: Freehold
	ENCUMBRACES	: Nil
	MARKET VALUE	: RM2,000,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Nos 23 & 24, Jalan 54 Desa Jaya Kepong, 52100 Kepong, Kuala Lumpur
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 2017
	TITLE	: PM 12274 & 12273, Lot 2430 & 2429, situated at Batu 8 Jalan Kepung, Gombak, Selangor
	TENURE	: Leasehold 99 years expiring on 8 March 2081
	ENCUMBRACES	: Charged to CIMB Islamic Bank Berhad
	MARKET VALUE	: RM7,500,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: No 140, Jalan Raja Laut, 50350 Kuala Lumpur
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 2014
	TITLE	: GRN 59853, 59858 & 59862, Lot No 1417, 1419 & 1421, situated in Kuala Lumpur, Federal Territory of Kuala Lumpur
	TENURE	: Freehold
	ENCUMBRACES	: Charged to CIMB Islamic Bank Berhad
	MARKET VALUE	: RM4,700,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: No 437, Wisma Hualang, Jalan Ipoh, 51200 Kuala Lumpur
	DESCRIPTION	: KFC Restaurant
	YEAR OF COMPLETION	: 2014
	TITLE	: GRN 10894,Lot No 503 Section 83, situated in Kuala Lumpur, Federal Territory of Kuala Lumpur
	TENURE	: Freehold
	ENCUMBRACES	: Charged to CIMB Islamic Bank Berhad
	MARKET VALUE	: RM8,700,000
	DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - SHOPHOUSES/OFFICE OUTLETS



LOCATION	: No 9, Jalan PPM 9, Plaza Malim Business Park, 75250 Balai Panjang, Melaka
DESCRIPTION	: KFC Restaurant
YEAR OF COMPLETION	: 1997
TITLE	: PN 18632, Lot No 4111 situated in Mukim Balai Panjang, Melaka Tengah, Melaka
TENURE	: Leasehold 99 years expirirng on 7 May 2099
ENCUMBRACES	: Nil
MARKET VALUE	: RM950,000
DATE OF LATEST VALUATION	: 31 December 2020



LOCATION	: No 2105 Jalan 3/1, Bandar Baru Sungai Buloh, 47000 Sungai Buloh, Selangor
DESCRIPTION	: KFC Restaurant
YEAR OF COMPLETION	: 2020
TITLE	: HSM 5744
TENURE	: Leasehold 99 years expirirng on 13 March 2087
ENCUMBRACES	: Nill
MARKET VALUE	: RM1,580,000
DATE OF LATEST VALUATION	: 31 December 2020



LOCATION	: No. 555 Plaza Melaka, Jalan Hang Tuah, 75300 Melaka
DESCRIPTION	: KFC Restaurant
YEAR OF COMPLETION	: 2020
TITLE	: Geran 8562, Lot 966, Kawasan Bandar VII, Daerah Melaka Tengah, Melaka
TENURE	: Freehold
ENCUMBRACES	: Nill
MARKET VALUE	: RM2,090,000
DATE OF LATEST VALUATION	: 31 December 2020

F&B RESTAURANTS - DRIVE THROUGH OUTLETS



LOCATION	: Lot No. 559 seksyen 5, Jalan Masjid Negeri, 11500 Georgetown, Pulau Pinang.
DESCRIPTION	: KFC Restaurant with drive through facility
YEAR OF COMPLETION	: 2017
TITLE	: No. GRN 23532, Bandar Georgetown, District of Timor Laut, State of Pulau Pinang
TENURE	: Freehold
ENCUMBRACES	: Charged to CIMB Islamic Bank Berhad
MARKET VALUE	: RM24,000,000
DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - DRIVE THROUGH OUTLETS		
	**LOCATION**	: No. 5, Jalan Persiaran Jaya 1, Taman Mutiara Rini, 81300 Skudai, Johor
	DESCRIPTION	: KFC Restaurant with drive through facility
	YEAR OF COMPLETION	: 2015
	TITLE	: No. PN 64752, Mukim of Pulai, District of Johor Bahru, State of Johor
	TENURE	: 991 years leasehold expired on 4th September 2911
	ENCUMBRACES	: Nil
	MARKET VALUE	: RM7,900,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Lot No. 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak
	DESCRIPTION	: Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
	YEAR OF COMPLETION	: 2011
	TITLE	: GRN 140646
	TENURE	: Freehold
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM8,700,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur
	DESCRIPTION	: Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
	YEAR OF COMPLETION	: 2008
	TITLE	: PN1421
	TENURE	: Leasehold 99 years expiring on 8 February 2064
	ENCUMBRACES	: Charged to RHB Islamic Bank Berhad
	MARKET VALUE	: RM15,000,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**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
	YEAR OF COMPLETION	: 2005
	TITLE	: PN33135
	TENURE	: Leasehold 96 years expiring on 28 April 2096
	ENCUMBRACES	: Charged to RHB Islamic Bank Berhad
	MARKET VALUE	: RM16,000,000
	DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - DRIVE THROUGH OUTLETS		
	**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
	YEAR OF COMPLETION	: 2004
	TITLE	: HS (D) 99750
	TENURE	: Leasehold 83 years expiring on 19 April 2083
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM27,000,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Lot 19838, Lebuh Ayer Keroh, 75450 Hang Tuah Jaya, Melaka Bandaraya Bersejarah
	DESCRIPTION	: Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
	YEAR OF COMPLETION	: 2012
	TITLE	: PM 4878 situated in Mukim Bukit Katil, Daerah Melaka Tengah
	TENURE	: Leasehold 99 years expiring on 13 May 2108
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM8,700,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru
	DESCRIPTION	: Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
	YEAR OF COMPLETION	: 2009
	TITLE	: HSD 491589, PTD 153154 situated in Mukim Tebrau, Daerah Johor Bahru, Johor
	TENURE	: Freehold
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM12,100,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: PTD 103231, Taman Impian Senai, 81400 Senai, Johor
	DESCRIPTION	: KFC Restaurant with Drive Through Facility
	YEAR OF COMPLETION	: 2014
	TITLE	: HS(D) 58402
	TENURE	: Freehold
	ENCUMBRACES	: Charged to Malaysian Trustees Berhad
	MARKET VALUE	: RM8,600.000
	DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - DRIVE THROUGH OUTLETS	
	**LOCATION** : PTD No 171459, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor **DESCRIPTION** : Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility **YEAR OF COMPLETION** : 2012 **TITLE** : HS (M) 2181 **TENURE** : Freehold **ENCUMBRANCES** : Charged to RHB Islamic Bank Berhad **MARKET VALUE** : RM13,800,000 **DATE OF LATEST VALUATION** : 31 December 2020
	**LOCATION** : PT2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah **DESCRIPTION** : KFC Restaurant with drive through facility **YEAR OF COMPLETION** : 2012 **TITLE** : HS (D)125211 **TENURE** : Freehold **ENCUMBRANCES** : Charged to Malaysian Trustee Bank Berhad **MARKET VALUE** : RM5,300,000 **DATE OF LATEST VALUATION** : 31 December 2020
	**LOCATION** : Lot 207318, KFC Restaurant Seri Alam DT, Jalan Suria 1, Bandar Seri Alam, 81700 Johor Bahru **DESCRIPTION** : KFC Restaurant with drive through facility **YEAR OF COMPLETION** : 2016 **TITLE** : GRN 542913, situated at Mukim Plentong, Bandar Seri Alam, Johor Bahru **TENURE** : Freehold **ENCUMBRANCES** : Nil **MARKET VALUE** : RM7,620,000 **DATE OF LATEST VALUATION** : 31 December 2020
	**LOCATION** : Lot No 22529, Jalan Bertam, Mukim 6, Kepala Batas, Seberang Perai Utara, Pulau Pinang **DESCRIPTION** : Pizza Hut Restaurant and KFC Restaurant with drive through facility **YEAR OF COMPLETION** : 2017 **TITLE** : HSD 33885, Lot No 22529 , situated at Mukim 06, Seberang Perai Utara, Pulau Penang **TENURE** : Freehold **ENCUMBRANCES** : Charged to Malaysian CIMB Islamic Berhad **MARKET VALUE** : RM6,900,000 **DATE OF LATEST VALUATION** : 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - DRIVE THROUGH OUTLETS



LOCATION	: PT No. 5665, Persiaran Taman Tasik Prima 3, Taman Tasik Prima, 47100 Puchong, Selangor
DESCRIPTION	: Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
YEAR OF COMPLETION	: 2020
TITLE	: HSD 256439
TENURE	: Leasehold 99 years expiring on 28 May 2108
ENCUMBRANCES	: Nil
MARKET VALUE	: RM14,800,000
DATE OF LATEST VALUATION	: 31 December 2020



LOCATION	: Lot 33693, KFC Seremban 2 Drive Through & Pizza Hut, Central Business District, 70300 Seremban 2, Negeri Sembilan
DESCRIPTION	: Pizza Hut Restaurant and KFC Restaurant with Drive Through Facility
YEAR OF COMPLETION	: 2020
TITLE	: Geran 175308, Lot 33693, Bandar Seremban Utama, Daerah Seremban, Negeri Sembilan
TENURE	: Freehold
ENCUMBRANCES	: Nil
MARKET VALUE	: RM8,300,000
DATE OF LATEST VALUATION	: 31 December 2020



LOCATION	: Premises No. PT 4294, Jalan Jasin-Merlimau, Bandar Baru Merlimau Utara, 77300 Merlimau, Melaka
DESCRIPTION	: KFC Restaurant with drive through facility
YEAR OF COMPLETION	: 2020
TITLE	: HS(M) 3391
TENURE	: Leasehold 99 years expiring on 1 April 2111
ENCUMBRANCES	:
MARKET VALUE	: RM4,270,000
DATE OF LATEST VALUATION	: 31 December 2020

F&B RESTAURANTS - MALL OUTLETS



LOCATION	: Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang
DESCRIPTION	: KFC Restaurant
YEAR OF COMPLETION	: 2008
TITLE	: GRN 97433/M1/1/126
TENURE	: Freehold
ENCUMBRANCES	: Nil
MARKET VALUE	: RM13,972,000
DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B RESTAURANTS - MALL OUTLETS



LOCATION	: Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang
DESCRIPTION	: KFC Restaurant
YEAR OF COMPLETION	: 2008
TITLE	: Parent Title no. GRN 166071
TENURE	: Freehold
ENCUMBRANCES	: Private caveat by RHB Islamic Bank Berhad
MARKET VALUE	: RM2,842,000
DATE OF LATEST VALUATION	: 31 December 2020



LOCATION	: Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang
DESCRIPTION	: KFC Restaurant
YEAR OF COMPLETION	: 1998
TITLE	: Parent Title no.PN 2352
TENURE	: Leasehold 99 years expiring 4 July 2094
ENCUMBRANCES	: Private caveat by RHB Islamic Bank Berhad
MARKET VALUE	: RM2,540,000
DATE OF LATEST VALUATION	: 31 December 2020



LOCATION	: Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828,Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang
DESCRIPTION	: Pizza Hut Restaurant
YEAR OF COMPLETION	: 1998
TITLE	: Parent Title no.PN 2352
TENURE	: Leasehold 99 years expiring 4 July 2094
ENCUMBRANCES	: Private caveat by RHB Islamic Bank Berhad
MARKET VALUE	: RM1,110,000
DATE OF LATEST VALUATION	: 31 December 2020

F&B NON RESTAURANT - INDUSTRIAL PREMISES



LOCATION	: Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang
DESCRIPTION	: Commissary
YEAR OF COMPLETION	: 1997
TITLE	: GRN 149808
TENURE	: Freehold
ENCUMBRANCES	: Charged to Malaysian Trustees Berhad
MARKET VALUE	: RM1,500,000
DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B NON RESTAURANT - INDUSTRIAL PREMISES		
	**LOCATION**	: No. 17,19 & 21, Jalan Pemaju U1/15, Hicom Glenmarie Industrial Park. Section U1, 40150 Shah Alam, Selangor
	DESCRIPTION	: Factory
	YEAR OF COMPLETION	: 1998
	TITLE	: GRN 215115
	TENURE	: Freehold
	ENCUMBRANCES	: Charged to RHB Islamic Bank Berhad
	MARKET VALUE	: RM59,052,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, Kota Kinabalu, Sabah
	DESCRIPTION	: Factory/Warehouse
	YEAR OF COMPLETION	: 1999
	TITLE	: County Lease 015582411 (Formerly Main Title CL 015580097)
	TENURE	: Leasehold 99 years expiring on 31 December 2096
	ENCUMBRANCES	: Private Caveat by Amanahraya Trustees Berhad
	MARKET VALUE	: RM3,000,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: No 43A, Wisma KFC Sabah, Lorong Karamunsing C, 88000 Kota Kinabalu, Sabah
	DESCRIPTION	: KFC Warehouse
	YEAR OF COMPLETION	: 1989
	TITLE	: Lot No 015319892, situated in Kota Kinabalu Sabah
	TENURE	: Leasehold 999 years commencing from 22 January 1902
	ENCUMBRANCES	: Nil
	MARKET VALUE	: RM3,640,000
	DATE OF LATEST VALUATION	: 31 December 2020
	**LOCATION**	: Premises No.3 Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor
	DESCRIPTION	: Warehouse
	YEAR OF COMPLETION	: 1996
	TITLE	: PN 11243
	TENURE	: Leasehold 99 years expiring on 15 March 2087
	ENCUMBRANCES	: Private caveat by RHB Islamic Bank Berhad
	MARKET VALUE	: RM47,398,000
	DATE OF LATEST VALUATION	: 31 December 2020

PORTFOLIO SUMMARY **AND DETAILS**

F&B NON RESTAURANT - INDUSTRIAL PREMISES



LOCATION	: Premises No.6 Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor
DESCRIPTION	: Factory/Warehouse
YEAR OF COMPLETION	: 2004
TITLE	: PN 8616
TENURE	: Leasehold 99 years expiring on 15 March 2087
ENCUMBRANCES	: Charged to Malaysian Trustees Berhad
MARKET VALUE	: RM27,000,000
DATE OF LATEST VALUATION	: 31 December 2020

F&B NON RESTAURANTS - MALAYSIAN COLLEGE HOSPITALITY & MANAGEMENT



LOCATION	: No 1, Jalan Dato' Onn 1, Bandar Dato' Onn, 81100 Johor Bahru, Johor
DESCRIPTION	: 4-Storey Institutional Buiiding
YEAR OF COMPLETION	: 2010
TITLE	: HS (D) 539995, Mukim Tebrau Johor Bahru, Johor
TENURE	: Freehold
ENCUMBRANCES	: Charged to RHB Islamic Bank Berhad
MARKET VALUE	: RM33,800,000
DATE OF LATEST VALUATION	: 31 December 2020

SUSTAINABILITY STATEMENT



SECTION 4

About this Report	74
The Sustainable REIT	75
Governance & Accountability	76
Engaging Stakeholders	77
Materiality Assessment	78
Sustainability Pillars	78
Governance	79
Environment	80
People	80
Partner	81
Corporate Social Responsibility	83

SUSTAINABILITY **STATEMENT**



ABOUT THIS REPORT

Scope and Boundary

This report presents Al-Salām Real Estate Investment Trust's ("Al-Salām REIT or the REIT") sustainability report which has been prepared in accordance with the applicable Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") using the Second Edition of Bursa Malaysia Sustainability Reporting Guide 2018.

The report focuses on Al-Salām REIT's core activity as a business space REIT for the period 1 January 2020 to 31 December 2020, and features selected sustainability initiatives at its property portfolio mainly on KOMTAR JBCC, Menara KOMTAR and Pasaraya Komuniti @Mart Kempas.

SUSTAINABILITY **STATEMENT**

THE SUSTAINABLE REIT

The Manager ensures that sustainability values are created economically, environmentally and socially by emphasising their core principles throughout the REIT and management.

Vision

To integrate sustainable business practices in the core processes of the business activities.

Mission

To drive for growth and performance whilst ensuring continuous commitment to balance the concerns of the stakeholders by protecting the environment, health and safety of the employees, customers and the global communities.

Sustainability Strategy

Ultimately, the journey to have a sustainable REIT is highlighted in a broader perspective to ensure the commitment and focus of the Manager towards a sustainable REIT is balanced with an overall sustainability strategy.

CORPORATE GOVERNANCE	ENVIRONMENT	ECONOMIC	SOCIAL
Enhancing Board / management accountability through transparency business decisions and compliance to The Malaysian Code of Corporate Governance 2017 (MCCG 2017) and financial / non-financial disclosures	Putting acquisition of "green-buildings" in future acquisitions that would minimise operational costs and protect the environment.	Strengthening income streams from all our properties to ensure optimum returns to unit holders/stakeholders	Diversity in gender ratio and ensuring equality in compensation package across genders
MANAGEMENT ACCOUNTABILITY	**GREEN ENVIRONMENT**	**SUPPLY CHAIN**	**EMPLOYEES**
The CEO, management team, executives of business unit and service providers will be explicitly accountable for achieving sustainability goals	The Fund will approach investment decision with full consideration on the social and environmental impacts of the investment through its business cycles and serve to not only minimize negative environmental and social impacts, but also serve as solutions to key sustainability challenges.	Ensure that suppliers meet the social and economic standards set by the Company; whilst ensuring that at least 75% are local companies	The REIT Manager and core service providers will foster a diverse, inclusive and engaged work environment that holds sustainability considerations as a core part of recruitment, training and benefits
DISCLOSURES		**BUSINESS MODEL INNOVATION**	**EXECUTIVE & EMPLOYMENT COMPENSATION**
Disclosure of sustainability risks, opportunities, performance, goals and strategies helps build constructive relationships with key stakeholders, opens up new business opportunities, and enhance a company's social license to operate.		The Fund will innovate its services to enhance tenants' satisfaction and in building collaborative business relationships	Sustainability performance results will be a core component of compensation packages and incentives plans for all executives and employees across gender.

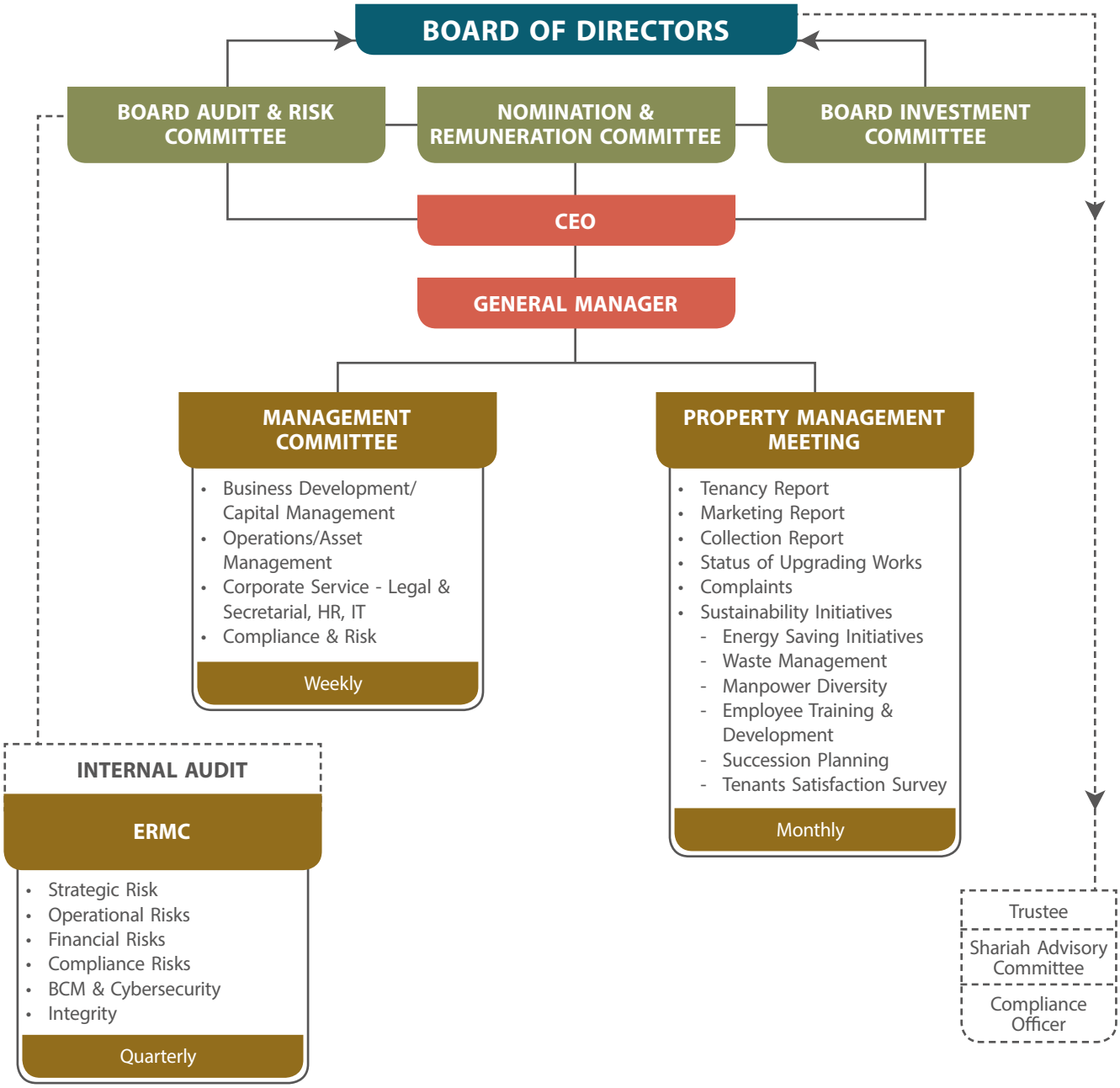
Sustainability Strategy

SUSTAINABILITY **STATEMENT**

GOVERNANCE AND ACCOUNTABILITY

As part of the Manager's initiatives to have more sustainable operations for the properties of the REIT, the Manager ensures that the Board of Directors ("Board") and the Management of the REIT Manager take ownership of their responsibilities to incorporate sustainable roles and establish a sustainable tone at the top.

