

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Fourth Quarter Ended 31 December 2019**

Note	Individual Quarter			Cumulative Quarter			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year	Changes	
	31-12-2019	31-12-2018		31-12-2019	31-12-2018		
	RM	RM	%	RM	RM	%	
	Gross rental income	26,678,307	25,896,349	3.0	106,110,287	102,648,975	3.4
	Property expenses	(1,522,945)	(1,531,521)	(0.6)	(5,784,630)	(6,039,514)	(4.2)
	<b>Net rental income</b>	<b>25,155,362</b>	<b>24,364,828</b>	<b>3.2</b>	<b>100,325,657</b>	<b>96,609,461</b>	<b>3.8</b>
	Investment income	386,837	502,845	(23.1)	1,655,201	2,031,968	(18.5)
	Gain on fair value adjustment	13,072,974	30,341,920	(56.9)	13,072,974	30,341,920	(56.9)
	Other income	133,000	133,097	(0.1)	717,196	510,841	40.4
	<b>Total income</b>	<b>38,748,173</b>	<b>55,342,690</b>	<b>(30.0)</b>	<b>115,771,028</b>	<b>129,494,190</b>	<b>(10.6)</b>
	Managers' fees	(438,740)	(419,576)	4.6	(1,719,328)	(1,674,718)	2.7
	Trustees' fees	(71,433)	(68,806)	3.8	(284,114)	(273,226)	4.0
	Accretion of long term borrowings	(55,043)	(447,373)	(87.7)	(220,173)	(1,491,326)	(85.2)
	Annual financing fees	(323,792)	(407,507)	(20.5)	(1,364,580)	(1,004,386)	35.9
	Maintenance of properties	(563,291)	(724,015)	(22.2)	(2,113,889)	(1,160,893)	82.1
	Administrative expenses	(279,565)	(299,238)	(6.6)	(1,754,054)	(1,320,900)	32.8
	Professional fees	(211,834)	(118,352)	79.0	(537,734)	(304,503)	76.6
	Withholding tax	(222,376)	(222,376)	-	(889,506)	(889,506)	-
	Profit sharing expenses on financing	(7,747,900)	(7,670,504)	1.0	(30,739,637)	(29,083,070)	5.7
	<b>Total trust expenditure</b>	<b>(9,913,974)</b>	<b>(10,377,747)</b>	<b>(4.5)</b>	<b>(39,623,015)</b>	<b>(37,202,528)</b>	<b>6.5</b>
	<b>Net income before taxation</b>	<b>28,834,199</b>	<b>44,964,943</b>	<b>(35.9)</b>	<b>76,148,013</b>	<b>92,291,662</b>	<b>(17.5)</b>
	Tax	13,724	(917,555)	(>100)	13,724	(917,208)	(>100)
	<b>Net income after taxation</b>	<b>28,847,923</b>	<b>44,047,388</b>	<b>(34.5)</b>	<b>76,161,737</b>	<b>91,374,454</b>	<b>(16.6)</b>
	<b>Other comprehensive expenses</b>						
	Foreign currency translation differences for foreign operation	(7,558,424)	(5,356,427)	41.1	(8,039,546)	(5,952,492)	35.1
	<b>Total comprehensive income for the year</b>	<b>21,289,499</b>	<b>38,690,961</b>	<b>(45.0)</b>	<b>68,122,191</b>	<b>85,421,962</b>	<b>(20.3)</b>
	Net income after taxation is made up as follows:						
	Realised	16,108,900	13,705,468	17.5	63,422,714	61,032,534	3.9
	Unrealised	12,739,023	30,341,920	(58.0)	12,739,023	30,341,920	(58.0)
		<b>28,847,923</b>	<b>44,047,388</b>	<b>(34.5)</b>	<b>76,161,737</b>	<b>91,374,454</b>	<b>(16.6)</b>
	<b>Earnings per unit (sen) - Net</b>	<b>3.92</b>	<b>6.04</b>	<b>(35.1)</b>	<b>10.35</b>	<b>12.54</b>	<b>(17.5)</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 31 December 2019**

