

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

Note	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year	Changes
	31-12-2020	31-12-2019		31-12-2020	31-12-2019	
	RM	RM	%	RM	RM	%
Gross rental income	31,248,908	26,678,307	17.1	115,710,279	106,110,287	9.0
Property expenses	(1,430,997)	(1,522,945)	(6.0)	(6,096,053)	(5,784,630)	5.4
Net rental income	29,817,911	25,155,362	18.5	109,614,226	100,325,657	9.3
Investment income	198,585	386,837	(48.7)	1,011,305	1,655,201	(38.9)
(Loss)/Gain on fair value adjustment	(47,772,461)	13,072,974	(>100)	(47,772,461)	13,072,974	(>100)
Unrealised gain on foreign exchange	450,034	-	100.0	736,084	-	100.0
Other income	967,523	133,000	627.5	1,414,273	717,196	97.2
Total income	(16,338,408)	38,748,173	(>100)	65,003,427	115,771,028	(43.9)
Managers' fees	(460,546)	(438,740)	5.0	(1,837,356)	(1,719,328)	6.9
Trustees' fees	(96,578)	(71,433)	35.2	(393,361)	(284,114)	38.4
Accretion of long term borrowings	(55,043)	(55,043)	-	(220,173)	(220,173)	-
Annual financing fees	(327,128)	(323,792)	1.0	(1,310,516)	(1,364,580)	(4.0)
Maintenance of properties	-	(563,291)	(100.0)	(1,070,388)	(2,113,889)	(49.4)
Derecognition of past lease receivable ¹	-	-	-	(9,801,166)	-	100.0
Administrative expenses	(329,692)	(279,565)	17.9	(1,966,298)	(1,754,054)	12.1
Professional fees	(16,632)	(211,834)	(92.1)	(270,677)	(537,734)	(49.7)
Withholding tax	(118,601)	(222,376)	(46.7)	(785,731)	(889,506)	(11.7)
Profit sharing expenses on financing	(8,328,946)	(7,747,900)	7.5	(33,723,401)	(30,739,637)	9.7
Total trust expenditure	(9,733,166)	(9,913,974)	(1.8)	(51,379,067)	(39,623,015)	29.7
Net (loss)/income before taxation	(26,071,574)	28,834,199	(>100)	13,624,360	76,148,013	(82.1)
Tax	(1,052,958)	13,724	(>100)	(1,052,958)	13,724	(>100)
Net (loss)/income after taxation	(27,124,532)	28,847,923	(>100)	12,571,402	76,161,737	(83.5)
Other comprehensive income/(expenses)						
Foreign currency translation differences for foreign operation	11,173,110	(7,558,424)	(>100)	12,001,396	(8,039,546)	(>100)
Total comprehensive (loss)/income for the year	(15,951,422)	21,289,499	(>100)	24,572,798	68,122,191	(63.9)
Net (loss)/income after taxation is made up as follows:						
Realised	17,354,094	16,108,900	7.7	56,984,413	63,422,714	(10.2)
Unrealised	(44,478,626)	12,739,023	(>100)	(44,413,011)	12,739,023	(>100)
	(27,124,532)	28,847,923	(>100)	12,571,402	76,161,737	(83.5)
Earnings per unit (sen) - Net	(3.68)	3.92	(>100)	1.71	10.35	(83.5)

¹ The waiver of lease receivables or rental rebate given to tenants are accounted for in accordance with MFRS 9 and presented as an expenses in the statements of comprehensive income (SOCi). Consequently, we have restated the SOCi for the previous quarterly reports to conform with the current financial period presentation as enclosed in Appendix 1.