Governance Structure



Responsibilities of The Board

- Endorses and oversees the implementation of the REIT's sustainable strategy to ensure key targets are met.
- Takes responsibility and accountability for the REIT's communication on sustainability issues to stakeholders.
- Establishes a culture of integrity by placing emphasis on communication about sustainability across the REIT.
- Endorses material sustainability matters and the governance structure.

Responsibilities of the Manager

- Develops the overarching sustainability strategy for the REIT based on material sustainability matters identified.
- Provides recommendations and improvements to the Board on the material sustainability matters related to the REIT.
- Formulates targets and initiatives to achieve sustainability goals pledged by the REIT.
- Assesses the effectiveness of the sustainable initiatives put in place, and monitors and maintains records on these initiatives.

The Board discusses highlights of the REIT's sustainability initiatives on a periodic basis to ensure that the goals are met through effective implementation and monitoring.

ENGAGING STAKEHOLDERS

Engaging with the stakeholders is part of the Manager's key agendas for having a sustainability-focused REIT to understand the concerns of the primary stakeholders and be receptive towards the input received. The table below shows the key stakeholders and the methods of engagement by the Manager on behalf of the REIT.

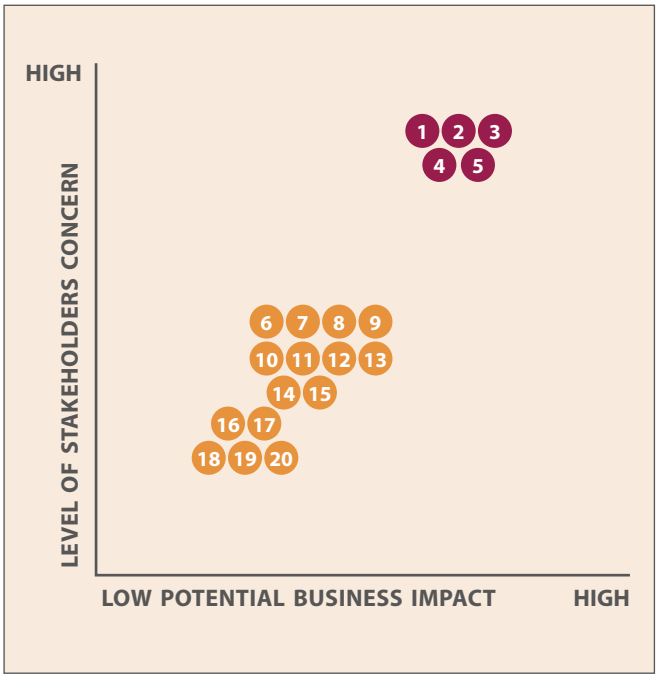
STAKEHOLDERS	AREAS OF CONCERN	METHODS OF ENGAGEMENT
Employees	• Career Development • Staff Well-being • Employee Benefit	• Performance Appraisal • Training Programme • Employee Satisfaction Survey • Medical and Group Takaful Coverage
Investors	• Corporate Financial Performance • Corporate Governance • Safety and Security • Investor Relationship Management	• Annual General Meeting • Corporate Website • Investor Feedback Management
Tenants	• Safety and Security • Business Activity and Ethics	• Contract Agreement • Tenant Survey • Joint Community Programme
Property/Maintenance Managers	• Marketing and Financial Performance • Tenants and Occupancy • Facility Management • Administration and Risk Management	• Contract Agreement • Evaluation and Performance Review • Regular Building Audits
Regulatory Agencies and Statutory Bodies	• Labour Practices • Environmental Management and Compliance	• Regular Meeting • Regular Inspection
Suppliers	• Transparent Procurement Process	• Evaluation and Performance Review
Non-Governmental Organisations ("NGOs")	• Social Contribution	• Community Events

SUSTAINABILITY **STATEMENT**

MATERIALITY ASSESSMENT

A materiality assessment is vital in identifying and prioritising sustainability matters that may be influential in determining the direction of REIT operations by the Manager. The sustainability matters are identified from an Environment, Economic, Social and Governance (EESG) perspective.

To ensure that the material sustainable matters remain substantial for this financial year, a review of material issues was assessed by the head of departments of the Manager comprising of the key personnel of the Manager and the guidance of an external consultant on behalf of the REIT. Overall, the team re-categorised the sustainability matters to ensure broader coverage and identified new matters to be prioritised. The results of the materiality review are reflected in the matrix below:



Material EESG matters

1. Regulatory Compliance
2. Risk Management
3. Corporate Governance
4. Financial Performance
5. Anti-Corruption
6. Procurement Practices (Value Chain)
7. Diversity
8. Waste & Effluent Management
9. Energy Management
10. Water Management
11. Labour Practices
12. Production & Services Responsibility
13. Community Investment
14. Supply Chain
15. Human Rights
16. Occupational Health & Safety
17. Indirect Economic Impact
18. Emissions
19. Anti-Competitive Behaviour
20. Land Remediation, Contaminations or Degradation

SUSTAINABILITY PILLARS

To withhold the core principles of the REIT for sustainability, the Manager established five key sustainability pillars. Listed below are the key sustainability pillars that are vital in ensuring that the actions taken by the Manager on behalf of the REIT support the overall sustainability objectives.



GOVERNANCE

Standard Operating Procedures

The Manager has in place standard operating procedures (SOPs) to govern the day-to-day processes to implement the best management practices for the REIT. The SOPs shall be reviewed at least annually or when necessary.

Enterprise-Wide Risk Management (ERM)

On a quarterly basis, the Manager regularly reviews the risks that are significant to the operations and takes the necessary actions to mitigate the risks as part of the ERM exercise.

In 2020, the Manager has revised the ERM Policy & Framework to ensure risk management principle, framework and processes are in line with the ISO 31000:2018 Risk Management Guidelines and engaged with an external consultant to improve Risk Profile by reviewing risks identified, along with their categories, impact and mitigations.

Whistleblowing Management

The Manager established a Whistleblowing policy for any stakeholders to raise their concerns for any inappropriate matters through the Manager's existing whistleblowing channel.

To date, there were no whistleblowing incidents reported through the available channels to the Manager.

Anti-Bribery Management System

The Manager is committed to prevent corruption and to build a culture of integrity. In 2020, the Manager adopted the Anti-Bribery and Corruption Policy and Manual that were approved by the Board of Directors. The policy and manual aim to help implementing, maintaining and improving anti-bribery and corruption management systems. It has the potential to positively impact business operations, investment, finance and value added to the organization as well as to help ensure organizational sustainability and support the vision and mission of REIT Manager and The Fund as a whole.

With the policy and manual, the Manager reiterates its commitment to complying with the Malaysia Anti-Corruption Commission (MACC) Act 2009 and the MACC (Amendment) Act 2018. The policy complements the Manager's Code of Conduct and Business Ethics, which must be adhered to by all employees and communicates our principles on corruption and money laundering among other issues related to bribery and corruption. It also details the Manager's new guidelines on gifts, entertainment and hospitality expenses. In addition, it reminds employees that there are severe consequences if they violate the policy, which include dismissal as well as civil and criminal liability. Therefore, a training on anti-bribery and corruption has been conducted to all employees on 18th and 19th June 2020.

In 2020, there were no reported incidents related to bribery and corruption.

Other Committees

Apart from the BOD, the Manager has put in various committees to ensure continuous governance in the overall operations such as:

COMMITTEE	OBJECTIVES
Board Audit and Risk Management Committee (BARC)	- To review issues on accounting policies and presentation of external financial reporting and ensure an objective and professional relationship is maintained with the appointed auditors. - To ensure that risk management is integrated in the Manager's day-to-day operations and ensure consistency of operational procedures and practices within the organisation to ensure effective risk management.
Nomination & Remuneration Committee	- To ensure that the board composition adopts the elements of MCCG 2017 and the remuneration arrangements support the strategic aims of a business - To ascertain that a succession planning framework is in to ensure that a retention talent pool among senior management positions in compliance with the requirements of the MCCG 2017
Enterprise Risk Management Committee (ERMC)	- To assist the BARC and the BOD in establishing and maintaining effective policies and guidelines to ensure effective risk management. - To review and endorse the risk parameters, risk appetite, risk profiles, risk treatment options, risk action plans and key risk indicators

The relevant committees discuss matters of the REIT on a periodic basis in relation to the objectives of the establishment of these committees. Ultimately, updates relevant to the REIT will be reviewed by the BARC and reported to the BOD on a timely basis.

SUSTAINABILITY **STATEMENT**

ENVIRONMENT

ENERGY MANAGEMENT

The table below shows the energy consumption as at December 2019 versus as at December 2020:

TOTAL ENERGY CONSUMPTION (kwh)			
Property	**As at December 2019**	**As at December 2020**	**% reduction**
KOMTAR JBCC	16,574,445	10,324,948	38
Menara KOMTAR	3,724,000	3,107,000	17
Pasaraya Komuniti @Mart Kempas	1,073,044	933,162	13

KOMTAR JBCC has carried out cost optimization strategy throughout the year. The strategy involves initiatives to reduce utility expenses by reducing the usage chiller, light, air handling unit (AHU) and fan coil unit (FCU). The reduction in energy consumption also was due to the enforcement of MCO that caused the properties to close operations in March - April 2020.

Moving forward, the Manager will strive to enhance their energy conservation initiatives for all other properties to be in line with their sustainability strategy.

WATER MANAGEMENT

The table below shows the water consumption as at December 2019 versus as at December 2020:

TOTAL WATER CONSUMPTION (M3)			
Property	**As at December 2019**	**As at December 2020**	**% reduction**
KOMTAR JBCC	157,192	87,426	44
Menara KOMTAR	25,780	21,703	16
Pasaraya Komuniti @Mart Kempas	19,461	21,783	(24)

There was an increase in water consumption for Pasaraya Komuniti @Mart Kempas in 2020 due to a water meter breakdown that resulted its lower reading in 2019. The Manager monitors the water consumption on a periodical basis and ensures tenants are in line with the Sustainable Strategies.

WASTE MANAGEMENT

The Manager ensures that the waste generated from the tenant activities and other sources relevant to the operations under the REIT is collected and disposed responsibly in accordance to the stipulated legal requirements. In addition, the Manager ensures that a licensed contractor is appointed to ensure responsible disposals.

PEOPLE

EMPLOYEE PROFILE

The employees of the Manager that assist in managing the REIT consist of qualified individuals with the relevant expertise in the investment practices.

The Manager strives for a culture that respects and balances the diversity of our employees to create equal opportunities for all employees regardless of demographic status.

As at 31 December 2020, the breakdown of employees is as follows:

Entity	Management	Executive	Non-Executive	Total
DRMSB	8	13	8	29

Entity	Male	Female	Total
DRMSB	17	12	29

The Manager of the REIT strives to ensure that the recruitment of employees is based on their skill sets without any preference on gender or age distribution.

EMPLOYEE TRAINING

In addition, the Manager emphasises on personal development to enhance the knowledge base of their employees. The table below shows the training hours achieved in 2020 compared to that of the previous year:

Entity	2019 (Hours)	2020 (Hours)
DRMSB	269	379.5

EMPLOYEE TURNOVER RATE

The Manager takes strenuous effort to maintain a reasonable turnover rate by keeping the employees contented at all times. The table below shows the turnover rates for the year 2019 and 2020:

Entity	2019 Turnover rate (%)	2020 Turnover rate (%)
DRMSB	10.34	3.51

EMPLOYEE WELFARE & RIGHTS

The Manager strives to ensure that the employees maintain a satisfactory physical and mental well-being. The Manager firmly believes in ensuring the physical and mental well-being of the employees to strive for continuous growth. With that, the Manager provides allowances, retirement provisions, healthcare benefits, disability and insurance coverage and medical compensation. The Manager conducts annual employee appraisals and the employees to provide feedback during the review. Ultimately, the Manager has a Code of Conduct & Business Ethics Policy to ensure the employees are properly guided.

OCCUPATIONAL HEALTH & SAFETY

The Manager aims to provide a safe environment for the employees to work in and ensure safety in the conduct of professional task of the tenants of the properties. At each property, the Manager has put in place a team of well-trained people to establish an Emergency Response Team to manage and handle emergency crises at the property management level. Apart from that, the Manager of the REIT has an Occupational Safety, Health, Environment & Security Committee to discuss safety measures and issues on a monthly basis.

The Manager ensures that the relevant parties adhere by the established safety regulations before any work is performed on the properties. Annually, fire drills and emergency evacuation procedures are conducted at the REIT properties to create awareness among the relevant stakeholders as required by the regulatory bodies. However, fire drills and emergency evacuation are postponed to 2021 due to the COVID-19 pandemic.

In addition, the Manager ensures strict adherence to SOPs on health and safety issued by MKN, MOH and various ministries during the various phases of MCOs to minimise the risk of COVID-19 at workplaces. Moreover, the Manager has in place adequate health and safety measures and steps in managing the return of its operations to full capacity and in adapting to the new normal to curb the spread of COVID-19.

PARTNER

PROCUREMENT / SUPPLY CHAIN MANAGEMENT

The Manager aims to achieve the best practices when engaging with all kinds of stakeholders across the supply chain. As such, this begins by dealing with the right suppliers to obtain the optimum benefit. The Manager ensures that the appointment of outsourced service providers and suppliers go through a fair comparison in line with the standard operating procedures and are constantly applied as part of the procurement process. Apart from the pre-qualification of outsourced service providers and suppliers, an annual evaluation is conducted to ensure continuous satisfaction in the deliverables to the Manager and the REIT. As at 31 December 2020, the Manager is proud to emphasise that the outsourced service providers and suppliers appointed are locally based.

SUSTAINABILITY **STATEMENT**

Business Continuity Plan - COVID-19

Al-Salām REIT invested on hygiene safety measures, such as thermal scanners, sanitisation supplies and social distancing initiatives. The following precautionary measures and steps have been implemented in all our properties since April:


Regular disinfecting and sanitising of common areas and touch points


Social distancing


Encourage employees to work from home


Screening of body temperature at building entrances


Encourage the usage of hand sanitizer



Increase awareness through circular, reminder and poster/ banner (Avoid 3S & Practise 3W)


Encourage the scanning of MySejahtera or recording of personal details for contact tracing


The wearing of face masks


Public sanitisation program with regulatory bodies (eg. BOMBA, KKM and MBJB)

TENANT MANAGEMENT

The Manager cooperates with a professional leasing consultant to ensure that the best quality tenants are engaged and retained through an annual tenant evaluation. The table shows the number of complaints from the tenants, as at December 2020 versus as at December 2019:

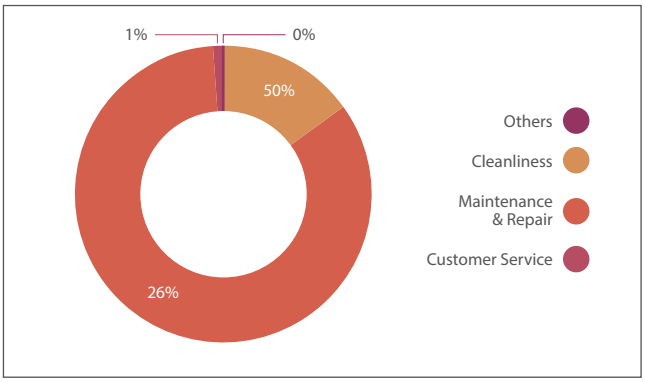
Entity	Number of complaints	
	2019	2020
KOMTAR JBCC	1326	504
Menara KOMTAR	340	399
Pasaraya Komuniti@Mart Kempas	27	238

The Service Manager provide various means of feedback and complaint channels such as feedback form, QR code in the mall and direct report to concierge desk. The increase in the number is due to the wear and tear of building assets/ assets components that need replacement such as lighting, piping and other consumables.

The Manager has set a benchmark of 3 working days for the Service Manager to respond to complaints and a maximum of 10 days for the complaint to be resolved, unless in cases where a more comprehensive and rigorous corrective and preventive action would need to be carried out more for the complaints to be resolved. In 2020, ServeDeck: Building Management Application is fully utilised; all the feedbacks and complaints are much smarter and friendly to manage and monitor by the manager and supervisor. The Service Manager has recorded an average of 2 days response time and 3 days to resolve complaints.

On a continuous basis, the Manager aims to address all concerns effectively and efficiently within the pre-set time frame.

NATURE OF COMPLAINTS



SHOPPER MANAGEMENT

The Manager takes priority to ensure the shopper has a valued experience at KOMTAR JBCC and reaches out for any feedback via various means. As at December 2020, it is reported that there was a reduction in shopper complaints to 8 as compared to 11 in December 2019, indicating a better shopper experience.

SUSTAINABILITY **STATEMENT**

CORPORATE SOCIAL RESPONSIBILITY

The Manager continues to put in Corporate Social Responsibility (CSR) efforts in various ways. Some of the key CSR initiatives throughout the year are highlighted below:

ENTITY	INITIATIVES
KOMTAR JBCC	CML Space - Venue Sponsorship
	Festive Season Celebrations











SUSTAINABILITY **STATEMENT**

ENTITY	INITIATIVES
PASARAYA KOMUNITI @MART KEMPAS	CSR for Back to School for Community (B40)
	Provision of Promotional Spaces/ Booths 1. Census Counter 2. Waqaf Counter
	Special Day and Festive Season Celebrations
	World Food Safety Day

















CORPORATE GOVERNANCE

SECTION 5

Corporate Governance Statement 86

Board Audit and Risk Committee Report 95

Statement on Risk Management & Internal Control 99

Additional Compliance Information 103

Shariah Adviser's Report 105

Trustee's Report 106

CORPORATE GOVERNANCE **STATEMENT**

INTRODUCTION

The Board is pleased to present the Corporate Governance (CG) Statement of the Manager for the financial year ended 31 December 2020. This CG Statement is prepared pursuant to the Bursa Malaysia Securities Berhad Main Market Listing Requirements (Listing Requirements).

The Board has been guided by the Malaysian Code on Corporate Governance 2017 (MCCG) in its implementation of CG practices while ensuring compliance with the Listing Requirements and the Companies Act 2016 in addition to monitoring developments in industry practice and other relevant regulations and other statutory requirements, best practices and guidelines as below:

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- The Guidelines for Listed Real Estate Investment Trusts; and
- Bursa Malaysia Corporate Governance Guide – 3rd Edition

The CG Statement provides a summary of the Manager's CG practices during the financial year, with reference to the following 3 principles, intended outcomes and practices of the MCCG, having considered the Company's structure, processes, business environment and industry practices:

- Principle A: Board leadership and effectiveness;
- Principle B: Effective audit and risk management; and
- Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Statement should be read together with other statements in this Annual Report such as the Statement on Risk Management and Internal Control and the Board Audit and Risk Committee (BARC) Report. In its deliberation and review of the CG Statement, the Board is satisfied that the practices set out in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year under review, unless otherwise mentioned in this CG Statement.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Manager is led by its Board of Directors that has full and effective control over the business undertakings from setting the overall strategic direction, allocating resources to the Management team to achieve the direction as well as oversee, scrutinise and monitor the Management to ensure that all actions and decisions made are consistent with the achievement of the Fund's short-term and long-term plans.

The Board retains effective control over important policies and processes such as internal controls, risk management, governance and compliance. The Board also assumes the responsibilities of reviewing, approving, adopting and monitoring the implementation of the annual strategic and business plan for the Fund and the Group as a whole.

