05

Governance Structure

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

This Corporate Governance ("CG") Overview Statement sets out the principal features of the Group's corporate governance approach, summary of corporate governance practices during the year under review as well as key focus areas and future priorities in relation to corporate governance.

The Board has been guided by the Malaysian Code on Corporate Governance ("MCCG") in its implementation of CG practices while ensuring compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the Guidelines for Listed REITs, Bursa Malaysia Corporate Governance Guide 28 April 2021, and Companies Act 2016.

The Board also monitors developments in industry practice and other relevant regulations and statutory requirements, best practices and guidelines so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the MCCG.

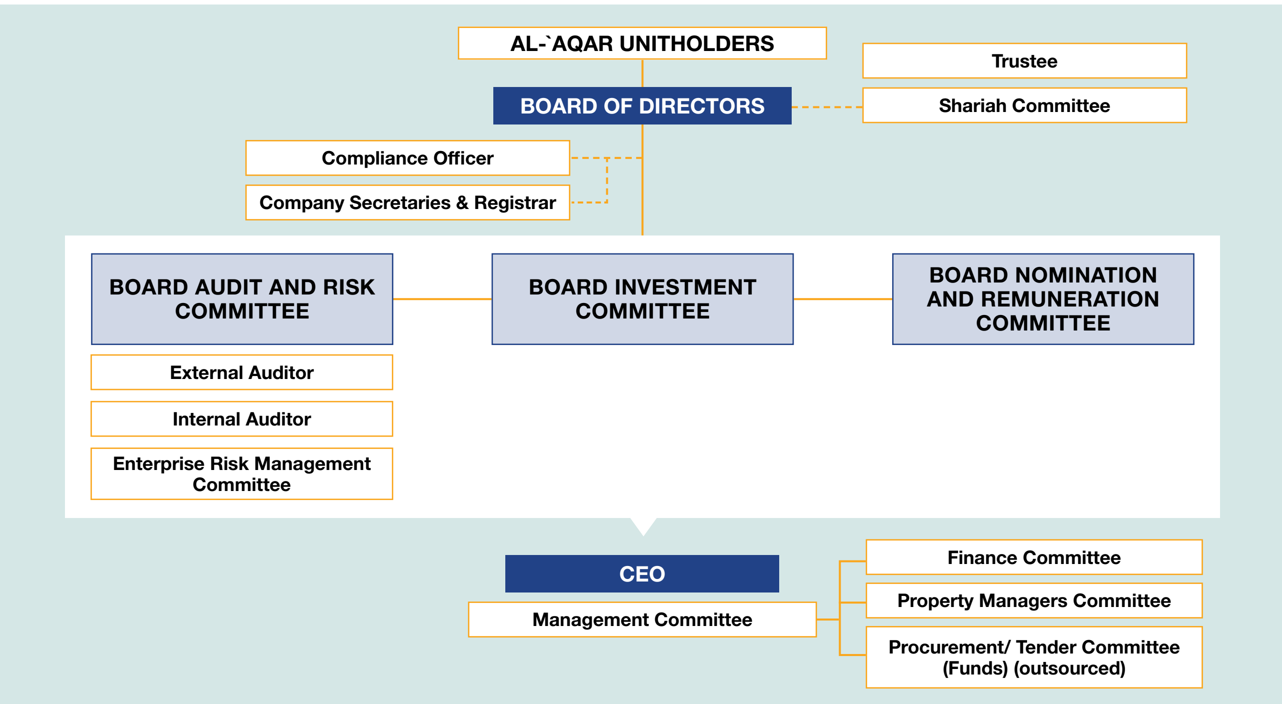
The Corporate Governance Report is available on the Group's website at www.alaqar.com.my as well as via an announcement on the website of Bursa Malaysia. This CG Overview Statement should also be read in tandem with the other statements in the Integrated Report namely, the Statement on Risk Management and Internal Control ("SORMIC"), Audit and Risk Committee Report, and Sustainability Statement.

The CG Overview Statement provides a summary of the Company's CG practices during the financial year, with reference to the following 3 principles:

- 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.

CORPORATE GOVERNANCE FRAMEWORK

The governance structure of the Company where the responsibilities of the Board are delegated to the relevant Board Committees and the Management of the Company is illustrated below:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the MCCG as defined in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year under review except for the practices mentioned below:

Practice 5.9 : **The board comprises at least 30% women directors.**

A female Director, Lailatul Azma Binti Abdullah was appointed as Independent Non-Executive Director on 16 December 2022.

The board will continue to scout for women directors to sit on board in the coming years, taking into account diverse perspectives and insights based on the candidate's integrity, independence, diversity in terms of age, gender, cultural background and experience, leadership and ability to exercise sound judgement.

Practice 8.1 : **There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.**

The remuneration of the directors is paid by the Company and not by the Fund.

However, the Board ensures that the remuneration policy takes into account the demands, complexities and performance of the Company 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.

Practice 8.2 : **The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.**

The Board is of the view that such disclosure may not be in the best interest of the Company due to confidentiality and security concerns, for example, vulnerability of these personnel being poached by competitors as well as potential disgruntlement amongst the personnel concerned when they note how much their fellow colleagues are drawing, notwithstanding that the disclosure is in bands of RM50,000 each.

The details on the extent of the application of each CG practice as set out in the MCCG including the explanation for non-adoption of or departure from the abovementioned practices, are available in the CG Report for the financial year ended 31 December 2022.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

THE BOARD AUDIT AND RISK COMMITTEE ("BARC")

The BARC is chaired by an Independent Non-Executive Director and consists of another Independent Non-Executive Director and a Non-Independent Non-Executive Director.

The composition of the BARC, its duties and responsibilities as well as details of meetings attended by each member can be found in the Terms of Reference of the BARC, which is available on the website of Al-`Aqar at www.alaqar.com.my

The BARC assists the Board in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to ensuring the integrity of the Company's financial statements, the performance of the Company's independent auditors and internal audit function, risk management practices, and internal control of the company.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

THE ENTERPRISE RISK MANAGEMENT COMMITTEE ("ERMC")

The ERMC is a management Committee established at the Company Level to identify potential events that may affect the Fund and the REIT Manager adversely, and systematically manage risk within its risk appetite, to provide reasonable assurance regarding the achievement of strategic objectives.

ERMC also supports the BARC in fulfilling its oversight responsibilities with respect to ERM Policy & Framework and its processes, including risk assessment on key strategic, financial, operational and compliance risks.

Other responsibilities of the ERMC include:

(a) To coordinate the development of risk management policies and procedures and its initiatives to ensure an effective ERM Framework is in place;

(b) To review and deliberate risk reports and, where applicable, recommend mitigation strategies for implementation;

(c) To provide regular updates to the BARC on respective mitigation measures and action plans relating to the respective residual risk profile and ERM initiatives;

(d) To monitor, develop, review, assess and recommend to BARC on risk management strategies, policies and risk tolerance limits.

OVERSIGHT AND ASSESSMENT OF THE SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Board has established a transparent relationship with the Company's External Auditors and Internal Auditors via the BARC who has explicit authority to communicate directly with them. The External Auditors confirmed to the BARC of their independency at each financial year and during their presentation of relevant audit Memorandum.

The Board considered the suitability and independence of the External Auditors during the discussion of the Group Audit Plan for the financial year ended 31 December 2021. The factors that take into account including the adequacy of experience and resources of the firm and professional staff assigned to the audit and the level of non-audit services to be rendered by the External Auditors to the Group for the financial year under review.

The BARC had conducted an annual assessment of the timeliness, competence, audit quality and resource capacity of the external Auditor in relation to the audit, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

The BARC had also obtained assurance confirming that the External Auditors are independent in accordance with the terms of all relevant professional and regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

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 BARC. The Enterprise Risk Management ("ERM") Policy and Framework provides guidance to both the Board and Management on the risk management reporting structure and governance, processes, assessment methodologies and tools.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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 Policy and 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 PKF Risk Management Sdn Bhd ("PKF") who assesses and reports the adequacy and effectiveness of the governance, risk management and internal control system whilst provide confirmation of 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 SORMIC on pages 117 to 125 of this Annual Report.

INTERNAL AUDIT AND ASSURANCE

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 PKF Risk Management Sdn Bhd, who reports directly to the BARC. The Internal Auditors attended all meetings of the BARC during the financial year. The BARC's reviewed the scope of work and reports by the Internal Auditors and a detailed description of the Internal Audit Function is provided in the BARC Report on page 105 of this Annual Report.

The Internal Audit Function discharges its duties in accordance with internationally recognised framework and guidelines as described on page 124 in the SORMIC and page 105 in the BARC Report of this Annual Report, respectively.

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

COMMUNICATION WITH STAKEHOLDERS

The Board believes in providing prompt and accurate disclosure of material information to unitholders. The Board believes that regular engagements will enhance stakeholders' understanding and appreciation of the Fund's business strategies, financial performance, current initiatives and prospects of the business. Effective, transparent and regular communication with stakeholders are in line with disclosure obligations as per the MMLR.

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 interview • Media release • Corporate website • Social media

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

COMMUNICATION WITH STAKEHOLDERS (CONT'D)

Stakeholders	Engagement and initiatives
Government, local authorities and regulators	• Engagement meeting • Consultation paper • Engagement through MRMA • 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	• Townhall • 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

COMMUNICATION WITH STAKEHOLDERS (CONT'D)

The Manager is highly committed to ensure that relevant and material corporate information is shared with the Fund's unitholders and investing community effectively. The Manager maintains a corporate website, www.alaqar.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 also available in the Fund's website to enable the public to forward queries relating to the Fund to the Manager.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

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 the Fund. As the avenue for dialogue, unitholders are encouraged to participate in raising questions and concerns relating to the Fund, exercising their rights relating to resolutions tabled and appointing proxies as per the unitholder's discretion.

A copy of the Annual Report and the relevant Circular to unitholders, including the notice of meeting were made available to unitholders before the 10th 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 10th AGM, together with the explanatory guide to the use of the electronic polling process were given to the unitholders in advance.

The 10th AGM was held at the broadcast venue with restricted numbers in physical attendance to observe the requirements under SC's Guidance Note and Frequently Asked Questions on Conduct of General Meetings for Listed Issuers. The Fund has conducted its 10th AGM on a fully virtual basis via live streaming and online remote voting on 20 April 2022. The Broadcast Venue of the 10th 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 10th AGM.

The voting of all resolutions set out in the notice of the 10th AGM was conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad MMLR. Mega Corporate Services Sdn. Bhd. Was appointed 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 10th 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 Questions & Answers session.

BOARD AUDIT AND RISK COMMITTEE REPORT

The BARC plays a major role in corporate governance regarding the organisation's direction, control, and accountability. The BARC is set up with the primary objective to assist the Directors ("Board of Directors" or the "Board") in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to ensuring the integrity of the Company's financial statements, performance of the Company's independent auditors and internal audit function, risk management practices and internal control of the company.

As a representative of the Board 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

COMPOSITION

In line with the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR of Bursa Securities, the composition of the BARC is as follows:

MEMBERS

1. Abdullah Bin Abu Samah
   Chairman/Independent Non-Executive Director

2. Dato' Wan Kamaruzaman Bin Wan Ahmad
   Independent Non-Executive Director

3. Datuk Sr. Akmal Bin Ahmad
   Non-Independent Non-Executive Director

SECRETARIES

1. Nuraliza Binti Abd Rahman
2. Rohaya Binti Jaafar

The BARC members are appointed by the Board and consist of not less than 3 members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The Board elects a chairman who is an independent Director and who is not the chairman of the Board. The composition of the BARC shall fulfill the requirements as prescribed in the Listing Requirements.

The Board, via the BNRC, annually reviews the terms of office and performance of the BARC and its members through an effectiveness evaluation exercise. The BNRC assessed the BARC's performance for the financial year ended 31 December 2022 and was satisfied that the BARC and its members have discharged their functions, duties and responsibilities in accordance to the BARC's Terms of Reference.

MEETINGS AND ATTENDANCE

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

The BARC meets at quarterly intervals or such other intervals as the Committee shall decide.

The BARC held four (4) regular meetings and two (2) special BARC meetings during the financial year ended 31 December 2022 which were attended by all members.

MEETINGS AND ATTENDANCE (CONT'D)

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE (CONT'D)

During the financial year, the details of attendance are as follows:-

		Date of Meetings				
	BARC Members	26 Jan 2022	13 Apr 2022 (Special)	18 May 2022	18 Aug 2022	16 Dec 2022
1	Abdullah Bin Abu Samah	✓	✓	✓	✓	✓
2	Dato' Wan Kamaruzaman Bin Wan Ahmad	✓	✓	✓	✓	✓
3	Datuk Sr. Akmal Bin Ahmad	✓	✓	✓	✓	✓

TERMS OF REFERENCE

The duties and responsibilities of the BARC are set out in its Terms of Reference which is accessible in the Corporate Governance section, on the website at www.alaqar.com.my

SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR

The BARC shall meet at least four (4) times annually and the Internal Auditor, the Head of Finance and the Head of Compliance and Risk shall attend the meetings. Relevant members of Senior Management shall be invited to attend these meetings to assist to clarify matters raised at the meetings. A majority of independent Directors present shall form a quorum.

The BARC shall meet with the External Auditors without the executive Board members and Management being present at least twice a year.

Meeting papers were circulated to all the BARC members prior to the meetings by way of electronic means. Minutes of each BARC Meeting was recorded and tabled for confirmation and adoption at the next BARC Meeting and subsequently presented to the Board for approval and notation. The Chairman of the BARC shall report on each meeting to the Board.

The BARC carried out the following work during the financial year ended 31 December 2022 in the discharge of its functions and duties:-

OVERSEEING FINANCIAL REPORTING

(a) Reviewed the audited financial statements of the Manager and the Fund for the financial year ended 31 December 2022 ("FYE2022"), which were prepared in accordance with the Trust Deed, the applicable Securities Commission Malaysia ("SC") rules and guidelines, Malaysian Financial Reporting Standards and Malaysian Financial Reporting Standards ("MFRS"), prior to recommending the same to the Board for approval. The audited financial statements of the REIT for FYE2022 were issued and circulated to the Unitholders in line with the prescribed requirements.

At the meeting held on 31 January 2023, the External Auditors presented to the BARC the results of the FYE2022 audit conducted on Al-`Aqar where significant audit matters listed below are discussed:

i. Valuation of investment properties
ii. Recognition of deferred tax on investment properties
iii. Expected credit losses of trade receivables
iv. Going concern considerations

SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR (CONT'D)

OVERSEEING FINANCIAL REPORTING (CONT'D)

(b) Reviewed at every quarterly meeting held in FYE2022, the quarterly 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 quarters of the quarterly results for the financial year ended 31 December 2022 were reviewed at the BARC meetings held on 18 May 2022, 18 August 2022, 16 November 2022 and 31 January 2023, 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 the Fund which were made in accordance with the distribution policy, 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 accounting standards, i.e. MFRS

(f) The BARC was satisfied that adequate impact assessment had been carried out by Management and the accounting policies as shown below had been appropriately updated in the financial statements of the Fund for FY2022.

Description	Effective for annual period beginning on or after
Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual improvements to MFRS Standards 2018-2020	1 January 2022
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: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

EXTERNAL AUDIT

(a) Reviewed and discussed with External Auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB, and regulating requirements applicable to the Fund; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.

(b) Reviewed and discussed with External Auditors the results of the audit and the audit report in particular, significant accounting matters arising from the external audit and their opinion on the financial statements.

(c) Reviewed with External Auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management.

(d) Evaluated the performance and assessed the suitability, objectivity and independence of the External Auditors during the year in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the barc. The BARC had received from the External Auditors written confirmation on their independence and which disclosed their policies on independence, safeguards, and procedures to address threats or perceived threats to their independence and objectivity, and that they were in compliance with the independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR (CONT'D)

EXTERNAL AUDIT (CONT'D)

(e) Having satisfied with the performance and the assessment on the External Auditors' suitability, objectivity and independence, recommended to the Board the re-appointment of the External Auditors and their remuneration.

(f) Reviewed and approved the non-audit fees in respect of services rendered by the External Auditors. The non-audit fees for the financial year ended 31 December 2022 amounted to RM10,000.

(g) Met with the External Auditors without executive Board members and Management on 26 January 2022 to discuss matters in relation to their review.

(h) Reviewed the SORMIC which provided an overview of the state of internal controls prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the External Auditors is set out on page 125 of this Annual Report.

(i) Reviewed the effectiveness of the internal audit function through evaluation of its performance and competency, and monitoring the sufficiency of resources and costs, to ensure that it has the required expertise and professionalism to discharge its duties.

INTERNAL AUDIT

(a) Provided input on key areas to be included as part of the annual Internal Audit Plan. Deliberated the risk-based Internal Audit Plan to ensure adequate scope and comprehensive coverage of business activities, prior to recommending to the Board for approval.

(b) Monitored the progress of the approved Internal Audit Plan, including the status of the planned reviews and approved changes to the Internal Audit Plan due to changes in business and/or risk environment

(c) Reviewed and deliberated on internal audit reports, the audit recommendations and adequacy of Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory and timely remediation actions have been committed by Management to address identified risks.

