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Financial Statements

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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 2023.

Results

	Group 2023 RM	Fund 2023 RM
Profit for the year	60,694,173	66,517,692

Income distributions

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

	Fund 2023 RM
In respect of the financial year ended 31 December 2022 as reported in the directors' report of that year:	
Final income distribution of 2.10 sen per unit on 756,485,757 units, paid on 24 February 2023	15,886,201
In respect of the financial year ended 31 December 2023 as reported in the directors' report of current year:	
First interim income distribution of 2.00 sen per unit on 756,485,757 units, paid on 10 May 2023	15,129,715
Second interim income distribution of 1.90 sen per unit on 839,597,757 units, paid on 27 September 2023	15,952,357
Third interim income distribution of 2.00 sen per unit on 839,597,757 units, paid on 21 December 2023	16,791,935
	63,760,208

A final interim income distribution in respect of the financial year ended 31 December 2023, of 2.00 sen per unit on 839,597,757 units amounting to an income distribution payable of RM16,791,955 will be payable on 29 February 2024.

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 2024.

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.

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.

MANAGER'S REPORT

The Fund and its investment objective (Cont'd)

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 REPORT

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
Shamsul Anuar bin Abdul Majid
Datuk Sr Akmal bin Ahmad
Abdullah bin Abu Samah
Datuk Hashim bin Wahir
Ng Yan Chuan
Lailatul Azma binti Abdullah
Dato' Haji Salehuddin bin Hassan (Resigned on 9 January 2024)
Dato' Wan Kamaruzaman bin Wan Ahmad (Resigned on 5 January 2024)

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 as shown below) 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.

The directors of the Manager's benefits are as follows:

	RM
Fees	976,500

MANAGER'S REPORT

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 interests 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 1.1.2023	**Acquired**	**Sold**	**At 31.12.2023**
Al-Salām Real Estate Investment Trust				
Dato' Haji Salehuddin bin Hassan	9,125	-	-	9,125

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 up to 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 1.0% 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 unitholders' units

During the year, the Fund increased its issued and fully paid-up unitholders' capital from RM756,408,942 to RM854,758,225 by way of the issuance of 83,122,000 units of unitholders' capital at an issue price of RM1.20 per unit to redeem its Islamic financing facility, Revolving Credit-i of RM100,000,000.

MANAGER'S REPORT

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.

MANAGER'S REPORT

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	195,000	170,000
- Others	330,000	330,000
	525,000	500,000
Auditors' remuneration paid to other firms		
- Statutory audit	148,000	-
Total remuneration paid to the external auditors	673,000	500,000

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 22 February 2024.

Dato' Haji Mohd Redza Shah bin Abdul Wahid

Abdullah bin Abu Samah

Kuala Lumpur

STATEMENT BY THE DIRECTORS OF THE MANAGER AND STATUTORY DECLARATION

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 176 to 227 to 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 2023 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 22 February 2024.

Dato' Haji Mohd Redza Shah bin Abdul Wahid

Abdullah bin Abu Samah

STATUTORY DECLARATION

I, Raja Nazirin Shah bin Raja Mohamad, being the officer 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 176 to 227 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 Raja Nazirin Shah
bin Raja Mohamad at Kuala Lumpur
in the Federal Territory on 22 February 2024

Raja Nazirin Shah bin Raja Mohamad

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 2023 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 material accounting policy information, as set out on pages 176 to 227.

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 2023, 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 2023, the carrying amount of the Group's and the Fund's investment properties is RM1,643,220,335 and RM1,632,750,245 respectively, which represents 89% 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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-`AQAR HEALTHCARE REIT AND ITS SUBSIDIARIES

(Incorporated in Malaysia)

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-`AQAR HEALTHCARE REIT AND ITS SUBSIDIARIES

(Incorporated in Malaysia)

Responsibilities of the Manager and Trustee for the financial statements (Cont'd)

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-`AQAR HEALTHCARE REIT AND ITS SUBSIDIARIES

(Incorporated in Malaysia)

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

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
03592/09/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
22 February 2024

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	The Group 2023 RM	The Group 2022 RM	The Fund 2023 RM	The Fund 2022 RM
Revenue	4	121,022,481	110,238,667	115,250,328	104,587,721
Property expenses	5	(6,552,386)	(6,039,653)	(6,486,678)	(5,977,646)
Gross profit		114,470,095	104,199,014	108,763,650	98,610,075
Investment revenue	6	1,450,856	922,748	5,906,057	5,377,949
Unrealised gain on foreign exchange		55,712	-	55,712	-
Other income		731,276	1,005,423	731,276	579,833
Fair value adjustment of investment properties		(5,151,250)	(11,258,551)	8,735,161	(11,258,551)
Total income		111,556,689	94,868,634	124,191,856	93,309,306
Expenditure					
Finance costs:					
Islamic financing		36,834,869	26,169,776	36,834,869	26,169,776
Transaction cost	17	2,312,217	1,428,263	2,312,217	1,428,263
Manager's fees		4,430,769	1,851,471	4,430,769	1,851,471
Professional fees		3,298,450	1,008,481	1,031,315	946,895
Valuation fees		653,198	411,800	622,000	411,800
Directors fees		23,398	23,565	-	-
Trustee's fees		418,825	380,770	418,825	380,770
Disposal fees		-	1,004	-	1,004
Maintenance of property		958,959	1,865,540	958,959	1,865,540
Printing expenses		45,848	138,997	45,688	136,337
Secretarial fee		1,155	831	-	-
Securities Commission's fees		1,200	100	1,200	100
Audit fees					
- Current year		343,000	313,970	170,000	150,000
- Other services		330,000	10,000	330,000	10,000
Tax agent's fee		16,800	18,500	14,800	16,500
Unrealised loss on foreign exchange		-	16,585	-	16,585
Realised loss on foreign exchange		-	56,000	-	56,000
Loss on disposal of investment property		-	93,800	-	93,800
Administration expenses		874,308	583,127	673,558	337,046
Allowance for impairment loss of investment in a subsidiary	11	-	-	2,539,638	893,792
Allowance for expected credit loss on amount due from a subsidiary		-	-	6,970,806	-
Annual listing fees		5,000	5,000	5,000	5,000
Withholding tax		445,520	445,520	445,520	445,520
Shariah adviser's fee		9,000	10,000	9,000	10,000
Total expenditure		51,002,516	34,833,100	57,814,164	35,226,199
Profit before tax		60,554,173	60,035,534	66,377,692	58,083,107
Tax credit	7	140,000	103,325	140,000	103,325
Profit for the year		60,694,173	60,138,859	66,517,692	58,186,432