In discharging its responsibilities to meet the Fund's objectives and plans, the Board:

- Together with the senior Management team foster a healthy corporate governance culture which is founded on the principles of transparency, integrity and objectivity;
- Ensure that the senior Management has the necessary skills and experience;
- Ensure that the Company has in place an effective communication channel with stakeholders; and
- Ensure that there is a sound framework on corporate reporting, including financial and non-financial reporting.

The Board also delegated certain of its responsibilities to the following Board Committees, which operate within clearly defined Terms of Reference of respective Committees:-

- Board Audit and Risk Committee;
- Board Investment Committee; and
- Nomination and Remuneration Committee.

Chairman of the Board

The Manager is led by a Chairman, Dato' Hj. Mohd Redza Shah Bin Abdul Wahid. The Chairman provides leadership during Board meetings and acts as the conduit amongst the Board members that sparks discussions and debates which ultimately results in Board decisions. He also promotes a culture of openness and encourages active participation and allowing dissenting views to be freely expressed. Additionally, he ensures that all decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board.

The Chairman is also present at the Annual General Meetings of the Fund and acts as the spokesperson for the Board to provide effective communication with stakeholders. The Chairman also manages the interface between the Board and the Management team and takes the lead in matters of good Corporate Governance practices and keeps abreast with new developments through participations in relevant seminars and training on the subject.

Separation of Duties between Chairman and CEO

The Chairman of the Board is Dato' Hj. Mohd Redza Shah Bin Abdul Wahid whilst the Chief Executive Officer (CEO) is Wan Azman Bin Ismail. Their roles are separate and clearly defined as to foster a separation of responsibilities as leader of the Board and to ensure a balance of power and authority. The Chairman is responsible for leadership of the Board, ensuring that all its required functions and responsibilities are met, whilst the CEO spearheads the business and day-to-day management of the Group and to implement the strategies directed by the Board.

Company Secretaries

Nuraliza Binti A. Rahman and Rohaya Binti Jaafar are the Company Secretaries of the Manager. The Company Secretaries work closely with the Board and Board Committees and play an important role in good governance by advising the Board and its Committees in compliance with the Listing Requirements, Companies Act 2016, Guidelines on Listed Real Estate Investment Trusts and other relevant laws and regulations.

The roles and responsibilities of the Company Secretaries include, but are not limited to the following:

- Attend and record minutes of all Board and Committee meetings and facilitate Board communications;
- Advise the Board on its roles and responsibilities as well as corporate disclosures;
- Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
- Ensure the adherence to the Board's and Board Committee's policies and procedures;
- Advise the Board on its obligations to disclose material information to shareholders in a timely manner; and
- Manage processes pertaining to the General Meetings.

The Company Secretaries will ensure proper and timely dissemination of information to the Board members. Prior to Board meeting, the Board members receive all the necessary materials related to the meeting's agenda, at least five days in advance. This enables the Board members to engage in informed discussions during the meetings. The Company Secretaries prepares the Board's and Board Committee's meeting minutes, properly recording issues deliberated, including how decisions and conclusions are arrived at.

Board Charter

The Board has adopted a Board Charter which is available on the Fund's website at www.alsalamreit.com.my. The Board Charter defines the respective roles and responsibilities of the Board, the Board Committees, the Chairman and CEO as well as the matters reserved for the Board. The Board Charter is subject to periodic review to ensure it remains consistent with the change of law, regulatory requirement and the company's policy that affects the Board Charter.

Code of Conduct and Ethics

In promoting a good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness, the Board has adopted a Code of Conduct and Ethics (the Code of Conduct) which is integrated into company-wide management practices. The Code of Conduct applies to all activities of the Directors and employees which helps to define how the Manager runs its business by setting the highest standards of conduct throughout the company. The Code of Conduct is reviewed periodically by the Board and revised as and when appropriate.

Anti-Bribery & Anti-Corruption Policy and Whistle Blowing Policy

The Board also established and adopted the following policies which is available on the Fund's website at www.alsalamreit.com.my:

- Anti-Bribery and Anti-Corruption Policy; and
- Whistle Blowing Policy.

The above policies are made available to all Directors and employees and compliance is mandatory. The Board encourages all stakeholders to raise concerns or complaints under the Whistle Blowing Policy regarding any violation of the business conduct. The policies are reviewed periodically by the Board and revised as and when appropriate.

CORPORATE GOVERNANCE **STATEMENT**

BOARD COMPOSITION

As of 31 December 2020, the Board comprised the following :

- (1) Independent Non-Executive Chairman
- (2) Independent Non-Executive Directors
- (3) Non-Independent Non-Executive Directors
- (1) Non-Independent Executive Director

The Board take cognisance of the MCCG's recommendation that at least half of the Board comprises independent directors. However, the Manager is governed by the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia and complied with Chapter 3.04 of the said guidelines which states that the Board must comprise at least two independent members, while maintaining a minimum ratio of at least one-third independent members at all times. Currently, the Board consists of three Independent Directors out of its seven members.

During the year ended 31 December 2020, the Board convened six (6) meetings and all Directors have complied with the required minimum of 50% attendance as required by Paragraph 15.05 of the Listing Requirements. The members of the Board and their attendances at Board meetings in 2020 are set out below:

	18th BOD 24 Feb 2020	Special BOD 8 Apr 2020	19th BOD 28 May 2020	20th BOD 27 Aug 2020	Special BOD 22 Oct 2020	21st BOD 24 Nov 2020
Dato' Hj. Mohd Redza Shah Bin Abdul Wahid	/	/	/	/	/	/
Wan Azman Bin Ismail	/	/	/	/	/	/
Zainah Binti Mustafa	/	/	/	/	/	/
Dr. Mohd Hafetz Bin Ahmad [1]	/	/	/			
Dato' Dr. Rahah Binti Ismail [2]	/	/	/			
Dato' Wan Kamaruzaman Bin Wan Ahmad [3]				/	/	/
Yusaini Bin Hj. Sidek [4]	/	/	/	/	/	/
Dato' Amiruddin Bin Abdul Satar [5]	/	/	/			
Mohd Yusof Bin Ahmad	/	/	/	/	/	/
Shamsul Anuar Bin Abdul Majid [6]				/	/	/

Notes:

(1) Resigned w.e.f. 24 August 2020
(2) Resigned w.e.f. 24 August 2020
(3) Appointed w.e.f. 24 August 2020
(4) Resigned w.e.f 15 January 2021
(5) Resigned w.e.f. 1 July 2020
(6) Appointed w.e.f. 24 August 2020

DIRECTORS' TRAINING

The Board ensures that its members have access to appropriate continuing education programmes to stay updated on relevant developments, and to enhance their skills and strengthen their participation in Board deliberations. The details of Directors' participation in talks and training programmes are as follows:

Director	Date	Event/Training
Wan Azman Bin Ismail	16 January 2020	Capital Market 2.0 - How Blockchain, Cryptocurrency and Fin-TECH are Disrupting and Complementing the Financial Industry
	17-18 February 2020	Private Equity & Venture Capital
	15 October 2020	Industry 4.0 and its impact to Malaysian Capital Market
Zainah Binti Mustafa	22-23 July 2020	Rising Defences: Section 17A MACC ACT
	17 November 2020	Malaysia's Budget 2021 Webinar: Paving the way towards a resilient future
Dato' Wan Kamaruzaman Bin Wan Ahmad	4,14,15 & 17 September 2020	Induction Programme for new director of Bursa Malaysia
	29 September 2020	Economic Outlook & Lookout : The good, the bad, the uncertain
	29 September 2020	Bursa Malaysia (1818) : An analyst perspective
	29 September 2020	Smart contracts and distributed ledger technology for Malaysia's future post trade platform
	13 October 2020	Induction Programme for new member of market participants committee
	19-21 October 2020	Mandatory Accreditation Program (MAP)
	24 November 2020	An update on COVID-19
Dato' Dr. Rahah Binti Ismail	22-23 July 2020	Rising Defences : Section 17A MACC ACT
Dr. Mohd Hafetz Bin Ahmad	22-23 July 2020	Rising Defences : Section 17A MACC ACT
Shamsul Anuar Bin Abdul Majid	20-22 July 2020	Mandatory Accreditation Programme for Directors of Public Listed Companies
Mohd Yusof Bin Ahmad	24 April 2020	Impact of MCO on vacant possession handover and strata management issues & NDASH: The practical solutions.
	24 April 2020	Will malls be empty in the new normal
	28 April 2020	Malaysia's Challenges and its impacts on the property industry & market
	1 May 2020	The Malaysian Property Market picked up in 2019
	4 May 2020	Focus: "Less Overhead, More Revenues"
	11 May 2020	Future of Real Estate
	18 May 2020	Prompt Response to CCC delivery process under the 'New Normal'
	6 June 2020	Insights on the tropical Malaysia house
	17 June 2020	MIT Media LAB Beyond Smart Cities: Emerging design & Technology (Module 1-6)
Yusaini Bin Hj. Sidek	21 February 2020	Ethics, PDPA, AMLA and Compliance Requirements
	28 February 2020	Practical Aspect of Professional Will Writing (Muslim & Non-Muslim)

CORPORATE GOVERNANCE **STATEMENT**

Tenure of the Independent Directors

Save for Zainah binti Mustafa, the tenure of other Independent Directors does not exceed a cumulative term limit of nine years as provided under Practice 4.2 of the MCCG.

Zainah has exceeded her tenure on the Board for a cumulative term of more than nine years since her appointment date. Pursuant to Practice 4.2 of the MCCG, she may be re-designated as Non-Independent Non-Executive Director in order to continue to hold office as a Director of the Manager or be re-elected as Non-Independent Non-Executive Director. Zainah has decided not to seek re-election at the next AGM.

In view thereof, the Board with the recommendation of the NC agrees and supports her decision and will proceed to find a suitable candidate to replace Zainah as an Independent Non-Executive Director of the Manager subject to the approval of the SC so as to comply with the Bursa Listing Requirements as well as Practice 4.2 of the MCCG.

Appointment of Board Members

The Nomination and Remuneration Committee (NRC) is empowered to bring to the Board recommendations as to the appointment of any new Director(s) and member(s) of the senior Management team. The NRC is chaired by Dato' Hj. Mohd Redza Shah Bin Abdul Wahid, who is an Independent Director.

In deliberating the proposed appointment of any new Director(s) and senior Management team, the NRC is guided and takes into account the skills, knowledge and experience of the candidate as well as the structure of the Board and its Committees.

The task of identifying suitably qualified candidates for appointment of Directors of the Board is carried out by the NRC and relies on multiple channels of recommendation, including endorsement from Board members, internal promotion from Management team, major shareholders and independent search firms.

The Board acknowledges the recommendation of the MCCG pertaining to the establishment of boardroom gender diversity policy. However, the Board is of the view that the suitability of candidates is dependent on each candidate's competency, skills, experience, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender. However, the Board endeavours to have diversity of Board and its workforce in terms of gender, cultural background and age. Currently, the Board consists of a female Director out of its seven members.

Board Evaluation

The NRC carries out an annual evaluation of the effectiveness of the Board and the performance of the Board Committees against a set of criteria that encompasses a diverse set of skills and experience in the fields of, amongst others, accounting, business and management, marketing, risk management, information technology and finance. The assessment also includes an aspect of the Board's and Board Committees' structure, operational conduct and its role and responsibilities.

The evaluation process was conducted internally and facilitated by the Company Secretaries. During the process, questionnaires were sent to the Directors, and the results were reported to the NRC. The summary of the evaluation is shared with the Board thereafter. The results of evaluation and recommendations of the NRC were considered by the Board and follow up action is taken where necessary with a view to enhancing the effectiveness of the Board in the discharge of its duties and responsibilities.

The Board is also considering to enhance the evaluation by introducing and implementing a 360° evaluation involving the Board, the management and the Chairman in totality. The proposal will be deliberated by the NRC and shall be tabled to the Board for approval for implementation.

REMUNERATION

The Board recognises that to attract, retain and motivate Directors and senior Management of good calibre to drive and pursue the long-term objectives of the Fund, it is important to have a fair and competitive remuneration package that commensurate with their experiences, skills, responsibilities, performances, contributions as well as benchmarking against the remuneration practices and trends by other similar players in the market.

The NRC reviews and recommends to the Board on the framework of remuneration policy and package for the Directors and the senior Management personnel. It is to be noted that such remuneration is paid by the Manager and not by the Fund. The remuneration policy takes into account the demands, complexities and performance of the Manager as well as skills-set and relevant experiences required. For Independent Directors, the Board ensures that the remuneration does not conflict with their obligation to bring objectivity and independent judgment on matters discussed at the Board meetings.

A brief overview of the Directors' remuneration (comprising salaries, other emoluments, fees, meeting allowances and benefits-in-kind) for FY2020 is tabulated below:

Range of Remuneration (per annum)	Executive Directors	Non-Executive Directors
Up to RM100,000	-	6
RM101,000 – 200,000	-	-
RM200,001 – RM300,000	-	-
RM300,001 – RM400,000	-	-
RM400,001 – RM500,000	-	-
RM500,001 and above	1	-

Note: The above remuneration is to manage 2 funds i.e., Al-'Aqar Healthcare REIT and Al-Salam REIT. Details of the Directors' and senior management's individual remunerations are not disclosed as the Directors and senior management are remunerated by the Manager, and not by the fund. The Manager believes that the overview presented above is sufficient for public disclosure, and that the non-disclosure of individual remunerations is essential to protect the interests of the Manager and its officers.

CORPORATE GOVERNANCE **STATEMENT**

Nomination and Remuneration Committee (NRC)

The NRC is the Board's committee that implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board members and senior Management. Currently, the NRC comprises three members who are all Independent Non-Executive Directors. The Executive Director may be invited to participate in certain meetings of the NRC to provide insights, particularly on considerations relating to the performance of the Company but he will not be involved in deciding his own remuneration.

The NRC is guided by its Term of Reference which is available at the Fund's website at www.alsalamreit.com.my

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Risk Management and Internal Control Framework

Informed Decisions on Level of Risks and Implementation of Controls

The Board has the oversight responsibility of the adequacy and effectiveness of the Manager's system of internal controls which comprises the governance, risks and controls aspects. The Board believes that effective maintenance of the system is important to help the Fund to achieve its various objectives at many levels and having considered the risks that the Fund faces whilst balancing out the interest of its many stakeholders and protecting the assets and investments.

The Board fulfils its oversight function of risk management and internal control system via the Board Audit and Risk Committee (BARC). An approved Enterprise Risk Management (ERM) Framework which is in place and provides guidance to both the Board and Management on the risk management reporting structure and governance, processes, assessment methodologies and tools. The Management of key operating companies adopt and apply the prescribed methodologies to identify, evaluate, treat, control, track and report the Strategic and Business, Financial, Compliance and Operational Risks based on the risk appetite set. In addition to the ERM Framework, the Manager has in place an approved Compliance Framework for management of Compliance Risks which are recognised as part of Operational Risks under the ERM Framework.

The Internal Audit Function which was outsourced to Crowe Governance Sdn Bhd assesses and reports the adequacy and effectiveness of the governance, risk management and internal control system whilst provide the effectiveness of internal control and risk assessment process by the heads of departments.

An overview of the Board's responsibility and descriptions of the key components of system of internal control which include the conduct of reviews by the Internal Audit Function, risk management and compliance management is set out in the Statement on Risk Management and Internal Control on pages 99 to 102 of this Annual Report.

Effectiveness of Governance, Risk Management and Internal Control System

The Board has established an Internal Audit Function to provide assurance on the effectiveness of risk, control and governance processes. Oversight of the Internal Audit Function is delegated to the BARC to ensure that there are sufficient resources and internal audits are carried out objectively, effectively and independently.

The Internal Audit Function is outsourced to a team of competent and qualified auditors at Crowe Governance Sdn Bhd, who reports directly to the BARC. The Internal Auditors attended all meetings of the BARC during the year under review. The BARC's review of the scope of work and reports by the Internal Audit Function and the detailed description of the Internal Audit Function are provided in the BARC Report on pages 101 of this Annual Report. The Internal Audit Function discharges its duties in accordance with internationally recognised framework and guidelines as described on page 99 in the Statement on Risk Management and Internal Control and page 97 and 98 in the BARC Report of this Annual Report, respectively.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Manager recognises the importance of maintaining transparency and accountability to the stakeholders of Al-Salām REIT. The Board believes that regular engagements will enhance stakeholders' understanding and appreciation of Al-Salām REIT business strategies, financial performance, current initiatives and prospects of the business. These engagements are undertaken at both the Manager and property levels with stakeholders such as investors and tenants as it is crucial to address their concerns in times of uncertainties impacted by the COVID-19 crisis

Stakeholders	Engagement and initiatives
Investment Community (Unitholders, Analysts, Fund Managers)	• Statutory announcement • Annual General Meeting • Roadshow • Investors and analysts briefing • Corporate website • Social media
Media	• Media release • Corporate website • Social media
Government, Local Authorities and Regulators	• Engagement meeting • Consultation paper • Engagement through Malaysian REIT Managers Association • Maintain rapport with local authorities
Tenants and Lessees	• Periodic meeting • Survey and feedback • Rental support programme • Marketing support and promotional activities
Suppliers and Contractors	• Request for proposal • Tender interview • Regular meetings • Supplier evaluation and audit
Employees	• Employees engagement dialogue • Survey and feedback • Performance appraisal • Recreational activities • Flexible work arrangement • Upskilling and reskilling programmes
Communities	• Customers' survey and feedback • Social media • CSR programme • Loyalty programme • Stringent operational and safety requirements • SOPs during MCOs

CORPORATE GOVERNANCE **STATEMENT**

Al-Salām REIT is highly committed to ensure that relevant and material corporate information is shared with our unitholders and investing community effectively. Al-Salām REIT maintains a corporate website, www.alsalamreit.com.my to disseminate up-to-date and historical information and enhance its investor relations practices. The Investor Relations section on the website provides investor-related information such as financial information, announcements released to Bursa Securities, general meetings materials, circulars and distribution information. Stakeholders will also have access to corporate governance information including but not limited to the Board Charter, Terms of Reference, Whistleblowing Policy and Anti-Bribery & Corruption Policy.

The Manager has in place the Investor Relations team to facilitate effective communication with unitholders, analysts, fund managers and media. The email address, name and contact number of the Manager's designated person is also available in Al-Salām REIT's website to enable the public to forward queries relating to Al-Salām REIT to the Manager.

Conduct of General Meeting

The Annual General Meeting is a vital platform for dialogue and interaction for effective communication and proactive engagement between the Board and unitholders of Al-Salām REIT. A copy of the 2019 Annual Report of Al-Salām REIT and the relevant Circular to unitholders, including the notice of meeting were made available to unitholders before the 5th AGM. The notice of meeting was also advertised in the local daily newspapers and announced to Bursa Securities via Bursa LINK. An Administrative Guide, which furnished useful information regarding the conduct of the 5th AGM, together with the explanatory guide to the use of the electronic polling process were given to the unitholders in advance.

In line with the Government's Initiative and the Securities Commission Malaysia Guidance Note, as a precautionary measure amid COVID-19, Al-Salām REIT has conducted its 5th AGM on a fully virtual basis via live streaming and online remote voting on 25 June 2020. The Broadcast Venue of the 5th AGM at the Manager's corporate office was strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be at the main venue. No Unitholders/Proxy(ies) was allowed to be physically present at the Broadcast Venue on the day of the 5th AGM.

The voting of all resolutions set out in the notice of the 5th AGM was conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. Al-Salām REIT has appointed Mega Corporate Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting and Cygnus IT Solutions PLT as Independent Scrutineers to verify the poll results.

All Directors of the Manager were present at the 5th AGM to engage with unitholders. Besides, the Trustee, the Management Team, external auditors and the advisers were in attendance to address questions or concerns raised by unitholders. The Chairman of the meeting presented the progress and performance of the business and encouraged unitholders to participate in the Q&A session.

BOARD AUDIT AND RISK COMMITTEE REPORT

BOARD AUDIT AND RISK COMMITTEE REPORT

The BARC committee plays a major role in corporate governance regarding the organisation's direction, control, and accountability. As a representative of the Board of Director's and main part of the corporate governance mechanism, the BARC is involved in the organisation's both internal and external audits, internal control, accounting and financial reporting, regulatory compliance, and risk management. The BARC committee will be ensuring independence to the internal and external auditors which give results to true and fair financial reporting that will meet the expectation of and protect the interests of all the stakeholders and mainly shareholders.

