



AL-AQAR HEALTHCARE REIT

# 2014 Annual Report

Pioneering A  
*Difference*



### Cover Rationale



An umbrella symbolizes Al-Aqar Healthcare REIT as the preferred defensive instruments amongst the investment fraternity. Amidst the rainy and stormy weather, Al-Aqar Healthcare REIT will also be able to shelter and safeguard the interest of the unitholders.

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In A Nutshell / In Style / In Good Hands / In Operation / In Order / In Good Financial Health





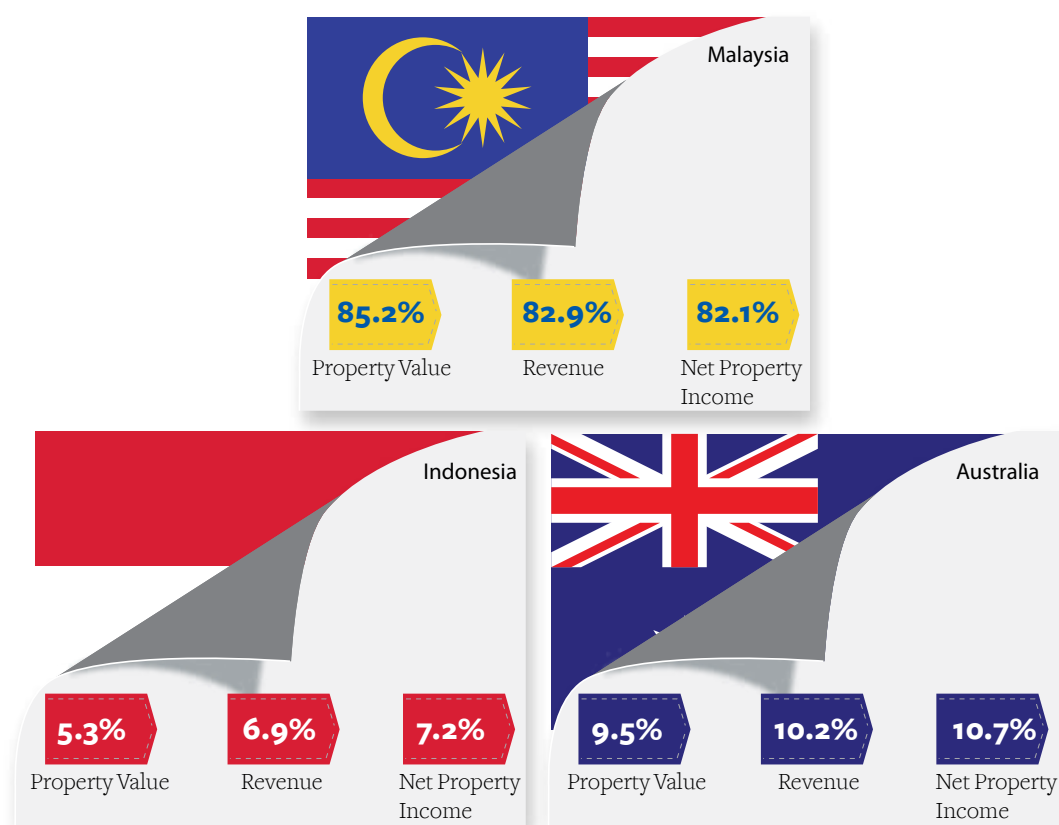
# Snapshot



# Financial Highlights

	GROUP			FUND		
	2014 (RM'000)	2013 (RM'000)	Variance %	2014 (RM'000)	2013 (RM'000)	Variance %
Gross revenue	108,644	107,419	1.1	90,080	88,762	1.5
Net property income	102,399	101,285	1.1	84,067	82,844	1.5
Income before tax	73,148	75,825	(3.5)	63,561	73,726	(13.8)
Net income after tax	71,209	73,310	(2.9)	63,561	73,726	(13.8)
Earnings per unit (sen)	10.51	10.89	(3.5)	9.13	10.59	(13.8)
Investment properties	1,509,996	1,483,685	1.8	1,287,496	1,268,600	1.5
Total asset value	1,592,422	1,568,909	1.5	1,561,137	1,547,170	0.9
Net asset value	831,543	814,894	2.0	827,519	818,612	1.1
NAV per unit - before distribution (RM)	1.1944	1.1704	2.1	1.1886	1.1758	1.1
NAV per unit - after distribution (RM)	1.1565	1.1305	2.3	1.1507	1.1359	1.3
Market capitalisation	-	-	-	960,793	925,981	3.8
Distribution per unit (sen)	-	-	-	7.65	7.85	(2.6)
Annualised distribution yield (%)	-	-	-	5.54	5.90	(6.1)

## Segmental Performance







# Corporate Profile

Al-'Aqar Healthcare REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 August 2006. Al-'Aqar Healthcare REIT has set many milestones, amongst others, the world's first listed Islamic REIT, Asia's first Healthcare REIT and a benchmark for the development of Islamic REITs in Malaysia, as well as in the region. As at 31 December 2014, Al-'Aqar Healthcare REIT asset size stood at RM1.50 billion with a market capitalisation of RM961 million.

Al-'Aqar Healthcare REIT is supported by KPJ Healthcare Berhad. KPJ Healthcare Berhad is currently a leading private healthcare provider in Malaysia and ranked amongst the top 100 largest public companies listed on Bursa Malaysia Securities Berhad. Al-'Aqar Healthcare REIT is managed by Damansara REIT Managers Sdn Berhad

("DRMSB"), a wholly-owned subsidiary of Johor Corporation. Al-'Aqar Healthcare REIT was established with an initial portfolio of 6 assets and has since grown to 25 assets comprising of 21 hospitals and 4 healthcare related properties spanning across Malaysia, Indonesia and Australia.

Al-'Aqar Healthcare REIT's key investment objective is to provide unitholders with stable distributions per unit with the potential for sustainable long-term growth of such distributions and the net asset value per unit.



# Corporate

## Manager

DAMANSARA REIT MANAGERS SDN BERHAD (717704-V)

### *Registered Office*

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

Tel : (+607) 226 7692 / 226 7476

Fax : (+607) 222 3044

### *Principal Place of Business*

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

Tel : (+603) 7932 1692 / 7932 3692

Fax : (+603) 7932 0692

## Board of Directors

### *Non-Independent Non-Executive Chairman*

Dato' Kamaruzzaman bin Abu Kassim

### *Managing Director & Non-Independent Director*

Yusaini bin Hj. Sidek

### *Non-Independent Non-Executive Directors*

Datin Paduka Siti Sa'diah binti Sheikh Bakir

Lukman bin Abu Bakar

Jamaludin bin Md Ali

Mohd Yusof bin Ahmad

### *Independent Non-Executive Directors*

Dr. Mohd Hafetz bin Ahmad

Zainah binti Mustafa

Dato' Mani a/l Usilappan

## Syariah Committee Member

Dato' Haji Nooh bin Gadot

Professor Madya Dr. Ab Halim bin Muhammad

Professor Dr. Mohamad @ Md. Som bin Sujimon

## Company Secretary

Hana binti Ab Rahim @ Ali (MAICSA 7064336)

Rohaya binti Jaafar (LS 0008376)

## Management Team

Yusaini bin Hj. Sidek

### *Managing Director & Chief Executive Officer*

Shahril Zairis bin Ramli

### *Deputy General Manager*

Suhaimi bin Saad

### *Head of Operation*

Muhammad Ikhwan bin Muhammad Hanapi

### *Accountant*

Hamim bin Mohamad

### *Deputy Manager Compliance & Legal*

Sahrin bin Munir

### *Senior Executive Business Development & Investor Relations*

## Website

[www.alaqar.com.my](http://www.alaqar.com.my)





# Information

## Trustee

AMANAHRAYA TRUSTEES BERHAD (766894-T)  
 Tingkat 2, Wisma TAS,  
 No. 21, Jalan Melaka,  
 50100 Kuala Lumpur.  
 Tel : (+603) 2036 5000 / 2036 5129  
 Fax : (+603) 2072 0320  
 Email : art@arb.com.my  
 Website : www.artrustees.com.my

## Maintenance Manager

HEALTHCARE TECHNICAL SERVICES SDN BHD (342111-A)  
 No. 20-1, Jalan 65C,  
 Pekeliling Business Centre,  
 Off Jalan Pahang Barat,  
 53000 Kuala Lumpur.  
 Tel : (+603) 4021 2331  
 Fax : (+603) 4021 2337

IM GLOBAL PROPERTY CONSULTANTS SDN BHD (701223-X)  
 Board Registration: (VE(1)0253)  
 No. 47-2, Second Floor, Wisma IMG,  
 Jalan 3/76D, Desa Pandan,  
 55100 Kuala Lumpur.  
 Tel : (+603) 9284 8884  
 Fax : (+603) 9281 1884  
 Email : info@img.com.my  
 Website : www.img.com.my

HEALTH FACILITY SERVICES PTY LTD  
 (AUSTRALIAN CO. NO. 115728384)  
 25, Clarendon Avenue,  
 Bethania Qld 4205, Australia.  
 Tel : +61 7 3200 7188 / 3299 9256  
 Fax : +61 7 3200 7100

## Auditor

ERNST & YOUNG (AF: 0039)  
 Level 23A, Menara Milenium, Jalan Damanlela,  
 Pusat Bandar Damansara 50490 Kuala Lumpur.  
 Tel : (+603) 7495 8000  
 Fax : (+603) 2095 5332 / 9076 / 9078  
 Website : www.ey.com



## Registrar

PRO CORPORATE MANAGEMENT SERVICES SDN BHD (349501-M)  
 Level 11, Menara KOMTAR,  
 Johor Bahru City Centre,  
 80000 Johor Bahru,  
 Johor Darul Takzim.  
 Tel : (+607) 226 7692 / 226 7476  
 Fax : (+607) 222 3044  
 Email : infoprocorporate@jcorp.com.my

## Solicitors

ABDUL RAMAN SAAD & ASSOCIATES  
 Advocates & Solicitors  
 Level 8, Bangunan KWSP,  
 No. 3, Changkat Raja Chulan,  
 Off Jalan Raja Chulan,  
 50200 Kuala Lumpur.  
 Tel : (+603) 2032 2323  
 Fax : (+603) 2032 5775 / 5776  
 Email : arsakl@arsa.com.my  
 Website : www.arsa.com.my

## Independent Property Valuer

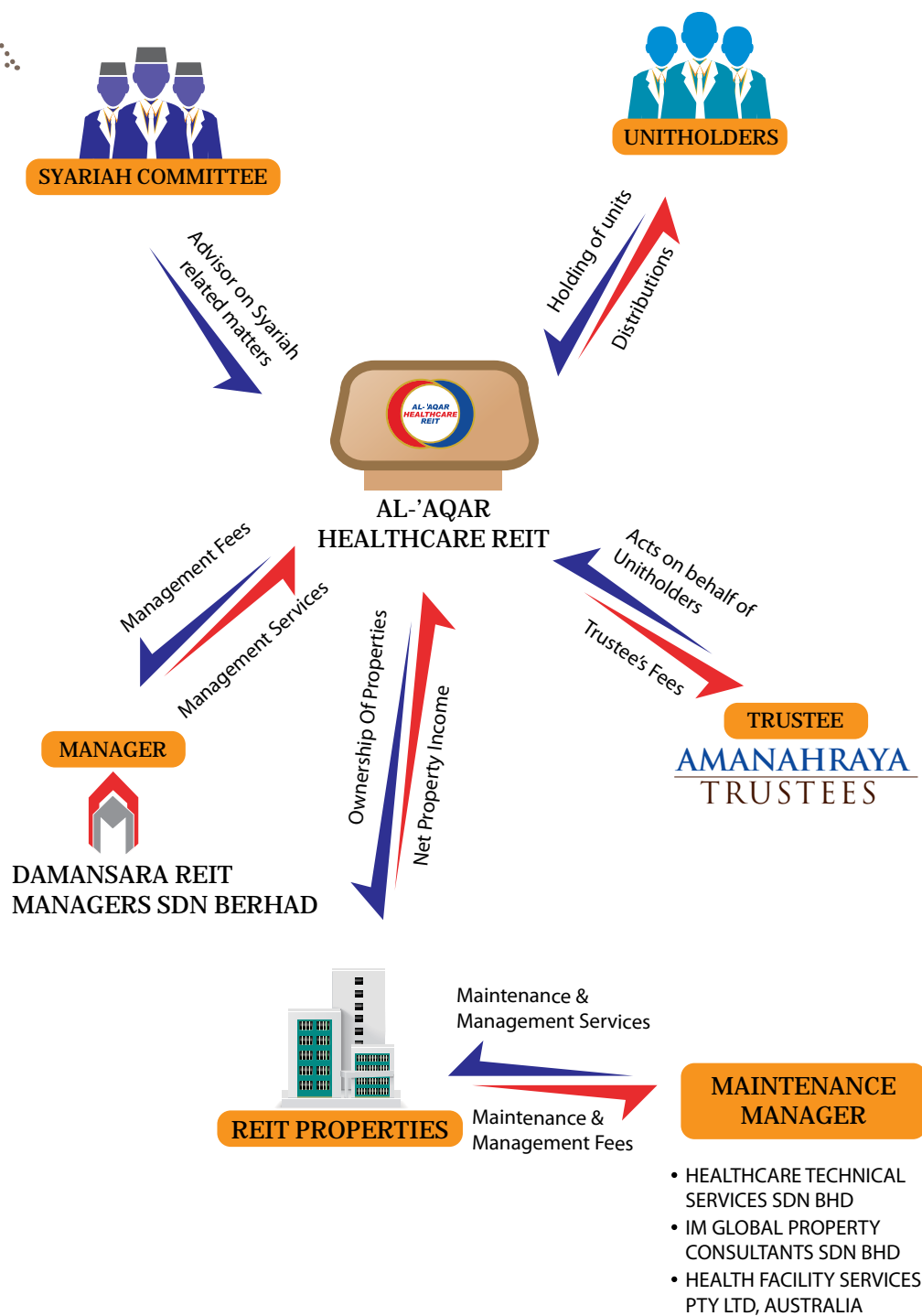
CHESTON INTERNATIONAL (KL) SDN BHD (647245-W)  
 Suite 2A, 2nd Floor, Plaza Flamingo,  
 No. 2, Tasik Ampang, Jalan Hulu Kelang,  
 68000 Ampang, Selangor.  
 Tel : (+603) 4251 2599  
 Fax : (+603) 4251 6599 / 4253 1393  
 Email : cikl@chestonint.com  
 Website : www.chestonint.com

## Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad  
 Stock Name : ALAQAR  
 Stock Code : 5116



# Trust Structure



\* As at 31 December 2014

## NAME OF FUND

Al-Aqar Healthcare REIT



## CATEGORY OF FUND

Islamic healthcare real estate and healthcare related assets

## TYPE OF FUND

Income and growth



## LISTING DATE

10 August 2006

## LISTING

Main Market of Bursa Malaysia Securities Berhad

## STOCK NAME &amp; CODE

ALAQAR (5116)

## FUND SIZE

696,226,468 units \*

## PROPERTIES SIZE

RM1,504,400,000 \*



## DISTRIBUTABLE INCOME

Up to 99.9%

## DISTRIBUTION PER UNIT

Minimum 6.5 sen per annum



## RENTAL COLLECTION

100%

## OCCUPANCY RATE

100% (Tenanted by KPJ Healthcare Berhad)

## RENTAL REVIEW

Every 3 years



## LEASE TERM

15 years renewable for another 15 years

## BUSINESS OF TENANT-

KPJ HEALTHCARE BERHAD

Stable, resilient and almost recession proof



# Salient Features





# Corporate Milestones

2006

10 August 2006

Listing of Al-Aqar KPJ REIT on Bursa Malaysia Securities Berhad.

2009

12 February 2009

Al-Aqar Capital Sdn Bhd awarded the inaugural deal of the year awards in the Real Estate Deal of The Year category by the Islamic Finance News (IFN) in Kuala Lumpur.

13 February 2009

Signing ceremony of the syndicated ijarah facility of up to RM250 million between Al-Aqar Capital Sdn Bhd and AmlInvestment Bank and Kuwait Finance House as joint lead arranger in Kuala Lumpur.

26 June 2009

Al-Aqar Capital Sdn Bhd awarded the RAM League Awards 2009, Blueprint Awards, New Real Estate Benchmark Deal Category in Kuala Lumpur.

2007

12 March 2007

Al-Aqar KPJ REIT awarded "Deal of the Year Awards 2006", Islamic REITs Category by Islamic Finance News in Dubai.

28 March 2007

Al-Aqar KPJ REIT awarded "Deal of the Year Awards 2006", Islamic REITs Category by Islamic Finance News in Kuala Lumpur.

2008

5 February 2008

Al-Aqar Capital Sdn Bhd, 100% subsidiary of Al-Aqar KPJ REIT has won the award for "Most Innovative Deal" in the Euromoney Islamic Finance Awards 2008 in London.

7 January 2008

Al-Aqar Sukuk Ijarah Programme RM300 million awarded "Best Islamic REIT Deal in South East Asia" by Alpha Southeast Asia Magazine.

2010



18 September 2010

Announcement to Bursa Malaysia on intention of Al-Aqar KPJ REIT to acquire Jeta Garden Aged Care Facility and Jeta Garden Retirement Living in Australia.



19 August 2011

Proposed Change of Name from Al-'Aqar KPJ REIT to Al-'Aqar Healthcare REIT.

28 November 2011

Al-'Aqar Healthcare REIT received "The Diamond EYE Award for Quality Commitment and Excellence" from Otherways Commitment and Consulting Association in Geneva, Switzerland.



26 April 2013

1<sup>st</sup> Annual General Meeting (AGM) & Extraordinary General Meeting (EGM) of Al-'Aqar Healthcare REIT in Johor Bahru.

5 May 2013 &  
5 August 2013

Issuance of Sukuk Ijarah of RM655 million under the First Issue of the Islamic Medium Term Notes Programmer of up to RM 1.0 billion in Nominal Value.

27 June 2013

DRMSB granted Capital Markets Services License (License no : CMSL / Ao303 / 2013) by Securities Commission to carry on regulated activities specified under Capital Markets Services Act.

28 February 2014

Al-'Aqar Healthcare REIT won IAIR Awards 4<sup>th</sup> Annual Edition 2014 (REIT) in Hong Kong.



30 April 2014

2<sup>nd</sup> Annual General Meeting (AGM) of Al-'Aqar Healthcare REIT in Johor Bahru.

2011

2013

2014

2012

27 June 2012

Announcement to Bursa Malaysia on the completion of 4<sup>th</sup> acquisition exercise consisting of Bandar Baru Klang Specialist, Kluang Utama Specialist Hospital, Rumah Sakit Bumi Serpong Damai and Rumah Sakit Medika Permata Hijau.

16 June 2014

Relocation to new corporate office at VSQ Tower @ PJ City.

3 October 2014

Announcement on Bursa Malaysia on the proposed acquisition of the new development in KPJUC Nilai.



# AWARDS & ACHIEVEMENTS







# FINANCIAL CALENDAR

# In Style

02

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- » 5-Year Financial Summary
- » Trading Performance
- » Unitholders' Statistics

In A Nutshell / In Style / In Good Hands / In Operation / In Order / In Good Financial Health



KPJ Tawakkal Specialist Hospital





“On behalf of the Board of Directors of the Manager, it is my utmost pleasure and privilege to present our Annual Report and audited financial statements of Al-‘Aqar Healthcare REIT (“Al-‘Aqar” or “the Fund”) for the financial year ended 31 December 2014. I am pleased to share another set of creditable results albeit in challenging operating environment during the year.”

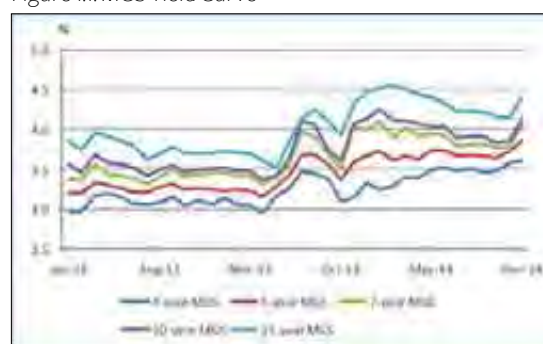
# LETTER TO STAKEHOLDERS

## Cushioning the impact

The declining crude oil price and the weakening of Ringgit Malaysia against the US Dollar have resulted in the slowing down of Malaysian economy. The risk free rate, Malaysian Government Securities (“MGS”) was traded at higher yield albeit with higher volatility, notably on 10-year MGS, which had recently grown from 3.9% in November 2014 to 4.2% in December 2014. The expectation of the market then was a possible shift of interest from M-REITs to MGS given the closing gap between the distribution yield of M-REITs and the MGS.

Nevertheless, a relatively higher return from M-REITs makes it more attractive for investors who are looking for yields that outperform the 10-year MGS, in spite of a long bond yield. Over the years, M-REITs’ yields have been trading close to 6% as investors were looking for safe avenues and defensive counters. The Distribution per Unit (“DPU”) of many M-REITs remained unscathed, which speaks volumes about the competency of the managers and defensiveness of

Figure 1.1: MGS Yield Curve



Source: Fixed Income Annual Outlook 2015 by AmBank Bond Report

REIT assets. M-REITs which have defensive qualities and provide stable yield like Al-Aqar remains in the portfolio of long term investors.

Amidst challenging environment, Al-Aqar remains confident in delivering sustainable returns to the unitholders. Al-Aqar is committed to provide continuous asset growth and better returns on investments to its unitholders, supported by the quality of underlying assets consisting of hospitals, nursing colleges and aged-care and retirement homes. With Assets Under Management (“AUM”) currently stands in excess of RM1.5 billion, Al-Aqar has grown by leaps and bounds since its humble beginnings in 2006.

The remarkable performance has made Al-'Aqar as the benchmark of the development of Islamic REITs in Malaysia as well as being among the pioneers of listed REIT in Malaysia. Operating in niche area and industry that is resilient and recession proof has made Al-'Aqar the only healthcare REIT in Malaysia. Al-'Aqar had truly made a difference by becoming the world's first listed Islamic REIT, Asia's first healthcare REIT, and a benchmark for the development of Islamic REITs in Malaysia.

The cover page of the Annual Report signifies amidst the rainy and stormy weather, Al-'Aqar will be continuously able to shelter and safeguard the interest of the unitholders as well as being acknowledged as the preferred defensive investment instruments. The theme of 'Pioneering A Difference' is maintained to show how proud we are to be part of Al-'Aqar's journey in succeeding against the odds and be seen as the benchmark in Islamic REIT.

### Sustainable performance

Al-'Aqar Group total revenue soared to RM108.6 million in 2014, an increase of 1.1% as compared to RM107.4 million in 2013. Net realised income of the Fund grew 8.7% to RM59.6 million in 2014 from RM54.8 million in 2013. The growth in revenue and net realised income were mainly contributed by yearly increment of rental income.

Al-'Aqar Group portfolio recorded RM11.4 million in fair value gain, reflected the increase in the market value of the investment properties owned by the Group. Al-'Aqar's unit price remained resilient and rose steadily to close at RM1.38 at the end of 2014 from the opening price of RM1.33 at the beginning of the year. With the market capitalisation increased to RM961 million, Al-'Aqar is amongst the top 10 REIT in Malaysia.

### Giving back to unitholders

We are pleased to announce the final distribution of 3.79 sen per unit for the financial year ended 31 December 2014, bringing the total distribution per unit in 2014 to 7.65 sen. This translates into net distribution yield of 5.5%, slightly decline to the yield in 2013. The total payout of RM53.3 million represents approximately 95% of Al-'Aqar's distributable net income for the year.

Al-'Aqar continues to record another year of healthy return to unitholders. Al-'Aqar registered a total return of 9.3% based on the closing price of RM1.38, comprising capital appreciation in unit price of 3.8% and distribution yield of 5.5%. The defensive qualities of Al-'Aqar was clearly demonstrated via consistent return to unitholders and high income distribution payment policy.





## Commitment still intact

Al-Aqar's commitment for the Islamic Financing was demonstrated through the successful issuance of RM655 million under Issue 1 of the RM1 billion Sukuk Ijarah programme by Al-Aqar Capital Sdn Bhd, a special purpose vehicle of Al-Aqar in 2013. In May 2014, RAM Ratings has reaffirmed the respective AAA/Stable and AA2/Stable ratings of RM272 million Class A and RM55 million Class B Sukuk Ijarah, premised on the stable lease payments from KPJ, the transaction's structural features and the debt service coverage as well as loan-to-value ratios that commensurate with the respective ratings.

