

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Third Quarter Ended 30 September 2019**

| Note   | Individual Quarter   |                                      |              | Cumulative Quarter   |   |              |
|--|----------------------|--------------------------------------|--------------|----------------------|---|--------------|
|  | Current Year Quarter | Preceding Year Corresponding Quarter | Changes      | Current Year To Date | Preceding Year Corresponding Period To Date | Changes      |
|  | 30-09-2019           | 30-09-2018                           |              | 30-09-2019           | 30-09-2018                                  |              |
|  | RM                   | RM                                   | %            | RM                   | RM  | %            |
|  | 26,717,831           | 25,622,774                           | 4.3          | 79,431,980           | 76,752,626                                  | 3.5          |
|  | (1,450,869)          | (1,543,232)                          | (6.0)        | (4,261,685)          | (4,507,993)                                 | (5.5)        |
| <b>Net rental income</b>                                       | <b>25,266,962</b>    | <b>24,079,542</b>                    | <b>4.9</b>   | <b>75,170,295</b>    | <b>72,244,633</b>                           | <b>4.1</b>   |
| Investment income  | 389,392              | 534,810                              | (27.2)       | 1,268,364            | 1,529,123                                   | (17.1)       |
| Other income   | 133,139              | 354,667                              | (62.5)       | 584,196              | 377,744                                     | 54.7         |
| <b>Total income</b>  | <b>25,789,493</b>    | <b>24,969,019</b>                    | <b>3.3</b>   | <b>77,022,855</b>    | <b>74,151,500</b>                           | <b>3.9</b>   |
| Managers' fees   | (427,592)            | (419,318)                            | 2.0          | (1,280,588)          | (1,255,142)                                 | 2.0          |
| Trustees' fees   | (70,920)             | (68,349)                             | 3.8          | (212,681)            | (204,420)                                   | 4.0          |
| Accretion of long term borrowings                              | (55,043)             | (400,252)                            | (86.3)       | (165,130)            | (1,043,953)                                 | (84.2)       |
| Annual financing fees  | (326,796)            | (295,333)                            | 10.7         | (1,040,788)          | (596,879)                                   | 74.4         |
| Maintenance of properties                                      | (189,000)            | (436,878)                            | (56.7)       | (1,550,598)          | (436,878)                                   | > 100        |
| Administrative expenses  | (560,131)            | (375,348)                            | 49.2         | (1,474,489)          | (1,021,662)                                 | 44.3         |
| Professional fees  | (77,500)             | (65,426)                             | 18.5         | (325,900)            | (186,151)                                   | 75.1         |
| Withholding tax  | (222,377)            | (222,377)                            | -            | (667,130)            | (667,130)                                   | -            |
| Profit sharing expenses on financing                           | (7,731,750)          | (7,546,143)                          | 2.5          | (22,991,737)         | (21,412,566)                                | 7.4          |
| <b>Total trust expenditure</b>                                 | <b>(9,661,109)</b>   | <b>(9,829,424)</b>                   | <b>(1.7)</b> | <b>(29,709,041)</b>  | <b>(26,824,781)</b>                         | <b>10.8</b>  |
| <b>Net income before taxation</b>                              | <b>16,128,384</b>    | <b>15,139,595</b>                    | <b>6.5</b>   | <b>47,313,814</b>    | <b>47,326,719</b>                           | <b>-</b>     |
| Tax expense  | -                    | -                                    | -            | -                    | 347   | (100.0)      |
| <b>Net income after taxation</b>                               | <b>16,128,384</b>    | <b>15,139,595</b>                    | <b>6.5</b>   | <b>47,313,814</b>    | <b>47,327,066</b>                           | <b>-</b>     |
| <b>Other comprehensive (expenses)/income</b>                   |                      |                                      |              |                      |   |              |
| Foreign currency translation differences for foreign operation | (380,085)            | 1,432                                | (> 100)      | (481,122)            | (596,065)                                   | (19.3)       |
| <b>Total comprehensive income for the period</b>               | <b>15,748,299</b>    | <b>15,141,027</b>                    | <b>4.0</b>   | <b>46,832,692</b>    | <b>46,731,001</b>                           | <b>0.2</b>   |
| Net income after taxation is made up as follows:               |                      |                                      |              |                      |   |              |
| Realised   | 16,128,384           | 15,139,595                           | 6.5          | 47,313,814           | 47,327,066                                  | -            |
| Unrealised   | -                    | -                                    | -            | -                    | -   | -            |
|  | <b>16,128,384</b>    | <b>15,139,595</b>                    | <b>6.5</b>   | <b>47,313,814</b>    | <b>47,327,066</b>                           | <b>-</b>     |
| <b>Earnings per unit (sen) - Net</b>                           | <b>2.19</b>          | <b>2.08</b>                          | <b>5.3</b>   | <b>6.43</b>          | <b>6.50</b>                                 | <b>(1.1)</b> |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 30 September 2019**

