

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the First Quarter Ended 31 March 2021

Note	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year Corresponding Period to Date	Changes
	31-03-2021	31-03-2020		31-03-2021	31-03-2020	
	RM	RM	%	RM	RM	%
Gross rental income	29,158,958	28,160,817	3.5	29,158,958	28,160,817	3.5
Property expenses	(1,411,060)	(1,504,718)	(6.2)	(1,411,060)	(1,504,718)	(6.2)
Net rental income	27,747,898	26,656,099	4.1	27,747,898	26,656,099	4.1
Investment income	186,404	309,041	(39.7)	186,404	309,041	(39.7)
Unrealised gain on foreign exchange	225,352	-	100.0	225,352	-	100.0
Other income	133,000	133,000	-	133,000	133,000	-
Total income	28,292,654	27,098,140	4.4	28,292,654	27,098,140	4.4
Managers' fees	(458,080)	(454,402)	0.8	(458,080)	(454,402)	0.8
Trustees' fees	(95,624)	(102,934)	(7.1)	(95,624)	(102,934)	(7.1)
Accretion of long term borrowings	(55,043)	(55,043)	-	(55,043)	(55,043)	-
Annual financing fees	(328,046)	(326,796)	0.4	(328,046)	(326,796)	0.4
Maintenance of properties	(907,450)	-	100.0	(907,450)	-	100.0
Administrative expenses	(460,496)	(1,704,929)	(73.0)	(460,496)	(1,704,929)	(73.0)
Professional fees	(197,148)	(118,408)	66.5	(197,148)	(118,408)	66.5
Withholding tax	(222,377)	(222,377)	-	(222,377)	(222,377)	-
Profit sharing expenses on financing	(8,117,130)	(8,608,001)	(5.7)	(8,117,130)	(8,608,001)	(5.7)
Total trust expenditure	(10,841,394)	(11,592,890)	(6.5)	(10,841,394)	(11,592,890)	(6.5)
Net income before taxation	17,451,260	15,505,250	12.6	17,451,260	15,505,250	12.6
Tax	-	-	-	-	-	-
Net income after taxation	17,451,260	15,505,250	12.6	17,451,260	15,505,250	12.6
Other comprehensive income/(expenses)						
Foreign currency translation differences for foreign operation	721,519	(1,628,044)	(>100)	721,519	(1,628,044)	(>100)
Total comprehensive income for the period	18,172,779	13,877,206	31.0	18,172,779	13,877,206	31.0
Net income after taxation is made up as follows:						
Realised	16,490,442	16,249,718	1.5	16,490,442	16,249,718	1.5
Unrealised	960,818	(744,468)	(>100)	960,818	(744,468)	(>100)
	17,451,260	15,505,250	12.6	17,451,260	15,505,250	12.6
Earnings per unit (sen) - Net	2.37	2.11	12.3	2.37	2.11	12.3

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

	Note	Unaudited As At End Of Current Quarter 31-03-2021 RM	Audited As at preceding year ended 31-12-2020 RM
ASSETS			
Non-current assets			
Investment properties	A9	1,534,501,049	1,534,501,049
Trade receivables	B11	7,064,337	5,373,102
		<u>1,541,565,386</u>	<u>1,539,874,151</u>
Current Assets			
Trade receivables	B11	27,403,528	25,280,289
Other receivables & prepayments		2,415,877	159,066
Cash and bank balances		49,314,969	46,396,739
Fixed deposits with licensed banks		29,533,565	36,276,092
		<u>108,667,939</u>	<u>108,112,186</u>
TOTAL ASSETS		<u>1,650,233,325</u>	<u>1,647,986,337</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	109,122,844	109,069,690
Other payables		9,521,422	9,521,423
Deferred tax		2,534,162	2,534,162
		<u>121,178,428</u>	<u>121,125,275</u>
Current Liabilities			
Islamic financing	B12	574,900,654	574,517,565
Other payables and accruals		17,882,781	8,853,336
		<u>592,783,435</u>	<u>583,370,901</u>
TOTAL LIABILITIES		<u>713,961,863</u>	<u>704,496,176</u>
NET ASSETS VALUE		<u>936,271,462</u>	<u>943,490,161</u>
REPRESENTED BY:			
Unitholders' capital		731,398,126	731,398,126
Undistributed income		209,686,465	217,626,683
Foreign exchange translation reserve		(4,813,129)	(5,534,648)
TOTAL UNITHOLDERS' FUND		<u>936,271,462</u>	<u>943,490,161</u>
NUMBER OF UNITS IN CIRCULATION		<u>735,985,088</u>	<u>735,985,088</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)			
- Before income distribution		1.2721	1.2819
- After income distribution*		1.2521	1.2474