## Challenging outlook

Amid the crude oil poser, the growth in Malaysian economic is expected to taper at a steady, slowly pace. With Overnight Policy Rate ("OPR") is likely to remain stable this year, this situation should be favourable to REITs, given the steady yield spread and stable interest cost on borrowings.

Future acquisitions however is expected to be more challenging upon the implementation of GST post April 1 as all purchases of commercial assets will be subjected to the 6% GST, hence potentially causing the assets' yields to become less attractive. At the same time, the Government's cooling measures on the property industry which was introduced in 2013 has also put a check on the rising property market and the industry experts have yet to see clear direction of the local property market in 2015. Given the expectation of challenging property market, lower yields





KPJ Penang Specialist Hospital

are likely for M-REITs which have exposure in commercial and offices assets. Nonetheless, Al-'Aqar which is less dependent on the cyclical nature of property market will be able to endure the headwinds from the gloomy economic forecast.

The healthcare industry will be driven by favourable domestic demographics such as an increasingly affluent population, rising health awareness and an ageing population. The prospect looks healthy in view of KPJ continuously acquiring and developing its hospitals. The acquisition of the new development in KPJ University College, Nilai which was announced in October 2014 is expected to be completed by the first half of 2015. The acquisition will add another RM77.8 million to Al-'Aqar's ever growing portfolio.

Despite our success, we have to double our effort to further expand the ever growing healthcare industry. The Manager is weighing several business proposals offering healthcare related assets. The acquisition of third party assets is hoped to enable Al-'Aqar to be less reliant on KPJ, hence broadening its income base and future earnings.

## Acknowledgements

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

Our appreciation is also extended to our unitholders, trustees, financiers, business associates, relevant authorities and all stakeholders of Al-Aqar for the continuous support and confidence. Special acknowledgement to KPJ for being Al-Aqar ever supportive sponsor.

The continuous exemplary leadership in Al-Aqar is proven as Al-Aqar was bestowed the Best Company for Leadership – Regional category in the 4th Annual Edition of International Alternative Investment Review (“IAIR”) Awards 2014 Hong Kong, another prestigious award adding up to Al-Aqar testimony.

Moving forward, Al-Aqar will continue ‘Pioneering A Difference’ towards providing sustainable growth and returns in the years to come.



**DATO' KAMARUZZAMAN BIN ABU KASSIM**  
Chairman  
Damansara REIT Managers Sdn Berhad



Yusaini Hj. Sidek (Managing Director/CEO of DRMSB) received on behalf of Al-Aqar for the Best Company for Leadership - Regional Category Award in the 4th Annual Edition of IAIR Awards 2014 in Hong Kong.



# 5-YEAR FINANCIAL SUMMARY

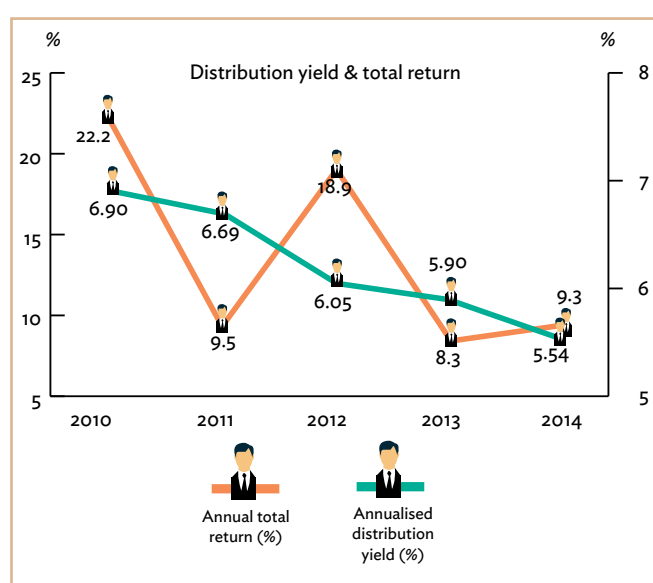
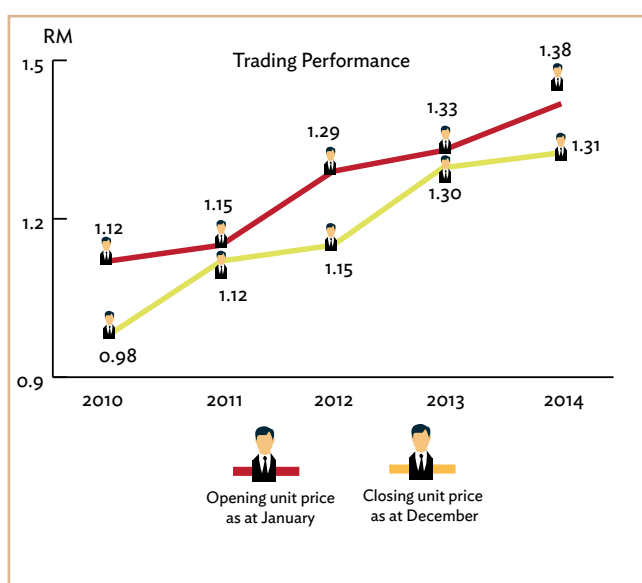
Group				
2014	2013	2012	2011	2010

## Statement of Comprehensive Income (RM '000)

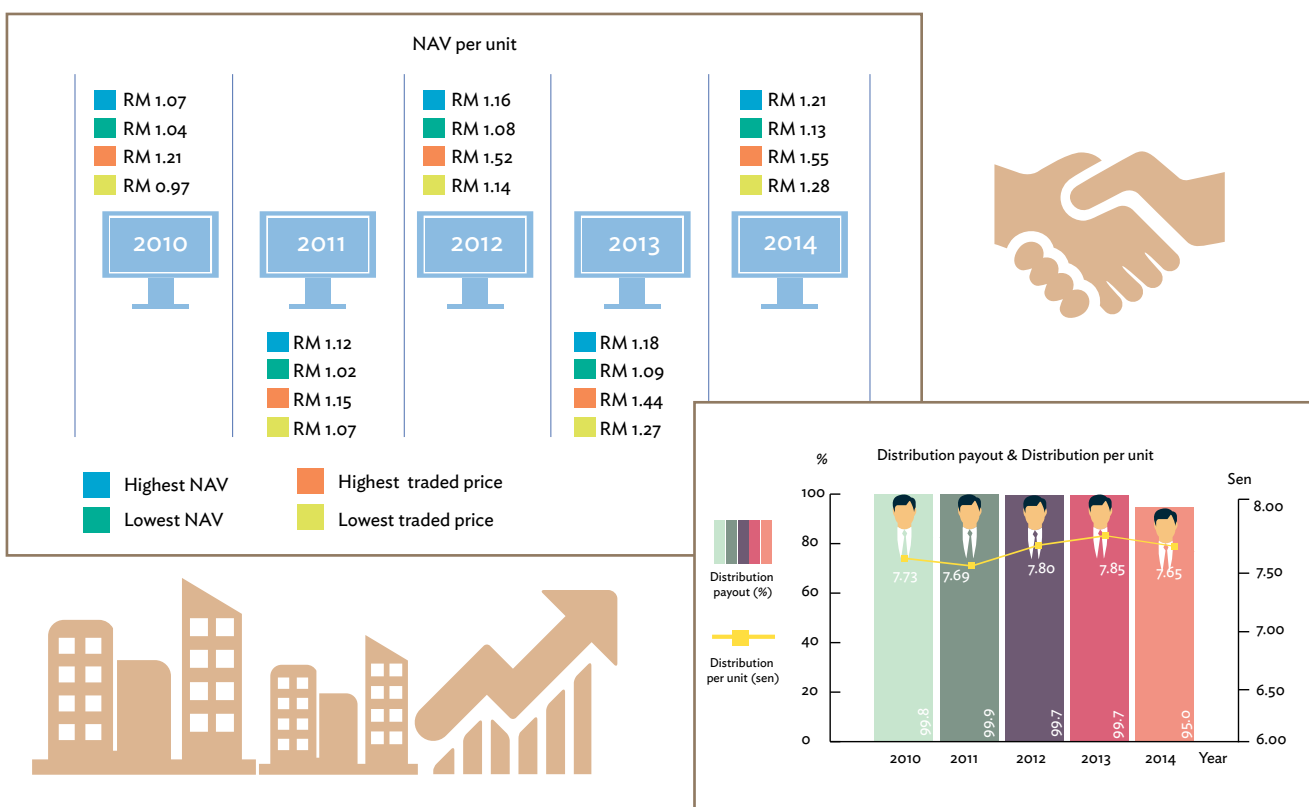
Gross revenue	108,644	107,419	103,398	84,466	72,982
Net property income	102,399	101,285	97,716	79,102	68,551
Income before tax	73,148	75,825	64,289	85,894	45,266
Net income after tax - realised	59,858	53,636	52,150	46,366	42,205
- unrealised	11,445	19,612	10,612	34,624	2,615
Earnings per unit (sen) - gross	10.51	10.89	9.61	14.67	8.19
- net	10.23	10.53	9.40	14.54	8.11
Management expense ratio (%)	0.50	0.26	0.27	0.29	0.22
Portfolio turnover ratio (times)	0.43	-	0.13	0.32	0.24

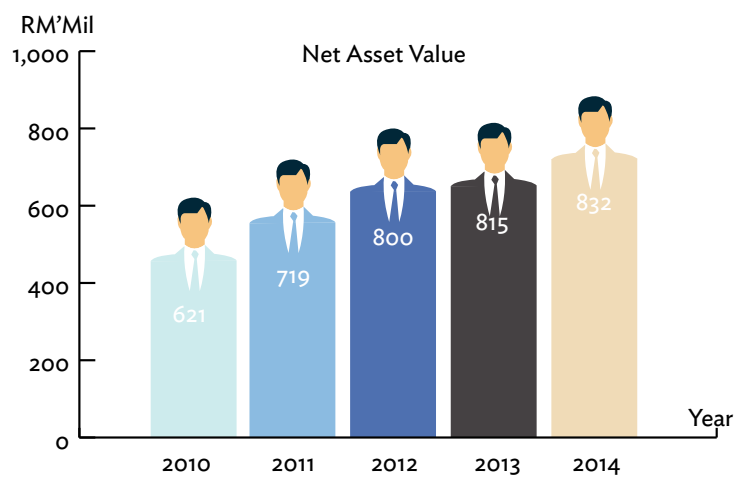
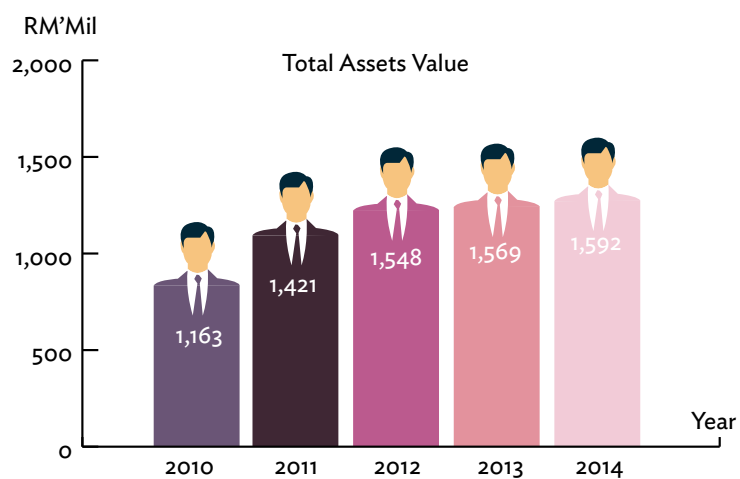
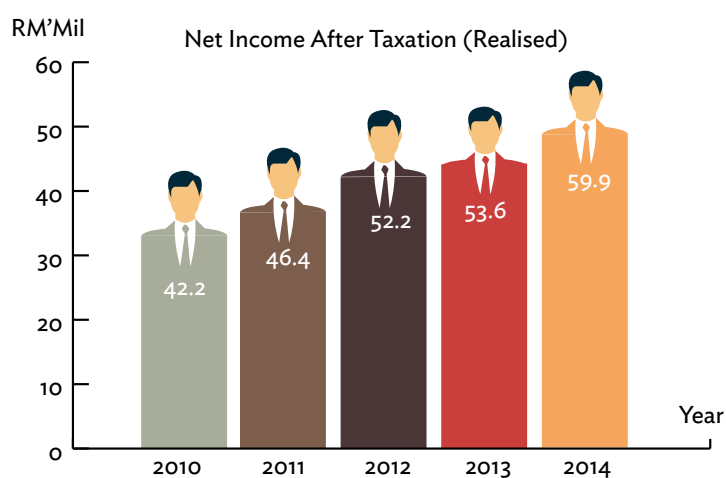
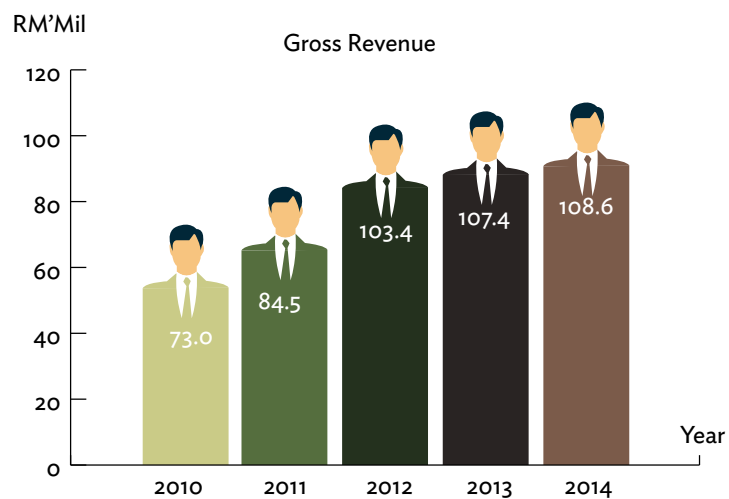
## Statement of Financial Position (RM '000)

Investment properties	1,509,996	1,483,685	1,464,010	1,356,758	1,104,936
Total asset value	1,592,422	1,568,909	1,548,183	1,421,269	1,163,489
Borrowings	733,148	732,414	727,852	684,696	527,835
Net asset value (NAV)	831,543	814,894	800,129	718,826	621,021
Units in circulation ('000)	696,226	696,226	696,226	639,586	580,167
NAV per unit (RM)	1.19	1.17	1.15	1.12	1.07
Gearing (%)	46.0	46.7	47.0	48.2	45.4



Fund					
	2014	2013	2012	2011	2010
Statement of Comprehensive Income (RM '000)					
Gross revenue	90,080	88,763	84,603	79,589	72,982
Net property income	84,067	82,844	79,160	74,306	68,551
Income before tax	63,561	73,726	62,527	84,502	45,014
Net income after tax - realised	59,626	54,836	52,617	46,138	42,400
- unrealised	3,935	18,890	9,910	38,364	2,615
Earnings per unit (sen) - gross	9.13	10.59	9.35	14.43	8.14
- net	9.13	10.59	9.35	14.43	8.14
Management expense ratio (%)	0.50	0.26	0.27	0.29	0.22
Portfolio turnover ratio (times)	0.43	-	0.13	0.32	0.24
Statement of Financial Position (RM '000)					
Investment properties	1,287,496	1,268,600	1,249,710	1,143,300	1,104,936
Total asset value	1,561,137	1,547,170	1,531,361	1,405,900	1,145,657
Borrowings	717,331	717,428	713,882	670,827	514,530
Net asset value (NAV)	827,519	818,612	803,369	722,301	620,985
Units in circulation ('000)	696,226	696,226	696,226	639,586	580,167
NAV per unit (RM)	1.19	1.18	1.15	1.13	1.07
Gearing (%)	45.9%	46.4	46.6	47.7	44.9







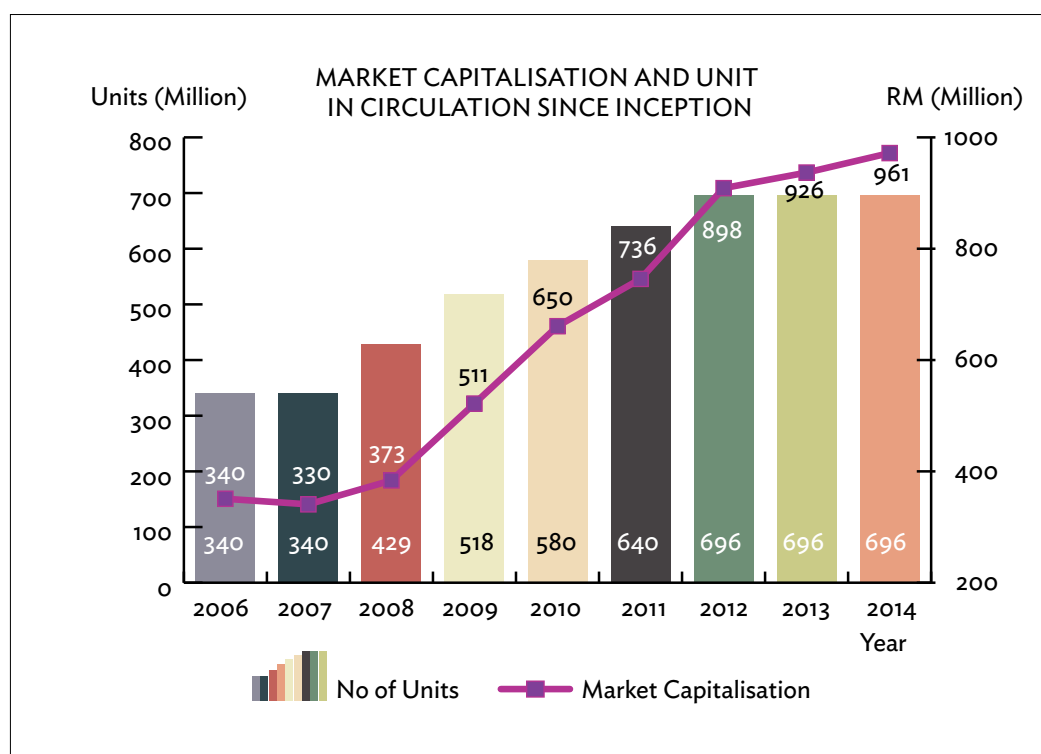
Jeta Gardens

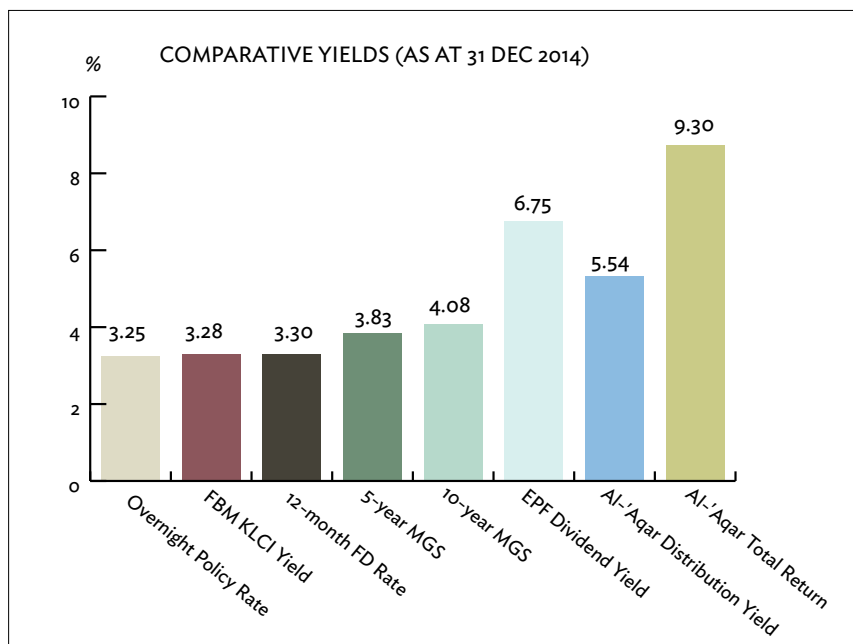
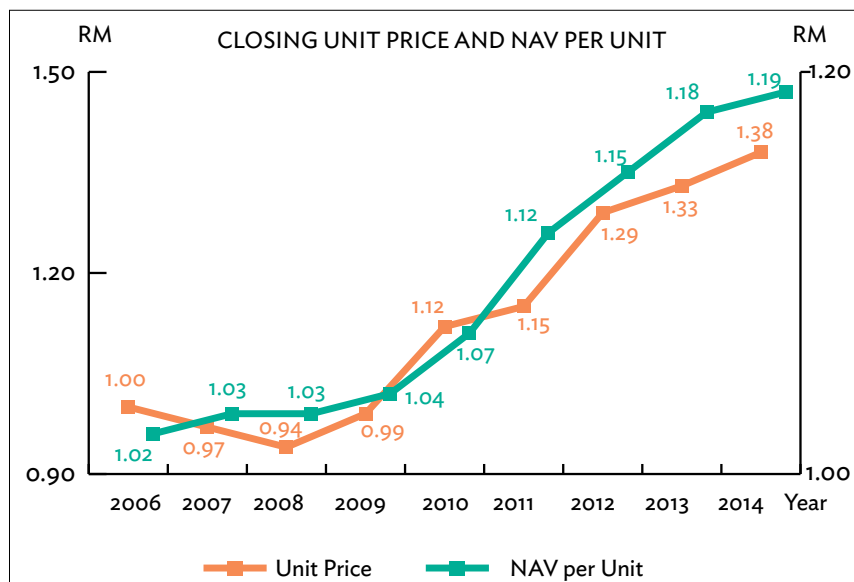
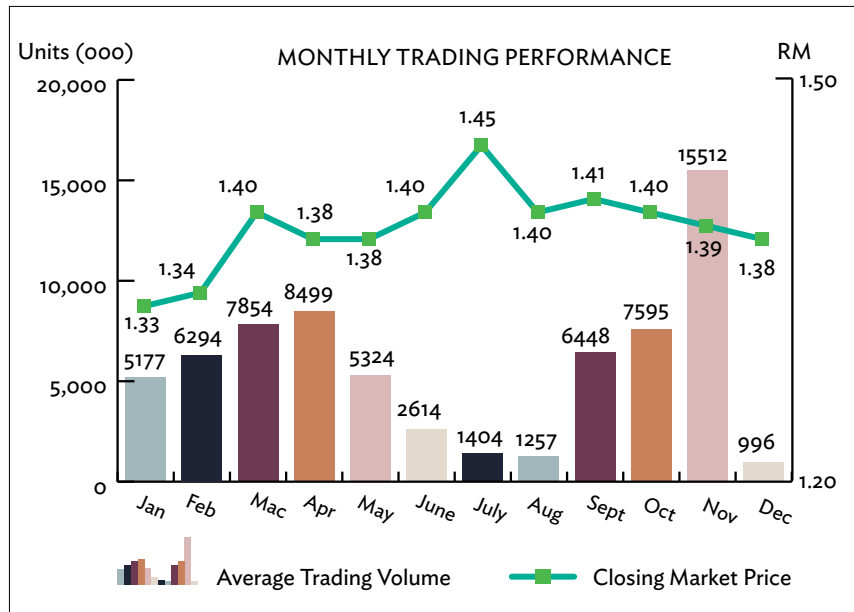
頤康園



# TRADING PERFORMANCE

Month	Lowest Traded Price (RM per unit)	Highest Traded Price (RM per unit)	Closing Market Price (RM per unit)	Average Trading Volume (‘000 units)	Market Capitalisation (RM ‘000)
Jan	1.28	1.33	1.33	5,177	925,981
Feb	1.30	1.37	1.34	6,294	932,943
Mar	1.35	1.42	1.40	7,854	974,716
Apr	1.36	1.40	1.38	8,499	960,792
May	1.35	1.40	1.38	5,324	960,792
Jun	1.35	1.40	1.40	2,614	974,716
Jul	1.36	1.45	1.45	1,404	1,009,528
Aug	1.40	1.45	1.40	1,257	974,716
Sep	1.40	1.55	1.41	6,448	981,679
Oct	1.40	1.42	1.40	7,595	974,716
Nov	1.38	1.41	1.39	15,512	967,754
Dec	1.29	1.40	1.38	995	960,792







# UNITHOLDERS' STATISTICS

## UNITHOLDINGS STATISTICS AS AT 31 DECEMBER 2014

Issued : 696,226,468 Units of RM1/= each  
Fully Paid-Up Capital : RM696,226,468

### ANALYSIS OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
Less than 100	357	12.36	15,705	-
100 – 1000	1,070	37.04	521,077	0.07
1,001 – 10,000	916	31.71	4,180,390	0.60
10,001 – 100,000	387	13.39	13,152,304	1.89
100,001 to less than 5% of Issued Capital	153	5.29	365,282,018	52.47
5% and above of Issued Capital	6	0.21	313,074,974	44.97
<b>TOTAL</b>	<b>2,889</b>	<b>100.00</b>	<b>696,226,468</b>	<b>100.00</b>