|   | Note | Unaudited<br>As At End Of<br>Current Quarter<br>30-09-2019<br><u>RM</u> | Audited<br>As at preceding<br>year ended<br>31-12-2018<br><u>RM</u> |
|---|------|---|---|
| <b>ASSETS</b>                               |      |   |   |
| <b>Non-current assets</b>                   |      |   |   |
| Investment properties                       | A9   | 1,487,526,800   | 1,485,726,800   |
| <b>Current Assets</b>                       |      |   |   |
| Trade receivables                           | B9   | 10,177,804  | 2,246,142   |
| Other receivables & prepayments             |      | 2,289,130   | 1,146,478   |
| Cash and bank balances                      |      | 50,914,112  | 45,680,598  |
| Fixed deposits with licensed banks          |      | 42,650,798  | 45,668,396  |
|   |      | <u>106,031,844</u>  | <u>94,741,614</u>   |
| <b>TOTAL ASSETS</b>                         |      | <u>1,593,558,644</u>  | <u>1,580,468,414</u>  |
| <b>LIABILITIES</b>                          |      |   |   |
| <b>Non-current liabilities</b>              |      |   |   |
| Islamic financing                           | B10  | 604,292,674   | 603,705,130   |
| Deferred tax                                |      | 1,902,669   | 1,963,268   |
|   |      | <u>606,195,343</u>  | <u>605,668,398</u>  |
| <b>Current Liabilities</b>                  |      |   |   |
| Other payables and accruals                 |      | 22,024,837  | 12,797,538  |
| Provision for Income Distribution           |      | 13,689,323  | 14,204,512  |
|   |      | <u>35,714,160</u>   | <u>27,002,050</u>   |
| <b>TOTAL LIABILITIES</b>                    |      | <u>641,909,503</u>  | <u>632,670,448</u>  |
| <b>NET ASSETS VALUE</b>                     |      | <u>951,649,141</u>  | <u>947,797,966</u>  |
| <b>REPRESENTED BY:</b>                      |      |   |   |
| Unitholders' capital                        |      | 731,398,126   | 731,398,126   |
| Undistributed income                        |      | 230,228,635   | 225,896,338   |
| Foreign exchange translation reserve        |      | (9,977,620)   | (9,496,498)   |
| <b>TOTAL UNITHOLDERS' FUND</b>              |      | <u>951,649,141</u>  | <u>947,797,966</u>  |
| <b>NUMBER OF UNITS IN CIRCULATION</b>       |      | <u>735,985,088</u>  | <u>735,985,088</u>  |
| <b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b> |      | 1.2930  | 1.2878  |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 2019**

|  | Unitholders'<br>Capital<br>RM | Undistributed<br>Income<br>RM | Foreign<br>Exchange<br>RM | Total<br>Unitholders'<br>Fund<br>RM |
|--|-------------------------------|-------------------------------|---------------------------|-------------------------------------|
| <b>As at 1 January 2018</b>  | 722,398,126                   | 204,435,702                   | (3,544,006)               | 923,289,822                         |
| <b>Operation for the period ended 30 September 2018</b>                        |                               |                               |                           |                                     |
| Net income for the period  | -                             | 47,327,066                    | (596,065)                 | 46,731,001                          |
| <i>Increase/(Decrease) in net assets<br/>resulting from operation</i>          | -                             | 47,327,066                    | (596,065)                 | 46,731,001                          |
| <b>Unitholders' transactions</b>   |                               |                               |                           |                                     |
| Placement of units   | -                             | -                             | -                         | -                                   |
| Distribution to unitholders  | -                             | (55,709,314)                  | -                         | (55,709,314)                        |
| Issuing expenses   | -                             | -                             | -                         | -                                   |
| <i>Decrease in net assets<br/>resulting from unitholders'<br/>transactions</i> | -                             | (55,709,314)                  | -                         | (55,709,314)                        |
| <b>Net assets as at 30 September 2018</b>                                      | 722,398,126                   | 196,053,454                   | (4,140,071)               | 914,311,509                         |
| <b>As at 1 January 2019</b>  | 731,398,126                   | 225,896,338                   | (9,496,498)               | 947,797,966                         |
| <b>Operation for the period ended 30 September 2019</b>                        |                               |                               |                           |                                     |
| Net income for the period  | -                             | 47,313,814                    | (481,122)                 | 46,832,692                          |
| <i>Increase/(Decrease) in net assets<br/>resulting from operation</i>          | -                             | 47,313,814                    | (481,122)                 | 46,832,692                          |
| <b>Unitholders' transactions</b>   |                               |                               |                           |                                     |
| Placement of units   | -                             | -                             | -                         | -                                   |
| Distribution to unitholders #  | -                             | (42,981,517)                  | -                         | (42,981,517)                        |
| Issuing expenses   | -                             | -                             | -                         | -                                   |
| <i>Decrease in net assets<br/>resulting from unitholders'<br/>transactions</i> | -                             | (42,981,517)                  | -                         | (42,981,517)                        |
| <b>Net assets as at 30 September 2019</b>                                      | 731,398,126                   | 230,228,635                   | (9,977,620)               | 951,649,141                         |