*after reflecting the proposed first interim income distribution for financial year ending 31 December 2021 of 2.00 sen per unit (2020: final income distribution for financial year ended 31 December 2020 of 3.45 sen per unit).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 2021

	Note	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
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	B7	-	(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
As at 1 January 2021		731,398,126	217,626,683	(5,534,648)	943,490,161
Operation for the period ended 31 March 2021					
Net income for the period		-	17,451,260	721,519	18,172,779
<i>Increase in net assets resulting from operation</i>		-	17,451,260	721,519	18,172,779
Unitholders' transactions					
Placement of units		-	-	-	-
Distribution to unitholders #	B7	-	(25,391,478)	-	(25,391,478)
Issuing expenses		-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>		-	(25,391,478)	-	(25,391,478)
Net assets as at 31 March 2021		731,398,126	209,686,465	(4,813,129)	936,271,462

Includes the payment of the final income distribution for financial year 2020 of 3.45 sen per unit (of which 1.84 sen per unit is taxable and 1.61 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 July to 31 December 2020 which was paid on 26 February 2021.

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 2020 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 2021

	To Date	
	<u>31-03-2021</u>	<u>31-03-2020</u>
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,451,260	15,505,250
Adjustment for:		
Profit sharing expenses on Islamic financing	8,445,176	8,934,797
Accretion of long term Islamic financing	55,043	55,043
Unrealised gain/(loss) on foreign exchange	(225,352)	744,468
Unbilled rental income	(735,466)	-
Investment revenue	(186,404)	(309,041)
Operating profit before working capital changes	<u>24,804,257</u>	<u>24,930,517</u>
Changes in working capital:		
Increase in receivables and prepayments	(5,335,818)	(5,340,792)
Increase/Decrease in other payables and accruals	<u>9,011,089</u>	<u>(7,245,336)</u>
Cash generated from operations	28,479,528	12,344,389
Taxes	-	-
Net cash generated from operating activities	<u>28,479,528</u>	<u>12,344,389</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Income received from investment	186,404	309,041
Net cash generated from investing activity	<u>186,404</u>	<u>309,041</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(25,391,478)	(14,866,888)
Increase in restricted cash	(2,284)	(145,550)
Profit sharing expenses on Islamic financing	(8,045,622)	(8,542,479)
Net cash used in financing activities	<u>(33,439,384)</u>	<u>(23,554,917)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,773,452)	(10,901,487)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	946,871	(2,372,512)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	61,149,116	67,475,106
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>57,322,535</u>	<u>54,201,107</u>
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	49,314,969	47,193,647
Fixed deposits with licensed banks	29,533,565	27,431,720
	78,848,534	74,625,367
Less: Restricted cash	(21,525,999)	(20,424,260)
CASH AND CASH EQUIVALENTS	<u>57,322,535</u>	<u>54,201,107</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 2021

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 2020.

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 2020.

Standards that have been issued but not yet effective

- Amendments to MFRS 101 'Presentation of Financial Statements' (effective 1 January 2022)
- Amendments to MFRS 3 'Business Combinations' (effective 1 January 2022)
- Amendments to MFRS 116 'Property, Plant and Equipment' (effective 1 January 2022)
- Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' (effective 1 January 2022)
- Annual Improvement to MFRS Standards 2018 - 2020 (effective 1 January 2022)
- MFRS 17 'Insurance Contracts' (effective 1 January 2023)
- Amendments to MFRS 17 'Insurance Contracts' (effective 1 January 2023)
- 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 2020 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 2020 of 3.45 sen per unit (of which 1.84 sen per unit is taxable and 1.61 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 July to 31 December 2020, which was announced on 26 January 2021 has been paid on 26 February 2021.

