

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Second Quarter Ended 30 June 2022

Note	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year Corresponding Period to Date	Changes
	30-06-2022	30-06-2021		30-06-2022	30-06-2021	
	RM	RM	%	RM	RM	%
	27,312,152	29,271,371	(6.7)	54,561,963	58,430,329	(6.6)
	(1,500,647)	(1,500,480)	0.01	(3,042,926)	(2,911,540)	4.5
Net rental income	25,811,505	27,770,891	(7.1)	51,519,037	55,518,789	(7.2)
Investment income	216,348	69,308	>100	378,887	255,712	48.2
Realised (loss)/gain on foreign exchange	-	23,954	(100.0)	(608)	23,954	(>100)
Unrealised (loss)/gain on foreign exchange	(265,792)	(176,268)	50.8	18,692	49,084	(61.9)
Other income	133,242	133,303	(0.05)	266,242	266,303	(0.02)
Total income	25,895,303	27,821,188	(6.9)	52,182,250	56,113,842	(7.0)
Managers' fees	(459,011)	(460,882)	(0.4)	(910,874)	(918,962)	(0.9)
Trustees' fees	(95,357)	(96,196)	(0.9)	(188,956)	(191,820)	(1.5)
Islamic financing costs	(6,290,223)	(7,216,818)	(12.9)	(12,392,943)	(15,717,037)	(21.2)
Maintenance of properties	(109,380)	(408,750)	(73.2)	(109,380)	(1,316,200)	(91.7)
Derecognition of past lease receivable	-	(1,140,434)	(100.0)	-	(1,140,434)	(100.0)
Administrative expenses	(425,694)	(321,389)	32.5	(900,236)	(781,885)	15.1
Professional fees	(63,734)	(112,276)	(43.2)	(161,627)	(309,424)	(47.8)
Withholding tax	(111,380)	(133,426)	(16.5)	(222,760)	(355,803)	(37.4)
Total trust expenditure	(7,554,779)	(9,890,171)	(23.6)	(14,886,776)	(20,731,565)	(28.2)
Net income before taxation	18,340,524	17,931,017	2.3	37,295,474	35,382,277	5.4
Tax	-	-	-	-	-	-
Net income after taxation	18,340,524	17,931,017	2.3	37,295,474	35,382,277	5.4
Other comprehensive (loss)/ income						
Foreign currency translation differences for foreign operation	(1,471,558)	(563,397)	>100	(1,234,713)	158,122	(>100)
Total comprehensive income for the period	16,868,966	17,367,620	(2.9)	36,060,761	35,540,399	1.5
Net income after taxation is made up as follows:						
Realised	17,895,365	17,371,819	3.0	35,854,881	33,862,261	5.9
Unrealised	445,159	559,198	(20.4)	1,440,593	1,520,016	(5.2)
	18,340,524	17,931,017	2.3	37,295,474	35,382,277	5.4
Earnings per unit (sen) - Net	2.49	2.44	2.0	5.07	4.81	5.4

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2022

	Note	Unaudited As At End Of Current Quarter 30-06-2022 RM	Audited As at preceding year ended 31-12-2021 RM
ASSETS			
Non-current assets			
Investment properties	A9	1,537,915,898	1,538,210,398
Current Assets			
Trade receivables	B11	43,159,376	36,106,493
Other receivables & prepayments		1,818,747	574,587
Cash and bank balances		48,155,722	49,337,838
Fixed deposits with licensed banks		43,051,623	40,503,678
		<u>136,185,468</u>	<u>126,522,596</u>
TOTAL ASSETS		<u>1,674,101,366</u>	<u>1,664,732,994</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	684,406,675	683,876,967
Other payables		13,455,134	13,475,204
Deferred tax		1,765,866	1,765,866
		<u>699,627,675</u>	<u>699,118,037</u>
Current Liabilities			
Other payables and accruals		6,658,741	5,893,348
Provision for income distribution		14,719,701	14,719,701
		<u>21,378,442</u>	<u>20,613,049</u>
TOTAL LIABILITIES		<u>721,006,117</u>	<u>719,731,086</u>
NET ASSETS VALUE		<u>953,095,249</u>	<u>945,001,908</u>
REPRESENTED BY:			
Unitholders' capital		731,398,126	731,398,126
Undistributed income		230,954,015	221,625,961
Foreign exchange translation reserve		(9,256,892)	(8,022,179)
TOTAL UNITHOLDERS' FUND		<u>953,095,249</u>	<u>945,001,908</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		1.2950	1.2840
- After income distribution*		1.2750	1.2660