(d) Monitored the implementation of corrective action plans agreed by the Management on outstanding audit findings on a quarterly basis to ensure that all actions have been implemented on a timely basis in the related areas

(e) Discussed with the Compliance & Risk Department, to provide assurance of the soundness of internal control systems and activities of the Fund and the Fund Manager.

(f) Reviewed the effectiveness of the internal audit function through evaluation of its performance and competency, and monitoring the sufficiency of resources and costs, to ensure that it has the required expertise and professionalism to discharge its duties.

(g) Reviewed the SORMIC which provided an overview of the state of internal controls prior to the Board's approval for inclusion in the Annual Report.

The BARC was satisfied that the system of risk management and internal control as described in the SORMIC, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the Fund's operations. The BARC also acknowledged that implementation measures were continuously taken to strengthen the system of risk management and internal control so as to safeguard the interests of stakeholders including shareholders' investments, and the Fund's assets.

SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL

(a) Reviewed quarterly top risk profiles which covers Strategic, Finance, Operational and Compliance Risks and deliberated on the significant threats and opportunities, including status and adequacy of mitigation strategies.

(b) Discussed the improvements to the Enterprise Risk Management Policy & Framework and process to ensure proactive and holistic risk identification, and monitoring of mitigation actions to reduce risk impact to an acceptable level.

(c) Reviewed the status of the planned mitigation actions developed from the results of the Compliance risk assessment performed in 2022.

(d) Evaluated the overall adequacy and effectiveness of internal controls through review of the work performed by both internal and external auditors, other assurance providers and through discussions with Management.

(e) Ensures appropriate controls are in place in management of the Fund, 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 117 to 125 (SORMIC of this Annual Report). Details in respect of the principal risks and uncertainties are set out on pages 42 to 55 under Management Discussion and Analysis.

(f) 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:

	Frameworks & Policy	Date of Meeting	Reason for Review
1	Limit of Authority	1 Mar 2022 1 Dec 2022	• Changes in limit of authority in small spending • Mandate delegated to the CEO by the Board
2	Occupational and Safety (OSH) Policy	2 Mar 2022 (new)	
3	No-Gift No-Entertainment Policy	2 Mar 2022 (new)	
4	Whistleblowing Policy (Revised)	2 Mar 2022 (rev 1)	Alignment of policy and procedures to those of the JCorp Group
5	Fixed Asset Policy & Procedure	6 Sep 2022 (new)	
6	Internal Control Policy & Procedures Manual	6 Sep 2022 (rev 4)	Editorial changes due to the latest issuance of Main Market Listing Requirements, Guidelines to Listed REITs and MCCG
7	DRMSB Procurement Policy	6 Sep 2022 (rev.2) 1 Dec 2022 (rev 3)	• Conditions allowed under direct negotiation with respect to awarding of a contract • To incorporate ESG elements in Vendor Assessment/ Evaluation to reflect the changes in the Bursa Sustainability Reporting Guide
8	Fit & Proper Policy	1 Dec 2022 (new)	

SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

	Frameworks & Policy	Date of Meeting	Reason for Review
9	ERM Policy and Framework	1 Dec 2022 (rev 4)	Re-classification of Risk Category to include ESG Risks, Market Risks and Partnership Risks
10	Investment Policy	1 Dec 2022 (rev 2)	Incorporation of ESG elements into the Investment Policy

COMPLIANCE

(a) Monitored and reviewed the status and outcomes of the Quarterly Compliance Report which seek to identify gaps in compliance with regard to applicable laws, regulations, codes, standards, policies, and procedures and discussed the adequacy of measures to address such gaps or non-compliance.

(b) Deliberated on the results of compliance cases and directed Management to implement and/or enhance controls to prevent a recurrence, including conducting education programmes to increase awareness.

(c) 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 an annual basis. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to Related Party Transaction ("RPT") or Recurrent Related Party Transaction ("RRPT").

(d) Monitored the status of internal misconduct cases reported to Board and BARC on a quarterly basis, including on-going investigations, in accordance with the Code of Conduct and Business Ethics (CoBE).

(e) Ensured that the Declaration of Directors' Interests in Securities and disclosures of conflict of interest situation(s) in all Board level meetings, are documented and minuted accordingly in the minutes of meeting. The Committee took note that there was no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the Chief Executive Officer.

REVIEW OF RPT AND RRPT OF A REVENUE OR TRADING NATURE & CONFLICT OF INTEREST SITUATIONS

(a) Reviewed related party transactions entered into by the REIT and ensured that the transactions undertaken were in the best interest of the Fund/unitholders, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority unitholders, and recommended the same for approval of the Board.

(b) Reviewed the annual unitholders' Mandate in relation to RRPT of a revenue or trading nature for unitholders' approval to undertake transactions that are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Fund with related parties.

(c) Ensures that the review procedures were sufficient to ensure that the RRPTs were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders and that the REIT had in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes were reviewed on a yearly basis or whenever the need arose.

(d) Reviewed of RRPT on a quarterly basis. The Management had given assurance to the BARC that related party transactions and mandate for RRPT were in compliance with the Listing Requirements and policies and procedures.

BOARD AUDIT AND RISK COMMITTEE REPORT

SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR (CONT'D)

OTHER ACTIVITIES

Reviewed and recommended to the Board, for inclusion in the Annual Report:

- The BARC Report
- CG Overview Statement
- CG Report
- SORMIC

SUMMARY OF MEETINGS IN THE YEAR

Items discussed	26 Jan 2022	13 Apr 2022 (Special)	18 May 2022	18 Aug 2022	16 Nov 2022
Financial Reporting					
Full year results (2021)	●				
Interim results	●		●	●	●
Consideration of new accounting standards MFRS9, MFRS139 and MFRS 7, MFRS 4 and MFRS 16 (FYE 2021)	●				
Internal audit					
Internal audit plan	●				●
Internal audit reports (Al-`Aqar)	●		●	●	● Follow up Review
Internal audit effectiveness and independence	●				
External audit					
External audit plan					●
External audit reports (FYE 2021)	●				
External audit effectiveness and independence					●
Risk					
Risk Registers	●		●	●	●
RRPT		●			
Quarterly Review	●		●	●	●
Annual Report					
Review of SORMIC and Audit & Risk Committee Report (FYE 2021)	●				
Other Matters					
Review of Policies and Frameworks	●			●	●
Evaluation and Review of Outsourced Activities			●		
IT Security/Business Continuity Management/ Disaster Recovery Plan					Reviewed in 2023

BOARD INVESTMENT COMMITTEE REPORT

The Board Investment Committee ("BIC" or the "Committee") plays a pivotal role in evaluating all investment opportunities and to make recommendations to the board with regard thereto. The responsibilities include reviewing, assessing and deciding on the escalation of proposals relating to asset investment (acquisition and disposal), asset management and fund-raising exercises to be undertaken by the Fund to the Board and Trustee for approval.

COMPOSITION

In line with the recommendation of Chapter 6 of the Guidelines on Real Estate Investment Trusts of Securities Commission Malaysia, the composition of the BIC is as follows:

MEMBERS

1. Dato' Wan Kamaruzaman Bin Wan Ahmad
   Chairman/Independent Non-Executive Director

2. Abdullah Bin Abu Samah
   Independent Non-Executive Director

3. Shamsul Anuar Bin Abdul Majid
   Non-Independent Non-Executive Director

SECRETARIES

Nuraliza Binti Abd Rahman and Rohaya Binti Jaafar, are also Secretaries of the BIC.

The BIC members are appointed by the Board and consist of not less than 3 members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The Board elects a chairman who is an independent Director and who is not the chairman of the Board. The composition of the BIC shall adhere to the recommendation as per the Chapter 6 of the Guideline On Real Estate Investment Trusts.

The Board, via the BNRC, annually reviews the terms of office and performance of the BIC and its members through an effectiveness evaluation exercise. The BNRC assessed the BIC's performance for the financial year ended 31 December 2022 and was satisfied that the BIC and its members have discharged their functions, duties, and responsibilities in accordance with the BIC's Terms of Reference.

MEETINGS AND ATTENDANCE

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

The BIC meets at quarterly intervals or such other intervals as the Committee shall decide.

The BIC held four (4) regular meetings and two (2) special BIC meetings during the financial year ended 31 December 2022 which were attended by all members.

MEETINGS AND ATTENDANCE (CONT'D)

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE (CONT'D)

During the financial year, the details of attendance are as follows:-

		Date of Meetings				
	BIC Members	**26 Jan 2022**	**13 Apr 2022 (Special)**	**18 May 2022**	**18 Aug 2022**	**16 Dec 2022**
1	Dato' Wan Kamaruzaman Bin Wan Ahmad	✓	✓	✓	✓	✓
2	Abdullah Bin Abu Samah	✓	✓	✓	✓	✓
3	Shamsul Anuar Bin Abdul Majid	✓	✓	✓	✓	✓

TERMS OF REFERENCE

The Investment Committee is responsible for fulfilling the duties ascribed to it in the Board Investment Committee Term of Reference ("BIC TOR"), including those specifically delegated to it from time to time by the Board of Directors. The duties and responsibilities of the BIC are set out in its Terms of Reference as follows:

Objectives

(a) Making recommendations to the Board on all acquisitions, investments and disposals;
(b) Making recommendations to the Board on any financing offers, capital management proposals and additional banking facilities;
(c) Reporting and recommending to the Board any corporate exercise, including the issuance of new REIT units; and
(d) Making recommendations to the Board on financial budgets.

Roles and Responsibilities

Subject at all times to the provisions of the Trust Deed, and to any other regulations or resolutions that may be adopted, the BIC is responsible for:

(a) reviewing all proposals regarding investments, dispositions, financings (and other relevant transactions) ("strategic transactions");
(b) to make recommendations on any other matters to the Board of Directors;
(c) to review and monitor approved strategic transactions or other matters;
(d) ensuring that the REIT is managed in accordance with:-
- its investment objectives;
- its Restated Deed;
- its Prospectus;
- the SC Guidelines and other securities laws; and
- the internal investment restrictions and policies.

(e) Carrying out other duties as may be determined from time to time by the Board.

MATTERS DISCUSSED BY THE BIC IN THE FYE 2022

The BIC has undertaken the role of reviewing, recommending and monitoring to the Board of Directors pertaining to all proposals including strategic transactions ie investments in ensuring that the Fund practises sound capital preservation and safety margin levels, maintains optimally measured risk-reward thresholds, adopts prudent but pragmatic management style and attain adequate earnings potential and competitive advantages as well as growth.

MATTERS DISCUSSED BY THE BIC IN THE FYE 2022 (CONT'D)

The following are key matters discussed by the BIC during the FYE 2022:

INVESTMENT (ACQUISITION & DISPOSAL)

The BIC has reviewed proposals of the proposed acquisitions, which include the diversification its Shariah-compliant real estate portfolio with a focus on healthcare related real estate investment by tenant and asset class, as well as to explore opportunities with attractive returns and enhance unit value through selective acquisitions. This to ensure these properties have good track record and/or good prospects of future net rental income of reasonable levels which have been shown by studies to be competitive and located within good catchment areas.

The BIC has reviewed and monitor proposal of divested of properties, namely where the investments have achieved the set targets, or have been assessed as not being able to derive any further value and or when an opportunity to maximize its value arises before the predetermined investment time horizon or other reason that may warrant divestment. The divestment plan also has taken into consideration the transformation in the industry.

ASSET MANAGEMENT

The BIC has deliberated on proposals for asset enhancement initiatives of current properties that has the potential to further increase its returns and expected to generate accretive returns upon further expansion. The BIC has also reviewed proposals for repositioning of current properties within the Fund's portfolio which is to be aligned with the transformation of the industry and may require to be recapitalised to achieve portfolio optimization goals.

CAPITAL MANAGEMENT

The BIC has reviewed funding proposals to ensure each investment made by the Fund shall have a funding structure appropriate to the investment profile. In general, the capital structure of REIT should be financed by a combination of equity, debt and other financing instruments.

PORTFOLIO MONITORING

The BIC also undertook periodic monitoring on all investments including reviewing performance of the investment portfolio to ensure consistency with Fund's objectives and direction and transformation in the healthcare industry.

SUMMARY OF MEETINGS IN THE YEAR

Items discussed	26 Jan 2022	13 Apr 2022 (Special)	18 May 2022	18 Aug 2022	16 Nov 2022
Investment (Acquisition & Disposal)	✓	✓	✓	✓	✓
Asset Management	✓	✓	✓	✓	✓
Capital Management	✓	✓	✓	✓	✓
Portfolio Monitoring	✓	✓	✓	✓	✓

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

The establishment of the BNRC is mandated for listed issuers under Bursa Malaysia's Main Market Listing Requirements. The Committee was reconstituted during the financial period ended 31 December 2022 following the change in the Board of Directors' composition (the Board) composition and amendments in the MCCG 2021, which specifies that the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

The terms of reference can be found under Investor Relations section on the Company's website at www.alaqar.com.my.

The MCCG 2021 indicates that the Board may establish and delegate part of its powers to one or more other committees, in order to conduct certain tasks and functions expressly delegated to such committees. The committees will examine specific topics chosen by the Board of Directors and report on them to the Board. Decision-making remains the collective responsibility of the Board and the committee may only make suggestions to the Board.

The main purpose of the BNRC is to assist the Board in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to board composition and performance, directors' performance and remuneration structure that drives behaviour within the company.

COMPOSITION OF THE BOARD NOMINATION AND REMUNERATION COMMITTEE

In accordance with the MCCG 2021, the BNRC is composed of a minimum of three, a majority of whom must be Independent Directors. The Committee shall appoint a Chairman amongst its members who must necessarily be an Independent Director.

The Members of the BNRC consist of the following Directors:-

Members	Designation	Date of Appointment
Datuk Hashim Bin Wahir (Chairman)	Independent Non-Executive Director	24 January 2022
Dato' Wan Kamaruzaman Bin Wan Ahmad (Member)	Independent Non-Executive Director	25 August 2020
Abdullah Bin Abu Samah (Member)	Independent Non-Executive Director	10 March 2021

The Company Secretary is the Secretary of the BNRC.

MEETINGS HELD DURING FY 2022

The BNRC, in accordance with its regulations, meet whenever it is convened by the Board of Directors, the Committee itself, or by its Chairman. The Committee shall meet at least two (2) times per annum and at such other times as it sees fit. During the FYE 2022 the Committee met three times.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, the Group Human Resources Vice President, the Head of Corporate Services (Human Resources), and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

The Company Secretary keeps Minutes of all BNRC meetings, which are available to all members of the Board of Directors.

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

MEETINGS HELD DURING FY 2022 (CONT'D)

The meetings held by the Committee are summarised below:

Date of Meeting	Members Present at the meeting	Secretary	Other Attendees
17 June, 2022	• Datuk Hashim Bin Wahir (Chairman) • Dato' Wan Kamaruzaman Bin Wan Ahmad (Member) • Abdullah Bin Abu Samah (Member)	Rohaya Binti Jaafar, Secretary of the Company	• Ridzuan Bin Buasan, Head of Human Resource, JLand Group Sdn Bhd • Roziah Binti Abu Bakar, Compliance Officer
1 September 2022	• Datuk Hashim Bin Wahir (Chairman) • Dato' Wan Kamaruzaman Bin Wan Ahmad (Member) • Abdullah Bin Abu Samah (Member)	Rohaya Binti Jaafar, Secretary of the Company	• Ridzuan Bin Buasan, Head of Human Resource, JLand Group Sdn Bhd • Roziah Binti Abu Bakar, Compliance Officer • Hamim Bin Mohamed, Corporate Services (Human Resource)
26 October 2022	• Datuk Hashim Bin Wahir (Chairman) • Dato' Wan Kamaruzaman Bin Wan Ahmad (Member) • Abdullah Bin Abu Samah (Member)	Rohaya Binti Jaafar, Secretary of the Company	• Ridzuan Bin Buasan, Head of Human Resource, JLand Group Sdn Bhd • Roziah Binti Abu Bakar, Compliance Officer • Hamim Bin Mohamed, Corporate Services (Human Resource)

ROLES AND RESPONSIBILITIES

Notwithstanding the duties assigned to it by law and other duties which may be assigned thereto by the Board of Directors, the Nomination and Remuneration Committee shall have the following basic responsibilities:

- ***WITH RESPECT TO REMUNERATION:***

    a) Recommend to the Board the policy for the remuneration of the Company's Directors;

    b) Determine the total individual remuneration package of the CEO/Executive Director, including bonuses, share-based incentive awards, and other elements of their remuneration;

    c) Determine and recommend the Key Performance Indicators and/or performance score-card for the CEO and the Company;

    d) Ensure compliance with the Remuneration package is competitive and complies with the remuneration Policy that was approved and ratified by the shareholders. The policy is available through the corporate web page of the Company.

