

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the First Quarter Ended 31 March 2017

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
		31-03-2017	31-03-2016	31-03-2017	31-03-2016
		RM	RM	RM	RM
Gross rental income		24,904,063	26,415,247	24,904,063	26,415,247
Property expenses		(1,520,823)	(1,543,632)	(1,520,823)	(1,543,632)
Net rental income	B1	23,383,240	24,871,615	23,383,240	24,871,615
Investment income		353,938	311,933	353,938	311,933
Other income		-	15,223	-	15,223
Total income		23,737,178	25,198,771	23,737,178	25,198,771
Managers' fees		(433,425)	(431,279)	(433,425)	(431,279)
Trustees' fees		(65,587)	(65,244)	(65,587)	(65,244)
Accretion of long term borrowings		(39,562)	(118,685)	(39,562)	(118,685)
Annual financing fees		(66,136)	(173,875)	(66,136)	(173,875)
Maintenance of properties		(141,640)	-	(141,640)	-
Administrative expenses		(123,838)	(125,098)	(123,838)	(125,098)
Professional fees		(5,636)	(28,333)	(5,636)	(28,333)
Withholding tax		(222,377)	(222,377)	(222,377)	(222,377)
Profit sharing expenses on financing		(7,613,482)	(7,698,076)	(7,613,482)	(7,698,076)
Total trust expenditure		(8,711,683)	(8,862,967)	(8,711,683)	(8,862,967)
Profit before taxation		15,025,495	16,335,804	15,025,495	16,335,804
Tax expense		-	-	-	-
Profit after taxation		15,025,495	16,335,804	15,025,495	16,335,804
Other comprehensive income/(expenses)					
Foreign currency translation differences for foreign operation		31,806	(475,828)	31,806	(475,828)
Total comprehensive income for the period/year		15,057,301	15,859,976	15,057,301	15,859,976
Profit after taxation is made up as follows:					
Realised		15,025,495	16,335,804	15,025,495	16,335,804
Unrealised		-	-	-	-
		15,025,495	16,335,804	15,025,495	16,335,804
Earnings per unit (sen) - Net		2.06	2.24	2.06	2.24

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2017

	Note	Unaudited As At End Of Current Quarter 31-03-2017	Audited As at preceding year ended 31-12-2016
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,424,360,000	1,424,360,000
Current Assets			
Trade receivables		11,256,578	11,249,567
Other receivables & prepayments		3,205,061	1,801,529
Cash and bank balances		30,641,498	26,451,032
Fixed deposits with licensed banks		30,492,200	47,350,853
		75,595,337	86,852,981
Asset classified as held for sale		100,000,000	100,000,000
TOTAL ASSETS		1,599,955,337	1,611,212,981
LIABILITIES			
Non-current liabilities			
Borrowing	B9	654,690,500	653,802,142
Deferred tax		3,988,533	3,750,228
		658,679,033	657,552,370
Current Liabilities			
Other payables and accruals		57,814,081	57,583,091
Taxation		9,144	9,144
		57,823,225	57,592,235
TOTAL LIABILITIES		716,502,258	715,144,605
NET ASSETS VALUE		883,453,079	896,068,376
REPRESENTED BY:			
Unitholders' capital		722,398,126	722,398,126
Undistributed income		162,125,153	174,772,256
Foreign exchange translation reserve		(1,070,200)	(1,102,006)
TOTAL UNITHOLDERS' FUND		883,453,079	896,068,376
NUMBER OF UNITS IN CIRCULATION		728,226,468	728,226,468
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.2132	1.2305

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 2017

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 January 2016	722,398,126	158,156,897	(729,420)	879,825,603
Operation for the period ended 31 March 2016				
Net income for the year	-	16,335,804	(475,828)	15,859,976
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	16,335,804	(475,828)	15,859,976
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(18,424,122)	-	(18,424,122)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(18,424,122)	-	(18,424,122)
Net assets as at 31 March 2016	722,398,126	156,068,579	(1,205,248)	877,261,457
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

Includes the payment of the final income distribution for financial year 2016 (of which 1.19 sen per unit is taxable and 2.61 sen per unit is non taxable in the hands of unitholders) in respect of the period from 1 July to 31 December 2016 of 3.80 sen per unit which was paid on 28 February 2017.

