

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the First Quarter Ended 31 March 2018

	Note	Individual Quarter			Cumulative Quarter		
		Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To Date	Preceding Year Corresponding To Date	Changes
		31-03-2018	31-03-2017		31-03-2018	31-03-2017	
		RM	RM	%	RM	RM	%
Gross rental income		25,544,925	24,904,063	2.6	25,544,925	24,904,063	2.6
Property expenses		(1,428,077)	(1,520,823)	(6.1)	(1,428,077)	(1,520,823)	(6.1)
Net rental income	B1	24,116,848	23,383,240	3.1	24,116,848	23,383,240	3.1
Investment income		497,925	353,938	40.7	497,925	353,938	40.7
Other income		23,004	-	100.0	23,004	-	100.0
Total income		24,637,777	23,737,178	3.8	24,637,777	23,737,178	3.8
Managers' fees		(416,789)	(433,425)	(3.8)	(416,789)	(433,425)	(3.8)
Trustees' fees		(67,787)	(65,587)	3.4	(67,787)	(65,587)	3.4
Accretion of long term borrowings		(189,841)	(39,562)	379.9	(189,841)	(39,562)	379.9
Annual financing fees		(77,374)	(66,136)	17.0	(77,374)	(66,136)	17.0
Maintenance of properties		-	(141,640)	(100.0)	-	(141,640)	(100.0)
Administrative expenses		(226,921)	(123,838)	83.2	(226,921)	(123,838)	83.2
Professional fees		(83,063)	(5,636)	1,373.8	(83,063)	(5,636)	1,373.8
Withholding tax		(222,377)	(222,377)	-	(222,377)	(222,377)	-
Profit sharing expenses on financing		(6,611,424)	(7,613,482)	(13.2)	(6,611,424)	(7,613,482)	(13.2)
Total trust expenditure		(7,895,576)	(8,711,683)	(9.4)	(7,895,576)	(8,711,683)	(9.4)
Profit before taxation		16,742,201	15,025,495	11.4	16,742,201	15,025,495	11.4
Tax expense		347	-	100.0	347	-	100.0
Profit after taxation		16,742,548	15,025,495	11.4	16,742,548	15,025,495	11.4
Other comprehensive income/(expenses)							
Foreign currency translation differences for foreign operation		(622,766)	31,806	(2,058.0)	(622,766)	31,806	(2,058.0)
Total comprehensive income for the period/year		16,119,782	15,057,301	7.1	16,119,782	15,057,301	7.1
Profit after taxation is made up as follows:							
Realised		16,742,548	15,025,495	11.4	16,742,548	15,025,495	11.4
Unrealised		-	-	-	-	-	-
		16,742,548	15,025,495	11.4	16,742,548	15,025,495	11.4
Earnings per unit (sen) - Net		2.30	2.06	11.6	2.30	2.06	11.6

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

	Note	Unaudited As At End Of Current Quarter 31-03-2018 RM	Audited As at preceding year ended 31-12-2017 RM
ASSETS			
Non-current assets			
Investment properties	A9	1,459,703,200	1,459,703,200
Current Assets			
Trade receivables	B9	5,856,489	5,312,154
Other receivables & prepayments		2,532,587	4,460,049
Cash and bank balances		38,463,809	35,917,278
Fixed deposits with licensed banks		35,971,330	51,032,271
		<u>82,824,215</u>	<u>96,721,752</u>
TOTAL ASSETS		<u>1,542,527,415</u>	<u>1,556,424,952</u>
LIABILITIES			
Non-current liabilities			
Deferred tax		<u>3,540,583</u>	<u>3,768,348</u>
		<u>3,540,583</u>	<u>3,768,348</u>
Current Liabilities			
Borrowing	B10	573,847,849	573,580,634
Other payables and accruals		<u>54,494,321</u>	<u>55,786,148</u>
		<u>628,342,170</u>	<u>629,366,782</u>
TOTAL LIABILITIES		<u>631,882,753</u>	<u>633,135,130</u>
NET ASSETS VALUE		<u>910,644,662</u>	<u>923,289,822</u>
REPRESENTED BY:			
Unitholders' capital		722,398,126	722,398,126
Undistributed income		192,413,308	204,435,702
Foreign exchange translation reserve		<u>(4,166,772)</u>	<u>(3,544,006)</u>
TOTAL UNITHOLDERS' FUND		<u>910,644,662</u>	<u>923,289,822</u>
NUMBER OF UNITS IN CIRCULATION		<u>728,226,468</u>	<u>728,226,468</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.2505	1.2679