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

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

	Note	Unaudited As At End Of Current Quarter 31-12-2020 RM	Audited As at preceding year ended 31-12-2019 RM
ASSETS			
Non-current assets			
Investment properties	A9	1,534,501,049	1,569,814,000
Trade receivables	B11	5,373,102	-
		<u>1,539,874,151</u>	<u>1,569,814,000</u>
Current Assets			
Trade receivables	B11	25,280,289	13,267,472
Other receivables & prepayments		159,066	3,516,647
Cash and bank balances		46,396,739	43,470,684
Fixed deposits with licensed banks		36,276,092	44,283,132
		<u>108,112,186</u>	<u>104,537,935</u>
TOTAL ASSETS		<u>1,647,986,337</u>	<u>1,674,351,935</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	109,069,690	653,639,058
Other payables		9,521,422	6,907,481
Deferred tax		2,534,162	1,453,008
		<u>121,125,274</u>	<u>661,999,547</u>
Current Liabilities			
Islamic financing	B12	574,517,565	29,796,526
Other payables and accruals		8,853,337	9,617,214
Provision for income distribution		-	14,425,308
		<u>583,370,902</u>	<u>53,839,048</u>
TOTAL LIABILITIES		<u>704,496,176</u>	<u>715,838,595</u>
NET ASSETS VALUE		<u>943,490,161</u>	<u>958,513,340</u>
REPRESENTED BY:			
Unitholders' capital		731,398,126	731,398,126
Undistributed income		217,626,683	244,651,258
Foreign exchange translation reserve		(5,534,648)	(17,536,044)
TOTAL UNITHOLDERS' FUND		<u>943,490,161</u>	<u>958,513,340</u>
NUMBER OF UNITS IN CIRCULATION		<u>735,985,088</u>	<u>735,985,088</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)			
- Before income distribution		1.2819	1.3024
- After income distribution*		1.2474	1.2822

*after reflecting the proposed final income distribution of 3.45 sen per unit (2019: 2.02 sen).

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

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS VALUE
For the Fourth Quarter Ended 31 December 2020

	Note	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 January 2019		731,398,126	225,896,338	(9,496,498)	947,797,966
Operation for the year ended 31 December 2019					
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
Unitholders' transactions					
Placement of units		-	-	-	-
Distribution to unitholders	B7	-	(57,406,817)	-	(57,406,817)
Issuing expenses		-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>		-	(57,406,817)	-	(57,406,817)
Net assets as at 31 December 2019		731,398,126	244,651,258	(17,536,044)	958,513,340
As at 1 January 2020		731,398,126	244,651,258	(17,536,044)	958,513,340
Operation for the year ended 31 December 2020					
Net income for the year		-	12,571,402	12,001,396	24,572,798
<i>Increase in net assets resulting from operation</i>		-	12,571,402	12,001,396	24,572,798
Unitholders' transactions					
Placement of units		-	-	-	-
Distribution to unitholders #	B7	-	(39,595,977)	-	(39,595,977)
Issuing expenses		-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>		-	(39,595,977)	-	(39,595,977)
Net assets as at 31 December 2020		731,398,126	217,626,683	(5,534,648)	943,490,161

Include:

- i) Payment of the final income distribution for financial year 2019 of 2.02 sen per unit (of which 0.60 sen per unit is taxable and 1.42 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 October to 31 December 2019 which was paid on 28 February 2020.
- ii) Payment of the first interim income distribution for the financial year ended 31 December 2020 of 2.06 sen per unit (of which 0.79 sen per unit is taxable and 1.27 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 January to 31 March 2020 which was paid on 12 October 2020.
- iii) Payment of the second interim income distribution for the financial year ended 31 December 2020 of 1.30 sen per unit (non-taxable in the hands of unitholders) in respect of the period from 1 April to 30 June 2020 which was paid on 4 December 2020.