*after reflecting the proposed second interim income distribution for financial year ending 31 December 2022 of 2.00 sen per unit (2021: final income distribution for financial year ended 31 December 2021 of 1.80 sen per unit).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 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 Second Quarter Ended 30 June 2022

Note	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 January 2021	731,398,126	217,626,683	(5,534,648)	943,490,161
Operation for the period ended 30 June 2021				
Net income for the period	-	35,382,277	158,122	35,540,399
<i>Increase in net assets resulting from operation</i>	-	35,382,277	158,122	35,540,399
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(40,111,180)	-	(40,111,180)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(40,111,180)	-	(40,111,180)
Net assets as at 30 June 2021	731,398,126	212,897,780	(5,376,526)	938,919,380
As at 1 January 2022	731,398,126	221,625,961	(8,022,179)	945,001,908
Operation for the period ended 30 June 2022				
Net income for the period	-	37,295,474	(1,234,713)	36,060,761
<i>Increase in net assets resulting from operation</i>	-	37,295,474	(1,234,713)	36,060,761
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders #	-	(27,967,420)	-	(27,967,420)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(27,967,420)	-	(27,967,420)
Net assets as at 30 June 2022	731,398,126	230,954,015	(9,256,892)	953,095,249

Include:

- (i) Payment of the final income distribution for the financial year ended 31 December 2021 of 1.80 sen per unit (of which 1.08 sen per unit is taxable and 0.72 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 October to 31 December 2021 which was paid on 28 February 2022.
- (ii) Provision of the first interim income distribution for the financial year ending 31 December 2022 of 2.00 sen per unit (of which 1.21 sen per unit is taxable and 0.79 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 January to 31 March 2022 which was announced on 30 May 2022.

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 2021 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Second Quarter Ended 30 June 2022

	To Date	
	30-06-2022	30-06-2021
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,295,474	35,382,277
Adjustment for:		
Islamic financing costs	12,392,943	15,717,037
Unrealised gain on foreign exchange	(18,692)	(49,084)
Unbilled rental income	(1,421,901)	(1,470,932)
Loss on disposal	93,800	-
Investment revenue	(378,887)	(255,712)
Derecognition of past lease receivable	-	1,140,434
Operating profit before working capital changes	47,962,737	50,464,020
Changes in working capital:		
Increase in receivables and prepayments	(6,875,142)	(1,898,139)
Decrease in other payables and accruals	(583,074)	(4,204,830)
Cash generated from operations	40,504,521	44,361,051
Taxes	-	-
Net cash generated from operating activities	40,504,521	44,361,051
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	378,887	255,712
Proceed from the disposal	200,700	-
Net cash generated from investing activities	579,587	255,712
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(26,722,922)	(25,391,478)
Increase in restricted cash	(48,790)	(192,490)
Islamic financing costs paid	(11,779,336)	(19,245,692)
Net proceeds from islamic financing	-	5,000,000
Net cash used in financing activities	(38,551,048)	(39,829,660)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,533,060	4,787,103
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,216,021)	207,206
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	82,955,755	61,149,116
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	84,272,794	66,143,425
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	48,155,722	65,982,264
Fixed deposits with licensed banks	43,051,623	21,877,366
	91,207,345	87,859,630
Less: Restricted cash	(6,934,551)	(21,716,205)
CASH AND CASH EQUIVALENTS	84,272,794	66,143,425

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 June 2022

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 2021.

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 2021.

Standards that have been issued but not yet effective

- Annual improvements to MFRS Standards 2018 - 2020 (effective 1 January 2022)
- Amendments to MFRS 3: Reference to the Conceptual Framework (effective 1 January 2022)
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use (effective 1 January 2022)
- Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract (effective 1 January 2022)
- MFRS 17 Insurance Contracts (effective 1 January 2023)
- Amendments to MFRS 17 Insurance Contracts (effective 1 January 2023)
- Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information (effective 1 January 2023)
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendments to MFRS 101: Disclosure of Accounting Policies (effective 1 January 2023)
- Amendments to MFRS 108: Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

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 2021 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 first interim income distribution for the financial year ending 31 December 2022 of 2.00 sen per unit (of which 1.21 sen per unit is taxable and 0.79 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 January to 31 March 2022, which was announced on 30 May 2022 has been paid on 8 July 2022.

