AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Third Quarter Ended 30 September 2018

	Note	Individual Quarter			Cumulative Quarter		
		Current Year Quarter 30-09-2018	Preceding Year Corresponding Quarter 30-09-2017	Changes	Current Year To Date 30-09-2018	Preceding Year Corresponding To Date 30-09-2017	Changes
		RM	**RM**	**%**	**RM**	**RM**	**%**
Gross rental income		25,622,774	25,023,209	2.4	76,752,626	74,870,850	2.5
Property expenses		(1,543,232)	(1,667,262)	(7.4)	(4,507,993)	(4,674,700)	(3.6)
Net rental income	**B1**	**24,079,542**	**23,355,947**	**3.1**	**72,244,633**	**70,196,150**	**2.9**
Investment income		534,810	829,648	(35.5)	1,529,123	1,680,947	(9.0)
Gain in fair value adjustment		-	-	-	-	257,083	(100.0)
Other income		354,667	1,557	22,678.9	377,744	1,557	24,161.0
Total income		**24,969,019**	**24,187,152**	**3.2**	**74,151,500**	**72,135,737**	**2.8**
Managers' fees		(419,318)	(414,114)	1.3	(1,255,142)	(1,782,889)	(29.6)
Trustees' fees		(68,349)	(66,451)	2.9	(204,420)	(198,673)	2.9
Accretion of long term borrowings		(400,252)	-	100.0	(1,043,953)	(39,562)	2,538.8
Annual financing fees		(295,333)	(77,373)	281.7	(596,879)	(195,091)	206.0
Maintenance of properties		(436,878)	(141,550)	208.6	(436,878)	(327,530)	33.4
Administrative expenses		(375,348)	(320,140)	17.2	(1,021,662)	(587,798)	73.8
Professional fees		(65,426)	(147,063)	(55.5)	(186,151)	(191,199)	(2.6)
Witholding tax		(222,377)	(222,377)	-	(667,130)	(667,130)	-
Profit sharing expenses on financing		(7,546,143)	(5,559,711)	35.7	(21,412,566)	(20,871,270)	2.6
Total trust expenditure		**(9,829,424)**	**(6,948,779)**	**41.5**	**(26,824,781)**	**(24,861,142)**	**7.9**
Profit before taxation		**15,139,595**	**17,238,373**	**(12.2)**	**47,326,719**	**47,274,595**	**0.1**
Tax expense		-	-	-	347	(608,822)	(100.1)
Profit after taxation		15,139,595	17,238,373	(12.2)	47,327,066	46,665,773	1.4
Other comprehensive income/(expenses)							
Foreign currency translation differences for foreign operation		1,432	(702,065)	(100.2)	(596,065)	(2,641,556)	(77.4)
Total comprehensive income for the period/year		15,141,027	16,536,308	(8.4)	46,731,001	44,024,217	6.1
Profit after taxation is made up as follows:							
Realised		15,139,595	17,238,373	(12.2)	47,327,066	46,408,690	2.0
Unrealised		-	-	-	-	257,083	(100.0)
		15,139,595	17,238,373	(12.2)	47,327,066	46,665,773	1.4
Earnings per unit (sen) - Net		2.08	2.37	(12.2)	6.50	6.41	1.4

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 30 September 2018

	Note	Unaudited As At End Of Current Quarter 30-09-2018	Audited As at preceding year ended 31-12-2017
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,462,463,280	1,459,703,200
Current Assets			
Trade receivables	B9	6,407,596	5,312,154
Other receivables & prepayments		1,400,354	4,460,049
Cash and bank balances		45,292,680	35,917,278
Fixed deposits with licensed banks		49,504,168	51,032,271
		102,604,798	96,721,752
TOTAL ASSETS		1,565,068,078	1,556,424,952
LIABILITIES			
Non-current liabilities			
Borrowing	B10	573,462,598	-
Deferred tax		3,553,673	3,768,348
		577,016,271	3,768,348
Current Liabilities			
Borrowing	B10	-	573,580,634
Other payables and accruals		59,539,882	55,786,148
Provision for Income Distribution		14,200,416	-
		73,740,298	629,366,782
TOTAL LIABILITIES		650,756,569	633,135,130
NET ASSETS VALUE		914,311,509	923,289,822
REPRESENTED BY:			
Unitholders' capital		722,398,126	722,398,126
Undistributed income		196,053,454	204,435,702
Foreign exchange translation reserve		(4,140,071)	(3,544,006)
TOTAL UNITHOLDERS' FUND		914,311,509	923,289,822
NUMBER OF UNITS IN CIRCULATION		728,226,468	728,226,468
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.2555	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 Third Quarter Ended 30 September 2018