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
IN NET ASSETS VALUE
For the First Quarter Ended 31 March 2018

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 January 2017	722,398,126	174,772,256	(1,102,006)	896,068,376
Operation for the period ended 31 March 2017				
Net income for the period	-	15,025,495	31,806	15,057,301
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	15,025,495	31,806	15,057,301
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(27,672,598)	-	(27,672,598)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(27,672,598)	-	(27,672,598)
Net assets as at 31 March 2017	722,398,126	162,125,153	(1,070,200)	883,453,079
As at 1 January 2018	722,398,126	204,435,702	(3,544,006)	923,289,822
Operation for the period ended 31 March 2018				
Net income for the period	-	16,742,548	(622,766)	16,119,782
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	16,742,548	(622,766)	16,119,782
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders #	-	(28,764,942)	-	(28,764,942)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(28,764,942)	-	(28,764,942)
Net assets as at 31 March 2018	722,398,126	192,413,308	(4,166,772)	910,644,662

Includes the payment of the final income distribution for financial year 2017 (taxable in the hands of unitholders) in respect of the period from 1 July to 31 December 2017 of 3.95 sen per unit which was paid on 28 February 2018.

The Condensed Consolidated Statement of Changes In Net Assets Value should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the First Quarter Ended 31 March 2018

	To Date	
	<u>31-03-2018</u>	<u>31-03-2017</u>
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,742,201	15,025,495
Adjustment for:		
Profit sharing expenses on Islamic financing	6,688,798	7,679,618
Accreation of long term Islamic financing	189,841	39,562
Investment revenue	<u>(497,925)</u>	<u>(353,938)</u>
Operating profit before working capital changes	23,122,915	22,390,737
Increase in receivables and prepayments	(1,008,051)	(1,410,543)
(Decrease)/Increase in other payables and accruals	<u>(644,818)</u>	<u>1,278,112</u>
Cash generated from operations	21,470,046	22,258,306
Taxes refund	2,391,525	-
Taxes paid	<u>-</u>	<u>-</u>
Net cash generated from operating activities	<u>23,861,571</u>	<u>22,258,306</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Income received from investment	<u>497,925</u>	<u>353,938</u>
Net cash generated from investing activity	<u>497,925</u>	<u>353,938</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(28,764,942)	(27,672,598)
Profit sharing expenses on Islamic financing	<u>(7,486,198)</u>	<u>(7,639,639)</u>
Net cash used in financing activities	<u>(36,251,140)</u>	<u>(35,312,237)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,891,644)	(12,699,993)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(622,766)	31,806
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	86,949,549	73,801,885
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>74,435,139</u>	<u>61,133,698</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2018

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

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Malaysian Financial Reporting Standard (MFRS) 134 and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2017.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2017 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

A5. CHANGES IN ACCOUNTING ESTIMATES

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

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

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

A7. INCOME DISTRIBUTION

The final income distribution for the financial year ended 31 December 2017 (taxable in the hand of unitholders) in respect of the period from 1 July to 31 December 2017 of 3.95 sen per unit which was announced on 29 January 2018 has been paid on 28 February 2018.