# Include :

- i) Payment of the final income distribution for financial year 2018 of 2.07 sen per unit (non-taxable in the hands of unitholders) in respect of the period from 1 October to 31 December 2018 which was paid on 28 February 2019.
- ii) Payment of the first interim income distribution for the financial year ending 31 December 2019 of 1.91 sen per unit (of which 0.71 sen per unit is taxable and 1.20 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 January to 31 March 2019 which was paid on 12 July 2019.
- iii) Provision of the second interim income distribution for the financial year ending 31 December 2019 of 1.86 sen per unit (of which 0.47 sen per unit is taxable and 1.39 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 April to 30 June 2019 which was announced on 30 August 2019.

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 2018 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 2019**

|   | To Date             |                     |
|---|---------------------|---------------------|
|   | 30-09-2019          | 30-09-2018          |
|   | <u>RM</u>           | <u>RM</u>           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |                     |                     |
| Profit before taxation  | 47,313,814          | 47,326,719          |
| Adjustment for:   |                     |                     |
| Profit sharing expenses on Islamic financing                      | 24,032,525          | 22,009,445          |
| Accretion of long term Islamic financing                          | 165,130             | 1,043,953           |
| Investment revenue  | (1,268,364)         | (1,529,123)         |
| Operating profit before working capital changes                   | <u>70,243,105</u>   | <u>68,850,994</u>   |
| Changes in working capital:                                       |                     |                     |
| Increase in receivables and prepayments                           | (9,074,314)         | (426,925)           |
| (Decrease)/Increase in other payables and accruals                | <u>(12,928,495)</u> | <u>2,411,717</u>    |
| Cash generated from operations                                    | 48,240,296          | 70,835,786          |
| Taxes refund  | -                   | 2,391,525           |
| Net cash generated from operating activities                      | <u>48,240,296</u>   | <u>73,227,311</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |                     |                     |
| Addition to investment properties                                 | (1,800,000)         | (2,760,080)         |
| Income received from investment                                   | <u>1,268,364</u>    | <u>1,529,123</u>    |
| Net cash used in investing activities                             | <u>(531,636)</u>    | <u>(1,230,957)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |                     |                     |
| Distribution paid   | (29,292,194)        | (41,508,898)        |
| Increase in restricted cash                                       | (522,256)           | (489,551)           |
| Profit sharing expenses on Islamic financing                      | <u>(15,719,428)</u> | <u>(22,044,092)</u> |
| Net cash used in financing activities                             | <u>(45,533,878)</u> | <u>(64,042,541)</u> |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                  | 2,174,782           | 7,953,813           |
| <b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>                    | (481,122)           | (596,065)           |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b> | 72,733,063          | 68,999,400          |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>       | <u>74,426,723</u>   | <u>76,357,148</u>   |
| <b>DEPOSITS, CASH AND BANK BALANCES</b>                           |                     |                     |
| Cash and bank balances  | 50,914,112          | 45,292,680          |
| Fixed deposits with licensed banks                                | <u>42,650,798</u>   | <u>49,504,168</u>   |
|   | 93,564,910          | 94,796,848          |
| Less: Restricted cash   | <u>(19,138,187)</u> | <u>(18,439,700)</u> |
| <b>CASH AND CASH EQUIVALENTS</b>                                  | <u>74,426,723</u>   | <u>76,357,148</u>   |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Third Quarter Ended 30 September 2019**

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**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 2018.