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	The Group 2023 RM	The Group 2022 RM	The Fund 2023 RM	The Fund 2022 RM
Profit for the year					
Realised		63,246,350	67,765,765	64,693,902	66,707,130
Unrealised		(2,552,177)	(7,626,906)	1,823,790	(8,520,698)
		60,694,173	60,138,859	66,517,692	58,186,432
Earnings per unit (sen):	8				
Basic		7.45	8.17		
Other comprehensive income/(loss) for the year,					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):					
Foreign currency translation, representing total other comprehensive income/(loss) for the year, net of tax		5,799,430	(1,529,996)	-	-
Total comprehensive income for the year, net of tax		66,493,603	58,608,863	66,517,692	58,186,432

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		The Group		The Fund	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Non-current assets					
Investment properties	10	1,643,220,335	1,721,281,384	1,632,750,245	1,636,015,084
Investment in subsidiaries	11	-	-	3	2,539,641
Amount due from a subsidiary	13	-	-	99,147,701	99,147,701
		1,643,220,335	1,721,281,384	1,731,897,949	1,737,702,426
Current assets					
Trade receivables	12	51,368,069	49,503,412	17,973,633	23,747,173
Other receivables and prepaid expenses	12	368,783	149,885	300,326	149,410
Amount due from subsidiaries	13	-	-	24,328,361	27,204,712
Cash and bank balances	14	84,326,626	96,131,154	68,368,420	78,296,458
		136,063,478	145,784,451	110,970,740	129,397,753
Assets classified as held for sale	28	76,700,031	-	12,000,000	-
		212,763,509	145,784,451	122,970,740	129,397,753
Total assets		1,855,983,844	1,867,065,835	1,854,868,689	1,867,100,179
Total unitholders' fund and liabilities					
Unitholders' fund					
Unitholders' capital	18	854,758,225	756,408,942	854,758,225	756,408,942
Undistributed income		221,291,977	224,358,012	217,557,891	214,800,407
Foreign currency translation reserve		(3,752,745)	(9,552,175)	-	-
Total unitholders' fund		1,072,297,457	971,214,779	1,072,316,116	971,209,349
Non-current liabilities					
Deferred tax liability	16	1,522,541	1,662,541	1,522,541	1,662,541
Other payables	15	16,373,882	15,247,543	16,373,882	15,247,543
Islamic financing	17	677,881,184	855,616,967	677,881,184	855,616,967
		695,777,607	872,527,051	695,777,607	872,527,051

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	The Group 2023 RM	The Group 2022 RM	The Fund 2023 RM	The Fund 2022 RM
Current liabilities					
Other payables	15	8,040,780	23,324,005	6,906,966	23,363,779
Islamic financing	17	79,868,000	-	79,868,000	-
		87,908,780	23,324,005	86,774,966	23,363,779
Total liabilities		783,686,387	895,851,056	782,552,573	895,890,830
Total unitholders' fund and liabilities		1,855,983,844	1,867,065,835	1,854,868,689	1,867,100,179
Number of units in circulation	18	839,597,757	756,485,757	839,597,757	756,485,757
Net asset value ("NAV")					
- before income distribution		1,072,297,457	971,214,779	1,072,316,116	971,209,349
- after income distribution		1,055,505,502	955,328,578	1,055,524,161	955,323,148
NAV per unit					
- before income distribution		1.28	1.28	1.28	1.28
- after income distribution		1.26	1.26	1.26	1.26

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 2023

	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 2022		731,398,126	62,809,996	158,815,965	221,625,961	(8,022,179)	945,001,908
Issuance of unitholders' capital	18	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
At 1 January 2023		756,408,942	73,168,953	151,189,059	224,358,012	(9,552,175)	971,214,779
Issuance of unitholders' capital	18	98,349,283	-	-	-	-	98,349,283
Profit/(loss) for the year		-	63,246,350	(2,552,177)	60,694,173	-	60,694,173
Other comprehensive income		-	-	-	-	5,799,430	5,799,430
Total comprehensive income/(loss)		-	63,246,350	(2,552,177)	60,694,173	5,799,430	66,493,603
Transactions with unitholders:							
Income distributions	9	-	(63,760,208)	-	(63,760,208)	-	(63,760,208)
At 31 December 2023		854,758,225	72,655,095	148,636,882	221,291,977	(3,752,745)	1,072,297,457

* Distributable

STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Unitholders' capital RM	Realised* RM	Unrealised RM	Total undistributed income RM	Total unitholders' fund RM
The Fund						
At 1 January 2022		731,398,126	60,692,459	153,328,324	214,020,783	945,418,909
Issuance of unitholders' capital	18	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
At 1 January 2023		756,408,942	69,992,781	144,807,626	214,800,407	971,209,349
Issuance of unitholders' capital	18	98,349,283	-	-	-	98,349,283
Total comprehensive income		-	64,693,902	1,823,790	66,517,692	66,517,692
Transactions with unitholders:						
Income distributions	9	-	(63,760,208)	-	(63,760,208)	(63,760,208)
At 31 December 2023		854,758,225	70,926,475	146,631,416	217,557,891	1,072,316,116

