

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the First Quarter Ended 31 March 2023**

Note	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year Corresponding Period to Date	Changes
	31-03-2023	31-03-2022		31-03-2023	31-03-2022	
	RM	RM	%	RM	RM	%
Gross rental income	30,211,377	27,249,811	10.9	30,211,377	27,249,811	10.9
Property expenses	(1,601,015)	(1,542,279)	3.8	(1,601,015)	(1,542,279)	3.8
<b>Net rental income</b>	<b>28,610,362</b>	<b>25,707,532</b>	<b>11.3</b>	<b>28,610,362</b>	<b>25,707,532</b>	<b>11.3</b>
Investment income	330,253	162,539	>100	330,253	162,539	>100
Unrealised (loss)/gain on foreign exchange	(11,651)	284,484	(>100)	(11,651)	284,484	(>100)
Other income	133,000	133,000	-	133,000	133,000	-
<b>Total income</b>	<b>29,061,964</b>	<b>26,287,555</b>	<b>10.6</b>	<b>29,061,964</b>	<b>26,287,555</b>	<b>10.6</b>
Managers' fees	(482,101)	(451,863)	6.7	(482,101)	(451,863)	6.7
Trustees' fees	(97,546)	(93,599)	4.2	(97,546)	(93,599)	4.2
Islamic financing costs	(9,924,534)	(6,102,720)	62.6	(9,924,534)	(6,102,720)	62.6
Maintenance of properties	(586,999)	-	100.0	(586,999)	-	100.0
Realised loss on foreign exchange	-	(608)	(100.0)	-	(608)	(100.0)
Administrative expenses	(527,828)	(474,542)	11.2	(527,828)	(474,542)	11.2
Professional fees	(65,000)	(97,893)	(33.6)	(65,000)	(97,893)	(33.6)
Withholding tax	(111,380)	(111,380)	-	(111,380)	(111,380)	-
<b>Total trust expenditure</b>	<b>(11,795,388)</b>	<b>(7,332,605)</b>	<b>60.9</b>	<b>(11,795,388)</b>	<b>(7,332,605)</b>	<b>60.9</b>
<b>Net income before taxation</b>	<b>17,266,576</b>	<b>18,954,950</b>	<b>(8.9)</b>	<b>17,266,576</b>	<b>18,954,950</b>	<b>(8.9)</b>
Tax	-	-	-	-	-	-
<b>Net income after taxation</b>	<b>17,266,576</b>	<b>18,954,950</b>	<b>(8.9)</b>	<b>17,266,576</b>	<b>18,954,950</b>	<b>(8.9)</b>
<b>Other comprehensive (expenses)/ income</b>						
Foreign currency translation differences for foreign operation	(575,249)	236,845	(>100)	(575,249)	236,845	(>100)
<b>Total comprehensive income for the period</b>	<b>16,691,327</b>	<b>19,191,795</b>	<b>(13.0)</b>	<b>16,691,327</b>	<b>19,191,795</b>	<b>(13.0)</b>
Net income after taxation is made up as follows:						
Realised	16,687,017	17,959,516	(7.1)	16,687,017	17,959,516	(7.1)
Unrealised	579,559	995,434	(41.8)	579,559	995,434	(41.8)
	<b>17,266,576</b>	<b>18,954,950</b>	<b>(8.9)</b>	<b>17,266,576</b>	<b>18,954,950</b>	<b>(8.9)</b>
<b>Earnings per unit (sen) - Net</b>	<b>2.28</b>	<b>2.58</b>	<b>(11.6)</b>	<b>2.28</b>	<b>2.58</b>	<b>(11.6)</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2023**