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

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fourth Quarter Ended 31 December 2020

	To Date	
	31-12-2020	31-12-2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,624,360	76,148,013
Adjustment for:		
Profit sharing expenses on Islamic financing	35,033,917	32,104,217
Accretion of long term Islamic financing	220,173	220,173
Amortisation of deferred income	(832,523)	-
Derecognition of past lease receivable	9,801,166	-
Unrealised loss/(gain) on fair value adjustment	47,772,461	(13,072,974)
Unrealised gain/(loss) on foreign exchange	(736,084)	333,951
Unbilled rental income	(2,843,801)	-
Investment revenue	(1,011,305)	(1,655,201)
Operating profit before working capital changes	101,028,364	94,078,179
Changes in working capital:		
Increase in receivables and prepayments	(21,013,136)	(13,366,576)
Increase in other payables and accruals	2,610,999	2,987,728
Cash generated from operations	82,626,227	83,699,331
Taxes	-	-
Net cash generated from operating activities	82,626,227	83,699,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	(2,400,000)	(1,262,486)
Income received from investment	1,038,738	1,630,043
Net cash (used in)/generated from investing activities	(1,361,262)	367,557
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(54,021,285)	(57,186,006)
Increase in restricted cash	(1,245,005)	(1,662,779)
Profit sharing expenses on Islamic financing	(35,124,881)	(31,854,287)
Net proceeds from islamic financing	94,050	2,000,000
Net cash used in financing activities	(90,297,121)	(88,703,072)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,032,156)	(4,636,184)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,706,166	(621,773)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	67,475,106	72,733,063
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	61,149,116	67,475,106
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	46,396,739	43,470,684
Fixed deposits with licensed banks	36,276,092	44,283,132
	82,672,831	87,753,816
Less: Restricted cash	(21,523,715)	(20,278,710)
CASH AND CASH EQUIVALENTS	61,149,116	67,475,106

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

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2020

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

A1. BASIS OF PREPARATION

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

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

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

Standards, amendments to published standards and interpretations that are effective

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

- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 16 'Leases'
- Amendments to MFRS 3 'Definition of a Business'

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

- 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 2019 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

A5. CHANGES IN ACCOUNTING ESTIMATES

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

A6. ISSUANCES, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases and repayment of debt and equity securities being made in the current quarter.

A7. INCOME DISTRIBUTION

The second interim income distribution for the financial year ended 31 December 2020 of 1.30 sen per unit (non-taxable in the hands of unitholders) in respect of the period from 1 April to 30 June 2020, which was announced on 23 October 2020 has been paid on 4 December 2020.

A8. SEGMENTAL REPORTING

a. Primary reporting segment - Geographical segments

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

	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 31 December 2020			
Gross rental income	103,918	11,792	115,710
Property expenses	(5,944)	(152)	(6,096)
Net rental income	97,974	11,640	109,614
Investment income	1,011	-	1,011
Loss in fair value adjustment	(5,424)	(42,348)	(47,772)
Unrealised gain on foreign exchange	736	-	736
Other income	1,414	-	1,414
Total income/(loss)	95,711	(30,708)	65,003
Trust expenditure	(49,537)	(1,842)	(51,379)
Profit/(loss) before taxation	46,174	(32,550)	13,624
Tax expense	(2,534)	1,481	(1,053)
Profit/(loss) after taxation	43,640	(31,069)	12,571
Total assets	1,526,820	121,166	1,647,986
Total liabilities	704,152	344	704,496
	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 31 December 2019			
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 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

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 MFRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The details of the said valuation carried out are tabled as follows:

	Description of Property	Location	Date of Valuation	2020 Fair Value RM
1	Ampang Puteri Specialist Hospital	Ampang	31 December 2020	137,000,000
2	Damansara Specialist Hospital	Damansara	31 December 2020	135,000,000
3	KPJ Johor Specialist Hospital	Johor Bahru	31 December 2020	122,000,000
4	KPJ Ipoh Specialist Hospital	Ipoh	31 December 2020	77,000,000
5	Puteri Specialist Hospital	Johor Bahru	31 December 2020	42,000,000
6	KPJ Selangor Specialist Hospital	Shah Alam	31 December 2020	82,000,000
7	Kedah Medical Centre	Alor Setar	31 December 2020	52,000,000
8	KPJ Perdana Specialist Hospital	Kota Bharu	31 December 2020	42,120,000
9	Kuantan Wellness Centre	Kuantan	31 December 2020	20,400,000
10	Sentosa Medical Centre	Kuala Lumpur	31 December 2020	30,500,000
11	KPJ Kajang Specialist Hospital	Kajang	31 December 2020	51,900,000
12	Taiping Medical Centre	Taiping	31 December 2020	10,000,000
13	Damai Wellness Centre	Kota Kinabalu	31 December 2020	14,100,000
14	KPJ College Bukit Mertajam	Bukit Mertajam	31 December 2020	15,400,000
15	Tawakkal Health Centre	Kuala Lumpur	31 December 2020	48,800,000
16	KPJ Healthcare University College, Nilai	Seremban	31 December 2020	106,500,000
17	KPJ Seremban Specialist Hospital	Seremban	31 December 2020	69,200,000
18	KPJ Penang Specialist Hospital	Bukit Mertajam	31 December 2020	64,000,000
19	KPJ Tawakkal Specialist Hospital	Kuala Lumpur	31 December 2020	139,800,000
20	KPJ Klang Specialist Hospital	Klang	31 December 2020	104,800,000
21	Kluang Utama Specialist Hospital	Kluang	31 December 2020	4,700,000
22	KPJ Batu Pahat Specialist Hospital	Batu Pahat	31 December 2020	80,000,000
23	Jeta Garden Aged Care and Retirement Village	Queensland	31 December 2020	88,124,850
	Based on valuation reports			1,537,344,850
	Less: Accrued unbilled rental income			(2,843,801)
				<u>1,534,501,049</u>

A9. VALUATION OF INVESTMENT PROPERTIES (CONT'D)

	The Group
	31-12-2020
	RM
At 1 January	1,569,814,000
Enhancements	2,400,000
Fair value adjustments	(47,772,461)
Accrued unbilled rental income	2,843,801
Foreign exchange differences	10,059,510
At 31 December	<u>1,537,344,850</u>

A10. SUBSEQUENT MATERIAL EVENTS

On 26 January 2021, the Manager, after consultation with the Trustee had announced the final income distribution 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. The final income distribution will be paid on 26 February 2021.

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	
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	RM	RM	RM	RM
Directors' fee	1,837,356	1,719,328	1,837,356	1,719,328
Maintenance fee	1,012,400	998,385	1,012,400	998,385
Registrar fee	-	138,923	-	138,923
Secretarial fee	-	2,640	-	-
Corporate fee	-	5,000	-	-
Miscellaneous expenses	59,982	-	59,982	-
Other income	(532,000)	(532,000)	(532,000)	(532,000)
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 2020

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 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Changes %	Current Year To Date 31.12.2020 RM'000	Preceding Year To Date 31.12.2019 RM'000	Changes %
Net rental income						
Malaysia	26,726	22,267	20.0	97,974	88,942	10.2
Australia	3,092	2,889	7.0	11,640	11,384	2.2
Total	<u>29,818</u>	<u>25,156</u>	18.5	<u>109,614</u>	<u>100,326</u>	9.3
Fair value adjustment						
Malaysia	(5,424)	16,838	(>100)	(5,424)	16,838	(>100)
Australia	(42,348)	(3,765)	>100	(42,348)	(3,765)	>100
Total	<u>(47,772)</u>	<u>13,073</u>	(>100)	<u>(47,772)</u>	<u>13,073</u>	(>100)
Net income before taxation						
Malaysia	13,250	29,912	(55.7)	46,174	68,769	(32.9)
Australia	(39,322)	(1,078)	>100	(32,550)	7,379	(>100)
Total	<u>(26,072)</u>	<u>28,834</u>	(>100)	<u>13,624</u>	<u>76,148</u>	(82.1)

(a) Review of Individual Quarter Results

Malaysia segment

The Malaysia segment contributed RM26.7 million of net rental income for the current quarter ended 31 December 2020, represented an increase of RM4.4 million or 20.0% from RM22.3 million, recorded in the preceding year's corresponding quarter. The increase was mainly contributed by income from KPJ Batu Pahat Specialist Hospital, which was acquired in December 2019 as well as adjustments on unbilled rental income of RM2.8 million pursuant to requirements of MFRS 16 Leases, recognised on a straight-line basis over the lease term.