COMPOSITION

For the financial year ended 31 December 2020, the BARC comprised of three Directors, all of whom are also members of the Board of the Manager.

The composition of the BARC is as follows:

1. Zainah Binti Mustafa
   Chairman/Independent Non-Executive Director

2. Dato' Wan Kamaruzaman Bin Wan Ahmad
   Independent Non-Executive Director (appointed on 24 August 2020)

3. Yusof Bin Ahmad
   Non-Independent Non-Executive Director (appointed on 24 August 2020)

4. Dr Mohd Hafetz Bin Ahmad
   Independent Non-Executive Director (resigned on 24 August 2020)

5. Dato' Sr Dr Rahah Binti Ismail
   Independent Non-Executive Director (resigned on 24 August 2020)

Dr Mohd Hafetz Bin Ahmad and Dato' Sr Dr Rahah Binti Ismail resigned from being members of the BARC following the respective resignations as Independent Non-Executive Directors on 24 August 2020.

Dato' Wan Kamaruzaman Bin Wan Ahmad, an Independent Non-Executive Director and Yusof Bin Ahmad, a Non-Independent Non-Executive Director were appointed as member of the BARC effective 24 August 2020

MEETINGS AND ATTENDANCE

Number of Meetings Held and Details of Attendance

The BARC meets at quarterly intervals or such other intervals as the BARC Committee shall decide. During the financial year, a total of 2 BARC meetings were held and the details of attendance are as follows:

No	Name of Committee Member attended	No of meetings
1	Zainah Binti Mustafa	2 out of 2
2	Dato' Wan Kamaruzaman Bin Wan Ahmad	1 out of 1
3	Yusof Bin Ahmad,	2 out of 2
4	Dr Mohd Hafetz Bin Ahmad	1 out of 1
5	Dato' Sr Dr Rahah Binti Ismail	1 out of 1

Terms of Reference

The BARC has a set of Terms of Reference that guides the discharge of its roles and responsibilities. Details of the Terms of Reference are available on the corporate website of www.alsalamreit.com.my

BOARD AUDIT AND **RISK COMMITTEE REPORT**

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The BARC held four meetings during FY2020. The meeting dates were predetermined in advance in order to ensure availability of each member. Meeting papers were circulated to all the BARC members prior to the meetings by way of electronic means and hard copy.

The BARC Committee carried out the following work during the financial year ended 31 December 2020 in the discharge of its functions and duties

Overseeing Financial Reporting

(a) Reviewed the audited financial statements of Al-Salām REIT for the financial year ended 31 December 2019 FY2019, which were prepared in accordance with the Trust Deed of Al-Salām REIT, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the applicable Securities Commission Malaysia (SC) rules and guidelines, prior to recommending the same to the Board for approval.

At the meeting held on 29 January 2020, the External Auditors presented to the BARC the results of the FY2019 audit conducted on Al-Salām REIT, where significant audit matters such as valuation of investment properties, revenue recognition and fraud considerations, were discussed.

(b) Reviewed at every quarterly meeting held in FY2020, the quarterly unaudited financial results for public release to ensure adherence to legal and regulatory reporting requirements before recommending the same to the Board for approval. The first, second, third and fourth qauarters of the quarterly results for the financial year ended 31 December 2020 were reviewed at the BARC meetings held on 13 May 2020, 19 August 2020, 18 November 2020 and 26 January 2021 respectively.

(c) Reviewed and discussed with Management the quarterly management accounts, taking into consideration that the necessary processes and controls are in place in the preparation of the financial reports.

(d) Reviewed, at each quarterly meeting, the income distributions of Al-Salām REIT which were made in accordance with the distribution policy of Al-Salām REIT, in order to ensure the adequacy of the realised income for each distribution prior to recommending the proposal to the Board.

(e) Kept abreast on the application of the new, revised and amendments to accounting standards such as the Amendments to MFRS3 – Definition of a Business, Amendments to MFRS 101 and MFRS 108 – Definition of Material and Revised Conceptual Framework for Financial Reporting. The External Auditors ensured that the BARC members were briefed on the key requirements and potential impact of these new, revised amendments.

External Audit

(a) Evaluated the suitability and independence of the External Auditors at the meeting held on 13 May 2020 against evaluation criteria established. Following a satisfactory assessment, the BARC recommended to the Board their appointment as Auditors of Al-Salām REIT in respect of FY2020 for onward recommendation to the Trustee of Al-Salām REIT. The evaluation criteria included, among others, the adequacy and experience of the firm, its resources, and the experience of the professional staff assigned to the audit of Al-Salām REIT.

(b) Noted the External Auditors' confirmation of their firm's independence in accordance with the terms of all relevant professional and regulatory requirements.

(c) Ensured that Al-Salām REIT's appointed External Auditors were duly registered with the Audit Oversight Board (AOB) of the SC; based on the verification carried out by the Compliance Officer on the AOB's Register of Auditors as at 31 October 2020 available on the SC's website.

(d) Reviewed with the External Auditors, at the meeting held on 19 August 2020, their audit plan for FY2020, audit approach, and reporting requirements prior to the commencement of audit works for the year under review.

(e) Reviewed the FY2020 audit fees of Al-Salām REIT and ALSREIT Capital for recommendation to the Board, prior to seeking the approval from the Trustee of Al-Salām REIT. The BARC also considered the non-audit fees applicable to Al-Salām REIT for FY2020, and was satisfied that the non-audit fees were not of significant nature and were necessary compliance costs in order for Al-Salām REIT to comply with the relevant requirements.

The details of audit and non-audit fees for FY2020 are disclosed below:

AL-SALĀM REIT		ALSREIT CAPITAL	
Audit fee	Non-audit fee	Audit fee	Non-audit fee
RM156,000	RM10,000	RM30,000	N/A

Internal Audit

(a) Reviewed with the internal auditors the internal audit reports (including follow-up review reports), the audit findings and recommendations, management's responses and/or actions taken thereto, and ensured that material findings were satisfactorily addressed by management.

(b) Monitored and reviewed the progress of follow-ups on audit findings to ensure remedial/corrective actions have been taken by Management on a timely basis.

(c) Reviewed and adopted the risk-based internal audit plan for financial year ending 31 December 2020 to ensure sufficient scope and coverage of activities of Al-Salām REIT and the Group, which include review of tenant procedures in the leasing department, a review of assessment procedures involving vendors/contractors, and a review of building and asset maintenance and safety controls.

(d) Reviewed internal audit resourcing, with focus on ensuring that the function has sufficient resources together with the right calibre of personnel to perform effectively and that the internal audit team has adequate authority to discharge his functions objectively and independently

Risk Management and Internal Control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. The BARC supports the Board by advising on the Group's overall risk appetite, tolerance and strategy, current risk exposures and future risk strategy. The BARC reviews risk registers produced by the management which covers Strategic, Finance, Operational and Compliance Risks at each of its meetings and the status and progress of action plans in respect of significant risks.

The BARC also considers that appropriate controls are in place in management of the REIT, that the Manager has a well-defined organisational structure with clear lines of responsibility and a comprehensive reporting system and adequate procedures in financial reporting, risk management, internal control and are in place. Further details in respect of risk management and internal controls are set out on pages 99 to 102. Details in respect of the principal risks and uncertainties are set out on pages 53 to 54.

The Committee also reviewed and deliberated on four frameworks relating to compliance and internal controls and recommended to the Board the implementation of the frameworks and policies put forward by the Management, listed as below:

No	Frameworks & Policy	Date of Meeting
1	Anti-Bribery & Corruption Policy and Whistle Blowing Policy	13 May 2020
2	Internal Control Policy	18 November 2020
3	Compliance Framework & Policy	18 November 2020
4	Limits of Authority	18 November 2020
5	Enterprise Risk Management Framework	18 November 2020

BOARD AUDIT AND **RISK COMMITTEE REPORT**

Review of Related Party Transactions (RPT) and Recurrent RPT of a Revenue or Trading Nature (RRPT) & Conflict of Interest Situations

(a) Reviewed, on a quarterly basis, the RRPT entered into by Al-Salām REIT with related parties to ensure that internal policies and procedures governing RRPT are adhered to, and disclosure requirements of the Main LR are observed, listed as below:

- Carried out in compliance with the REIT Guidelines and the Trust Deed;
- Carried out on an arms' length basis and under normal commercial terms;
- Carried out in the best interest of the Unitholders;
- Abstention from voting at Board Meetings for interested parties;
- Adequately disclose to the unitholders via Bursa Announcements, Quarterly Reports and Annual Report; and
- Approved by the Trustee.

(b) Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them in accordance with Section 221 of the Companies Act, 2016 on a quarterly basis. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to RPT or RRPT. All Directors are required to provide declaration letters of their interest(s) and disclosures of conflict of interest situation(s) on an annual basis, and all declarations are documented and kept in the statutory records of the Manager. The Committee took note that there were no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the Chief Executive Officer.

Annual Report

Reviewed the BARC Report, and Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2020 Annual Report.

STATEMENT ON RISK MANAGEMENT & **INTERNAL CONTROL**

INTRODUCTION

Pursuant to Paragraph 15.26 (b) of the Listing Requirements and the Malaysian Code on Corporate Governance 2017 (MCCG 2017) with regards to the Manager's/Fund's state of internal control, the Board of Directors (Board) is pleased to present below the Statement on Risk Management and Internal Control during the financial year under review and up to the date of approval of this statement, prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (Guidelines) which was by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad and taking into consideration the recommendations of the MCCG 2017.

BOARD'S RESPONSIBILITY

The Board affirms its responsibility for the Fund's system of risk management and internal control which includes the establishment of an appropriate internal control environment and risk management framework as well as reviewing its adequacy and effectiveness to safeguard shareholders' investments and the Fund's assets.

The system has been put in place is to ensure that risks and their corresponding mitigation plans are effectively managed, monitored and reviewed effectively. These are done through periodical reports to the established committees through which the Board discharged its duties. Risks that are critical to strategic and business objectives are escalated to the Board level to provide reasonable assurances against material misstatement or loss.

The Board has received assurance from the Chief Executive Officer, Head of Finance and the Head of Compliance and Risk Management Department that the risk management and internal control system is operating adequately and effectively, in all material aspects.

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

In order to achieve a sound system of risk management and internal control, the board and management ensure that the risk management and control framework is embedded into the culture, processes and structures of the company. The framework was designed to be responsive to changes in the business environment and clearly communicated to all levels.

The Manager plans and executes activities to ensure that the risks inherent in its management of the Fund are identified and effectively managed to achieve an appropriate balance between realizing opportunities for gains while minimizing losses to the Fund.

The Manager has first established an Enterprise Risk Management Framework (ERMF) in 2018 which sets out the risk management governance, guidelines, processes and control responsibilities and underpins the Enterprise Risk Management Policy (ERM Policy). It seeks to ensure that there is a consistency to the methods used in managing risks throughout the organisation, both at the strategic and operation level and to ensure that the risk management efforts are aligned with the Fund's business objectives. It also outlines enhanced and explicit requirements for managing risks and assists in understanding the impact of uncertainties inherent in business decisions especially impacts relating to the COVID-19 outbreak and the MCO in business operations and strategic direction. Further revision was made in 2019 to incorporate a new Earnings per Unit threshold in risk appetite/risk tolerance.

The third revision of the ERMF was presented during the Board of Director's meeting dated 25 November 2020 and duly approved. The latest revision tightens the risk management processes by adding a mitigation performance parameter, the timeline and the recommendations/assessment of the risks by the CRMD Department. In addition to the above improvement, the Board has also approved the setup of BARC, which is chaired by an Independent Director and comprises of another Independent Director and one Non-Independent Directors. The BARC is put in charge of the following roles and responsibilities:

a) Provide guidance and advice on appropriateness of risk treatment option selected and risk action plans development ;
b) Articulate and challenge risk ratings, control effectiveness, risk treatment options and risk action plans identified by risk owners; and
c) Provide an independent view on specific risk and control issues, the state of internal controls, trends and events.

The ERMF specifies the level of risk tolerance expressed through the use of a risk consequence and likelihood matrix. Once the level of risk tolerance is determined, the risk owner is required to identify and implement a risk mitigation plan strategies, while taking into consideration the root cause of the risks; covering management actions with target timeline for implementation.

STATEMENT ON RISK MANAGEMENT & **INTERNAL CONTROL**

The risk owners are to monitor and timely update their risk profiles on an on-going basis. The update of the risk profiles includes changes to operational, financial and compliance risks and the identification of emerging risks arising from changing business conditions as well as the adequacy and effectiveness of the related controls.

In addition to the establishment of a risk management committee at the Board level, the Manager is planning to set up an Enterprise Risk Management Committee (ERMC) at the Company level, which has commenced in January 2021. The function of the ERMC is to drive risk management guided by the ERM Policy and ERMF to ensure effective identification of emerging risks and management of identified risks through implementation of appropriate controls and risk treatment strategies. Risk owners who are also ERMC members are managers or heads from the divisional units to identify and evaluate the risks related to their business objectives or budgets against which performance is measured and to establish the risk profiles during the risk assessment sessions.

The ERMC meets periodically and works closely with the Compliance and Risk Management Department (CRMD) to ensure effective and consistent adoption of risk management practices. The ERMC presented the risk management report to the Board on a quarterly basis. As part of the Board's efforts to ensure risk management and internal control processes are adequate and effective, risk mitigation strategies and internal controls are subject to periodic review by the internal audit with areas for improvement.

KEY ELEMENTS OF INTERNAL CONTROL

The Manager's Internal Control Policy and Procedures (ICPP) was designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

The ICPP is a reference tool for all employees to identify and assess operating controls, financial reporting, and legal/regulatory compliance processes and to take action to strengthen controls where needed. By developing effective systems of internal control, we can contribute to DRMSB's ability to meet its objectives and reducing the potential liability arising from non-compliance to regulatory requirements, fraud and lack of efficiency and effectiveness in operations.

This guide is designed to satisfy the basic objectives of most business systems as they relate to carrying out the responsibilities of the REIT Manager/DRMSB. An effective check and balance control environment is fundamental for ensuring a sound internal control system in the Fund's operations. The Board and Management are committed to maintain an effective internal control environment by continuously enhancing the design of internal control systems to ensure that they are relevant and effective to promote operational agility while ensuring corporate governance and compliance to regulatory guidelines.

The key elements and/or features of internal control system established for maintaining strong corporate governance are as follows:

1) The Standard Operating Procedures (SOPs) with specified roles and responsibilities in the reporting structure to incorporate the elements of checks and balances which are aligned to the business and compliance requirements.

2) Limit of Authority Policy is in place for approving capital expenditure and matters on Financial, Treasury, Legal and Secretarial, Audit, Human Resource, Procurement & Contract Management, Investment and Corporate matters – all aimed at keeping potential risk exposures under control.

3) Documented policies and procedures are also in place subject to review every now and then to ensure that it maintains its effectiveness to support the REIT's business activities. These include the ERMF, Internal Control Policy Manual, Compliance Framework and Policy which was reviewed in 2020. The Manager has also formulated the Business Continuity Management (BCM) and Disaster Recovery Plan (DRP) Policy, which is currently under review.

4) The DRP testing is undertaken every quarterly and the results presented to the Board for their notation. The Company is evaluating a proposal to carry out an IT technical risk assessment and penetration test of its IT technical infrastructure.

5) Strategic Planning and Annual budgets are prepared by the REIT's operations. Analysis and reporting of variances against budget are presented to the Board which act as a monitoring mechanism and reviewed half-yearly.

6) Quarterly and annual financial statements containing key financial results as well as operational performance results of the Fund are prepared and reported to the Board.

STATEMENT ON RISK MANAGEMENT & **INTERNAL CONTROL**

7) Timely company briefings with analysts are conducted to apprise the shareholders, stakeholders and general public of the Fund's performance while promoting transparency and open discussion. However, during the year under review no company briefings were carried out due to the restrictions under the MCO.

8) The Chief Executive Officer is involved in the running of the day-to-day business operations by meeting up with both management and operation on a weekly basis to monitor the performance and profitability of the Fund's businesses.

9) Quarterly meetings on management accounts results against prior periods are conducted with significant variances explained and appropriate actions taken or plans put in place.

10) Quarterly meetings with the Trustee are carried out to discuss operational and financial performance of the Fund and the properties. Due to the MCO both the Trustee and REIT Manager were only able to hold the meeting only once in 2020.

11) The Manager has a succession planning programme in place which include identification of future successors and leadership training for candidates of critical positions.

12) Guidelines on employment, 360 degrees performance appraisal are currently in practice to ensure the Manager's ability to operate in an effective and efficient manner. A comprehensive performance management system that link succession planning with elements of core competencies, training needs analysis and training plan, appraisal and reward system is expected to be formalized in 2021.

13) The Human Resource Unit is in charge of the safety & health issues at the operating level to address and ensure compliance with occupational safety and health policies and procedures as required by the various authorities.

14) The Manager undertakes adequate insurance coverage on both its employees and assets to ensure both are sufficiently insured against any losses arising from various perils faced in the Manager's/Fund's operations.

15) The Manager has, in place the KPI reporting to drive awareness of shared management responsibility on their contribution towards enhancing the operating performance in achieving the business objectives.

16) Internal audit is outsourced to ensure independence in audit function, which include performing regular reviews of business processes to assess the effectiveness of the internal control system and to highlight significant risks impacting the Company with recommendations for improvement. The internal audit team reports directly to the BARC.

17) Evaluations of outsourced service providers are carried out on a yearly basis and presented at the management committee.

18) Senior management team conducts regular discussions with property, maintenance and service managers to discuss issues for improvement and to promote better understanding to facilitate cognizance in decision-making capability. Due to the MCO, the Property Management meetings were only able to be held once in 2020

19) The Manager launched its Anti-Bribery & Corruption Framework and the Whistleblowing Policy effective 1 June 2020, which is guided by the Guidelines on Adequate Procedures issued under section 17A(5) of the MACC Act.

INTERNAL AUDIT

The Manager outsources its Internal Audit Function, which reports independently to the BARC to provide the Board with adequate assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance processes.

The Internal Audit Team (IAT) adopts a risk-based approach in executing the annual audit plan that focuses on major business units and/or operations. The annual audit plan is reviewed and approved by the BARC. The IAT reports directly to the BARC on the outcome of its appraisal of the operational activities. Significant audit findings are presented and deliberated by the BARC on a quarterly basis or as appropriate. The IAT also monitors the implementation of audit recommendations in order to obtain assurance that all major risks and controls measures identified have been reasonably addressed by the management in an effective and timely manner.

STATEMENT ON RISK MANAGEMENT & **INTERNAL CONTROL**

BOARD REVIEW

The Board is of the view that the risk management and internal control system in place throughout the year under review and up to the date of approval of this Statement is sound and sufficient to safeguard the interests of the Fund's stakeholders, their investments and the Fund's assets. Additionally, the Board regards the risks faced by the Manager/Fund are within its tolerance levels in relation to its business and strategic objectives.

The Board is not aware of any material losses or fraud during the year under review as a result of weaknesses in internal control. The management is continuously taking necessary measures to improve and strengthen the risk management and internal control system of the Manager/Fund.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control (Statement) in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

They have reported to the Boards that nothing has come to their attention that causes them to believe the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board of Directors on 18 February 2021

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Securities Commission's Guidelines on Listed Real Estate Investment Trusts.

SANCTIONS OF PENALTIES

There was no public sanction or penalty imposed on the Manager by the relevant regulatory bodies during the fiinacial year.

STATUS OF UTILISATION PROCEEDS RAISED FROM CORPORATE PROPOSAL

For more information, please refer to page 52

AUDIT AND NON-AUDIT FEES

For more information, please refer to page 97

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

At an Extraordinary General Meeting held on 25 June 2020, the Company obtained a mandate from its unitholders (Unitholders' Mandate) for recurrent related party transactions (RRPTs) of a revenue or trading nature.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), such Shareholders' Mandate is subject to annual renewal and the disclosure in the Annual Report of RRPTs conducted pursuant to the mandate during the financial year ended 31 December 2020 where the aggregate value of such RRPTs is equal to or more than RM1.0 million or 1% of the relevant percentage ratio for such transactions, whichever is the higher.

Set out below are the relevant RRPTs for which Shareholders' Mandate had been obtained together with a breakdown of the aggregate value of the RRPTs which had been conducted pursuant to the Shareholders Mandate and had met the prescribed threshold.