	Unitholders' Capital	Undistributed Income	Foreign Exchange	Total Unitholders' Fund
	RM	RM	RM	RM
As at 1 January 2017	722,398,126	174,772,256	(1,102,006)	896,068,376
Operation for the period ended 30 September 2017				
Net income for the period	-	46,665,773	(2,641,556)	44,024,217
Increase/(Decrease) in net assets resulting from operation	-	46,665,773	(2,641,556)	44,024,217
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(54,981,090)	-	(54,981,090)
Issuing expenses	-	-	-	-
Increase/(Decrease) in net assets resulting from unitholders' transactions	-	(54,981,090)	-	(54,981,090)
Net assets as at 30 September 2017	722,398,126	166,456,939	(3,743,562)	885,111,503
As at 1 January 2018	722,398,126	204,435,702	(3,544,006)	923,289,822
Operation for the period ended 30 September 2018				
Net income for the period	-	47,327,066	(596,065)	46,731,001
Increase/(Decrease) in net assets resulting from operation	-	47,327,066	(596,065)	46,731,001
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders #	-	(55,709,314)	-	(55,709,314)
Issuing expenses	-	-	-	-
Increase/(Decrease) in net assets resulting from unitholders' transactions	-	(55,709,314)	-	(55,709,314)
Net assets as at 30 September 2018	722,398,126	196,053,454	(4,140,071)	914,311,509

Includes the payment of the final income distribution for financial year 2017 of 3.95 sen per unit (taxable in the hands of unitholders) in respect of the period from 1 July to 31 December 2017 which was paid on 28 February 2018, payment of the first interim income distribution for the financial year ending 31 December 2018 of 1.75 sen per unit (of which 0.76 sen per unit is taxable and 0.99 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 January to 31 March 2018 which was paid on 19 July 2018 and the provision of the second interim income distribution for the financial year ending 31 December 2018 of 1.95 sen per unit (of which 0.57 sen per unit is taxable and 1.38 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 April to 30 June 2018 which was announced on 29 August 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 Third Quarter Ended 30 September 2018

	To Date	
	30-09-2018	30-09-2017
	RM	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	47,326,719	47,274,595
Adjustment for:		
Profit sharing expenses on Islamic financing	22,009,445	21,066,361
Accreation of long term Islamic financing	1,043,953	39,562
Gain on fair value adjustment of investment properties	-	(257,083)
Investment revenue	(1,529,123)	(1,680,947)
Operating profit before working capital changes	68,850,994	66,442,488
(Increase)/Decrease in receivables and prepayments	(426,925)	585,641
Increase in other payables and accruals	2,411,717	69,055
Cash generated from operations	70,835,786	67,097,184
Taxes refund	2,391,525	-
Taxes paid	-	(608,822)
Net cash generated from operating activities	73,227,311	66,488,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	(2,760,080)	(112,710)
Income received from investment	1,529,123	1,680,947
Proceeds from disposal of investment property	-	100,000,000
Net cash (used in)/generated from investing activities	(1,230,957)	101,568,237
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(41,508,898)	(27,672,598)
Profit sharing expenses on Islamic financing	(22,044,092)	(22,543,970)
Payment of borrowing	-	(80,000,000)
Net cash used in financing activities	(63,552,990)	(130,216,568)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,443,364	37,840,031
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(596,065)	(56,873)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	86,949,549	73,801,885
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	94,796,848	111,585,043

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.

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, International Financial Reporting (IFRS) 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.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the financial year beginning on 1 January 2018:

- MFRS 9 'Financial Instruments'.
- MFRS 15 'Revenue from Contracts with Customers' and 'Clarifications to MFRS 15'.
- Amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards' (Annual Improvements to MFRS Standards 2014–2016 Cycle)
- Amendments to MFRS 2 'Classification and Measurement of Share-based Payment'.
- Amendments to MFRS 3 'Business Combinations' (Annual Improvements to MFRS Standards 2015–2017 Cycle)
- Amendments to MFRS 128 'Investments in Associates and Joint Ventures' (Annual Improvements to MFRS Standards 2014–2016 Cycle)
- Amendments to MFRS 140 'Transfers of Investment Property'

Standards that have been issued but not yet effective

The Group did not early adopt these new standards.

- MFRS 16 'Leases' (effective from 1 January 2019).
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation' (effective 1 January 2019).
- Amendments to MFRS 11 'Joint Arrangements' (Annual Improvements to MFRS Standards 2015–2017 Cycle) (effective 1 January 2019).
- Amendments to MFRS 112 'Income Taxes' (Annual Improvements to MFRS Standards 2015–2017 Cycle) (effective 1 January 2019).
- Amendments to MFRS 119 'Plan Amendment, Curtailment or Settlement' (effective 1 January 2019).
- Amendments to MFRS 123 'Borrowing Costs' (Annual Improvements to MFRS Standards 2015–2017 Cycle) (effective 1 January 2019).
- Amendments to MFRS 2 'Share-based Payment' (effective 1 January 2020).
- Amendment to MFRS 3 'Business Combinations' (effective 1 January 2020).
- Amendments to MFRS 101 Presentation of Financial Statements (effective 1 January 2020).
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2020).
- Amendments to MFRS 134 Interim Financial Reporting (effective 1 January 2020).
- Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2020).
- Amendment to MFRS 138 Intangible Assets (effective 1 January 2020).
- Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 January 2020).
- Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2020).
- Amendment to IC Interpretation 132 Intangible Assets–Web Site Costs (effective 1 January 2020).