However, the net income before taxation dropped by 55.7% or RM16.7 million mainly due to fair value loss of RM5.4 million recorded during the current quarter as compared to fair value gain of RM16.8 million recorded in the preceding year corresponding quarter.

Australia segment

The Australia segment recorded RM3.1 million of net rental income for the current quarter ended 31 December 2020, represented an increase of RM0.2 million or 7.0% from RM2.9 million, recorded in the preceding year's corresponding quarter.

However, the Australia segment recorded a net loss before taxation of RM39.3 million mainly due to loss on fair value adjustment of investment properties of RM42.3 million recorded during the current quarter.

B1. REVIEW OF PERFORMANCE (CONT'D)

(b) Review of Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM98.0 million of net rental income for the year ended 31 December 2020, represented an increase of RM9.0 million or 10.2% from RM88.9 million, recorded in the preceding year. The increase was mainly due to the full year income contribution of RM4.8 million in lease rental from KPJ Batu Pahat Specialist Hospital which was acquired in December 2019 as well as adjustments on unbilled rental income of RM2.8 million pursuant to requirements of MFRS 16 Leases, recognised on a straight-line basis over the lease term.

However, the net income before taxation dropped by 32.9% or RM22.6 million mainly due to variance in fair value adjustment of investment properties of RM22.3 million and Covid-19 rental support granted to tenants of RM8.4 million.

Australia segment

The Australia segment recorded RM11.6 million of net rental income for the year ended 31 December 2020, represented an increase of RM0.2 million or 2.2% from RM11.4 million, recorded in the preceding year.

However, the Australia segment recorded net loss before taxation of RM32.5 million mainly due to loss on fair value adjustment of investment properties of RM42.3 million recorded during the year.

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

	Current Quarter ended 31.12.2020 RM'000	Immediate Preceding Quarter ended 30.09.2020 RM'000	Changes %
Net rental income	29,818	26,582	12.17
Net (loss)/income before taxation	(26,072)	13,635	(>100)

Al-Aqar Healthcare REIT recorded a net loss before taxation of RM26.1 million as compared to a net income before taxation of RM13.6 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 during the current quarter.

B3. CHANGES IN NET ASSET VALUE

	As at 31-12-2020 RM'000	As at 30-09-2020 RM'000
Net asset value ("NAV")	943,490	969,009
NAV per unit (RM)	1.2819	1.3166

The NAV as at 31 December 2020 was lower by RM25.5 million as compared to the immediate preceding quarter, as a result of total comprehensive loss of RM15.9 million and income distribution of RM9.6 million recognised during the current quarter.

B4. PROSPECTS

The lockdowns or Movement Control Order (MCO) implemented by the government from 18 March 2020 has adversely impacted all businesses and healthcare industry was not spared too.

During the lockdowns, the KPJ Group has reported a decline in their business activities. However, during the period post MCO and Recovery Movement Control Order (RMCO), the KPJ Group has reported an improvement in Bed Occupancy Rate (BOR) level and thus gradually improved the Group's business activities. 2020 has been a challenging year and at the current rate of recovery and continuing uncertainties, Al-Aqar's main sponsor remained cautiously optimistic.

B4. PROSPECTS (CONT'D)

That being said, Al-'Aqar was not spared of the adverse impact of Covid-19 and year 2020 unfavourable financial performance was mainly contributed by the rental support initiative and loss on Jeta Gardens' fair value adjustment. However, the Manager does not expect these events to have a long-term adverse effect on the Fund as these events are one-off in nature and that the Fund's earnings are underpinned by the long-term lease arrangements with the KPJ Group.

The silver lining of this unprecedented crisis is that the Manager believe rising healthcare awareness arising from the outbreak should be positive for the healthcare sector. The pandemic challenges have shone a spotlight on the need for a strong healthcare system and thus encourage and escalate the demand for the healthcare services.