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 2018.

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 2019:

- MFRS 16 'Leases'.
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'.
- Amendments to MFRSs 'Annual Improvements to MFRSs 2015 - 2017 Cycle'.
- IC Interpretation 23 'Uncertainty over Income Tax Payments'.

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 3 'Definition of a Business' (effective 1 January 2020)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material' (effective 1 January 2020)
- 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)
- MFRSs 'Amendments to References to the Conceptual Framework in MFRS Standards' (effective 1 January 2020)

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 2018 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 second interim income distribution for the financial year ending 31 December 2019 of 1.86 sen per unit (of which 0.47 sen per unit is taxable and 1.39 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 April to 30 June 2019, which was announced on 30 August 2019 has been paid on 17 October 2019.

## A8. SEGMENTAL REPORTING

### a. Primary reporting segment - Geographical segments

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

|                                       | Malaysia<br>RM'000 | Australia<br>RM'000 | Total<br>RM'000 |
|---------------------------------------|--------------------|---------------------|-----------------|
| <b>Period Ended 30 September 2019</b> |                    |                     |                 |
| Gross rental income                   | 70,827             | 8,605               | 79,432          |
| Property expenses                     | (4,152)            | (110)               | (4,262)         |
| Net rental income                     | 66,675             | 8,495               | 75,170          |
| Investment income                     | 1,269              | -                   | 1,269           |
| Other income                          | 584                | -                   | 584             |
| Total income                          | 68,528             | 8,495               | 77,023          |
| Trust expenditure                     | (29,671)           | (38)                | (29,709)        |
| Profit before taxation                | 38,857             | 8,457               | 47,314          |
| Tax expense                           | -                  | -                   | -               |
| Profit after taxation                 | 38,857             | 8,457               | 47,314          |
| Total assets                          | 1,441,905          | 151,654             | 1,593,559       |
| Total liabilities                     | 639,680            | 2,230               | 641,910         |
|                                       | Malaysia<br>RM'000 | Australia<br>RM'000 | Total<br>RM'000 |
| <b>Period Ended 30 September 2018</b> |                    |                     |                 |
| 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           |
| 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         |

### 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 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.

**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:

|                 | <b>The Group</b>  |                   | <b>The Fund</b>   |                   |
|-----------------|-------------------|-------------------|-------------------|-------------------|
|                 | <b>30-09-2019</b> | <b>30-09-2018</b> | <b>30-09-2019</b> | <b>30-09-2018</b> |
|                 | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         | <b>RM</b>         |
| Manager's fee   | 1,280,588         | 1,255,142         | 1,280,588         | 1,255,142         |
| Maintenance fee | 748,805           | -                 | 748,805           | -                 |
| Registrar fee   | 83,545            | 49,696            | 83,545            | 49,696            |
| Secretarial fee | 2,130             | 6,375             | -                 | -                 |
| Other income    | <u>(399,000)</u>  | <u>(354,667)</u>  | <u>(399,000)</u>  | <u>(354,667)</u>  |

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 Third Quarter Ended 30 September 2019

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

**B1. REVIEW OF PERFORMANCE**

|                                   | Individual Quarter                           |  | Changes % | Cumulative Quarter                           |   | Changes % |
|-----------------------------------|--|--|-----------|--|---|-----------|
|                                   | Current Year Quarter<br>30.09.2019<br>RM'000 | Preceding Year Corresponding Quarter<br>30.09.2018<br>RM'000 |           | Current Year To Date<br>30.09.2019<br>RM'000 | Preceding Year Corresponding Period To Date<br>30.09.2018<br>RM'000 |           |
| <b>Net rental income</b>          |  |  |           |  |   |           |
| Malaysia                          | 22,429                                       | 21,250   | 5.5       | 66,675                                       | 63,745  | 4.6       |
| Australia                         | 2,838  | 2,830  | 0.3       | 8,495  | 8,500   | (0.1)     |
| Total net rental income           | <u>25,267</u>                                | <u>24,080</u>  | 4.9       | <u>75,170</u>                                | <u>72,245</u>   | 4.0       |
| <b>Net income before taxation</b> |  |  |           |  |   |           |
| Malaysia                          | 13,291                                       | 12,327   | 7.8       | 38,857                                       | 38,908  | (0.1)     |
| Australia                         | 2,838  | 2,813  | 0.9       | 8,457  | 8,419   | 0.5       |
| Total net income before taxation  | <u>16,129</u>                                | <u>15,140</u>  | 6.5       | <u>47,314</u>                                | <u>47,327</u>   | -         |
| <b>Net income after taxation</b>  |  |  |           |  |   |           |
| Malaysia                          | 13,291                                       | 12,327   | 7.8       | 38,857                                       | 38,909  | (0.1)     |
| Australia                         | 2,838  | 2,813  | 0.9       | 8,457  | 8,419   | 0.5       |
| Total net income after taxation   | <u>16,129</u>                                | <u>15,140</u>  | 6.5       | <u>47,314</u>                                | <u>47,328</u>   | -         |