A8. SEGMENTAL REPORTING

a. Primary reporting segment - Geographical segments

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

	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 31 March 2018			
Gross rental income	22,677	2,868	25,545
Property expenses	(1,400)	(28)	(1,428)
Net rental income	21,277	2,840	24,117
Investment income	498	-	498
Other income	23	-	23
Total income	21,798	2,840	24,638
Trust expenditure	(7,847)	(49)	(7,896)
Profit before taxation	13,951	2,791	16,742
Tax expense	1	-	1
Profit after taxation	13,952	2,791	16,743
Total assets	1,388,175	154,352	1,542,527
Total liabilities	627,979	3,904	631,883
Period Ended 31 March 2017			
Gross rental income	22,059	2,845	24,904
Property expenses	(1,492)	(29)	(1,521)
Net rental income	20,567	2,816	23,383
Investment income	354	-	354
Other income	-	-	-
Total income	20,921	2,816	23,737
Trust expenditure	(8,633)	(79)	(8,712)
Profit before taxation	12,288	2,737	15,025
Tax expense	-	-	-
Profit after taxation	12,288	2,737	15,025
Total assets	1,447,897	152,058	1,599,955
Total liabilities	711,599	4,903	716,502

b. Secondary reporting segment - Business segments

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

A9. VALUATION OF INVESTMENT PROPERTIES

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

A10. SUBSEQUENT MATERIAL EVENTS

On 4 May 2018, Al-'Aqar Healthcare REIT, through its subsidiary, Al-'Aqar Capital Sdn. Bhd. redeemed the amount outstanding of Islamic Medium Term Notes ("IMTN") under Issue 1 of RM575 million. Subsequently, Al-'Aqar Healthcare REIT through its subsidiary company issued RM575 million in nominal value of 3 years IMTN being 1st Tranche of Issue 2 under its Sukuk Ijarah Programme of up to RM1.0 billion, which comprises of the following:

	Amount RM
Class A IMTN	220,000,000.00
Class B IMTN	23,000,000.00
Class C IMTN	332,000,000.00
	<u>575,000,000.00</u>

A11. CHANGES IN THE COMPOSITION OF THE TRUST

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

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

A13. SIGNIFICANT RELATED PARTY TRANSACTION

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

The Group and the Fund derives all its rental income from related parties.

Significant related party transactions are as follows:

	The Group		The Fund	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	RM	RM	RM	RM
Manager's fee	416,789	433,425	416,789	433,425
Registrar fee	3,781	1,332	3,781	1,332
Secretarial fee	<u>2,363</u>	<u>405</u>	<u>-</u>	<u>-</u>

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

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2018

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31.03.2018 RM'000	Preceding Quarter Corresponding To Date 31.03.2017 RM'000	Changes %	Current Year Quarter 31.03.2018 RM'000	Preceding Quarter Corresponding To Date 31.03.2017 RM'000	Changes %
Net rental income						
Malaysia	21,277	20,567	3.5	21,277	20,567	3.5
Australia	2,840	2,816	0.9	2,840	2,816	0.9
Total net rental income	<u>24,117</u>	<u>23,383</u>	3.1	<u>24,117</u>	<u>23,383</u>	3.1
Profit before taxation						
Malaysia	13,951	12,288	13.5	13,951	12,288	13.5
Australia	2,791	2,737	2.0	2,791	2,737	2.0
Total profit before taxation	<u>16,742</u>	<u>15,025</u>	11.4	<u>16,742</u>	<u>15,025</u>	11.4
Profit after taxation						
Malaysia	13,952	12,288	13.5	13,952	12,288	13.5
Australia	2,791	2,737	2.0	2,791	2,737	2.0
Total profit after taxation	<u>16,743</u>	<u>15,025</u>	11.4	<u>16,743</u>	<u>15,025</u>	11.4

Review of Current Quarter/Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM21.2 million of net rental income for the current quarter ended 31 March 2018, represented an increase of RM0.7 million or 3.5%. The net rental income was slightly higher due to increment on rental income.