### TOP THIRTY SECURITIES ACCOUNT HOLDERS (AS PER RECORD OF DEPOSITORS)

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

Name	No. of Units	%
1 Lembaga Tabung Haji	69,246,056	9.95
2 Kumpulan Wang Persaraan (Diperbadankan)	63,518,300	9.12
3 Pusat Pakar Tawakal Sdn Bhd	57,758,800	8.30
4 Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141,000	7.06
5 Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	38,410,818	5.52
6 HSBC Noms (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd	35,000,000	5.03
7 AmanahRaya Trustees Berhad - A/C Jeta Gardens (QLD) Pty Ltd	30,303,419	4.35
8 Seremban Specialist Hospital Sdn Bhd	23,731,000	3.41
9 Ampang Puteri Specialist Hospital Sdn Bhd	21,013,739	3.02
10 Medical Associates Sdn Bhd	19,055,000	2.74
11 Waqaf An-Nur Corporation Berhad	18,199,870	2.61
12 AmanahRaya Trustees Berhad - A/C Amanah Saham Didik	17,723,090	2.55
13 Sentosa Medical Centre Sdn Bhd	15,653,000	2.25
14 Damansara Specialist Hospital Sdn Bhd	15,233,000	2.19
15 Kedah Medical Centre Sdn Bhd	15,000,000	2.15
16 Pusat Pakar Tawakal Sdn Bhd	13,631,000	1.96
17 Johor Specialist Hospital Sdn Bhd	12,203,000	1.75
18 Puteri Specialist Hospital (Johor) Sdn Bhd	12,000,000	1.72
19 Pusat Pakar Darul Naim Sdn Bhd	11,789,000	1.69
20 AmanahRaya Trustees Berhad - A/C Public Islamic Opportunities Fund	8,698,000	1.25
21 AmanahRaya Trustees Berhad - A/C Public Islamic Select Treasures Fund	8,414,572	1.21
22 Citigroup Noms (T) Sdn Bhd - A/C Exempt An for AIA Bhd.	5,898,000	0.85
23 Citigroup Noms (T) Sdn Bhd - A/C MCIS Insurance Berhad (Life Par FD)	5,553,394	0.80
24 HSBC Noms (A) Sdn Bhd - A/C Exempt AN for BNP Paribas Securities Services (Dublin USD)	5,538,762	0.80
25 AmanahRaya Trustees Berhad - A/C PB Asia Real Estate Income Fund	5,329,200	0.77
26 Kuantan Specialist Hospital Sdn Bhd	5,000,000	0.72
27 PM Noms (Tempatan) Sdn Bhd - A/C For Bank Kerjasama Rakyat Malaysia Berhad	4,728,530	0.68
28 Kajang Specialist Hospital Sdn. Bhd.	4,487,000	0.64
29 Citigroup Noms (T) Sdn Bhd - A/C Kenanga Islamic Investors Bhd for Tabung Warisan Negeri Selangor (REITS)	3,928,900	0.56
30 HSBC Noms (T) Sdn Bhd - A/C HSBC (M) Trustee Bhd for MAAKL Al-Fauzan (5170)	3,905,100	0.56

**SUBSTANTIAL UNITHOLDERS**

Name	No.of Units		%
Lembaga Tabung Haji	69,246,056	72,668,356	10.44
Citigroup Noms (T) Sdn Bhd - A/C Kenanga Islamic Investors Bhd For Lembaga Tabung Haji	3,422,300		
Pusat Pakar Tawakal Sdn Bhd - 2 a/cs		71,389,800	10.25
Kumpulan Wang Persaraan (Diperbadankan)		63,518,300	9.12
Bandar Baru Klang Specialist Hospital Sdn Bhd		49,141,000	7.06
Employees Provident Fun Board	1,599,820	40,010,638	5.75
Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fun Board	38,410,818		
HSBC Noms (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd		35,000,000	5.03

**ANALYSIS OF UNITHOLDERS**

Name	No. of Units		%	No.of Units		%
Malaysian - Bumiputera	838	29.01		537,919,171	77.26	
- Others	1,970	68.19		145,503,068	20.90	
Foreigners	81	2.80		12,804,229	1.84	
<b>TOTAL</b>	<b>2,889</b>	<b>100.00</b>		<b>696,226,468</b>	<b>100.00</b>	

**UNIT ANALYSIS AS AT 31 DECEMBER 2014**

As per Record of Depositors	TOTAL		BUMIPUTERA		NON - BUMIPUTERA		FOREIGN	
	Holder	Unit	Holder	Unit	Holder	Unit	Holder	Unit
Government Bodies	3	9,000	3	9,000	-	-	-	-
Finance	24	214,480,857	22	211,421,237	2	3,059,620	-	-
Investment Trust	6	192,500	5	22,500	1	170,000	-	-
Nominees	508	146,181,614	327	13,622,610	146	123,818,633	35	8,740,371
Companies	91	312,646,292	67	309,611,591	22	1,023,352	2	2,011,349
Clubs/ Association	2	1,095,400	1	895,400	1	200,000	-	-
Co - Operatives	7	949,750	5	542,250	2	407,500	-	-
Individuals	2,248	20,671,055	408	1,794,583	1,796	16,823,963	44	2,052,509
<b>Total</b>	<b>2,889</b>	<b>696,226,468</b>	<b>838</b>	<b>537,919,171</b>	<b>1,970</b>	<b>145,503,068</b>	<b>81</b>	<b>12,804,229</b>
	<b>100.00%</b>	<b>100.00%</b>	<b>29.01%</b>	<b>77.26%</b>	<b>68.19%</b>	<b>20.90%</b>	<b>2.80%</b>	<b>1.84%</b>

# In Good Hands 03

- » Board of Directors' Profiles
- » Syariah Committee's Profiles

In A Nutshell / In Style / **In Good Hands** / In Operation / In Order / In Good Financial Health





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YETA GARDENS®



# Board of Directors 2014



## Chairman

1. DATO' KAMARUZZAMAN BIN ABU KASSIM

## Board of Directors

- 2. DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR
- 3. ZAINAH BINTI MUSTAFA
- 4. JAMALUDIN BIN MD ALI
- 5. DATO' MANI A/L USILAPPAN
- 6. DR. MOHD HAFETZ BIN AHMAD
- 7. YUSAINI BIN HJ. SIDEK
- 8. MOHD YUSOF BIN AHMAD
- 9. LUKMAN BIN HJ. ABU BAKAR



**DATO' KAMARUZZAMAN BIN ABU KASSIM**

Malaysian, aged 51

Dato' Kamaruzzaman bin Abu Kassim, aged 51, is the Chairman and Non Independent Non – Executive Director of the Manager. He was appointed to the Board of the Manager as a Director on 12 January 2007 and as the Chairman on 12 January 2011. He is currently the President and Chief Executive of Johor Corporation (“JCorp”) with effect from 1 December 2010.

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

Dato' Kamaruzzaman sits as the Chairman of Kulim (Malaysia) Berhad and KPJ Healthcare Berhad, companies under Johor Corporation Group listed on the Main Market of Bursa Malaysia Securities Berhad. Further, he is also the Chairman of several companies within the JCorp Group which includes, amongst others, Johor Land Berhad, QSR Brands (M) Holdings Sdn Bhd (“QSR”) and Waqaf An-Nur Corporation Berhad (“Waqaf An-Nur”), an Islamic endowment institution which spearheads JCorp’s corporate social responsibility programmes.

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

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of the Manager. He has no personal interest in any business arrangement involving the Manager. He has not been convicted for any offences. He attended all five (5) Board Meetings of the Manager held during the financial year ended 31 December 2014.

**YUSAINI BIN HJ SIDEK**

Malaysian, aged 47

Yusaini bin Hj. Sidek, aged 47, is the Managing Director of the Manager. He was appointed to the Board as an Executive Director in 2009 and subsequently assumed his current role on 1 February 2013. Prior thereto, he had served as the Chief Executive Officer of the Manager since 2006. He is also presently the Executive Director of Damansara Assets Sdn Bhd being appointed on 1 December 2012.

Yusaini graduated with a Master of Business Administration, with specialisation in International Business from University of Southern Queensland, Australia in 2010. He also obtained his Bachelor in Business Administration from Universiti Kebangsaan Malaysia in 1999 and a Diploma In Valuation in 1989 from Universiti Teknologi Malaysia.

Yusaini has approximately 24 years' experience in the Malaysian property industry, particularly in property valuations and building management. He gained professional experience via attachment with numerous property-related companies and/or entities in Malaysia, namely, the Valuation and Property Services Department of the Ministry of Finance, Colliers Jordan Lee & Jaafar Sdn Bhd, Bank Industri Malaysia Berhad, FIMA Corporation Berhad, CSM Corporation Berhad and Empire Tower (M) Sdn Bhd.

During his tenure with the aforementioned companies, amongst the buildings under his supervision were Bank Industri Building, Airtel

Complex, Plaza Damansara, Jaya Shopping Centre, Menara CSM, Empire Tower and City Square Complex. He has vast experience in building management, primarily in the areas of tenancy management, marketing as well as promotion and maintenance management. He was previously employed by Harta Consult Sdn Bhd, a wholly-owned subsidiary of JCorp since February 2001 as a Senior Manager, which had enabled him to capitalize his expertise in property management to ensure the smooth operation of the buildings of Damansara Assets Sdn Bhd.

Yusaini has obtained a Capital Markets Services Representative's Licence ("CMSRL") for Real Estate Investment Trust as a Licensed Director to carry on regulated activities specified under the Capital Markets Services Act. In January 2015, he was appointed as the Vice Chairman of the Malaysian REIT Managers Association (MRMA), an organization that act as a platform for the Malaysian REIT Managers to engage with the Regulators in proposing changes to the industry to promote its growth.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of the Manager. He has no personal interest in any business arrangement involving the Manager. He has not been convicted for any offences. He attended all five (5) Board Meetings of the Manager held during the financial year ended 31 December 2014.





**DR. MOHD HAFETZ BIN AHMAD**

Malaysian, aged 65

Dr. Mohd Hafetz bin Ahmad, aged 65, is an Independent Non-Executive Director of the Manager.

He was appointed to the Board on 22 June 2006.

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

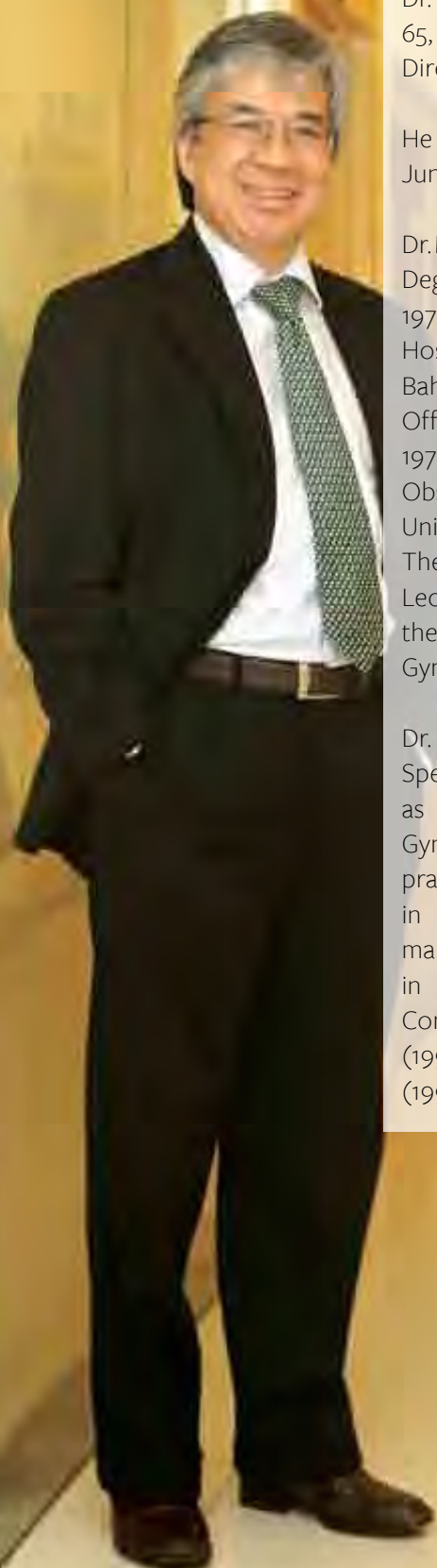
Dr. Mohd Hafetz joined Johor Specialist Hospital (JSH) in 1983 as Consultant Obstetrician and Gynaecologist. Besides his clinical practice, he has been involved in various aspects of hospital management and clinical governance in his capacity as Chairman, JSH Consultant's Advisory Committee (1990-1994)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

Dr. Mohd Hafetz was the President of the Obstetrical and Gynaecological Society of Malaysia ("OGSM") from 2004 to 2005 and he also served as a council member of the OGSM from 2003 to 2006. Currently, he is the State Representative of OGSM and a member of the Malaysian Medical Association, Malaysian Menopause Society and Persatuan Perubatan Islam Malaysia.

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

He has no directorships in other public companies in Malaysia.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of the Manager. He has no personal interest in any business arrangement involving the Manager. He has not been convicted for any offences. He attended all five (5) Board Meetings of the Manager held during the financial year ended 31 December 2014.



**ZAINAH BINTI MUSTAFA**

Malaysian, aged 60

Zainah binti Mustafa, aged 60, is an Independent Non-Executive Director of the Manager. She was appointed to the Board and as the Chairman of the Manager's audit committee on 16 February 2007.

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

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

She is also presently the Independent Non-Executive Director of KPJ and Damansara Realty Berhad ("DBhd") and sits on the board of few companies within the JCorp Group.

Other than as disclosed, she does not have any family relationship with any director and/or major shareholder of the Manager. She has no personal interest in any business arrangement involving the Manager. She has not been convicted for any offences. She attended all five (5) Board Meetings of the Manager held during the financial year ended 31 December 2014.





**DATO' MANI A/L USILAPPAN**

Malaysian, aged 65

Dato' Mani A/L Usilappan, aged 65, is an Independent Non-Executive Director of the Manager. He was appointed to the Board on 1 November 2010.

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

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

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of the Manager. He has no personal interest in any business arrangement involving the Manager. He has not been convicted for any offences. He attended all five (5) Board Meetings of the Manager held during the financial year ended 31 December 2014.

**DATIN PADUKA SITI SA'DIAH  
BINTI SHEIKH BAKIR**

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Malaysian, aged 63

Datin Paduka Siti Sa'diah binti Sheikh Bakir, aged 63, is the Non-Independent, Non-Executive Director of the Manager. She was appointed to the Board on 22 June 2006.

She graduated with a Bachelor of Economics from University of Malaya and an MBA from Henley Business School, University of Reading, London, United Kingdom.

Datin Paduka was appointed as a Non-Independent, Non-Executive Director of KPJ Healthcare Berhad (KPJ) on 1 January 2013. Prior to that, she served as the Managing Director (MD) of KPJ from 1 March 1993 until her retirement on 31 December 2012. She had also served as KPJ's Corporate Advisor from 1 January 2013 until 31 December 2014. She is also the Chairman and Pro Chancellor of KPJ Healthcare University College (KPJUC) since 1 August 2011 to date.

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

Throughout her career in KPJ, Datin Paduka is directly involved in developing and implementing the transformational strategies that made KPJ one of Malaysia's leading private healthcare services provider with 25 hospitals nationwide, 4 hospitals abroad and more under development.

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

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

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

She launched her biography entitled "Siti Sa'diah : Driven by Vision, Mission and Passion" penned by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013.

Datin Paduka is a member of the Academic Committee of the Razak School of Government (RSOG), and sits on several University Committees. She is a member of the University of Reading Malaysia (UoRM) Advisory Board, a member of the Centre for University-Industry Collaboration (CUIC) Advisory Council of University Utara Malaysia (UUM) and as the Adjunct Professor of UUM's Othman Yeop Abdullah Graduate School of Business, and as a Member of University Malaya's Research Advisory Committee (UMRAC).

Other than as disclosed, she does not have any family relationship with any Director and/or major shareholder of the Manager. She has no personal interest in any business arrangement involving the Manager. She has not been convicted for any offences. She attended all five (5) Board Meetings of the Manager held during the financial year ended 31 December 2014.





**LUKMAN BIN HJ. ABU BAKAR**

Malaysian, aged 56

Lukman bin Hj. Abu Bakar, aged 56, is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 12 January 2007 and as a member of the audit committee on 18 August 2010.

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

Upon graduation, he joined JCorp as a Town Planning Officer. He had held various positions in JCorp Group before he was promoted as the Deputy Manager of JCorp in 1989. In 1992, he was appointed as the manager cum Deputy Secretary of Pasir Gudang Local Authority (now known as Pasir Gudang Municipal Council). In 1993, he joined Sindora Berhad as the Deputy General Manager and was promoted as the General Manager in 1995. On 1 January 2006, he was

appointed as the Senior General Manager of JCorp. On 1 July 2008, the Pasir Gudang Local Authority was upgraded as a full-fledged Municipal Council. Concurrently, he was appointed as its first President and served until 31 August 2009 when the Council was handed over to the administration of the State Government of Johor. Thereafter, he was promoted as a Senior Vice President in JCorp on 1 September 2009.

Lukman presently is the Managing Director of Johor Land Berhad since 1 January 2010 and the Chief Executive of Property Division of JCorp since 1 January 2011. He is also the Chairman of Syarikat Pengangkutan Maju Berhad as well as few other companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of the Manager. He has no personal interest in any business arrangement involving the Manager. He has not been convicted for any offences. He attended all five (5) Board Meetings of the Manager held during the financial year ended 31 December 2014.



**JAMALUDIN BIN MD ALI**

Malaysian, aged 57

Jamaludin bin Md Ali, aged 57, is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 1 February 2013.

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

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

Jamaludin was appointed as the Group Chief Operating of JCorp in 2001. Subsequently, he was appointed as a Director of QSR

Brands Berhad (“QSR Brands”) and KFC Holdings (Malaysia) Sdn Bhd (“KFC Holdings”) on 8 June 2006 and was appointed as the Managing Director for both QSR Brands and KFC Holdings on 8 June 2006 and 2 July 2006, respectively.

Jamaludin is presently the Executive Director of Kulim (Malaysia) Berhad since 4 December 2012 and sits on the board of various companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of the Manager. He has no personal interest in any business arrangement involving the Manager. He has not been convicted for any offences. He attended all five (5) Board Meetings of the Manager held during the financial year ended 31 December 2014.



# **MOHD YUSOF BIN AHMAD**

Malaysian, aged 47

Mohd Yusof bin Ahmad, aged 47, is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 4 February 2014.

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

Upon graduation, he gained experience as a Valuation Executive in Sailan & Co and KGV Lambert Smith Hampton. In 1993, he joined Johor Land Berhad as an Executive and later served as Valuation Executive at Planning Department in 1995. Since 2000, he had served several departments in Johor Land Berhad which includes Property Management, Marketing Department, Corporate Office and Planning Department. He is currently the General Manager, Business Development and Planning of Johor Land Berhad since his appointment on 1 January 2015.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of the Manager. He has no personal interest in any business arrangement involving the Manager. He has not been convicted for any offences. He attended all five (5) Board Meetings of the Manager held during the financial year ended 31 December 2014.



# Company Secretary



**HANA BINTI AB RAHIM @ ALI**  
(MAICSA 7064336)



**ROHAYA BINTI JAAFAR**  
(LS 0008376)



# Syariah **Committee** 2014



- 1. > DATO' HAJI NOOH BIN GADOT
- 2. > PROFESSOR MADYA DR. AB. HALIM BIN MUHAMMAD
- 3. > PROFESSOR DR. MOHAMAD @ MD. SOM BIN SUJIMON

**DATO' HAJI NOOH BIN GADOT**

Malaysian, aged 69

Dato' Haji Nooh bin Gadot, aged 69, was appointed as the Chairman and member of Syariah Committee of Al-Aqar Healthcare REIT since 22 June 2006. Currently, he is the Islamic Advisor to DYMM Sultan Johor and Advisor to Johor State Islamic Council. He is a member of the Johor Royal Council and Islamic Religious Council (Johor).

Dato' Haji Nooh graduated from the Al-Azhar University in Egypt with a Bachelor in Islamic Law and Syariah Islamiah. He obtained his tertiary Islamic education from Maahad Institution in Johor majoring in As-Syahadah Al-Thanawiyah, Arabic Secondary School, Segamat Madrasah Al-Khairiyah Al-Arabiyyah – AsSyahadah Al-Ibtidaiyyah, Segamat and Islamic Primary School State of Johor Special Class. On 22 April 2012, he obtained the Ijazah Kehormat Sarjana Sastera (Master of Art) from Asia e University.

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

Before his appointment as Mufti of Johor from year 1999, Dato' Haji Nooh was appointed as Vice Mufti of Johor and Chief Assistant Director, Department of Administration of Syariah Law (Chief Kadi). His vast experience in Islamic practise and jurisprudence, juristic methodology, hadith and its sciences and spirituality was gained throughout his services as Acting Kadi, Syarie Lawyer, Islamic Affair Officer Religious Department (Prime Minister Department), Acting Assistant Examination and Registrar Religious School of Johor State and Religious Teacher of Johor State. He compulsory

retired as Mufti of Johor in November 2002 and continued his service until 13 November 2008 and now remains as the Advisor to the Islamic Religious Council (Johor). Currently, he holds various positions namely Board Member of Waqaf An-Nur Corporation Berhad, Board Member of Kolej Pengajian Islam Johor (MARSAH), Vice Chairman of Pengawalan dan Perlesenan Pencetakan Teks Al-Qur'an Kementerian Dalam Negeri, Board Member of Yayasan Dakwah Islamiah Malaysia, Syariah Committee of QSR Brands Bhd/KFC Holdings (Malaysia) Bhd, Syariah Committee of JAKIM, Syariah Committee of Permodalan Nasional Berhad (PNB), Board Member of Infaq Lil-Waqaf ANGKASA (Angkatan Koperasi Kebangsaan Malaysia Berhad), Syariah Committee of NCB Holdings Bhd and Joint Chairman of Institut Ahli Sunnah Wal Jamaah Johor (IASWJ).

Since year 2001 until now, Dato' Haji Nooh is active in presenting his proposals and working papers in various issues related to religion that brings into effect the social and spiritual life of the communities. He was conferred the prestigious award Ma'al Hijrah for the State of Johor in year 2009, award Tokoh Dakwah Sempena Sambutan Jubli Emas dan Sempena Anugerah Kecemerlangan Maahad Johor and prestigious award of Maulidur Rasul National Award for the year 1434H/2013M as well as Pingat Bakti Setia (Anugerah Menteri Dalam Negeri) Sempena Sambutan Hari Penjara Ke-224).





# **PROFESSOR MADYA DR. AB. HALIM BIN MUHAMMAD**

Malaysian, aged 70

Professor Madya Dr. Ab. Halim Bin Muhammad, aged 70, was appointed on 22 June 2006 as the Syariah Committee member of Al'Aqar Healthcare REIT.

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

Dr. Ab. Halim began his career with University Kebangsaan Malaysia as the Head of Department of Quran and Sunnah, Faculty of Islamic Studies and Lecturer at Faculty of Law Universiti Kebangsaan Malaysia.

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

At present, Dr. Ab. Halim is the Syariah Committee member of Bank Muamalat, ANGKASA and Terengganu Trust Fund.



**PROFESSOR DR. MOHAMAD @  
MD. SOM BIN SUJIMON**

Malaysian, aged 60

Professor Dr. Mohamad @ Md. Som bin Sujimon, aged 60, was appointed on 20 May 2013 as the Syariah Committee member of Al-'Aqar Healthcare REIT. He graduated from University of al-Azhar, Cairo with a B.A Hons from the Faculty of Islamic Jurisprudence and Law in 1979. He obtained his Master of Arts in Teaching from Mississippi State University, United States of America in 1982 and completed his Ph.D in Islamic and Middle Eastern Studies at the Faculty of Arts in University of Edinburgh, Scotland, United Kingdom in 1997. Dr. Mohamad @ Md. Som began his career as a Lecturer at the Faculty of Arts and Social Science, Universiti Malaya from 1983-1986. He was then migrated to Brunei Darussalam whereby he was part of the team who set up 3 institutions namely Universiti Brunei Darussalam (UBD), Universiti Islam Sultan Syarif Ali (UNISSA) and Kolej Universiti Perguruan Ugama Seri Begawan (KUPU SB).