	Note	Unaudited As At End Of Current Quarter 31-03-2023 RM	Audited As At Preceding Year Ended 31-12-2022 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	A9	1,721,281,384	1,721,281,384
<b>Current Assets</b>			
Trade receivables	B11	46,094,189	49,503,412
Other receivables & prepayments		2,322,988	149,885
Cash and bank balances		42,637,028	40,774,756
Fixed deposits with licensed banks		40,276,862	55,356,398
		<u>131,331,067</u>	<u>145,784,451</u>
<b>TOTAL ASSETS</b>		<u>1,852,612,451</u>	<u>1,867,065,835</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Islamic financing	B12	855,883,234	855,616,967
Other payables		15,247,543	15,247,543
Deferred tax		1,662,541	1,662,541
		<u>872,793,318</u>	<u>872,527,051</u>
<b>Current Liabilities</b>			
Other payables and accruals		7,799,216	8,604,304
Provision for income distribution		-	14,719,701
		<u>7,799,216</u>	<u>23,324,005</u>
<b>TOTAL LIABILITIES</b>		<u>880,592,534</u>	<u>895,851,056</u>
<b>NET ASSETS VALUE</b>		<u>972,019,917</u>	<u>971,214,779</u>
<b>REPRESENTED BY:</b>			
Unitholders' capital		756,408,942	756,408,942
Undistributed income		225,738,399	224,358,012
Foreign exchange translation reserve		(10,127,424)	(9,552,175)
<b>TOTAL UNITHOLDERS' FUND</b>		<u>972,019,917</u>	<u>971,214,779</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		<u>756,485,757</u>	<u>756,485,757</u>
<b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b>			
- Before income distribution		1.2849	1.2839
- After income distribution*		1.2649	1.2629

\*after reflecting the proposed first interim income distribution for financial year ending 31 December 2023 of 2.00 sen per unit (2022: final income distribution for financial year ended 31 December 2022 of 2.10 sen per unit).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS VALUE**  
**For the First Quarter Ended 31 March 2023**

Note	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
<b>As at 1 January 2022</b>	731,398,126	221,625,961	(8,022,179)	945,001,908
<b>Operation for the period ended 31 March 2022</b>				
Net income for the period	-	18,954,950	236,845	19,191,795
<i>Increase in net assets resulting from operation</i>	-	18,954,950	236,845	19,191,795
<b>Unitholders' transactions</b>				
Placement of units	-	-	-	-
Distribution to unitholders	-	(13,247,718)	-	(13,247,718)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(13,247,718)	-	(13,247,718)
<b>Net assets as at 31 March 2022</b>	731,398,126	227,333,193	(7,785,334)	950,945,985
<b>As at 1 January 2023</b>	756,408,942	224,358,012	(9,552,175)	971,214,779
<b>Operation for the period ended 31 March 2023</b>				
Net income for the period	-	17,266,576	(575,249)	16,691,327
<i>Increase in net assets resulting from operation</i>	-	17,266,576	(575,249)	16,691,327
<b>Unitholders' transactions</b>				
Placement of units	-	-	-	-
Distribution to unitholders #	-	(15,886,189)	-	(15,886,189)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(15,886,189)	-	(15,886,189)
<b>Net assets as at 31 March 2023</b>	756,408,942	225,738,399	(10,127,424)	972,019,917

# Includes the payment of the final income distribution for the financial year ended 31 December 2022 of 2.10 sen per unit (of which 1.05 sen per unit is taxable and 1.05 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 October to 31 December 2022 which was paid on 28 February 2023.

The Condensed Consolidated Statement of Changes In Net Assets Value should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the First Quarter Ended 31 March 2023**