- ***WITH RESPECT TO NOMINATION***

    a) Regularly review the structure, size and composition (including the skills, experience, independence, knowledge, and diversity, including gender) of the Board and make recommendations to the Board with regard to any changes that are deemed necessary.

    b) Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

ROLES AND RESPONSIBILITIES (CONT'D)

Notwithstanding the duties assigned to it by law and other duties which may be assigned thereto by the Board of Directors, the BNRC shall have the following basic responsibilities (cont'd):

- ***WITH RESPECT TO APPOINTMENTS TO THE BOARD***

  a) Assess the qualifications, background knowledge, and experience necessary to sit on the Board of Directors, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, according to the Fit and Proper Policy of the Company. The Fit and Proper Policy was approved by the Board of Directors, in the session held on 1 December 2022, following the recommendation from the Nomination and Remuneration Committee. It is available through the corporate web page of the Company.

  b) Consider possible candidates to fill vacancies for the position of director, provided that the BNRC may as well independently search for and consider alternative candidates for such position. Such Directors are, for the avoidance of doubt, to be appointed upon a decision of the Shareholder of the REIT Manager.

  c) Examine or organize, in the manner it deems appropriate, the succession of the Chairman and CEO and, if appropriate, make proposals to the Board of Directors for such succession to take place in an orderly and well-planned manner.

  d) Ensure that due diligence is carried out on the candidate for directorship and CEO to ensure compliance with the regulatory requirements set by the Authorities.

  e) Ensure compliance with BM's requirement towards one female presence on the Board by the end of the financial year 2022, and 30% female participation by the year 2027.

- ***WITH RESPECT TO INDUCTION AND TRAINING***

  The Committee shall ensure that all new directors undertake an appropriate on-boarding Directors Programme and the Mandatory Accreditation Programme (Bursa Malaysia) to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director, and consider any training requirements for the Board as a whole.

- ***WITH RESPECT TO CONFLICTS OF INTEREST***

  The Committee shall:

  a) Before the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;

  b) Consider and, if appropriate, authorize situational conflicts of interest of directors and potential directors;

- ***WITH RESPECT TO THE BOARD EVALUATION***

  The Committee shall:

  a) Assist the Chairman of the Board with the implementation of an annual evaluation process.

  b) Review the results of the Board performance evaluation process that relate to the composition of the Board;

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

MATTERS DISCUSSED BY THE BNRC IN THE FYE 2022

In 2022, the BNRC, in the performance of its duties in accordance with the scope of responsibilities specified in the BNRC Charter as approved by the Board of Directors, convened its 2 meetings to consider the significant matters and report the results to the Board of Directors that can be summarized as follows:

a) Consideration and selection of candidates as new directors by taking into account their knowledge, ability, experience, transparency, morality, responsibility, maturity, and professionalism. It also took into account the Board Diversity and set a Board Skills Matrix to determine the qualifications of the directors to be nominated based on the necessary skills, appropriate qualifications, and are consistent with the composition and Board's structure according to the company's business strategy.

b) Consideration and determination of remuneration for the CEO by taking into account the appropriateness of duties and responsibilities of the directors, together with the company's operational results, compared with that of companies in the same industry and on a similar scale.

c) Consideration and review of the Nomination and Remuneration Committee's Charter to ensure that the format and topic are in the same direction and in line with the MCCG 2021.

d) Review of the Limit of Authority relating to HR Matters.

In this regard, the BNRC has performed its duties independently in accordance with good corporate governance principles to make the recruitment and remuneration processes transparent and build the confidence of shareholders and all stakeholders.

EVALUATION OF THE FUNCTIONING AND PERFORMANCE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

It is a standard practice for the Board to distribute an annual questionnaire at the end of each financial year through the Secretariat of the Board which, amongst other sections, includes a self-assessment, with a series of questions that also enable compliance with the various annual reports of the Committee and the Board.

The Board performed the annual questionnaire and the self-assessment for this financial year 2022, in order to analyse the Board's effectiveness and composition and to identify opportunities for improvement to ensure proper compliance with the existing obligations or recommendations in this area.

The questionnaire used a Self-assessment approach on subjective and objective information related to the functioning of the Board and its Committees, among other aspects, among others;

a) Functioning of the Board, with questions related to the Board's effectiveness and internal functioning.

b) Structure and composition of the Board, comprising questions to obtain the Directors' opinion on the Board's structure and composition, and the capacities, professional profile of its members, and areas of competencies in order to perform their duties on the Board.

c) Board of Directors Committees, where the Directors are asked to evaluate the performance of the functions of the BARC, the BIC, and the BNRC.

d) Board of Director's agenda, where Directors are asked about the Board's performance in areas or matters within its scope, such as the current corporate governance model, environmental, social, and corporate policy (ESG), involvement in the design and approval of strategy in financial and investment policies, monitoring of the risk map (in all its areas), dividend policy and capital structure and their participation in decision-making in significant transactions, among other matters.

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

EVALUATION OF THE FUNCTIONING AND PERFORMANCE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES (CONT'D)

e) Chairman of the Board of Directors and CEO, where the Directors are asked for their views on the performance of these two positions and fulfilment of responsibilities.

f) Other areas, with questions relating to the Board's response to the industry crisis and improvement opportunities or aspects to be developed in the future.

The responses are generally positive and supportive, without prejudice to the Chairman and the CEO, taking into consideration going forward some of the suggestions made regarding the functioning of the Board.

From the feedback received from the Directors, a few significant points and recommendations on areas that could be discussed by the Board for potential improvements, which are as follows:

- Identification of issues relating to stakeholder management, in terms of identification of the stakeholders and the materiality of their influences on Manager and the Fund.

- Achievement of targets relating to gender diversity in the Board's and Board Committees'.

- Enhancement of better communication and engagement channels between the Board and the management team in terms of strategic direction, performance benchmarking, achievement of targets, and accountability on achievement of those targets.

- Identification of ESG initiatives and the assimilation of ESG elements in all aspects of the REIT's business operations.

The above issues, if deemed appropriate, to the definition of an action plan for the 5-year strategic planning.

For better transparency and in order for the Board to evaluate any potential conflict of interest, each Director reports to the Committee through an annual declaration, the list of listed companies in which they serve as Directors and/or other positions and a Declaration of Interest in Securities (stocks, bonds, note, unit trusts or other securities).

The directorships of the Directors in other listed issuers can be found on page 24 of this Annual Report or, https://www.alaqar.com.my/board-of-directors.php.

CONCLUSION

During the financial year 2022, there have been no circumstances or situations in the areas of responsibility and competence of the Committee that required its intervention and/or report to the Board of Directors. The succession planning of the Board of Directors, senior management team as well as gender diversity are the two areas of relevance on which the Committee will continue to work throughout the financial year 2023, to submit its proposals to the Board of Directors.

This annual report was presented to the BNRC dated 16 January 2023 and the Board of Directors on 23 February 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of Listed Companies is required to include in their annual report, a statement about the state of risk management and internal control of the listed issuer. Accordingly, the Board of Directors of the Manager is pleased to provide the following statement that has been prepared in accordance with the SORMIC Guidelines for Directors of Listed Issuers endorsed by Bursa Securities and taking into consideration the recommendations of the MCCG 2021.

This Statement outlines the nature and scope of risk management and internal control of the Manager during the financial year under review and up to the date of approval of this statement and covers all of the Fund's operations.

BOARD'S RESPONSIBILITIES

The Board is responsible for the establishment as well as overseeing the Group's risk management framework and internal control systems that are designed to manage the REIT's risk appetite within the acceptable level of tolerance set by the Board and Management, rather than eliminate totally the risks of failure, to achieve the goals and objectives in generating potential returns to unitholders.

The Board periodically reviews the effectiveness and adequacy of the framework and systems by identifying, assessing, monitoring, and communicating key business risks which cover financial, operational, management information systems, organisational, and compliance controls to safeguard the unitholders' investment and assets.

BOARD AUDIT AND RISK COMMITTEE

The committee at the Board level that have primary risk management and internal control oversight responsibilities is the BARC. The main responsibilities of the BARC are:

- To assist the Board in ensuring a sound and robust Enterprise Risk Management framework and its implementation to enhance the Group's Corporate Governance practices with focus on risk issues. The Terms of Reference ("ToR") and main duties of the BARC in relation to risk management are detailed out on the website at www.alaqar.com.my

- To assist the Board in assessing the effectiveness of the Group's internal control systems and overseeing the financial reporting. The BARC also reviews the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through internal audit functions. The BARC's ToR and main duties in assessing the adequacy and effectiveness of internal control systems implementation are detailed out on the website at www.alaqar.com.my

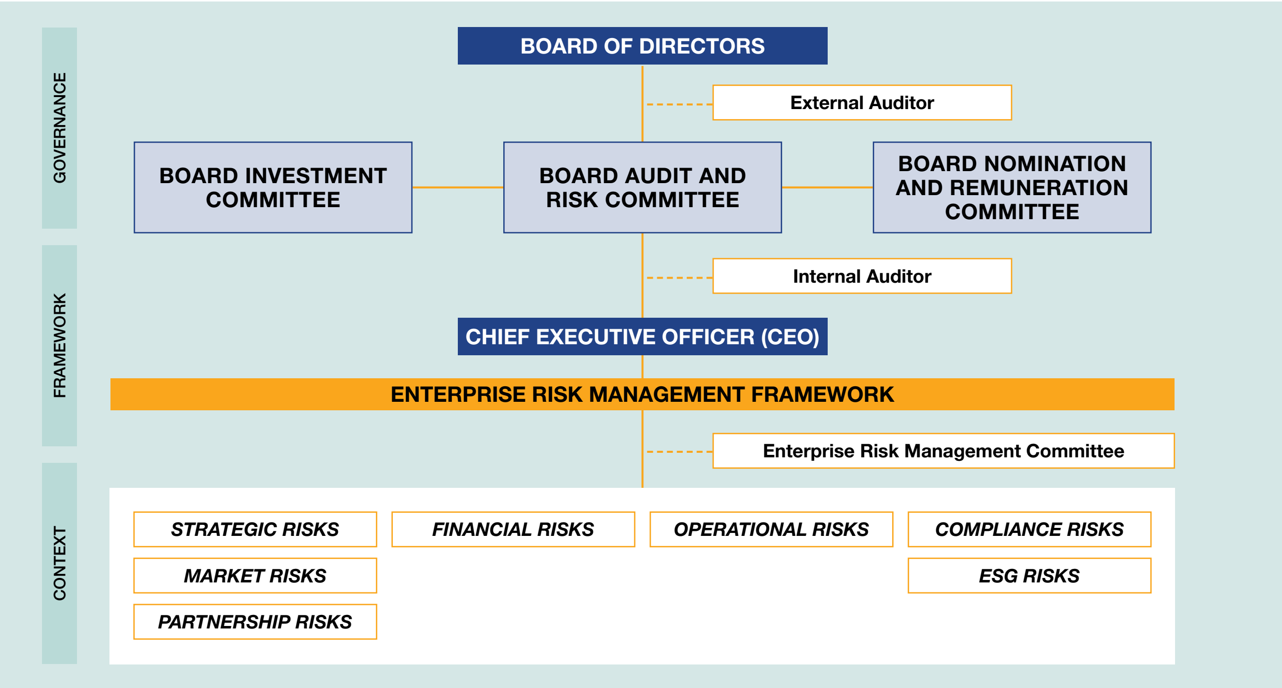
Other Board Committees such as BNRC and BIC are also established with clearly defined duties and responsibilities to oversee various key business activities of the Fund. The Board acknowledges the responsibility for all the actions of the committees with regard to the execution of the delegated roles, including the outcome of the review and disclosure of key risks and internal control systems of the Manager and the Fund.

RISK MANAGEMENT

The Board fully supports the contents of Principle B of the MCCG which calls for the establishment of an effective risk management and internal control framework and the disclosure thereof.

The oversight role of risk management is carried out by the Board and BARC and assisted by the ERMC. Mandate and commitment from the Board and BARC are key contributors to the success factors in the implementation of enterprise risk management programmes. The Board and BARC set the strict direction for risk roles, responsibilities, and risk reporting structures.

RISK MANAGEMENT (CONT'D)



The BARC is assisted by the ERMC, which is headed by the CEO, and respective heads of department. The function of the ERMC is to drive risk management guided by the ERM Policy and Framework to ensure effective identification of emerging risks and management of identified risks through the 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 categorised under Strategic, Financial, Operational and Compliance Risks.

The discussions relating to ERM, and risk profiles are carried out through the ERMC which sits every quarter. In 2022, the Board Executive Committee is also responsible for the function of the ERMC since the CEO position is vacant since 1 July 2022.

The roles and responsibilities of the BARC, the ERMC and other key personnel are summarised as below:

The Board and the BARC

Responsibilities	Governing overall risk oversight responsibility including defining the appropriate governance structure and risk appetite.
Process	• Articulates and provides direction on risk appetite, organisational control environment and risk culture. • Provide an independent view on specific risk and control issues, the state of internal controls, trends and events.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (CONT'D)

Internal Audit

Responsibilities	• Provide independent assurance design and effectiveness on an organisation's risk management, governance and internal control processes are operating effectively. • Assurance about design and effectiveness.
Process	Perform risk-based internal audit and independent reporting to Management and BARC.

ERMC/ Compliance & Risk Management Department

Responsibilities	• Oversees the operationalisation of risk management strategies as well as frameworks and policies. • Independent reporting to the management and BARC. • Advisor to Business Line Management/ Risk Owners.
Process	Identification and assessment of risk, implementation, and monitoring of risk action plans.

Business Line Management/ Risk Owners

Responsibilities	• The Senior Management are primarily responsible for managing process. • They are also responsible for controlling risks by using business control and compliance frameworks, implementing internal control processes and adequate control. • Manage day-to-day risk inherent in business activities as guided by the established risk strategies, frameworks, and policies.
Process	Identification and assessment of risk, implementation, and monitoring of risk action plans.

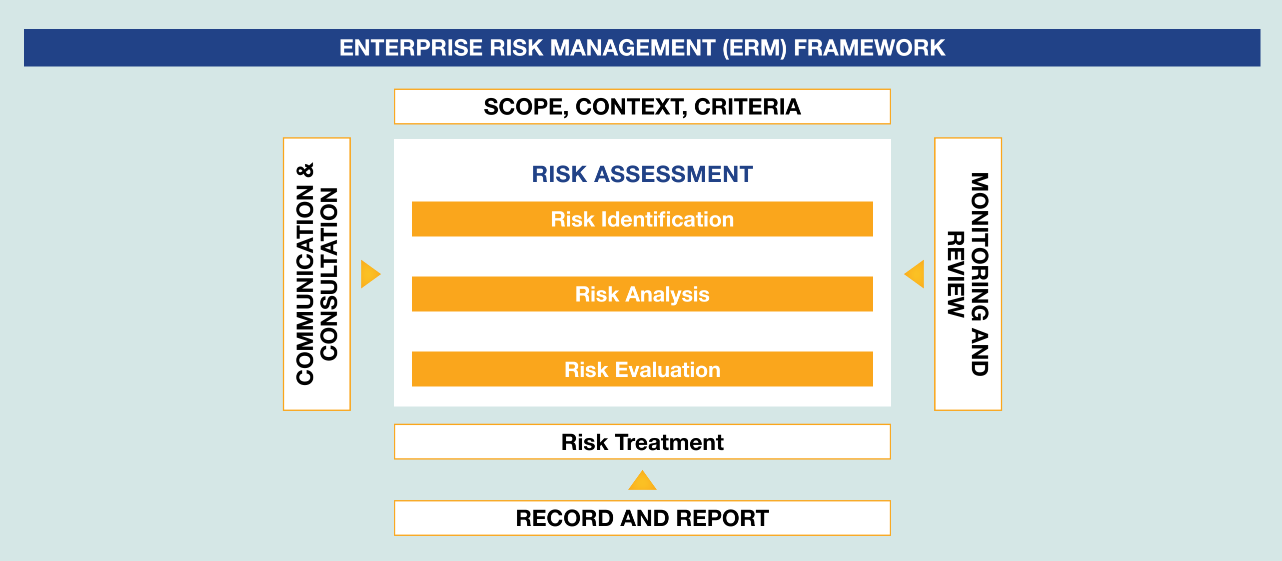
The periodic reporting to both the Board and BARC on the risk management activities undertaken by the ERMC, to keep the Board and the BARC apprised and advised of all aspects of the enterprise risk management, and significant risks and risk trends.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK (CONT'D)



The Manager plans and executes activities to ensure that the risks inherent in the 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 Board adopted the enhanced ERM Framework. The ERM Framework was enhanced with the Group's risk profiles being updated and action plans formulated and monitored focusing on principal business risks. It also identified the ERM reporting structure and frequency of reporting, the responsibilities of the Board Committees for ERM, and the key elements of the risk assessment process and also specifies the level of risk tolerance expressed through the use of a risk consequence and likelihood matrix.

Identified key risks of the group were assessed and recorded in the risk profiles under specified categories as shown below. On 1 December 2022, the Board approved the reclassification of Risk Category to include ESG Risk, Market Risk and Partnership Risk in the ERM Policy & Framework.

Strategic Risks

Any risk arises due to potential failures in strategic planning, which may lead to a company not achieving its objectives and goals.

Financial Risks

Any risk arises due to the potential loss incurred and will impact the cash flow, revenue, operating expenditure (OPEX) & capital expenditure (CAPEX) and profitability of the company.