Australia segment

The Australia segment contributed RM2.8 million of net rental income for the current quarter ended 31 March 2018, represented an increase of RM0.1 million or 0.9% from RM2.8 million recorded in preceding year's quarter. The net rental income was slightly higher due to rising exchange rate, whereby from January to March 2018, the average exchange rate for Malaysian Ringgit against Australian Dollar was MYR/AUD 3.3876 (2017: MYR/AUD 3.0746).

Profit before taxation

Al-'Aqar Healthcare REIT's profit before taxation for the current quarter ended 31 March 2018 stood at RM16.7 million, which is RM1.7 million or 11.4% higher than preceding corresponding quarter's of RM15.0 million. The increase were mainly due to lower financing cost following the redemption of unrated Sukuk of RM80 million in July 2017 recorded during the current quarter.

B2. MATERIAL CHANGES IN PROFIT BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

	Current Quarter ended 31.03.2018 RM'000	Immediate Preceding Quarter ended 31.12.2017 RM'000	Changes %
Net rental income	24,117	23,011	4.81
Profit before taxation	16,742	38,880	(56.94)
Profit after taxation	16,743	37,979	(55.92)

Al-'Aqar Healthcare REIT recorded a lower profit before tax of RM16.7 million as compared to RM38.9 million in the preceding quarter. This was mainly due to fair value gains on investment properties of RM24.8 million recorded in the previous quarter.

B3. PROSPECTS

Prospect for the Malaysian healthcare industry will continue to remain positive in view of stronger private healthcare consumption and improvement in healthcare affordability.

On 25 January 2018, Bank Negara Malaysia increased the Overnight Policy Rate (OPR) by 25 points. As such, the borrowing cost has increased as evidenced by the higher borrowing rates in our Tranche 1 Issue 2 of RM575 million which was completed on 4th May 2018. Our borrowing rates was also negatively affected by the then pending General Election 14. Despite the slightly higher borrowing cost, the Fund is expected to maintain its current level Distribution Per Unit.

B4. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

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

B5. TAXATION

	The Group		The Fund	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	RM	RM	RM	RM
Tax expense				
- Income Tax	-	-	-	-
- Real Property Gains Tax ("RPGT")	(347)	-	(347)	-
	<u>(347)</u>	<u>-</u>	<u>(347)</u>	<u>-</u>

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

In accordance with the Deed, the Fund is required to distribute at least 95% of its net income. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable or deferred tax is required to be provided in the financial statements.

B6. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

B7. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There was no corporate proposal announced during the current quarter.

B9. TRADE RECEIVABLES

	The Group	
	As at	As at
	31-03-2018	31-03-2017
	RM'000	RM'000
Trade receivables	5,856	11,256

Trade receivables comprise rental receivable from lessees. The credit period granted by the Group on rental receivable from lessees ranges from 30 to 60 days (2017: 30 to 60 days).

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

	The Group	
	As at	As at
	31-03-2018	31-03-2017
	RM'000	RM'000
0-30 days	2,640	1,799
31-60 days	1,021	696
61-90 days	993	-
More than 90 days	1,202	8,761
	5,856	11,256

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

B10. BORROWING

	The Group	
	As at	As at
	31-03-2018	31-03-2017
	RM'000	RM'000
<u>Non-current</u>		
<u>Secured</u>		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	-	654,691
<u>Current</u>		
<u>Secured</u>		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	573,848	-

B11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B12. MATERIAL LITIGATION

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

B13. SOFT COMMISSION RECEIVED

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

B14. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-03-2018	Immediate Preceding Quarter ended 31-12-2017
Number of units in issue - units	728,226,468	728,226,468
Earning per unit (EPU) - sen	2.30	5.21
Net income distribution to unitholders - RM'000	28,765	-
Distribution per unit (DPU) - sen	3.95	-
Net Asset Value (NAV) - RM'000	910,645	923,290
NAV per unit - RM	1.2505	1.2679
Market Value Per Unit - RM	1.1500	1.4300

B15. RESPONSIBILITY STATEMENT

This quarterly report was prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-'Aqar Healthcare REIT as at 31 March 2018 and of its financial performance and cash flows for the period then ended.