Domestically, RHB Investment Bank Bhd (RHB IB) is forecasting Malaysia's GDP at 5.4% after the reinstatement of the Movement Control Order (MCO 2.0) by the government in January 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	
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	RM	RM	RM	RM
Tax expense				
- Current Tax	-	-	-	-
- Deferred Tax	1,052,958	(13,724)	2,534,162	-
	<u>1,052,958</u>	<u>(13,724)</u>	<u>2,534,162</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:

	The Group		The Fund	
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	RM	RM	RM	RM
Net rental income	109,614,226	100,325,657	97,974,342	88,942,307
Investment revenue	1,011,305	1,655,201	8,868,611	10,550,265
Other income	581,750	717,196	581,750	717,196
Less: Unbilled rental income	(2,843,801)	-	(2,843,801)	-
	<u>108,363,480</u>	<u>102,698,054</u>	<u>104,580,902</u>	<u>100,209,768</u>
Less: Expenses	(51,379,067)	(39,275,340)	(49,443,632)	(38,942,349)
Realised income for the year	56,984,413	63,422,714	55,137,270	61,267,419
Undistributed income brought forward	49,767,266	43,751,369	50,301,128	46,440,526
Less: Undistributed income	(67,155,702)	(49,767,266)	(65,842,421)	(50,301,128)
	<u>39,595,977</u>	<u>57,406,817</u>	<u>39,595,977</u>	<u>57,406,817</u>
Distribution per unit (sen)	5.38	7.80	5.38	7.80

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

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.

Subsequently on 5 November 2020, on behalf of the Manager, Aminvestment 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 ("Proposed Private Placement").

B11. TRADE RECEIVABLES

	The Group	
	As at	As at
	31-12-2020	31-12-2019
	RM'000	RM'000
<u>Non-current</u>		
Trade receivables	5,373	-
<u>Current</u>		
Trade receivables	22,436	13,267
Unbilled rental income	2,844	-
	<u>25,280</u>	<u>13,267</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.

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

	The Group	
	As at	As at
	31-12-2020	31-12-2019
	RM'000	RM'000
0-30 days	2,396	3,230
31-60 days	2,046	1,949
61-90 days	1,281	1,813
More than 90 days	22,086	6,275
	<u>27,809</u>	<u>13,267</u>

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

Out of the total trade receivables of RM27.8 million, RM21.0 million is related to rental payable in relation to an Australian property. The parties are in the midst of entering into a settlement arrangement for settlement of the outstanding rental via instalments of 24 months. This arrangement will be in the form of settlement agreement to be entered between both parties.

B12. ISLAMIC FINANCING

	The Group	
	As at 31-12-2020 RM'000	As at 31-12-2019 RM'000
<u>Non-current</u>		
<u>Secured</u>		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	-	574,299
Commodity Murabahah Term Financing - i ("Commodity Murabahah") - i	79,472	79,340
Commodity Murabahah Term Financing - i ("Commodity Murabahah") - ii	29,598	-
	109,070	653,639
<u>Current</u>		
<u>Secured</u>		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	574,518	-
<u>Non-Secured</u>		
Murabahah Tawarruq Term Financing - i ("Murabahah Tawarruq")	-	29,797
	574,518	29,797

The Sukuk Ijarah Programme will be due in May 2021. The Manager is in the midst of undertaking steps to refinance the said issuance.

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 31-12-2020	Immediate Preceding Quarter ended 30-09-2020
Number of units in issue - units	735,985,088	735,985,088
Earning per unit (EPU) - sen	(3.68)	1.85
Net income distribution to unitholders - RM'000	9,568	15,161
Distribution per unit (DPU) - sen	1.30	2.06
Net Asset Value (NAV) - RM'000	943,490	969,009
NAV per unit - RM	1.2819	1.3166
Market Value Per Unit - RM	1.3100	1.3500

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

Appendix 1

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Second Quarter Ended 30 June 2020 **For the Third Quarter Ended 30 September 2020**