Transacting Party	Nature of transaction	Nature of Relationship	Value incurred from 25 June to 31 Dec 2020 (RM'000)	Aggregate value of transactions during the financial year (RM'000)
JCorp	Registrar fees (includes reimbursement claims made by Registrar)	JCorp is a major unitholder of Al-Salām. The Manager is also indirectly wholly owned by JCorp. The Interested Directors are deemed as persons connected to JCorp by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the senior management of JCorp Group.	110	213
JCorp	Secretarial fees		1	2
JCorp Group	Rental income for renting of office lots and indoor entertainment park at Menara KOMTAR, KOMTAR JBCC and Pasar Komuniti @Mart Kempas		4,255	8,289
	Technical advisory in relation to project management		-	-
DASB Property Management (Formerly known as SMMSB)	Property services fee which include, inter-alia, building management and maintenance and lease and tenancy administration	DASB Property Management is a wholly-owned subsidiary of DASB, the holding company of the Manager. DASB is a wholly-owned subsidiary of JCorp. DASB and JCorp are also the major unitholders of Al-Salām.The Interested Directors are deemed persons connected to JCorp by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the senior management of JCorp Group.	1,942	3,781

ADDITIONAL COMPLIANCE **INFORMATION**

Transacting Party	Nature of transaction	Nature of Relationship	Value incurred from 25 June to 31 Dec 2020 (RM'000)	Aggregate value of transactions during the financial year (RM'000)
KPJ Group	Rental income for renting of college building at Bandar Dato' Onn, Johor(ii)	KPJ is a 38.68% owned company of JCorp. KPJ and JCorp are also major unitholders of Al-Salām. The Manager is also indirectly wholly-owned by JCorp. The Interested Directors are deemed persons connected to JCorp by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the senior management of JCorp Group. Dato' Hj. Mohd Redza Shah Abdul Wahid and En Shamsul Anuar Abdul Majid are also a director of both KPJ and DRMSB	1,310	2,550
QSR Group	Rental income from renting of KFC and Pizza Hut outlets and non-restaurant properties	QSR is a 56% associate company of JCorp. The Manager is also indirectly wholly-owned by JCorp. The Interested Directors are deemed persons connected to JCorp by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the senior management of JCorp Group.	9,971	19,351
Premier Revenue Sdn Bhd (PRSB)	Takaful coverage	PRSB, is a wholly-owned subsidiary of the Manager. PRSB is the takaful agent for the takaful operator which insures properties of Al-Salam REIT managed by DRMSB. The Directors of PRSB are Wan Azman Bin Ismail, the Director of the Manager; and Shahril Zairis Bin Ramli who is part of the senior management team of the Manager.	244	475
Aggregate Value of Transactions			**17,833**	**34,661**

SHARIAH ADVISER'S **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 operated and managed the Fund in accordance with applicable guidelines pertaining to Shariah matters, and principles, concepts and rulings endorsed by the Shariah Advisory Council of the Securities Commission ("SACSC") for the financial year ended 31 December 2020.

In addition, we also confirm that:

1. The investment portfolio of the Fund is Shariah-compliant, which comprises:
    a) Rental income from investment properties which complied with the Securities Commission Guidelines for Investments of Islamic Real Estate Investment Trust. The percentage ratio of Shariah non-compliant rental is 4.1801% for the financial year ended 31 December 2020; and

    b) Cash placement and liquid assets, which are placed in Shariah-compliant investments and/or instruments.

2. There was no acquisition of property that is Shariah non-compliant during the financial year.

For and on behalf of the Shariah Advisory Committee,

_____

DATO' (DR) HAJI NOOH BIN GADOT
Chairman, Shariah Advisory Committee

17 February 2021

TRUSTEE'S **REPORT**

For the financial year ended 31 December 2020

To the Unit Holders of
AL-SALĀM REAL ESTATE INVESTMENT TRUST

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AL-SALĀM REAL ESTATE INVESTMENT TRUST for the financial year ended 31 December 2020. In our opinion, DAMANSARA REIT MANAGERS SDN BERHAD, the Manager, has 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 securities laws, the applicable Guidelines on Real Estate Investment Trusts and the Deed during the financial year ended then ended.

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) the distribution of returns made by AL-SALĀM REAL ESTATE INVESTMENT TRUST as declared by the Manager is relevant and reflects the investment objective of AL-SALĀM REAL ESTATE INVESTMENT TRUST

Yours faithfully
AMANAHRAYA TRUSTEES BERHAD

_____

ZAINUDDIN BIN SUHAIMI
Chief Executive Officer

Kuala Lumpur, Malaysia
18 February 2021



FINANCIAL REPORTS

SECTION 6

Manager's Report	108
Statement by the Directors of the Manager	113
Statutory Declaration	113
Independent Auditors' Report	114
Statements of Comprehensive Income	117
Statements of Financial Position	119
Statements of Changes in Net Asset Value	121
Statements of Cash Flows	122
Notes to the Financial Statements	124

MANAGER'S **REPORT**

The Manager of Al-Salām Real Estate Investment Trust (the "Fund"), Damansara REIT Managers Sdn Berhad (the "Manager") hereby present their report and the audited financial statements of the Group and of the Fund for the financial year ended 31 December 2020.

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 the 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.

On 6 June 2019, at the Extraordinary General meeting the unitholders of the Fund has approved the proposed amendments and consolidation of the Trust Deed into Restated Trust Deed was executed and lodged on 25 November 2019 with the Security Commission Malaysia. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provision of the Restated Trust Deed (the "Deed").

The Fund'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.

The principal activity of the subsidiary is as a special-purpose company for the purpose of raising Islamic financing for Al-Salām Real Estate Investment Trust.

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.

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 corporation of the Manager, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by 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 year.

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 the Securities Commission Malaysia or as otherwise permitted by the Securities Commission Malaysia.

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.

MANAGER'S INVESTMENT STRATEGIES AND POLICIES (CONT'D)

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

(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.

The investments of the Fund are limited to instruments in both real estate-related assets and non-real estate-related assets 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 the Securities Commission Malaysia or the REIT Guidelines.

DIRECTORS OF THE MANAGER

The directors of the Manager in office since the beginning of the financial year and to the date of this report are:

Wan Azman bin Ismail	
Zainah binti Mustafa	
Mohd Yusof bin Ahmad	
Dato' Haji Mohd Redza Shah bin Abdul Wahid	(Appointed on 14 February 2020)
Dato' Wan Kamaruzaman bin Wan Ahmad	(Appointed on 24 August 2020)
Shamsul Anuar bin Abdul Majid	(Appointed on 24 August 2020)
Datuk Sr Akmal bin Ahmad	(Appointed on 21 January 2021)
Dato' Kamaruzzaman bin Abu Kassim	(Resigned on 20 January 2020)
Lukman bin Abu Bakar	(Resigned on 14 February 2020)
Dato' Amiruddin bin Abdul Satar	(Resigned on 1 July 2020)
Dr. Mohd Hafetz bin Ahmad	(Resigned on 24 August 2020)
Dato' Dr. Rahah binti Ismail	(Resigned on 24 August 2020)
Yusaini bin Sidek	(Resigned on 15 January 2021)

DIRECTORS OF THE MANAGER'S BENEFITS

Since the date of the previous financial year, 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.

Neither at the end of the financial year, 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.

MANAGER'S **REPORT**
(CONT'D)

DIRECTORS OF THE MANAGER'S INTERESTS

According to the Register of Directors' Shareholdings kept by the Manager under Section 59 of the Companies Act 2016, the interests of the directors of the Manager in office at the end of the financial year in shares in its related corporations during the financial year were as follows:

	<---------- Number of ordinary shares ---------->			
	At 1.1.2020	**Acquired**	**Sold**	**At 31.12.2020**
Related company of the Manager, KPJ Healthcare Berhad				
Zainah binti Mustafa	1,000,000	-	-	1,000,000

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

MANAGER'S REMUNERATION

Pursuant to the Deed dated 25 November 2019, 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.

RSERVES AND PROVISION

There was no material transfer to and from reserves or provisions during the year, other than those as disclosed in the statement of changes in net asset value.

MANAGER'S **REPORT**
(CONT'D)

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive and statements of financial position of the Group and 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value 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) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Fund inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Fund misleading.

(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 Group and 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 Group and 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 Group and of the Fund which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Fund which has arisen since the end of the financial year.

(f) The Group and the Fund incurred a loss net tax of RM13,530,646 and RM13,471,451 respectively during the financial year ended 31 December 2020 and, as of that date, the Group and the Fund have net current liabilities of RM3,622,194 and RM8,692,037 respectively. In the opinion of the Manager, the Group and the Fund will be able to meet their obligations and liabilities as and when they fall due.

(g) 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 year which will or may affect the ability of the Group or of the Fund to meet their 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 year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Fund for the financial year in which this report is made.

MANAGER'S **REPORT**
(CONT'D)

SIGNIFICANT AND SUBSEQUENT EVENT

Details of significant and subsequent event are disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	Fund RM
Audit fees	196,000	166,000

To the extent permitted by law the Manager of, the Fund has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecific amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated February 2021.

Dato' Haji Mohd Redza Shah bin Abdul Wahid
Kuala Lumpur

Wan Azman bin Ismail

STATEMENT BY THE **DIRECTORS OF THE MANAGER**

TO THE UNITHOLDERS OF AL-SALĀM REAL ESTATE INVESTMENT TRUST

We, Dato' Haji Mohd Redza Shah bin Abdul Wahid and Wan Azman bin Ismail, 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") set out on pages 117 to 163 are drawn up in accordance with applicable provisions of the Deed dated 25 November 2019, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts ("SC Guidelines") in Malaysia so as to give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 18 February 2021.

Dato' Haji Mohd Redza Shah bin Abdul Wahid

Wan Azman bin Ismail

STATUTORY **DECLARATION**

I, Wan Azman bin Ismail, being the Executive Director of the Manager primarily responsible for the financial management of Al-Salām Real Estate Investment Trust, do solemnly and sincerely declare that the accompanying financial statements set out on pages 117 to 163 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 Wan Azman bin Ismail
at Kuala Lumpur in the Federal Territory
on 18 February 2021.

Wan Azman bin Ismail

Before me,

Commissioner of Oaths
Kuala Lumpur

INDEPENDENT **AUDITORS' REPORT**

TO THE UNITHOLDERS OF AL-SALĀM REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARY (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Al-Salām Real Estate Investment Trust (the "Fund"), which comprise the statements of financial position as at 31 December 2020 of the Group and of the Fund, and statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 117 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malayisa's Guidelines on Real Estate Investment Trusts in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) (''IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Valuation of investment properties

The Group and the Fund adopt fair value model for their investment properties. As at 31 December 2020, the carrying amount of the Group's and the Fund's investment properties is RM1,189,364,689 which represents 95% of the Group's and of the Fund's total assets.

We have identified this as an important area of our audit given the significance of the investment properties and the complex valuation method which is based on assumptions that are highly judgmental.

Our audit procedures focused on the valuations performed by firms of independent valuers, which included, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of the firms of independent valuers;
- We obtained an understanding of the methodology adopted by the independent professional valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent professional valuers to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data, yield rate and discount rate;

INDEPENDENT **AUDITORS' REPORT**

TO THE UNITHOLDERS OF AL-SALĀM REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARY
(INCORPORATED IN MALAYSIA)
(CONT'D)

Valuation of investment properties (cont'd)

Our audit procedures focused on the valuations performed by firms of independent valuers, which included, amongst others, the following procedures: (cont'd)

- We tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged yield rate by comparing them with available industry data, taking into consideration comparability and market factors;

- We assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile; and

- We also evaluated the Group's and the Fund's disclosures on those assumptions to which the outcome of the valuation is most sensitive. The disclosures on the valuation sensitivity and significant assumptions used are included in Note 3.2 and Note 10 to the financial statements.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements of the Group and of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts in Malaysia. The Manager is also responsible for such internal control as the Manager determine is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Fund, the Manager is responsible for assessing the Group's and the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Group or the Fund or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT **AUDITORS' REPORT**

TO THE UNITHOLDERS OF AL-SALĀM REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARY
(INCORPORATED IN MALAYSIA)
(CONT'D)

Valuation of investment properties (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (cont'd)

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Fund, including the disclosures, and whether the financial statements of the Group an the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ismed Darwis bin Bahatiar
02921/04/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 February 2021

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Fund 2020 RM	Fund 2019 RM
Gross rental income	4	82,352,366	88,542,113	82,352,366	88,542,113
Other income	5	3,748,350	6,370,271	3,748,350	6,370,271
Total revenue		86,100,716	94,912,384	86,100,716	94,912,384
Utilities expenses		(4,287,747)	(6,580,693)	(4,287,747)	(6,580,693)
Maintenance expenses		(3,841,956)	(4,238,846)	(3,841,956)	(4,238,846)
Quit rent and assessment		(1,832,035)	(1,730,461)	(1,832,035)	(1,730,461)
Property manager fee		(483,915)	(413,477)	(483,915)	(413,477)
Other property expenses		(10,685,331)	(12,827,893)	(10,685,331)	(12,827,893)
Total property expenses		(21,130,984)	(25,791,370)	(21,130,984)	(25,791,370)
Net property income		64,969,732	69,121,014	64,969,732	69,121,014
Investment income	6	451,867	1,067,052	451,867	1,067,052
Net fair value (loss)/gain on investment properties	10	(31,261,883)	3,543,048	(31,261,883)	3,543,048
Total investment expense/income		(30,810,016)	4,610,100	(30,810,016)	4,610,100
Net investment income		34,159,716	73,731,114	34,159,716	73,731,114
Islamic financing costs:					
Finance costs		(26,882,588)	(31,636,851)	(14,716,516)	(22,601,079)
Finance costs from a subsidiary		-	-	(12,166,072)	(9,035,772)
Imputed finance costs		(2,007,193)	(2,185,227)	(2,007,193)	(2,185,227)
Allowance for expected credit losses of trade receivables	13	(13,404,632)	-	(13,404,632)	-
Manager fees		(2,323,291)	(2,229,843)	(2,323,291)	(2,229,843)
Trustee fees		(124,660)	(123,539)	(124,660)	(123,539)
Audit fees					
- Current year		(186,000)	(145,000)	(156,000)	(120,000)
- Other services		(10,000)	(10,000)	(10,000)	(10,000)
Valuation fees		(605,000)	(521,189)	(605,000)	(521,189)
Other expenses		(901,417)	(726,821)	(872,222)	(685,602)
Total fund expenses		(46,444,781)	(37,578,470)	(46,385,586)	(37,512,251)
(Loss)/profit before tax		(12,285,065)	36,152,644	(12,225,870)	36,218,863
Tax	7	(1,245,581)	-	(1,245,581)	-
(Loss)/profit for the year, representing total comprehensive (expense)/income for the year		(13,530,646)	36,152,644	(13,471,451)	36,218,863

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2020
(CONT'D)

	Note	Group		Fund	
		2020 RM	2019 RM	2020 RM	2019 RM
Total comprehensive (expense)/income for the year					
Realised		14,555,180	28,394,928	14,614,375	28,461,147
Unrealised:		(28,085,826)	7,757,716	(28,085,826)	7,757,716
Unbilled rental income	4	4,421,638	4,214,668	4,421,638	4,214,668
Net fair value (loss)/gain on investment properties	10	(31,261,883)	3,543,048	(31,261,883)	3,543,048
Deferred tax expense	7	(1,245,581)	-	(1,245,581)	-
		(13,530,646)	36,152,644	(13,471,451)	36,218,863
(Loss)/earnings per unit	8				
Gross		(2.12)	6.23	(2.11)	6.24
Net		(2.33)	6.23	(2.32)	6.24
Net income distribution	9	13,165,867	33,001,861	13,165,867	33,001,861
Income distribution per unit (sen):	9				
Gross		2.27	5.69	2.27	5.69
Net		2.27	5.69	2.27	5.69

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Fund 2020 RM	Fund 2019 RM
Assets					
Non-current assets					
Investment properties	10	1,189,364,689	1,187,635,000	1,189,364,689	1,187,635,000
Equipment	12	877,096	930,577	877,096	930,577
Investment in a subsidiary	11	-	-	2	2
Trade receivables	13	2,809,590	-	2,809,590	-
		1,193,051,375	1,188,565,577	1,193,051,377	1,188,565,579
Current assets					
Trade receivables	13	21,834,125	11,606,235	21,834,125	11,606,235
Other receivables and prepaid expenses	13	4,860,977	3,731,184	4,860,485	3,634,042
Amount due from related companies	13	496,566	785,646	496,566	785,646
Fixed deposits with licensed banks	14	27,970,000	36,069,000	22,500,000	33,739,000
Cash and bank balances	14	6,340,983	8,422,103	6,329,870	8,297,805
		61,502,651	60,614,168	56,021,046	58,062,728
Total assets		1,254,554,026	1,249,179,745	1,249,072,423	1,246,628,307
Total unitholders' fund and liabilities					
Unitholders' fund					
Unitholders' capital	18	572,545,319	572,545,319	572,545,319	572,545,319
Undistributed income		24,836,062	51,532,575	24,986,496	51,623,814
Total unitholders' fund		597,381,381	624,077,894	597,531,815	624,169,133
Non-current liabilities					
Deferred tax liability	15	1,245,581	-	1,245,581	-
Other payables	16	8,946,318	7,182,569	8,946,318	7,182,569
Islamic financing	17	581,855,901	86,000,816	117,108,795	86,000,816
Amount due to a subsidiary	20	-	-	459,526,831	-
		592,047,800	93,183,385	586,827,525	93,183,385

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2020
(CONT'D)

	Note	Group 2020 RM	Group 2019 RM	Fund 2020 RM	Fund 2019 RM
Current liabilities					
Other payables and accrued expenses	16	13,124,845	19,872,681	12,713,083	18,971,049
Amount due to related companies	16	-	513,948	-	513,948
Amount due to a subsidiary	20	-	-	52,000,000	160,303,801
Islamic financing	17	52,000,000	511,531,837	-	349,486,991
		65,124,845	531,918,466	64,713,083	529,275,789
Total liabilities		657,172,645	625,101,851	651,540,608	622,459,174
Total unitholders' fund and liabilities		1,254,554,026	1,249,179,745	1,249,072,423	1,246,628,307
Number of units in circulation	18	580,000,000	580,000,000	580,000,000	580,000,000
Net asset value ("NAV")					
- before income distribution		597,381,381	624,077,894	597,531,815	624,169,133
- after income distribution		590,305,381	615,899,972	590,455,815	615,991,211
NAV per unit					
- before income distribution		1.03	1.08	1.03	1.08
- after income distribution		1.02	1.06	1.02	1.06

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES **IN NET ASSET VALUE**

FOR THE YEAR ENDED 31 DECEMBER 2020

		<---------- Distributable ---------->			
	Unitholders' capital RM	**Realised RM**	**Unrealised RM**	**Total undistributed income RM**	**Total unitholders' fund RM**
Group					
At 1 January 2019	572,545,319	16,541,448	31,840,344	48,381,792	620,927,111
Total comprehensive income	-	28,394,928	7,757,716	36,152,644	36,152,644
Transactions with unitholders:					
Income distributions (Note 9)	-	(33,001,861)	-	(33,001,861)	(33,001,861)
At 31 December 2019	572,545,319	11,934,515	39,598,060	51,532,575	624,077,894
At 1 January 2020	572,545,319	11,934,515	39,598,060	51,532,575	624,077,894
Total comprehensive income/(loss)	-	14,555,180	(28,085,826)	(13,530,646)	(13,530,646)
Transactions with unitholders:					
Income distributions (Note 9)	-	(13,165,867)	-	(13,165,867)	(13,165,867)
At 31 December 2020	572,545,319	13,323,828	11,512,234	24,836,062	597,381,381
Fund					
At 1 January 2019	572,545,319	16,566,468	31,840,344	48,406,812	620,952,131
Total comprehensive income	-	28,461,147	7,757,716	36,218,863	36,218,863
Transactions with unitholders:					
Income distributions (Note 9)	-	(33,001,861)	-	(33,001,861)	(33,001,861)
At 31 December 2019	572,545,319	12,025,754	39,598,060	51,623,814	624,169,133
At 1 January 2020	572,545,319	12,025,754	39,598,060	51,623,814	624,169,133
Total comprehensive income/(loss)	-	14,614,375	(28,085,826)	(13,471,451)	(13,471,451)
Transactions with unitholders:					
Income distributions (Note 9)	-	(13,165,867)	-	(13,165,867)	(13,165,867)
At 31 December 2020	572,545,319	13,474,262	11,512,234	24,986,496	597,531,815