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 2016 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 2017

	To Date	
	31-03-2017	31-03-2016
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,025,495	16,335,804
Adjustment for:		
Profit sharing expenses on Islamic financing	7,679,618	7,871,951
Accretion of long term Islamic financing	39,562	118,685
Investment revenue	(353,938)	(311,933)
Operating profit before working capital changes	22,390,737	24,014,507
Increase in receivables and prepayments	(1,410,543)	(3,987,947)
Increase/(Decrease) in other payables and accruals	1,278,112	(833,020)
Cash generated from operations	22,258,306	19,193,540
Taxes paid	-	-
Net cash generated from operating activities	<u>22,258,306</u>	<u>19,193,540</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	-	(624,150)
Income received from investment	353,938	311,933
Net cash generated from investing activities	<u>353,938</u>	<u>(312,217)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(27,672,598)	(18,424,122)
Profit sharing expenses on Islamic financing paid	(7,639,639)	(6,512,088)
Net cash used in financing activities	<u>(35,312,237)</u>	<u>(24,936,210)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,699,993)	(6,054,887)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	31,806	(475,828)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	73,801,885	63,071,486
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>61,133,698</u>	<u>56,540,771</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 2017

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 2016.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2016 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

Final income distribution for the financial year ended 31 December 2016 (of which 1.19 sen per unit is taxable and 2.61 sen per unit is non taxable in the hands of unitholders) in respect of the period from 1 July to 31 December 2016 of 3.80 sen per unit which was announced on 27 January 2017 has been paid on 28 February 2017.

A8. SEGMENTAL REPORTING

No segmental reporting is required as the Al-'Aqar Healthcare REIT's activities are predominantly in one industry segment.

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 from 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 under review.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2017

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

B1. REVIEW OF PERFORMANCE

The net rental income for Al-'Aqar Healthcare REIT of RM23.4 million for the 3 months period ended 31 March 2017 represented a decrease of RM1.5 million or 6% from RM24.9 million, recorded in the previous corresponding period. The decrease was mainly due to the reduced income contribution from Selesa Tower which is in the process of being disposed. (refer to B8)

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM15.0 million, which is RM1.3 million or 8% lower than previous corresponding period of RM16.3 million. The decrease was due to as mentioned above.

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

	Current Quarter ended 31.03.2017 RM	Immediate Preceding Quarter ended 31.12.2016 RM
Profit before tax	15,025,495	15,446,787

There was no material change in profit before tax recorded in the current quarter as compared to the immediate preceding quarter.

B3. PROSPECTS

The Malaysian healthcare industry has thus far performed well, amidst a moderate growth given the higher cost of living and external economic uncertainties. Moving on to 2017, the industry is expected to remain challenging, underpinned by growing demand and awareness for proper healthcare, rising size of middle income group and medical insurance coverage, rapid ageing population and medical tourism.

Al-'Aqar Healthcare REIT has always enjoy 100% rate of occupancy and collection, having KPJ Group as the sole tenant.

The performance of Al-'Aqar Healthcare REIT is expected to remain reasonable for the next quarter, with a positive outlook in the coming year 2017.

The strength of Al-'Aqar Healthcare REIT lies in the fact that its portfolio of assets has 100% rate of occupancy and the rental collection, thus minimising business risks.

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

There was no issuance of new units during the quarter under review.

B5. TAXATION

	The Group		The Fund	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
	RM	RM	RM	RM
Tax expense	-	-	-	-

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.

The Group tax expense relates to the tax expense of foreign subsidiaries of the Fund.

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

On 14 November 2016, Al-'Aqar Healthcare REIT represented by its trustee, AmanahRaya Trustees Berhad ("Trustee" or "Vendor"), entered into a sale and purchase agreement with Optimum Impress Sdn Bhd ("OISB" or "Purchaser") to sell a freehold land erected with an integrated commercial development comprising a twenty-seven (27) storey hotel ("Hotel Selesa") and a thirty-one (31) storey office block ("Metropolis Tower") with basement and elevated car parks erected thereon (collectively, referred to as "Selesa Tower") ("SPA") for a disposal consideration of RM100.0 million ("Disposal Consideration") and had announced the proposal accordingly. Subsequently, on 11 May 2017, Al-'Aqar Healthcare REIT had announced that the completion of the sale and purchase agreement for the Proposed Disposal has been further extended for three (3) months until 11 August 2017 since the Purchaser is in the process of fulfilling the conditions precedent under their Loan Agreement.

B9. BORROWINGS

	The Group	
	As at	As at
	31-03-2017	31-12-2016
	RM'000	RM'000
<u>Non-current</u>		
Sukuk Ijarah of RM 1.0 billion - IMTN	654,691	653,802

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. MATERIAL LITIGATION

There was no material litigation as at the date of the Interim Financial Report.

B12. SOFT COMMISSION RECEIVED

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

B13. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-03-2017	Immediate Preceding Quarter ended 31-12-2016
Number of units in issue - units	728,226,468	728,226,468
Earning per unit (EPU) - sen	2.06	2.04
Net income distribution to unitholders - RM'000	27,672	-
Distribution per unit (DPU) - sen	3.80	-
Net Asset Value (NAV) - RM'000	883,453	896,068
NAV per unit - RM	1.2132	1.2305
Market Value Per Unit - RM	1.5500	1.5700

B14. 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 2017 and of its financial performance and cash flows for the period then ended.