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 is no change in the estimates of amounts reported in prior financial years that has a material effect in the current financial period under review.

Except, as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has adopted MFRS 15 'Revenue from Contracts with Customers' and MFRS 9 'Financial Instruments' from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amount recognised in the financial statements. In accordance with the transition provision, the Group has adopted new rules retrospectively and its comparative may be restated for the 2017 financial year. A number of new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

i. **MFRS 15 'Revenue from Contracts with Customers'**

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfer of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services. The standard provides a single model for accounting for revenue arising from contracts with customers, focusing on the indentification and satisfaction of performance obligations.

The adoption of MFRS 15 does not have a material effect on the Group's financial statements.

ii. **MFRS 9 'Financial Instruments'**

MFRS 9 replaces the provisions of MFRS 139 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of the new standard has not had a significant effect on the Group's accounting policies related to financial liabilities. The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed based on its contractual cash flow characteristics.

A5. CHANGES IN ACCOUNTING ESTIMATES (CONT'D)

Classification and measurement of financial assets

The following table and the accompanying notes below explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's financial assets:

Financial assets	Original classification under MFRS 139	New classification under MFRS 9	Original carrying amount under MFRS 139 RM'000	New carrying amount under MFRS 9 RM'000
31.12.2017				
Trade receivables	Loans and receivables	Amortised cost	5,312	5,312
Other receivables	Loans and receivables	Amortised cost	541	541
Cash and bank balances	Loans and receivables	Amortised cost	35,917	35,917
Fixed deposits with licensed banks	Loans and receivables	Amortised cost	51,032	51,032

Impairment of financial assets

MFRS 9 requires the Group to record expected credit losses on all its trade receivables and other receivables either on a 12-month or lifetime basis. The Group applies simplified approach and record lifetime expected losses on all receivables. Upon application of the expected credit loss model, the Group expect that due to the low credit risk of the receivables given the strong external credit rating, the loss allowance will have no material impact on the financial statements of the Group.

From the assessment above, the Group deem that no retrospective adjustment is required. As a consequence, it is not necessary to provide an additional statement of financial position as at the beginning of the earliest comparative period presented where an entity has made a retrospective change in accounting policies and/or a retrospective reclassification.

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 second interim income distribution for the financial year ending 31 December 2018 of 1.95 sen per unit (of which 0.57 sen per unit is taxable and 1.38 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 April to 30 June 2018, which was announced on 29 August 2018 has been paid on 19 October 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 30 September 2018			
Gross rental income	68,166	8,587	76,753
Property expenses	(4,421)	(87)	(4,508)
Net rental income	63,745	8,500	72,245
Investment income	1,529	-	1,529
Gain in fair value adjustment	-	-	-
Other income	378	-	378
Total income	65,652	8,500	74,152
Trust expenditure	(26,744)	(81)	(26,825)
Profit before taxation	38,908	8,419	47,327
Tax expense	1	-	1
Profit after taxation	38,909	8,419	47,328
Total assets	1,405,639	159,429	1,565,068
Total liabilities	338,878	311,879	650,757

	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 30 September 2017			
Gross rental income	66,318	8,553	74,871
Property expenses	(4,587)	(88)	(4,675)
Net rental income	61,731	8,465	70,196
Investment income	1,681	-	1,681
Gain in fair value adjustment	-	257	257
Other income	2	-	2
Total income	63,414	8,722	72,136
Trust expenditure	(24,609)	(252)	(24,861)
Profit before taxation	38,805	8,470	47,275
Tax expense	(609)	-	(609)
Profit after taxation	38,196	8,470	46,666
Total assets	1,391,168	155,027	1,546,195
Total liabilities	655,351	5,733	661,084

b. Secondary reporting segment - Business segments

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

A9. VALUATION OF INVESTMENT PROPERTIES

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

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events for the current quarter under review.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

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

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	
	30-09-2018 RM	30-09-2017 RM	30-09-2018 RM	30-09-2017 RM
Manager's fee	1,255,142	1,782,889	1,255,142	1,782,889
Registrar fee	49,696	76,617	49,696	76,617
Secretarial fee	6,375	6,236	-	-