Operational Risks

Any risk arises of loss resulting from ineffective or failed internal processes, people, systems, or external events that can disrupt or delay the business operation.

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK (CONT'D)

Compliance & Legal Risks

Any risk arises due to potential exposure to legal penalties, financial forfeiture and material loss, resulting from failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices or contractual liability and requirements with third parties.

ESG Risks

Environmental, Social, and Governance materiality matters that affect the financial position or operating performance, and reputation of the organization. These include ensuring investments are not at risk of contributing to violations of the ESG regulations.

Market Risks

Risk arising from changes in the markets to which an organization has exposure. Market changes can impact capital values and future cashflows of the investment and ultimately returns overtime. The market risk can fluctuate from changes to supply and demand or other general shifts in the market cycle.

Partnership Risks

Risk arising from the potential that a partner will fail to deliver on their obligations to company resulting in losses and business disruptions and the unlimited liability of the partners involved, examples personal liability to creditors, lawsuits and debts.

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.

The ERM process evaluation are undertaken by the ERMC every quarterly to assess and evaluate risks that may impede the Group from achieving its strategic and operational objectives, as well as developing action plans to mitigate such risks and to monitor Mitigation Performance. The result of the risk updates was deliberated on the root cause causes, existing controls, severity, impact and action plans to address the top risk of the organisation. The updated risk profile was used as a basis to develop a risk-based internal audit plan for the financial year ended 31 December 2022.

In ensuring that there is a consistency to the methods used in managing risks throughout the organisation, both at the strategic and operation level of risk appetites were pre-determined to ascertain that the risk management efforts are aligned with the REIT's business objectives. The risk appetites also outline enhanced and explicit requirements for managing risks and assists in understanding the impact of uncertainties inherent in business decisions especially impacts relating to the post Covid-19 business sustainability and strategic direction.

An expansion of risk appetite parameters was proposed at the BIC to further regulate future diversification exercises.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL

The Board acknowledges that the internal control systems are designed to identify, evaluate, monitor, and manage the risks that may hinder the Group from achieving its goals and objectives.

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
- 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 the Manager's ability to meet its objectives and reduce 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 Manager. 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 maintaining 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 with regulatory guidelines.

The key elements and/or features of the 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 ("LOA") Manual is in place for approving capital expenditure and matters on general/ corporate, audit, legal and secretarial, finance and accounts, human resource management, procurement and contract administration, investment, and assets – aimed at keeping potential risk exposures under control. A revision in the LOA was tabled to the BARC on 16 November 2022 and approved at the Board on 1 December 2022.

3. Documented policies and procedures are also in place subject to review every now and then to ensure that it maintains their effectiveness to support the REIT's business activities. The Manager has revised the ERM Policy & Framework, Internal Control Policy & Procedures Manual, Procurement Policy and Investment Policy which were approved by the Board on 1 December 2022.

4. The annual testing on data recovery is undertaken annually, and the results are monitored by the IT Unit and reported at the Management Committee Meeting. Any serious issues would be escalated to the Board immediately.

5. Strategic Planning and mid-year review are prepared by the Manager and tabled to the Board for approval. Analysis and reporting of variances against budget are presented to the Board and the trustee as required by the Trust Deed which acts as a monitoring mechanism and is 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 BARC and the Board.

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. During the year under review, seven (7) company briefings were carried out on the following dates: 18 April 2022, 29 November 2022, 30 November 2022, 1 December 2022 and 7 December 2022.

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

8. The CEO 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. This is carried out via the weekly Management Committee Meetings and ad-hoc meetings to discuss the progress of high-risk corporate projects and exercises. In the absence of the CEO, the Management Committee meetings are chaired by the General Manager as an Acting Chairman.

9. Quarterly meetings on management accounts results against prior periods are conducted with justifications and appropriate actions taken or plans were in place.

10. Quarterly meetings with the Trustee are carried out to discuss operational and financial performance of the Fund and the properties. During the year under review, four (4) meetings with the Trustee were carried out on 21 March, 21 June, 27 October, and 29 December 2022.

11. Guidelines on employment, 360 degrees performance appraisal are currently in practice to ensure the Management team's competency are assessed on a regular annually basis.

12. 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, with a goal to facilitate the provision of a safe and healthy working environment for all employees and other related parties in compliance with the requirements of the Occupational Safety and Health Act 1994. The Manager tabled its Occupational Safety & Health Policy at the Board meeting and obtained approval of the Board at the meeting on 2 March 2022.

13. In the new normal brought about by the COVID-19 pandemic the Manager has taken a prudent approach in ensuring that where employees are to Work from Home ("WFH"), where applicable, proper equipment, safety training and policies are provided or in place, to ensure the employee's health, safety and welfare are accordingly protected in the course of their work.

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. A comprehensive fit and proper policy was formulated as a guidance for directors, director candidates, Shariah Adviser(s), CEO/Principal Officers and CMSRL holders. The Manager tabled the Policy at the Board meeting and obtained approval from the Board at the Board meeting on 1 December 2022.

17. 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.

18. Evaluations of outsourced service providers on critical business functions are carried out on a yearly basis and presented to the Board.

19. 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. During the year under review, three (3) meetings with the Maintenance Manager were carried out on 7 April, 4 August, and 6 December 2022.

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

20. The Manager launched its Anti-Bribery & Corruption Policy 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 to mitigate corruption and integrity risks. On 2 March 2022, the revised Whistleblowing policy with enhanced procedures and clear process flow and responsibilities was tabled and approved by the Board. The Board, on 2 June 2022 has also approved the No-Gift and No-Entertainment Policy which is a part and parcel to combat bribery and corruption in an organization.

21. The Personal Data Protection ("PDP") Policy was approved by the Board in prior year to provide assurance to its data owners – tenants, directors and employees that their personal data will be safeguarded and protected by the Fund. The Manager carried out a refresher briefing on PDP Policy on 25 July 2022 and ensure that all employees undertook a pledge to safeguard and protect the data of the tenants, directors, employees, and other stakeholders.

22. The Board also approved the Anti-Money Laundering and Anti-Terrorism Financing Policy in 2021 to commit with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA"). The Manager uses its best endeavours to meet the requirements imposed and all applicable laws to commensurate with the nature of the Company's businesses and activities.

23. The Group has established processes and procedures to ensure the quarterly and annual reports, which cover the Group's performance, are submitted to Bursa Malaysia for release to shareholders and stakeholders on a timely basis. All quarterly results are reviewed by the Board prior to their announcements. The Annual Report of the Group is issued to the shareholders within the stipulated time as prescribed under the MMLR of Bursa Securities.

INTERNAL AUDIT

The internal audit function is outsourced to an independent professional consulting firm, Messrs. PKF Risk Management Sdn Bhd ("PKF"), which adopts the International Professional Practices Framework ("IPPF") in carrying out the internal audit assignments and reports directly to the BARC. The team from PKF is led by Dr. Wong Ka Fee, the Director of Risk and Governance Advisory. He possessed doctoral degree in Behavioural Finance and Master of Science in Management Consultancy. Dr. Wong Ka Fee has over 15 years of experience in a wide range of governance advisory, risk and internal audit work.

The Internal Audit Team ("IAT") at PKF consists of 10 permanent internal audit personnel staffs who are qualified in the areas on internal audit and assurance. All the internal PKF audit personnel involved are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

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 AND INTERNAL CONTROL

BOARD ASSURANCE AND LIMITATION

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's systems of internal control, identifying principal risks, and establishing an appropriate control environment and framework to manage risks. The Board continues to derive its comfort of the state or risk management and internal control of the Fund from the following oversight mechanisms and information compiled for these oversight processes:-

- periodic review of financial information covering financial performance and quarterly financial results;
- BARC's oversight of risk management framework, changes in risk magnitudes, and status of management implementation of risk mitigation plan;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- BARC's review and consultation with Management on the integrity of the financial results and audited financial statements;
- audit findings and reports on the review of systems of internal control provided by the internal auditors and the status of Management's implementation of the audit recommendations; and
- Management's assurance that the Group's risk management and internal control systems, including systems for compliance with applicable laws, regulations, rules directives, and guidelines have been operated adequately, effectively, and with integrity, in all material respects.

CEO, Compliance Officer and Head of Finance of the Company ensure that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control is effective to enable the Group to achieve its business objectives and there were no material losses resulting from in this Annual Report.

The Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. Nonetheless, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds, and losses.

The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

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 Audit and Assurance Practice Guide 3 ("AAPG 3") (Revised), 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 the 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 24 February 2023.

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 OR PENALTIES

There was no public sanction or penalty imposed on the Manager during FY2022.

STATUS OF UTILISATION PROCEEDS RAISED FROM CORPORATE PROPOSAL

For information, please refer to page 182.

AUDIT AND NON-AUDIT FEES

For information, please refer to page 136.

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

At an Annual General Meeting held on 20 April 2022, the Company obtained a mandate from its shareholders ("Shareholders' 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 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 2022 where the aggregate value of such RRPTs is equal to or more than RM1 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 28 February 2022 (LPD) to 31 Dec 2022 (RM'000)	The aggregate value of transactions during the financial year (RM'000)
KPJ Group	• Rental income for renting of, inter-alia, specialist hospitals, medical centres, aged care centre and college buildings • Advisory for, inter-alia, renovation and/or upgrade of any refurbishment work to be undertaken at the hospitals; and property management fee	JCorp has a 38.60% indirect interest in KPJ. KPJ and JCorp (via KPJ) are also the major unitholders of Al-`Aqar. The Manager is also indirectly wholly-owned by JCorp. The Interested Directors (save for Dato' Mohd Redza Shah Bin Abdul Wahid) are deemed interested by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the Board and/or senior management of JCorp Group. Dato' Mohd Redza Shah Bin Abdul Wahid and Shamsul Anuar Bin Abdul Majid are the Directors of DRMSB and also Directors of KPJ.	49,801 1,014	59,861 1,098

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting Party	Nature of transaction	Nature of Relationship	Value incurred from 28 February 2022 (LPD) to 31 Dec 2022 (RM'000)	The aggregate value of transactions during the financial year (RM'000)
JCorp	Registrar expenses	JCorp is the major unitholder of Al-`Aqar. The Manager is also indirectly wholly owned by JCorp. The Interested Directors (save for Dato' Mohd Redza Shah Bin Abdul Wahid) are deemed interested by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the Board and/or senior management of JCorp Group.	34	34
Aggregate Value of Transactions			**50,849**	**60,993**

SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF AL-`AQAR HEALTHCARE REIT

We have acted as the Shariah Adviser of Al-`Aqar Healthcare REIT ("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, based on our review of the documents and information made available to us, 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 2022.

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 Malaysia's Guidelines on Islamic Capital Market Products and Services. There is no Shariah non-compliant rental for the financial year ended 31 December 2022; 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 deemed to be Shariah non-compliant during the financial year.

Our review does not include Shariah confirmation on the audited financial statements of the Fund where we noted that some conventional terminologies were used in the financial statements.

For and on behalf of the Shariah Adviser,

IBFIM

MOHAMAD SALIHIN DERIS
Designated Person Responsible for Shariah Advisory Kuala Lumpur

Kuala Lumpur

TRUSTEE'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

To the Unit Holders of
AL-`AQAR HEALTHCARE REIT

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AL-`AQAR HEALTHCARE REIT for the financial year ended 31 December 2022. In our opinion, DAMANSARA REIT MANAGERS SDN BERHAD, the Manager, has managed AL-`AQAR HEALTHCARE REIT in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year 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-`AQAR HEALTHCARE REIT 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-`AQAR HEALTHCARE REIT as declared by the Manager is in accordance with the investment objective of AL-`AQAR HEALTHCARE REIT.

Yours faithfully
AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI
Chief Executive Officer

Kuala Lumpur, Malaysia
24 February 2023

Financial Reports

MANAGER'S REPORT

The Manager of Al-`Aqar Healthcare REIT (the "Fund"), Damansara REIT Managers Sdn Berhad (the "Manager") have pleasure in presenting their report and the audited financial statements of the Group and of the Fund for the financial year ended 31 December 2022.

RESULTS

	Group 2022 RM	Fund 2022 RM
Profit for the year	60,138,859	58,186,432

INCOME DISTRIBUTIONS

Since the end of the previous financial year, the amounts of dividends paid by the Fund were as follows:

	Fund 2022 RM
In respect of the financial year ended 31 December 2021 as reported in the directors' report of that year:	
Final income distribution of 1.80 sen per unit on 735,985,088 units, paid on 28 February 2022	13,247,724
In respect of the financial year ended 31 December 2022 as reported in the directors' report of current year:	
First interim income distribution of 2.00 sen per unit on 735,985,088 units, paid on 8 July 2022	14,719,691
Second interim income distribution of 2.00 sen per unit on 735,985,088 units, paid on 11 October 2022	14,719,691
Third interim income distribution of 2.00 sen per unit on 735,985,088 units, paid on 6 January 2023	14,719,702
	57,406,808

A final interim income distribution in respect of the financial year ended 31 December 2022, of 2.10 sen per unit on 756,485,757 units amounting to an income distribution payable of RM15,886,201 will be payable on 28 February 2023.

The financial statements for the current year do not reflect this final interim income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2023.

THE FUND AND ITS INVESTMENT OBJECTIVE

The Fund is a Malaysian-based real estate and investment trust, established on 28 June 2006 pursuant to the execution of a Trust Deed dated 27 June 2006 between the Manager and AmanahRaya Trustees Bhd (the "Trustee"). The Fund was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 August 2006.

THE FUND AND ITS INVESTMENT OBJECTIVE (CONT'D)

On 17 April 2019, at the Annual General Meeting, the unitholders of the Fund approved the proposed amendments of the Restated Trust Deed dated 31 July 2013. The Second Restated Trust Deed was executed and lodged with the Securities Commission on 25 November 2019.

On 13 December 2022, at the Extraordinary General Meeting, the unitholders of the Fund approved the proposed amendments to the Second Restated Trust Deed dated 25 November 2019. The Supplemental Deed to the Second Restated Trust Deed was executed on 29 December 2022. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Second Supplemental Deed to the Second Restated Trust Deed.

The key objective of the Fund is to provide unitholders with stable distributions per unit and the potential for sustainable long-term growth of such distributions and net asset value per unit.

The 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 the 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 activity during the financial year.

MANAGER'S INVESTMENT STRATEGIES AND POLICIES

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

(i) Portfolio composition

The Fund's investments may be allocated in the following manner, as prescribed by the Guidelines on Real Estate Investment Trust ("Guidelines on REITs") and the Guidelines for Islamic Real Estate Investment Trust ("Guidelines on Islamic REITs"):

(a) at least seventy-five percent (75%) of the total assets value must be invested in Real Estate that generates recurrent rental income at all times;

(b) the Fund may invest in Real Estate where it does not have a majority ownership and control provided that the total value of these Real Estate does not exceed twenty-five percent (25%) of the total assets value at the point of acquisition, as the case may be; and

(c) the aggregate investments in Property Development Activities (Property Development Costs) and Real Estate under construction must not exceed fifteen percent (15%) of the total assets value. For avoidance of doubt, such investments cannot be accounted towards meeting the requirement under Clause 6.3.1(a) of this Deed.

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

(ii) Diversification

The Fund will seek to diversify its Shariah-compliant real estate portfolio by property and location type. The Fund will primarily be focused on investing in real estates which are primarily used for healthcare purposes and will continue to look for opportunities that will provide attractive returns.

(iii) Leverage

The Fund will be able to leverage on its financing to make the permitted investments. Leveraging on its financing will enable the returns to unitholders to increase.

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:

Dato' Haji Mohd Redza Shah Bin Abdul Wahid	
Dato' Wan Kamaruzaman Bin Wan Ahmad	
Shamsul Anuar Bin Abdul Majid	
Datuk Sr Akmal Bin Ahmad	
Abdullah Bin Abu Samah	
Datuk Hashim Bin Wahir	(Appointed on 24 January 2022)
Dato' Haji Salehuddin Bin Hassan	(Appointed on 4 March 2022)
Ng Yan Chuan	(Appointed on 16 December 2022)
Lailatul Azma Binti Abdullah	(Appointed on 16 December 2022)
Wan Azman Bin Ismail	(Resigned on 30 June 2022)

DIRECTORS OF THE MANAGER'S BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager of the Fund was a party, whereby the directors might acquire benefits by means of the acquisition of units in or debentures of the Fund or any other body corporate.

Since the end of the previous financial year, no Director of the Manager has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors of Manager or the fixed salary of a full time employee of the Fund or its related corporations) by reason of a contract made by the Fund or a related corporation with any director or with a firm of which the director is a member, or with a Fund in which the director has substantial financial interest.

DIRECTORS OF THE MANAGER'S INTERESTS

According to the Register of Directors' Unitholdings kept by the Manager under Section 59 of the Companies Act 2016, the interest of the Directors of the Manager in office at the end of the financial year in units of the Fund and its related corporations during the financial year were as follows:

	<--------------Number of ordinary shares-------------->			
	At 1.1.2022	**Acquired**	**Sold**	**At 31.12.2022**
Al-Salām Real Estate Investement Trust				
Dato' Haji Salehuddin Bin Hassan	9,125	-	-	9,125

DIRECTORS OF THE MANAGER'S INTERESTS (CONT'D)

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 of the Fund and of its related corporations during and at the end of the financial year.