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 30 June 2022			
Gross rental income	51,698	2,864	54,562
Property expenses	(3,011)	(32)	(3,043)
Net rental income	48,687	2,832	51,519
Investment income	379	-	379
Realised loss on foreign exchange	(1)	-	(1)
Unrealised gain on foreign exchange	19	-	19
Other income	266	-	266
Total income	49,350	2,832	52,182
Trust expenditure	(14,557)	(330)	(14,887)
Net income before taxation	34,793	2,502	37,295
Tax	-	-	-
Net income after taxation	34,793	2,502	37,295
Total assets	1,545,890	128,211	1,674,101
Total liabilities	720,432	574	721,006

	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 30 June 2021			
Gross rental income	52,721	5,709	58,430
Property expenses	(2,882)	(29)	(2,911)
Net rental income	49,839	5,680	55,519
Investment income	256	-	256
Realised gain on foreign exchange	24	-	24
Unrealised gain on foreign exchange	49	-	49
Other income	266	-	266
Total income	50,434	5,680	56,114
Trust expenditure	(19,325)	(1,407)	(20,732)
Net income before taxation	31,109	4,273	35,382
Tax	-	-	-
Net income after taxation	31,109	4,273	35,382
Total assets	1,528,945	126,457	1,655,402
Total liabilities	715,145	1,337	716,482

b. Secondary reporting segment - Business segments

Al-'Aqar Healthcare REIT operates within the healthcare industry and accordingly, the segmental reporting by business segment was not prepared.

A9. VALUATION OF INVESTMENT PROPERTIES

There was no valuation of property being made in the current quarter.

A10. SUBSEQUENT MATERIAL EVENTS

There were no subsequent material events to the current quarter under review up to the date of this Interim Financial Report.

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	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021
	RM	RM	RM	RM
Manager's fee	910,874	918,962	910,874	918,962
Maintenance fee	570,240	505,088	570,240	505,088
Miscellaneous expenses	34,592	18,895	34,592	18,895
Other income	(266,000)	(266,000)	(266,000)	(266,000)

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 Second Quarter Ended 30 June 2022

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 30.06.2022 RM'000	Preceding Year Corresponding Quarter 30.06.2021 RM'000	Changes %	Current Year To Date 30.06.2022 RM'000	Preceding Year Corresponding Period To Date 30.06.2021 RM'000	Changes %
Net rental income						
Malaysia	24,388	24,929	(2.2)	48,687	49,839	(2.3)
Australia	1,423	2,842	(49.9)	2,832	5,680	(50.1)
Total	25,811	27,771	(7.1)	51,519	55,519	(7.2)
Net income before taxation						
Malaysia	16,970	16,271	4.3	34,793	31,109	11.8
Australia	1,370	1,660	(17.5)	2,502	4,273	(41.4)
Total	18,340	17,931	2.3	37,295	35,382	5.4

(a) Review of Individual Quarter Results

Malaysia segment

The Malaysia segment contributed RM24.4 million of net rental income for the current quarter ended 30 June 2022, represented a decrease of RM0.5 million or 2.2% from RM24.9 million, recorded in the preceding year's corresponding quarter. The decrease was mainly due to renewal of 15-year lease of 6 properties at lower rate of 5.75% on 29 June 2021.

The Malaysia segment recorded net income before taxation of RM17.0 million for the current quarter, which is RM0.7 million or 4.3% higher than preceding year corresponding quarter of RM16.3 million. The increase was mainly due to saving from refinancing exercise.

Australia segment

The Australia segment contributed RM1.4 million of net rental income for the current quarter ended 30 June 2022, represented a decrease of RM1.4 million or 49.9% from RM2.8 million, recorded in the preceding year's corresponding quarter. The decrease was mainly due to rental rate revision on 2nd October 2021.