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Fund	
		2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities					
(Loss)/profit before tax		(12,285,065)	36,152,644	(12,225,870)	36,218,863
Adjustments for:					
Islamic financing costs:					
Finance costs		26,882,588	31,636,851	26,882,588	31,636,851
Imputed finance costs		2,007,193	2,185,227	2,007,193	2,185,227
Depreciation of equipment		163,514	140,211	163,514	140,211
Fair value (loss)/gain on investment properties		31,261,883	(3,543,048)	31,261,883	(3,543,048)
Investment income		(451,867)	(1,067,052)	(451,867)	(1,067,052)
Unbilled rental income		(4,421,638)	(4,214,668)	(4,421,638)	(4,214,668)
Allowance for expected credit losses of trade receivables		13,404,632	-	13,404,632	-
Operating profit before working capital changes		56,561,240	61,290,165	56,620,435	61,356,384
(Increase)/decrease in:					
Trade receivables		(22,020,474)	813,232	(22,020,474)	813,232
Other receivables and prepaid expenses		(1,129,793)	803,742	(1,226,443)	814,422
Amount due from related companies		289,080	37,715	289,080	37,715
(Decrease)/increase in:					
Other payables and accrued expenses		(4,818,567)	870,092	(4,735,701)	870,093
Amount due to related companies		(513,948)	(566,582)	(513,948)	(566,582)
Net cash generated from operating activities		28,367,538	63,248,364	28,412,949	63,325,264
Cash flows from investing activities					
Income received from other investments		451,867	1,067,052	451,867	1,067,052
Purchase of equipment		(110,033)	(175,645)	(110,033)	(175,645)
Additions to investment properties	A	(2,017,972)	(1,125,254)	(2,017,972)	(1,125,254)
Net cash used in investing activities		(1,676,138)	(233,847)	(1,676,138)	(233,847)

STATEMENTS OF **CASH FLOWS**
FOR THE YEAR ENDED 31 DECEMBER 2020
(CONT'D)

	Group		Fund	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash flows from financing activities				
Decrease/(increase) in pledged deposits with licensed banks	7,499,000	(2,696,000)	10,639,000	(366,000)
Decrease/(increase) in restricted cash	113,185	2,294,109	-	-
Income distributions paid	(13,165,867)	(32,595,861)	(13,165,867)	(32,595,861)
Islamic financing costs paid	(26,992,357)	(31,483,607)	(26,992,357)	(31,483,607)
Transaction cost paid	(3,928,296)	(1,206,570)	(3,928,296)	(1,206,570)
Increase/(decrease) in amount due to a subsidiary	-	-	4,142,774	(112,807)
Net drawdown in Islamic financing	7,215,000	-	-	-
Net cash used in financing activities	(29,259,335)	(65,687,929)	(29,304,746)	(65,764,845)
Net decrease in cash and cash equivalents	(2,567,935)	(2,673,412)	(2,567,935)	(2,673,428)
Cash and cash equivalents at beginning of year	31,397,805	34,071,217	31,397,805	34,071,233
Cash and cash equivalents at end of year (Note 14)	28,829,870	31,397,805	28,829,870	31,397,805

Note A

Addition to investment properties by the Group and the Fund during the financial year through the following:

		Group		Fund	
	Note	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Payment by cash		2,017,972	1,125,254	2,017,972	1,125,254
Capitalisation of deposit for acquisition of properties	13	-	3,254,298	-	3,254,298
Proceeds from borrowing	17	30,973,600	87,026,400	30,973,600	87,026,400
		32,991,572	91,405,952	32,991,572	91,405,952

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 the Securities Commission Malaysia ("SC Malaysia") on 30 March 2015.

On 6 June 2019, at the Extraordinary General Meeting the unitholders of the Fund has approved the proposed amendments and consolidation of the Trust Deed into Restated Trust Deed was executed and lodged on 25 November 2019 with the Security Commission. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provision of the Restated Trust Deed.

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 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 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 corporation of the Manager, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by Enactment No. 5, 1995).

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 principal activity of the subsidiary is as a special-purpose company for the purpose of raising Islamic financing for Al-Salām Real Estate Investment Trust.

The registered office of the Manager is located at Level 16, 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 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 was increased to a fixed fee of RM39,700 (2019: 36,700) per month.

The property manager's fee for the current financial year is RM483,915 (2019: RM413,477).

(b) Manager's fees

Pursuant to the Deed dated 25 November 2019, 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 year is RM2,323,291 (2019: RM2,229,843).

(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's acquisition fee for the current financial year is RM283,200 (2019: RM866,800).

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

1. CORPORATE INFORMATION (CONT'D)

(b) Manager's fees (cont'd)

(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 did not earn any disposal fee for the current and previous financial year.

(c) Trustee's fees

Pursuant to the Deed dated 25 November 2019, 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 year is RM124,660 (2019: RM123,539).

The financial statements of the Group and of the Fund were authorised by the Board of Directors of the Manager for issuance on 18 February 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Fund have been prepared in accordance with the applicable provisions of the Restated Trust Deed dated 25 November 2019, Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the SC Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts ("SC Guidelines"). These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements of the Group and the Fund are prepared under the historical cost basis except for investment properties and applicable financial instruments that have been measured at their fair values.

The Group and the Fund incurred a loss net tax of RM13,530,646 and RM13,471,451 respectively during the financial year ended 31 December 2020 and, as of that date, the Group and the Fund have net current liabilities of RM3,622,194 and RM8,692,037 respectively. In the opinion of the Manager, the Group and the Fund will be able to meet their obligations and liabilities as and when they fall due.

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise stated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group and the Fund adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020:

Description	Effective for annual period beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendment to MFRS 16: Covid-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020

The adoption of the above new and amended MFRSs did not have any significant financial impact to the Group and the Fund.

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective are disclosed below. The Group and the Fund intend to adopt these standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provition, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Fund expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of application.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Fund. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Fund controls an investee if and only if the Fund has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its involvement with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Fund considers the following in assessing whether or not the Fund's voting rights in an investee are sufficient to give it power over the investee:

(i) The contractual arrangement with the other vote holders of the investee;

(ii) Rights arising from other contractual arrangements; and

(iii) The Fund's voting rights and potential voting rights.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Fund loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to undistributed income. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. Under the acquisition method, the identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date.

Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

In business combinations achieved in stages, previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Subsidiary

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its involvement with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Fund's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Revenue recognition

(i) Rental income

The Group and the Fund earn revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

(a) Gross rental income

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

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue recognition (cont'd)

(i) Rental income (cont'd)

(b) **Percentage rent**

Rental income earned from certain tenants include percentage rent clauses whereby rent received and/or receivable is the higher of base rent and a percentage of sales earned by the tenant during the financial year. Percentage rent is recognised when it can be reliably measured by the Group.

(ii) Other income

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Fund recognise revenue when or as it transfer control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfer control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(i) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or

(ii) The entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(iii) The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for payment completed to date.

If a performance obligation is not satisfied over time, an entity satisfied the performance obligation at a point in time.

(a) 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.

(b) Investment income

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

(c) Income distribution

Income distributions are recognised as a liability when they are approved by Trustee and the board of directors of the Manager. Interim distributions are deducted from unitholders' funds when they are paid.

Income distribution to unitholders that are declared after the reporting period are not recognised as a liability at the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(d) Taxation

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in OCI or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 unitholders within two months from the end of the reporting period.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(a) When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss

(b) In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group and the Fund offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(e) Investment properties

Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises principally office building and shopping mall that are not occupied substantially for use by, or in the operations of, the Group and the Fund, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. The fair values were determined based on the capitalisation of net income method ("investment 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 valuation is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

For the purposes of these financial statements, in order to avoid double counting, the fair value reported in the financial statements is:

(i) Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments;

(ii) In the case of investment property held under a lease, increased by the carrying amount of any liability to the head lessor that has been recognised in the statement of financial position as a finance lease obligation.

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in MFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group and the Fund consider the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in MFRS 15.

(f) Equipment

Equipment are stated at cost less accumulated depreciation and any impairment losses.

Equipment are depreciated on the straight-line method at an annual rate of 10% based on its estimated useful lives.

The estimated useful lives, residual values and depreciation method of equipment are reviewed at the end of each reporting period, with the effect of any change in estimates accounted for prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(g) Impairment of non financial assets

At the end of each reporting period, the Group and the Fund review the carrying amounts of their 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 Group and the Fund estimate the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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.

(h) Leases

As a lessor

Leases in which the Group and the Fund do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging 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. Contingent rents are recognised as revenue in the period in which they are earned.

(i) 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 Group and the Fund have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

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 Group and the Fund incurred in connection with the borrowing of funds.

(j) Provisions

Provisions are recognised when the Group and the Fund have a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(k) Financial Instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition and measured either at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Fund's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Fund have applied the practical expedient, the Group and the Fund initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component and therefore are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Fund's business model for managing financial assets refer to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Fund commit to purchase or sell the asset.

The Group and the Fund determined the classification of their financial assets as financial assets (debt instruments) at amortised cost at its initial recognition.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Fund's financial assets at amortised cost includes trade receivables, other receivables (excluding prepaid expenses and unbilled rental income), amount due from related companies, fixed deposits with licensed banks, and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

(i) The rights to receive cash flows from the asset have expired; or

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(k) Financial Instruments (cont'd)

Derecognition (cont'd)

(ii) The Group and the Fund have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Fund has transferred substantially all the risks and rewards of the asset, or the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Fund have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Fund continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Fund also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Fund have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Fund could be required to repay.

(l) Impairment of financial assets

The Group and the Fund recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Fund expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Fund apply a simplified approach in calculating ECLs. Therefore, the Group and the Fund do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Fund have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Fund consider factors if a financial asset in default such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments that indicate that the Group and the Fund are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(m) Financial liabilities

Recognition and measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as other financial liabilities.

The Group's and the Fund's other financial liabilities include total payables (non-current and current), Islamic financing, amount due to related companies and amount due to a subsidiary.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(o) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of restricted cash as they are considered an integral part of the Group's and the Fund's cash management.

(p) Segment reporting

For management purposes, the Group and the Fund are 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 Group and 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 23, including the factors used to identify the reportable segments and the measurement basis of segment information.

(q) Current versus non-current classification

The Group and the Fund present assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold and consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after reporting period; or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(q) Current versus non-current classification (cont'd)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting period; or
- There is no unconditional right to defer the settlement of the liability; for at least twelve months after reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(r) Fair value measurement

The Group and the Fund measure financial instruments such as derivatives and investment property at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Fund use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Fund determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Fund's financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts of the revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Fund's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3.2 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:

Fair value of investment properties

The Group and the Fund carry their investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group and the Fund had engaged an independent professional valuer to determine the fair value and there are no material events that affect the valuation between the valuation date and financial year end.

The determined fair value of the investment properties by the independent professional valuer is most sensitive to the estimated yield rate and discount rate. The range of the yield rate and the discount rate used in the valuation is described in Note 10.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated term yield rate, discount rate and its corresponding sensitivity result in a higher or lower fair value measurement:

	Fair value Increase/(decrease)	
	2020 RM	**2019 RM**
Yield rate		
- 0.25%	18,717,000	17,583,000
+ 0.25%	(15,127,000)	(16,744,000)
Discount rate		
- 0.25%	25,514,000	26,161,000
+ 0.25%	(25,730,000)	(24,122,000)

4. GROSS RENTAL INCOME

	Group		Fund	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Rental income:				
- Base rental income	72,671,853	75,452,508	72,671,853	75,452,508
- Unbilled rental income	4,421,638	4,214,668	4,421,638	4,214,668
Percentage rent	-	3,208,897	-	3,208,897
Service charges	5,258,875	5,666,040	5,258,875	5,666,040
	82,352,366	88,542,113	82,352,366	88,542,113

NOTES TO **THE FINANCIAL STATEMENTS**

31 DECEMBER 2020
(CONT'D)

5. OTHER INCOME

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
Timing of revenue recognition:				
At a point in time				
Parking income	2,055,216	2,802,648	2,055,216	2,802,648
Event and advertising income	1,693,134	3,567,623	1,693,134	3,567,623
	3,748,350	6,370,271	3,748,350	6,370,271

6. INVESTMENT INCOME

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
Income from Islamic deposit placements	451,867	1,067,052	451,867	1,067,052

7. TAX

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax relating to the origination and reversal of temporary differences (Note 15)	1,245,581	-	1,245,581	-

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of the Fund will be exempted from tax provided that at least 90% of its total taxable income (as defined in the Act) is distributed to the unitholders' in the basis period of the Fund for that year of assessment within two months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of the financial year which forms the basis period for a year of assessment, the Fund will be subject to income tax at the prevailing statutory rate on its total taxable income. Income which has been taxed at the Fund's level will have tax credits attached when subsequently distributed to unitholders.

As at the date of this financial statements, the Fund has declared more than 90% of its distributable income to unitholders for the financial year ended 31 December 2020 accordingly. No provision for income tax expense has been made for the year.

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

7. TAX (CONT'D)

Deferred tax liability has been provided for the investment properties held by Al-Salām REIT at 10% which reflects the expected manner of recovery of the investment properties, i.e. recovered through sale.

Reconciliation of the tax expense is as follows:

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/profit before tax	(12,285,065)	36,152,644	(12,225,870)	36,218,863
Tax at the statutory tax rate of 24% (2019: 24%)	(2,948,416)	8,676,635	(2,934,209)	8,692,527
Expenses not deductible for tax purposes	8,015,296	448,054	8,008,333	448,054
Income not subject to tax	(5,066,880)	(9,124,689)	(5,074,124)	(9,140,581)
Deferred tax recognised at different tax rate	1,245,581	-	1,245,581	-
	1,245,581	-	1,245,581	-

Taxation of the unitholders

Pursuant to Section 109D(2) of the Malaysian Income Tax Act 1967, where 90% or more of the Real Estate Investment Trust's ("REIT") total taxable income is distributed by the REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24%.

8. (LOSS)/EARNINGS PER UNIT

The gross and net earnings per unit, which are calculated based on the profit before tax and profit for the financial year of the Group and of the Fund, respectively, divided by the weighted average number of units in circulation as of 31 December 2020, are as follows:

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/earnings attributable to unitholders:				
(Loss)/profit before tax	(12,285,065)	36,152,644	(12,225,870)	36,218,863
(Loss)/profit for the year	(13,530,646)	36,152,644	(13,471,451)	36,218,863
Number of units	580,000,000	580,000,000	580,000,000	580,000,000
Gross (loss)/earnings per unit (sen)	(2.12)	6.23	(2.11)	6.24
Net (loss)/earnings per unit (sen)	(2.33)	6.23	(2.32)	6.24

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

9. INCOME DISTRIBUTION

	Group and Fund	
	2020 RM	**2019 RM**
Income distributions on ordinary shares in respect of the current financial year		
First interim income distribution of 0.86 sen per unit declared on 11 March 2020 and paid on 15 April 2020	4,987,945	-
First interim income distribution of 1.18 sen per unit declared on 29 May 2019 and paid on 12 July 2019	-	6,843,936
Second interim income distribution of 1.09 sen per unit declared on 30 August 2019 and paid on 17 October 2019	-	6,321,970
Third interim income distribution of 1.07 sen per unit declared on 21 November 2019 and paid on 10 January 2020	-	6,206,000
	4,987,945	19,371,906
Income distribution on ordinary shares in respect of the previous financial year		
Final income distribution of 1.41 sen per unit declared on 30 January 2020 and paid on 28 February 2020	8,177,922	-
Final income distribution of 2.35 sen per unit declared on 30 January 2019 and paid on 28 February 2019	-	13,629,955
	13,165,867	33,001,861

The Manager had declared a final income distribution of 1.22 (2019: 1.41) sen per unit totaling RM7,076,000 (2019: RM8,177,922) for the financial year ended 31 December 2020 on 26 January 2021 (2019: 30 January 2020).

The financial statements for the current year do not reflect this final income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2021.

The total distributions (including proposed final income distribution) for the financial year ended 31 December 2020 amounting to RM12,063,945 (2019: RM27,549,828). Total income distribution is 2.08 (2019: 4.75) sen per unit.

Distribution to unitholders is derived from the following sources:

	Group		Fund	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Net property income	64,969,732	69,121,014	64,969,732	69,121,014
Investment income	451,867	1,067,052	451,867	1,067,052
Less: Unbilled rental income	(4,421,638)	(4,214,668)	(4,421,638)	(4,214,668)
	60,999,961	65,973,398	60,999,961	65,973,398
Less: Fund expenses	(46,444,781)	(37,578,470)	(46,385,586)	(37,512,251)
Realised income	14,555,180	28,394,928	14,614,375	28,461,147
Undistributed income brought forward	11,934,515	16,541,448	12,025,754	16,566,468
Less: Undistributed income	(13,323,828)	(11,934,515)	(13,474,262)	(12,025,754)
	13,165,867	33,001,861	13,165,867	33,001,861
Number of units in circulation	580,000,000	580,000,000	580,000,000	580,000,000
Income distribution per unit (sen):				
Gross	2.27	5.69	2.27	5.69
Net	2.27	5.69	2.27	5.69

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

10. INVESTMENT PROPERTIES

	Group		Fund	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
At 1 January	1,187,635,000	1,092,686,000	1,187,635,000	1,092,686,000
Additions	32,991,572	91,405,952	32,991,572	91,405,952
Fair value adjustment	(31,261,883)	3,543,048	(31,261,883)	3,543,048
At 31 December	1,189,364,689	1,187,635,000	1,189,364,689	1,187,635,000

Fair value measurement of the Fund's investment properties

The fair values of the Group's and the Fund's investment properties as of 31 December 2020 have been arrived at on the basis of valuation carried out by Messrs. Cheston International (KL) Sdn Bhd ("Cheston"), Messrs. VPC Alliance (Kajang) Sdn Bhd and Messrs. IM Global Property Consultant Sdn Bhd, independent valuers not related to the Group and the Fund. The respective valuers 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 were 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 is their current use.

The following table shows a reconciliation of Level 3 fair values:

	Group		Fund	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Valuation per valuers' report	1,198,854,000	1,192,702,673	1,198,854,000	1,192,702,673
Less: accrued rental income	(9,489,311)	(5,067,673)	(9,489,311)	(5,067,673)
	1,189,364,689	1,187,635,000	1,189,364,689	1,187,635,000

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 investment method above are as follows:

Significant unobservable inputs	**Inter-relationship between significant unobservable inputs and fair value measurement**
Term yield ranging from 5.80% - 7.50% (2019: 6.00% - 7.25%)	Higher term yield rates, lower fair value
Reversionary yield ranging from 6.00% - 7.80% (2019: 6.25% - 7.60%)	Higher reversionary yield rates, lower fair value
Discount rate ranging from 6.00% - 7.80% (2019: 6.00% - 7.60%)	Higher discount rate, lower fair value
Allowance for void of 0.00% - 20.00% (2019: 0.00% - 10.00%)	Higher allowance for void rate, lower fair value

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.