MANAGER'S REMUNERATION

Pursuant to the Second Restated Trust Deed dated 25 November 2019 and the Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, the Manager is entitled to receive the following fees from the Fund:

(a) Management fee of 0.3% per annum of the total assets value of the Fund calculated based on monthly accrual basis and payable monthly in arrears;

(b) An acquisition fee of 1% of the acquisition price of any investment property purchased directly or indirectly by the Fund which is payable after the completion of the acquisition; and

(c) A disposal fee of 0.5% of the disposal price of any investment property to be disposed directly or indirectly by the Fund which is payable upon completion of the disposal.

SOFT COMMISSION

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

RESERVES AND PROVISIONS

There was no material transfer to and from reserves or provisions during the financial year, other than those as disclosed in the financial statements.

ISSUE OF UNITSHOLDERS' UNITS

During the year, the Fund increased its issued and fully paid-up unitholders' capital from RM731,398,126 to RM756,408,942 by way of the issuance of 20,500,669 units of unitholders' capital at an issue price of RM1.22 per units to KPJ Healthcare Berhad offset against the proceeds from acquisition of hospitals.

HOLDING CORPORATION

The ultimate holding corporation of the Fund is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995).

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Fund were made out, the Manager took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts 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; and

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

(f) In the opinion of the Manager:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and 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 and of the Fund for the financial year in which this report is made.

SIGNIFICANT EVENTS

Details of the significant events are disclosed in Note 27 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
Auditors' remuneration paid to Ernst & Young PLT		
- Statutory audit	175,000	150,000
- Others	10,000	10,000
	185,000	160,000
Auditors' remuneration paid to other firms		
- Statutory audit	138,970	-
Total remuneration paid to the external auditors	323,970	160,000

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 24 February 2023.

DATO' HAJI MOHD REDZA SHAH BIN ABDUL WAHID

ABDULLAH BIN ABU SAMAH

Kuala Lumpur

STATEMENT BY THE DIRECTORS OF THE MANAGER

We, **Dato' Haji Mohd Redza Shah Bin Abdul Wahid** and **Abdullah Bin Abu Samah**, being two of the directors of **Damansara REIT Managers Sdn Berhad** (the "Manager"), do hereby state that, in the opinion of the directors of the Manager, the accompanying financial statements of **Al-`Aqar Healthcare REIT** (the "Fund") and its subsidiaries (the "Group") set out on pages 142 to 192 are drawn up in accordance with applicable provisions of the Second Restated Trust Deed dated 25 November 2019, Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2022 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 24 February 2023.

DATO' HAJI MOHD REDZA SHAH BIN ABDUL WAHID **ABDULLAH BIN ABU SAMAH**

STATUTORY DECLARATION

I, **Abdullah Bin Abu Samah**, being the director of the Manager primarily responsible for the financial management of **Al-`Aqar Healthcare REIT**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 142 to 192 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 **Abdullah Bin Abu Samah** at **Kuala Lumpur** in the
Federal Territory on 24 February 2023

ABDULLAH BIN ABU SAMAH

Before me,

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE
UNITHOLDERS OF AL-`AQAR HEALTHCARE REIT AND ITS SUBSIDIARIES
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Al-`Aqar Healthcare REIT (the "Fund"), which comprise the statements of financial position as at 31 December 2022 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 142 to 192.

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 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 of 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 2022, the carrying amount of the Group's and the Fund's investment properties is RM1,721,281,384 and RM1,636,015,084 respectively, which represents 92% and 88% of the Group's and the Fund's total assets respectively.

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 judgemental.

KEY AUDIT MATTERS (CONT'D)

Valuation of investment properties (cont'd)

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

- We considered the objectivity, independence and expertise of the independent professional 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;
- 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 Notes 3.2(a) and 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 AND TRUSTEE 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 and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines 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.

RESPONSIBILITIES OF THE MANAGER AND TRUSTEE FOR THE FINANCIAL STATEMENTS (CONT'D)

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 intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of 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.

- 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 of 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 or 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 of the Fund, including the disclosures, and whether the financial statements of the Group and of 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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, related safeguards.

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, in accordance with the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia 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

Mimie Joanna Binti Johar
03592/09/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
24 February 2023

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Fund 2022 RM	The Fund 2021 RM
Revenue	4	110,238,667	114,072,501	104,587,721	104,245,507
Property expenses	5	(6,039,653)	(5,850,628)	(5,977,646)	(5,840,129)
Gross profit		104,199,014	108,221,873	98,610,075	98,405,378
Investment revenue	6	922,748	623,104	5,377,949	7,382,380
Realised gain on foreign exchange		-	11,182	-	11,182
Other income		1,005,423	532,331	579,833	532,303
Fair value adjustment of investment properties		(11,258,551)	5,536,199	(11,258,551)	5,536,199
Total income		94,868,634	114,924,689	93,309,306	111,867,442
Expenditure					
Finance costs:					
Islamic financing		26,169,776	26,437,736	26,169,776	16,658,697
Amount due to a subsidiary		-	-	-	10,328,925
Transaction cost	17	1,428,263	1,567,034	1,428,263	1,017,149
Manager's fees		1,851,471	1,845,342	1,851,471	1,845,342
Professional fees		1,008,481	892,748	946,895	683,542
Valuation fees		411,800	552,023	411,800	552,023
Directors fees		23,565	23,409	-	-
Trustee's fees		380,770	385,343	380,770	385,343
Disposal fees		1,004	-	1,004	-
Maintenance of property		1,865,540	1,712,287	1,865,540	1,712,287
Printing expenses		138,997	121,980	136,337	119,370
Secretarial fee		831	1,876	-	-
Securities Commission's fees		100	100	100	100
Audit fees					
- Current year		313,970	249,614	150,000	127,000
- Other services		10,000	10,000	10,000	10,000
Tax agent's fee		18,500	15,520	16,500	14,720
Unrealised loss on foreign exchange		16,585	146,339	16,585	146,339
Realised loss on foreign exchange		56,000	-	56,000	-
Loss on disposal		93,800	-	93,800	-
Administration expenses		583,127	1,683,784	337,046	1,096,372
Allowance for impairment loss of investment in a subsidiary	11	-	-	893,792	24,058,753
Allowance for expected credit loss on amount due from a subsidiary		-	-	-	1,303,019
Derecognition of past lease receivables	12	-	5,806,073	-	4,514,732
Annual listing fees		5,000	5,000	5,000	5,000
Withholding tax		445,520	675,928	445,520	675,928
Shariah adviser's fee		10,000	11,000	10,000	11,000
Total expenditure		34,833,100	42,143,136	35,226,199	65,265,641
Profit before tax		60,035,534	72,781,553	58,083,107	46,601,801
Tax credit	7	103,325	768,296	103,325	768,296
Profit for the year		60,138,859	73,549,849	58,186,432	47,370,097

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Fund 2022 RM	The Fund 2021 RM
Profit for the year					
Realised		67,765,765	65,218,589	66,707,130	64,400,609
Unrealised		(7,626,906)	8,331,260	(8,520,698)	(17,030,512)
		60,138,859	73,549,849	58,186,432	47,370,097
Earnings per unit (sen):	8				
Basic		8.17	9.99		
Other comprehensive loss for the year,					
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods (net of tax):					
Foreign currency translation, representing total other comprehensive loss for the year, net of tax		(1,529,996)	(2,487,531)	-	-
Total comprehensive income for the year, net of tax		58,608,863	71,062,318	58,186,432	47,370,097

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Fund 2022 RM	The Fund 2021 RM
Assets					
Non-current assets					
Investment properties	10	1,721,281,384	1,538,210,398	1,636,015,084	1,451,912,398
Investment in subsidiaries	11	-	-	2,539,641	3,433,433
Amount due from a subsidiary	13	-	-	99,147,701	99,147,701
		1,721,281,384	1,538,210,398	1,737,702,426	1,554,493,532
Current assets					
Trade receivables	12	49,503,412	36,106,493	23,747,173	16,292,030
Other receivables and prepaid expenses	12	149,885	574,587	149,410	574,123
Amount due from subsidiaries	13	-	-	27,204,712	23,161,870
Islamic fixed deposits with licensed banks	14	55,356,398	40,503,678	55,317,256	40,465,247
Cash and bank balances	14	40,774,756	49,337,838	22,979,202	29,809,806
		145,784,451	126,522,596	129,397,753	110,303,076
Total assets		1,867,065,835	1,664,732,994	1,867,100,179	1,664,796,608
Total unitholders' fund and liabilities					
Unitholders' fund					
Unitholders' capital	18	756,408,942	731,398,126	756,408,942	731,398,126
Undistributed income		224,358,012	221,625,961	214,800,407	214,020,783
Foreign currency translation reserve		(9,552,175)	(8,022,179)	-	-
Total unitholders' fund		971,214,779	945,001,908	971,209,349	945,418,909
Non-current liabilities					
Deferred tax liabilities	16	1,662,541	1,765,866	1,662,541	1,765,866
Other payables	15	15,247,543	13,475,204	15,247,543	13,475,204
Islamic financing	17	855,616,967	683,876,967	855,616,967	683,876,967
		872,527,051	699,118,037	872,527,051	699,118,037
Current liabilities					
Other payables	15	23,324,005	20,613,049	23,363,779	20,259,662
		23,324,005	20,613,049	23,363,779	20,259,662
Total liabilities		895,851,056	719,731,086	895,890,830	719,377,699
Total unitholders' fund and liabilities		1,867,065,835	1,664,732,994	1,867,100,179	1,664,796,608

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		The Group		The Fund	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Number of units in circulation	18	756,485,757	735,985,088	756,485,757	735,985,088
Net asset value ("NAV")					
- before income distribution		971,214,779	945,001,908	971,209,349	945,418,909
- after income distribution		955,328,578	931,754,176	955,323,148	932,171,177
NAV per unit					
- before income distribution		1.28	1.28	1.28	1.28
- after income distribution		1.26	1.27	1.26	1.27

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 2022

	Note	Unitholders' capital RM	Realised* RM	Unrealised RM	Total undistributed income RM	Foreign currency translation reserve RM	Total unitholders' fund RM
The Group							
At 1 January 2021		731,398,126	67,141,978	150,484,705	217,626,683	(5,534,648)	943,490,161
Profit for the year		-	65,218,589	8,331,260	73,549,849	-	73,549,849
Other comprehensive loss		-	-	-	-	(2,487,531)	(2,487,531)
Total comprehensive income/(loss)		-	65,218,589	8,331,260	73,549,849	(2,487,531)	71,062,318
Transactions with unitholders:							
Income distributions	9	-	(69,550,571)	-	(69,550,571)	-	(69,550,571)
At 31 December 2021		731,398,126	62,809,996	158,815,965	221,625,961	(8,022,179)	945,001,908
At 1 January 2022		731,398,126	62,809,996	158,815,965	221,625,961	(8,022,179)	945,001,908
Issuance of unitholders' capital		25,010,816	-	-	-	-	25,010,816
Profit/(loss) for the year		-	67,765,765	(7,626,906)	60,138,859	-	60,138,859
Other comprehensive loss		-	-	-	-	(1,529,996)	(1,529,996)
Total comprehensive income/(loss)		-	67,765,765	(7,626,906)	60,138,859	(1,529,996)	58,608,863
Transactions with unitholders:							
Income distributions	9	-	(57,406,808)	-	(57,406,808)	-	(57,406,808)
At 31 December 2022		756,408,942	73,168,953	151,189,059	224,358,012	(9,552,175)	971,214,779

* Distributable

STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Unitholders' capital RM	Realised* RM	Unrealised RM	Total undistributed income RM	Total unitholders' fund RM
The Fund						
At 1 January 2021		731,398,126	65,842,421	170,358,836	236,201,257	967,599,383
Total comprehensive income/(loss)		-	64,400,609	(17,030,512)	47,370,097	47,370,097
Transactions with unitholders:						
Income distributions	9	-	(69,550,571)	-	(69,550,571)	(69,550,571)
At 31 December 2021		731,398,126	60,692,459	153,328,324	214,020,783	945,418,909
At 1 January 2022		731,398,126	60,692,459	153,328,324	214,020,783	945,418,909
Issuance of unitholders' capital		25,010,816	-	-	-	25,010,816
Total comprehensive income/(loss)		-	66,707,130	(8,520,698)	58,186,432	58,186,432
Transactions with unitholders:						
Income distributions	9	-	(57,406,808)	-	(57,406,808)	(57,406,808)
At 31 December 2022		756,408,942	69,992,781	144,807,626	214,800,407	971,209,349

* Distributable

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 2022

	The Group		The Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities				
Profit before tax	60,035,534	72,781,553	58,083,107	46,601,801
Adjustments for:				
Finance costs	27,598,039	28,004,770	27,598,039	28,004,771
Investment revenue	(922,748)	(623,104)	(5,377,949)	(7,382,380)
Interest accretion on tenant deposits	359,332	1,018,526	359,332	1,018,526
Amortisation of deferred income	(406,923)	(347,829)	(406,923)	(347,829)
Allowance for impairment loss in investment in subsidiaries	-	-	893,792	24,058,753
Allowance for expected credit loss on amount due from a subsidiary	-	-	-	1,303,019
Fair value adjustment of investment properties	11,258,551	(5,536,199)	11,258,551	(5,536,199)
Unrealised loss on foreign exchange	16,585	146,339	16,585	146,339
Loss on disposal of investment properties	93,800	-	93,800	-
Unbilled rental income	(3,497,314)	(2,843,801)	(3,497,314)	(2,843,801)
Derecognition of past lease receivables	-	5,806,073	-	4,514,732
Operating profit before working capital changes	94,534,856	98,406,328	89,021,020	89,537,732
Changes in working capital:				
Increase in trade receivables	(9,899,605)	(8,415,374)	(3,957,829)	(8,259,704)
Decrease/(Increase) in other receivables and prepaid expenses	437,857	(362,818)	437,857	(388,883)
Increase/(Decrease) in other payables and accrued expenses	3,797,903	(1,047,592)	4,191,064	3,565,848
Net changes in working capital	(5,663,845)	(9,825,784)	671,092	(5,082,739)
Net cash generated from operating activities	88,871,011	88,580,544	89,692,112	84,454,993
Cash flows from investing activities				
Income received on investment	908,882	569,429	909,604	570,401
Profit sharing on advances from a subsidiary in Australia	-	-	445,520	675,928
Net proceed from disposal of investment property	200,700	-	200,700	-
Enhancement to investment properties	(3,655,737)	-	(3,655,737)	-
Acquisition of investment properties	(166,989,184)	-	(166,989,184)	-
Net cash (used in)/ generated from investing activities	(169,535,339)	569,429	(169,089,097)	1,246,329
Cash flows from financing activities				
Finance costs paid on Islamic financing	(25,436,793)	(25,067,049)	(25,436,793)	(15,288,010)
Finance costs paid on amount due to a subsidiary	-	-	-	(10,328,925)
Transaction costs paid	(1,688,263)	(6,277,322)	(1,688,263)	(6,209,872)
Decrease in amount due to a subsidiary	-	-	(33,161)	(556,536,377)
Income distributions	(57,406,808)	(54,830,869)	(57,406,808)	(54,830,869)
Net proceeds from Islamic financing	172,000,000	5,000,000	172,000,000	580,000,000
Net cash generated from/(used in) financing activities	87,468,136	(81,175,240)	87,434,975	(63,194,053)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group		The Fund	
	2022	2021	2022	2021
	RM	RM	RM	RM
Net changes in cash and cash equivalents	6,803,808	7,974,733	8,037,990	22,507,269
Effects of changes in exchange rates	(498,296)	(660,681)	-	-
Effects of foreign currency translation on cash and cash equivalents	(16,585)	(146,339)	(16,585)	(146,339)
Cash and cash equivalents at beginning of year	89,803,085	82,635,372	70,275,053	47,914,123
Cash and cash equivalents at end of year (Note 14)	96,092,012	89,803,085	78,296,458	70,275,053

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

1. Corporate information

Al-`Aqar Healthcare REIT (the "Fund") is a Malaysian domiciled Islamic Real Estate Investment Trust constituted pursuant to a Trust Deed ("Principal Trust Deed") dated 27 June 2006 between Damansara REIT Managers Sdn Berhad (the "Manager") and Amanah Raya Berhad. Pursuant to the Principal Trust Deed, the Fund entered into a Supplemental Trust Deed dated 14 May 2010 with Amanah Raya Berhad and AmanahRaya Trustees Berhad (the "Trustee") for the retirement of Amanah Raya Berhad from acting as a Trustee and for the appointment of AmanahRaya Trustees Berhad as the new Trustee for the Fund. The Fund is regulated by the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts ("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 was listed on the Main Board of Bursa Malaysia on 10 August 2006 and commenced its business operations on 17 August 2006. Consequent to the new board structure implemented by Bursa Malaysia on 3 August 2010, the Fund is now listed on the Main Market of Bursa Malaysia.

