

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the First Quarter Ended 31 March 2020

Note	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year to date	Preceding Year corresponding period to date	Changes
	31-03-2020	31-03-2019		31-03-2020	31-03-2019	
	RM	RM	%	RM	RM	%
Gross rental income	28,160,817	26,446,968	6.5	28,160,817	26,446,968	6.5
Property expenses	(1,504,718)	(1,328,340)	13.3	(1,504,718)	(1,328,340)	13.3
Net rental income	26,656,099	25,118,628	6.1	26,656,099	25,118,628	6.1
Investment income	309,041	435,921	(29.1)	309,041	435,921	(29.1)
Other income	133,000	318,057	(58.2)	133,000	318,057	(58.2)
Total income	27,098,140	25,872,606	4.7	27,098,140	25,872,606	4.7
Managers' fees	(454,402)	(425,995)	6.7	(454,402)	(425,995)	6.7
Trustees' fees	(102,934)	(70,954)	45.1	(102,934)	(70,954)	45.1
Accretion of long term borrowings	(55,043)	(55,043)	-	(55,043)	(55,043)	-
Annual financing fees	(326,796)	(348,584)	(6.3)	(326,796)	(348,584)	(6.3)
Maintenance of properties	-	(714,240)	(100.0)	-	(714,240)	(100.0)
Administrative expenses	(1,704,929)	(570,926)	> 100	(1,704,929)	(570,926)	> 100
Professional fees	(118,408)	(149,000)	(20.5)	(118,408)	(149,000)	(20.5)
Withholding tax	(222,377)	(222,377)	-	(222,377)	(222,377)	-
Profit sharing expenses on financing	(8,608,001)	(7,352,182)	17.1	(8,608,001)	(7,352,182)	17.1
Total trust expenditure	(11,592,890)	(9,909,301)	17.0	(11,592,890)	(9,909,301)	17.0
Net income before taxation	15,505,250	15,963,305	(2.9)	15,505,250	15,963,305	(2.9)
Tax	-	-	-	-	-	-
Net income after taxation	15,505,250	15,963,305	(2.9)	15,505,250	15,963,305	(2.9)
Other comprehensive expenses						
Foreign currency translation differences for foreign operation	(1,628,044)	(92,229)	> 100	(1,628,044)	(92,229)	> 100
Total comprehensive income for the period	13,877,206	15,871,076	(12.6)	13,877,206	15,871,076	(12.6)
Net income after taxation is made up as follows:						
Realised	16,249,718	15,963,305	1.8	16,249,718	15,963,305	1.8
Unrealised	(744,468)	-	100.00	(744,468)	-	100.0
	15,505,250	15,963,305	(2.9)	15,505,250	15,963,305	(2.9)
Earnings per unit (sen) - Net	2.11	2.17	(2.8)	2.11	2.17	(2.8)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2020

	Note	Unaudited As At End Of Current Quarter 31-03-2020 RM	Audited As at preceding year ended 31-12-2019 RM
ASSETS			
Non-current assets			
Investment properties	A9	1,569,814,000	1,569,814,000
Current Assets			
Trade receivables	B9	18,095,119	13,267,472
Other receivables & prepayments		4,029,792	3,516,647
Cash and bank balances		47,193,647	43,470,684
Fixed deposits with licensed banks		27,431,720	44,283,132
		<u>96,750,278</u>	<u>104,537,935</u>
TOTAL ASSETS		<u>1,666,564,278</u>	<u>1,674,351,935</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B10	654,053,897	653,639,058
Other payables		8,036,387	6,907,481
Deferred tax		1,316,462	1,453,008
		<u>663,406,746</u>	<u>661,999,547</u>
Current Liabilities			
Islamic financing	B10	29,824,746	29,796,526
Other payables and accruals		15,809,128	9,617,214
Provision for income distribution		-	14,425,308
		<u>45,633,874</u>	<u>53,839,048</u>
TOTAL LIABILITIES		<u>709,040,620</u>	<u>715,838,595</u>
NET ASSETS VALUE		<u>957,523,658</u>	<u>958,513,340</u>
REPRESENTED BY:			
Unitholders' capital		731,398,126	731,398,126
Undistributed income		245,289,620	244,651,258
Foreign exchange translation reserve		(19,164,088)	(17,536,044)
TOTAL UNITHOLDERS' FUND		<u>957,523,658</u>	<u>958,513,340</u>
NUMBER OF UNITS IN CIRCULATION		<u>735,985,088</u>	<u>735,985,088</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.3010	1.3024