	Note	Unaudited As At End Of Current Quarter 31-12-2019 <u>RM</u>	Audited As at preceding year ended 31-12-2018 <u>RM</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	A9	1,569,814,000	1,485,726,800
<b>Current Assets</b>			
Trade receivables	B9	13,267,472	2,246,142
Other receivables & prepayments		3,516,647	1,146,478
Cash and bank balances		43,470,684	45,680,598
Fixed deposits with licensed banks		44,283,132	45,668,396
		<u>104,537,935</u>	<u>94,741,614</u>
<b>TOTAL ASSETS</b>		<u>1,674,351,935</u>	<u>1,580,468,414</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Islamic financing	B10	653,639,058	603,705,130
Deferred tax		1,453,008	1,963,268
		<u>655,092,066</u>	<u>605,668,398</u>
<b>Current Liabilities</b>			
Islamic financing	B10	29,796,526	-
Other payables and accruals		16,526,694	12,797,538
Provision for income distribution		14,423,309	14,204,512
		<u>60,746,529</u>	<u>27,002,050</u>
<b>TOTAL LIABILITIES</b>		<u>715,838,595</u>	<u>632,670,448</u>
<b>NET ASSETS VALUE</b>		<u>958,513,340</u>	<u>947,797,966</u>
<b>REPRESENTED BY:</b>			
Unitholders' capital		731,398,126	731,398,126
Undistributed income		244,651,258	225,896,338
Foreign exchange translation reserve		(17,536,044)	(9,496,498)
<b>TOTAL UNITHOLDERS' FUND</b>		<u>958,513,340</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>		1.3024	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 Fourth Quarter Ended 31 December 2019**

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
<b>As at 1 January 2018</b>	722,398,126	204,435,702	(3,544,006)	923,289,822
<b>Operation for the year ended 31 December 2018</b>				
Net income for the year	-	91,374,454	(5,952,492)	85,421,962
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	91,374,454	(5,952,492)	85,421,962
<b>Unitholders' transactions</b>				
Placement of units	9,000,000	-	-	9,000,000
Distribution to unitholders	-	(69,913,818)	-	(69,913,818)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	9,000,000	(69,913,818)	-	(60,913,818)
<b>Net assets as at 31 December 2018</b>	731,398,126	225,896,338	(9,496,498)	947,797,966
<b>As at 1 January 2019</b>	731,398,126	225,896,338	(9,496,498)	947,797,966
<b>Operation for the year ended 31 December 2019</b>				
Net income for the year	-	76,161,737	(8,039,546)	68,122,191
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	76,161,737	(8,039,546)	68,122,191
<b>Unitholders' transactions</b>				
Placement of units	-	-	-	-
Distribution to unitholders #	-	(57,406,817)	-	(57,406,817)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(57,406,817)	-	(57,406,817)
<b>Net assets as at 31 December 2019</b>	731,398,126	244,651,258	(17,536,044)	958,513,340

# 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 ended 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) Payment of the second interim income distribution for the financial year ended 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 paid on 17 October 2019.
- iv) Provision of the third interim income distribution for the financial year ended 31 December 2019 of 1.96 sen per unit (of which 0.73 sen per unit is taxable and 1.23 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 July to 30 September 2019 which was announced on 21 November 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 Fourth Quarter Ended 31 December 2019**