**(a) Review of Individual Quarter Results**

Malaysia segment

The Malaysia segment contributed RM22.4 million of net rental income for the current quarter ended 30 September 2019, represented an increase of RM1.1 million or 5.5% from RM21.3 million, recorded in preceding year's corresponding quarter. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai, where full rental income was received upon settlement of the KPJUC Balance Purchase Consideration in November 2018 as well as annual increment on rental income.

Australia segment

The net rental income of the Australia segment for the current quarter ended 30 September 2019 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 30 September 2019, represented an increase of RM1.1 million or 4.9% recorded in preceding year's corresponding quarter. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai as mentioned above.

Correspondingly, net income before taxation for the current year quarter ended 30 September 2019 was RM16.1 million, which is RM1.0 million or 6.5% higher than preceding year's corresponding quarter of RM15.1 million. The increase were mainly due to lower maintenance of properties expenses by RM0.2 million as well as lower financing cost of by RM0.1 million but offset against increase in unrealised losses from foreign exchange translations of RM0.2 million.

## B1. REVIEW OF PERFORMANCE (CONT'D)

### (b) Review of Cumulative Quarter Results

#### Malaysia segment

The Malaysia segment contributed RM66.7 million of net rental income for the 9 months period ended 30 September 2019 represented an increase of RM3.0 million or 4.6% from RM63.7 million, recorded in the preceding year corresponding period. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai, where full rental income was received upon settlement of the KPJUC Balance Purchase Consideration in November 2018 as well as annual increment on rental income as mentioned in Note B1 (a) above.

#### Australia segment

The Australia segment contributed RM8.5 million of net rental income for the 9 months period ended 30 September 2019. This represented a slightly decrease of RM0.01 million or 0.1% from RM8.5 million, recorded in the preceding year corresponding period. The net rental income was slightly lower due to lower exchange rate, whereby from January to September 2019, the average exchange rate for Malaysian Ringgit against Australian Dollar was MYR/AUD 2.8820 (2018: 3.0210).

#### Net income before taxation

Al-'Aqar Healthcare REIT's net rental income for the 9 months period ended 30 September 2019, represented an increase of RM2.9 million or 4.0% recorded in the preceding year corresponding period. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai as mentioned above.

Despite increase in net rental income, Al-'Aqar Healthcare REIT's net income before taxation for the period ended 30 September 2019 stood at RM47.3 million, which is RM0.01 million or 0.03% marginally lower than preceding year corresponding period of RM47.3 million. The decrease were mainly due to higher maintenance of properties expenses by RM1.1 million as well as higher Islamic financing cost by RM1.1 million due to drawdown of additional Islamic financing in November 2018. The decrease also due to increase in unrealised losses from foreign exchange translations of RM0.5 million and professional fee of RM0.1 million in relation proposed amended Trust Deed and mandate for Recurrent Related Party Transaction.

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

|                            | Current Quarter<br>ended<br>30.09.2019<br>RM'000 | Immediate<br>Preceding<br>Quarter ended<br>30.06.2019<br>RM'000 | Changes<br>% |
|----------------------------|--|---|--------------|
| Net rental income          | 25,267   | 24,784  | 1.95         |
| Net income before taxation | 16,129   | 15,222  | 5.96         |
| Net income after taxation  | 16,129   | 15,222  | 5.96         |

Al-'Aqar Healthcare REIT recorded a higher net income before taxation of RM16.1 million as compared to RM15.2 million in the preceding quarter. This was mainly due to higher maintenance of properties expenses recorded in the immediate preceding quarter as well as financing cost savings from the recent overnight policy rate cut by 25 bps on 7 May 2019.