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

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 30.09.2018 RM'000	Preceding Year Corresponding Quarter 30.09.2017 RM'000	Changes %	Current Year To Date 30.09.2018 RM'000	Preceding Year Corresponding Period 30.09.2017 RM'000	Changes %
Net rental income						
Malaysia	21,250	20,546	3.4	63,745	61,731	3.3
Australia	2,830	2,810	0.7	8,500	8,465	0.4
Total net rental income	24,080	23,356	3.1	72,245	70,196	2.9
Profit before taxation						
Malaysia	12,327	14,628	(15.7)	38,908	38,805	0.3
Australia	2,813	2,610	7.8	8,419	8,470	(0.6)
Total profit before taxation	15,140	17,238	(12.2)	47,327	47,275	0.1
Profit after taxation						
Malaysia	12,327	14,018	(12.1)	38,909	38,196	1.9
Australia	2,813	3,220	(12.6)	8,419	8,470	(0.6)
Total profit after taxation	15,140	17,238	(12.2)	47,328	46,666	1.4

(a) Review of Current Quarter Results

Malaysia segment

The Malaysia segment contributed RM21.2 million of net rental income for the current quarter ended 30 September 2018, represented an increase of RM0.7 million or 3.4%. The net rental income was higher due to annual increment on rental income and new rental income contributed from car park block at KPJ Selangor Specialist Hospital, which was acquired in December 2017.

Australia segment

Net rental income of the Australia segment for the current quarter ended 30 September 2018 was largely unchanged at RM2.8 million, as compared to preceding corresponding quarter.

Profit before taxation

Al-'Aqar Healthcare REIT's profit before taxation for the current quarter ended 30 September 2018 stood at RM15.1 million, which is RM2.1 million or 12.2% lower than preceding corresponding quarter's of RM17.2 million. The decrease was mainly due to refinancing exercise, which was completed in May 2018. The financing cost has increased due to higher rates recorded during the current quarter.

B1. REVIEW OF PERFORMANCE (CONT'D)

(b) Review of Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM63.7 million of net rental income for the 9 months period ended 30 September 2018 represented an increase of RM2.0 million or 3.3% from RM61.7 million, recorded in the previous corresponding period. The increase was mainly due to annual increment on rental income and new rental income contributed from car park block at KPJ Selangor Specialist Hospital, which was acquired in December 2017 as mentioned in Note B1 (a) above.

Australia segment

Net rental income of the Australia segment for the 9 months period ended 30 September 2018 was largely unchanged at RM8.5 million, as compared to previous corresponding period.

Profit before taxation

Al-'Aqar Healthcare REIT's profit before taxation for the period ended 30 September 2018 was maintained at RM47.3 million, mainly contributed by annual increment on rental income and new rental income contributed from car park block at KPJ Selangor as mentioned in Note B1 (b) above but partially offset by higher financing cost due to refinancing exercise recorded during the year.

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

	Current Quarter ended 30.09.2018 RM'000	Immediate Preceding Quarter ended 30.06.2018 RM'000	Changes %
Net rental income	24,080	24,048	0.13
Profit before taxation	15,140	15,445	(1.97)
Profit after taxation	15,140	15,445	(1.97)

Al-'Aqar Healthcare REIT recorded a lower profit before tax of RM15.1 million as compared to RM15.4 million in the preceding quarter. This was mainly due to refinancing exercise of sukuk Issue 2, which was completed in May 2018. The financing cost has increased due to higher sukuk rates.

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. 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	
	30-09-2018 RM	30-09-2017 RM	30-09-2018 RM	30-09-2017 RM
Tax expense				
- Income Tax	-	608,822	-	608,822
- Real Property Gains Tax ("RPGT")	(347)	-	(347)	-
	(347)	608,822	(347)	608,822

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 30-09-2018 RM'000	As at 30-09-2017 RM'000
Trade receivables	6,407	7,104

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 30-09-2018 RM'000	As at 30-09-2017 RM'000
0-30 days	5,116	1,655
31-60 days	843	1,027
61-90 days	-	1,022
More than 90 days	448	3,400
	6,407	7,104

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 30-09-2018 RM'000	As at 30-09-2017 RM'000
Non-current		
Secured		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	573,463	-
Current		
Secured		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	-	573,763

On 4th 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 Tranche 1 of Issue 2 under its Sukuk Ijarah Programme of up to RM1.0 billion.

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 30-09-2018	Immediate Preceding Quarter ended 30-06-2018
Number of units in issue - units	728,226,468	728,226,468
Earning per unit (EPU) - sen	2.08	2.12
Net income distribution to unitholders - RM'000	14,200	12,744
Distribution per unit (DPU) - sen	1.95	1.75
Net Asset Value (NAV) - RM'000	914,312	913,371
NAV per unit - RM	1.2555	1.2542
Market Value Per Unit - RM	1.2700	1.2200

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 30 September 2018 and of its financial performance and cash flows for the period then ended.