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 2021			
Gross rental income	26,309	2,850	29,159
Property expenses	(1,399)	(12)	(1,411)
Net rental income	24,910	2,838	27,748
Investment income	186	-	186
Unrealised gain on foreign exchange	225	-	225
Other income	133	-	133
Total income	25,454	2,838	28,292
Trust expenditure	(10,616)	(225)	(10,841)
Net income before taxation	14,838	2,613	17,451
Tax expense	-	-	-
Net income after taxation	14,838	2,613	17,451
Total assets	1,525,200	125,033	1,650,233
Total liabilities	712,864	1,098	713,962
	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)
Net income before taxation	12,957	2,548	15,505
Tax expense	-	-	-
Net income 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

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 subsequent material events to the current quarter under review up to the date of this Interim Financial Report save for the re-financing of Issue 2 Sukuk Ijarah via Islamic Club Term Financing Facilities as disclosed in B12.

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	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020
	RM	RM	RM	RM
Manager's fee	458,080	454,402	458,080	454,402
Maintenance fee	252,544	253,100	252,544	253,100
Miscellaneous expenses	18,895	39,193	18,895	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 2021

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31.03.2021 RM'000	Preceding Year Corresponding Quarter 31.03.2020 RM'000	Changes %	Current Year To Date 31.03.2021 RM'000	Preceding Year Corresponding Period To Date 31.03.2020 RM'000	Changes %
Net rental income						
Malaysia	24,910	23,803	4.7	24,910	23,803	4.7
Australia	2,838	2,853	(0.5)	2,838	2,853	(0.5)
Total	<u>27,748</u>	<u>26,656</u>	4.1	<u>27,748</u>	<u>26,656</u>	4.1
Net income before taxation						
Malaysia	14,838	12,957	14.5	14,838	12,957	14.5
Australia	2,613	2,548	2.6	2,613	2,548	2.6
Total	<u>17,451</u>	<u>15,505</u>	12.6	<u>17,451</u>	<u>15,505</u>	12.6

Review of Individual/Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM24.9 million of net rental income for the current quarter ended 31 March 2021, represented an increase of RM1.1 million or 4.7% from RM23.8 million, recorded in the preceding year's corresponding quarter. The increase was mainly due to unbilled rental income of RM0.7 million related to KPJ Batu Pahat Specialist Hospital as well as annual increment on rental income.

Correspondingly, the Malaysia segment recorded net income before taxation of RM14.8 million for the current quarter, which is RM1.9 million or 14.5% higher than preceding year corresponding quarter of RM12.9 million. The increase was mainly due to increase in net rental income as mentioned above, unrealised gain on foreign exchange of RM0.2 million recorded in the current quarter (Q12020: loss of RM0.7 million) as well as lower finance cost of RM0.5 million in line with lower interest rate.

Australia segment

Net rental income of the Australia segment for the current quarter ended 31 March 2021 was largely unchanged at RM2.8 million, as compared to preceding year's corresponding quarter.

The Australia segment recorded net income before taxation of RM2.6 million for the current quarter, which is RM0.1 million or 2.6% marginally higher than preceding year corresponding quarter of RM2.5 million.

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

	Current Quarter ended 31.03.2021 RM'000	Immediate Preceding Quarter ended 31.12.2020 RM'000	Changes %
Net rental income	27,748	29,818	(6.94)
Net income/(loss) before taxation	17,451	(26,072)	(>100)

Al-Aqar Healthcare REIT recorded a net income before taxation of RM17.4 million as compared to a net loss before taxation of RM26.1 million in the preceding quarter. This was mainly due to fair value loss from the annual revaluation of investment properties of RM47.8 million recorded in the immediate preceding quarter. The unrealised loss mainly relates to the fair value adjustment of Australian property.

B3. CHANGES IN NET ASSET VALUE

	As at 31-03-2021 RM'000	As at 31-12-2020 RM'000
Net asset value ("NAV")	936,271	943,490
NAV per unit (RM)	1.2721	1.2819

The NAV as at 31 March 2021 was lower by RM7.2 million as compared to the immediate preceding quarter, as a result of total comprehensive income of RM18.2 million and income distribution of RM25.4 million recognised during the current quarter.