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 2020

	Unitholders' Capital	Undistributed Income	Foreign Exchange	Total Unitholders' Fund
	RM	RM	RM	RM
As at 1 January 2019	731,398,126	225,896,338	(9,496,498)	947,797,966
Operation for the period ended 31 March 2019				
Net income for the period	-	15,963,305	(92,229)	15,871,076
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	15,963,305	(92,229)	15,871,076
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(15,234,884)	-	(15,234,884)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(15,234,884)	-	(15,234,884)
Net assets as at 31 March 2019	731,398,126	226,624,759	(9,588,727)	948,434,158
As at 1 January 2020	731,398,126	244,651,258	(17,536,044)	958,513,340
Operation for the period ended 31 March 2020				
Net income for the period	-	15,505,250	(1,628,044)	13,877,206
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	15,505,250	(1,628,044)	13,877,206
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders #	-	(14,866,888)	-	(14,866,888)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(14,866,888)	-	(14,866,888)
Net assets as at 31 March 2020	731,398,126	245,289,620	(19,164,088)	957,523,658

Includes the payment of the final income distribution for financial year 2019 of 2.02 sen per unit (of which 0.60 sen per unit is taxable and 1.42 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 October to 31 December 2019 which was paid on 28 February 2020.

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 2019 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 2020

	To Date	
	<u>31-03-2020</u>	<u>31-03-2019</u>
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,505,250	15,963,305
Adjustment for:		
Profit sharing expenses on Islamic financing	8,934,797	7,700,766
Accretion of long term Islamic financing	55,043	55,043
Unrealised loss on foreign exchange	744,468	-
Investment revenue	(309,041)	(435,921)
Operating profit before working capital changes	24,930,517	23,283,193
Changes in working capital:		
Increase in receivables and prepayments	(5,340,792)	(3,621,711)
Decrease in other payables and accruals	(7,245,336)	(6,289,411)
Cash generated from operations	12,344,389	13,372,071
Taxes refund	-	-
Net cash generated from operating activities	12,344,389	13,372,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	309,041	435,921
Net cash generated from investing activity	309,041	435,921
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(14,866,888)	(15,234,884)
Increase in restricted cash	(145,550)	-
Profit sharing expenses on Islamic financing	(8,542,479)	(9,242,596)
Net cash used in financing activities	(23,554,917)	(24,477,480)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,901,487)	(10,669,488)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(2,372,512)	(92,229)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	67,475,106	72,733,063
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	54,201,107	61,971,346
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	47,193,647	46,462,575
Fixed deposits with licensed banks	27,431,720	34,124,702
	74,625,367	80,587,277
Less: Restricted cash	(20,424,260)	(18,615,931)
CASH AND CASH EQUIVALENTS	54,201,107	61,971,346

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 2020

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

A1. BASIS OF PREPARATION

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

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2019.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent Audited Financial Statements for the financial year ended 31 December 2019.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the financial year beginning 1 January 2020:

- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'
- MFRSs 'Amendments to References to the Conceptual Framework in MFRS Standards'

The adoption of these new standards and amendments did not have any material impact on the current financial year or prior year and is not likely to affect future years.

Standards that have been issued but not yet effective

- MFRS 17 'Insurance Contracts' (effective 1 January 2021)
- Amendments to MFRS 10 and MFRS 128 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (effective date deferred to a date to be determined and announced by MASB, with earlier application permitted)

The Group did not early adopt these new standards.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2019 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

A5. CHANGES IN ACCOUNTING ESTIMATES

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

A6. ISSUANCES, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY 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 2019 of 2.02 sen per unit (of which 0.60 sen per unit is taxable and 1.42 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 October to 31 December 2019, which was announced on 31 January 2020 has been paid on 28 February 2020.