On 26 April 2013, at the Extraordinary General Meeting, the unitholders of the Fund approved the proposed amendments and consolidation of the Trust Deed and Supplemental Trust Deed into a Restated Trust Deed. The Restated Trust Deed was executed on 31 July 2013 and was lodged with the Securities Commission on 11 November 2013. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Restated Trust Deed.

On 17 April 2019, at the Annual General Meeting, the unitholders of The Fund approved the proposed amendments of the Restated Trust Deed dated 31 July 2013. The Second Restated Trust Deed was executed and lodged with the Securities Commission on 25 November 2019. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Second Restated Trust Deed.

On 13 December 2022, at the Extraordinary General Meeting, the unitholders of The Fund approved the proposed amendments to the Second Restated Trust Deed dated 25 November 2019. The Supplemental Deed to the Second Restated Trust Deed was executed on 29 December 2022. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Supplemental Deed to the Second Restated Trust Deed.

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 the Enactment No. 5, 1995).

The ultimate holding corporation of the Fund is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995).

The principal activity of the Group and the Fund is to invest in Shariah-compliant properties with the primary objective of providing unitholders with stable income distributions per unit and potential for sustainable long-term growth of such distributions and net asset value per unit.

The registered office of the Manager is located at Level 14, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor.

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.

1. Corporate information (cont'd)

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:

(i) Maintenance and management fee

The maintenance manager, Healthcare Technical Services Sdn Bhd, is entitled to an annual maintenance and management fee of up to 0.08% of the gross value of the investment properties in respect of the management of the investment properties owned by the Fund in accordance with the Property Maintenance Agreement. The fee is calculated on a monthly accrual basis.

(ii) Manager's fee

Pursuant to the Second Restated Trust Deed dated 25 November 2019 and the Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, the Manager is entitled to receive the following fees from the Fund:

(a) Management fee of 0.30% per annum of the total assets value of the Fund calculated based on monthly accrual basis and payable monthly in arrears;

The management fee for the current financial year is RM1,851,471 (2021: RM1,845,342). Prior to the execution of the Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, the Manager is entitled to receive management fee of 0.1% per annum of the total assets value of the Fund that is below RM1,000,000,000 and 0.125% of the total assets value of the Fund that exceeds RM1,000,000,000 calculated based on monthly accrual basis and payable monthly in arrears;

(b) An acquisition fee of 1% of the acquisition price of any investment property purchased directly or indirectly by the Fund which is payable after the completion of the acquisition; and

The acquisition fee paid to the Manager during the current financial year is RM1,920,000 (2021: RMNil).

(c) A disposal fee of 0.5% of the disposal price of any investment property to be disposed directly or indirectly by the Fund which is payable upon completion of the disposal.

The disposal fee to the Manager during the current financial year is RM1,004 (2021: RMNil).

(iii) Trustee's fee

Pursuant to the Second Restated Trust Deed dated 25 November 2019, the Trustee is entitled to receive a fee of up to 0.04% 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 financial year ended 31 December 2022 of RM380,770 (2021: RM385,343).

The financial statements of the Group and of the Fund were authorised by the board of directors of the Manager for issuance on 24 February 2023.

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 Second Restated Trust Deed dated 25 November 2019, Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board and International Financial Reporting Standards. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities.

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 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 MFRS mandatory for annual financial periods beginning on or after 1 January 2022:

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
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: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

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

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
MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024

2. Significant accounting policies (cont'd)

2.3 Standards and interpretations issued but not yet effective (cont'd)

Description (cont'd)	**Effective for annual periods beginning on or after**
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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 reporting date.

The financial statements of the subsidiaries are prepared for the same reporting date as the Fund, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

(i) Power over the investee (i.e. 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 investment 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 Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

When the Group loses control of a subsidiary, a gain or loss calculated as the differences 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 retained earnings. The fair value of any investment retained in the former subsidiary at the date control is loss is regarded as the cost on initial recognition of the investment.

Business combinations

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.

Investment in subsidiaries – separate financial statements

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

(b) Functional currency

The Group's consolidated statements are presented in RM, which is also the functional currency of the Fund. All transactions are recorded in RM. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(b) Functional currency (cont'd)

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's and the Fund's net investment in a foreign operation. These are recognised in other comprehensive income ("OCI") until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group and the Fund initially recognise the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group and the Fund determine the transaction date for each payment or receipt of advance consideration.

(ii) Consolidated financial statement

For consolidation purposes, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of OCI relating to that particular operation is recognised in profit or loss.

(c) 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 hospitals and universities 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.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(c) Investment properties (cont'd)

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.

(d) Financial assets

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.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

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 marketplace (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 and prepaid expenses (excluding prepayments and GST receivables), amount due from a subsidiary, Islamic 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

(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.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Derecognition (cont'd)

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.

(e) 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.

(f) 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.

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(f) Financial liabilities (cont'd)

Recognition and measurement (cont'd)

The Group's and the Fund's other financial liabilities include total payables (non-current and current, excluding deferred lease payment) and Islamic financing.

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 financier 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.

(g) 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.

(h) Cash and cash equivalents

Cash and Islamic fixed deposits with licensed banks in the statement of financial position comprise cash at banks and on hand and Islamic 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.

(i) 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.

(j) Leases

The Group and the Fund assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. **Significant accounting policies (cont'd)**

2.4 **Summary of significant accounting policies (cont'd)**

(j) **Leases (cont'd)**

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.

(k) **Revenue**

The Group's and the Fund's key sources of income include:

(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.

(ii) **Investment revenue**

Investment revenue, which comprise income earned from Islamic fixed deposits with licensed banks and profit-sharing on advances, are recognised using the effective profit method.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(l) **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)

(m) 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.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

(b) In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(m) Taxation (cont'd)

(ii) Deferred tax (cont'd)

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.

(n) Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical location 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 management of the Fund who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 23, including the factors used to identify the reportable segments and the measurement basis of segment information.

(o) Unitholders' capital and unit issuance expenses

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

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

(p) Borrowing costs

Borrowing costs consists of interest and other costs that the Group and the Fund incurred in connection with the borrowing of funds. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(p) Borrowing costs (cont'd)

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred.

(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.

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 Islamic derivatives and Shariah Compliant 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

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(r) Fair value measurement (cont'd)

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.

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.

(a) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured at fair value, the Group and the Fund have concluded that certain investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time while others are held for eventual sale. As a result, the Group and the Fund have measured deferred tax on changes in fair values of these investment properties using the corporate income tax rate or the real property gains tax rate, as appropriate.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty

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

(a) 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 independent professional valuers 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 valuers is most sensitive to the yield rate and discount rate. The range of the yield rate and the discount rate used in the valuation is disclosed 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) Group		Fair value Increase/(decrease) Fund	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Yield rate				
- 0.25%	44,340,570	26,152,200	40,900,000	22,670,000
+ 0.25%	(39,141,390)	(38,379,400)	(36,000,000)	(35,200,000)
Discount rate				
- 0.25%	29,040,570	21,812,200	25,600,000	18,330,000
+ 0.25%	(24,341,390)	(31,909,400)	(21,100,000)	(28,730,000)

4. Revenue

Revenue from contract with customers comprises the following:

	Group		Fund	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Rental income				
Base rental income	106,741,353	111,228,700	101,090,407	101,401,706
Unbilled rental income	3,497,314	2,843,801	3,497,314	2,843,801
	110,238,667	114,072,501	104,587,721	104,245,507

4. Revenue (cont'd)

Revenue from contract with customers comprises the following (cont'd):

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Rental income from				
KPJ Ampang Puteri Specialist Hospital	9,118,277	9,683,806	9,118,277	9,683,806
KPJ Tawakkal KL Specialist Hospital	9,498,307	9,312,066	9,498,307	9,312,066
KPJ Damansara Specialist Hospital	7,840,556	8,449,417	7,840,556	8,449,417
KPJ Johor Specialist Hospital	8,537,495	8,681,833	8,537,495	8,681,833
KPJ Klang Specialist Hospital	7,185,059	7,497,643	7,185,059	7,497,643
KPJ Ipoh Specialist Hospital	7,085,540	6,337,679	7,085,540	6,337,679
KPJ Selangor Specialist Hospital	5,807,819	5,892,023	5,807,819	5,892,023
KPJ Penang Specialist Hospital	4,524,314	4,727,578	4,524,314	4,727,578
KPJ Seremban Specialist Hospital	5,259,904	5,037,555	5,259,904	5,037,555
KPJ Healthcare University College, Nilai	7,580,155	7,263,240	7,580,155	7,263,240
Kedah Medical Centre	3,681,350	3,609,167	3,681,350	3,609,167
KPJ Perdana Specialist Hospital	3,254,313	3,190,503	3,254,313	3,190,503
KPJ Kajang Specialist Hospital	3,609,771	3,538,991	3,609,771	3,538,991
Tawakkal Health Centre	3,469,370	3,378,598	3,469,370	3,378,598
KPJ Puteri Specialist Hospital	2,961,988	3,150,412	2,961,988	3,150,412
KPJ Sentosa KL Specialist Hospital	2,156,594	2,114,307	2,156,594	2,114,307
KPJ Kuantan Care & Wellness Centre	1,509,354	1,479,758	1,509,354	1,479,758
KPJ International College, Penang	963,348	1,196,668	963,348	1,196,668
Damai Care & Wellness Centre	908,523	1,027,915	908,523	1,027,915
Taiping Medical Centre	767,949	738,684	767,949	738,684
KPJ Haemodialysis Kluang	322,372	304,243	322,372	304,243
KPJ Batu Pahat Specialist Hospital	8,415,988	7,633,421	8,415,988	7,633,421
KPJ Pasir Gudang Specialist Hospital	129,375	-	129,375	-
Jeta Gardens Aged Care & Retirement Village	5,650,946	9,826,994	-	-
	110,238,667	114,072,501	104,587,721	104,245,507

5. Property expenses

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Assessment	3,356,065	3,349,533	3,356,065	3,349,533
Takaful coverage	977,947	930,297	977,947	930,297
Maintenance fee	1,246,727	1,106,915	1,184,720	1,096,416
Quit rent	458,914	463,883	458,914	463,883
	6,039,653	5,850,628	5,977,646	5,840,129

6. Investment revenue

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Shariah Compliant income from Islamic fixed deposits with licensed banks	922,748	623,104	922,748	623,104
Profit sharing on advances from a subsidiary in Australia	-	-	4,455,201	6,759,276
	922,748	623,104	5,377,949	7,382,380

7. Tax credit

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax relating to the origination and reversal of temporary differences (Note 16)	(103,325)	(768,296)	(103,325)	(768,296)

Reconciliations of the tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Fund are as follows:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	60,035,534	72,781,553	58,083,107	46,601,801
Tax at the statutory tax rate of 24% (2021: 24%)	14,408,528	17,467,573	13,939,946	11,184,432
Different tax rates in other country	(51,484)	(92,304)	-	-
Deferred tax recognised at different tax rate	(103,325)	(768,296)	(103,325)	(768,296)
Non-deductible expenses	4,606,746	2,176,652	4,300,044	7,478,994
Income not subject to tax	(12,065,182)	(14,203,104)	(10,871,927)	(12,248,450)
Income exempted from tax	(6,898,608)	(5,348,817)	(7,368,063)	(6,414,976)
Tax expense for the year	(103,325)	(768,296)	(103,325)	(768,296)

Pursuant to the Section 61A of the Income Tax Act 1967 (ITA), where 90% or more of the total income of the unit trust is distributed to the unitholders, the total income of the unit trust for that year of assessment shall be exempted from tax. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable is required to be provided in the financial statements.

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 2022 accordingly. No provision for income tax expense has been made for the year.

Deferred tax liability has been provided for the investment properties held by the Fund at 10% (2021: 10%) which reflects the expected manner of recovery of the investment properties, i.e. recovered through sale.

7. **Tax credit (cont'd)**

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, income distributions (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 income distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24% (2021: 24%).

8. **Earnings per unit**

The earnings per unit which are calculated based on the profit for the year of the Group, divided by the weighted average number of units in circulation as of 31 December 2022 and 2021, are as follows:

	Group	
	2022 RM	2021 RM
Earnings attributable to unitholders:		
Profit for the year	60,138,859	73,549,849
Weighted average number of units	736,265,919	735,985,088
Earnings per unit (sen)	8.17	9.99

9. **Income distributions**

For the financial years ended 31 December 2022 and 2021, the Manager, with the approval of the Trustee, has declared the following income distributions:

	Group and Fund	
	2022 RM	2021 RM
Income distributions on ordinary shares in respect of the current financial year		
First interim income distribution of 2.00 (2021: 2.00) sen per unit declared on 30 May 2022 (2021: 28 May 2021) and paid on 8 July 2022 (2021: 16 July 2021)	14,719,691	14,719,695
Second interim income distribution of 2.00 (2021: 2.00) sen per unit declared on 26 August 2022 (2021: 26 August 2021) and paid on 11 October 2022 (2021: 22 October 2021)	14,719,691	14,719,696
Third interim income distribution of 2.00 (2021: 2.00) sen per unit declared on 25 November 2022 (2021: 26 November 2021) and paid on 6 January 2023 (2021: 20 January 2022)	14,719,702	14,719,702
	44,159,084	44,159,093

9. Income distributions (cont'd)

For the financial years ended 31 December 2022 and 2021, the Manager, with the approval of the Trustee, has declared the following income distributions (cont'd):

	Group and Fund	
	2022 RM	**2021 RM**
Income distribution on ordinary shares in respect of the previous financial year		
Final income distribution of 1.80 (2021: 3.45) sen per unit declared on 27 January 2022 (2021: 26 January 2021) and paid on 28 February 2022 (2021: 26 February 2021)	13,247,724	25,391,478
	57,406,808	69,550,571

The Manager had declared a final income distribution of 2.10 (2021: 1.80) sen per unit totaling RM15,886,201 for the financial year ended 31 December 2022 on 2 February 2023 (2021: 26 January 2022).

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 2023.

The total distributions (including proposed final income distribution) for the financial year ended 31 December 2022 amounting to RM60,045,285 (2021: RM57,406,817). Total income distribution is 8.10 (2021: 7.80) sen per unit.

Income distributions to unitholders is derived from the following sources:

	Group		Fund	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Net rental income	104,199,014	108,221,873	98,610,075	98,405,378
Investment revenue	922,748	623,104	5,377,949	7,382,380
Realised gain on foreign exchange	-	11,182	-	11,182
Other income	1,005,423	532,331	579,833	532,303
Interest accretion on tenant deposits	359,332	1,018,526	359,332	1,018,526
Less: Amortisation of deferred income	(406,923)	(347,829)	(406,923)	(347,829)
Less: Unbilled rental income	(3,497,314)	(2,843,801)	(3,497,314)	(2,843,801)
	102,582,280	107,215,386	101,022,952	104,158,139
Less: Expenses	(34,816,515)	(41,996,797)	(34,315,822)	(39,757,530)
Realised income for the year	67,765,765	65,218,589	66,707,130	64,400,609
Undistributed income brought forward	62,823,720	67,155,702	60,692,459	65,842,421
Less: Undistributed income	(73,182,677)	(62,823,720)	(69,992,781)	(60,692,459)
	57,406,808	69,550,571	57,406,808	69,550,571

10. Investment properties

	Group		Fund	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
At 1 January	1,538,210,398	1,534,501,049	1,451,912,398	1,446,376,199
Additions	192,000,000	-	192,000,000	-
Enhancements	3,655,737	-	3,655,737	-
Disposal	(294,500)	-	(294,500)	-
Fair value adjustment	(11,258,551)	5,536,199	(11,258,551)	5,536,199
Foreign exchange differences	(1,031,700)	(1,826,850)	-	-
At 31 December	1,721,281,384	1,538,210,398	1,636,015,084	1,451,912,398
Land and buildings at fair value	1,721,281,384	1,538,210,398	1,636,015,084	1,451,912,398

During the financial year, the Group and the Fund acquired property, plant and equipment by the following means:

	Group and Fund
	2022
	RM
Cash	166,989,184
Issuance of units	25,010,816
	192,000,000

The carrying amount of the investment properties for the financial years ended 31 December 2022 and 2021 is based on the market value determined based on valuations, adjusted with accrued unbilled rental income, as follows:

	Group		Fund	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Investment properties - based on valuation report	1,730,466,300	1,543,898,000	1,645,200,000	1,457,600,000
Investment properties - accrued unbilled rental income (Note 12)	(9,184,916)	(5,687,602)	(9,184,916)	(5,687,602)
	1,721,281,384	1,538,210,398	1,636,015,084	1,451,912,398

The investment properties are stated at fair value, which have been determined based on valuations performed by an independent professional valuer. The valuation method used in determining the valuations is the investment method.

The fair values of the Group's and of the Fund's investment properties have been arrived at on the basis of a valuation carried out by Messrs. CBRE Valuation Pty Limited ("CBRE"), independent professional valuers not related to the Group and the Fund. Messrs. CBRE is 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 Group's and 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.

10. Investment properties (cont'd)

There are no material events that affect the valuation between the valuation, data and financial year end.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the data of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Transfer between Level 1, 2 and 3 fair values

There is no transfer between level 1, 2 and 3 fair values during the financial year.

Fair value of investment properties is classified as Level 3.