* 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 2023

	The Group		The Fund	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	60,554,173	60,035,534	66,377,692	58,083,107
Adjustments for:				
Finance costs	39,147,086	27,598,039	39,147,086	27,598,039
Investment revenue	(1,450,856)	(922,748)	(5,906,057)	(5,377,949)
Interest accretion on tenant deposits	424,563	359,332	424,563	359,332
Amortisation of deferred income	(463,085)	(406,923)	(463,085)	(406,923)
Allowance for impairment loss in investment in subsidiaries	-	-	2,539,638	893,792
Allowance for expected credit loss on amount due from a subsidiary	-	-	6,970,806	-
Fair value adjustment of investment properties	5,151,250	11,258,551	(8,735,161)	11,258,551
Unrealised (gain)/loss on foreign exchange	(55,712)	16,585	(55,712)	16,585
Loss on disposal of investment property	-	93,800	-	93,800
Unbilled rental income	(2,364,839)	(3,497,314)	(2,364,839)	(3,497,314)
Operating profit before working capital changes	100,942,580	94,534,856	97,934,931	89,021,020
Changes in working capital:				
Decrease/(Increase) in trade receivables	500,182	(9,899,605)	8,138,379	(3,957,829)
(Increase)/Decrease in other receivables and prepaid expenses	(263,046)	437,857	(195,334)	437,857
Increase/(Decrease) in other payables and accrued expenses	77,685	3,797,903	(1,095,903)	4,191,064
Net changes in working capital	314,821	(5,663,845)	6,847,142	671,092
Net cash generated from operating activities	101,257,401	88,871,011	104,782,073	89,692,112
Cash flows from investing activities				
Income received on investment	1,494,280	908,882	1,495,274	909,604
Profit sharing on advances from a subsidiary in Australia	-	-	445,520	445,520
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 generated from/(used in) investing activities	1,494,280	(169,535,339)	1,940,794	(169,089,097)
Cash flows from financing activities				
Finance costs paid on Islamic financing	(36,525,112)	(25,436,793)	(36,525,112)	(25,436,793)
Transaction costs paid	(180,000)	(1,688,263)	(180,000)	(1,688,263)
Decrease in amount due to a subsidiary	-	-	(84,774)	(33,161)
Income distributions	(78,266,014)	(57,406,808)	(78,266,014)	(57,406,808)
Repayment of Islamic financing	(100,000,000)	-	(100,000,000)	-
Net proceeds from issuance of units	98,349,283	-	98,349,283	-
Net proceeds from Islamic financing	-	172,000,000	-	172,000,000
Net cash (used in)/generated from financing activities	(116,621,843)	87,468,136	(116,706,617)	87,434,975

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group		The Fund	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Net changes in cash and cash equivalents	(13,870,162)	6,803,808	(9,983,750)	8,037,990
Effects of changes in exchange rates	2,009,198	(498,296)	-	-
Effects of foreign currency translation on cash and cash equivalents	55,712	(16,585)	55,712	(16,585)
Cash and cash equivalents at beginning of year	96,092,012	89,803,085	78,296,458	70,275,053
Cash and cash equivalents at end of year (Note 14)	84,286,760	96,092,012	68,368,420	78,296,458

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 up to 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 RM4,430,769 (2022: RM1,851,471). 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 RMNil (2022: RM1,920,000).

(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 RMNil (2022: RM1,004).

(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 2023 of RM418,825 (2022: RM380,770).

The financial statements of the Group and of the Fund were authorised by the board of directors of the Manager for issuance on 22 February 2024.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material 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 2023:

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: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023

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
Amendments to MFRS 101: Classification of Liabilities as Current or Non Current	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

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

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 Material 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(ii) Rights arising from other contractual arrangements; and

(iii) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(b) Functional currency (Cont'd)

(i) Transactions and balances (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(c) Investment properties (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(d) Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(f) Financial liabilities (Cont'd)

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 bank balances

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.

For the purpuse of the consolidated statement of cash flows, cash and cash equivalents consist of cash and Islamic fixed deposits with licensed banks.

(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.

<u>**As a lessor**</u>

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(m) Taxation (Cont'd)

(i) Current income tax (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(m) Taxation (Cont'd)

(ii) Deferred tax (Cont'd)

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.

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) 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Basis of preparation and material accounting policies (Cont'd)

2.4 Material accounting policies (Cont'd)

(q) Fair value measurement (Cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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

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.

3.2 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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Yield rate				
- 0.25%	42,625,400	44,340,570	39,500,000	40,900,000
+ 0.25%	(37,369,130)	(39,141,390)	(34,400,000)	(36,000,000)
Discount rate				
- 0.25%	32,925,400	29,040,570	29,800,000	25,600,000
+ 0.25%	(29,869,130)	(24,341,390)	(26,900,000)	(21,100,000)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

4. Revenue

Revenue from contract with customers comprises the following:

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental income				
Base rental income	118,657,642	106,741,353	112,885,489	101,090,407
Unbilled rental income	2,364,839	3,497,314	2,364,839	3,497,314
	121,022,481	110,238,667	115,250,328	104,587,721
Rental income from				
KPJ Ampang Puteri Specialist Hospital	9,300,642	9,118,277	9,300,642	9,118,277
KPJ Tawakkal KL Specialist Hospital	9,688,274	9,498,307	9,688,274	9,498,307
KPJ Damansara Specialist Hospital	7,997,367	7,840,556	7,997,367	7,840,556
KPJ Johor Specialist Hospital	8,708,244	8,537,495	8,708,244	8,537,495
KPJ Klang Specialist Hospital	7,462,760	7,185,059	7,462,760	7,185,059
KPJ Ipoh Specialist Hospital	7,227,251	7,085,540	7,227,251	7,085,540
KPJ Selangor Specialist Hospital	5,923,976	5,807,819	5,923,976	5,807,819
KPJ Penang Specialist Hospital	4,654,815	4,524,314	4,654,815	4,524,314
KPJ Seremban Specialist Hospital	10,369,976	5,259,904	10,369,976	5,259,904
KPJ Healthcare University, Nilai	6,135,060	7,580,155	6,135,060	7,580,155
Kedah Medical Centre	3,863,815	3,681,350	3,863,815	3,681,350
KPJ Perdana Specialist Hospital	3,167,487	3,254,313	3,167,487	3,254,313
KPJ Kajang Specialist Hospital	3,844,004	3,609,771	3,844,004	3,609,771
Tawakkal Health Centre	3,519,892	3,469,370	3,519,892	3,469,370
KPJ Puteri Specialist Hospital	3,021,228	2,961,988	3,021,228	2,961,988
KPJ Sentosa KL Specialist Hospital	2,072,748	2,156,594	2,072,748	2,156,594
KPJ Kuantan Care & Wellness Centre	1,390,727	1,509,354	1,390,727	1,509,354
KPJ International College, Penang	1,025,514	963,348	1,025,514	963,348
Damai Care & Wellness Centre	973,835	908,523	973,835	908,523
Taiping Medical Centre	1,596,424	767,949	1,596,424	767,949
KPJ Haemodialysis Kluang	322,780	322,372	322,780	322,372
KPJ Batu Pahat Specialist Hospital	7,633,421	8,415,988	7,633,421	8,415,988
KPJ Pasir Gudang Specialist Hospital	5,350,088	129,375	5,350,088	129,375
Jeta Gardens Aged Care & Retirement Village	5,772,153	5,650,946	-	-
	121,022,481	110,238,667	115,250,328	104,587,721