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 2020			
Gross rental income	25,280	2,881	28,161
Property expenses	(1,477)	(28)	(1,505)
Net rental income	23,803	2,853	26,656
Investment income	309	-	309
Other income	133	-	133
Total income	24,245	2,853	27,098
Trust expenditure	(11,288)	(305)	(11,593)
Profit before taxation	12,957	2,548	15,505
Tax expense	-	-	-
Profit after taxation	12,957	2,548	15,505
Total assets	1,523,514	143,050	1,666,564
Total liabilities	707,365	1,676	709,041
	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 31 March 2019			
Gross rental income	23,582	2,865	26,447
Property expenses	(1,309)	(19)	(1,328)
Net rental income	22,273	2,846	25,119
Investment income	435	-	435
Other income	318	-	318
Total income	23,026	2,846	25,872
Trust expenditure	(9,871)	(38)	(9,909)
Profit before taxation	13,155	2,808	15,963
Tax expense	-	-	-
Profit after taxation	13,155	2,808	15,963
Total assets	1,426,380	146,948	1,573,328
Total liabilities	622,652	2,242	624,894

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 was no material events until the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

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

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A13. SIGNIFICANT RELATED PARTY TRANSACTION

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

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

Significant related party transactions are as follows:

	The Group		The Fund	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	RM	RM	RM	RM
Manager's fee	454,402	425,995	454,402	425,995
Maintenance fee	253,100	249,645	253,100	249,645
Registrar fee	-	23,421	-	23,421
Secretarial fee	-	510	-	-
Miscellaneous expenses	39,193	-	39,193	-
Other income	(133,000)	(133,000)	(133,000)	(133,000)

Other income relates to the compensation received from Selangor Medical Centre Sdn Bhd for loss of opportunity and annual loss of potential income due to the deferment for the transfer of a Physician Consultant Building to the Group and the Fund.

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

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2020

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 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000	Changes %	Current Year To Date 31.03.2020 RM'000	Preceding Year Corresponding Period To Date 31.03.2019 RM'000	Changes %
Net rental income						
Malaysia	23,803	22,273	6.9	23,803	22,273	6.9
Australia	2,853	2,846	0.2	2,853	2,846	0.2
Total net rental income	26,656	25,119	6.1	26,656	25,119	6.1
Net income before taxation						
Malaysia	12,957	13,155	(1.5)	12,957	13,155	(1.5)
Australia	2,548	2,808	(9.3)	2,548	2,808	(9.3)
Total net income before taxation	15,505	15,963	(2.9)	15,505	15,963	(2.9)
Net income after taxation						
Malaysia	12,957	13,155	(1.5)	12,957	13,155	(1.5)
Australia	2,548	2,808	(9.3)	2,548	2,808	(9.3)
Total net income after taxation	15,505	15,963	(2.9)	15,505	15,963	(2.9)

Review of Individual Quarter/Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM23.8 million of net rental income for the current quarter ended 31 March 2020, represented an increase of RM1.5 million or 6.9% from RM22.3 million, recorded in the preceding year's corresponding quarter. The increase was mainly contributed by income from KPJ Batu Pahat Specialist Hospital, which was acquired in December 2019 as well as annual increment on rental income.

Australia segment

The net rental income of the Australia segment for the current quarter ended 31 March 2020 was largely unchanged at RM2.8 million, as compared to preceding year's corresponding quarter.

Net income before taxation

Al-'Aqar Healthcare REIT's net rental income for the current quarter ended 31 March 2020, represented an increase of RM1.5 million or 6.1% as compared to the preceding year's corresponding quarter. The increase was mainly contributed by new rental income from KPJ Batu Pahat Specialist Hospital as mentioned above.