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 valuers 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 5.50% - 9.25% (2021: 5.50% - 9.25%)	- Higher term yield rates, lower fair value
Reversionary yield ranging from 6.00% - 7.75% (2021: 6.00% - 7.50%)	- Higher reversionary yield rates, lower fair value
Void rate of 5.00% - 10.00% (2021: 5.00% - 10.00%)	- Higher void rate, lower fair value
Discount rate of 5.50% - 9.25% (2021: 5.50% - 9.25%)	- Higher discount rate, lower fair value

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 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, takaful coverage and repairs and maintenance, 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 valuers had adopted market corroborated capitalisation rates, which is the most frequently adopted methodology by the property industry in Malaysia and in Australia, 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	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2022 Fair value RM	2021 Fair value RM	Fair value hierarchy
KPJ Ampang Puteri Specialist Hospital ###	Leasehold	99	66	Ampang	31 December 2022	137,000,000	137,000,000	3
KPJ Damansara Specialist Hospital ###	Freehold	-	-	Damansara	31 December 2022	138,000,000	138,000,000	3
KPJ Johor Specialist Hospital ###	Leasehold	99	56	Johor Bahru	31 December 2022	122,000,000	122,000,000	3
KPJ Ipoh Specialist Hospital ###	Freehold	-	-	Ipoh	31 December 2022	89,000,000	89,000,000	3
KPJ Puteri Specialist Hospital	Leasehold	99	31	Johor Bahru	31 December 2022	40,000,000	40,000,000	3
KPJ Selangor Specialist Hospital ###	Leasehold	99	74	Shah Alam	31 December 2022	84,000,000	84,000,000	3
Kedah Medical Centre ###	Freehold	-	-	Alor Setar	31 December 2022	53,000,000	52,500,000	3
KPJ Perdana Specialist Hospital ###	Leasehold	66	41	Kota Bharu	31 December 2022	42,000,000	42,000,000	3
KPJ Kuantan Care & Wellness Centre	Freehold	-	-	Kuantan	31 December 2022	16,500,000	16,800,000	3
KPJ Sentosa KL Specialist Hospital ###	Freehold	-	-	Kuala Lumpur	31 December 2022	31,000,000	31,000,000	3
KPJ Kajang Specialist Hospital ###	Freehold	-	-	Kajang	31 December 2022	52,000,000	52,000,000	3
Taiping Medical Centre ####	Leasehold	99	66	Taiping	31 December 2022	22,500,000	10,000,000	3
Damai Care & Wellness Centre	Leasehold	99	51	Kota Kinabalu	31 December 2022	12,000,000	11,000,000	3
KPJ International College Penang ##	Freehold	-	-	Bukit Mertajam	31 December 2022	14,100,000	14,600,000	3
Tawakkal Health Centre ###	Leasehold	99	55	Kuala Lumpur	31 December 2022	47,400,000	48,000,000	3
KPJ Healthcare University College, Nilai # ##	Freehold	-	-	Seremban	31 December 2022	102,000,000	102,000,000	3
KPJ Seremban Specialist Hospital ####	Freehold	-	-	Seremban	31 December 2022	160,000,000	75,000,000	3
KPJ Penang Specialist Hospital ###	Freehold	-	-	Bukit Mertajam	31 December 2022	65,000,000	65,000,000	3
KPJ Tawakkal KL Specialist Hospital ###	Freehold	-	-	Kuala Lumpur	31 December 2022	139,000,000	139,000,000	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:

Description of property	Tenure of land	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2022 Fair value RM	2021 Fair value RM	Fair value hierarchy
KPJ Haemodialysis Kluang	Leasehold	99	78	Kluang	31 December 2022	4,700,000	4,700,000	3
KPJ Klang Specialist Hospital ###	Leasehold	99	70	Klang	31 December 2022	104,000,000	104,000,000	3
KPJ Batu Pahat Specialist Hospital #	Freehold	-	-	Batu Pahat	31 December 2022	70,815,084	74,312,398	3
KPJ Pasir Gudang Specialist Hospital ####	Leasehold	99	86	Pasir Gudang	31 December 2022	90,000,000	-	3
Total for the Fund						1,636,015,084	1,451,912,398	
Jeta Gardens Aged Care & Retirement Village	Freehold	-	-	Queensland	31 December 2022	85,266,300	86,298,000	3
Total for the Group						1,721,281,384	1,538,210,398	

\# The investment properties amounting to RM112,815,084 (2021: RM116,312,398) are used to secure against Commodity Murabahah Term Financing-i ("CMTF-i") issued by the Fund as disclosed in Note 17. The amount of RM112,815,084 represents the fair value of KPJ Batu Pahat Specialist Hospital and KPJ Healthcare University College, Nilai New Building (residential) amounting to RM70,815,084 (2021: RM74,312,398) and RM42,000,000 (2021: RM42,000,000) respectively.

\## The investment properties amounting to RM74,100,000 (2021: RM74,600,000) are used to secure against Commodity Murabahah Term Financing-II ("CMTF-ii") issued by the Fund as disclosed in Note 17. The amount of RM74,100,000 represents the fair value of KPJ International College, Penang and KPJ Healthcare University College, Nilai New Building (commercial) amounting to RM14,100,000 (2021: RM14,600,000) and RM60,000,000 (2021: RM60,000,000) respectively.

\### The investment properties amounting to RM1,103,400,000 (2021: RM1,103,500,000) are used to secure against Commodity Murabahah Term Financing-III ("CMTF-iii") issued by the Fund as disclosed in Note 17.

\#### The investment properties amounting to RM272,500,000 (2021: RMNil) are used to secure against Revolving Credit-i ("RC - I") and Term Financing-i ("TF - I") issued by the Fund as disclosed in Note 17.

* Based on valuation carried out by independent professional valuer, Messrs. CBRE.

11. Investment in subsidiaries

	Fund 2022 RM	2021 RM
Unquoted shares, at cost	42,492,186	42,492,186
Less: Accumulated impairment losses	(39,952,545)	(39,058,753)
Net carrying amount	2,539,641	3,433,433

The movement in the accumulated impairment losses is as follows:

	2022 RM	2021 RM
At 1 January	39,058,753	15,000,000
Allowance for impairment losses	893,792	24,058,753
At 31 December	39,952,545	39,058,753

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2022 %	2021 %
Al-`Aqar Capital Sdn Bhd (i)	Malaysia	Special purpose company for the purpose of raising Islamic Financing for the Fund	100	100
Al-`Aqar Australia Pty Ltd (ii)	Australia	Special purpose company for the purpose of acquisition of Australian property for the Fund	100	100

(i) Audited by Ernst & Young PLT
(ii) Audited by a firm other than Ernst & Young PLT

12. Trade receivables, other receivables and prepaid expenses

	Group 2022 RM	Group 2021 RM	Fund 2022 RM	Fund 2021 RM
Trade receivables Current				
Related companies	40,318,496	30,418,891	14,562,257	10,604,428
Less: Allowance for expected credit losses (Note (a))	-	-	-	-
	40,318,496	30,418,891	14,562,257	10,604,428
Unbilled rental income	9,184,916	5,687,602	9,184,916	5,687,602
	49,503,412	36,106,493	23,747,173	16,292,030
Other receivables and prepaid expenses				
Other receivables	80,574	67,419	80,099	66,955
Prepayments	69,311	507,168	69,311	507,168
	149,885	574,587	149,410	574,123
Total trade and non-trade receivables (non-current and current)	49,653,297	36,681,080	23,896,583	16,866,153
Add: Amount due from subsidiaries	-	-	126,352,413	122,309,571
Add: Islamic fixed deposits with licensed banks	55,356,398	40,503,678	55,317,256	40,465,247
Add: Cash and bank balances	40,774,756	49,337,838	22,979,202	29,809,806
Less: Prepayments	(69,311)	(507,168)	(69,311)	(507,168)
Total financial assets at amortised cost (debt instruments)	145,715,140	126,015,428	228,476,143	208,943,609

(a) Trade receivables

Trade receivables comprise rental receivable from lessees and unbilled rental income.

Unbilled rental income consist of unbilled incremental lease rental receivable from Pasir Gudang Specialist Hospital ("KPJ Batu Pahat"). The lease rental receivables from KPJ Batu Pahat is incremental by 10% every 3 years from the commencement date up to the term of 30 years. This rental income is recognised on straight-line basis over the lease term of 30 years.

The credit period granted by the Group and the Fund on rental receivable from lessees ranges from 1 to 7 days (2021: 1 to 7 days).

12. Trade receivables, other receivables and prepaid expenses (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
1 to 30 days past due	8,645,031	3,124,723	5,653,231	2,595,451
31 to 60 days past due	1,629,962	2,708,751	1,629,962	2,184,885
61 to 90 days past due	244,714	1,949,811	244,714	1,421,583
More than 90 days past due	29,798,789	22,635,606	7,034,350	4,402,509
	40,318,496	30,418,891	14,562,257	10,604,428

Movement in allowance for expected credit losses of trade receivables:

	Group 2021 RM	Fund 2021 RM
At 1 January	-	-
Derecognition of past lease receivables (Note (i)	5,806,073	4,514,732
Written off	(5,806,073)	(4,514,732)
At 31 December	-	-

(i) Derecognition of past 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.

In the previous financial year, the Group and the Fund provided COVID-19 related rental support of RM5,806,073 and RM4,514,732 respectively to its tenants.

13. Amount due from subsidiaries

	Fund	
	2022 RM	2021 RM
Non-current		
Amount due from a subsidiary	99,147,701	99,147,701
Current		
Amount due from subsidiaries	28,507,731	24,464,889
	127,655,432	123,612,590
Less: Allowance for expected credit losses	(1,303,019)	(1,303,019)
	126,352,413	122,309,571

13. Amount due from subsidiaries (cont'd)

Movement in allowance for expected credit losses on amount due from a subsidiary:

	Fund 2022 RM	Fund 2021 RM
At 1 January	1,303,019	-
Allowance for expected credit loss	-	1,303,019
At 31 December	1,303,019	1,303,019

Amount due from a subsidiary represents unsecured advances given to a subsidiary from the proceeds raised from Islamic Financing and issuance of new units in previous years for the purpose of purchase of an investment property in Australia and profit sharing on the advances receivable from the subsidiary. It is non-trade, unsecured, non-interest bearing and repayable on demand.

14. Cash and cash equivalents

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

	Group 2022 RM	Group 2021 RM	Fund 2022 RM	Fund 2021 RM
Islamic fixed deposits with licensed banks	55,356,398	40,503,678	55,317,256	40,465,247
Cash and bank balances	40,774,756	49,337,838	22,979,202	29,809,806
Total cash and bank balances	96,131,154	89,841,516	78,296,458	70,275,053
Less: Islamic fixed deposits with licensed banks with maturity period of more than 3 months	(39,142)	(38,431)	-	-
Cash and cash equivalents	96,092,012	89,803,085	78,296,458	70,275,053

At the reporting date, the weighted average deposit rate per annum and average remaining maturity period of Islamic fixed deposits with licensed banks are as follows:

	Group 2022	Group 2021	Fund 2022	Fund 2021
Weighted average deposit rate (%)	2.48	1.68	2.48	1.67
Average remaining maturity period	36	38	32	28

15. Other payables

	Group 2022 RM	Group 2021 RM	Fund 2022 RM	Fund 2021 RM
Non-current				
Tenant deposits	10,050,013	8,301,075	10,050,013	8,301,075
Deferred lease income	5,197,530	5,174,129	5,197,530	5,174,129
	15,247,543	13,475,204	15,247,543	13,475,204
Current				
Amount due to the Trustee	32,322	32,422	32,322	32,422
Amount due to the Manager	331,015	155,531	327,209	155,531
Amounts due to related companies	2,671,741	622,839	2,671,741	622,839
Other payables	176,421	242,761	41,334	105,018
Third interim income distribution payable (Note 9)	14,719,702	14,719,702	14,719,702	14,719,702
Other accrued expenses	5,392,804	4,839,794	5,571,471	4,624,150
	23,324,005	20,613,049	23,363,779	20,259,662
Total other payables (non-current and current)	38,571,548	34,088,253	38,611,322	33,734,866
Less: Deferred lease income	(5,197,530)	(5,174,129)	(5,197,530)	(5,174,129)
Add: Islamic financing (Note 17)	855,616,967	683,876,967	855,616,967	683,876,967
Total financial liabilities carried at amortised costs	888,990,985	712,791,091	889,030,759	712,437,704

(a) Deferred lease income

Deferred lease income relates to the excess of the principal amount of security deposits received over their fair value which is accounted for as prepaid lease income and amortised over the lease term on a straight line basis.

(b) Amount due to the Trustee, the Manager and related companies

Amount due to the Trustee, the Manager and related companies are non-trade, unsecured, non-interest bearing and repayable on demand.

16. Deferred tax liabilities

	Group and Fund 2022 RM	Group and Fund 2021 RM
At 1 January	1,765,866	2,534,162
Recognised in profit or loss (Note 7)	(103,325)	(768,296)
At 31 December	1,662,541	1,765,866

16. Deferred tax liabilities (cont'd)

The components and movements of deferred tax liability during the financial year are as follows:

Deferred tax liability - Group and Fund

	Investment properties RM
At 1 January 2022	1,765,866
Recognised in profit or loss	(103,325)
At 31 December 2022	1,662,541
At 1 January 2021	2,534,162
Recognised in profit or loss	(768,296)
At 31 December 2021	1,765,866

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.

17. Islamic financing

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current				
Commodity Murabahah Term Financing-i I ("Commodity Murabahah - I")	80,000,000	80,000,000	80,000,000	80,000,000
Commodity Murabahah Term Financing-i II ("Commodity Murabahah - II")	29,994,050	29,994,050	29,994,050	29,994,050
Commodity Murabahah Term Financing-i III ("Commodity Murabahah - III")	580,000,000	580,000,000	580,000,000	580,000,000
Revolving Credit-i ("RC - I")	100,000,000	-	100,000,000	-
Term Financing-i ("TF - I")	72,000,000	-	72,000,000	-
	861,994,050	689,994,050	861,994,050	689,994,050
Less: Transaction costs	(6,377,083)	(6,117,083)	(6,377,083)	(6,117,083)
Total (non-current)	855,616,967	683,876,967	855,616,967	683,876,967

17. Islamic financing (cont'd)

Commodity Murabahah - I

The Commodity Murabahah - I is payable over a period of 60 months from the date of first disbursement with bullet repayment of the principal sum on the 60th month.

The Commodity Murabahah - I bears a profit rate of 1.25% (2021: 1.25%) per annum above the bank's Cost of Funds ("COF"). As at reporting date, the profit rate for the Commodity Murabahah is 4.50% (2021: 3.35%) per annum.

The Commodity Murabahah - I was secured against the investment properties which amounting to RM112,815,084 (2021: RM116,312,398) as disclosed in Note 10.

Commodity Murabahah - II

The Commodity Murabahah - II is payable over a period of 60 months from the date of first disbursement with bullet repayment of the principal sum on the 60th month.

The Commodity Murabahah - II bears a profit rate of 1.25% (2021: 1.25%) per annum above the bank's COF. As at reporting date, the profit rate for the Commodity Murabahah is 4.5% (2021: 3.35%) per annum.

The Commodity Murabahah - II was secured against the investment properties which amounting to RM74,100,000 (2021: RM74,600,000) as disclosed in Note 10.

Commodity Murabahah - III

The Commodity Murabahah - III is payable over a period of 60 and 84 months for Tranche 1 and Tranche 2 respectively from the date of first disbursement with bullet repayment of the principal sum on the 60th and 84th months respectively.

The Commodity Murabahah - III bears a profit rate of 1.15% and 1.25% (2021: 1.15% and 1.25%) per annum for Tranche 1 and Tranche 2 respectively above the bank's COF. As at reporting date, the profit rate for the Commodity Murabahah is 4.42% and 4.54% (2021: 3.32% and 3.44%) per annum for Tranche 1 and Tranche 2 respectively.

The Commodity Murabahah - III was secured against the investment properties which amounting to RM1,103,400,000 (2021: RM1,103,500,000) as disclosed in Note 10.

RC - I and TF - I

On 23 December 2022, the Group and the Fund obtained the RC - I and TF - I that are payable over a period of 60 months from the date of first disbursement with bullet repayment of the principal sum on the 60th month.

The RC - I bears a profit rate of 1.20% (2021: Nil) per annum above the bank's COF. As at reporting date, the profit rate for the RC - I is 4.40% (2021: Nil) per annum.

The TF - I bears a profit rate of 1.20% (2021: Nil) per annum above the bank's COF when Total Financing over Total Assets is greater than or equal to 40% and profit rate of 1.00% (2021: Nil) per annum above the bank's COF when Total Financing over Total Assets is less than 40%. As at reporting date, the profit rate for the TF - I is 4.40% (2021: Nil) per annum.

The RC - I and TF - I were secured against the investment properties which amounting to RM272,500,000 (2021: RMNil) as disclosed in Note 10.