In Brunei Darussalam, he was an Associate Professor at the Faculty Syariah & Law, UNISSA as well as an Associate Professor at the UBD and Institute of Islamic Studies Sultan Haji Omar Ali Saifuddien (IPISHOAS). Before that, he was also an Associate Professor at International Islamic University Malaysia from 1999 – 2005.

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

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





# In Operation

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In A Nutshell / In Style / In Good Hands / **In Operation** / In Order / In Good Financial Health



# Portfolio **Summary**





## 22 PROPERTIES (MALAYSIA)

- KPJ AMPANG PUTERI SPECIALIST HOSPITAL
- DAMAI SPECIALIST HOSPITAL
- KPJ DAMANSARA SPECIALIST HOSPITAL
- KPJ IPOH SPECIALIST HOSPITAL
- KPJ JOHOR SPECIALIST HOSPITAL
- KPJ KAJANG SPECIALIST HOSPITAL
- KEDAH MEDICAL CENTRE
- KUANTAN SPECIALIST HOSPITAL
- KPJ PENANG SPECIALIST HOSPITAL
- KPJ PERDANA SPECIALIST HOSPITAL
- KPJ PUTERI SPECIALIST HOSPITAL
- KPJ SELANGOR SPECIALIST HOSPITAL
- SENTOSA MEDICAL CENTRE
- KPJ SEREMBAN SPECIALIST HOSPITAL
- TAIPING MEDICAL CENTRE
- TAWAKKAL HEALTH CENTRE
- KPJ TAWAKKAL SPECIALIST HOSPITAL
- KPJ KLANG SPECIALIST HOSPITAL
- KLUANG UTAMA SPECIALIST HOSPITAL
- KPJ HEALTHCARE UNIVERSITY COLLEGE, NILAI
- KPJ INTERNATIONAL COLLEGE, PENANG
- SELESA TOWER



## 2 PROPERTIES (INDONESIA)

- RUMAH SAKIT MEDIKA PERMATA HIJAU
- RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI



## 1 PROPERTY AUSTRALIA

- JETA GARDENS





# PORTFOLIO DETAILS

## 1<sup>st</sup> Acquisition

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### KPJ AMPANG PUTERI SPECIALIST HOSPITAL

#### Location

No. 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan.

#### Lessee/Asset Operator

Ampang Puteri Specialist Hospital Sdn Bhd

#### Description

A purpose built private hospital comprising a seven (7) storey main building (NCB Block), an annexed five (5) storey specialist centre (PCB Block) both are with a common lower ground floor together with a redevelopment land currently being used as open car park.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

#### Land Area

233,245 sq.ft.

#### Gross Floor Area

384,729 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

#### Title

P.T. No. 25119 held under Title No. H.S. (M) 26550, Mukim Empang, District of Hulu Langat, State of Selangor.  
Leasehold expiring in year 2089.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.

### KPJ DAMANSARA SPECIALIST HOSPITAL

#### Location

No 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor.

#### Lessee/Asset Operator

Damansara Specialist Hospital Sdn Bhd

#### Description

A six (6) storey purpose built hospital building with a basement level (inclusive of approximately one and a half (1½) levels of shell floors) together with open car park.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

#### Land Area

179,860 sq.ft.

#### Gross Floor Area

445,114 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

#### Title

P.T. No. 1856 held under Title No. H.S. (D) 146423, Mukim Sungai Buloh, District of Petaling, State of Selangor.  
Freehold.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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### KPJ JOHOR SPECIALIST HOSPITAL

#### Location

No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru.  
Johor Darul Takzim.

#### Lessee/Asset Operator

Johor Specialist Hospital Sdn Bhd.

#### Description

A six (6) level with mezzanine floor main hospital building, a four (4) level physician consulting building together with two (2) level basement car parks and open car parks.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-  
'Aqar Healthcare REIT.

#### Land Area

217,800 sq.ft.

#### Gross Floor Area

477,234 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1  
January 2016.

#### Title

PTB No. 12319 held under Title No. H.S. (D) 420217,  
Town and District of Johor Bahru, State of Johor.  
Leasehold expiring in year 2079.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to  
Maybank Trustees Berhad.

### KPJ PUTERI SPECIALIST HOSPITAL

#### Location

No. 33, Jalan Tun Abdul Razak (Susur 5), 80350  
Johor Bahru, Johor Darul Takzim.

#### Lessee/Asset Operator

Puteri Specialist Hospital (Johor) Sdn Bhd.

#### Description

A six (6) storey purpose built private hospital  
building.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-  
'Aqar Healthcare REIT.

#### Land Area

104,109 sq.ft.

#### Gross Floor Area

118,019 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1  
January 2016.

#### Title

Lot No. 46034 (formerly PTB 21513) held under  
Title No. PN 54954 (formerly HSD 372199), Town  
and District of Johor Bahru, State of Johor.  
Leasehold expiring in year 2053.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to  
Maybank Trustees Berhad.



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## KPJ SELANGOR SPECIALIST HOSPITAL

### Location

Lot 1, Jalan 20/1, Section 20, 40300 Shah Alam, Selangor Darul Ehsan.

### Lessee/Asset Operator

Selangor Specialist Hospital Sdn Bhd.

### Description

A six (6) storey main specialist centre building together with a basement and a six storey carpark block together with a basement.

### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

### Land Area

204,342 sq.ft.

### Gross Floor Area

212,612 sq.ft.

### Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

### Title

P.T. No. 2 Section 20 held under Title No. H.S. (D) 112884, Town of Shah Alam, District of Petaling, State of Selangor.  
Leasehold expiring in year 2096.

### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.

## KPJ IPOH SPECIALIST HOSPITAL

### Location

No.26, Jalan Raja Di Hilir, 30350 Ipoh, Perak Darul Ridzuan.

### Lessee/Asset Operator

Ipoh Specialist Hospital Sdn Bhd.

### Description

A purpose built private specialist hospital comprising three (3) to four (4) storey building (Old Wing) annexed to a five (5) storey building with a basement (New Wing).

### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

### Land Area

143,882 sq.ft.

### Gross Floor Area

354,909 sq.ft.

### Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

### Title

Lot Nos. 9826N, 10259 and 9306N held under Title Nos. PN 257171,6451 and 346406 respectively, Town of Ipoh (U) and Lot No. 34494 held under Title No. PN 154468, Town of Ipoh (S), all in District of Kinta, State of Perak.  
Leasehold expiring in year 2894.

### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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## 2<sup>nd</sup> Acquisition

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### KPJ PERDANA SPECIALIST HOSPITAL

#### Location

No. PT 37 and PT 600, Jalan Bayam, Section 14, 15200 Kota Bharu, Kelantan.

#### Lessee/Asset Operator

Perdana Specialist Hospital Sdn Bhd

#### Description

A five (5) storey purpose built private specialist hospital with a sub-basement.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-‘Aqar Healthcare REIT

#### Land Area

87,802 sq.ft.

#### Gross Floor Area

147,541 sq. ft.

#### Tenancy/Lease expiry & renewal

Expiry on 28 February 2017 and renewal on 1 March 2017.

#### Title

Lot No. 657 Seksyen 14 held under Title No. PN 4133, Bandar and Jajahan of Kota Bharu, State of Kelantan.  
Leasehold expiring in year 2064.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.

### KUANTAN SPECIALIST HOSPITAL

#### Location

No. 51 Jalan Alor Akar, Taman Kuantan, 25250 Kuantan, Pahang.

#### Lessee/Asset Operator

Kuantan Specialist Hospital Sdn Bhd.

#### Description

A purpose built private specialist hospital [comprising three (3) storey Block A and a five (5) storey annexe Block B] and an open car park.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-‘Aqar Healthcare REIT

#### Land Area

72,101 sq.ft.

#### Gross Floor Area

72,201 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 28 February 2017 and renewal on 1 March 2017.

#### Title

Title Nos. GM 3441, GM 3442, GM 3466, GM 2827, GM 2823, GM 3443, GM 1575, GM 6875, Lot Nos. 5885, 5886, 5888, 5889, 5890, 5891, 10747 and 10748 respectively, Mukim of Kuala Kuantan, District of Kuantan in Pahang Darul Makmur.  
Freehold.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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## SENTOSA MEDICAL CENTRE

### Location

No. 36, Jalan Chemur Damai Complex, 50400 Kuala Lumpur.

### Lessee/Asset Operator

Sentosa Medical Centre Sdn Bhd.

### Description

A seven (7) storey purpose private specialist hospital.

### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

### Land Area

23,659 sq.ft.

### Gross Floor Area

115,331 sq.ft.

### Tenancy/Lease expiry & renewal

Expiry on 28 February 2017 and renewal on 1 March 2017.

### Title

Lot No. 671, Section 47 held under Title No. GRN 43923, Town of Kuala Lumpur, District of Kuala Lumpur.  
Freehold.

### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.

## KPJ KAJANG SPECIALIST HOSPITAL

### Location

Jalan Cheras, 43000 Kajang, Selangor Darul Ehsan.

### Lessee/Asset Operator

Kajang Specialist Hospital Sdn Bhd.

### Description

A seven (7) storey purpose built private specialist hospital.

### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

### Land Area

68,932 sq.ft.

### Gross Floor Area

191,144 sq.ft.

### Tenancy/Lease expiry & renewal

Expiry on 28 February 2017 and renewal on 1 March 2017.

### Title

Lot No. 42997, Section 9 held under Title No. GM 2494, Mukim of Kajang, District of Hulu Langat, Selangor.  
Freehold.

### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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## 3<sup>rd</sup> Acquisition

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### KEDAH MEDICAL CENTRE

**Location**  
Pumpung, 05250 Alor Setar, Kedah Darul Aman.

**Lessee/Asset Operator**  
Kedah Medical Centre Sdn Bhd

**Description**  
A ten (10) storey purpose built private specialist hospital (inclusive of one (1) shell floor) with a three (3) storey annexe block.

**Registered Proprietor**  
AmanahRaya Trustees Berhad as trustee for Al-  
'Aqar Healthcare REIT.

**Land Area**  
83,195 sq.ft.

**Gross Floor Area**  
215,881 sq.ft.

**Tenancy/Lease expiry & renewal**  
Expiry on 28 February 2017 and renewal on 1 March 2017.

**Title**  
P.T. No. 35 held under Title No. H.S. (D) 21030, Bandar Alor Merah and P.T. No. 1280 held under Title No. H.S. (M) 10923, Bandar Alor Setar, all in District of Kota Setar, State of Kedah.  
Freehold.

**Encumbrances**  
Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.

### DAMAI SPECIALIST HOSPITAL

**Location**  
Lorong Pokok Tepus 1, Off Jalan Damai, 88300 Kota Kinabalu, Sabah.

**Lessee/Asset Operator**  
Kota Kinabalu Specialist Hospital Sdn Bhd.

**Description**  
A five (5) storey purpose built private specialist hospital building.

**Registered Proprietor**  
AmanahRaya Trustees Berhad as trustee for Al-  
'Aqar Healthcare REIT.

**Land Area**  
33,988 sq.ft.

**Gross Floor Area**  
39,966 sq.ft.

**Tenancy/Lease expiry & renewal**  
Expiry on 11 June 2015 and renewal on 12 June 2015.

**Title**  
Town Lease 017548828 situated at District of Kota Kinabalu, State of Sabah.  
Leasehold expiring in year 2073.

**Encumbrances**  
Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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### KPJ PENANG SPECIALIST HOSPITAL

#### Location

No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang.

#### Lessee/Asset Operator

Penang Specialist Hospital Sdn Bhd.

#### Description

A five (5) storey main hospital building.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

#### Land Area

217,802 sq.ft.

#### Gross Floor Area

182,824.00 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 13 October 2015 and renewal on 14 October 2015.

#### Title

P.T. No. 799 held under Title No. H.S. (M) 375, Mukim 07, District of Seberang Perai Tengah, State of Pulau Pinang. Freehold.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.

### TAWAKKAL HEALTH CENTRE

#### Location

No. 202A, Jalan Pahang, 50300 Kuala Lumpur.

#### Lessee/Asset Operator

Pusat Pakar Tawakal Sdn Bhd.

#### Description

Renovated four (4) storey shop office building.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

#### Land Area

30,445.32 sq.ft.

#### Gross Floor Area

119,925 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 14 May 2015 and renewal on 15 May 2015.

#### Title

Lot Nos. 78 to 91, 98 to 102 and 124 to 125 held under Title Nos. GRN 4412 to GRN 4425, GRN 4432 to GRN 4436 and PN 6271 to PN 6272 respectively, all in Section 85A, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Interest In Perpetuity, in respect of all the title with the exception of Lots 124 and 125 conveying 99-years leasehold interest expiring on 25 July 2077 (unexpired term of about 63.6 years).

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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### KPJ TAWAKKAL SPECIALIST HOSPITAL

#### Location

No-1, Jalan Pahang Barat/ Jalan Sarikei, 53000 Kuala Lumpur.

#### Lessee/Asset Operator

Pusat Pakar Tawakal Sdn Bhd.

#### Description

A seven (7) storey purpose built specialist hospital with a single storey podium as the main lobby and a three (3) level elevated car park.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

#### Land Area

89,168 sq.ft.

#### Gross Floor Area

333,514 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 5 July 2016 and renewal on 6 July 2016.

#### Title

Lot No. 552 Section 85A held under Title No. GRN 68175, Town and District of Kuala Lumpur, Wilayah Persekutuan KL. Freehold.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.

### KPJ SEREMBAN SPECIALIST HOSPITAL

#### Location

Lot 6219 & 6220, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan.

#### Lessee/Asset Operator

Seremban Specialist Hospital Sdn Bhd.

#### Description

A purpose-built private specialist hospital building known as "Seremban Specialist Hospital".

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

#### Land Area

181,082 sq.ft.

#### Gross Floor Area

182,012 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 13 October 2015 and renewal on 14 October 2015.

#### Title

Lot Nos. 17522, 17523 and 24007 held under Titles Nos. GRN 51612, 51630 and PN 25974 respectively, Pekan Bukit Kepayang, District of Seremban, State of Negeri Sembilan. Lot 17522 & Lot 17523 - Freehold. Lot 24007 - Leasehold expiring in year 2103.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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## TAIPING MEDICAL CENTRE

### Location

No. 39, 41, 43, 45, 47 & 49, Jalan Medan Taiping 2, Medan Taiping, 34000 Taiping, Perak.

### Lessee/Asset Operator

Taiping Medical Centre Sdn Bhd

### Description

A purpose-built private specialist hospital building comprising a four (4) storey main hospital building.

### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

### Land Area

47,843 sq.ft.

### Gross Floor Area

39,516 sq.ft.

### Tenancy/Lease expiry & renewal

Expiry on 30 April 2015 and renewal on 1 May 2015.

### Title

Lot Nos. 3102 to 3107 and P.T. No. 1106 held under Title Nos. PN 235465 to PN 235468 PN, 235470, PN 235471 and H.S. (D) 2094/89 respectively all in Bandar Taiping, District of Larut & Matang, State of Perak.  
Leasehold expiring in year 2088.

### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.

## KPJ HEALTHCARE UNIVERSITY COLLEGE, NILAI

### Location

PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan.

### Lessee/Asset Operator

Puteri Nursing College Sdn Bhd.

### Description

A private nursing and health sciences college comprising an administrative and academic blocks, a block of students' hostel block and car parks.

### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

### Land Area

206,905 sq.ft.

### Gross Floor Area

124,007 sq.ft.

### Tenancy/Lease expiry & renewal

Expiry on 30 April 2015 and renewal on 1 May 2015.

### Title

Lot No. 33002 and P.T. No. 7 held under Title Nos. GRN 211809 and H.S. (D) 189780 respectively, Bandar Baru Kota Sri Mas, District of Seremban, State of Negeri Sembilan.  
Freehold.

### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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### SELESA TOWER

#### Location

Hotel Selesa and Metropolis Tower (Selesa Tower), Jalan Dato' Abdullah Tahir/ Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim.

#### Lessee/Asset Operator

Hotel Selesa (JB) Sdn Bhd

#### Description

A four (4)-star rating hotel known as Hotel Selesa and office block known as Metropolis Tower (Selesa Hotel) together with basement/elevated car parks.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

#### Land Area

55,542 sq.ft.

#### Gross Floor Area

728,786 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 14 May 2015 and renewal on 15 May 2015.

#### Title

PTB No. 19109 held under Title No. H.S. (D) 180798, Town and District of Johor Bahru, State of Johor. Freehold.

#### Encumbrances

-NIL

### KPJ INTERNATIONAL COLLEGE, PENANG

#### Location

No. 565, Jalan Sungai Rambai, 14000 Bukit Mertajam, Pulau Pinang.

#### Lessee/Asset Operator

Puteri Nursing College Sdn Bhd.

#### Description

A six (6) storey purpose built private specialist hospital building known as "Bukit Mertajam Specialist Hospital" and two (2) parcels of development land.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

#### Land Area

129,995 sq.ft.

#### Gross Floor Area

42,989 sq.ft.

#### Tenancy/Lease expiry & renewal

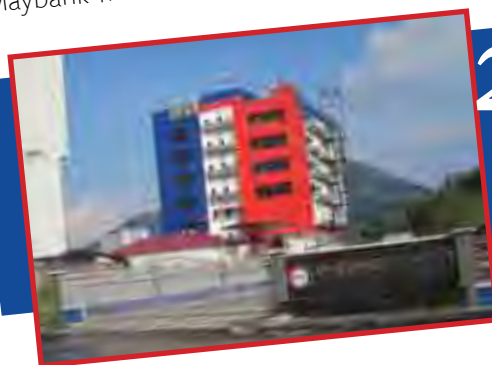
Expiry on 13 October 2015 and renewal on 14 October 2015.

#### Title

Lot No.10038, (Amalgamation of former Lots 1417, 54 and 1529) and Lot 55, respectively, all in Seksyen 5, Bandar Bukit Mertajam, District of Seberang Perai Tengah, State of Pulau Pinang. Freehold.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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## 4<sup>th</sup> Acquisition

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### KLUANG UTAMA SPECIALIST HOSPITAL

#### Location

No. 1,3,5,7,9,11, Jalan Susur 1, Jalan Besar, 86000 Kluang, Johor Darul Takzim.

#### Lessee/Asset Operator

Pusat Pakar Kluang Utama Sdn Bhd.

#### Description

The building is improved with 6 units of 3-storey renovated shophouses which have been amalgamated, remodelled and converted into a medical specialist hospital.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al- 'Aqar Healthcare REIT.

#### Land Area

10,607 sq.ft.

#### Gross Floor Area

31,837 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 5 January 2018 and renewal on 6 January 2018.

#### Title

PTB No. 9468 – PTB No. 9473 held under Title Nos. H.S. (D) 44911 – H.S. (D) 44916, all in Town and District of Kluang, State of Johor. Leasehold expiring in year 2100.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.

### RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI

#### Location

Rumah Sakit Medika Bumi Serpong Damai, Jalan Letkol III – IA/ 07, Serpong District, Tangerang, Banten Province, Jakarta, Indonesia.

#### Lessee/Asset Operator

PT KPJ Medica

#### Description

A parcel of commercial land erected with a six (6) storey purpose built private hospital building with a basement level.

#### Registered Proprietor

PT. Al-Aqar Bumi Serpong Damai

#### Land Area

129,169 sq.ft.

#### Gross Floor Area

238,616 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 25 July 2016 and renewal on 26 July 2016.

#### Title

Hak Guna Bangunan (Right to Build) No.881, Desa Lengkong Wetan, Kecamatan Serpong, Kabupaten Tangerang, Propinsi Banten (previously Propinsi Jawa Barat).

#### Encumbrances

-NIL



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### RUMAH SAKIT MEDIKA PERMATA HIJAU

#### Location

Rumah Sakit Medika Permata Hijau, Jalan Raya Kebayoran Lama No. 64, Sukabumi Selatan, Kebon Jeruk, Jakarta Barat, Indonesia.

#### Lessee/Asset Operator

PT Khidmat Perawatan Jasa Medika.

#### Description

A five (5) storey purpose built private hospital building.

#### Registered Proprietor

PT Al-Aqar Permata Hijau

#### Land Area

45,220 sq.ft.

#### Gross Floor Area

54,098 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 25 July 2016 and renewal on 26 July 2016.

#### Title

Hak Guna Bangunan (Right to Build) No 01036/ Sukabumi Selatan as described in Surat Ukur (Measuring Letter) No. 00022/2005 dated 17 June 2005, located at Kelurahan Sukabumi Selatan, Kecamatan Kebon Jeruk, Kotamadya Jakarta Barat, Propinsi Daerah Khusus Ibukota Jakarta, known as Jalan Kebayoran Lama RT 006/08 No. 64 which right will be expired on 6 February 2026.

#### Encumbrances

-NIL

### KPJ KLANG SPECIALIST HOSPITAL

#### Location

No. 102, Persiaran Rajawati / KU 1, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan.

#### Lessee/Asset Operator

Bandar Baru Klang Specialist Hospital Sdn Bhd.

#### Description

A purpose built private hospital comprising a six (6) storey main building with two (2) levels of basement car park.

#### Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-Aqar Healthcare REIT.

#### Land Area

117,391 sq.ft.

#### Gross Floor Area

391,358 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 25 June 2015 and renewal on 26 June 2015.

#### Title

Lot No. 31870 held under Title No. PM 648, Mukim of Kapar, District of Klang, State of Selangor. Leasehold expiring in year 2093.

#### Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



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## 5<sup>th</sup> Acquisition

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### JETA GARDENS AGED CARE & RETIREMENT VILLAGE

#### Location

Jeta Gardens, Aged Care and Retirement Village,  
27 Clarendon Avenue, Bethania and 86 Albelt  
Street, Waterford, Queensland, 4205 Australia.

#### Lessee/Asset Operator

Jeta Gardens (QLD) Pty Ltd.

#### Description

Three (3) contiguous parcels of residential land  
erected with two (2) storey aged care building  
comprising 106 rooms (108-bed) aged care facility,  
23 units of independent villas and 32 independent  
living apartment units.

#### Registered Proprietor

Al-Aqar Australia Pty Ltd.

#### Land Area

1,287,143.09 sq.ft.

#### Gross Floor Area

80,029.67 sq.ft.

#### Tenancy/Lease expiry & renewal

Expiry on 1 November 2017 and renewal on 2  
November 2017.

#### Title

Lots 2, 3 and 4 held under Title References  
50855908, 50855909 and 50855910 respectively,  
all within Parish of Moffatt, Country of Ward, Local  
Government of Logan.

#### Encumbrances

Charged to Amlslamic Bank Berhad









# OPERATIONS REVIEW

## FINANCIAL REVIEW

Al-Aqar Healthcare REIT registered gross revenue of RM108.6 million in FY2014 compared to RM107.4 million in FY2013, representing an increase of 1.1%. Net Property Income rose by 1.1% from RM101.3 million in FY2013 to RM102.4 million in FY2014. Net realised income for the Fund grew 8.7% to RM59.6 million in FY2014 from RM54.8 million in FY2013. The improved performance was mainly attributable by yearly increment of rental income.

Profit for FY2014 was RM71.3 million comprising realised profit of RM59.9 million and unrealised profit of RM11.4 million. Realised profit for FY2014 of RM59.9 million represent an increase of 11.6% against FY2013 of RM53.6 million, attributable to the finance costs savings derived from capital management initiatives. The fair value gain for FY2014 was lower of RM11.4 million compared to RM19.7 million for FY2013.

The Fund's Management Expense Ratio ("MER") of 0.50% (FY2013: 0.26%) is among the lowest in the M-REITs industry. Total income available for distribution for FY2014 was RM59.9 million or 11.6% higher than FY2013 of RM53.6 million. Distribution yield has compressed from 5.90% to 5.54% with the increase in price from RM1.33 as at 31 December 2013 to RM1.38 as at 31 December 2014. NAV per unit was RM1.19, an increase of 1.7% from FY2013 arising from revaluation of the assets.