	To Date	
	31-12-2019	31-12-2018
	<u>RM</u>	<u>RM</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	76,148,013	92,291,662
Adjustment for:		
Profit sharing expenses on Islamic financing	32,104,217	30,087,456
Accretion of long term Islamic financing	220,173	1,491,326
Gain on fair value adjustment of investment properties	(13,072,974)	(30,341,920)
Unrealised loss on foreign exchange	333,951	-
Investment revenue	(1,655,201)	(2,031,968)
Operating profit before working capital changes	<u>94,078,179</u>	<u>91,496,556</u>
Changes in working capital:		
(Increase)/Decrease in receivables and prepayments	(13,366,576)	3,908,932
Increase/(Decrease) in other payables and accruals	2,987,728	(39,843,444)
Cash generated from operations	<u>83,699,331</u>	<u>55,562,044</u>
Taxes refund	-	2,391,525
Net cash generated from operating activities	<u>83,699,331</u>	<u>57,953,569</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to investment properties	(1,262,486)	(2,858,080)
Income received from investment	1,630,043	2,115,978
Net cash generated from/(used in) investing activities	<u>367,557</u>	<u>(742,102)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution paid	(57,186,006)	(55,709,306)
Increase in restricted cash	(1,662,779)	(665,782)
Proceed from issuance of units	-	9,000,000
Profit sharing expenses on Islamic financing	(31,854,287)	(32,223,403)
Transaction cost paid	-	(2,280,586)
Net proceeds from islamic financing	2,000,000	29,900,000
Net cash used in financing activities	<u>(88,703,072)</u>	<u>(51,979,077)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,636,184)	5,232,390
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	(621,773)	(1,498,727)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	72,733,063	68,999,400
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<u>67,475,106</u>	<u>72,733,063</u>
<b>DEPOSITS, CASH AND BANK BALANCES</b>		
Cash and bank balances	43,470,684	45,680,598
Fixed deposits with licensed banks	44,283,132	45,668,396
	<u>87,753,816</u>	<u>91,348,994</u>
Less: Restricted cash	(20,278,710)	(18,615,931)
<b>CASH AND CASH EQUIVALENTS</b>	<u>67,475,106</u>	<u>72,733,063</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 Fourth Quarter Ended 31 December 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 1 January 2019:

- MFRS 16 'Leases'.
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'.
- Amendments to MFRS 119 'Plan Amendment, Curtailment or Settlement'.
- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Venture'.
- 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 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform' (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 third interim income distribution for the financial year ended 31 December 2019 of 1.96 sen per unit (of which 0.73 sen per unit is taxable and 1.23 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 July to 30 September 2019, which was announced on 21 November 2019 has been paid on 10 January 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
<b>Year Ended 31 December 2019</b>			
Gross rental income	94,587	11,523	106,110
Property expenses	(5,645)	(139)	(5,784)
Net rental income	88,942	11,384	100,326
Investment income	1,655	-	1,655
Gain/(Loss) in fair value adjustment	16,838	(3,765)	13,073
Other income	717	-	717
Total income	108,152	7,619	115,771
Trust expenditure	(39,383)	(240)	(39,623)
Profit before taxation	68,769	7,379	76,148
Tax expense	-	14	14
Profit after taxation	68,769	7,393	76,162
Total assets	1,531,804	142,548	1,674,352
Total liabilities	713,967	1,872	715,839
	Malaysia RM'000	Australia RM'000	Total RM'000
<b>Year Ended 31 December 2018</b>			
Gross rental income	91,097	11,552	102,649
Property expenses	(5,935)	(105)	(6,040)
Net rental income	85,162	11,447	96,609
Investment income	2,032	-	2,032
Gain in fair value adjustment	30,342	-	30,342
Other income	511	-	511
Total income	118,047	11,447	129,494
Trust expenditure	(37,004)	(199)	(37,203)
Profit before taxation	81,043	11,248	92,291
Tax expense	1	(918)	(917)
Profit after taxation	81,044	10,330	91,374
Total assets	1,426,215	154,253	1,580,468
Total liabilities	630,408	2,262	632,670

### 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

During the current quarter, a valuation exercise was undertaken for all twenty-three (23) properties of Al-'Aqar Group pursuant to FRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The valuation has resulted in a surplus of RM13,072,974 and has been incorporated into the financial statements of Al-'Aqar Healthcare REIT as at 31 December 2019. The details of the said valuation carried out are tabled as follows:

	<b>Description of Property</b>	<b>Location</b>	<b>Date of Valuation</b>	<b>2019 Fair Value RM</b>
1	Ampang Puteri Specialist Hospital	Ampang	31 December 2019	137,000,000
2	Damansara Specialist Hospital	Damansara	31 December 2019	135,000,000
3	KPJ Johor Specialist Hospital	Johor Bahru	31 December 2019	122,000,000
4	KPJ Ipoh Specialist Hospital	Ipoh	31 December 2019	76,300,000
5	Puteri Specialist Hospital	Johor Bahru	31 December 2019	42,000,000
6	KPJ Selangor Specialist Hospital	Shah Alam	31 December 2019	83,000,000
7	Kedah Medical Centre	Alor Setar	31 December 2019	53,000,000
8	KPJ Perdana Specialist Hospital	Kota Bharu	31 December 2019	45,500,000
9	KPJ Kuantan Dialysis Centre	Kuantan	31 December 2019	20,500,000
10	Sentosa Medical Centre	Kuala Lumpur	31 December 2019	30,000,000
11	KPJ Kajang Specialist Hospital	Kajang	31 December 2019	50,600,000
12	Taiping Medical Centre	Taiping	31 December 2019	10,000,000
13	Damai Specialist Hospital	Kota Kinabalu	31 December 2019	15,000,000
14	KPJ College Bukit Mertajam	Bukit Mertajam	31 December 2019	16,300,000
15	Tawakal Health Centre	Kuala Lumpur	31 December 2019	48,400,000
16	KPJ Healthcare University College, Nilai	Seremban	31 December 2019	105,900,000
17	KPJ Seremban Specialist Hospital	Seremban	31 December 2019	69,600,000
18	KPJ Penang Specialist Hospital	Bukit Mertajam	31 December 2019	64,000,000
19	KPJ Tawakkal Specialist Hospital	Kuala Lumpur	31 December 2019	138,700,000
20	KPJ Klang Specialist Hospital	Klang	31 December 2019	103,600,000
21	Kluang Utama Specialist Hospital	Kluang	31 December 2019	5,000,000
22	KPJ Batu Pahat Specialist Hospital	Batu Pahat	31 December 2019	78,000,000
23	Jeta Garden Aged Care and Retirement Village	Queensland	31 December 2019	120,414,000
				<u>1,569,814,000</u>

#### A10. SUBSEQUENT MATERIAL EVENTS

On 31 January 2020, the Manager, after consultation with the Trustee had announced a final income distribution of 2.02 sen per unit totaling RM14,866,899 for financial year ended 31 December 2019. The final income distribution will be paid on 28 February 2020 and has not been included as a liability in the financial statements.

#### 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	
	31-12-2019 RM	31-12-2018 RM	31-12-2019 RM	31-12-2018 RM
Manager's fee	1,719,328	1,674,718	1,719,328	1,674,718
Maintenance fee	998,385	162,600	998,385	162,600
Registrar fee	138,923	65,382	138,923	65,382
Secretarial fee	2,640	7,100	-	-
Corporate fee	5,000	-	-	-
Other income	(532,000)	(487,667)	(532,000)	(487,667)
Purchase of investment property	78,000,000	-	78,000,000	-

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 Fourth Quarter Ended 31 December 2019