The Australia segment recorded net income before taxation of RM1.4 million for the current quarter, which is RM0.3 million lower than preceding year corresponding quarter of RM1.7 million. The decrease was mainly due to rental rate revision on 2nd October 2021 amounting of RM1.4 million set-off against Covid-19 rental support granted to tenants in the preceding year corresponding quarter of RM1.1 million.

(b) Review of Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM48.7 million of net rental income for the period ended 30 June 2022, represented a decrease of RM1.1 million or 2.3% from RM49.8 million, recorded in the preceding period. The decrease was mainly due to renewal of 15-year lease of 6 properties at lower rate of 5.75% on 29 June 2021.

The Malaysia segment recorded net income before taxation of RM34.8 million for the period ended 30 June 2022, which is RM3.7 million or 11.8% higher than preceding period of RM31.1 million. The increase was mainly due to saving from refinancing exercise.

Australia segment

Net rental income of the Australia segment for the period ended 30 June 2022, represented a decrease of RM2.9 million or 50.1% from RM5.7 million, recorded in the preceding period. The decrease was mainly due to rental rate revision on 2nd October 2021.

The Australia segment recorded net income before taxation of RM2.5 million for the period ended 30 June 2022, which is RM1.8 million lower than preceding period of RM4.3 million. The decrease was mainly due to rental rate revision on 2nd October 2021 as mentioned earlier.

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

	Current Quarter ended 30.06.2022 RM'000	Immediate Preceding Quarter ended 31.03.2022 RM'000	Changes %
Net rental income	25,811	25,708	0.40
Net income before taxation	18,340	18,955	(3.24)

Al-Aqar Healthcare REIT recorded a net income before taxation of RM18.3 million as compared to RM18.9 million in the preceding quarter. This was mainly due to unrealised foreign exchange loss recorded as well as higher financing cost due to increase in OPR during the current quarter.

B3. CHANGES IN NET ASSET VALUE

	As at 30-06-2022 RM'000	As at 31-03-2022 RM'000
Net asset value ("NAV")	953,095	950,946
NAV per unit (RM)	1.2950	1.2921

The NAV as at 30 June 2022 was higher by RM2.1 million as compared to the immediate preceding quarter, as a result of total comprehensive income of RM16.8 million and income distribution of RM14.7 million recognised during the current quarter.

B4. PROSPECTS

The reopening of the global economy and the improvement in labour market conditions continue to support the recovery of economic activity. However, these have been partly offset by the impact from rising cost pressures, the military conflict in Ukraine and strict containment measures in China. Inflationary pressures have continued to increase, mainly due to elevated commodity prices and strong demand conditions, despite some easing in global supply chain conditions. Consequently, central banks are expected to continue adjusting their monetary policy settings, some at a faster pace, to reduce inflationary pressures. Going forward, the pace of global growth is expected to moderate, and will continue to be affected by the elevated cost pressures, conflict in Ukraine, global supply chain conditions, and financial market volatility.

The Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While the GDP was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust. Domestic demand continued to strengthen, underpinned by the steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and reopened international borders.

With growth in the first half of 2022 at 6.9%, the Malaysian economy is projected to expand further for the remainder of the year. While external demand could face headwinds from slower global growth, the Malaysian economy will continue to be supported by firm domestic demand. Growth would also benefit from improving labour market conditions and higher tourist arrivals, as well as continued implementation of multi-year investment projects.

Over the course of the COVID-19 crisis, the Overnight Policy Rate (OPR) was reduced by a cumulative 125 basis points to a historic low of 1.75% to provide support to the economy. The unprecedented conditions that necessitated such actions have since abated. Amid the positive growth prospects for the Malaysian economy, the Monetary Policy Committee (MPC) decided to further adjust the degree of monetary accommodation with an increase of cumulative 50 basis points to 2.25%. The rate adjustment would increase the funding costs of some of the REITs, particularly those with floating rates.

In accordance with the floating rates arrangement, the Manager has incorporated the anticipated increase in OPR into the management of both the current asset portfolio and the subsequent potential acquisition expansion plan. The risk on the potential increase of financing rate is expected to be managed via various policies among others hedging and refinancing of the facility to a fixed rate initiatives.