	<b>To Date</b>	
	31-03-2023	31-03-2022
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	17,266,576	18,954,950
Adjustment for:		
Islamic financing costs	9,924,534	6,102,720
Unrealised loss/(gain) on foreign exchange	11,651	(284,484)
Unbilled rental income	(591,210)	(710,950)
Investment revenue	(330,253)	(162,539)
Operating profit before working capital changes	26,281,298	23,899,697
Changes in working capital:		
Decrease/(Increase) in receivables and prepayments	1,827,330	(4,450,516)
Decrease in other payables and accruals	(15,530,067)	(13,876,672)
Cash generated from operations	12,578,561	5,572,509
Taxes	-	-
Net cash generated from operating activities	12,578,561	5,572,509
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Income received on investment	330,253	162,539
Net cash generated from investing activity	330,253	162,539
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution paid	(15,886,189)	(13,247,718)
Islamic financing costs paid	(9,652,992)	(5,644,971)
Net cash used in financing activities	(25,539,181)	(18,892,689)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(12,630,367)	(13,157,641)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	(586,897)	521,329
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	96,092,012	89,803,086
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	82,874,748	77,166,774
<b>DEPOSITS, CASH AND BANK BALANCES</b>		
Cash and bank balances	42,637,028	45,256,429
Fixed deposits with licensed banks	40,276,862	31,948,776
	82,913,890	77,205,205
Less: Islamic fixed deposits with licensed banks with maturity period of more than 3 months	(39,142)	(38,431)
<b>CASH AND CASH EQUIVALENTS</b>	82,874,748	77,166,774

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the First Quarter Ended 31 March 2023**

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

**A1. BASIS OF PREPARATION**

These condensed financial statements have been prepared in accordance with Listing Requirements of the Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standard (MFRS) 134 and International Financial Reporting Standards.

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2022.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent Audited Financial Statements for the financial year ended 31 December 2022.

New and amended MFRS that are effective

- Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021)
- Annual improvements to MFRS Standards 2018 - 2020 (effective 1 January 2022)
- Amendments to MFRS 3: Reference to the Conceptual Framework (effective 1 January 2022)
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use (effective 1 January 2022)
- Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract (effective 1 January 2022)

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

Standards and interpretations that have been issued but not yet effective

- MFRS 17 Insurance Contracts (effective 1 January 2023)
- Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information (effective 1 January 2023)
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendments to MFRS 101: Disclosure of Accounting Policies (effective 1 January 2023)
- Amendments to MFRS 108: Definition of Accounting Estimates (effective 1 January 2023)
- Amendment to MFRS 16 : Lease Liability in a Sale and Leaseback (effective 1 January 2024 )
- Amendment to MFRS 101 : Non-current Liabilities with Covenants (effective 1 January 2024 )
- Amendment to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Deferred )

The Group did not early adopt these new standards.

**A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2022 was not subject to any audit qualification.

**A3. SEASONALITY AND CYCLICALITY OF OPERATIONS**

The business operations of Al-'Aqar Healthcare REIT are not affected by any material seasonal or cyclical factors.

**A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS**

There were no unusual items affecting the financial statements of Al-'Aqar Healthcare REIT for the current quarter.

## A5. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates arising from the adoption of the new and revised MFRSs, that have had a material effect in the current quarter.

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

There were no issuances, cancellations, repurchase and repayment of debt and equity securities being made in the current quarter.

## A7. INCOME DISTRIBUTION

The final income distribution for the financial year ended 31 December 2022 of 2.10 sen per unit (of which 1.05 sen per unit is taxable and 1.05 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 October to 31 December 2022, which was announced on 2 February 2023 has been paid on 28 February 2023.

## A8. SEGMENTAL REPORTING

### a. Primary reporting segment - Geographical segments

Al-'Aqar Healthcare REIT operates in two principal geographical areas as follows:

	Malaysia RM'000	Australia RM'000	Total RM'000
<b>Period Ended 31 March 2023</b>			
Gross rental income	28,780	1,431	30,211
Property expenses	<u>(1,586)</u>	<u>(15)</u>	<u>(1,601)</u>
Net rental income	27,194	1,416	28,610
Investment income	330	-	330
Unrealised loss on foreign exchange	(11)	-	(11)
Other income	<u>133</u>	<u>-</u>	<u>133</u>
Total income	27,646	1,416	29,062
Trust expenditure	<u>(11,638)</u>	<u>(157)</u>	<u>(11,795)</u>
Net income before taxation	16,008	1,259	17,267
Tax	<u>-</u>	<u>-</u>	<u>-</u>
Net income after taxation	<u>16,008</u>	<u>1,259</u>	<u>17,267</u>
Total assets	<u>1,720,573</u>	<u>132,039</u>	<u>1,852,612</u>
Total liabilities	<u>880,425</u>	<u>168</u>	<u>880,593</u>
	Malaysia RM'000	Australia RM'000	Total RM'000
<b>Period Ended 31 March 2022</b>			
Gross rental income	25,825	1,425	27,250
Property expenses	<u>(1,526)</u>	<u>(16)</u>	<u>(1,542)</u>
Net rental income	24,299	1,409	25,708
Investment income	163	-	163
Unrealised gain on foreign exchange	284	-	284
Other income	<u>133</u>	<u>-</u>	<u>133</u>
Total income	24,879	1,409	26,288
Trust expenditure	<u>(7,056)</u>	<u>(277)</u>	<u>(7,333)</u>
Net income before taxation	17,823	1,132	18,955
Tax	<u>-</u>	<u>-</u>	<u>-</u>
Net income after taxation	<u>17,823</u>	<u>1,132</u>	<u>18,955</u>
Total assets	<u>1,528,829</u>	<u>128,429</u>	<u>1,657,258</u>
Total liabilities	<u>705,732</u>	<u>580</u>	<u>706,312</u>

## A8. SEGMENTAL REPORTING (CONT'D)

### b. Secondary reporting segment - Business segments

Al-'Aqar Healthcare REIT operates within the healthcare industry and accordingly, the segmental reporting by business segment was not prepared.

## A9. VALUATION OF INVESTMENT PROPERTIES

There was no valuation of property being made in the current quarter.

## A10. SUBSEQUENT MATERIAL EVENTS

There were no subsequent material events to the current quarter under review up to the date of this Interim Financial Report save for the redemption of Revolving Credit-i of RM100.0 million via proceeds from private placement as disclosed in B12.

## A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of Al-'Aqar Healthcare REIT for the current quarter.

## A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed in the current quarter.

## A13. SIGNIFICANT RELATED PARTY TRANSACTION

Parties are considered to be related to the Group and the Fund if the Group and the Fund has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Fund 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 derives all its rental income from related parties.

Significant related party transactions are as follows:

	The Group		The Fund	
	31-03-2023 RM	31-03-2022 RM	31-03-2023 RM	31-03-2022 RM
Manager's fee	482,101	451,863	482,101	451,863
Maintenance fee	301,200	306,032	301,200	306,032
Other income	133,000	133,000	133,000	133,000

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 Group and 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.

# AL-'AQAR HEALTHCARE REIT

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2023

### B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. REVIEW OF PERFORMANCE

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31.03.2023 RM'000	Preceding Year Corresponding Quarter 31.03.2022 RM'000	Changes %	Current Year To Date 31.03.2023 RM'000	Preceding Year Period To Date 31.03.2022 RM'000	Changes %
<b>Net rental income</b>						
Malaysia	27,194	24,299	11.9	27,194	24,299	11.9
Australia	1,416	1,409	0.5	1,416	1,409	0.5
<b>Total</b>	<b>28,610</b>	<b>25,708</b>	<b>11.3</b>	<b>28,610</b>	<b>25,708</b>	<b>11.3</b>
<b>Net income before taxation</b>						
Malaysia	16,008	17,823	(10.2)	16,008	17,823	(10.2)
Australia	1,259	1,132	11.2	1,259	1,132	11.2
<b>Total</b>	<b>17,267</b>	<b>18,955</b>	<b>(8.9)</b>	<b>17,267</b>	<b>18,955</b>	<b>(8.9)</b>

#### Review of Individual/Cumulative Quarter Results

##### Malaysia segment

The Malaysia segment contributed RM27.2 million of net rental income for the current quarter ended 31 March 2023, represented an increase of RM2.9 million or 11.9% from RM24.3 million, recorded in the preceding year's corresponding quarter. The increase was mainly contributed by income from TMC Health (New Building), KPJ Seremban Specialist Hospital (New Building) and KPJ Pasir Gudang Specialist Hospital, which was acquired in December 2022 as well as annual increment on rental income.