Site visit with AmanahRaya Trustees Berhad at Jeta Gardens, Australia

Properties	2014 Fair Value (RM '000)	2013 Fair Value (RM '000)	Change in Value (RM '000)
KPJ Ampang Puteri Specialist Hospital	130,900	130,000	900
KPJ Damansara Specialist Hospital	115,800	115,000	800
KPJ Johor Specialist Hospital	112,000	111,300	700
KPJ Selangor Specialist Hospital	64,100	63,400	700
KPJ Puteri Specialist Hospital	42,000	39,300	2,700
KPJ Ipoh Specialist Hospital	71,800	70,200	1,600
KPJ Perdana Specialist Hospital	44,500	44,500	-
Kuantan Specialist Hospital	21,300	21,300	-
KPJ Kajang Specialist Hospital	46,100	45,700	400
Kedah Medical Centre	51,500	51,500	-
Sentosa Medical Centre	27,800	27,700	100
KPJ Seremban Specialist Hospital	60,000	59,700	300
Taiping Medical Centre	9,800	9,800	-
KPJ Healthcare University College, Nilai	19,200	19,200	-
KPJ Tawakkal Specialist Hospital	121,000	120,200	800
Damai Specialist Hospital	15,200	15,200	-
Tawakkal Health Centre	43,100	43,100	-
KPJ International College, Penang	16,200	15,900	300
KPJ Penang Specialist Hospital	62,600	62,300	300
Selesa Tower	103,500	101,700	1,800
Kluang Utama Specialist Hospital	4,200	4,200	-
KPJ Klang Specialist Hospital	99,300	97,400	1,900
Rumah Sakit Bumi Serpong Damai	57,000	51,600	5,400
Rumah Sakit Medika Permata Hijau	23,000	21,700	1,300
Jeta Gardens Aged Care Facility and Retirement Village	142,500	141,785	715
<b>Total</b>	<b>1,504,400</b>	<b>1,483,685</b>	<b>20,715</b>

Al-Aqar's investment properties comprises of 21 hospitals and 4 healthcare related properties spanning over Malaysia, Indonesia and Australia. Properties with high market value are also the major contributors in terms of lease contributions as depicted in the following chart.

## 2014 Annual lease contribution to Al-'Aqar by properties



## PROPERTY REVIEW

### Asset Enhancement Initiatives

During the financial year, Al-'Aqar undertook asset enhancement initiatives which comprised total replacement of water cooled chiller, cooling tower, transformer, lifts, fire alarm and repainting of the buildings. Some of the total replacement and repainting works are still ongoing in FY2015.

### Lease Expiry Profile

The percentage of properties due for renewal is at a manageable level. Al-'Aqar has a well-spread lease expiry profile as shown in the following table.

Year	No. of Properties	% of Total Properties
FY 2015	16	64.0%
FY 2016	3	12.0%
FY2017	6	24.0%



Site visit with AmanahRaya Trustees Berhad at Rumah Sakit Medika Bumi Serpong Damai, Jakarta

The tenancies are three-year tenancies with renewal option for another three-year term. Despite most of the properties are set for renewal in FY2015, the Manager does not foresee any interruption in lease payments as the leases will keep the existing rental structure until a new rental rate has been agreed upon by both Al-'Aqar and KPJ.

### **CAPITAL MANAGEMENT INITIATIVE**

The Manager is committed to manage Al-'Aqar's capital to ensure that it will continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The RM655 million 5-Year Sukuk under Issue 1 was issued by Al-'Aqar Capital Sdn Bhd in FY2013. RAM Ratings has reaffirmed the respective AAA/Stable and AA2/Stable ratings of RM272 million Class A and RM55 million Class B Sukuk Ijarah, premised on the stable lease payments from KPJ, the transaction's structural features and the debt service coverage as well as loan-to-value ratios that commensurate with the respective ratings. The primary source of funds for Al-'Aqar Capital Sdn Bhd to meet its obligations under Issue 1 will be the rental income from Al-'Aqar, which in turn depends on the underlying lease payments from the hospital operators. The Manager foresee that KPJ should be able to meet its lease obligations without difficulty whilst KPJ's vested interest in Al-'Aqar and the strategic importance of the hospitals to KPJ's operations provide a strong incentive to ensure the continued performance of the transaction.



# INVESTOR RELATIONS



2<sup>nd</sup> Annual General Meeting (AGM) of Al-'Aqar Healthcare REIT on 30 April 2014 at Puteri Pacific Hotel, Johor Bahru

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

## **2<sup>nd</sup> Annual General Meeting**

The Manager convened the 2nd Annual General Meeting (AGM) of Al-'Aqar Healthcare REIT on 30 April 2014 to seek the unitholders' approval amongst others, for the following resolutions:

- Proposed To Allot And Issue New Units
- Proposed Increase In The Existing Approved Fund Size

The Manager also took the opportunity in the meetings to provide the Unitholders with latest information of the Fund's activities and performance.

### Analysts & Investors Briefing

The Manager has always received request from local and foreign analysts as well as investors and potential investors for a briefing on the latest development of Al-'Aqar. The briefings were organised periodically either thru one-on-one meetings or conference calls.

Date	Audience	Mode of communication
17 March 2014	Kumpulan Wang Persaraan (Diperbadankan), Kenanga Research and Permodalan Nasional Berhad	Group Presentation
17 March 2014	Saturna Sdn Bhd	Group Presentation
16 May 2014	Shinko Asset Management Co., Ltd., Japan	Teleconferencing
23 May 2014	AmResearch Sdn Bhd	Group Presentation
19 September 2014	Jabatan Kemajuan Islam Malaysia (JAKIM)	Group Presentation
24 September 2014	Highclere International Investors, UK	Group Presentation
25 September 2014	Kenanga Islamic Investors Berhad	Group Presentation
2 October 2014	KAF Seagroatt & Campbell Securities Sdn Bhd	Group Presentation
10 November 2014	Sumitomo Mitsui Asset Management Company, Ltd., Japan	Group Presentation



Presentation to Highclere International Investors, UK



### Media Relations

Yusaini Hj. Sidek (CEO & MD of the Manager) was featured in the Prospek Hartanah magazine in the Ikon section of its October 2014 issue. Prospek Hartanah is the only edutainment magazine about real estate and entrepreneurship in Malay language. Founded in April 2014, Prospek Hartanah explores current issues in the real estate industry and the world of entrepreneurship, as well as giving tips on investment and business in a manner that is attractive and easy to understand.

### Research Coverage

During the financial year, Al-'Aqar is covered by the following research houses:

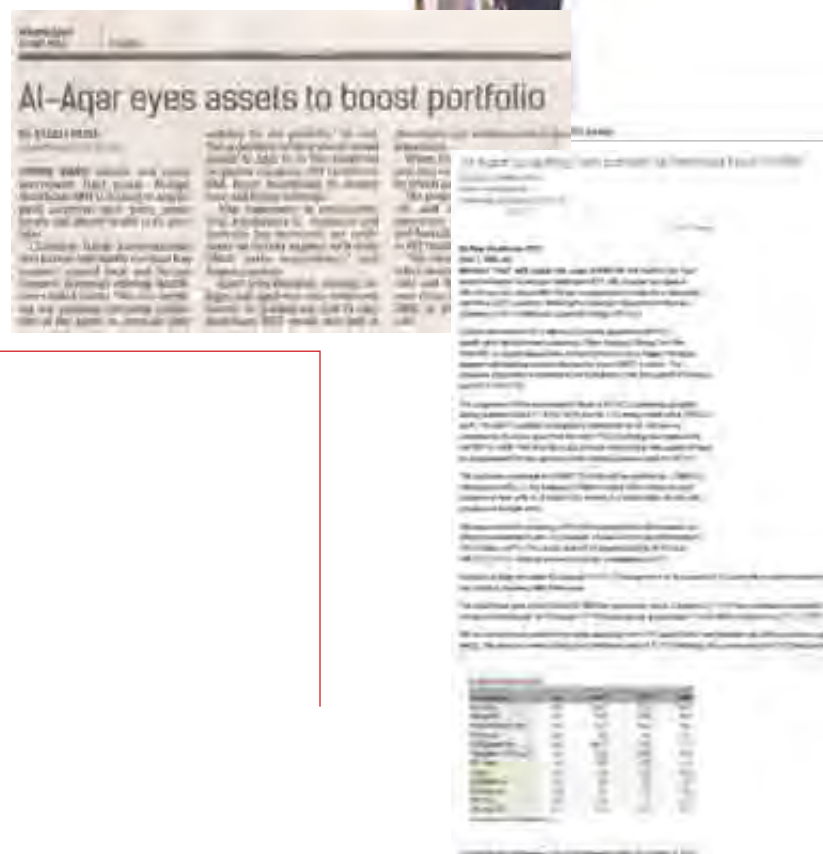
Research House	Recommendation	Target Price
AmResearch Sdn Bhd	Hold	RM1.50
KAF-Seagroatt & Campbell Securities	Buy	RM1.95

## Malaysian REIT Managers Association (MRMA)

Al-Aqar is an active member of the Malaysian REIT Managers Association (“MRMA”) since 2009. The Manager took the opportunity attending the quarterly meetings and the annual general meeting to exchange views with other members and planning concerted efforts to promote M-REITs industry to both domestic and foreign investors. The Managing Director/CEO of the Manager was appointed as the Vice Chairman of MRMA in January 2015.

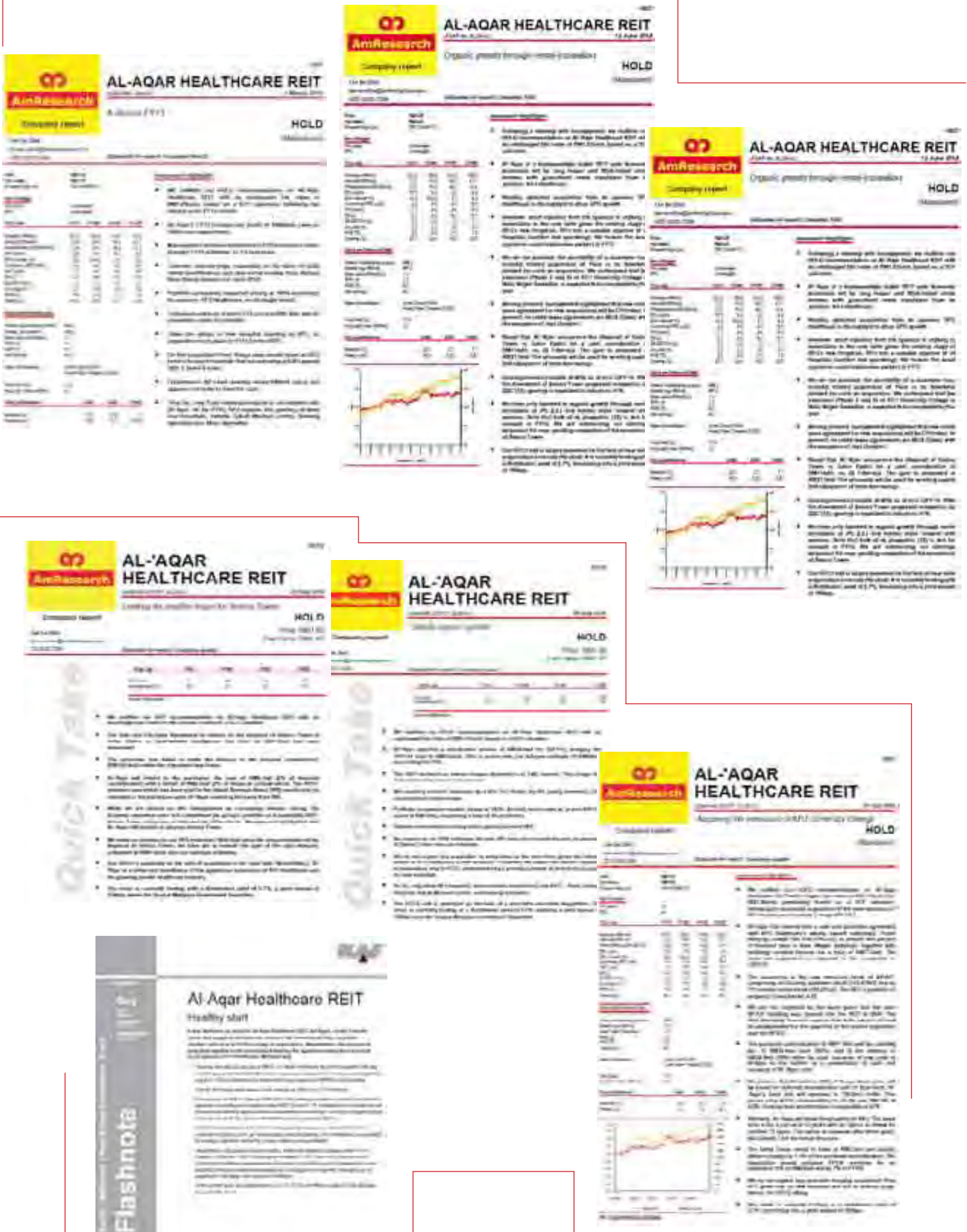


## Al-Aqar in the News





## Analyst Research





# MARKET REPORT

## 1. ECONOMIC OVERVIEW

The global economy continues to expand at a moderate pace. Growth across the advanced economies has been uneven. In Asia, growth is being sustained by the continued expansion in domestic demand and exports. Looking ahead, while the overall global growth momentum is expected to improve, the growth forecast has been revised downwards due to weakening economic activity in a number of major economies. Consequently, the downside risks to global growth have increased. Volatility in the international financial markets has also risen.

For Malaysia, while domestic demand has continued to support growth, exports have shown signs of moderation. Going forward, domestic demand will still remain the key driver of growth. Private consumption is expected to moderate, but investment activity is projected to remain robust, supported by broad-based capital spending by both the private and public sectors. While the moderating trends will affect the overall growth prospect, the Malaysian economy is still projected to remain on a steady growth path.

Inflation is projected to trend higher for the remainder of the year and will continue to be above its long-term average next year due to domestic cost factors. However, the absence of external price pressures and more moderate demand conditions are expected to mitigate the impact of these cost factors on the underlying inflation.

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

## 2. MALAYSIAN REIT

Despite the completion of US Fed QE Taper in Oct 2014, demand on yield stocks (M-REITs) remained strong on the return of market volatility and slower global growth. Weak economic data in the Eurozone and Japan as well as China's slowing economic growth suggest monetary easing will continue and interest rate hikes may be pushed back. Yield spread between the 10-year MGS and M-REITs has sustained at around 240-250bps prior to Oct 2014 (249bps in Jan 2014). Nevertheless, the MREIT sector has been severely sold down since the sharp plunge in crude oil price (-26% to USD63.3/bbl) in Nov 2014 and weakening MYR as well as foreign selloff of government bonds. Yield spread is now at 264bps.

The MYR's weakness has coincided with the strengthening USD amid more encouraging economic data points in the US, exacerbated by falling crude oil prices given Malaysia's net oil exporter position. Lower crude oil prices and the weakening MYR have triggered concerns on the potential derailment in Malaysia's fiscal consolidation efforts and the government's ability to repay its foreign debts. This led to a huge sell-off on Malaysian debt securities.

The MGS curve could continue to be under pressure due to the MYR weakness and foreign fund outflows. The MGS foreign holdings level may decline towards 40-42% in 1H15 while the 10-year MGS yield could hit 4.1% (1Q15), 4.25% (2Q15), 4.3% (3Q15 and 4Q15). Weaker demand is expected for M-REITs against a volatile yield environment as investors of M-REITs will require higher returns to compensate for thinning spreads against the 10-year bonds; leading to the selling in M-REITs.

(Source: Research report 2015: Outlook & Lookouts by Maybank IB Research 18 Dec 2014)

### 3. HEALTHCARE IN MALAYSIA

Total healthcare expenditure in Malaysia could exceed \$20 billion by 2025 and it is also well positioned to grow in medical tourism, medical devices and private healthcare services. In the next five years, healthcare spending is expected to grow at a compound annual growth rate (CAGR) of 11 percent. As government spending will focus on development of public healthcare infrastructure and chronic and infectious diseases control and treatment, the research firm said private healthcare spending will drive much of the growth. Thus, it forecasts private healthcare (out of pocket, private health insurance) will grow from 46 percent of total healthcare expenditure to close to 50 percent by 2020.

Healthcare services and medical devices also provide the largest near-term opportunities in Malaysia, while new sectors of growth are in home healthcare, aged care and medical technology. Malaysia

provides affordable, high quality healthcare. Enhancement of capabilities in medical devices manufacturing with stronger emphasis on use of Made in Malaysia medical products could help to control this unavoidable increase in healthcare costs. With growing middle aged and elderly population, as well as increased awareness on the importance of healthcare management, we see a trend also in earlier diagnosis, leading to the ability to manage diseases better.

Other areas of growth are medical tourism and primary healthcare services. Technology and home healthcare are also seen as new areas of growth. Compared to other countries in ASEAN, Malaysia has a higher-than-average availability of medical personnel and high quality facilities providing treatments across different ranges of the cost spectrum, making it an attractive destination for medical tourists.

Another factor that is changing the medical tourism landscape is the emergence of new medical tourism hubs like Indonesia and the Philippines. It is estimated that Malaysia has successfully attracted 19,488 retirees from 120 countries to settle in the country since 2002. About 10 percent of the total population will be over the age of 60 in 2020, making Malaysia an aging nation. It is estimated that the market worth of the Aged Care industry in Malaysia by 2020 will be \$1.4 billion.

Home monitoring technologies and wearable devices are likewise well positioned to drive changes in healthcare. Some of the initiatives that could have an impact include:

telehealth (home monitoring devices or home consultations for less served geographies), chronic disease management platforms that integrate various mobile devices, patient monitoring technologies and apps, and consumers investing in home monitoring devices, apps and emergency response systems.

(Source: Report Frost & Sullivan Asia Pacific January 2015)

#### 4. INDONESIA

Indonesia's Healthcare market is expected to grow considerably, driven by various factors such as investments into Indonesia and growing availability of healthcare services and access in the country. As the ASEAN region grows, Indonesia with its 247 million populations is one of the more attractive markets.

Asia-Pacific Healthcare expenditure per capita is expected to increase 4.8% across the region by 2018. Indonesia per capita expenditure is expected to increase from US\$ 109 to US\$ 237 in 2018, representing a year on year growth of close to 14%. The total of APAC healthcare spending is expected to grow from US\$1.3tn to US\$2.2tn in 2018 at a CAGR 10.5%, with ASEAN growing at 11%, she added.

Indonesia has one of the fastest growing private hospital sectors in the region. In addition, Indonesia's imports of medical equipment have been on the rise since 2004 indicating underlying domestic demand. While the growth has been uneven from year to year, contributed in some way due to currency fluctuations, the overall trend has been upwards. Within the region, Indonesia and Philippines have the highest

shortage of beds and are targets for hospital operators expansions. About 4.2 million new beds will be needed over the next decade to meet the healthcare demand in APAC; more than 40% of that is expected to come from private sector. It is estimated that more than 35,000 new beds could be added in Indonesia by 2020. One of the larger challenges, however, is the lack of qualified human resources in the healthcare sector, raising a need for in house, as well as across country training programmes. The collaboration with foreign doctors can drive sharing of skills and expertise to local staff.

Favourable government policies, increasing disposable income, changing demographics and increasing chronic disease burden will drive growth in private hospitals. There is an increasing trend of hospital consolidation in private sector in APAC. Several bigger hospital groups from within and outside of APAC are acquiring smaller hospitals in the region due to forecasted market potential. The private hospital market in Asia Pacific is expected to exceed USD 1 billion by 2017, a yearly growth rate of 17% from 2014. However, the track record of foreign investment in hospitals in Indonesia is relatively lower than other countries. Foreign activity has more been around real estate investment trusts acquiring the real estate asset for a hospital from a related party, but there is increasing local activity in hospital development as hospital groups look to expand beyond Jakarta, Bandung and Surabaya.

Another growth driver for this sector is medical tourism. Thailand,

Singapore and Malaysia had 2.5 million medical tourists coming through in 2012. Governments in Malaysia and Singapore continue to set aggressive growth targets, and hospitals like Institut Jantung Negara, Malaysia's leading cardiac centre, have established initiatives to woo Indonesian patients.

Indonesia's pharmaceutical market is among the top three in terms of growth in ASEAN, and is forecasted to cross USD 10 billion in 2018. Indonesia also has the highest proportion of OTC sales in ASEAN, at 40% of the pharmaceutical market, indicating the propensity of Indonesian consumers towards self-medication. The middle income local population are increasingly preferring branded generics to lower-cost unbranded drugs. This creates significant opportunities for companies manufacturing branded generics.

The medical devices market is forecasted to grow at 12.5% yearly from 2013 to 2018, and should cross USD 1 billion in 2018 leading to business opportunities exist in surgical equipment, diagnostics and medical imaging equipment and diagnostics.

Universal healthcare will generate demand in a new population group: by providing access, amongst those that never could have afforded it before. This will further drive demand of generic medication. Generics manufacturers will need to develop strategies to market its off patent generic products to the bottom of the pyramid to play the "high volume, low margin game"

(Source: Report Frost & Sullivan Asia Pacific June 2014)

## 5. AUSTRALIA

Aged care is one of the largest service industries in Australia, catering to the needs of over 1 million older Australians, employing over 250,000 people and accounting for around 1 per cent of GDP in terms of Commonwealth funding alone.

Overall, 2012-13 saw an increase in the use of aged care services across all three sectors in the industry: residential aged care, home care and HACC. 2012-13 saw a fall due to consolidation in the number of providers supplying residential aged care services, but this did not affect the number of services and places available in the residential aged care sector. Demand for residential aged care places is still strong with the number of places growing by 1.4 per cent in 2012-13 and the occupancy rate remaining steady. 2012-13 saw growth in the number of providers, services and places in the home care sector.

Demand for services in the sector also saw the take up of home care packages increase in 2012-13. Data on the HACC sector, especially for 2011-12, is less complete compared with the other sectors in the aged care industry. This is in part due to the Commonwealth HACC Programme only commencing in 2012-13 and two states, Victoria and Western Australia, still running their own programme with the Commonwealth making a contribution to those programmes. Nevertheless, the available data does show an increase in the number of consumers using HACC programmes.

(Source: Aged Care Financing Authority Report July 2014)



# In Order

05

- » Corporate Governance Statement
- » Audit Committee Report
- » Risk Management Report

In A Nutshell / In Style / In Good Hands / In Operation / **In Order** / In Good Financial Health



# CORPORATE GOVERNANCE STATEMENT

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

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

## THE MANAGER’S ROLE

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

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

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

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

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

- **Investment Strategy**  
Formulate and implement Al-'Aqar's investment strategy.
- **Acquisition and Divestment**  
Make recommendations and coordinate with the Trustee and implement the acquisition of new assets and divestment of Al-'Aqar's existing investments.
- **Asset Management**  
Supervise and oversee the management of Al-'Aqar's properties including procurement of service providers to carry out specified activities, including but not limited to onsite property management, property maintenance, rent collection and arrear control. The Manager is also responsible for developing a business plan in the short, medium and long term with a view to maximise the income of Al-'Aqar.
- **Risk Management**  
Identifying principal risks of Al-'Aqar and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- **Financing**  
Formulate plans for equity and debt financing for Al-'Aqar's funding requirements with the objective of optimising the capital structure and cost of capital.
- **Accounting Records**  
Keep books and prepare or cause to be prepared accounts and annual reports, including annual budget for Al-'Aqar.
- **Investor Relations**  
Developing and maintaining investor relations including information coordination and distribution as well as customer service to investors.
- **Compliance Management**  
Supervise all regulatory filings on behalf of Al-'Aqar, and ensure that Al-'Aqar is in compliance with the applicable provisions of the Securities Commission Act, SC REIT Guidelines, Bursa Securities Listing Requirements, Trust Deed and all relevant contracts.



## PRINCIPLES OF THE CORPORATE GOVERNANCE CODE

### 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

#### Board Structure, Composition and Balance

The composition of the Board of Directors is as follows:

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

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

#### Board Duties and Responsibilities

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

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

The strategic and business plan for the period 2015 – 2019 was tabled, discussed and approved by the Board at its meeting on 20 August 2014. Additionally, on an ongoing basis as need arises, the Board will assess whether strategic consideration being proposed at Board meetings during the year are in line with the objectives and broad outline of the adopted strategic plans.
- **Overseeing the conduct and overall management of the Manager and management of the assets of Al-‘Aqar**

The Board is responsible to oversee and review the Fund’s annual budget, operational and financial performance on a periodic basis against the budget. At Board meetings, all operational matters will be discussed and appropriate consultation will be sought if necessary. Where and when available, the performance of the Fund will be benchmarked and compared against the performance of its competitors.
- **Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures**

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

- **Succession planning**

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

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

The Manager has introduced many activities with regards to engagement and communication with investors to ensure that they are well informed about the Fund affairs and developments. Details of investors' activities are disclosed on page 74 of this Annual Report.