B4. PROSPECTS

Prior to the surge in the number of cases and announcement of fresh nationwide movement restriction to be reimposed starting 6 May 2021, Bank Negara Malaysia has projected a gross domestic product (GDP) growth of between 6% and 7.5%. It is expected that the pace of economic recovery in the second quarter will shape how Malaysia's GDP will fare in the second half of the year as the number of Covid-19 cases spike. The accelerating immunization campaign to achieve the herd immunity by February 2022 will further improve the confidence in the country's GDP growth.

In addition, the reinstatement of recent Movement Control Order (MCO 3.0) was not as strict as previous lockdowns, as it provided greater flexibility, especially among economic sectors. Even though the MCO 3.0 may have a negative impact on economic and business activities, it is expected that the private healthcare will not suffer the same drop in their business performance as in MCO 1.0. As the public healthcare system is struggling to manage the load of critical Covid-19 cases, Association of Private Hospitals Malaysia (APHM) has further suggested that government hospitals decant non-Covid-19 patients to private hospitals as an immediate step to create space for Covid-19 patients in public hospitals. Through this arrangement, it is expected to help ease the burden on the public healthcare while creating an income opportunity to the private hospitals.

Hence, the Manager does not expect any disruption to the earning of Al-Aqar as the Fund earning is underpinned by the long-term lease arrangements with the KPJ Group. Al-Aqar's main sponsor, the KPJ Group remained cautiously optimistic and anticipate that KPJ will turn in a resilient performance in 2021. In addition, the lease renewal of 6 major KPJ Group hospitals (expected to be completed by end June 2021) will be able to contribute positively to the future earnings of Al-Aqar.

Sources:

1. Bank Negara Malaysia, Annual Report and Economic & Monetary Review 2020
2. Annual Report KPJ Healthcare Berhad 2020
3. New Straits Times article dated April 28, 2021

B5. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

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

B6. TAX

	The Group		The Fund	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020
	RM	RM	RM	RM
Tax expense				
- Income Tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</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 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 is required to be provided in the financial statements.

Deferred tax liability has been provided for the investment properties at 10% which reflects the expected manner of recovery of the investment properties i.e. recovered through sale.

B7. INCOME DISTRIBUTION

Income distributions to unitholders is derived from the following sources:

	Current Year	Preceding Year		Current Year	Preceding Year
	Quarter	Corresponding Quarter		To Date	Corresponding Period To Date
	31-03-2021	31-03-2020		31-03-2021	31-03-2020
	RM	RM		RM	RM
Net rental income	27,747,898	26,656,099		27,747,898	26,656,099
Investment income	186,404	309,041		186,404	309,041
Other income	133,000	133,000		133,000	133,000
Less: Unbilled rental income	(735,466)	-		(735,466)	-
	<u>27,331,836</u>	<u>27,098,140</u>		<u>27,331,836</u>	<u>27,098,140</u>
Less: Expenses	(10,841,394)	(12,337,358)		(10,841,394)	(12,337,358)
Realised income for the period	<u>16,490,442</u>	<u>14,760,782</u>		<u>16,490,442</u>	<u>14,760,782</u>
Undistributed income brought forward	67,141,978	49,753,542		67,141,978	49,753,542
Less: Undistributed income	<u>(58,240,942)</u>	<u>(49,647,436)</u>		<u>(58,240,942)</u>	<u>(49,647,436)</u>
	<u>25,391,478</u>	<u>14,866,888</u>		<u>25,391,478</u>	<u>14,866,888</u>
Distribution per unit (sen)	3.45	2.02		3.45	2.02

B8. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

1. Proposed Placement of up to RM50.0 million new units ("Proposed Private Placement")

On 27 October 2020, Al-'Aqar Healthcare REIT had announced its proposal to undertake a private placement to raise gross proceeds of up to RM50 million.

On 5 November 2020, on behalf of the Manager, AmlInvestment Bank Berhad announced that Bursa Securities has granted its approval for the listing of and quotation for 43,859,649 new units to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities via its letter dated 4 November 2020.

On 22 April 2021, Al-'Aqar had obtained approval from Bursa Securities for an extension of time to 3 November 2021 to complete the implementation of the Proposed Private Placement. Subsequently, Al-'Aqar had obtain approval from the unitholders at the 9th annual general meeting (fully virtual) of Al-'Aqar convened and held on 28 April 2021.