The Malaysia segment recorded net income before taxation of RM16.0 million for the current quarter, which is RM1.8 million or 10.2% lower than the preceding year's corresponding quarter of RM17.8 million. The decrease was mainly due to higher financing cost of RM2.0 million in relation drawdown of additional Islamic financing in December 2022 as well as due to increase 100 basis point in OPR from 1.75% to 2.75% of RM1.8 million. The decrease was also due to higher replacement and repainting cost of RM0.6 million incurred during the current quarter.

##### Australia segment

The net rental income of the Australia segment for the current quarter ended 31 March 2023 was largely unchanged at RM1.4 million, as compared to preceding year's corresponding quarter.

The Australia segment recorded net income before taxation of RM1.3 million for the current quarter, which is slightly higher of RM0.2 million than preceding year corresponding quarter of RM1.1 million due to lower trust expenditure incurred during the current quarter.

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

	<b>Current Quarter ended 31.03.2023 RM'000</b>	<b>Immediate Preceding Quarter ended 31.12.2022 RM'000</b>	<b>Changes %</b>
Net rental income	28,610	26,760	6.91
Net income before taxation	17,267	5,122	>100

Al-'Aqar Healthcare REIT recorded a net income before taxation of RM17.3 million as compared to RM5.1 million in the preceding quarter. This was mainly due to fair value loss from the annual revaluation of investment properties of RM11.3 million recorded in the immediate preceding quarter.

**B3. CHANGES IN NET ASSET VALUE**

	<b>As at 31-03-2023 RM'000</b>	<b>As at 31-12-2022 RM'000</b>
Net asset value ("NAV")	<u>972,020</u>	<u>971,215</u>
NAV per unit (RM)	<u>1.2849</u>	<u>1.2839</u>

The NAV as at 31 March 2023 was higher by RM0.8 million as compared to the immediate preceding quarter, as a result of total comprehensive income of RM16.7 million and income distribution of RM15.9 million recognised during the current quarter.

**B4. PROSPECTS**

The global economy continues to be driven by resilient domestic demand supported by strong labour market conditions, and a stronger-than-expected rebound of China's economy. Nevertheless, the global economy continues to be weighed down by elevated cost pressures and higher interest rates. Headline inflation continued to moderate, but core inflation has persisted above historical averages. For most central banks, the monetary policy stance is likely to remain tight. The growth outlook remains subject to downside risks, mainly from an escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and a sharp tightening in financial market conditions including from further stress in the banking sector.

For Malaysia, the latest developments point towards further expansion in economic activity in the first quarter of 2023 after the strong performance in 2022. While exports are expected to moderate, growth in 2023 will be driven by domestic demand. Household spending remains resilient, underpinned by better labour market conditions as unemployment continues to decline to pre-pandemic levels. The pickup in tourist arrivals is expected to lift tourism-related activities. Further progress of multi-year infrastructure projects will support investment activity. Domestic financial conditions also remain conducive to financial intermediation, with no signs of excessive tightening affecting consumption and investment activities. Risks to the domestic growth outlook are relatively balanced. Upside risks mainly emanate from domestic factors such as stronger-than-expected tourism activity and implementation of projects including those from the re-tabled Budget 2023, while downside risks stem from weaker-than-expected global growth and more volatile global financial market conditions.