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

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

## **Committees**

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

### *Audit Committee*

The Audit Committee is chaired by Zainah Mustafa and comprises of 2 other members, Datin Paduka Siti Sa'diah Sheikh Bakir and Lukman Hj. Abu Bakar. The Committee meets on a scheduled basis at least 4 times a year. The composition of the Audit Committee, its terms of reference, attendance of meetings and duties and responsibilities are set out on page 94 of the Annual Report. The minutes of the Audit Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

### *Executive Committee*

The Executive Committee is chaired by Zainah Mustafa and comprises of 2 other members, Datin Paduka Siti Sa'diah Sheikh Bakir and Lukman Hj. Abu Bakar. The Committee meets on a scheduled basis at least 4 times a year. The minutes of the Executive Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

### *Nomination and Remuneration Committee*

The Nomination and Remuneration Committee comprises Dato' Kamaruzzaman Abu Kassim as Chairman, Zainah Mustafa and Dr. Hafetz Ahmad. The main responsibilities for the Nomination function is to ensure that the Board comprises Directors with appropriate skills, knowledge,

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

#### **Access to Information and Advice**

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

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

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

#### **Company Secretary**

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

#### **Compliance Officer**

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

## **2. STRENGTHENING COMPOSITION**

#### **Establishment of a Nomination and Remuneration Committee**

Eventhough there is no specific requirement or regulation to establish the Nomination and Remuneration Committee (“NRC”), it is a corporate best practice as stated in the Malaysian Code on Corporate Governance 2012. Being the manager of a listed fund, the Board of Directors of the Manager has taken initiative to setup the NRC. In its 34th meeting, the Board of Directors has approved the appointment of NRC members from among the Board of Directors. The terms of reference of the NRC which include the purpose, membership, meetings and scope of activities also be adopted in accordance with the objectives and principles of the corporate governance.

### Remuneration policies

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

## 3. REINFORCING INDEPENDENCE

The Manager is led and overseen by experienced Board of Directors with a wide and varied range of expertise. This broad spectrum of skills and experience gives added strength to the leadership, thus ensuring the Manager is under the guidance of an accountable and competent Board. The Board currently has nine (9) Directors comprising of five (5) non-independent members, three (3) independent members and one (1) Managing Director. This is in compliance with the requirements of Para 3.06 of REIT Guidelines which stated that at least one-third of the Board to be independent.

There is a clear segregation of roles and responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. This also provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberation on the business activities of Al-'Aqar.

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

## 4. FOSTERING COMMITMENT

During the year ended 31 December 2014, the Board convened five meetings and all Directors have complied with the minimum 50% attendance as required by Para 15.05 of the Listing Requirements. The members of the Board and their attendances at Board meetings in 2014 are set out below:

	32 <sup>nd</sup> BOD	Special BOD	Special BOD	33 <sup>rd</sup> BOD	34 <sup>th</sup> BOD
	04.03.2014	30.04.2014	22.07.2014	20.08.2014	20.11.2014
Dato' Kamaruzzaman Abu Kassim	/	/	/	/	/
Datin Paduka Siti Sa'diah Sheikh Bakir	/	/	/	/	/
Dato' Mania/Usilappan	/	/	/	/	/
Zainah Mustafa	/	/	/	/	/
Dr. Hafetz Ahmad	/	/	/	/	/
Lukman Hj. Abu Bakar	/	/	/	/	/
Jamaludin Md Ali	/	/	/	/	/
Mohd Yusof Ahmad	/	/	/	/	/
Yusaini Hj. Sidek	/	/	/	/	/



### **Directors' Training**

All Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis. Throughout the financial year under review, the Directors attended various conferences, seminars and training programmes covering areas that included corporate governance, leadership, updates on REIT industry and global business developments.

## **5. UPHOLD INTEGRITY IN FINANCIAL REPORTING**

### **Compliance with Applicable Financial Reporting Standards**

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

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

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

### **Relationship with the External Auditors**

The Board through the Audit Committee has maintained a formal procedure of carrying out an independent review of quarterly reports, annual audited financial statements, External Auditor's audit plan, report, internal control issues and procedures.

The External Auditors are invited to attend Al-'Aqar's general meeting and are available to answer any questions from unitholders on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements.

The appointment of external auditors, who may be nominated by the Manager, is approved by the Trustee. The auditors appointed must be independent of the Manager and the Trustee. The remuneration of the auditors must be approved by the Trustee.

## **6. RECOGNISE AND MANAGE RISKS**

### **Internal Control**

The Board is responsible for maintaining a system of internal control that covers financial and operational controls and risk management.

The system provides reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

### **Conflict of Interest**

Save for the Directors' interests in Al-'Aqar (as disclosed under Statement of Interest of Directors of the Manager) and the transactions with companies related to the Manager (as disclosed in the notes to the financial statements), no conflict of interest has arisen during the financial year under review.

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

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

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

### **Related Party Transactions**

In dealing with any related party transaction, it is the Manager's policy that all related party transactions carried out by or on behalf of Al-'Aqar should be conducted as follows:-

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

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

#### **Material Contracts**

There were no material contracts entered by Al-'Aqar that involved the Directors of the Manager or substantial Unitholders of Al-'Aqar during the financial year under review.

#### **Internal Audit**

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

### **7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

#### **Corporate Disclosure Policy**

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

#### **Leverage on Information Technology**

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

### **8. STRENGTHEN RELATIONSHIP WITH THE UNITHOLDERS**

#### **Communication and Investor Relations**

The Board recognises the importance of timely dissemination of information to the Unitholders and accordingly ensures that they are well informed of any major developments of Al-'Aqar. Such information is communicated through the annual report, the Trust's various disclosures and announcements to Bursa Securities, including quarterly and annual results, and the corporate website.

As part of Al-'Aqar's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, unitholders and the media to convey information about Al-'Aqar's performance, corporate strategy and other matters affecting Unitholders' interests.

Details of the investor and public relations programs undertaken by the Manager are set out on page 74 of this Annual Report.

### **2<sup>nd</sup> Annual General Meeting**

The Annual General Meeting is a vital platform for dialogue and interaction between the Board and the Unitholders. The Manager had on 30 April 2014 convened its 2nd Annual General Meeting to seek the Unitholders' approval for amongst others:-

- Proposed to allot and issue new units
- Proposed increase in the existing approved fund size

At the Annual General Meeting, the Chairman presented the progress and performance of the business and encouraged Unitholders to participate in the question-and-answer session.



2<sup>nd</sup> Annual General Meeting (AGM) of Al-'Aqar Healthcare REIT on 30 April 2014 at Puteri Pacific Hotel, Johor Bahru



# AUDIT COMMITTEE REPORT

## 1. COMPOSITION AND ATTENDANCE

For the financial year ended 31 December 2014, the Audit Committee comprised of 3 Directors, all of whom are also members of the Board of the Manager.

The composition of the Audit Committee was as follows:

Members/Directorship	No. of meetings attended
Zainah Mustafa Chairman/Independent Non-Executive Director	4 out of 4
Datin Paduka Siti Sa'diah Sheikh Bakir Member/Non-Independent Non-Executive Director	4 out of 4
Lukman Hj. Abu Bakar Member/Non-Independent Non-Executive Director	4 out of 4

## 2. TERMS OF REFERENCE

### Purpose

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

### Membership

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

### Meetings

A minimum of 4 meetings shall be planned during the financial year and the quorum for the meeting shall be 2 members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present. Reports of the Committee meeting shall be tabled by the Audit Committee Chairman at the Board of Directors meeting. A total of four meetings were held on 17 February 2014, 15 May 2014, 14 August 2014 and 13 November 2014 respectively.

## 3. DUTIES AND RESPONSIBILITIES

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

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

# RISK MANAGEMENT REPORT

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

## **Business/Environment risk**

Al-'Aqar has properties in Indonesia and Australia that are exposed to the real estate market in these countries. The political situation, economy, natural disasters and government policies can affect the operations and financial of Al-'Aqar. The Manager takes a pro-active approach by ensuring overseas properties covered by comprehensive takaful coverage.

## **Interest rate and Bank's Cost of Funds risk**

Rising interest rate and adverse movements in floating interest rates as well as bank's cost of funds will affect financial performance and subsequently may affect dividend return to the Unitholders. As at 31 December 2014, about 95% of Al-'Aqar's debt is on fixed rate and secured for the next 5 years.

## **Future valuation risk**

Properties owned by the Al-'Aqar will likely face impairment in value and there is no guarantee for Al-'Aqar to sell the property at a price equal or above the purchase price. Since the inception of Al-'Aqar, the value of the properties has increased considerably over the years. Further, the Manager has engaged professional property managers that can help maximizing the properties performance as well as reducing operating costs.

**Tax discrepancy risk**

Investment in overseas property is subject to a variety of taxes such as income tax and withholding tax. Taxes are subject to change in that country's legislation and may result in higher taxes and could affect the return on real estate income and subsequently the distribution of dividends to the Unitholders. The Manager will appoint a qualified tax advisor to consolidate the withholding tax imposed as well as review the rental rates every three years to accommodate any changes in tax rates. In addition, the Manager will revise the rental every 3 years and any variable on tax will be addressed during the rental revision.

**Foreign exchange risk**

Money transfer for rental collection from overseas properties may affect the company in terms of foreign currency exchange rates. However, the Manager has instructed tenants for the overseas properties to remit the rental income in Ringgit Malaysia as stated in the invoices.



# In Good Financial Health

# 06

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- » Trustee's Report
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- » Independent Auditor's Report
- » Financial Statements
- » Supplementary information

In A Nutshell / In Style / In Good Hands / In Operation / In Order / In Good Financial Health



KPJ Klang Specialist Hospital

## MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2014

The Directors of Damansara REIT Managers Sdn Berhad (the "Manager"), the Manager of Al- 'Aqar Healthcare REIT (the "Fund"), has pleasure in presenting its report together with the audited financial statements of the Group and of the Fund for the financial year ended 31 December 2014.

### The Fund and its Investment Objective

The Fund is a Malaysian-based real estate 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"). It was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 August 2006.

Our 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 optimizing the performance and enhancing the overall quality for a large and geographically diversified portfolio of Syariah-compliant real estate assets through various permissible investment and business strategies.

For the financial year ended 31 December 2014, the Fund is expected to declare a total income distribution of 7.65 sen per unit, which is in line with the objective of providing the unitholders with a steady stream of income.

### The Manager and its Principal Activity

The Manager, incorporated in Malaysia, is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, a subsidiary of Johor Corporation. The principal activity of the Manager is management of 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 has real estate and real estate-related assets with income and growth type of fund.

#### (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 75% of the Fund's total assets shall be invested in Syariah-compliant real estate, single-purpose companies which are Syariah-compliant, Syariah-compliant real estate-related assets or liquid assets;
- (b) at least 50% of the Fund's total assets must be invested in Syariah-compliant real estate or single-purpose companies which are Syariah-compliant; and
- (c) the remaining 25% of the Fund's total assets may be invested in other Syariah-compliant assets (such as Syariah-compliant real estate-related assets, Syariah-compliant non-real estate-related assets or Islamic asset-backed securities).

## MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2014 (Continued)

### Manager's Investment Strategies and Policies (Continued)

#### (ii) Diversification

The Fund will seek to diversify its Syariah-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 who served on the Board of Damansara REIT Managers Sdn Berhad (the "Manager"), since the date of the last report and at the date of this report are:

Dato' Kamaruzzaman bin Abu Kassim  
Yusaini bin Sidek  
Zainah binti Mustafa  
Datin Paduka Siti Sa'diah binti Sheikh Bakir  
Dr Mohd Hafetz bin Ahmad  
Lukman bin Abu Bakar  
Dato' Mani a/l Usilappan  
Jamaludin bin Md Ali  
Mohd Yusof bin Ahmad

### Directors' 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 is a party, with the object or objects of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of the Fund or any other body corporate.

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



## MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2014 (Continued)

### Directors' Interests

According to the register of Directors' unitholdings of the Fund, the interests of Directors of the Manager in office at the end of the financial year ended 31 December 2014 are as follows:

The Manager's Directors and shareholders:	NUMBER OF UNITS IN THE FUND			
	At 1.1.2014	ACQUIRED	SOLD	At 31.12.2014
Dato' Kamaruzzaman bin Abu Kassim				
- Direct	10,000	-	-	10,000
Dr Mohd Hafetz bin Ahmad				
- Direct	2,400	-	-	2,400
- Indirect	230	-	-	230
Datin Paduka Siti Sa'diah Sheikh Bakir				
- Direct	99,035	-	-	99,035
- Indirect	2,500	-	-	2,500

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

### Manager's Remuneration

Pursuant to the Restated Trust Deed dated 31 July 2013, the Manager is entitled to receive from the Fund:

- (a) Management fee of 0.1% per annum of the gross assets value of the Fund that is below RM1,000,000,000 and 0.125% of the gross 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
- (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 ended 31 December 2014.

## MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2014 (Continued)

### Other 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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Manager is not aware of any circumstances which would render:
  - (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the statements of financial position of the Group and of the Fund; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Fund misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Fund which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Fund which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or 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 or of the Fund to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Fund for the financial year in which this report is made.

## **MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2014 (Continued)**

### **Significant Events**

The details of significant events are disclosed in Note 22 to the financial statements.

### **Auditors**

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

Signed on behalf of the Board in accordance with a resolution of the Directors of the Manager dated 23 February 2015.



Dato' Kamaruzzaman bin Abu Kassim

Kuala Lumpur, Malaysia  
23 February 2015



Yusaini bin Sidek

## STATEMENT BY THE MANAGERS TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT

We, Dato' Kamaruzzaman bin Abu Kassim and Yusaini bin Sidek, being two of the Directors of Damansara REIT Managers Sdn Berhad (the "Manager"), do hereby state that, in the opinion of the Manager, the financial statements of Al-'Aqar Healthcare REIT (the "Fund") and its subsidiaries (the "Group") as set out on pages 111 to 172 are drawn up in accordance with applicable provisions of the Restated Trust Deed dated 31 July 2013, Malaysian Financial Reporting Standards modified by the Securities Commission's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts and applicable securities laws in Malaysia so as to give a true and fair view of the financial position of Al-'Aqar Healthcare REIT as at 31 December 2014 and of the results and the cash flows for the year then ended. The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The supplementary information set out in Note 26 on page 173, which is not part of the financial statements, is prepared in all material respect, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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



Dato' Kamaruzzaman bin Abu Kassim



Yusaini bin Sidek

Kuala Lumpur, Malaysia  
23 February 2015

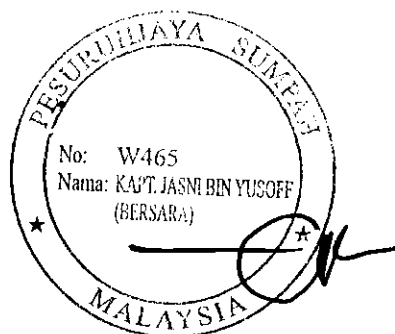


## STATUTORY DECLARATION

I, Yusaini bin Sidek, being the Managing Director of Damansara REIT Managers Sdn Berhad (the “Manager”) primarily responsible for the financial management of Al’Aqar Healthcare REIT (the “Fund”), do solemnly and sincerely declare that the financial statements set out on pages 111 to 172 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Yusaini bin Sidek at Kuala Lumpur in the Federal Territory on 23 February 2015.

Before me,



Lot 1.08, Tingkat 1,  
Bangunan KWSP, Jln Raja Laut,  
50350 Kuala Lumpur.  
Tel: 019-6680745

Jasni bin Yusoff  
Commissioner for Oaths



Yusaini bin Sidek

**TRUSTEE'S REPORT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014****To the Unit Holders of AL-'AQAR HEALTHCARE REIT**

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AL-'AQAR HEALTHCARE REIT for the financial year ended 31 December 2014. In our opinion, DAMANSARA REIT MANAGERS SDN BERHAD, the Manager, has managed AL-'AQAR HEALTHCARE REIT in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year then ended.

We are of the opinion that:

- (a) The procedures and processes employed by the Manager to value and/or price the units of AL-'AQAR HEALTHCARE REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements; and
- (b) The distribution of returns made by AL-'AQAR HEALTHCARE REIT as declared by the Manager is in accordance with the investment objective of AL-'AQAR HEALTHCARE REIT.

Yours faithfully  
AMANAHRAYA TRUSTEES BERHAD



Habsah binti Bakar  
Chief Executive Officer

Kuala Lumpur, Malaysia  
23 February 2015

## **SYARIAH COMMITTEE REPORT TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT**


We have acted as the Syariah Adviser of Al-'Aqar Healthcare REIT (the "Fund"). Our responsibility is to ensure that the procedures and processes employed by Damansara REIT Managers Sdn Berhad (the "Manager") and that the provisions of the Trust Deed are in accordance with Syariah principles.

In our opinion, the Manager has managed and administered the Fund in accordance with Syariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Syariah matters for the financial year ended 31 December 2014.

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

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

For the Member of Syariah Committee



Dato' Haji Nooh bin Gadot  
Chairman - Syariah Committee

23 February 2015

## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT**

### **Report on the financial statements**

We have audited the financial statements of Al-'Aqar Healthcare REIT, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Fund, and the 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 a summary of significant accounting policies and other explanatory information, as set out on pages 111 to 172.

### **Manager's and Trustee's responsibility for the financial statements**

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

### **Auditors' responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.



## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT (Continued)

### Other reporting responsibilities

The supplementary information set out in Note 26 on page 173 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.


### Other matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with 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  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
23 February 2015



Sundralingam a/l Navaratnam  
No. 2984/05/16(J)  
Chartered Accountants

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	The Group		The Fund	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	4	108,644,329	107,419,217	90,079,833	88,762,569
Property expenses	5	(6,245,721)	(6,134,649)	(6,012,976)	(5,918,949)
Net rental income		102,398,608	101,284,568	84,066,857	82,843,620
Investment revenue	6	1,301,536	514,722	16,196,562	16,354,820
Other income		3,353,747	220,000	3,338,531	220,000
Gain on fair value adjustment of investment properties	10	11,350,503	19,674,618	3,935,121	18,890,000
Total income		118,404,394	121,693,908	107,537,071	118,308,440
Expenditure:					
Finance costs:					
Islamic financing		38,376,612	39,695,892	6,460,973	20,953,435
Amounts due to subsidiaries		-	-	31,915,639	18,710,856
Manager's fees		1,860,325	1,675,688	1,860,325	1,675,688
Professional fees		977,518	525,923	969,563	525,923
Stamp duties		56,106	301,505	56,106	301,268
Valuation fees		696,745	467,149	696,745	467,149
Trustee's fees		266,040	237,841	266,040	237,841
Maintenance of property		259,405	140,520	259,405	140,520
Printing expenses		117,355	211,993	117,355	198,050
Secretarial fee		38,543	36,685	36,565	35,295
Securities Commission's fees		3,456	2,700	100	2,700
Registrar's fee		48,286	61,036	48,286	60,586
Audit fees		152,361	136,484	70,000	50,000
Tax agent's fee		47,527	48,617	10,007	9,647
Administration expenses		449,471	300,082	248,595	115,718
Annual listing fees		5,000	5,059	5,000	5,059
Withholding tax		1,899,981	2,018,510	953,409	1,089,285
Syariah adviser's fee		1,800	3,000	1,800	3,000
Total expenditure		(45,256,531)	(45,868,684)	(43,975,913)	(44,582,020)

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

	Note	The Group		The Fund	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Profit before tax</b>		73,147,863	75,825,224	63,561,158	73,726,420
Income tax expense	7	(1,939,138)	(2,514,494)	-	-
<b>Profit for the financial year</b>		<b>71,208,725</b>	<b>73,310,730</b>	<b>63,561,158</b>	<b>73,726,420</b>
<b>Other comprehensive income / (expense), net of tax</b>					
Foreign currency translation		94,100	(62,501)	-	-
<b>Total comprehensive income for the financial year</b>		<b>71,302,825</b>	<b>73,248,229</b>	<b>63,561,158</b>	<b>73,726,420</b>
<b>Profit for the year attributable to:</b>					
Owners of the Fund		71,208,725	73,310,730	63,561,158	73,726,420
<b>Total comprehensive income for the financial year attributable to:</b>					
Owners of the Fund		71,302,825	73,248,229	63,561,158	73,726,420
<b>Total comprehensive income for the financial year is made up as follows:</b>					
Realised		59,858,222	53,636,112	59,626,037	54,836,420
Unrealised		11,444,603	19,612,117	3,935,121	18,890,000
		<b>71,302,825</b>	<b>73,248,229</b>	<b>63,561,158</b>	<b>73,726,420</b>

# STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

	Note	The Group		The Fund	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Earnings per unit (sen):</b>	8				
Gross		10.51	10.89	9.13	10.59
Net		10.23	10.53	9.13	10.59
<b>Net income distributions</b>	9	54,653,778	58,483,024	54,653,778	58,483,024
<b>Income distribution per unit (sen):</b>					
Gross		7.85	8.40	7.85	8.40
Net		7.85	8.40	7.85	8.40

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



## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

		The Group		The Fund	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment properties	10	1,509,996,083	1,483,684,618	1,287,496,083	1,268,600,000
Investment in subsidiaries	11	-	-	42,492,190	42,492,190
Amounts due from subsidiaries	11	-	-	178,182,796	177,244,940
		1,509,996,083	1,483,684,618	1,508,171,069	1,488,337,130
<b>Current assets</b>					
Trade receivables	12	7,069,965	6,039,361	4,085,458	5,510,217
Other receivables and prepaid expenses	12	7,563,983	11,355,402	7,412,985	11,316,113
Fixed deposits with licensed banks	13	44,577,435	17,346,200	27,500,000	-
Cash and bank balances	13	23,214,543	50,483,127	13,967,173	42,006,357
		82,425,926	85,224,090	52,965,616	58,832,687
<b>Total assets</b>		1,592,422,009	1,568,908,708	1,561,136,685	1,547,169,817
<b>Liabilities</b>					
<b>Current liabilities</b>					
Other payables and accrued expenses	14	16,589,465	11,362,369	8,197,277	3,040,597
Islamic financing	15	79,948,681	-	79,948,681	-
Tax liabilities		9,144	869,469	-	-
		96,547,290	12,231,838	88,145,958	3,040,597

# STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (Continued)

Note	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-current liabilities</b>				
Deferred tax liabilities	3,044,013	1,279,766	-	-
Other payables	14 8,089,118	8,089,120	8,089,118	8,089,118
Amount due to a subsidiary	11 -	-	637,382,207	637,479,399
Islamic financing	15 653,198,832	732,414,275	-	79,948,681
	664,331,963	741,783,161	645,471,325	725,517,198
<b>Total liabilities</b>	760,879,253	754,014,999	733,617,283	728,557,795
<b>Net asset value</b>	831,542,756	814,893,709	827,519,402	818,612,022
<b>Unitholders' fund</b>				
Unitholders' capital	16 682,682,499	682,682,499	682,682,499	682,682,499
Undistributed income	153,093,194	136,538,247	144,836,903	135,929,523
Foreign exchange reserve	(4,232,937)	(4,327,037)	-	-
<b>Total Unitholders' fund</b>	15 831,542,756	814,893,709	827,519,402	818,612,022
<b>Number of units in circulation</b>	696,226,468	696,226,468	696,226,468	696,226,468
<b>Net asset value per unit (ex-distribution)</b>	1.19	1.17	1.19	1.18

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

## STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Group	Unitholders' Capital (Note 16) RM	Undistributed Income RM	Foreign Exchange Reserve RM	Total RM
<b>Balance as of January 1, 2013</b>	682,682,499	121,710,541	(4,264,536)	800,128,504
Total comprehensive income for the year	-	73,310,730	(62,501)	73,248,229
<b>Unitholders' transactions:</b>				
Distribution to unitholders (Note 9)	-	(58,483,024)	-	(58,483,024)
<b>Balance as of December 31, 2013</b>	682,682,499	136,538,247	(4,327,037)	814,893,709
<b>Balance as of January 1, 2014</b>	682,682,499	136,538,247	(4,327,037)	814,893,709
Total comprehensive income for the year	-	71,208,725	94,100	71,302,825
<b>Unitholders' transactions:</b>				
Distribution to unitholders (Note 9)	-	(54,653,778)	-	(54,653,778)
<b>Balance as of December 31, 2014</b>	682,682,499	153,093,194	(4,232,937)	831,542,756

**STATEMENTS OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)**

The Fund	Unitholders' Capital (Note 16) RM	Undistributed Income RM	Total RM
<b>Balance as of January 1, 2013</b>	682,682,499	120,686,127	803,368,626
Total comprehensive income for the year	-	73,726,420	73,726,420
<b>Unitholders' transactions:</b>			
Distribution to unitholders (Note 9)	-	(58,483,024)	(58,483,024)
<b>Balance as of December 31, 2013</b>	682,682,499	135,929,523	818,612,022
<b>Balance as of January 1, 2014</b>	682,682,499	135,929,523	818,612,022
Total comprehensive income for the year	-	63,561,158	63,561,158
<b>Unitholders' transactions:</b>			
Distribution to unitholders (Note 9)	-	(54,653,778)	(54,653,778)
<b>Balance as of December 31, 2014</b>	682,682,499	144,836,903	827,519,402

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



## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Cash flows from operating activities</b>				
Profit before tax	73,147,863	75,825,224	63,561,158	73,726,420
Adjustments for:				
Finance costs	38,376,612	39,695,892	38,376,612	39,664,291
Investment revenue	(1,301,536)	(514,722)	(16,196,562)	(16,354,820)
Gain on fair value adjustment of investment properties	(11,350,503)	(19,674,618)	(3,935,121)	(18,890,000)
Operating income before working capital changes	98,872,436	95,331,776	81,806,087	78,145,891
Changes in working capital:				
Trade receivables	(1,030,604)	(4,158,887)	1,424,759	(3,936,294)
Other receivables and prepaid expenses	2,053,964	(2,193,933)	2,988,756	(2,362,748)
Other payables and accrued expenses	(695,765)	(42,470)	(460,679)	1,336,892
Net changes in working capital	327,595	(6,395,290)	3,952,836	(4,962,150)
Cash flows generated from operating activities carried forward	99,200,031	88,936,486	85,758,923	73,183,741
Taxes paid	(1,035,217)	(1,073,942)	-	-
Net cash flows generated from operating activities	98,164,814	87,862,544	85,758,923	73,183,741

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Cash flows from investing activities</b>				
Income received on investment	1,301,536	514,722	596,539	149,224
Advances to subsidiaries	-	-	(592,142)	(20,912)
Profit sharing on loan from subsidiaries	-	-	13,295,295	16,145,317
Dividend income received	-	-	-	866,755
Additions to investment properties	(9,364,879)	-	(9,364,879)	-
Net cash flows (used in)/ generated from investing activities	(8,063,343)	514,722	3,934,813	17,140,384
<b>Cash flows from financing activities</b>				
Finance costs paid	(35,579,142)	(42,137,326)	(35,579,142)	(42,596,440)
Distributions paid	(54,653,778)	(58,483,024)	(54,653,778)	(58,483,024)
Increase in advances from a subsidiary	-	-	-	370,170,401
Payment of borrowings	-	(928,495,957)	-	(367,495,957)
Proceeds from long-term Islamic financing (net of direct issue costs)	-	935,500,000	-	-
Net cash flows used in financing activities	(90,232,920)	(93,616,307)	(90,232,920)	(98,405,020)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Net decrease in cash and cash equivalents	(131,449)	(5,239,041)	(539,184)	(8,080,895)
Effects of changes in exchange rates	94,100	(62,501)	-	-
Cash and cash equivalents at beginning of year	67,829,327	73,130,869	42,006,357	50,087,252
Cash and cash equivalents at end of year	67,791,978	67,829,327	41,467,173	42,006,357

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

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

### 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 Bhd. Pursuant to the Principal Trust Deed, the Fund entered into a Supplemental Trust Deed dated 14 May 2010 with Amanah Raya Bhd and Amanahraya Trustees Bhd (“the Trustee”) for the retirement of Amanah Raya Bhd from acting as a Trustee and for the appointment of Amanahraya Trustees Bhd as the new Trustee for the Fund. On 31 July 2013, the Manager and the Trustee entered into a Restated Trust Deed (“the Deed”). 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, the Main Market Listing Requirements of Bursa Malaysia Securities Bhd (“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 has 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.