2. Proposed Lease Renewal

On 6 April 2021, on behalf of the Manager, AmlInvestment Bank Berhad had announced that Al-'Aqar proposes to enter into 6 separate lease agreements with the subsidiaries of KPJ Healthcare Berhad to renew the lease of the properties as follow:

- KPJ Ampang Puteri Specialist Hospital
- KPJ Damansara Specialist Hospital
- KPJ Ipoh Specialist Hospital
- KPJ Johor Specialist Hospital
- KPJ Puteri Specialist Hospital
- KPJ Selangor Specialist Hospital

The Proposed Lease Renewal is subject to the following approvals:-

- the approval of the unitholders of Al-'Aqar at its EGM to be convened for the Proposed Lease Renewal;
- the approval of the shareholders of KPJ at an EGM to be convened for the Proposed Lease Renewal; and
- all such other consents and regulatory and/or governmental approvals required to be obtained by KPJ and Al-'Aqar in order to effect the completion of the Proposed Lease Renewal, as the case may be.

B11. TRADE RECEIVABLES

	The Group	
	As at 31-03-2021 RM'000	As at 31-03-2020 RM'000
<u>Non-current</u>		
Trade receivables	7,064	-
<u>Current</u>		
Trade receivables	24,070	18,095
Unbilled rental income	3,334	-
	<u>27,404</u>	<u>18,095</u>

Trade receivables comprise rental receivable from lessees and unbilled rental income.

Unbilled rental income consist of unbilled incremental lease rental receivable from Pasir Gudang Specialist Hospital ("KPJ Batu Pahat Specialist Hospital"). The lease rental receivables from KPJ Batu Pahat is incremental by 10% every 3 years from the commencement date up to the term of 30 years. This rental income is recognised on straight-line basis over the lease term of 30 years.

The credit period granted by the Group on rental receivable from lessees ranges from 1 to 7 days.

B11. TRADE RECEIVABLES (CONT'D)

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

	The Group	
	As at 31-03-2021 RM'000	As at 31-03-2020 RM'000
0-30 days	2,665	3,464
31-60 days	1,941	2,157
61-90 days	1,934	1,761
More than 90 days	24,594	10,713
	<u>31,134</u>	<u>18,095</u>

Out of the total trade receivables of RM31.1 million, RM24.5 million is related to an Australian property. During the current quarter, the Group entered into a settlement agreement with the debtor. Both parties agreed that the outstanding is to be paid by an advance sum of RM10.2 million and remaining balance to be paid via 24 months instalment.

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.

B12. ISLAMIC FINANCING

	The Group	
	As at 31-03-2021 RM'000	As at 31-03-2020 RM'000
<u>Non-current</u>		
<u>Secured</u>		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	-	574,681
Commodity Murabahah Term Financing - i ("Commodity Murabahah") - i	79,505	79,373
Commodity Murabahah Term Financing - i ("Commodity Murabahah") - ii	29,618	-
	<u>109,123</u>	<u>654,054</u>
<u>Current</u>		
<u>Secured</u>		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	574,901	-
<u>Non-Secured</u>		
Murabahah Tawarruq Term Financing - i ("Murabahah Tawarruq")	-	29,825
	<u>574,901</u>	<u>29,825</u>

On 4 May 2021, the Group has fully redeemed its RM575.0 million in nominal value of Issue 2 Sukuk Ijarah via proceeds from Islamic Club Term Financing Facilities of up to RM580.0 million from Maybank Islamic Berhad and OCBC Al-Amin Bank Berhad.

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B14. MATERIAL LITIGATION

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

B15. SOFT COMMISSION RECEIVED

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

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-03-2021	Immediate Preceding Quarter ended 31-12-2020
Number of units in issue - units	735,985,088	735,985,088
Earning per unit (EPU) - sen	2.37	(3.68)
Net income distribution to unitholders - RM'000	25,391	9,568
Distribution per unit (DPU) - sen	3.45	1.30
Net Asset Value (NAV) - RM'000	936,271	943,490
NAV per unit - RM	1.2721	1.2819
Market Value Per Unit - RM	1.3100	1.3100

B17. 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 2021 and of its financial performance and cash flows for the period then ended.