On 3rd May 2023, Bank Negara Malaysia has raised the Overnight Policy Rate by 25 basis points to 3%, as the central bank believed the global economy continued to be driven by resilient domestic demand. As expected, headline inflation trended lower in recent months on account of moderating cost factors. Both headline and core inflation are expected to moderate over the course of 2023, averaging between 2.8% to 3.8%. However, core inflation will remain at elevated levels amid firm demand conditions. Existing price controls and fuel subsidies will continue to partly contain the extent of upward pressures to inflation. The balance of risk to the inflation outlook is tilted to the upside and remains highly subject to any changes to domestic policy including on subsidies and price controls, financial market developments, as well as global commodity prices.

KPJ Group, being the sponsor of Al-'Aqar, in 2022 has delivered sterling performance and results as the transition into endemicity and re-opening of international borders has contributed positively to the increase in economic activities. The Group has seen a resurgence in overall healthcare services throughout its network of hospitals and the current year results has exceeded its pre-pandemic performance. The Group is optimistic on the outlook of the healthcare industry as it moves beyond the pandemic phase in 2023 and will remain focused in improving its operational efficiency and expanding its existing capacities as it strives to deliver excellent patient care, contributing to a better customer experience.

**B4. PROSPECTS (CONT'D)**

Hence, the Manager does not expect any disruption to the earning of Al-'Aqar as the Fund earning is underpinned by the long-term lease arrangements with KPJ Group. In addition, the lease renewal of five KPJ Group hospitals (expected to be completed in Quarter 3, 2023) will be able to contribute positively to the future earnings of Al-'Aqar.

Sources:

- 1 Bank Negara Monetary Policy Statement, 3 May 2023.
- 2 KPJ Healthcare 2022 Performance Review & Prospect, 17 February 2023.

**B5. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS**

There was no issuance of new units during the current quarter.

**B6. TAX**

	<b>The Group</b>		<b>The Fund</b>	
	<b>31-03-2023</b>	<b>31-03-2022</b>	<b>31-03-2023</b>	<b>31-03-2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax expense				
- Income Tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year assessment, 90% or more of the total income of the trust is distributed to unitholders, the total income of the trust for that year of assessment shall be exempted from tax.

In accordance with the Deed, the Fund is required to distribute at least 95% of its distributable income. 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.

Deferred tax liability has been provided for the investment properties at 10% which reflects the expected manner of recovery of the investment properties i.e. recovered through sale.

**B7. INCOME DISTRIBUTION**

Income distributions to unitholders is derived from the following sources:

	<b>Current</b>		<b>Preceding</b>	
	<b>Year</b>	<b>Year</b>	<b>Year</b>	<b>Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Year</b>	<b>Corresponding</b>
	<b>31-03-2023</b>	<b>Quarter</b>	<b>To Date</b>	<b>Period To Date</b>
	<b>RM'000</b>	<b>31-03-2022</b>	<b>31-03-2023</b>	<b>31-03-2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net rental income	28,610	25,708	28,610	25,708
Investment income	330	163	330	163
Other income	133	133	133	133
Less: Unbilled rental income	(591)	(711)	(591)	(711)
	<u>28,482</u>	<u>25,293</u>	<u>28,482</u>	<u>25,293</u>
Less: Expenses	(11,795)	(7,333)	(11,795)	(7,333)
Realised/Distributable income for the period	16,687	17,960	16,687	17,960
Previous year's undistributed realised income	57,281	49,562	57,281	49,562
Total realised income available for distribution	<u>73,968</u>	<u>67,522</u>	<u>73,968</u>	<u>67,522</u>
Less: Income to be distributed for the quarter/period	(15,130)	(14,720)	(15,130)	(14,720)
Balance undistributed income realised income	<u>58,838</u>	<u>52,802</u>	<u>58,838</u>	<u>52,802</u>
Distribution per unit (sen)	2.00	2.00	2.00	2.00

**B8. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

There was no disposal of unquoted securities or investment properties during the current quarter.