	Individual Quarter		Cumulative Quarter		Individual Quarter		Cumulative Quarter	
	Previously Announced	Restated						
	30-06-2020	30-06-2020	30-06-2020	30-06-2020	30-09-2020	30-09-2020	30-09-2020	30-09-2020
	RM	RM	RM	RM	RM	RM	RM	RM
Gross rental income	21,163,829	28,146,196	49,324,646	56,307,013	25,335,559	28,154,358	74,660,205	84,461,371
Property expenses	(1,587,885)	(1,587,885)	(3,092,603)	(3,092,603)	(1,572,453)	(1,572,453)	(4,665,056)	(4,665,056)
Net rental income	19,575,944	26,558,311	46,232,043	53,214,410	23,763,106	26,581,905	69,995,149	79,796,315
Investment income	253,103	253,103	562,144	562,144	250,576	250,576	812,720	812,720
Other income	180,750	180,750	313,750	313,750	133,000	133,000	446,750	446,750
Total income	20,009,797	26,992,164	47,107,937	54,090,304	24,146,682	26,965,481	71,254,619	81,055,785
Managers' fees	(459,226)	(459,226)	(913,628)	(913,628)	(463,182)	(463,182)	(1,376,810)	(1,376,810)
Trustees' fees	(96,778)	(96,778)	(199,712)	(199,712)	(97,071)	(97,071)	(296,783)	(296,783)
Accretion of long term borrowings	(55,044)	(55,044)	(110,087)	(110,087)	(55,043)	(55,043)	(165,130)	(165,130)
Annual financing fees	(329,796)	(329,796)	(656,592)	(656,592)	(326,796)	(326,796)	(983,388)	(983,388)
Maintenance of properties	(406,350)	(406,350)	(406,350)	(406,350)	(664,038)	(664,038)	(1,070,388)	(1,070,388)
Derecognition of past lease receivable	-	(6,982,367)	-	(6,982,367)	-	(2,818,799)	-	(9,801,166)
Administrative expenses	(352,075)	(352,075)	(1,312,536)	(1,312,536)	(324,070)	(324,070)	(1,636,606)	(1,636,606)
Unrealised gain on foreign exchange	946,682	946,682	202,214	202,214	83,836	83,836	286,050	286,050
Professional fees	(62,757)	(62,757)	(181,165)	(181,165)	(72,880)	(72,880)	(254,045)	(254,045)
Withholding tax	(222,376)	(222,376)	(444,753)	(444,753)	(222,377)	(222,377)	(667,130)	(667,130)
Profit sharing expenses on financing	(8,415,882)	(8,415,882)	(17,023,883)	(17,023,883)	(8,370,572)	(8,370,572)	(25,394,455)	(25,394,455)
Total trust expenditure	(9,453,602)	(16,435,969)	(21,046,492)	(28,028,859)	(10,512,193)	(13,330,992)	(31,558,685)	(41,359,851)
Net income before taxation	10,556,195	10,556,195	26,061,445	26,061,445	13,634,489	13,634,489	39,695,934	39,695,934
Tax	-	-	-	-	-	-	-	-
Net income after taxation	10,556,195	10,556,195	26,061,445	26,061,445	13,634,489	13,634,489	39,695,934	39,695,934
Other comprehensive income								
Foreign currency translation differences for foreign operation	2,274,693	2,274,693	646,649	646,649	181,637	181,637	828,286	828,286
Total comprehensive income for the period	12,830,888	12,830,888	26,708,094	26,708,094	13,816,126	13,816,126	40,524,220	40,524,220
Net income after taxation is made up as follows:								
Realised	10,353,981	10,353,981	25,859,231	25,859,231	13,550,653	13,550,653	39,409,884	39,409,884
Unrealised	202,214	202,214	202,214	202,214	83,836	83,836	286,050	286,050
	10,556,195	10,556,195	26,061,445	26,061,445	13,634,489	13,634,489	39,695,934	39,695,934
Earnings per unit (sen) - Net	1.43	1.43	3.54	3.54	1.85	1.85	5.39	5.39

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