17. Islamic financing (cont'd)

Changes in liabilities arising from financing activities:

	At 1 January 2022 RM	Cash flows RM	Charged to profit or loss RM	At 31 December 2022 RM
Group				
Non-current				
Commodity Murabahah - I	80,000,000	-	-	80,000,000
Commodity Murabahah - II	29,994,050	-	-	29,994,050
Commodity Murabahah - II	580,000,000	-	-	580,000,000
RC - I	-	100,000,000	-	100,000,000
TF - I	-	72,000,000	-	72,000,000
	689,994,050	172,000,000	-	861,994,050
Less: Transaction costs on Islamic financing	(6,117,083)	(1,688,263)	1,428,263	(6,377,083)
	683,876,967	170,311,737	1,428,263	855,616,967

	At 1 January 2021 RM	Cash flows RM	Charged to profit or loss RM	At 31 December 2021 RM
Group				
Non-current				
Commodity Murabahah - I	80,000,000	-	-	80,000,000
Commodity Murabahah - II	29,994,050	-	-	29,994,050
Commodity Murabahah - II	-	580,000,000	-	580,000,000
	109,994,050	580,000,000	-	689,994,050
Less: Transaction costs on Islamic financing	(924,360)	(6,209,872)	1,017,149	(6,117,083)
	109,069,690	573,790,128	1,017,149	683,876,967
Current				
Murabahah Tawarruq	575,000,000	(575,000,000)	-	-
Less: Transaction costs on Islamic financing	(482,435)	(67,450)	549,885	-
	683,587,255	(1,277,322)	1,567,034	683,876,967

17. Islamic financing (cont'd)

Changes in liabilities arising from financing activities (cont'd):

	At 1 January 2022 RM	Cash flows RM	Charged to profit or loss RM	At 31 December 2022 RM
Fund				
Non-current				
Commodity Murabahah - I	80,000,000	-	-	80,000,000
Commodity Murabahah - II	29,994,050	-	-	29,994,050
Commodity Murabahah - II	580,000,000	-	-	580,000,000
RC - I	-	100,000,000	-	100,000,000
TF - I	-	72,000,000	-	72,000,000
	689,994,050	172,000,000	-	861,994,050
Less: Transaction costs on Islamic financing	(6,117,083)	(1,688,263)	1,428,263	(6,377,083)
	683,876,967	170,311,737	1,428,263	855,616,967

	At 1 January 2021 RM	Cash flows RM	Charged to profit or loss RM	At 31 December 2021 RM
Fund				
Non-current				
Commodity Murabahah - I	80,000,000	-	-	80,000,000
Commodity Murabahah - II	29,994,050	-	-	29,994,050
Commodity Murabahah - II	-	580,000,000	-	580,000,000
	109,994,050	580,000,000	-	689,994,050
Less: Transaction costs on Islamic financing	(924,360)	(6,209,872)	1,017,149	(6,117,083)
	109,069,690	573,790,128	1,017,149	683,876,967

18. Unitholders' capital

	Group and Fund			
	2022		2021	
	No. of units	RM	No. of units	RM
Issued and fully paid-up:				
At 1 January	735,985,088	731,398,126	735,985,088	731,398,126
Issue of new units	20,500,669	25,010,816	-	-
At 31 December	756,485,757	756,408,942	735,985,088	731,398,126

18. Unitholders' capital (cont'd)

During the year, the Fund increased its Issued and fully paid-up unitholders' capital from RM731,398,126 to RM756,408,942 by way of the issuance of 20,500,669 units of unitholders' capital at an issue price of RM1.22 per unit to KPJ Healthcare Berhad offset against the proceeds from acquisition of hopsitals.

Details of units held by the Manager's directors and unitholders, and related parties which comprise companies related to Johor Corporation and KPJ Healthcare Berhad, substantial unitholders of the Fund, and their market value as of 31 December 2022 and 31 December 2021 respectively based on the Record of Depositors are as follows:

	2022		2021	
	No. of units	**RM**	**No. of units**	**RM**
Related parties:				
Pusat Pakar Tawakal Sdn Bhd	54,648,534	66,671,211	54,648,534	63,392,299
Bandar Baru Klang Specialist Hospital Sdn Bhd	36,115,266	44,060,625	36,115,266	41,893,709
Selangor Medical Centre Sdn Bhd	35,000,000	42,700,000	35,000,000	40,600,000
Seremban Specialist Hospital Sdn Bhd	23,731,000	28,951,820	23,731,000	27,527,960
Ampang Puteri Specialist Hospital Sdn Bhd	21,013,739	25,636,762	21,013,739	24,375,937
KPJ Healthcare Berhad	20,500,669	25,010,816	-	-
Medical Associates Sdn Bhd	19,055,000	23,247,100	19,055,000	22,103,800
Waqaf An-Nur Corporation Berhad	18,251,870	22,267,281	-	-
Sentosa Medical Centre Sdn Bhd	15,653,000	19,096,660	15,653,000	18,157,480
Kedah Medical Centre Sdn Bhd	15,000,000	18,300,000	15,000,000	17,400,000
Johor Specialist Hospital Sdn Bhd	12,203,000	14,887,660	12,203,000	14,155,480
Puteri Specialist Hospital Sdn Bhd	12,000,000	14,640,000	12,000,000	13,920,000
Perdana Specialist Hospital Sdn Bhd	11,789,000	14,382,580	11,789,000	13,675,240
KPJ Healthcare University College Sdn Bhd	7,758,620	9,465,516	7,758,620	8,999,999
Kuantan Specialist Hospital Sdn Bhd	5,000,000	6,100,000	5,000,000	5,800,000
Kajang Specialist Hospital Sdn Bhd	4,487,000	5,474,140	4,487,000	5,204,920
Jeta Gardens (Qld) Pty Ltd	3,786,924	4,620,047	3,786,924	4,392,832
Kota Kinabalu Specialist Hospital Sdn Bhd	3,500,000	4,270,000	3,500,000	4,060,000
Taiping Medical Centre Sdn Bhd	3,334,000	4,067,480	3,334,000	3,867,440
Johor Ventures Sdn Bhd	173,219	211,327	173,219	200,934

19. Management Expense Ratio ("MER")

	Fund	
	2022	**2021**
	%	**%**
MER	0.29	0.29

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 administration 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 ("REITs") which use a different basis of calculation may not be an accurate comparison.

20. Significant related party transactions

Parties are considered to be related to the Group if the parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operation decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Fund derive all their rental income as disclosed in Note 4 from related parties.

Significant related party charges/(credits) other than those disclosed in Note 4 are as follows:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Manager's fee	1,851,471	1,845,342	1,851,471	1,845,342
Maintenance fee	1,098,480	1,010,176	1,098,480	1,010,176
Other income	(532,000)	(532,000)	(532,000)	(532,000)

Other income relates to the compensation received from Selangor Medical Centre Sdn Bhd for loss of opportunity and annual loss of potential income due to the deferment for the transfer of a Physician Consultant Building to the Fund.

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

21. Operating leases - Group as lessor

The Group and the Fund lease out their investment properties under operating leases. The future minimum lease receivable under non-cancellable leases are as follows:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Less than one year	112,168,484	115,451,639	106,440,368	109,723,524
Between one and five years	348,147,381	446,089,551	317,741,852	422,480,505
	460,315,865	561,541,190	424,182,220	532,204,029

22. Financial risk management objectives and policies

The Group and the Fund are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, financing rate risk and foreign currency risk.

The Group and the Fund have taken measures to minimise their exposure to risks associated with their financing, investing and operating activities and operate within clearly defined guidelines as set out in the SC Guidelines.

22. Financial risk management objectives and policies (cont'd)

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 is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its contractual obligations. Credit risk arises from cash and cash equivalents, amount due from subsidiaries as well as credit exposures primarily from outstanding trade and other receivables.

The Group and the Fund adopt the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including tenancy deposits, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. For other financial assets (including cash and bank balances and Islamic fixed deposits with licensed banks), the Group and the Fund minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group and the Fund seek to invest cash assets safely and profitably. The Group and the Fund have no significant concentration of credit risk and it is not the Group's and the Fund's policy to hedge their credit risks. The Group and the Fund have in place, for significant operating subsidiaries, policies to ensure that sales of products and services are made to customers with an appropriate credit history and sets limits on the amount of credit exposure to any one customer. For significant subsidiaries, there were no instances of credit limits being materially exceeded during the reporting periods and management does not expect any material losses from non-performance by counterparties.

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 is disclosed in Note 12.

Credit risk concentration profile

Other than the amount due from the subsidiary, the Group and the Fund are not exposed to any significant concentration of credit risk in the form of receivables due from a single debtor or from groups of debtors.

Impairment of financial assets

The Group's and the Fund's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables, other receivables and amount due from subsidiaries. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be insignificant.

Trade receivables using the simplified approach

The Group and the Fund apply the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

22. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Impairment of financial assets (cont'd)

Amount due from a subsidiary

The Fund provides unsecured advances to the subsidiary. The Fund monitors the results of the subsidiary regularly. As at the end of the reporting period, the maximum exposure to credit risk was represented by their carrying amounts in the statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Fund will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Fund's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Fund's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group and the Fund manage their operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of their overall liquidity management, the Group and the Fund maintain sufficient levels of cash and bank balances to meet their working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Fund's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
As at 31 December 2022				
Financial liabilities				
Other payables	24,504,143	4,244,681	10,032,142	38,780,966
Islamic financing	37,967,407	680,374,555	305,479,274	1,023,821,236
	62,471,550	684,619,236	315,511,416	1,062,602,202
As at 31 December 2021				
Financial liabilities				
Other payables	20,613,049	3,875,364	9,761,667	34,250,080
Islamic financing	22,924,406	469,751,406	314,434,192	807,110,004
	43,537,455	473,626,770	324,195,859	841,360,084

22. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Fund				
As at 31 December 2022				
Financial liabilities				
Other payables	24,543,917	4,244,681	10,032,142	38,820,740
Islamic financing	37,967,407	680,374,555	305,479,274	1,023,821,236
	62,511,324	684,619,236	315,511,416	1,062,641,976
As at 31 December 2021				
Financial liabilities				
Other payables	20,259,662	3,875,364	9,761,667	33,896,693
Islamic financing	22,924,406	469,751,406	314,434,192	807,110,004
	43,184,068	473,626,770	324,195,859	841,006,697

(c) Interest rate risk

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

The Group and the Fund manage their financing rate exposure by maintaining a prudent mix of fixed and floating rate of borrowings. The Group and the Fund place cash deposits on short-term basis and therefore this allows the Group and the Fund to respond to significant changes of financing rate promptly.

The interest rate mentioned below will have an impact on the management of the Group and the Fund, regardless of whether it is an Islamic fund or otherwise. It does not in any way suggest that the Group and the Fund will invest in conventional financial instruments. All the investments and placements carried out for the Group and the Fund are in accordance with Shariah requirements.

Sensitivity analysis for profit rate risk

At the end of the reporting period, a change of 25 basis points ("bp") in financing rates would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

22. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

Sensitivity analysis for profit rate risk (cont'd)

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Financing rate				
- 25 bp decrease	2,000,651	1,608,433	2,000,749	1,608,529
- 25 bp increase	(2,000,651)	(1,608,433)	(2,000,749)	(1,608,529)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. It is not the Group's policy to hedge foreign currency translation risk. The Group and the Fund also maintain bank accounts denominated in foreign currencies, primarily in AUD, as a natural hedge against foreign currency risk.

The Group's and the Fund's exposure to foreign currency risk, based on carrying amounts of assets and liabilities as at the end of the reporting period was:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Denominated in AUD				
Trade receivables	25,756,239	19,814,463	-	-
Cash and cash equivalents	18,926,130	26,732,251	1,132,576	7,205,394
Other payables	(133,238)	(351,539)	-	-
Net exposure in the statements of financial position	44,549,131	46,195,175	1,132,576	7,205,394

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Fund's profit/(loss) net of tax to a reasonably possible change in the AUD exchange rates against the functional currency of the Group and the Fund, with all other variables held constant.

22. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

	Other comprehensive income			
	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
AUD				
Strengthened 5%	2,227,457	2,309,759	56,629	360,270
Weakened 5%	(2,227,457)	(2,309,759)	(56,629)	(360,270)

23. Segment reporting

The Group has a single operating segment. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has two reportable segments as follows:

(i) Malaysia
(ii) Australia

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit.

The Group's segmental information is as follows:

	Malaysia RM	Australia RM	Total RM
31 December 2022			
Gross rental	104,587,721	5,650,946	110,238,667
Property expenses	(5,977,646)	(62,007)	(6,039,653)
Net property income	98,610,075	5,588,939	104,199,014
Investment revenue	922,748	-	922,748
Other income	579,833	425,590	1,005,423
Fair value adjustment on investment properties	(11,258,551)	-	(11,258,551)
Total income	88,854,105	6,014,529	94,868,634
Trust expenditure	(6,732,573)	(502,488)	(7,235,061)
Operating profit	82,121,532	5,512,041	87,633,573
Finance costs	(27,598,039)	-	(27,598,039)
Profit before tax	54,523,493	5,512,041	60,035,534
Tax	103,325	-	103,325
Profit after tax	54,626,818	5,512,041	60,138,859
Total assets	1,737,999,430	129,066,405	1,867,065,835
Total liabilities	895,642,368	208,688	895,851,056

23. Segment reporting (cont'd)

The Group's segmental information is as follows (cont'd):

	Malaysia RM	Australia RM	Total RM
31 December 2021			
Rental	104,245,507	9,826,994	114,072,501
Property expenses	(5,840,129)	(10,499)	(5,850,628)
Net property income	98,405,378	9,816,495	108,221,873
Investment income	623,104	-	623,104
Realised gain on foreign exchange	11,182	-	11,182
Other income	532,303	28	532,331
Fair value adjustment on investment properties	5,536,199	-	5,536,199
Total income	105,108,166	9,816,523	114,924,689
Expenditure	(11,951,060)	(2,187,306)	(14,138,366)
Operating profit	93,157,106	7,629,217	100,786,323
Financing costs	(28,004,770)	-	(28,004,770)
Profit before tax	65,152,336	7,629,217	72,781,553
Tax	768,296	-	768,296
Profit after tax	65,920,632	7,629,217	73,549,849
Total assets	1,539,093,674	125,639,320	1,664,732,994
Total liabilities	719,379,547	351,539	719,731,086

24. Capital management

The Group and the Fund manage their capital to ensure that entities in the Group and the Fund will be able to continue as going concerns while maximising the return to unitholders through the optimisation of the debt and equity balance.

The capital structure of the Group and of the Fund consists of net debt (borrowings as detailed in Note 17) offset by cash and cash equivalents and unitholders' fund of the Group and of the Fund (comprising unitholders' capital and undistributed income).

Gearing ratios are calculated based on the proportion of total borrowings to the total asset value in accordance with Securities Commission Malaysia ("SC") Guidelines. The SC Guidelines require that the total borrowings of a fund (including borrowings through issuance of debt securities) should not exceed 50% of the total asset value of the Fund at the time the borrowings are incurred. Notwithstanding, the Fund's total borrowings may exceed this limit with the sanction of the unitholders by way of an ordinary resolution.

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

24. Capital management (cont'd)

Gearing ratio

The Group's and the Fund's gearing ratio are calculated based on the proportion of total borrowings to the total asset value. The gearing ratio at the end of the reporting period is as follows:

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Total borrowings	855,616,967	683,876,967	855,616,967	683,876,967
Total assets value	1,867,065,835	1,664,732,994	1,867,100,179	1,664,796,608
Total borrowings to total assets value ratio	45.83%	41.08%	45.83%	41.08%

25. Portfolio turnover ratio ("PTR")

	Group 2022 RM	Fund 2022 RM
PTR (times)	0.20	0.20

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

26. Capital commitments

	Group		Fund	
	2022 RM	2021 RM	2022 RM	2021 RM
Capital expenditure - authorised but not contracted for	213,200,000	296,000,000	213,200,000	296,000,000

27. Significant events

(i) Acquisition of a building known as TMC Health Centre

On 2 September 2022, the Fund as represented by the Trustee, entered into a conditional sales and purchase agreement with Penang Specialist Hospital Sdn Bhd, a wholly-owned subsidiary of KPJ Healthcare Berhad to acquire a building known as TMC Health Centre, for a total consideration of RM14,300,000. The acquisition was completed on 23 December 2022.

27. Significant events (cont'd)

(ii) Acquisition of a building forming part of KPJ Seremban Specialist Hospital

On 2 September 2022, the Fund as represented by the Trustee, entered into a conditional sales and purchase agreement with Maharani Specialist Hospital Sdn Bhd, a wholly-owned subsidiary of KPJ Healthcare Berhad to acquire a building forming part of KPJ Seremban Specialist Hospital, for a total consideration of RM84,700,000. The acquisition was completed on 23 December 2022.

(iii) Acquisition of KPJ Pasir Gudang Specialist Hospital

On 2 September 2022, the Fund as represented by the Trustee, entered into a conditional sales and purchase agreement with Pasir Gudang Specialist Hospital Sdn Bhd, a wholly-owned subsidiary of KPJ Healthcare Berhad to acquire KPJ Pasir Gudang Specialist Hospital, for a cash consideration of RM67,989,184 and issuance of 20,500,669 units of unitholders' capital at an issue price of RM1.22 per unit. The acquisition was completed on 27 December 2022.

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