The principal activity of the Fund is to invest in Syariah-compliant properties with the primary objective of providing unitholders with stable distribution and potential for sustainable long term growth of such distribution and capital appreciation.

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

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.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 1. Corporate information (Continued)

#### (ii) Manager's fee

Pursuant to the Restated Trust Deed dated 31 July 2013, the Manager is entitled to receive the following fees from the Fund:

- (a) Management fee of 0.1% per annum of the gross assets value of the Fund that is below RM1,000,000,000 and 0.125% of the gross assets value of the Fund that exceeds RM1,000,000,000 calculated based on monthly accrual basis and payable monthly in arrears;

The Manager's fees for the current financial year is RM1,860,325 (2013: RM1,675,688).

- (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 to the Manager during the current financial year is RM778,000 (2013: nil).

- (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 nil (2013: nil).

#### (iii) Trustee's fee

Pursuant to the Restated Trust Deed dated 31 July 2013, the Trustee is entitled to receive a fee of up to 0.03% 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 2014 of RM266,040 (2013: RM237,841) is determined based on 0.03% (2013: 0.03%) of the monthly net asset value.

The financial statements of the Group and of the Fund were authorised by the Board of Directors of the Manager for issuance on 23 February 2015.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Group and of the Fund have been prepared in accordance with the provisions of the Restated Trust Deed dated 31 July 2013, Malaysian Financial Reporting Standards ("MFRS") modified by the Securities Commission's Guidelines on Real Estate Investment Trust and Islamic Real Estate Investment Trust, and the applicable securities laws in Malaysia. The financial statements comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

The financial statements of the Group and of the Fund are prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group and the Fund adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description		Effective for annual periods beginning on or after
Amendments to MFRS 10, 12, 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non- Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Fund, except for those discussed below:

#### Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively. These amendments have no impact on the Group and the Fund, since none of the entities in the Group and the Fund has any offsetting arrangements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.2 Changes in accounting policies (Continued)

##### Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities (Continued)

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Fund's financial statements are disclosed below. The Group and the Fund intend to adopt these standards, if applicable, when they become effective.

##### Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

#### 2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Fund's financial statements 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
Amendment to MFRS 2	Share-based Improvements to MFRSs	Payment 2010-2012 Cycle)	(Annual	1 July 2014
Amendment to MFRS 3	Business Improvements to MFRSs	Combinations 2010-2012 Cycle)	(Annual	1 July 2014
Amendment to MFRS 3	Business Improvements to MFRSs	Combinations 2011-2013 Cycle)	(Annual	1 July 2014
Amendment to MFRS 8	Operating Improvements to MFRSs	Segments 2010-2012 Cycle)	(Annual	1 July 2014
Amendment to MFRS 13	Fair Value Improvements to MFRSs	Measurement 2011-2013 Cycle)	(Annual	1 July 2014
Amendment to MFRS 116	Property, Plant and Equipment (Annual Improvements to MFRSs		2010-2012 Cycle)	1 July 2014

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.3 Standards issued but not yet effective (Continued)

Description					Effective for annual periods beginning on or after
Amendment to MFRS 119	Defined Benefit Plans:	Employee Contributions			1 July 2014
Amendment to MFRS 124	Related Party Disclosures	(Annual Improvements to MFRSs 2010-2012 Cycle)			1 July 2014
Amendment to MFRS 138	Intangible Assets	(Annual Improvements to MFRSs 2010-2012 Cycle)			1 July 2014
Amendment to MFRS 140	Investment Property	(Annual Improvements to MFRSs 2011-2013 Cycle)			1 July 2014
Amendment to MFRS 5	Non-current Assets Held for Sales and Discontinued Operations	(Annual Improvements to MFRSs 2012-2014 Cycle)			1 January 2016
Amendment to MFRS 7	Financial Instruments: Disclosures	(Annual Improvements to MFRSs 2012-2014 Cycle)			1 January 2016
Amendment to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture				1 January 2016
Amendment to MFRS 10, MFRS 12 and MFRS 128	Investment Entities Applying the Consolidation Exception				1 January 2016
Amendment to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations				1 January 2016
MFRS 14	Regulatory Deferral Accounts				1 January 2016
Amendment to MFRS 101	Presentation of Financial Statements Disclosure Initiative				1 January 2016
Amendment to MFRS 116 and MFRS 138	Clarification of Acceptance Methods of Depreciation and Amortisation				1 January 2016
Amendment to MFRS 116 and MFRS 141	Agriculture: Bearer Plants				1 January 2016
Amendment to MFRS 119	Employee Benefits	(Annual Improvements to MFRSs 2012-2014 Cycle)			1 January 2016
Amendment to MFRS 127	Equity method in Separate Financial Statements				1 January 2016
Amendment to MFRS 134	Interim Financial Reporting	(Annual Improvements to MFRSs 2012-2014 Cycle)			1 January 2016

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.3 Standards issued but not yet effective (Continued)

Description		Effective for annual periods beginning on or after
Amendment to MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendment to MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018

The Manager expects that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

#### **Amendments to MFRS 127: Equity Method in Separate Financial Statements**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Fund's financial statements.

#### **Amendments to MFRS 101: Disclosure Initiatives**

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Manager of the Group and the Fund do not anticipate that the application of these amendments will have a material impact on the Group's and the Fund's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.3 Standards issued but not yet effective (Continued)

##### Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

##### MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

##### Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Manager of the Fund do not anticipate that the application of these amendments will have a significant impact on the Group's and the Fund's financial statements.

Standards	Descriptions
MFRS 3 Business Combinations	The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.3 Standards issued but not yet effective (Continued)

Standards	Descriptions
MFRS 8 Operating Segments	<p>The amendments are to be applied retrospectively and clarify that:</p> <ul style="list-style-type: none"> <li>- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and</li> <li>- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.</li> </ul>
MFRS 124 Related Party Disclosures	<p>The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.</p>

#### Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011–2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Manager of the Fund do not anticipate that the application of these amendments will have a significant impact on the Group's and the Fund's financial statements.

Standards	Descriptions
MFRS 3 Business Combinations	<p>The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.</p>
MFRS 13 Fair Value Measurement	<p>The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).</p>
MFRS 140 Investment	<p>The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:</p> <ul style="list-style-type: none"> <li>- the property meets the definition of investment property in terms of MFRS 140; and</li> <li>- the transaction meets the definition of a business combination under MFRS 3,</li> </ul> <p>to determine if the transaction is a purchase of an asset or is a business combination.</p>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.4 Basis of consolidation

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

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

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Fund's voting rights and potential voting rights.

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

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

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.4 Basis of consolidation (Continued)

##### Business Combinations

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Fund's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

#### 2.5 Subsidiaries

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

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.6 Foreign currencies

##### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in RM, which is also the Group’s and the Fund’s functional currency.

##### (ii) Foreign currency translations

Transactions in foreign currencies are measured in the respective functional currencies of the Fund and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

##### (iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.7 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and 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 properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group or the Fund holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

#### 2.8 Financial instruments - initial recognition and subsequent measurement

##### (a) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

##### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.8 Financial instruments - initial recognition and subsequent measurement (Continued)

##### (a) Financial assets (Continued)

##### Subsequent measurement (Continued)

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss. The Company has not designated any financial assets at fair value through profit or loss during the years ended 31 December 2014 and 2013.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss. The Company does not have any embedded derivatives during the years ended 31 December 2014 and 2013.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as interest income. The losses arising from impairment are recognised in profit or loss as finance costs for loans and as cost of sales or other operating expenses for receivables.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.8 Financial instruments - initial recognition and subsequent measurement (Continued)

##### (a) Financial assets (Continued)

##### Subsequent measurement (Continued)

##### Held to maturity investment

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group and the Fund have the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as interest income. The losses arising from impairment are recognised in profit or loss as finance costs. The Group and the Fund does not have any held-to-maturity investments during the years ended 31 December 2014 and 2013.

##### Available-for-sale (“AFS”) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income (“OCI”) and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.8 Financial instruments - initial recognition and subsequent measurement (Continued)

##### (a) Financial assets (Continued)

##### Subsequent measurement (Continued)

##### Available-for-sale ("AFS") financial investments (Continued)

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss. The Group and the Fund does not have any AFS financial investments during the years ended 31 December 2014 and 2013.

##### 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 (i.e. removed from the Group's and the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group and the Fund has transferred its rights to receive cash flows from the asset or has 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 (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred control of the asset, the asset is recognised to the extent of the Group's and the Fund's continuing involvement in the asset. In that case, the Group and the Fund also recognises 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 has 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 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.8 Financial instruments - initial recognition and subsequent measurement (Continued)

##### (b) Impairment of financial assets

The Group and the Fund assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group and the Fund first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Fund. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.8 Financial instruments - initial recognition and subsequent measurement (Continued)

##### (b) Impairment of financial assets (Continued)

###### **AFS financial investments**

For AFS financial investments, the Group and the Fund assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

##### (c) Financial liabilities

###### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Fund's financial liabilities include other payables, amount due to a subsidiary and Islamic financing.



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.8 Financial instruments - initial recognition and subsequent measurement (Continued)

##### (c) Financial liabilities (Continued)

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss during the years ended 31 December 2014 and 2013.

##### Other financial liabilities

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as finance costs.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.8 Financial instruments - initial recognition and subsequent measurement (Continued)

##### (c) Financial liabilities (Continued)

###### Derecognition

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

##### (d) 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.

#### 2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash and which are subject to an insignificant risk of changes in value.

#### 2.10 Provisions

Provisions are recognised when the Group or the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.11 Leases

##### (i) As lessee

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

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

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

##### (ii) As lessor

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

#### 2.12 Revenue

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

##### (i) Rental income

Revenue from rental of investment properties are recognised on an accrual basis.

##### (ii) Investment revenue

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

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.13 Income taxes

##### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (ii) Deferred tax

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

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

- where 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 the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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 for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:
- where 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.13 Income taxes (Continued)

##### (ii) Deferred tax (Continued)

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 assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

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

#### 2.14 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.

#### 2.15 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Fund after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 2. Summary of significant accounting policies (Continued)

#### 2.16 Borrowing costs

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 expenditures 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. Borrowing costs consist of interest and other costs that the Group and the Fund incurred in connection with the borrowing of funds.

### 3. Significant accounting judgements and estimates

The preparation of the Group's and of the Fund's financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, 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.

#### (i) Judgements made in applying accounting policies

In the process of applying the Group's and the Fund's accounting policies, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements and consolidated financial statements.

#### (ii) 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 fair values of investment properties as disclosed in Note 10 are based on valuations performed by Cheston International (KL) Sdn Bhd, an independent firm of professional valuers using the investment method of valuation.

The investment method involves the capitalisation of the net rental which is derived from the gross rental less the outgoings and other operating expenses.

The valuers have considered the results of the above methods in their valuation and applied professional judgement in the determination of the fair value of these investment properties.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 4. Revenue

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Rental income from:</b>				
KPJ Ampang Puteri Specialist Hospital	9,414,600	9,230,000	9,414,600	9,230,000
KPJ Damansara Specialist Hospital	8,009,652	7,852,600	8,009,652	7,852,600
Selesa Tower	7,193,677	7,052,624	7,193,677	7,052,624
KPJ Johor Specialist Hospital	8,060,346	7,902,300	8,060,346	7,902,300
KPJ Ipoh Specialist Hospital	5,033,190	4,934,500	5,033,190	4,934,500
KPJ Selangor Specialist Hospital	4,526,250	4,437,500	4,526,250	4,437,500
KPJ Penang Specialist Hospital	4,291,158	4,207,017	4,291,158	4,207,017
KPJ Tawakkal Specialist Hospital	8,423,682	8,607,039	8,423,682	8,607,039
KPJ Seremban Specialist Hospital	4,144,670	4,063,402	4,144,670	4,063,402
Kedah Medical Centre	3,508,487	3,471,494	3,508,487	3,471,494
KPJ Perdana Specialist Hospital	3,031,291	2,997,787	3,031,291	2,997,787
KPJ Kajang Specialist Hospital	3,112,512	3,075,559	3,112,512	3,075,559
Tawakkal Health Centre	2,991,908	2,933,244	2,991,908	2,933,244
Puteri Specialist Hospital	2,893,163	2,783,200	2,893,163	2,783,200
Sentosa Medical Centre	1,888,182	1,873,617	1,888,182	1,873,617
Kuantan Specialist Hospital	1,448,590	1,421,121	1,448,590	1,421,121
KPJ Healthcare University College, Nilai	1,350,295	1,323,819	1,350,295	1,323,819
KPJ College, Bukit Mertajam	1,078,680	1,057,529	1,078,680	1,057,529
Kota Kinabalu Specialist Hospital	1,090,988	1,069,596	1,090,988	1,069,596
Taiping Medical Centre	700,832	687,090	700,832	687,090
Kluang Utama Specialist Hospital	284,200	280,350	284,200	280,350
KPJ Klang Specialist Hospital	7,603,480	7,501,181	7,603,480	7,501,181
Rumah Sakit Bumi Serpong Damai	5,291,655	5,148,325	-	-
Rumah Sakit Medika Permata Hijau	2,225,293	2,165,018	-	-
Jeta Gardens Aged Care Facility and Retirement Village	11,047,548	11,343,305	-	-
	<u>108,644,329</u>	<u>107,419,217</u>	<u>90,079,833</u>	<u>88,762,569</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 5. Property expenses

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Assessment	3,086,846	2,997,613	2,965,479	2,877,012
Takaful coverage	1,540,088	1,530,079	1,540,088	1,530,079
Maintenance fee	1,230,593	1,224,619	1,119,215	1,129,520
Quit rent	388,194	382,338	388,194	382,338
	<u>6,245,721</u>	<u>6,134,649</u>	<u>6,012,976</u>	<u>5,918,949</u>

### 6. Investment revenue

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Income from Syariah based deposits	1,301,536	514,722	1,263,872	496,752
Dividend income from a subsidiary	-	-	-	866,755
Profit sharing on loan:				
Indonesia	-	-	5,398,600	5,398,600
Australia	-	-	9,534,090	9,592,713
	<u>1,301,536</u>	<u>514,722</u>	<u>16,196,562</u>	<u>16,354,820</u>

### 7. Income tax expense

#### Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2014 and 2013 are:

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Income tax:				
- Malaysian income tax	953,115	1,288,921	-	-
- (Over)/under provision in respect of previous years	(825,715)	37	-	-
Deferred income tax:				
Origination of temporary differences	1,811,738	1,225,536	-	-
Income tax expense recognised in profit or loss	<u>1,939,138</u>	<u>2,514,494</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 7. Income tax expense (Continued)

#### Reconciliation between tax expense and accounting profit

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Fund is as follows:

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax	73,147,863	75,825,224	63,561,158	73,726,420
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	18,286,966	18,956,306	15,890,290	18,431,605
Different tax rates in other countries	(908,873)	626,611	-	-
Adjustments:				
Non-deductible expenses	4,329,518	3,705,042	2,341,342	2,341,897
Income not subject to tax	(13,198,711)	(8,811,205)	(13,198,711)	(8,811,205)
Income exempted from tax	(5,744,047)	(11,962,297)	(5,032,921)	(11,962,297)
(Over)/Under provision in respect of previous years	(825,715)	37	-	-
	<u>1,939,138</u>	<u>2,514,494</u>	<u>-</u>	<u>-</u>

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 unit holder, the total income of the unit trust for that year of assessment shall be exempted from tax. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable or deferred tax is required to be provided in the financial statements.

### 8. Earnings per unit

The gross and net earnings per unit are calculated based on the net income before tax and net income for the year of the Group and of the Fund, respectively, divided by the weighted average number of units in circulation as of 31 December 2014 and 2013 are as follows:

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 8. Earnings per unit (Continued)

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Earnings attributable to unitholders: Profit before tax	73,147,863	75,825,224	63,561,158	73,726,420
Profit for the year	71,208,725	73,310,730	63,561,158	73,726,420

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Weighted average number of units	696,226,468	696,226,468	696,226,468	696,226,468
Gross earnings per unit (sen)	10.51	10.89	9.13	10.59
Net earnings per unit (sen)	10.23	10.53	9.13	10.59

### 9. Net income distributions

For the financial year ended 31 December 2014 and 2013, the Manager, with the approval of the Trustee, has declared the following distributions:

	The Group and the Fund 2014	
	2014 RM	2013 RM
Final distribution 2013 - 3.99 sen per unit (2012: 4.54 sen)	27,779,436	31,608,682
Interim distribution 2014 - 3.86 sen per unit (2013: 3.86 sen)	26,874,342	26,874,342
	54,653,778	58,483,024

The Manager is proposing a final income distribution of 3.79 sen per unit totalling RM26,386,983 for financial year ended 31 December 2014. The final distribution is subject to the approval of the Trustee and has not been included as a liability in the financial statements.

The total distributions (including proposed final distribution) for the financial year ended 31 December 2014, amounts to RM53,261,325 (2013: RM54,653,778).



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 9. Net income distributions (Continued)

Distribution to unitholders is derived from the following sources:

	The Fund	
	2014 RM	2013 RM
Net rental income	84,066,857	82,843,621
Investment revenue	16,196,562	16,354,820
Other income	3,338,531	220,000
	103,601,950	99,418,441
Less: Expenses	(43,975,913)	(44,582,020)
	59,626,037	54,836,421
Less: Undistributed income	(32,751,695)	(27,962,079)
	<u>26,874,342</u>	<u>26,874,342</u>

### 10. Investment Properties

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January	1,483,684,618	1,464,010,000	1,268,600,000	1,249,710,000
Addition/Enhancements	9,364,879	-	9,364,879	-
Change in value	11,350,503	19,674,618	3,935,121	18,890,000
Deferred lease income	5,596,083	-	5,596,083	-
At 31 December	<u>1,509,996,083</u>	<u>1,483,684,618</u>	<u>1,287,496,083</u>	<u>1,268,600,000</u>
Included in the above are:				
Land and buildings at fair value	<u>1,509,996,083</u>	<u>1,483,684,618</u>	<u>1,287,496,083</u>	<u>1,268,600,000</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 10. Investment Properties (Continued)

The fair value of the Group's and the Fund's investment properties, as determined by the Group's and the Fund's external valuers, differs from the net book value presented in the statements of financial position due to the Group and the Fund presenting deferred lease income separately. The following reconciles the net book value of the investment properties to the fair value.

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Net book value at 31 December	1,509,996,083	1,483,684,618	1,287,496,083	1,268,600,000
Less: Deferred lease income	(5,596,083)	-	(5,596,083)	-
Fair value at 31 December	<u>1,504,400,000</u>	<u>1,483,684,618</u>	<u>1,281,900,000</u>	<u>1,268,600,000</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 10. Investment properties (Continued)

The Group and the Fund

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease
KPJ Ampang Puteri Specialist Hospital #	Leasehold	99	75
KPJ Damansara Specialist Hospital #	Freehold	-	-
KPJ Johor Specialist Johor Hospital #	Leasehold	99	65
KPJ Ipoh Specialist Hospital #	Leasehold	999	880
Puteri Specialist Hospital #	Leasehold	99	39
KPJ Selangor Specialist Hospital #	Leasehold	99	82
Kedah Medical Centre #	Freehold	-	-
KPJ Perdana Specialist Hospital #	Leasehold	66	50
Kuantan Specialist Hospital #	Freehold	-	-
Sentosa Medical Centre	Freehold	-	-
KPJ Kajang Specialist Hospital #	Freehold	-	-
Taiping Medical Centre #	Leasehold	99	74
Damai Specialist Hospital #	Leasehold	99	59
KPJ College, Bukit Mertajam #	Freehold	-	-
Tawakkal Health Centre #	Leasehold	99	63
Selesa Tower	Freehold	-	-
KPJ Healthcare University College, Nilai #	Freehold	-	-
KPJ Seremban Specialist Hospital #	Leasehold	99	89
KPJ Penang Specialist Hospital #	Freehold	-	-
KPJ Tawakkal Specialist Hospital #	Freehold	-	-
Kluang Utama Specialist Hospital #	Leasehold	99	86
KPJ Klang Specialist Hospital #	Leasehold	99	79
Total for the Fund			

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

Location	Date of Valuation*	2013 Fair Value	2014 Fair Value
		RM	RM
Ampang	31 December 2014	130,000,000	130,900,000
Damansara	31 December 2014	115,000,000	115,800,000
Johor Bahru	31 December 2014	111,300,000	112,000,000
Ipoh	31 December 2014	70,200,000	71,800,000
Johor Bahru	31 December 2014	39,300,000	42,000,000
Shah Alam	31 December 2014	63,400,000	64,100,000
Alor Setar	31 December 2014	51,500,000	51,500,000
Kota Bharu	31 December 2014	44,500,000	44,500,000
Kuantan	31 December 2014	21,300,000	21,300,000
Kuala Lumpur	31 December 2014	27,700,000	27,800,000
Kajang	31 December 2014	45,700,000	46,100,000
Taiping	31 December 2014	9,800,000	9,800,000
Kota Kinabalu	31 December 2014	15,200,000	15,200,000
Bukit Mertajam	31 December 2014	15,900,000	16,200,000
Kuala Lumpur	31 December 2014	43,100,000	43,100,000
Johor Bahru	31 December 2014	101,700,000	103,500,000
Seremban	31 December 2014	19,200,000	19,200,000
Seremban	31 December 2014	59,700,000	60,000,000
Bukit Mertajam	31 December 2014	62,300,000	62,600,000
Kuala Lumpur	31 December 2014	120,200,000	121,000,000
Kluang	31 December 2014	4,200,000	4,200,000
Klang	31 December 2014	97,400,000	99,300,000
		<u>1,268,600,000</u>	<u>1,281,900,000</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 10. Investment properties (Continued)

The Group (Continued)

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease
Rumah Sakit Bumi Serpong Damai	Leasehold	20	13
Rumah Sakit Medika Permata Hijau	Leasehold	20	12
Jeta Garden Aged Care Facility and Retirement Village	Freehold	-	-
Total for the Group			

#The investment properties are used to secure credit facilities granted by financial institutions to the Fund as mentioned in Note 15.