The re-opening of borders and easing of quarantine requirements are expected to contribute to positive growth in the healthcare industry, and patients have begun to return to hospitals to resume treatment, which had been put on hold as people were hesitant to visit hospitals during the pandemic. The main sponsor, KPJ Group has registered a positive growth in the first quarter of 2022, and the trend is expected to remain until year end. Thus, it is expected that there will be no significant disruption to the earnings of Al-Aqar as the fund's earnings are underpinned by the long-term lease arrangements with the KPJ Group and future potential acquisition plan.

Sources:

- 1 Press release by Bank Negara Malaysia, 12 August 2022
- 2 Bank Negara Monetary Policy Statement, 6 July 2022
- 3 KPJ Healthcare Quarter 1, 2022 Performance Review & Prospect, 26 May 2022

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	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021
	RM	RM	RM	RM
Tax expense				
- Income Tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

B6. TAX (CONT'D)

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year assessment, 90% or more of the total income of the trust is distributed to unitholders, the total income of the trust for that year of assessment shall be exempted from tax.

In accordance with the Deed, the Fund is required to distribute at least 95% of its distributable income. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable is required to be provided in the financial statements.

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

B7. INCOME DISTRIBUTION

Income distributions to unitholders is derived from the following sources:

	Current Year Quarter 30-06-2022 RM'000	Preceding Year Corresponding Quarter 30-06-2021 RM'000	Current Year To Date 30-06-2022 RM'000	Preceding Year Corresponding Period To Date 30-06-2021 RM'000
Net rental income	25,812	27,771	51,519	55,519
Investment income	216	69	379	256
Other income	133	157	265	290
Less: Unbilled rental income	(711)	(735)	(1,422)	(1,471)
	25,450	27,262	50,741	54,594
Less: Expenses	(7,555)	(9,890)	(14,887)	(20,732)
Realised/Distributable income for the period	17,895	17,372	35,854	33,862
Previous year's undistributed realised income	52,802	43,521	49,562	41,751
Total realised income available for distribution	70,697	60,893	85,416	75,613
Less: Income to be distributed for the quarter/period	(14,720)	(14,720)	(29,440)	(29,440)
Balance undistributed income realised income	55,977	46,173	55,976	46,173
Distribution per unit (sen)	2.00	2.00	4.00	4.00

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

There was no corporate proposal announced but not completed during the current quarter.

B11. TRADE RECEIVABLES

	The Group	
	As at	As at
	30-06-2022	30-06-2021
	RM'000	RM'000
<u>Non-current</u>		
Trade receivables	-	2,724
<u>Current</u>		
Trade receivables	36,050	24,390
Unbilled rental income	7,109	4,315
	<u>43,159</u>	<u>28,705</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
	30-06-2022	30-06-2021
	RM'000	RM'000
0-30 days	4,476	4,246
31-60 days	2,131	2,044
61-90 days	2,125	2,051
More than 90 days	27,318	18,773
	<u>36,050</u>	<u>27,114</u>

Out of the total trade receivables of RM36.1 million, RM23.0 million is related to an Australian property and both parties are in the process of finalising on the settlement of the outstanding rental.

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

B12. ISLAMIC FINANCING

	The Group	
	As at	As at
	30-06-2022	30-06-2021
	RM'000	RM'000
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah Term Financing ("CMTF 1")	79,670	79,644
Commodity Murabahah Term Financing ("CMTF 2")	29,719	29,531
Commodity Murabahah Term Financing ("CMTF 3 Tranche 1")	277,705	277,232
Commodity Murabahah Term Financing ("CMTF 3 Tranche 2")	297,313	296,972
	<u>684,407</u>	<u>683,379</u>

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 30-06-2022	Immediate Preceding Quarter ended 31-03-2022
Number of units in issue - units	735,985,088	735,985,088
Earning per unit (EPU) - sen	2.49	2.58
Net income distribution to unitholders - RM'000	14,720	14,720
Distribution per unit (DPU) - sen	2.00	2.00
Net Asset Value (NAV) - RM'000	953,095	950,946
NAV per unit - RM	1.2950	1.2921
Market Value Per Unit - RM	1.1900	1.2000

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 AI-Aqar Healthcare REIT as at 30 June 2022 and of its financial performance and cash flows for the period then ended.