**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 31.12.2019 RM'000	Preceding Year Corresponding Quarter 31.12.2018 RM'000	Changes %	Current Year To Date 31.12.2019 RM'000	Preceding Year Corresponding Year To Date 31.12.2018 RM'000	Changes %
<b>Net rental income</b>						
Malaysia	22,267	21,417	4.0	88,942	85,162	4.4
Australia	2,889	2,947	(2.0)	11,384	11,447	(0.6)
Total net rental income	<u>25,156</u>	<u>24,364</u>	3.3	<u>100,326</u>	<u>96,609</u>	3.8
<b>Net income before taxation</b>						
Malaysia	29,912	42,135	(29.0)	68,769	81,043	(15.1)
Australia	(1,078)	2,829	(>100)	7,379	11,248	(34.4)
Total net income before taxation	<u>28,834</u>	<u>44,964</u>	(35.9)	<u>76,148</u>	<u>92,291</u>	(17.5)
<b>Net income after taxation</b>						
Malaysia	29,912	42,135	(29.0)	68,769	81,044	(15.1)
Australia	(1,064)	1,911	(>100)	7,393	10,330	(28.4)
Total net income after taxation	<u>28,848</u>	<u>44,046</u>	(34.5)	<u>76,162</u>	<u>91,374</u>	(16.6)

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

Malaysia segment

The Malaysia segment contributed RM22.3 million of net rental income for the current quarter ended 31 December 2019, represented an increase of RM0.9 million or 4.0% from RM21.4 million, recorded in the preceding year's corresponding quarter. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai, where full year rental income was recorded in 2019 after 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 31 December 2019 was largely unchanged at RM2.9 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 December 2019, represented an increase of RM0.8 million or 3.3% as compared to the preceding year's corresponding quarter. 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 current year quarter ended 31 December 2019 stood at RM28.9 million, which is RM16.1 million or 35.9% lower than preceding year's corresponding quarter of RM45.0 million. The decrease was mainly due to lower gain on fair value adjustment of RM17.3 million but offset against lower financing cost of by RM0.4 million due to overnight policy rate cut by 25bps in May 2019.

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

### (b) Review of Cumulative Quarter Results

#### Malaysia segment

The Malaysia segment contributed RM88.9 million of net rental income for the year ended 31 December 2019 represented an increase of RM3.8 million or 4.4% from RM85.2 million, recorded in the preceding year. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai, where full year rental income was recorded in 2019 after 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 net rental income of the Australia segment for the year ended 31 December 2019 was largely unchanged at RM11.4 million, as compared to the preceding year.

#### Net income before taxation

Al-'Aqar Healthcare REIT's net rental income for the year ended 31 December 2019, represented an increase of RM3.7 million or 3.8% as compared to the preceding year. 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 year ended 31 December 2019 stood at RM76.1 million, which was RM16.1 million or 17.5% lower than preceding year of RM92.3 million. The decrease was mainly due to lower gain on fair value adjustment of RM17.3 million, higher maintenance of properties expenses by RM1.0 million as well as higher Islamic financing cost by RM0.8 million due to drawdown of additional Islamic financing in November 2018. The decrease was also due to increase in unrealised losses from foreign exchange translations of RM0.4 million and professional fee of RM0.3 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

	<b>Current Quarter ended 31.12.2019 RM'000</b>	<b>Immediate Preceding Quarter ended 30.09.2019 RM'000</b>	<b>Changes %</b>
Net rental income	25,156	25,267	(0.44)
Net income before taxation	28,834	16,129	78.77
Net income after taxation	28,848	16,129	78.86

Al-'Aqar Healthcare REIT recorded a higher net income before taxation of RM28.8 million as compared to RM16.1 million in the preceding quarter. This was mainly due to fair value gains on investment properties of RM13.1 million recorded in the current quarter.

## B3. PROSPECTS

The Manager expects Al-'Aqar to be able to record stable and resilient earning as the healthcare real estate are alternative specialised asset class that is less reliant on the economy. In addition, the healthcare market is driven by an increase of demand from both local and oversea.