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

5. Property expenses

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
Assessment	3,733,043	3,356,065	3,733,043	3,356,065
Takaful coverage	972,905	977,947	972,905	977,947
Maintenance fee	1,354,108	1,246,727	1,288,400	1,184,720
Quit rent	492,330	458,914	492,330	458,914
	6,552,386	6,039,653	6,486,678	5,977,646

6. Investment revenue

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
Shariah Compliant income from Islamic fixed deposits with licensed banks	1,450,856	922,748	1,450,856	922,748
Profit sharing on advances from a subsidiary in Australia	-	-	4,455,201	4,455,201
	1,450,856	922,748	5,906,057	5,377,949

7. Tax credit

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax relating to the origination and reversal of temporary differences (Note 16)	(140,000)	(103,325)	(140,000)	(103,325)

Reconciliations of the tax credit 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	60,554,173	60,035,534	66,377,692	58,083,107
Tax at the statutory tax rate of 24%	14,533,002	14,408,528	15,930,646	13,939,946
Different tax rates in other country	(564,756)	(51,484)	-	-
Deferred tax recognised at different tax rate	(140,000)	(103,325)	(140,000)	(103,325)
Non-deductible expenses	6,800,983	4,606,746	3,756,684	4,300,044
Income not subject to tax	(12,027,019)	(12,065,182)	(12,600,508)	(10,871,927)
Income exempted from tax	(8,742,210)	(6,898,608)	(7,086,822)	(7,368,063)
Tax expense for the year	(140,000)	(103,325)	(140,000)	(103,325)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

7. Tax credit (Cont'd)

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 2023 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% which reflects the expected manner of recovery of the investment properties, i.e. recovered through sale.

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% (2022: 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 2023 and 2022, are as follows:

	Group	
	2023 RM	2022 RM
Earnings attributable to unitholders		
Profit for the year	60,694,173	60,138,859
Weighted average number of units	814,778,011	736,265,919
Earnings per unit (sen)	7.45	8.17

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

9. Income distributions

For the financial years ended 31 December 2023 and 2022, the Manager, with the approval of the Trustee, has declared the following income distributions:

	Group and Fund	
	2023 RM	2022 RM
Income distributions on ordinary shares in respect of the current financial year		
First interim income distribution of 2.00 (2022: 2.00) sen per unit declared on 3 April 2023 (2022: 30 May 2022) and paid on 10 May 2023 (2022: 8 July 2022)	15,129,715	14,719,691
Second interim income distribution of 1.90 (2022: 2.00) sen per unit declared on 25 August 2023 (2022: 26 August 2022) and paid on 27 September 2023 (2022: 11 October 2022)	15,952,357	14,719,691
Third interim income distribution of 2.00 (2022: 2.00) sen per unit declared on 24 November 2023 (2022: 25 November 2022) and paid on 21 December 2023 (2022: 6 January 2023)	16,791,935	14,719,702
	47,874,007	44,159,084
Income distribution on ordinary shares in respect of the previous financial year		
Final income distribution of 2.10 (2022: 1.80) sen per unit declared on 2 February 2023 (2022: 27 January 2022) and paid on 24 February 2023 (2022: 28 February 2022)	15,886,201	13,247,724
	63,760,208	57,406,808

The Manager had declared a final income distribution of 2.00 (2022: 2.10) sen per unit totaling RM16,791,955 for the financial year ended 31 December 2023 on 24 January 2024 (2022: 2 February 2023).

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 2024.

The total distributions (including proposed final income distribution) for the financial year ended 31 December 2023 amounting to RM64,665,962 (2022: RM60,045,285). Total income distribution is 7.90 (2022: 8.10) sen per unit.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

9. Income distributions (Cont'd)

Income distributions to unitholders is derived from the following sources:

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
Net rental income	114,470,095	104,199,014	108,763,650	98,610,075
Investment revenue	1,450,856	922,748	5,906,057	5,377,949
Other income	731,276	1,005,423	731,276	579,833
Interest accretion on tenant deposits	424,563	359,332	424,563	359,332
Less: Amortisation of deferred income	(463,085)	(406,923)	(463,085)	(406,923)
Less: Unbilled rental income	(2,364,839)	(3,497,314)	(2,364,839)	(3,497,314)
	114,248,866	102,582,280	112,997,622	101,022,952
Less: Expenses	(51,002,516)	(34,816,515)	(48,303,720)	(34,315,822)
Realised income for the year	63,246,350	67,765,765	64,693,902	66,707,130
Undistributed income brought forward	73,182,677	62,823,720	69,992,781	60,692,459
Less: Undistributed income	(72,668,819)	(73,182,677)	(70,926,475)	(69,992,781)
	63,760,208	57,406,808	63,760,208	57,406,808

10. Investment properties

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	1,721,281,384	1,538,210,398	1,636,015,084	1,451,912,398
Additions	-	192,000,000	-	192,000,000
Enhancements	-	3,655,737	-	3,655,737
Disposal	-	(294,500)	-	(294,500)
Fair value adjustment	(5,151,250)	(11,258,551)	8,735,161	(11,258,551)
Transfer to assets classified as held for sale	(76,700,031)	-	(12,000,000)	-
Foreign exchange differences	3,790,232	(1,031,700)	-	-
At 31 December	1,643,220,335	1,721,281,384	1,632,750,245	1,636,015,084
Land and buildings at fair value	1,643,220,335	1,721,281,384	1,632,750,245	1,636,015,084

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

10. Investment properties (Cont'd)

The carrying amount of the investment properties for the financial years ended 31 December 2023 and 2022 is based on the market value determined based on valuations, adjusted with accrued unbilled rental income, as follows:

	Group		Fund	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Investment properties - based on valuation report	1,654,770,090	1,730,466,300	1,644,300,000	1,645,200,000
Investment properties - accrued unbilled rental income (Note 12)	(11,549,755)	(9,184,916)	(11,549,755)	(9,184,916)
	1,643,220,335	1,721,281,384	1,632,750,245	1,636,015,084

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

10. Investment properties (Cont'd)

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% (2022: 5.50% - 9.25%)	- Higher term yield rates, lower fair value
Reversionary yield ranging from 6.00% - 7.75% (2022: 6.00% - 7.75%)	- Higher reversionary yield rates, lower fair value
Void rate of 5.00% - 10.00% (2022: 5.00% - 10.00%)	- Higher void rate, lower fair value
Discount rate of 5.50% - 9.25% (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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	2023 Fair value RM	2022 Fair value RM	Fair value hierarchy
KPJ Ampang Puteri Specialist Hospital ###	Leasehold	99	65	Ampang	31 December 2023	137,000,000	137,000,000	3
KPJ Damansara Specialist Hospital ###	Freehold	-	-	Damansara	31 December 2023	140,000,000	138,000,000	3
KPJ Johor Specialist Hospital ###	Leasehold	99	55	Johor Bahru	31 December 2023	122,000,000	122,000,000	3
KPJ Ipoh Specialist Hospital ###	Freehold	-	-	Ipoh	31 December 2023	90,000,000	89,000,000	3
KPJ Puteri Specialist Hospital	Leasehold	99	30	Johor Bahru	31 December 2023	40,000,000	40,000,000	3
KPJ Selangor Specialist Hospital ###	Leasehold	99	73	Shah Alam	31 December 2023	84,000,000	84,000,000	3
Kedah Medical Centre ###	Freehold	-	-	Alor Setar	31 December 2023	60,000,000	53,000,000	3
KPJ Perdana Specialist Hospital ###	Leasehold	66	40	Kota Bharu	31 December 2023	40,000,000	42,000,000	3
KPJ Kuantan Care & Wellness Centre	Freehold	-	-	Kuantan	31 December 2023	16,000,000	16,500,000	3
KPJ Sentosa KL Specialist Hospital ###	Freehold	-	-	Kuala Lumpur	31 December 2023	31,000,000	31,000,000	3
KPJ Kajang Specialist Hospital ###	Freehold	-	-	Kajang	31 December 2023	57,000,000	52,000,000	3
Taiping Medical Centre ####	Leasehold	99	65	Taiping	31 December 2023	22,500,000	22,500,000	3
Damai Care & Wellness Centre	Leasehold	99	50	Kota Kinabalu	31 December 2023	-	12,000,000	3
KPJ International College Penang ##	Freehold	-	-	Bukit Mertajam	31 December 2023	14,000,000	14,100,000	3
Tawakkal Health Centre ###	Leasehold	99	54	Kuala Lumpur	31 December 2023	46,000,000	47,400,000	3
KPJ Healthcare University, Nilai ###	Freehold	-	-	Seremban	31 December 2023	102,000,000	102,000,000	3
KPJ Seremban Specialist Hospital ####	Freehold	-	-	Seremban	31 December 2023	160,000,000	160,000,000	3

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

10. Investment properties (Cont'd)

A summary of the investment properties of the Group and of the Fund, as required to be disclosed by the SC Guidelines, is as follows (Cont'd):

Description of property	Tenure of land	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2023 Fair value RM	2022 Fair value RM	Fair value hierarchy
KPJ Penang Specialist Hospital ###	Freehold	-	-	Bukit Mertajam	31 December 2023	65,000,000	65,000,000	3
KPJ Tawakkal KL Specialist Hospital ###	Freehold	-	-	Kuala Lumpur	31 December 2023	139,000,000	139,000,000	3
KPJ Haemodialysis Kluang	Leasehold	99	77	Kluang	31 December 2023	4,800,000	4,700,000	3
KPJ Klang Specialist Hospital ###	Leasehold	99	69	Klang	31 December 2023	104,000,000	104,000,000	3
KPJ Batu Pahat Specialist Hospital #	Freehold	-	-	Batu Pahat	31 December 2023	68,450,245	70,815,084	3
KPJ Pasir Gudang Specialist Hospital ####	Leasehold	99	85	Pasir Gudang	31 December 2023	90,000,000	90,000,000	3
Total for the Fund						1,632,750,245	1,636,015,084	
Jeta Gardens Aged Care & Retirement Village	Freehold	-	-	Queensland	31 December 2023	10,470,090	85,266,300	3
Total for the Group						1,643,220,335	1,721,281,384	

The investment properties amounting to RM110,450,245 (2022: RM112,815,084) are used to secure against Commodity Murabahah Term Financing-i ("CMTF-i") issued by the Fund as disclosed in Note 17. The amount of RM110,450,245 represents the fair value of KPJ Batu Pahat Specialist Hospital and KPJ Healthcare University, Nilai New Building (residential) amounting to RM68,450,245 (2022: RM70,815,084) and RM42,000,000 (2022: RM42,000,000) respectively.

The investment properties amounting to RM74,000,000 (2022: RM74,100,000) are used to secure against Commodity Murabahah Term Financing-II ("CMTF-ii") issued by the Fund as disclosed in Note 17. The amount of RM74,000,000 represents the fair value of KPJ International College, Penang and KPJ Healthcare University, Nilai New Building (commercial) amounting to RM14,000,000 (2022: RM14,100,000) and RM60,000,000 (2022: RM60,000,000) respectively.

The investment properties amounting to RM1,115,000,000 (2022: RM 1,103,400,000) 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 (2022: RM272,500,000) 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

11. Investment in subsidiaries

	Fund	
	2023	**2022**
	RM	**RM**
Unquoted shares, at cost	42,492,186	42,492,186
Less: Accumulated impairment losses	(42,492,183)	(39,952,545)
Net carrying amount	3	2,539,641

The movement in the accumulated impairment losses is as follows:

	2023	**2022**
	RM	**RM**
At 1 January	39,952,545	39,058,753
Allowance for impairment losses	2,539,638	893,792
At 31 December	42,492,183	39,952,545

During the financial year, the Fund conducted a review of the recoverable amount of its investment in a subsidiary and the review led to recognition of an impairment loss of RM2,539,638 (2022: RM893,792), as the recoverable amount was lower than the carrying value. The recoverable amount was determined based on the Fund's share of net assets in its subsidiary, which represents the Fund's estimation of fair value less cost to sell of its subsidiary.