10. INVESTMENT PROPERTIES (CONT'D)

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

	Description of property	Tenure of land	Remaining Term of lease Years	term of lease Years	Location	Date of valuation	2020 Fair value RM	Fair 2019 Fair value RM	value hierachy
1.	KOMTAR JBCC ##*	Freehold	-	-	Johor Bahru, Johor	31/12/2020	432,000,000	462,000,000	3
2.	Menara KOMTAR ##*	Freehold	-	-	Johor Bahru, Johor	31/12/2020	73,000,000	73,000,000	3
3.	@Mart Kempas ##*	Leasehold	99	88	Johor Bahru, Johor	31/12/2020	70,000,000	66,000,000	3
4.	Malaysian College of Hospitality and Management (MCHM) ##*	Freehold	-	-	Johor Bahru, Johor	31/12/2020	33,800,000	30,000,000	3
5.	Mydin Hypermart Gong Badak ##*	Leasehold	99	91	Gong Badak, Terengganu	31/12/2020	164,000,000	161,000,000	3
6.	QSR Properties:								
	Restaurant in shop lots								
	a. KFC restaurant ##***	Freehold	-	-	Kajang, Selangor	31/12/2020	9,700,000	9,700,000	3
	b. KFC restaurant ##***	Freehold	-	-	Jitra, Kedah	31/12/2020	530,000	530,000	3
	c. KFC restaurant ##***	Leasehold	93	83	Ayer Hitam, Johor	31/12/2020	2,000,000	2,000,000	3
	d. KFC restaurant #***	Leasehold	99	72	Bayan Lepas, Penang	31/12/2020	4,000,000	4,000,000	3
	e. KFC restaurant ##***	Leasehold	99	77	Petaling Jaya, Selangor	31/12/2020	9,400,000	9,400,000	3
	f. KFC restaurant #***	Leasehold	74	67	Port Dickson, Negeri Sembilan	31/12/2020	1,750,000	1,710,000	3
	g. KFC restaurant ##***	Leasehold	99	74	Kuala Perlis,Perlis	31/12/2020	480,000	480,000	3
	h. PHD restaurant ##***	Freehold	-	-	Ulu Tiram, Johor	31/12/2020	870,000	870,000	3
	i. PHD restaurant ##***	Freehold	-	-	Kota Tinggi, Johor	31/12/2020	830,000	830,000	3
	j. KFC restaurant #***	Leasehold	99	62	Kepong, Kuala Lumpur	31/12/2020	7,500,000	7,500,000	3
	k. KFC restaurant #***	Freehold	-	-	Kampar, Perak	31/12/2020	1,400,000	1,400,000	3
	l. KFC restaurant #***	Freehold	-	-	Jalan Raja Laut, Kuala Lumpur	31/12/2020	4,700,000	4,700,000	3
	m. KFC restaurant #***	Freehold	-	-	Jalan Ipoh,	31/12/2020	8,700,000	8,700,000	3
	n. KFC restaurant #***	Freehold	-	-	Ipoh, Perak	31/12/2020	2,000,000	2,000,000	3
	o. KFC restaurant #***	Leasehold	99	80	Balai Panjang, Melaka	31/12/2020	950,000	950,000	3
	p. KFC restaurant #***	Freehold	-	-	Ulu Tiram, Johor	31/12/2020	1,630,000	1,630,000	3
	q. KFC restaurant #***	Freehold	-	-	Jalan Dato Onn Jaafar, Perak	31/12/2020	3,400,000	3,400,000	3
	r. KFC restaurant #***	Freehold	-	-	Senawang, Negeri Sembilan	31/12/2020	830,000	830,000	3
	s. KFC restaurant #***	Freehold	-	-	Seremban, Negeri Sembilan	31/12/2020	3,900,000	3,900,000	3
	t. KFC restaurant #***	Leasehold	999	896	Kota Kinabalu,	31/12/2020	2,770,000	2,760,000	3
	u. Pizza Hut restaurant #***	Leasehold	99	94	Kuching, Sarawak	31/12/2020	4,000,000	3,980,000	3
	v. KFC restaurant #*	Leasehold	99	88	Sg Buloh, Selangor	31/12/2020	1,580,000	-	3
	w. KFC restaurant #*	Freehold	-	-	Jalan Hang Tuah, Melaka	31/12/2020	2,090,000	-	3

10. INVESTMENT PROPERTIES (CONT'D)

A summary of the investment properties of the Group and of the Fund, as required to be disclosed by the SC Guidelines, is as follows: (cont'd)

Description of property	Tenure of land	Remaining Term of lease Years	term of lease Years	Location	Date of valuation	2020 Fair value RM	Fair 2019 Fair value RM	value hierachy
6. QSR Properties: (cont'd)								
Restaurants in shopping mall								
x. KFC Restaurant in Queensbay Mall #***	Freehold	-	-	Bayan Lepas, Penang	31/12/2020	13,972,000	13,972,000	3
y. KFC Restaurant Kompleks Bukit Jambul #***	Freehold	-	-	Bayan Lepas, Penang	31/12/2020	2,842,000	2,842,000	3
z. KFC Restaurant in Megamall Pinang Shopping Complex #***	Leasehold	99	76	Perai, Penang	31/12/2020	2,540,000	2,674,000	3
aa. Pizza Hut Restaurant in Megamall Pinang Shopping Complex #***	Leasehold	99	76	Perai, Penang	31/12/2020	1,110,000	1,657,000	3
Restaurants with drive- through facility								
bb. Pizza Hut and KFC ##***	Leasehold	99	67	Jalan Kuchai Lama, Kuala Lumpur	31/12/2020	15,000,000	15,000,000	3
cc. Pizza Hut and KFC ##***	Leasehold	99	46	Sungai Petani, Kedah	31/12/2020	5,300,000	5,300,000	3
dd. Pizza Hut and KFC ##***	Freehold	-	-	Senai, Johor	31/12/2020	8,600,000	8,500,000	3
ee. Pizza Hut and KFC ##***	Freehold	-	-	Taman Damansara Aliff, Johor Bahru	31/12/2020	12,100,000	12,100,000	3
ff. Pizza Hut and KFC ##***	Freehold	-	-	Taman Perling, Johor Bahru	31/12/2020	13,800,000	13,800,000	3
gg. Pizza Hut and KFC ##***	Freehold	-	-	Ipoh, Perak	31/12/2020	8,700,000	8,700,000	3
hh. Pizza Hut and KFC ###***	Leasehold	96	76	Off Jalan Kepong, Kuala Lumpur	31/12/2020	16,000,000	16,000,000	3
ii. Pizza Hut and KFC ##***	Leasehold	83	65	Pusat Bandar Wangsa Maju, Kuala Lumpur	31/12/2020	27,000,000	27,000,000	3
jj. Pizza Hut and KFC ##***	Leasehold	99	90	Hang Tuah Jaya, Melaka	31/12/2020	8,700,000	8,700,000	3
kk. KFC #***	Freehold	-	-	Bandar Seri Alam, Johor Bahru	31/12/2020	7,620,000	7,620,000	3
ll. KFC #***	Leasehold	991	892	Skudai, Johor	31/12/2020	7,900,000	7,900,000	3
mm. KFC #***	Freehold	-	-	Georgetown, Penang	31/12/2020	24,000,000	24,000,000	3
nn. Pizza Hut and KFC #***	Freehold	-	-	Kepala Batas, Penang	31/12/2020	6,900,000	6,900,000	3
oo. Pizza Hut and KFC #*	Leasehold	99	88	Puchong Perdana, Selangor	31/12/2020	14,800,000	-	3
pp. Pizza Hut and KFC #*	Freehold	-	-	Seremban, Negeri Sembilan	31/12/2020	8,300,000	-	3
qq. KFC #*	Leasehold	99	91	Jasin, Melaka	31/12/2020	4,270,000	-	3

10. INVESTMENT PROPERTIES (CONT'D)

A summary of the investment properties of the Group and of the Fund, as required to be disclosed by the SC Guidelines, is as follows: (cont'd)

	Description of property	Tenure of land	Remaining Term of lease Years	term of lease Years	Location	Date of valuation	2020 Fair value RM	Fair 2019 Fair value RM	value hierachy
6.	QSR Properties: (cont'd)								
	Warehouse and factory								
rr.	Warehouse ##**	Freehold	-	-	Simpant Ampat, Penang	31/12/2020	1,500,000	1,600,000	3
ss.	Warehouse and factory #**	Leasehold	99	78	Kota Kinabalu, Sabah	31/12/2020	3,000,000	3,000,000	3
tt.	Warehouse ##**	Leasehold	99	69	Pelabuhan Klang, Selangor	31/12/2020	47,398,000	47,398,000	3
uu.	Warehouse and factory ##**	Leasehold	99	69	Pelabuhan Klang, Selangor	31/12/2020	27,000,000	27,000,000	3
vv.	Warehouse and factory ##**	Freehold	-	-	Shah Alam, Selangor	31/12/2020	59,052,000	59,052,000	3
ww.	Warehouse #***	Leasehold	999	882	Kota Kinabalu, Sabah	31/12/2020	3,640,000	3,650,000	3

The investment properties amounting to RM152,094,000 (2019: RM121,675,000) are used to secure against Term Financing-I ("TF-i") issued by the Fund as disclosed in Note 17.

The investment properties amounting to RM1,030,760,000 (2019: RM331,108,000) are used to secure against Islamic Medium Term Notes ("IMTNs") issued by the subsidiary as disclosed in Note 17.

Restaurant with drive-through facility: Pizza Hut and KFC Off Jalan Kepong, Kuala Lumpur, Nilai amounting of RM16,000,000 (2019: RM16,000,000) are used to secure against Commodity Murabahah Revolving Credit ("CMRC").

* Based on valuation carried out by independent professional valuer, Messrs. Cheston.

** Based on valuation carried out by independent professional valuer, Messrs. VPC Alliance (Kajang) Sdn Bhd.

*** Based on valuation carried out by independent professional valuer, Messrs. IM Global Property Consultant Sdn Bhd.

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

11. INVESTMENTS IN A SUBSIDIARY

	Fund	
	2020 RM	**2019 RM**
Unquoted shares, at cost	2	2

Details of the subsidiary are as follows:

Name of subsidiary	**Principal activities**	**Country of incorporation**	**Proportion of ownership interest**	
			2020 %	**2019 %**
ALSREIT Capital Sdn Bhd	Special purpose company for the purpose of raising Islamic Financing for the Fund	**Malaysia**	**100**	**100**

12. EQUIPMENT

	Group		Fund	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cost				
At 1 January	1,160,380	984,735	1,160,380	984,735
Additions	110,033	175,645	110,033	175,645
At 31 December	1,270,413	1,160,380	1,270,413	1,160,380
Accumulated depreciation				
At 1 January	(229,803)	(89,592)	(229,803)	(89,592)
Charge for the year	(163,514)	(140,211)	(163,514)	(140,211)
At 31 December	(393,317)	(229,803)	(393,317)	(229,803)
Net carrying amount				
At 31 December	877,096	930,577	877,096	930,577

13. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables				
Non-current				
Third party (Note (a))	2,809,590	-	2,809,590	-
Current				
Third parties	9,545,998	2,328,661	9,545,998	2,328,661
Amount due from related companies	6,256,724	2,289,252	6,256,724	2,289,252
	15,802,722	4,617,913	15,802,722	4,617,913
Less: Allowance for expected credit losses	(3,457,908)	-	(3,457,908)	-
	12,344,814	4,617,913	12,344,814	4,617,913
Accrued percentage rent	-	1,920,649	-	1,920,649
Unbilled rental income (Note (b))	9,489,311	5,067,673	9,489,311	5,067,673
	21,834,125	11,606,235	21,834,125	11,606,235

Trade receivables comprise rental receivable from lessees. The credit period granted by the Group and the Fund on rental receivable from lessees generally ranges from 1 to 7 days (2019: 1 to 7 days).

(a) Trade receivables (non-current)

During the year, the Fund entered into a settlement agreement with a customer. Both parties agreed that the outstanding rental of RM5,619,180 is to be paid by the customer through 24 monthly instalments as and when they fall due on 7th day of each month starting January 2021.

(b) Unbilled rental income

Unbilled rental income relate to the Group's rights to recognise revenue. Rental income is recognised on a straight line basis including rent free period. Rental will be billed in accordance with the billing terms as set out in the tenancy agreements.

The ageing analysis of the Group's and of the Fund's trade receivables is as follows:

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
1 to 30 days past due	7,508,573	3,140,630	7,508,573	3,140,630
31 to 60 days past due	1,183,193	729,888	1,183,193	729,888
61 to 90 days past due	1,160,659	725,553	1,160,659	725,553
90 to 365 days past due	2,492,389	21,842	2,492,389	21,842
Impaired	3,457,908	-	3,457,908	-
	15,802,722	4,617,913	15,802,722	4,617,913

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

13. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (CONT'D)

Movement in allowance for expected credit losses of trade receivables:

	Group and Fund	
	2020 RM	2019 RM
At 1 January	-	-
Derecognition loss on lease receivables (Note (i))	13,404,632	-
Written off	(9,946,724)	-
At 31 December	3,457,908	-

(i) Derecognition loss on lease receivables

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The rapid spread of ongoing COVID-19 pandemic throughout the country has a significant impact on the overall economy. The Movement Control Order ("MCO") imposed by the Government of Malaysia has caused the reduction in the income generated by the Group's and the Fund's retail and food and beverages ("F&B") tenants.

As at the date of the financial statements, Malaysia's international borders remain closed.

In view of the ongoing COVID-19 pandemic, the Group and the Fund granted rent concession of RM13,404,632 to their tenants.

Other receivables and prepaid expenses consist of:

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	4,427,153	1,794,908	4,426,661	1,794,908
Prepaid expenses	433,824	1,369,876	433,824	1,272,734
Deposit for acquisition of properties	-	566,400	-	566,400
Other receivables and prepaid expenses	4,860,977	3,731,184	4,860,485	3,634,042
Less:				
Prepaid expenses	(433,824)	(1,369,876)	(433,824)	(1,272,734)
Unbilled rental income	(9,489,311)	(5,067,673)	(9,489,311)	(5,067,673)
Add:				
Trade receivables	24,643,715	11,606,235	24,643,715	11,606,235
Amount due from related companies (Note (a))	496,566	785,646	496,566	785,646
Fixed deposits with licensed banks	27,970,000	36,069,000	22,500,000	33,739,000
Cash and bank balances	6,340,983	8,422,103	6,329,870	8,297,805
Total financial assets carried at amortised cost (debt instruments)	54,389,106	54,176,619	48,907,501	51,722,321

(a) Amount due from related companies

Amount due from related companies, which arose mainly from collections on behalf, is unsecured, interest-free and repayable on demand. Transactions with related parties are disclosed in Note 20.

14. CASH AND CASH EQUIVALENTS

	Group		Fund	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Fixed deposits with licensed banks	27,970,000	36,069,000	22,500,000	33,739,000
Cash and bank balances	6,340,983	8,422,103	6,329,870	8,297,805
	34,310,983	44,491,103	28,829,870	42,036,805
Less:				
Restricted cash (Note (a))	(11,113)	(124,298)	-	-
Pledged deposits with licensed banks (Note (b))	(5,470,000)	(12,969,000)	-	(10,639,000)
	28,829,870	31,397,805	28,829,870	31,397,805

Deposits with licensed banks earn profit at rates ranging from 1.30% to 3.40% (2019: 2.60% to 3.60%) per annum and have maturity periods ranging from 7 days to 3 months (2019: 13 days to 3 months).

(a) The Group has restricted cash which serve as reserve for prepayment of finance cost on Sukuk Ijarah amounting to RM11,113 (2019: RM124,298), which are not available for general use.

(b) The deposits with licensed banks of the Group and of the Fund amounting to RM5,470,000 and RMNil (2019: RM12,969,000 and RM10,639,000) respectively are placed as reserve for repayment of finance costs on long-term Islamic financing as mentioned in Note 17 and hence, are not available for general use.

15. DEFERRED TAX LIABILITY

	Group and Fund 2020 RM
At 1 January	-
Recognised in profit or loss (Note 7)	1,245,581
At 31 December	1,245,581

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

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

16. OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Fund	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Non current				
Tenant deposit payables	8,946,318	7,182,569	8,946,318	7,182,569

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

16. OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Tenant deposit payables	5,624,357	7,143,850	5,624,357	7,143,850
Other payables	1,576,038	1,517,308	1,576,038	1,517,308
Income distribution	-	6,206,000	-	6,206,000
Accrued expenses	4,583,010	3,410,697	4,553,010	3,385,697
Accrued financing cost (Note 17)	1,341,440	1,594,826	959,678	718,194
	13,124,845	19,872,681	12,713,083	18,971,049
Add:				
Islamic financing	633,855,901	597,532,653	117,108,795	435,487,807
Amount due to related companies	-	513,948	-	513,948
Amount due to a subsidiary	-	-	511,526,831	160,303,801
	633,855,901	598,046,601	628,635,626	596,305,556
Total financial liabilities carried at amortised cost	655,927,064	625,101,851	650,295,027	622,459,174

Amount due to related companies, which arose mainly from management fee, collections and payments paid on behalf of the Fund, are unsecured, interest-free and repayable on demand. The transactions with related companies are disclosed in Note 20.

17. ISLAMIC FINANCING

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
Non current				
Term Financing-i ("TF-i") (Note (a))	118,000,000	87,026,400	118,000,000	87,026,400
Sukuk Ijarah (Note (c))	468,000,000	-	-	-
	586,000,000	87,026,400	118,000,000	87,026,400
Less: Transaction cost	(4,144,099)	(1,025,584)	(891,205)	(1,025,584)
	581,855,901	86,000,816	117,108,795	86,000,816
Current				
Commodity				
Murabahah Term Financing-i ("CMTF-i") (Note (b))	-	350,000,000	-	350,000,000
Sukuk Ijarah (Note (c))	52,000,000	162,785,000	-	-
	52,000,000	512,785,000	-	350,000,000
Less: Transaction cost	-	(1,253,163)	-	(513,009)
	52,000,000	511,531,837	-	349,486,991
Total Islamic financing	633,855,901	597,532,653	117,108,795	435,487,807

17. ISLAMIC FINANCING (CONT'D)

(a) TF-i

The TF-i profit is payable over a period of 60 months from the date of first disbursement. The effective profit rate for the TF-i will be based on COF which is based on the Bank's COF + 1.45% per annum for the duration of the TF-i.

The average effective profit rate for the TF-i is 4.18% (2018: 5.15%) per annum. The principal amount is to be expected to be paid in March 2024.

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

(i) The financing payment cover ratio ("FPCR") of not less than 1.25 times;

(ii) Total debts and financing over total assets value of not more than 50%; and

(iii) Minimum security cover of 1.25 times.

The financing is secured by the investment properties amounting to RM152,094,000 (2019: RM121,675,000) as per disclosed in Note 10.

(b) CMTF-i

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 COF + 1.35% per annum for the first 16 months, COF + 1.40% per annum for the next 8 months and COF + 1.50% per annum for the remaining duration of the CMTF-i. The COF is based on each respective Banks' COF.

The average effective profit rate for the CMTF-i is 4.63% (2019: 5.26%) per annum.

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

(i) The consolidated net gearing ratio of not more than 1.0 time;

(ii) Financing to Value ("FTV") ratio shall not exceed 50% of security value;

(iii) Minimum shareholder's fund of not less than RM500.0 million; and

(iv) Minimum finance service cover ratio ("FSCR") of 1.50 times.

(c) Sukuk Ijarah

On 24 August 2018, a subsidiary of the Group, ALSREIT Capital Sdn Bhd established a Sukuk Ijarah Programme comprising Islamic Medium Term Notes ("IMTN") of up to RM1,500,000,000 in nominal value and issued RM162,785,000 in nominal value of IMTNs ("Issue 1") with a transaction cost amounting RM2,350,155.

The Sukuk Ijarah Programme has a significant covenant in which the subsidiary, Al-Salām REIT and its subsidiary shall at all times, maintain the following financial covenants:

(i) Finance Service Cover Ratio ("FSCR") at Issuer level of not less than 1.5 times;

(ii) FSCR at Al-Salām REIT level of not less than 1.5 times;

(iii) such other financial covenant(s) as may be determined by the Rating Agency and to be mutually agreed to by ALSREIT Capital Sdn Bhd.

As at 31 December 2019, the outstanding amount of RM162,785,000 in nominal value of Issue 1 which had been due in August 2020.

On 24 August 2020, the Group issued RM520,000,000 in nominal value of IMTNs ("Issue 2") with a transaction cost amounting RM3,928,296. The financing was used to refinance the maturity of Issue 1 and CMTF-i amounting to RM162,785,000 and RM350,000,000 respectively.

The Group is obligated to redeem oustanding Issue 2 of at least ten per centum (10%) of the nominal value of the Issue 2 on the first anniversary of issue date (i.e. 24 August 2021) which amounting to RM52,000,000.

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

17. ISLAMIC FINANCING (CONT'D)

(c) Sukuk Ijarah (cont'd)

The Sukuk Ijarah Programme has a significant covenant in which the subsidiary, Al-Salām REIT and its subsidiary shall at all times, maintain the following financial covenants:

(i) Finance Service Cover Ratio ("FSCR") at Issuer level of not less than 1.5 times;

(ii) FSCR at Al-Salām REIT level of not less than 1.5 times;

(iii) Minimum Security Cover Ratio of at least 2.0; and

(iii) such other financial covenant(s) as may be determined by the Rating Agency and to be mutually agreed to by ALSREIT Capital Sdn Bhd.

The financing is used to secure the investment properties amounting to RM1,030,760,000 (2019: RM331,108,000) as per disclosed in Note 10.

Revolving credit:

As of 31 December 2020, the Fund unutilised revolving credit facilities amounting to RM10,000,000 (2019: RM10,000,000) which is granted from a financial institution. The said facility of is secured by investment properties of the subsidiary amounting to RM16,000,000 as mentioned in Note 10.

Reconciliation of liabilities arising from financing activities

The table below details the changes in the Group's and the Fund's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Fund's financial statements of cash flows as cash flows from financing activities.