Despite increase in net rental income, Al-'Aqar Healthcare REIT's net income before taxation for the current quarter ended 31 March 2020 stood at RM15.5 million, which was RM0.4 million or 2.9% lower than corresponding quarter's last year of RM15.9 million.

The decrease was mainly due to higher financing cost of RM1.2 million resulting from the drawdown additional Islamic financing in December 2019, higher unrealised losses from foreign exchange translations of RM0.8 million offset by the lower maintenance of properties of RM0.7 million.

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

	Current Quarter ended 31.03.2020 RM'000	Immediate Preceding Quarter ended 31.12.2019 RM'000	Changes %
Net rental income	26,656	25,156	5.96
Net income before taxation	15,505	28,834	(46.23)
Net income after taxation	15,505	28,848	(46.25)

Al-'Aqar Healthcare REIT recorded a lower net income before taxation of RM15.5 million as compared to RM28.8 million in the preceding quarter. This was mainly due to fair value gains on investment properties of RM13.1 million recorded in the immediate preceding quarter.

B3. PROSPECTS

The Covid-19 pandemic has taken a toll on many sectors and industry players, inducing rising concerns nationwide over the country's economic outlook if the situation worsens. The Movement Control Order (MCO), which has been enforced since March 18th, 2020 has also dampen domestic economic activity. The Managers anticipate a contraction in 2020 earnings in light of the Covid-19 pandemic, which will significantly impact the healthcare sector in the short term and recovery to kick-in in 2021.

The private healthcare sector is expected to experience the impact from the delay of non-emergency treatments and healthcare tourism has come to a halt with foreign tourists being banned from entering the country. However, healthcare sector will not as hard hit as many other sectors which have had to cease operations during this pandemic. Accordingly, the Covid-19 pandemic outbreak may have an impact on the Al-'Aqar earning in 2020.

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

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

B5. TAX

	The Group		The Fund	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	RM	RM	RM	RM
Tax expense				
- Income Tax	-	-	-	-
	-	-	-	-

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

In accordance with the Deed, the Fund is required to distribute at least 95% of its distributable income. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable 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 but not completed during the current quarter.

B9. TRADE RECEIVABLES

	The Group	
	As at	As at
	31-03-2020	31-03-2019
	RM'000	RM'000
Trade receivables	18,095	4,746

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.

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

	The Group	
	As at	As at
	31-03-2020	31-03-2019
	RM'000	RM'000
0-30 days	3,464	2,753
31-60 days	2,157	1,805
61-90 days	1,761	94
More than 90 days	10,713	94
	18,095	4,746

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

Out of the total trade receivables of RM18.1 million, RM10.8 million is related to rental payable in relation to an Australian property and the parties are entering into a settlement arrangement which is currently subject to the negotiation on the periodical rental revision. The determination of the revised rental is currently pending valuation of the subject property as per the provisions of the lease agreement.

B10. ISLAMIC FINANCING

	The Group	
	As at	As at
	31-03-2020	31-03-2019
	RM'000	RM'000
<u>Non-current</u>		
<u>Secured</u>		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	574,681	574,425
Commodity Murabahah Term Financing - i ("Commodity Murabahah")	79,373	-
<u>Non-Secured</u>		
Murabahah Tawarruq Term Financing - i ("Murabahah Tawarruq")	-	29,712
	654,054	604,137
<u>Current</u>		
<u>Non-Secured</u>		
Murabahah Tawarruq Term Financing - i ("Murabahah Tawarruq")	29,825	-

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 31-03-2020	Immediate Preceding Quarter ended 31-12-2019
Number of units in issue - units	735,985,088	735,985,088
Earning per unit (EPU) - sen	2.11	3.92
Net income distribution to unitholders - RM'000	14,867	14,425
Distribution per unit (DPU) - sen	2.02	1.96
Net Asset Value (NAV) - RM'000	957,524	958,513
NAV per unit - RM	1.3010	1.3024
Market Value Per Unit - RM	1.3900	1.3200

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 2020 and of its financial performance and cash flows for the period then ended.