Details of the subsidiaries are as follows:

			Proportion of ownership interest and voting power held by the Group	
Name of subsidiaries	**Country of incorporation**	**Principal activities**	**2023 %**	**2022 %**
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		Fund	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Current				
Related companies	39,818,314	40,318,496	6,423,878	14,562,257
Unbilled rental income	11,549,755	9,184,916	11,549,755	9,184,916
	51,368,069	49,503,412	17,973,633	23,747,173

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables and prepaid expenses				
Other receivables	36,426	80,574	35,681	80,099
Prepayments	332,357	69,311	264,645	69,311
	368,783	149,885	300,326	149,410
Total trade and non-trade receivables (non-current and current)	51,736,852	49,653,297	18,273,959	23,896,583
Add: Amount due from subsidiaries	-	-	123,476,062	126,352,413
Add: Islamic fixed deposits with licensed banks	31,062,276	55,356,398	31,022,410	55,317,256
Add: Cash and bank balances	53,264,350	40,774,756	37,346,010	22,979,202
Less: Prepayments	(332,357)	(69,311)	(264,645)	(69,311)
Total financialassets at amortised costs (debt instruments)	135,731,121	145,715,140	209,853,796	228,476,143

(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 (2022: 1 to 7 days).

<u>Ageing analysis of trade receivables</u>

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
1 to 30 days past due	2,905,745	8,645,031	2,387,663	5,653,231
31 to 60 days past due	1,242,090	1,629,962	709,048	1,629,962
61 to 90 days past due	746,006	244,714	200,000	244,714
More than 90 days past due	34,924,473	29,798,789	3,127,167	7,034,350
	39,818,314	40,318,496	6,423,878	14,562,257

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

13. Amount due from subsidiaries

	Fund	
	2023 RM	2022 RM
Non-current		
Amount due from a subsidiary	99,147,701	99,147,701
Current		
Amount due from subsidiaries	32,602,186	28,507,731
	131,749,887	127,655,432
Less: Allowance for expected credit losses	(8,273,825)	(1,303,019)
	123,476,062	126,352,413

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

	Fund	
	2023 RM	2022 RM
At 1 January	1,303,019	1,303,019
Allowance for expected credit loss	6,970,806	-
At 31 December	8,273,825	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 bank balances

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
Islamic fixed deposits with licensed banks	31,062,276	55,356,398	31,022,410	55,317,256
Cash and bank balances	53,264,350	40,774,756	37,346,010	22,979,202
Total cash and bank balances	84,326,626	96,131,154	68,368,420	78,296,458
Less: Islamic fixed deposits with licensed banks with maturity period of more than 3 months	(39,866)	(39,142)	-	-
Cash and cash equivalents	84,286,760	96,092,012	68,368,420	78,296,458

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

14. Cash and bank balances (Cont'd)

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		Fund	
	2023	2022	2023	2022
Weighted average deposit rate (%)	3.17	2.48	3.17	2.48
Average remaining maturity period	47	36	43	32

15. Other payables

	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Tenant deposits	10,645,399	10,050,013	10,645,399	10,050,013
Deferred lease income	5,728,483	5,197,530	5,728,483	5,197,530
	16,373,882	15,247,543	16,373,882	15,247,543
Current				
Amount due to the Trustee	36,093	32,322	36,093	32,322
Amount due to the Manager	1,134,307	331,015	1,086,385	327,209
Amounts due to related companies	199,473	2,671,741	199,473	2,671,741
Other payables	298,766	436,421	298,766	301,334
Third interim income distribution payable	213,896	14,719,702	213,896	14,719,702
Other accrued expenses	6,158,245	5,132,804	5,072,353	5,311,471
	8,040,780	23,324,005	6,906,966	23,363,779
Total other payables (non-current and current)	24,414,662	38,571,548	23,280,848	38,611,322
Less: Deferred lease income	(5,728,483)	(5,197,530)	(5,728,483)	(5,197,530)
Add: Islamic financing (Note 17)	757,749,184	855,616,967	757,749,184	855,616,967
Total financial liabilities carried at amortised costs	776,435,363	888,990,985	775,301,549	889,030,759

(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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

16. Deferred tax liability

	Group and Fund 2023 RM	Group and Fund 2022 RM
At 1 January	1,662,541	1,765,866
Recognised in profit or loss (Note 7)	(140,000)	(103,325)
At 31 December	1,522,541	1,662,541

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 2023	1,662,541
Recognised in profit or loss	(140,000)
At 31 December 2023	1,522,541
At 1 January 2022	1,765,866
Recognised in profit or loss	(103,325)
At 31 December 2022	1,662,541

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

17. Islamic financing

	Group and Fund 2023 RM	2022 RM
Non-current		
Commodity Murabahah Term Financing-i I (“Commodity Murabahah - I”)	-	80,000,000
Commodity Murabahah Term Financing-i II (“Commodity Murabahah - II”)	29,994,050	29,994,050
Commodity Murabahah Term Financing-i III (“Commodity Murabahah - III”)	580,000,000	580,000,000
Revolving Credit-i (“RC - I”)	-	100,000,000
Term Financing-i (“TF - I”)	72,000,000	72,000,000
	681,994,050	861,994,050
Less: Transaction costs	(4,112,866)	(6,377,083)
Total (non-current)	677,881,184	855,616,967
Current		
Commodity Murabahah - I	80,000,000	-
Less: Transaction costs	(132,000)	-
Total (current)	79,868,000	-
Total (non-current and current)	757,749,184	855,616,967

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% (2022: 1.25%) per annum above the bank’s Cost of Funds (”COF”). As at reporting date, the profit rate for the Commodity Murabahah is 4.89% (2022: 4.50%) per annum.

The Commodity Murabahah - I was secured against the investment properties which amounting to RM110,450,245 (2022: RM112,815,084) as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

17. Islamic financing (Cont'd)

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% (2022: 1.25%) per annum above the bank's COF. As at reporting date, the profit rate for the Commodity Murabahah is 4.89% (2022: 4.50%) per annum.