	2020 RM	2019 RM
Group		
At 1 January		
Islamic financing	597,532,653	509,527,596
Accrued finance costs	1,594,826	1,441,582
Prepayment for sukuk	-	(86,463)
Total Islamic financing at beginning of year	599,127,479	510,882,715
Repayment of:		
Finance costs	(26,992,357)	(31,483,607)
Transaction costs	(3,928,296)	(1,206,570)
Net financing cash flows:		
Acquisition of investment properties	30,973,600	87,026,400
Proceed in Islamic Financing	7,215,000	-
	606,395,426	565,218,938
Non-cash changes		
Accruals of finance costs	26,882,588	31,636,851
Imputed finance cost	1,919,327	2,185,227
At 31 December	635,197,341	599,041,016

The total Islamic financing of the Group as of the end of the reporting period comprised of the following:

	2020 RM	2019 RM
Islamic financing	633,855,901	597,532,653
Accrued finance costs (Note 16)	1,341,440	1,594,826
Prepayment for sukuk	-	(86,463)
	635,197,341	599,041,016

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

17. ISLAMIC FINANCING (CONT'D)

Reconciliation of liabilities arising from financing activities (cont'd)

	2020 RM	2019 RM
Fund		
At 1 January		
Islamic financing	435,487,807	348,592,979
Accrued finance costs	718,194	553,401
	436,206,001	349,146,380
Repayment of:		
Finance costs	(14,331,415)	(22,436,286)
Transaction costs	(106,935)	(1,206,570)
Commodity Murabahah Revolving Credit-i through financing from a subsidiary company	(350,000,000)	-
Net financing cash flows used for acquisition of investment properties	30,973,600	87,026,400
	102,741,251	412,529,924
Non-cash changes		
Accruals of finance costs	14,572,899	22,601,079
Imputed finance cost	754,323	1,074,998
At 31 December	118,068,473	436,206,001

The total Islamic financing of the Group as of the end of the reporting period comprised of the following:

	2020 RM	2019 RM
Islamic financing	117,108,795	435,487,807
Accrued finance costs (Note 16)	959,678	718,194
	118,068,473	436,206,001
Fund		
Amount due to a subsidiary		
At 31 December	160,303,801	159,317,928
Proceed from issuance of Sukuk Ijarah	350,000,000	-
Increase/(decrease) in amount due to a subsidiary company	4,142,774	(112,807)
Repayment of:		
Transaction costs	(3,821,361)	-
Finance costs	(12,660,942)	(9,047,321)
	497,964,272	150,157,800
Non-cash changes		
Accruals of finance cost	12,309,689	9,035,772
Imputed finance cost	1,252,870	1,110,229
At 31 December	511,526,831	160,303,801

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

18. UNITHOLDERS' CAPITAL

	No. of units			
	2020	2019	2020 RM	2019 RM
Group and Fund				
Unitholders' capital	580,000,000	580,000,000	572,545,319	572,545,319

The Fund issued 580,000,000 units of RM1 each in conjunction with the Fund's Initial Public Offering ("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 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.

Details of units held by the related companies of the Manager which comprise companies related to Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995), and substantial unitholders of the Fund, and their market value as of 31 December 2020 based on the Record of Depositors are as follows:

	No. of units	
	2020	2020 RM
Group		
Related companies:		
Johor Corporation	24,436,600	13,440,130
Damansara Assets Sdn Bhd	278,539,417	153,196,679
Kulim (Malaysia) Berhad	27,060,600	14,883,330
KPJ Healthcare Berhad	2,000,000	1,100,000
Johor Land Berhad	1,499,500	824,725
Kumpulan Bertam Plantations Berhad	296,000	162,800
Tenaga Utama (Johor) Berhad	7,688	4,228

Fund

	No. of units			
	2020	2019	2020 RM	2019 RM
Related companies:				
Johor Corporation	24,436,600	24,436,600	13,440,130	19,793,646
Damansara Assets Sdn Bhd	278,539,417	278,539,417	153,196,679	225,616,928
Kulim (Malaysia) Berhad	27,060,600	27,060,600	14,883,330	21,919,086
Johor Land Berhad	1,499,500	1,499,500	1,100,000	1,214,595
KPJ Healthcare Berhad	2,000,000	2,000,000	824,725	1,620,000
Kumpulan Bertam Plantations Berhad	296,000	296,000	162,800	239,760
Tenaga Utama (Johor) Berhad	7,688	7,688	4,228	6,227

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 RM0.55 per unit as at 31 December 2020 (2019: RM0.81 per unit).

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

19. MANAGEMENT EXPENSE RATIO ('MER')

	Fund	
	2020 %	**2019 %**
MER	0.66	0.60

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.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these have financial statements, related companies are considered to be related to the Group and the Fund if the Group and the Fund have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Significant related party transactions other than those separately disclosed elsewhere in the financial statements are as follows:

	Group		Fund	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Rental income received/receivable from related companies	34,958,508	37,299,435	34,958,508	37,542,637
Other property management fees charged by related companies of the Manager (including in other operating expenses)	6,104,009	7,442,450	6,104,009	7,442,450
Finance cost paid/payable to a subsidiary	-	-	12,309,689	9,035,772

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

Amount due to a subsidiary represents unsecured advances received from the proceeds raised from Islamic financing by the subsidiary of RM516,747,106 (2019: RM162,044,846). The finance costs and repayment terms of the unsecured advances mirror the finance costs and repayment terms of the Islamic financing of Sukuk Ijarah raised by the said subsidiary as disclosed in Note 17. Also included in the amount due to a subsidiary are the accrued profit from the cash reserves totaling RM5,220,275 (2018: RM1,741,045) that are presented as net amount as there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The detail breakdown of amount owing to a subsidiary company are as follows:

	2020 RM	**2019 RM**
Fund		
Amount due to a subsidiary	520,000,000	162,785,000
Less: Transaction costs	(3,252,894)	(740,154)
	516,747,106	162,044,846
Less: Accrued interest from cash reserve	(5,220,275)	(1,741,045)
	511,526,831	160,303,801

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

21. 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 statements of financial position approximate their fair values other than as disclosed below:

	Carrying amount RM	Fair value RM
Group		
At 31 December 2020		
Financial liability at amortised cost		
Islamic financing - non-current	581,855,901	529,474,285
Islamic financing - current	52,000,000	52,000,000
At 31 December 2019		
Financial liability at amortised cost		
Islamic financing - non-current	86,000,816	70,303,432
Islamic financing - current	511,531,837	511,531,837
Fund		
At 31 December 2020		
Financial liability at amortised cost		
Islamic financing - non-current	117,108,795	104,596,005
Amount due to a subsidiary	511,526,831	424,878,280
	628,635,626	529,474,285
At 31 December 2019		
Financial liability at amortised cost		
Islamic financing - non-current	86,000,816	70,303,432
Islamic financing - current	349,486,991	349,486,991
Amount due to a subsidiary	160,303,801	160,303,801
	595,791,608	580,094,224

The fair value of the non-current Islamic financing was estimated using discounted cash flow analysis based on market equivalent profit rate of 3.77% (2019: 5.46%) 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.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Fund's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and Fund's portfolios whilst managing their credit risks, liquidity risks and financing rate risks. The Group and the Fund have taken measures to minimise their 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 Group's and 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

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group and 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 end of the reporting period, the Group's and the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables, other receivables and amount due from related companies is disclosed in Note 13.

Credit risk concentration profile

The Group and the Fund determine concentrations of credit risk by monitoring individual profile of their trade receivables on an ongoing basis. At the end of the reporting period, approximately 27% of the Group's and Fund's trade receivables was due from third party. The risk of default arising from non-performance by this party is low.

Financial instruments that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 13. Deposits with banks and other financial institutions are placed with reputable financial institutions with good credit ratings.

(b) Liquidity risk

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

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

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Fund's financial liabilities as at the reporting date based on undiscounted contractual payments:

	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
Group					
31 December 2020					
Non-profit bearing financial liabilities:					
Other payables and accrued expenses	-	22,071,163	22,071,163	13,124,845	8,946,318
Profit bearing financial liabilities:					
Variable profit rate instruments - Islamic financing	3.77	633,855,901	708,259,200	52,000,000	656,259,200
Fund					
31 December 2020					
Non-profit bearing financial liabilities:					
Other payables and accrued expenses	-	21,659,401	21,659,401	12,713,083	8,946,318
Profit bearing financial liabilities:					
Variable profit rate instruments - Islamic financing	3.82	117,108,795	136,030,400	-	136,030,400
Amount owing to a subsidiary	3.72	511,526,831	572,228,800	52,000,000	520,228,800
Group					
31 December 2019					
Non-profit bearing financial liabilities:					
Other payables and accrued expenses	-	27,055,250	27,055,250	19,872,681	7,182,569
Amount owing to related companies	-	513,948	513,948	513,948	-
Profit bearing financial liabilities:					
Variable profit rate instruments - Islamic financing	5.29	597,532,653	622,922,428	516,703,846	106,218,582
Fund					
31 December 2019					
Non-profit bearing financial liabilities:					
Other payables and accrued expenses	-	26,153,618	26,153,618	18,971,049	7,182,569
Amount owing to related companies	-	513,948	513,948	513,948	-
Profit bearing financial liabilities:					
Variable profit rate instruments - Islamic financing	5.20	435,487,807	455,705,573	349,486,991	106,218,582
Amount owing to a subsidiary	5.46	160,303,801	167,216,855	167,216,855	-

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's and Fund's (loss)/profit before tax would have been:

	Group		Fund	
	Effect on loss before tax (Decrease)/Increase	Effect on profit before tax	Effect on loss before tax (Decrease)/Increase	Effect on profit before tax
	2020 RM	2019 RM	2020 RM	2019 RM
Interest rate decreased by 25 basis points	(1,525,075)	1,409,356	(238,750)	1,008,219
Interest rate increased by 25 basis points	1,525,075	(1,409,356)	238,750	(1,008,219)

The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

23. SEGMENT REPORTING

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

For management purposes, the Group and the Fund are organised into the following operating divisions:

- Retail outlets
- Office buildings
- Food and beverage ("F&B") properties comprising restaurant and non-restaurant outlets
- Other comprising fund level operations

No information on geographical areas is presented as the Group and the Fund operate solely in Malaysia.

The accounting policies of the reportable segments below are the same as the Group's and the Fund's accounting policies described in Note 2.

23. SEGMENT REPORTING (CONT'D)

The accounting policies of the reportable segments below are the same as the Group's and the Fund's accounting policies described in Note 2.

	Retail outlets RM	Office buildings RM	F&B restaurants RM	F&B Non-restaurants RM	Other - Fund level operations RM	Total RM
Group						
For the year ended 31 December 2020						
Total revenue	49,415,446	9,173,209	16,164,150	11,347,911	-	86,100,716
Total property expenses	(16,612,866)	(3,653,645)	(32,518)	(348,040)	(483,915)	(21,130,984)
Net property income/(loss)	32,802,580	5,519,564	16,131,632	10,999,871	(483,915)	64,969,732
Fair value (loss)/gain on investment properties	(36,676,835)	(200,848)	1,925,800	3,690,000	-	(64,969,732
Investment income	-	-	-	-	451,867	451,867
Total (loss)/income	(3,874,255)	5,318,716	18,057,432	14,689,871	(32,048)	34,159,716
Total fund expenditure	-	-	-	-	(17,555,000)	(17,555,000)
Operating (loss)/profit	(3,874,255)	5,318,716	18,057,432	14,689,871	(17,587,048)	16,604,716
Islamic financing costs	-	-	-	-	(28,889,781)	(28,889,781)
Income tax expense	-	-	-	-	(1,245,581)	(1,245,581)
(Loss)/profit for the financial year	(3,874,255)	5,318,716	18,057,432	14,689,871	(47,722,410)	(13,530,646)
Total assets	801,943,889	104,441,085	284,464,000	187,709,119	(124,004,067)	1,254,554,026
Total liabilities	15,084,407	3,013,191	-	699,697	638,375,350	657,172,645

23. SEGMENT REPORTING (CONT'D)

	Retail outlets RM	Office buildings RM	F&B restaurants RM	F&B Non-restaurants RM	Other - Fund level operations RM	Total RM
Fund						
For the year ended 31 December 2020						
Total revenue	49,415,446	9,173,209	16,164,150	11,347,911	-	86,100,716
Total property expenses	(16,612,866)	(3,653,645)	(32,518)	(348,040)	(483,915)	(21,130,984)
Net property income/(loss)	32,802,580	5,519,564	16,131,632	10,999,871	(483,915)	64,969,732
Fair value (loss)/gain on investment properties	(36,676,835)	(200,848)	1,925,800	3,690,000	-	(31,261,883)
Investment income	-	-	-	-	451,867	451,867
Total (loss)/income	(3,874,255)	5,318,716	18,057,432	14,689,871	(32,048)	34,159,716
Total fund expenditure	-	-	-	-	(17,495,805)	(17,495,805)
Operating (loss)/profit	(3,874,255)	5,318,716	18,057,432	14,689,871	(17,527,853)	16,663,911
Islamic financing costs	-	-	-	-	(28,889,781)	(28,889,781)
Income tax expense	-	-	-	-	(1,245,581)	(1,245,581)
(Loss)/profit for the financial year	(3,874,255)	5,318,716	18,057,432	14,689,871	(47,663,215)	(13,471,451)
Total assets	801,943,889	104,441,085	284,464,000	187,709,119	(129,485,670)	1,249,072,423
Total liabilities	15,084,407	3,013,191	-	699,697	632,743,313	651,540,608

23. SEGMENT REPORTING (CONT'D)

The accounting policies of the reportable segments below are the same as the Group's and the Fund's accounting policies described in Note 2.

	Retail outlets RM	Office buildings RM	F&B restaurants RM	F&B Non-restaurants RM	Other - Fund level operations RM	Total RM
Group						
For the year ended 31 December 2019						
Total revenue	59,862,435	9,235,256	14,502,830	11,311,863	-	94,912,384
Total property expenses	(21,304,791)	(3,788,511)	(30,674)	(253,918)	(413,476)	(25,791,370)
Net property income/(loss)	38,557,644	5,446,745	14,472,156	11,057,945	(413,476)	69,121,014
Fair value (loss)/gain on investment properties	(906,717)	(117,292)	4,458,157	108,900	-	3,543,048
Investment income	-	-	-	-	1,067,052	1,067,052
Total income	37,650,927	5,329,453	18,930,313	11,166,845	653,576	73,731,114
Total fund expenditure	-	-	-	-	(3,756,391)	(3,756,391)
Operating profit/(loss)	37,650,927	5,329,453	18,930,313	11,166,845	(3,102,815)	69,974,723
Islamic financing costs	-	-	-	-	(33,822,079)	(33,822,079)
Profit/(loss) for the financial year	37,650,927	5,329,453	18,930,313	11,166,845	(36,924,894)	36,152,644
Total assets	829,481,939	99,071,340	253,935,000	181,775,811	(115,084,345)	1,249,179,745
Total liabilities	177,764,643	2,490,828	-	680,011	444,166,369	625,101,851

23. SEGMENT REPORTING (CONT'D)

	Retail outlets RM	Office buildings RM	F&B restaurants RM	F&B Non-restaurants RM	Other - Fund level operations RM	Total RM
Fund						
For the year ended 31 December 2019						
Total revenue	59,862,435	9,235,256	14,502,830	11,311,863	-	94,912,384
Total property expenses	(21,304,791)	(3,788,511)	(30,674)	(253,918)	(413,476)	(25,791,370)
Net property income/(loss)	38,557,644	5,446,745	14,472,156	11,057,945	(413,476)	69,121,014
Fair value (loss)/gain on investment properties	(906,717)	(117,292)	4,458,157	108,900	-	3,543,048
Investment income	-	-	-	-	1,067,052	1,067,052
Total income	37,650,927	5,329,453	18,930,313	11,166,845	653,576	73,731,114
Total fund expenditure	-	-	-	-	(3,690,172)	(3,690,172)
Operating profit/(loss)	37,650,927	5,329,453	18,930,313	11,166,845	(3,036,596)	70,040,942
Islamic financing costs	-	-	-	-	(33,822,079)	(33,822,079)
Profit/(loss) for the financial year	37,650,927	5,329,453	18,930,313	11,166,845	(36,858,675)	36,218,863
Total assets	826,930,501	99,071,340	253,935,000	181,775,812	(115,084,346)	1,246,628,307
Total liabilities	175,121,966	2,490,828	-	680,011	444,166,369	622,459,174

NOTES TO **THE FINANCIAL STATEMENTS**
31 DECEMBER 2020
(CONT'D)

24. CAPITAL MANAGEMENT

The Group and the Fund manage their capital to ensure that the Group and 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 Group's and the Fund's overall strategy remain unchanged from 2019.

The capital structure of the Group and the Fund consist of net debt (borrowings as detailed in Note 17) offset by cash and cash equivalents in Note 14 and unitholders' fund of the Fund (Note 18) (comprising unitholders' capital and undistributed income).

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

The SC Guidelines requires that the total borrowings of the Group and the Fund (including borrowings through issuance of debt securities) should not exceed 60% of the total asset value of the Group and the Fund at the time the borrowings are incurred. Notwithstanding, the Group's and 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 Group and of the Fund on a regular basis to ensure that the SC Guidelines are complied with.

Gearing ratios

The Group's and the Fund's gearing ratios are calculated based on the proportion of total borrowings to the total asset value. The gearing ratios at the end of the reporting period is as follows:

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
Total borrowings (Note 17)	633,855,901	597,532,653	117,108,795	435,487,807
Amount due to a subsidiary	-	-	511,526,831	160,303,801
	633,855,901	597,532,653	628,635,626	595,791,608
Total assets value as per statements of financial position	1,254,554,026	1,249,179,745	1,249,072,423	1,246,628,307
Total borrowings to total assets value ratio	50.5%	47.8%	50.3%	47.8%

25. COMMITMENTS

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

	Group		Fund	
	2020 RM	2019 RM	2020 RM	2019 RM
Less than one year	35,992,210	33,901,493	35,992,210	33,901,493
Between one and five years	184,366,779	174,687,104	184,366,779	174,687,104
More than five years	450,039,591	471,089,070	450,039,591	471,089,070
	670,398,580	679,677,667	670,398,580	679,677,667

26. SIGNIFICANT EVENTS

On 30 November 2017, the Fund had entered into 3 conditional sale and purchase agreements with Kentucky Fried Chicken (Malaysia) Sendirian Berhad, KFC (Peninsular Malaysia) Sdn Bhd, KFC (Sabah) Sdn Bhd and SPM Restaurants Sdn Bhd for the acquisition of 22 properties located across Malaysia for a total cash consideration of RM115,000,000 to be funded via proceeds from the Proposed Placement and borrowings.

In view of weak market sentiments and the expiry of the extended conditional period of the SPAs on 28 February 2019, the Board had resolved not to implement the Proposed Placement and to vary the source of funding for the Purchase Consideration to entirely borrowings ("Variation").

As a result of the Variation, state authorities' consents are required to be obtained to charge the 5 properties under SPA 3 in favour of the Trustee's financier. For avoidance of doubt, state authorities' consent to charge are not required for the properties under SPA 1 and SPA 2. In view of the above, the parties to SPA 3 have amended one of the Conditions Precedent of SPA 3 and extended the conditional period of SPA 3. As SPA 1 and SPA 2 do not require state authorities' consent, Al-Salām REIT and the Vendors have agreed to waive the inter-conditionality of the SPAs to allow SPA 1 and SPA 2 to become unconditional on or before the expiry of the extended conditional period of the SPAs. On August 28, 2019, Al-Salām REIT has requested for a further extension period of 6 months from August 28, 2019 to February 20, 2020 to fulfil the said condition precedent.

The acquisition of 17 properties under SPA 1 and SPA 2 was completed on 19 March 2019. As a result, an additional borrowing has been taken up amounting to RM87,026,400.

The acquisition of remaining 5 properties under SPA 3 was completed on 17 September 2020 with a drawdown of borrowing amounting to RM30,973,600.

27. COMPARATIVE FIGURES

As at 31 December 2019, the Group and the Fund have tenant deposits of RM7,143,850 which were due to be settled within 12 months after reporting period but classified as other payable (non-current). This amount has been reclassified to other payable (current), so as to be consistent with current year's presentation.

	As previously stated RM	Re-classification RM	As restated RM
Group and Fund **At 31 December 2019**			
Non-current liability			
Tenant deposit payables	14,326,419	(7,143,850)	7,182,569
Current liability			
Tenant deposit payables	-	7,143,850	7,143,850

28. SIGNIFICANT AND SUBSEQUENT EVENT

On 28 February 2020, the Fund made an announcement on Bursa Malaysia to undertake a proposed private placement of up to 116,000,000 representing up to 20% of its total issued units.

Subsequently on 13 March 2020, Bursa Securities has approved the listing of and quotation of up to 116,000,000 units of the Fund to be issued pursuant to the proposed private placement to be completed within 6 months from the approval date.

On 28 August 2020, as the exercise has yet to complete within 6 months period, Bursa Securities has granted the Fund an extension of time of up to 13 March 2021 to complete the implementation of the proposed private placement.

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