\*The properties were valued at the respective dates by Cheston International (KL) Sdn Bhd, an independent firm of professional valuers using the investment method of valuation.

#### Fair value information

MFRS 13 establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The three levels are explained below:

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date 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 Group and the Fund 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.



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

Location	Date of Valuation*	2013 Fair Value	2014 Fair Value
		RM	RM
Jakarta	31 December 2014	51,600,000	57,000,000
Jakarta	31 December 2014	21,700,000	23,000,000
Queensland	31 December 2014	141,784,618	142,500,000
		<u>1,483,684,618</u>	<u>1,504,400,000</u>

### Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

### Level 3 fair value

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

The fair values of investment properties of the Group and of the Fund are categorised as Level 3.

The investment method involved capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 11. Investment in subsidiaries

	The Fund	
	2014 RM	2013 RM
Unquoted shares, at costs	42,492,190	42,492,190

The details of subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective Equity Interest		Principal Activity
		2014	2013	
		%	%	
Al-'Aqar Capital Sdn Bhd <i>i</i>	Malaysia	100	100	Special-purpose company for the purpose of raising Islamic financing for the Fund.
Crossborder Aim (M) Sdn Bhd <i>i</i>	Malaysia	100	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund. Currently dormant.
Crossborder Hall (M) Sdn Bhd <i>i</i>	Malaysia	100	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund. Currently dormant.
Al-'Aqar Australia Pty Ltd <i>ii</i>	Australia	100	100	Special-purpose company for the purpose of acquisition of Australian property for the Fund.
PT Al-Aqar Bumi Serpong Damai <i>ii</i>	Indonesia	100	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund. Currently dormant.
PT Al-Aqar Permata Hijau <i>ii</i>	Indonesia	100	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund. Currently dormant.

*i* Audited by Ernst & Young, Malaysia

*ii* Audited by a firm other than Ernst & Young

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 11. Investment in subsidiaries (Continued)

Amounts due from subsidiaries represents unsecured advances given from the proceeds raised from Islamic financing to subsidiaries and issuance of new units. The finance costs and repayment terms of the unsecured advances mirror the finance costs and repayment terms of the Islamic financing of Sukuk Ijarah raised by the Fund as disclosed in Note 15.

Amount due to a subsidiary represents unsecured advances received from the proceeds raised from Islamic financing by the subsidiary. The finance costs and repayment terms of the unsecured advances mirror the finance costs and repayment terms of the Islamic financing of Sukuk Ijarah raised by the said subsidiary as disclosed in Note 15.

### 12. Trade receivables, other receivables and prepaid expenses

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables	7,069,965	6,039,361	4,085,458	5,510,217

Trade receivables comprise rental receivable from lessees.

The credit period granted by the Group and the Fund on rental receivable from lessees ranges from 30 to 60 days (2013: 30 to 60 days).

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

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
0-30 days	3,335,634	4,234,295	1,653,542	3,705,151
31-60 days	1,482,946	1,221,325	620,320	1,221,325
61-90 days	2,251,385	583,741	1,811,596	583,741
	7,069,965	6,039,361	4,085,458	5,510,217

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 12. Trade receivables, other receivables and prepaid expenses (Continued)

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

Other receivables and prepaid expenses consist of:

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	268,631	261,005	223,545	221,716
Prepaid expenses	7,295,352	11,094,397	7,189,440	11,094,397
	7,563,983	11,355,402	7,412,985	11,316,113
Less: Prepaid expenses	(7,295,352)	(11,094,397)	(7,189,440)	(11,094,397)
Add: Trade receivables	7,069,965	6,039,361	4,085,458	5,510,217
Add: Amounts due from subsidiaries	-	-	178,182,796	177,244,940
Add: Cash and cash equivalents	67,791,978	67,829,327	41,467,173	42,006,357
Total loans and receivables	75,130,574	74,129,693	223,958,972	224,983,230

### 13. Cash and cash equivalent

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	23,214,543	50,483,127	13,967,173	42,006,357
Fixed deposits with licensed banks	44,577,435	17,346,200	27,500,000	-
	67,791,978	67,829,327	41,467,173	42,006,357

Fixed deposits with licensed banks earn interest at between 3.75% to 7.75% (2013: 3.3% to 8.0%) per annum and have maturity periods of between 30 to 90 days (2013: 30 to 90 days).

Included in fixed deposits with licensed banks are deposits amounting RM16,064,143 (2013: RM15,560,000) which are placed as reserve for repayment of finance costs on long-term Islamic financing and hence, are not available for general use.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 14. Other payables and accrued expenses

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-current:</b>				
Other payables - Tenant deposits received	8,089,118	8,089,120	8,089,118	8,089,118
	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Current:</b>				
Amount owing to the Trustee	20,625	19,991	20,625	19,991
Amount owing to the Manager	142,650	175,991	142,650	175,991
Amount owing to related companies	284,113	1,498,922	284,113	1,498,922
Other payables	463,275	459,528	101,927	106,398
Accrued expenses	10,082,719	9,207,937	2,051,879	1,239,295
Deferred lease income	5,596,083	-	5,596,083	-
	16,589,465	11,362,369	8,197,277	3,040,597
Add: Amount due to a subsidiary	-	-	637,382,207	637,479,399
Add: Islamic financing	733,147,513	732,414,275	79,948,681	79,948,681
Less: Deferred lease income	(5,596,083)	-	(5,596,083)	-
Total financial liabilities carried at amortised cost	744,140,895	743,776,644	719,932,082	720,468,677



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 15. Islamic financing

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Current:</b>				
Ijarah Muntahiah				
Bitamlik - Jeta Gardens	79,948,681	-	79,948,681	-
	<u>79,948,681</u>	<u>-</u>	<u>79,948,681</u>	<u>-</u>
<b>Non-current:</b>				
Sukuk Ijarah - Islamic Medium				
Term Notes ("IMTNs")	653,198,832	652,465,594	-	-
Ijarah Muntahiah				
Bitamlik - Jeta Gardens	-	79,948,681	-	79,948,681
	<u>653,198,832</u>	<u>732,414,275</u>	<u>-</u>	<u>79,948,681</u>
	<u>733,147,513</u>	<u>732,414,275</u>	<u>79,948,681</u>	<u>79,948,681</u>

### Sukuk Ijarah

In the previous financial year, the subsidiary had undertaken a new Islamic financing facility comprising IMTNs of up to RM1.0 billion in nominal value. The subsidiary had issued RM655,000,000 in nominal value of IMTNs.

As of the reporting date, the new facility, which is secured against the investment properties totaling RM1,178,400,000 (2013: RM1,166,900,000) as mentioned in Note 10, comprises the following tranches at nominal value:

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 15. Islamic financing (Continued)

Tranche	The Group Nominal value		Profit rate
	2014 RM	2013 RM	(%)
<b>Non-current:</b>			
<u>Issued on 6 May 2013</u>			
Class A IMTN	104,000,000	104,000,000	4.19
Class B IMTN	21,000,000	21,000,000	4.53
Class C IMTN	249,000,000	249,000,000	5.00 - 5.20
Total (i)	374,000,000	374,000,000	
<u>Issued on 5 August 2013</u>			
Class A IMTN	168,000,000	168,000,000	4.35
Class B IMTN	34,000,000	34,000,000	4.70
Class C IMTN	79,000,000	79,000,000	5.00 - 5.20
Total (ii)	281,000,000	281,000,000	
	655,000,000	655,000,000	

- (i) On 6 May 2013, the Company issued RM374,000,000 in nominal value of Islamic Medium Term Notes under a Sukuk Ijarah Programme. The facility is repayable in 9 equal semi-annual instalments of RM8,979,450 (cost of financing only) and final installment of RM382,979,450 (principal and last semi-annual cost of financing) commencing in November 2013.
- (ii) On 5 August 2013, the Company issued RM281,000,000 in nominal value of Islamic Medium Term Notes under a Sukuk Ijarah Programme. The facility is repayable in 9 equal semi-annual instalments of RM6,459,000 (cost of financing only) and final installment of RM284,238,348 (principal and last semi-annual cost of financing) commencing in February 2014.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 15. Islamic financing (Continued)

#### Ijarah Muntahiah Bitamlik - Jeta Gardens

On 31 October 2011, the Fund obtained a syndicated Ijarah Muntahiah Bitamlik financing facility of up to RM80,000,000, of which RM40,000,000 is at fixed profit rate and RM40,000,000 at floating profit rate. The facility drawdown as of 31 December 2014 comprises the following tranches:

Tranche	The Group and the Fund			Profit rate (%)	
	2014 RM	2013 RM		2014	2013
1	34,047,025	34,047,025	Fixed	6.35	6.35
1	34,047,025	34,047,025	Floating	5.35	5.30
2	5,927,315	5,927,315	Fixed	6.35	6.35
2	5,927,316	5,927,316	Floating	5.35	5.30
Total	<u>79,948,681</u>	<u>79,948,681</u>			

The said facility is secured against investment properties totalling RM142,500,000 (2013: RM141,784,618) as mentioned in Note 10 and is for a tenure of up to 48 months from the date of the first disbursement.

### 16. Unitholders' capital

	2014		2013	
	No. of Units	RM	No. of Units	RM
<b>The Group and the Fund</b>				
Balance at beginning of year	682,682,499	682,682,499	682,682,499	682,682,499
Balance at end of year	<u>682,682,499</u>	<u>682,682,499</u>	<u>682,682,499</u>	<u>682,682,499</u>

Details of units held by the Manager's directors and shareholders, and related parties which comprises companies related to Johor Corporation and KPJ Healthcare Berhad, substantial unitholders of the Fund, and their market value as of 31 December 2014 based on the Record of Depositors are as follows:

	2014		2013	
	No. of Units	RM	No. of Units	RM
<b>Related parties:</b>				
Pusat Pakar Tawakal Sdn Bhd	71,389,800	98,517,924	71,389,800	94,948,434
Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141,000	67,814,580	49,141,000	65,357,530
Selangor Medical Centre Sdn Bhd	35,000,000	48,300,000	35,000,000	46,550,000

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 16. Unitholders' capital (Continued)

	2014		2013	
	No. of Units	RM	No. of Units	RM
<b>Related parties:</b>				
Jeta Gardens (Qld) Pty Ltd	32,229,468	44,476,666	36,389,468	48,397,992
Seremban Specialist Hospital Sdn Bhd	23,731,000	32,748,780	23,731,000	31,562,230
Ampang Puteri Specialist Hospital Sdn Bhd	21,013,739	28,998,960	21,013,739	27,948,273
Medical Associates Sdn Bhd	19,055,000	26,295,900	19,055,000	25,343,150
Sentosa Medical Centre Sdn Bhd	15,653,000	21,601,140	15,653,000	20,818,490
Damansara Specialist Hospital Sdn Bhd	15,233,000	21,021,540	15,233,000	20,259,890
Kedah Medical Centre Sdn Bhd	15,000,000	20,700,000	15,000,000	19,950,000
Johor Specialist Hospital Sdn Bhd	12,203,000	16,840,140	12,203,000	16,229,990
Puteri Specialist Hospital Sdn Bhd	12,000,000	16,560,000	12,000,000	15,960,000
Pusat Pakar Darul Naim Sdn Bhd	11,789,000	16,268,820	11,789,000	15,679,370
Kuantan Specialist Hospital Sdn Bhd	5,000,000	6,900,000	5,000,000	6,650,000
Kajang Specialist Hospital Sdn Bhd	4,487,000	6,192,060	4,487,000	5,967,710
Kota Kinabalu Specialist Hospital Sdn Bhd	3,500,000	4,830,000	3,500,000	4,655,000
QSR Brands Bhd	-	-	-	-
Taiping Medical Centre Sdn Bhd	3,334,000	4,600,920	3,334,000	4,434,220
Johor Ventures Sdn Bhd	173,219	239,042	173,219	230,381

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 17. Management expense ratio ("MER")

	The Fund	
	2014 %	2013 %
MER	0.50	0.26

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, auditor's remuneration, tax agent's fee and administrative expenses, to the average net asset value 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 trust which use a different basis of calculation may not be an accurate comparison.

### 18. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Fund if the Fund has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Fund derives all its rental income as disclosed in Note 4 from related parties.

The investment property acquired during the current financial year as disclosed in Note 10 were acquired from related party.

Significant related party transaction other than those disclosed in Note 4 is as follows:

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Maintenance fee paid/ payable to Maintenance Manager	-	1,224,619	-	1,129,520

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



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 19. Commitments

#### (i) Capital commitment

Capital commitment as at the reporting date is as follows:

	The Group and The Fund	
	2014 RM	2013 RM
Approved, contracted but not provided for:		
Commitment for the acquisition of investment property	77,800,000	3,590,000

#### (ii) Operating leases - as lessor

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

	The Group and The Fund	
	2014 RM	2013 RM
Less than one year	95,647,294	71,027,057
Between one and five years	45,404,045	8,709,359
	141,051,339	79,736,416

### 20. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced liquidation or sale.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 20. Fair values of financial instruments (Continued)

Except as detailed in the following table, the Manager consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

		2014		2013	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>The Group Financial Liability</b>					
Islamic financing					
- non-current	15	653,198,832	570,508,949	732,414,275	616,274,587
<b>The Fund Financial Liability</b>					
Amount due to a subsidiary					
- non-current	11	637,382,207	570,508,949	637,479,399	544,855,640
Islamic financing					
- non-current	15	-	-	79,948,681	71,418,947

The fair values of non-current Islamic financing are estimated using discounted cash flow analysis based on current equivalent profit rate of 4.71 % (2013: 4.84%) per annum for similar type of instruments.

### 21. 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 and financing rate risk.

The Group and the Fund has taken measures to minimise its exposure to risks associated with its financing, investing and operating activities and operates within clearly defined guidelines as set out in the Securities Commission's Guidelines on Real Estate Investment Trusts.

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

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 21. Financial risk management objectives and policies (Continued)

#### (i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Fund's exposure to credit risk arises primarily from trade and other receivables. The receivables are monitored on an ongoing basis through the Group's and the Fund's management reporting procedures.

##### Exposure to credit risk

At the reporting date, 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 statement of financial position. Information regarding credit enhancements for trade and other receivables is disclosed in Note 12.

##### Credit risk concentration profile

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

##### Financial assets that are neither past due nor impaired

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

#### (ii) Liquidity risk

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

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 21. Financial risk management objectives and policies (Continued)

#### (ii) Liquidity risk (Continued)

##### Financial assets

The following details the Group's and the Fund's expected maturity for its non derivative financial assets:

	Weighted average effective profit rate %	Less than 1 year RM	Total RM
2014			
The Group			
Non-profit bearing			
Trade receivables		7,069,965	7,069,965
Other receivables		7,563,983	7,563,983
Fixed profit rate instruments	3.75	44,577,435	44,577,435
Total undiscounted financial assets		59,211,383	59,211,383
The Fund			
Non-profit bearing			
Trade receivables		4,085,458	4,085,458
Other receivables		7,412,985	7,412,985
Fixed profit rate instruments	3.75	27,500,000	27,500,000
Total undiscounted financial assets		38,998,443	38,998,443
2013			
The Group			
Non-profit bearing			
Trade receivables		6,039,361	6,039,361
Other receivables		11,355,402	11,355,402
Fixed profit rate instruments	3.50	17,346,200	17,346,200
Total undiscounted financial assets		34,740,963	34,740,963
The Fund			
Non-profit bearing			
Trade receivables		5,510,217	5,510,217
Other receivables		11,316,113	11,316,113
Total undiscounted financial assets		16,826,330	16,826,330

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 21. Financial risk management objectives and policies (Continued)

#### (ii) Liquidity risk (Continued)

##### Financial liabilities

The following details the Group's and the Fund's remaining contractual maturity for its non derivative financial liabilities with agreed repayments periods:

	Weighted average effective profit rate %	Less than 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
2014					
The Group					
Non-profit bearing Other payables and accrued expenses		16,589,465	-	8,089,118	24,678,583
Variable profit rate instruments	5.75	41,892,904	-	-	41,892,904
Fixed profit rate instruments		72,970,002	727,243,487	-	800,213,489
Total undiscounted financial liabilities		131,452,371	727,243,487	8,089,118	866,784,976
The Fund					
Non-profit bearing Other payables and accrued expenses		8,197,277	-	8,089,118	16,286,395
Amount due to a subsidiary		-	727,243,487	-	727,243,487
Variable profit rate instruments	5.75	41,892,904	-	-	41,892,904
Fixed profit rate instruments	6.35	42,093,102	-	-	42,093,102
Total undiscounted financial liabilities		92,183,283	727,243,487	8,089,118	827,515,888

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 21. Financial risk management objectives and policies (Continued)

#### (ii) Liquidity risk (Continued)

##### Financial liabilities (Continued)

The following details the Group's and the Fund's remaining contractual maturity for its non derivative financial liabilities with agreed repayments periods:

	Weighted average effective profit rate %	Less than 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
2013					
The Group					
Non-profit bearing		11,362,369	-	8,089,120	19,451,489
Variable profit rate instruments	5.30	2,104,580	46,288,082	-	48,392,662
Fixed profit rate instruments	5.35	25,471,160	777,143,262	-	802,614,422
Total undiscounted financial liabilities		38,938,109	823,431,344	8,089,120	870,458,573
The Fund					
Non-profit bearing: Other payables and accrued expenses		3,040,597	-	8,089,118	11,129,715
		-	758,120,387	-	758,120,387
Variable profit rate instruments	5.30	2,104,580	46,288,082	-	48,392,662
Fixed profit rate instruments	6.35	2,538,371	47,589,452	-	50,127,823
Total undiscounted financial liabilities		7,683,548	85,199,921	8,089,118	867,770,587



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 21. Financial risk management objectives and policies (Continued)

#### (iii) Financing rate risk

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

The Group and the Fund manage their financing rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. As of 31 December 2014, approximately 5.5% (2013: 5.6%) of the Group's financial liabilities are variable financing rate instruments. The Group and the Fund place cash deposits on short-term basis and therefore allows the Group and the Fund to respond to significant changes of financing rate promptly.

#### Financing rate sensitivity analysis

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

If financing rates had been 25 basis point higher/lower and all other variables were held constant, the Group's and the Fund's net profit/total comprehensive income for the year would decrease/increase by RM99,936. The assumed movement in basis points for financing rate sensitivity analysis is based on the currently observable market environment.

### 22. Significant events

- (i) On 8 August 2012, the Fund had announced its proposal to acquire two pieces of land, both situated in the Town of Johor Bahru, from Puteri Specialist Hospital (Johor) Sdn Bhd ("PSHSB"), a subsidiary of KPJ Healthcare Berhad ("KPJ"). The lands are situated next to Al-Aqar's land, on which PSHSB's hospital is erected on. The proposal has been approved by shareholders of KPJ at the EGM on 29 November 2012.

The acquisition was completed on 18 November 2014.

- (ii) On 28 February 2014, the Fund represented by its trustee, Amanah Raya Trustees Berhad ("Trustee" or "Vendor"), entered into a sale and purchase agreement with Smartwheels Intelligence Sdn Bhd ("Purchaser") to sell a freehold land erected with an integrated commercial development comprising a twenty-seven (27) storey hotel ("Hotel Selesa") and a thirty-one (31) storey office block ("Metropolis Tower") (collectively, referred to as "Selesa Tower") ("SPA") for a disposal consideration of RM112.0 million ("Disposal Consideration") and had announced the proposal accordingly.

On 3 September 2014, the Fund had announced the termination of the SPA above, pursuant to failure of the Purchaser to settle the Balance Disposal Consideration.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 22. Significant events (Continued)

- (iii) On 3 October 2014, the Fund had announced its proposal to acquire two parcels of freehold lands together with buildings erected thereon from Puteri Nursing College Sdn. Bhd., a wholly owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM77,800,000 ("Proposed Acquisition"). As at the date of this report, the acquisition has yet to be completed pending fulfilment of certain conditions precedent.

### 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 three reportable segments as follows:

- (i) Malaysia
- (ii) Indonesia
- (iii) Australia

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

The Group's segmental information is as follows:

	Investment properties			
	Malaysia RM	Indonesia RM	Australia RM	Total RM
31 December 2014				
Rental	90,079,833	7,516,948	11,047,548	108,644,329
Property expense	(6,012,976)	(121,367)	(111,378)	(6,245,721)
Net rental income	84,066,857	7,395,581	10,936,170	102,398,608
Investment income	1,263,872	37,664	-	1,301,536
Other income	3,338,531	-	15,216	3,353,747
Gain on fair value	3,935,121	6,700,000	715,382	11,350,503
Total income	92,604,381	14,133,245	11,666,768	118,404,394
Expenditure	(5,693,992)	(1,054,965)	(130,962)	(6,879,919)
Operating profit	86,910,389	13,078,280	11,535,806	111,524,475
Finance costs	(38,376,612)	-	-	(38,376,612)
Profit before tax	48,533,777	13,078,280	11,535,806	73,147,863
Income tax expense	(198,891)	(751,696)	(988,551)	(1,939,138)
Profit after tax	48,334,886	12,326,584	10,547,255	71,208,725
Total assets	1,363,687,888	82,677,722	146,056,399	1,592,422,009
Total liabilities	757,428,013	14,116	3,437,124	760,879,253

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 23. Segmental reporting (Continued)

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

	Investment properties			
	Malaysia RM	Indonesia RM	Australia RM	Total RM
31 December 2013				
Rental	88,762,569	7,313,343	11,343,305	107,419,217
Property expense	(5,918,948)	(120,602)	(95,099)	(6,134,649)
Net rental income	82,843,621	7,192,741	11,248,206	101,284,568
Investment income	5,019,21	12,801	-	514,722
Other income	220,000	-	-	220,000
Gain on fair value	18,890,000	-	784,618	19,674,618
Total income	102,455,542	7,205,542	12,032,824	121,693,908
Expenditure	(4,945,132)	(1,062,215)	(165,445)	(6,172,792)
Operating profit	97,510,410	6,143,327	11,867,379	115,521,116
Finance costs	(39,695,892)	-	-	(39,695,892)
Profit before tax	57,814,518	6,143,327	11,867,379	75,825,224
Income tax expense	(124,186)	(737,162)	(1,653,146)	(2,514,494)
Profit after tax	57,690,332	5,406,165	10,214,233	73,310,730
Total assets	1,350,051,527	75,554,572	143,302,609	1,568,908,708
Total liabilities	751,475,807	168,590	2,370,602	754,014,999

### 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 stakeholders through the optimisation of the debt and equity balance. The Group's and the Fund's overall strategy remain unchanged from 2011.

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

The Group and the Fund is not subject to any externally imposed capital requirements. However, the Group and the Fund are required to comply with the Securities Commission's Guidelines on Real Estate Investment Trusts ("SC Guidelines") on borrowings.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (Continued)

### 24. Capital management (Continued)

The SC Guidelines requires 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 unit holders 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.

#### (i) Gearing ratios

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

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Total borrowings	733,147,513	732,414,275	717,330,888	717,428,080
Total assets value	1,592,422,009	1,568,908,708	1,561,136,685	1,547,169,817
Total borrowings to total asset value ratio	46.0%	46.7%	45.9%	46.4%

### 25. Portfolio turnover ratio ("PTR")

	The Fund	
	2014 %	2013 %
PTR (times)	0.43	-

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.

**SUPPLEMENTARY INFORMATION****26. Supplementary information - disclosure on realised and unrealised profits/losses**

The breakdown of the undistributed income of the Group and of the Fund as at 31 December 2014 and 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with the Guideline on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	The Group		The Fund	
	2014 RM	2013 RM	2014 RM	2013 RM
Total undistributed income				
Realised	26,778,698	21,574,254	27,949,465	22,977,206
Unrealised	126,314,496	114,963,993	116,887,438	112,952,317
Total undistributed income	153,093,194	136,538,247	144,836,903	135,929,523



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