The Commodity Murabahah - II was secured against the investment properties which amounting to RM74,000,000 (2022: RM74,100,000) 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% (2022: 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 4.77% and 4.85% (2022: 4.42% and 4.54%) per annum for Tranche 1 and Tranche 2 respectively.

The Commodity Murabahah - III was secured against the investment properties which amounting to RM1,115,000,000 (2022: RM 1,103,400,000) as disclosed in Note 10.

RC - I and TF - I

RC - I and TF - I 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% (2022: 1.20%) per annum above the bank's COF. The average effective profit rate for the RC - I is 4.44% (2022: 4.40%) per annum.

The RC - I had been fully repaid during the current financial year.

The TF - I bears a profit rate of 1.20% (2022: 1.20%) 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% (2022: 1.00%) 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 4.92% (2022: 4.40%) per annum.

The RC - I and TF - I were secured against the investment properties which amounting to RM272,500,000 (2022: RM272,500,000) as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

17. Islamic financing (Cont'd)

Changes in liabilities arising from financing activities :

	At 1 January 2023 RM	Cash flows RM	Charged to profit or loss RM	Reclassification RM	At 31 December 2023 RM
Group and Fund					
Non-current					
Commodity Murabahah - I	80,000,000	-	-	(80,000,000)	-
Commodity Murabahah - II	29,994,050	-	-	-	29,994,050
Commodity Murabahah - III	580,000,000	-	-	-	580,000,000
RC - I	100,000,000	(100,000,000)	-	-	-
TF - I	72,000,000	-	-	-	72,000,000
	861,994,050	(100,000,000)	-	(80,000,000)	681,994,050
Less: Transaction costs on Islamic financing	(6,377,083)	(180,000)	2,180,217	264,000	(4,112,866)
	855,616,967	(100,180,000)	2,180,217	(79,736,000)	677,881,184
Current					
Commodity Murabahah - I	-	-	-	80,000,000	80,000,000
Less: Transaction costs on Islamic financing	-	-	132,000	(264,000)	(132,000)
	855,616,967	(100,180,000)	2,312,217	-	757,749,184

	At 1 January 2022 RM	Cash flows RM	Charged to profit or loss RM	At 31 December 2022 RM
Group and Fund				
Non-current				
Commodity Murabahah - I	80,000,000	-	-	80,000,000
Commodity Murabahah - II	29,994,050	-	-	29,994,050
Commodity Murabahah - III	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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

18. Unitholders' capital

	2023		2022	
	No. of units	**RM**	**No. of units**	**RM**
Issued and fully paid-up:				
At 1 January	756,485,757	756,408,942	735,985,088	731,398,126
Issue of new units	83,112,000	98,349,283	20,500,669	25,010,816
At 31 December	839,597,757	854,758,225	756,485,757	756,408,942

During the year, the Fund increased its issued and fully paid-up unitholders' capital from RM756,408,942 to RM854,758,225 by way of the issuance of 83,122,000 units of unitholders' capital at an issue price of RM1.20 per unit to redeem its Islamic financing facility, Revolving Credit-i of RM100,000,000.

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 2023 and 31 December 2022 respectively based on the Record of Depositors are as follows:

	2023		2022	
	No. of units	**RM**	**No. of units**	**RM**
Related parties:				
Pusat Pakar Tawakal Sdn Bhd	54,648,534	67,764,182	54,648,534	66,671,211
Bandar Baru Klang Specialist Hospital Sdn Bhd	36,115,266	44,782,930	36,115,266	44,060,625
Selangor Medical Centre Sdn Bhd	35,000,000	43,400,000	35,000,000	42,700,000
KPJ Healthcare Berhad	28,259,289	35,041,518	20,500,669	25,010,816
Seremban Specialist Hospital Sdn Bhd	23,731,000	29,426,440	23,731,000	28,951,820
Ampang Puteri Specialist Hospital Sdn Bhd	21,013,739	26,057,036	21,013,739	25,636,762
Medical Associates Sdn Bhd	19,055,000	23,628,200	19,055,000	23,247,100
Waqaf An-Nur Corporation Berhad	18,251,870	22,632,319	18,251,870	22,267,281
Sentosa Medical Centre Sdn Bhd	15,653,000	19,409,720	15,653,000	19,096,660
Kedah Medical Centre Sdn Bhd	15,000,000	18,600,000	15,000,000	18,300,000
Johor Specialist Hospital Sdn Bhd	12,203,000	15,131,720	12,203,000	14,887,660
Puteri Specialist Hospital Sdn Bhd	12,000,000	14,880,000	12,000,000	14,640,000
Perdana Specialist Hospital Sdn Bhd	11,789,000	14,618,360	11,789,000	14,382,580
Kuantan Specialist Hospital Sdn Bhd	5,000,000	6,200,000	5,000,000	6,100,000
Kajang Specialist Hospital Sdn Bhd	4,487,000	5,563,880	4,487,000	5,474,140
Jeta Gardens (Qld) Pty Ltd	3,786,924	4,695,786	3,786,924	4,620,047
Kota Kinabalu Specialist Hospital Sdn Bhd	3,500,000	4,340,000	3,500,000	4,270,000
Taiping Medical Centre Sdn Bhd	3,334,000	4,134,160	3,334,000	4,067,480
Johor Ventures Sdn Bhd	173,219	214,792	173,219	211,327

19. Management Expense Ratio ("MER")

	Fund	
	2023	**2022**
	%	**%**
MER	0.58	0.29

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

19. Management Expense Ratio ("MER") (Cont'd)

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Manager's fee	4,430,769	1,851,471	4,430,769	1,851,471
Maintenance fee	1,202,160	1,098,480	1,202,160	1,098,480
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	
	2023 RM	2022 RM	2023 RM	2022 RM
Less than one year	112,680,509	112,168,484	106,837,832	106,440,368
Between one and five years	444,072,309	348,147,381	413,058,669	317,741,852
	556,752,818	460,315,865	519,896,501	424,182,220

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

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.

<u>Exposure to credit risk</u>

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.

<u>Credit risk concentration profile</u>

The Group and the Fund determine concentrations of credit risk by monitoring individual profile of their trade receivables on an ongoing basis.