**B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES**

There was no purchase or disposal of quoted securities during the current quarter.

**B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED****Proposed Private Placement**

Al-`Aqar proposes to undertake a proposed private placement, which involves the issuance of up to 118,965,517 new units, representing up to 16.16% of the total issued units of Al-`Aqar. On 20 October 2022, the listing application has been submitted to Bursa Securities. Subsequently, Al-`Aqar had obtained approval from the Unitholders at the Extraordinary General Meeting (fully virtual) of Al-`Aqar held on 13 December 2022.

Al-`Aqar successfully completed the Proposed Private Placement with the issuance and listing of 83,112,000 new units on 20 April 2023. With the listing of the placement units, the total enlarged number of issued Al-`Aqar units is 839,597,757.

**B11. TRADE RECEIVABLES**

	<b>The Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31-03-2023</b>	<b>31-03-2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Current</u></b>		
Trade receivables	36,318	32,430
Unbilled rental income	9,776	6,399
	<u>46,094</u>	<u>38,829</u>

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 Specialist Hospital"). 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 on rental receivable from lessees ranges from 1 to 7 days.

The ageing analysis of the Group's trade receivables is as follows:

	<b>The Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31-03-2023</b>	<b>31-03-2022</b>
	<b>RM'000</b>	<b>RM'000</b>
0-30 days	4,540	2,936
31-60 days	2,344	2,156
61-90 days	1,016	1,962
More than 90 days	28,418	25,376
	<u>36,318</u>	<u>32,430</u>

Out of the total trade receivables of RM36.3 million, RM27.0 million is related to an Australian property and both parties are in the process of finalising on the settlement of the outstanding rental.

The Group has not recognised any allowance for estimated credit loss as the Group holds tenant deposits as credit enhancement and the amounts are considered recoverable.

**B12. ISLAMIC FINANCING**

	<b>The Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31-03-2023</b>	<b>31-03-2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Non-current</u></b>		
<b><u>Secured</u></b>		
Commodity Murabahah Term Financing (“CMTF 1”)	79,769	79,638
Commodity Murabahah Term Financing (“CMTF 2”)	29,779	29,698
Commodity Murabahah Term Financing (“CMTF 3 Tranche 1”)	278,118	277,629
Commodity Murabahah Term Financing (“CMTF 3 Tranche 2”)	297,625	297,267
Commodity Murabahah Term Financing (“CMTF 4 - Revolving Credit-i”)	99,315	-
Commodity Murabahah Term Financing (“CMTF 4 - Term Financing-i”)	71,277	-
	<b>855,883</b>	<b>684,232</b>

On 27 April 2023, Al-Aqar Healthcare REIT has fully redeemed its RM100.0 million of Revolving Credit-i via proceeds from private placements from CIMB Islamic Bank Berhad.

**B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

For the current quarter, the Group does not have any off balance sheet financial instruments.

**B14. MATERIAL LITIGATION**

There was no material litigation as at the date of the current quarter.

**B15. SOFT COMMISSION RECEIVED**

There was no soft commission received by the Manager during the current quarter.

**B16. SUMMARY OF DPU, EPU AND NAV**

	<b>Current Quarter ended 31-03-2023</b>	<b>Immediate Preceding Quarter ended 31-12-2022</b>
Number of units in issue - units	756,485,757	756,485,757
Earning per unit (EPU) - sen	2.28	0.71
Net income distribution to unitholders - RM'000	15,130	15,886
Distribution per unit (DPU) - sen	2.00	2.10
Net Asset Value (NAV) - RM'000	972,020	971,215
NAV per unit - RM	1.2849	1.2839
Market Value Per Unit - RM	1.3300	1.2200

**B17. RESPONSIBILITY STATEMENT**

This quarterly report was prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Aqar Healthcare REIT as at 31 March 2023 and of its financial performance and cash flows for the period then ended.