Malaysia, with a score of 95 out of 100, has been ranked first in the Best Healthcare in the World category of the 2019 International Living Annual Global Retirement Index. By 2040, roughly 14.5% of Malaysians will be aged 65 and older, as compared to only 5.0% in 2010. The perfect storm caused by an increase in the ageing population has created tremendous opportunities for healthcare and its related sub-sectors. The growth in healthcare tourism bodes well for KPJ's prospect and brand acknowledgement as the preferred operator through its excellent operational and service standards. Together with KPJ's strategy to strengthen its presence nationwide through the brownfield expansion plan and introduction of its Ambulatory Care Centres (ACC) facilities, the long-term prospect is positive which correspondingly will benefit Al-'Aqar.

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

The completion of KPJ Batu Pahat Specialist Hospital's acquisition is seen as the beginning of expansion mode as more new KPJ's hospitals are set to be injected into Al-'Aqar for the next 5 years.

On 16 September 2018, the Australian Prime Minister, Scott Morrison announced that the government had decided to establish a Royal Commission for the residential aged care sector. The Royal Commission was tasked to review the overall aged care industry's current practices and recommend improvements to the services. The final report is expected to be issued in November 2020. In the meantime, the Commission has issued an Interim Report on 31 October 2019 and found that a fundamental overhaul of the design, objectives, regulation and funding of aged care in Australia is required. Accordingly this may have an impact on the future viability of the aged care businesses. The Managers and Management of Jeta Gardens is currently reviewing and monitoring the impact of the Royal Commission findings.

**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	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	RM	RM	RM	RM
Tax expense				
- Income Tax	(13,724)	917,555	-	-
- Over Provision In Previous Year	-	(347)	-	(347)
	<u>(13,724)</u>	<u>917,208</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"). The proposed acquisition has been completed on 30 December 2019.

**B9. TRADE RECEIVABLES**

	The Group	
	As at 31-12-2019	As at 31-12-2018
	RM'000	RM'000
Trade receivables	<u>13,267</u>	<u>2,246</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.

**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>31-12-2019</b>	<b>31-12-2018</b>
	<b>RM'000</b>	<b>RM'000</b>
0-30 days	3,230	1,798
31-60 days	1,949	448
61-90 days	1,813	-
More than 90 days	6,275	-
	<u>13,267</u>	<u>2,246</u>

**B10. ISLAMIC FINANCING**

	<b>The Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31-12-2019</b>	<b>31-12-2018</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')	574,299	574,021
Commodity Murabahah Term Financing - i ("Commodity Murabahah")	79,340	-
<b><u>Non-Secured</u></b>		
Murabahah Tawarruq Term Financing - i ("Murabahah Tawarruq")	-	29,684
	<u>653,639</u>	<u>603,705</u>
<b><u>Current</u></b>		
<b><u>Non-Secured</u></b>		
Murabahah Tawarruq Term Financing - i ("Murabahah Tawarruq")	29,797	-

**Commodity Murabahah Term Financing - i**

On 27 December 2019, Al-'Aqar Healthcare REIT obtained floating rate Islamic financing facility ("Commodity Murabahah") amounting to RM80.0 million from OCBC Al-Amin Bank Berhad to finance the acquisition of new hospital with purchase consideration of RM78.0 million and to pay related cost and expenses during the acquisition. The Commodity Murabahah is payable over a period of 60 months from the date of first disbursement with bullet repayment of the principal sum on the 60th month. The Commodity Murabahah bears an effective profit rate of 1.25% per annum above the bank's COF. The average effective profit rate for the Commodity Murabahah during the year is 4.70%.

**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 Quarter ended 31-12-2019</b>	<b>Immediate Preceding Quarter ended 30-09-2019</b>
Number of units in issue - units	735,985,088	735,985,088
Earning per unit (EPU) - sen	3.92	2.19
Net income distribution to unitholders - RM'000	14,425	13,689
Distribution per unit (DPU) - sen	1.96	1.86
Net Asset Value (NAV) - RM'000	958,513	951,649
NAV per unit - RM	1.3024	1.2930
Market Value Per Unit - RM	1.3200	1.4800

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