At the end of the reporting period, approximately 84% (2022: 64%) of the Group's trade receivables is related to a related company for leasing of an Australian property. The Group believes the risk of default in payment on amount due from a related company is low and both parties are in the process of finalising on the settlement of outstanding rental. Based on the recent deliberation with the related company, the Group expects the full settlement within 12 months from the end of reporting date.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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

(a) Credit risk (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 2023				
Financial liabilities				
Other payables	10,318,613	1,869,586	12,381,954	24,570,153
Islamic financing	116,478,003	760,143,749	-	876,621,752
	126,796,616	762,013,335	12,381,954	901,191,905

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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

(b) Liquidity risk (Cont'd)

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

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 (Cont'd):

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group (Cont'd)				
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
Fund				
As at 31 December 2023				
Financial liabilities				
Other payables	9,277,247	1,869,586	12,381,954	23,528,787
Islamic financing	116,478,003	760,143,749	-	876,621,752
	125,755,250	762,013,335	12,381,954	900,150,539
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

(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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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

(c) Interest rate risk (Cont'd)

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.

	Group		Fund	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Financing rate				
- 25 bp decrease	1,816,717	2,000,651	1,816,817	2,000,749
- 25 bp increase	(1,816,717)	(2,000,651)	(1,816,817)	(2,000,749)

(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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Denominated in AUD				
Trade receivables	33,394,436	25,756,239	-	-
Cash and cash equivalents	17,104,759	18,926,130	1,188,288	1,132,576
Other payables	-	(133,238)	-	-
Net exposure in the statements of financial position	50,499,195	44,549,131	1,188,288	1,132,576

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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

(d) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Fund's profit 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.

	Other comprehensive income			
	Group		Fund	
	2023 RM	2022 RM	2023 RM	2022 RM
AUD				
Strengthened 5%	2,524,960	2,227,457	59,414	56,629
Weakened 5%	(2,524,960)	(2,227,457)	(59,414)	(56,629)

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

23. Segment reporting (Cont'd)

The Group's segmental information is as follows:

	Malaysia RM	Australia RM	Total RM
31 December 2023			
Gross rental	115,250,328	5,772,153	121,022,481
Property expenses	(6,486,678)	(65,708)	(6,552,386)
Net property income	108,763,650	5,706,445	114,470,095
Investment revenue	1,450,856	-	1,450,856
Other income	731,276	-	731,276
Unrealised gain on foreign exchange	55,712	-	55,712
Fair value adjustment on investment properties	8,735,161	(13,886,411)	(5,151,250)
Total income	119,736,655	(8,179,966)	111,556,689
Trust expenditure	(9,186,356)	(2,669,074)	(11,855,430)
Operating profit	110,550,299	(10,849,040)	99,701,259
Finance costs	(39,147,086)	-	(39,147,086)
Profit before tax	71,403,213	(10,849,040)	60,554,173
Tax	140,000	-	140,000
Profit after tax	71,543,213	(10,849,040)	60,694,173
Total assets	1,731,435,104	124,548,740	1,855,983,844
Total liabilities	782,552,573	1,133,814	783,686,387

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

23. Segment reporting (Cont'd)

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

	Malaysia RM	Australia RM	Total RM
31 December 2022			
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 income	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
Expenditure	(6,732,573)	(502,488)	(7,235,061)
Operating profit	82,121,532	5,512,041	87,633,573
Financing 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

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Total borrowings	757,749,184	855,616,967	757,749,184	855,616,967
Total assets value	1,855,983,844	1,867,065,835	1,854,868,689	1,867,100,179
Total borrowings to total assets value ratio	40.83%	45.83%	40.85%	45.83%

25. Portfolio turnover ratio ("PTR")

	Group and Fund	
	2023 RM	2022 RM
PTR (times)	-	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	
	2023 RM	2022 RM	2023 RM	2022 RM
Capital expenditure - authorised but not contracted for	306,600,000	213,200,000	306,600,000	213,200,000

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

27. Significant events

(i) Proposed disposal of Jeta Gardens Aged Care Facility

On 12 December 2023, the subsidiary of the Company, Al-Aqar Australia Pty Ltd, entered into a Land Sale Contract ("LSC") with Principal Healthcare Finance Pty Ltd, for a proposed disposal of the lands and buildings of Jeta Gardens Aged Care Facility, for a cash consideration of AUD20.7 million (equivalent to approximately RM64.7 million). The completion of the LSC is conditional upon registration of the title and easement dealings at the Titles Office under the land reconfiguration exercise. The proposed disposal is expected to be completed by second half of FY2024.

(ii) Proposed disposal of Damai Wellness Centre

On 15 November 2023, the Group as represented by the Trustee, entered into a sale and purchase agreement ("SPA") with Sihat Damai Sdn Bhd ("Sihat Damai"), for a proposed disposal of Damai Wellness Centre, for a cash consideration of RM13.0 million. The Purchaser had paid a deposit of RM260,000 being 2% of the disposal consideration upon signing of the SPA. The completion of the SPA is conditional upon approval of the board of directors of the Manager, the Group and Sihat Damai being obtained, and all such other consents and approvals of the appropriate authorities. The proposed disposal is expected to complete by quarter 1 of FY2024.

28. Assets classified as held for sale

(a) On 12 December 2023, the Group has entered into a LSC with Principal Healthcare Finance Pty Ltd, as trustee for the Principal Healthcare Finance Trust to dispose the lands and buildings of Jeta Gardens Aged Care Facility for a cash consideration of AUD20.7 million (equivalent to approximately RM64.7 million).

Details on the proposed disposal are disclosed in Note 27(i).

(b) On 15 November 2023, the Group has entered into a SPA with Sihat Damai Sdn Bhd to dispose Damai Wellness Centre for a cash consideration of RM13,000k.

Details on the proposed disposal are disclosed in Note 27(ii).

The assets to be disposed pursuant to the above sale and purchase agreements are as follows:

	Jeta Gardens Aged Care Facility Note 28(a) RM	Damai Wellness Centre Note 28(b) RM	Total RM
2023			
Group			
Assets classified as held for sale			
Investment properties	64,700,031	12,000,000	76,700,031

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

28. Assets classified as held for sale (Cont'd)

The assets to be disposed pursuant to the above sale and purchase agreements are as follows (Cont'd):

	Damai Wellness Centre Note 28(b) RM
2023	
Fund	
Assets classified as held for sale	
Investment properties	12,000,000

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