## B3. PROSPECTS

The growth of Malaysia's middle-class will continue to fuel demand for all real estate classes, especially three main industry namely Healthcare, Logistic and Manufacturing (MRMA Malaysia REIT Forum, 2019). Capitalizing on global mega trends, REITs are poised to benefit from these trends. Unlike conventional assets, healthcare industry is an alternative specialist asset class that is less reliant on the economy and the market is driven by an increase of demand from both local and oversea (Knight Frank Malaysia, The Edge Markets, April 2019).

**B3. PROSPECTS (CONT'D)**

Together with the existing investment portfolio, the acquisition of KPJ Batu Pahat Specialist Hospital in August 2019 is expected to increase the earnings of Al-'Aqar Healthcare REIT ("Al-'Aqar"). Currently, KPJ Healthcare Berhad ("KPJ") play a vital role as a main sponsor and largest unitholder of Al-'Aqar, where the stable distribution of Al-'Aqar is premised on the underlying properties' stable rental income given the long-term lease arrangements with KPJ.

**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   |              |
|-----------------------------------|------------|--------------|------------|--------------|
|                                   | 30-09-2019 | 30-09-2018   | 30-09-2019 | 30-09-2018   |
|                                   | RM         | RM           | RM         | RM           |
| Tax expense                       |            |              |            |              |
| - Income Tax                      | -          | -            | -          | -            |
| - Over Provision In Previous Year | -          | (347)        | -          | (347)        |
|                                   | <u>-</u>   | <u>(347)</u> | <u>-</u>   | <u>(347)</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 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**

On 26 August 2019, Al-'Aqar Healthcare REIT had announced its proposal to acquire KPJ Batu Pahat Specialist Hospital from Johor Land Berhad, a wholly owned subsidiary of Johor Corporation for a total consideration of RM78.0 million to be fully satisfied in cash ("Proposed Acquisition").

**B9. TRADE RECEIVABLES**

|                   | The Group        |                  |
|-------------------|------------------|------------------|
|                   | As at 30-09-2019 | As at 30-09-2018 |
|                   | RM'000           | RM'000           |
| Trade receivables | <u>10,178</u>    | <u>6,407</u>     |

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 (2018: 30 to 60 days).

**B9. TRADE RECEIVABLES (CONT'D)**

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

|                   | <b>The Group</b>  |                   |
|-------------------|-------------------|-------------------|
|                   | <b>As at</b>      | <b>As at</b>      |
|                   | <b>30-09-2019</b> | <b>30-09-2018</b> |
|                   | <b>RM'000</b>     | <b>RM'000</b>     |
| 0-30 days         | 2,880             | 5,116             |
| 31-60 days        | 1,929             | 843               |
| 61-90 days        | 1,960             | -                 |
| More than 90 days | 3,409             | 448               |
|                   | 10,178            | 6,407             |

**B10. ISLAMIC FINANCING**

|  | <b>The Group</b>  |                   |
|--|-------------------|-------------------|
|  | <b>As at</b>      | <b>As at</b>      |
|  | <b>30-09-2019</b> | <b>30-09-2018</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>     |
| <b><u>Non-current</u></b>                                    |                   |                   |
| <b><u>Secured</u></b>  |                   |                   |
| Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')            | 574,525           | 573,463           |
| <b><u>Non-Secured</u></b>                                    |                   |                   |
| Murabahah Tawarruq Term Financing - i ("Murabahah Tawarruq") | 29,768            | -                 |
|  | 604,293           | 573,463           |

**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**

|   | <b>Current<br/>Quarter ended<br/>30-09-2019</b> | <b>Immediate<br/>Preceding<br/>Quarter ended<br/>30-06-2019</b> |
|---|---|---|
| Number of units in issue - units                | 735,985,088                                     | 735,985,088   |
| Earning per unit (EPU) - sen                    | 2.19  | 2.07  |
| Net income distribution to unitholders - RM'000 | 13,689  | 14,057  |
| Distribution per unit (DPU) - sen               | 1.86  | 1.91  |
| Net Asset Value (NAV) - RM'000                  | 951,649   | 949,590   |
| NAV per unit - RM                               | 1.2930  | 1.2902  |
| Market Value Per Unit - RM                      | 1.4800  | 1.5000  |

**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 2019 and of its financial performance and cash flows for the period then ended.