



AL-AQAR HEALTHCARE REIT

2015 Annual Report



Cover Rationale



The artist impression on the new extension wing in KPJ Selangor Specialist Hospital. The new building is slated to be injected into Al-Aqar Healthcare REIT, as part of the 7th acquisition.

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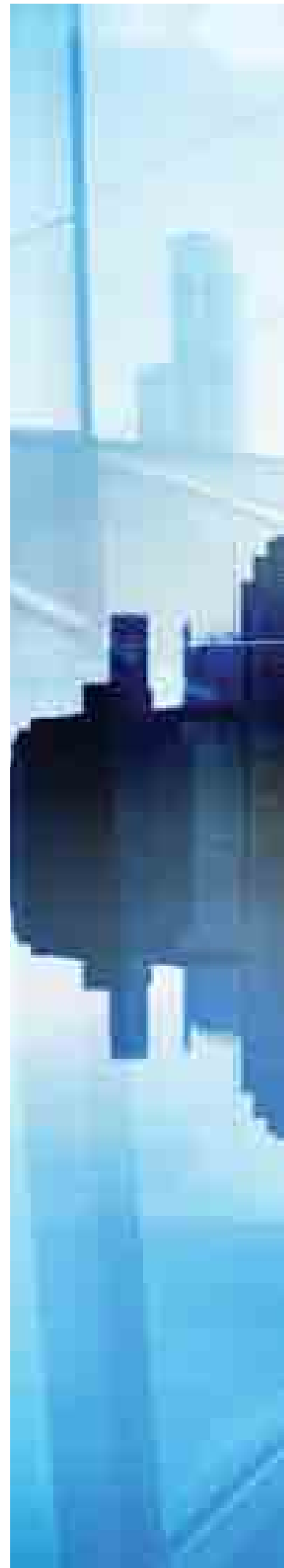
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KPJ SELANGOR SPECIALIST HOSPITAL

01

Snapshot
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In A Nutshell

Snapshot

1st

ISLAMIC REIT IN THE WORLD

23

NO. OF ASSETS

DPU

7.70
sen

5.5 %

DISTRIBUTION
YIELD

100%

OCCUPANCY
RATE

6.9 %

TOTAL RETURN

PROPERTY VALUE

RM 1.52 BILLION



MARKET CAPITALISATION

RM1.02 BILLION



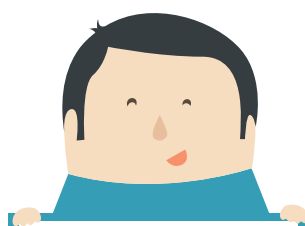
GROSS REVENUE

RM110.9 MILLION

NET PROPERTY INCOME

RM104.6 MILLION

Financial Highlights



GROUP

	2015 (RM'000)	2014 (RM'000)	Variance %
Gross revenue	110,945	108,644	2.1
Net property income	104,565	102,399	2.1
Income before tax	67,912	73,148	(7.2)
Net income after tax	67,446	71,209	(5.3)
Earnings per unit (sen)	9.70	10.51	(7.7)
Investment properties	1,521,523	1,509,996	0.8
Total asset value	1,594,382	1,592,422	0.1
Net asset value	879,826	831,543	5.5
NAV per unit – before distribution (RM)	1.2082	1.1944	1.1
NAV per unit – after distribution (RM)	1.1829	1.1565	2.2



FUND

	2015 (RM'000)	2014 (RM'000)	Variance %
Gross revenue	91,679	90,080	1.7
Net property income	85,608	84,067	1.8
Income before tax	72,658	63,561	12.5
Net income after tax	72,658	63,561	12.5
Earnings per unit (sen)	10.37	9.13	12.0
Investment properties	1,378,963	1,287,496	18.5
Total asset value	1,564,079	1,561,137	0.19
Net asset value	877,512	827,519	5.7
NAV per unit – before distribution (RM)	1.205	1.1886	1.4
NAV per unit – after distribution (RM)	1.1797	1.1507	2.5
Market capitalisation	1,019,517	960,793	5.8
Distribution per unit (sen)	7.70	7.65	0.65
Annualised distribution yield (%)	5.50	5.54	(0.7)

Corporate Profile

Al-'Aqar Healthcare REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 August 2006. Al-'Aqar Healthcare REIT has set many milestones, amongst others, the world's first listed Islamic REIT, Asia's first Islamic Healthcare REIT and a benchmark for the development of Islamic REITs in Malaysia, as well as in the region. As at 31 December 2015, Al-'Aqar Healthcare REIT asset size stood at RM1.56 billion with a market capitalisation of RM1.02 billion.

Al-'Aqar Healthcare REIT is supported by KPJ Healthcare Berhad. KPJ Healthcare Berhad is currently a leading private healthcare provider in Malaysia and ranked amongst the top 100 largest public companies listed on Bursa Malaysia Securities Berhad. Al-'Aqar Healthcare REIT is managed by Damansara REIT Managers Sdn Berhad ("DRMSB"), a wholly-owned subsidiary of Johor Corporation. Al-'Aqar Healthcare REIT was established with an initial portfolio of 6 assets and has since grown to 23 assets comprising of 19 hospitals and 4 healthcare related properties spanning across Malaysia and Australia.

Al-'Aqar Healthcare REIT's key investment objective is to provide unitholders with stable distributions per unit with the potential for sustainable long-term growth of such distributions and the net asset value per unit.





Corporate Information

MANAGER

DAMANSARA REIT MANAGERS
SDN BERHAD (717704-V)

REGISTERED OFFICE

Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru,
Johor Darul Takzim.

Tel : (+607) 226 7692 / 226 7476

Fax : (+607) 222 3044

PRINCIPAL PLACE OF BUSINESS

Unit 1-19-02, Level 19, Block 1,
V SQUARE, Jalan Utara,
46200 Bandar Petaling Jaya,
Petaling Jaya,
Selangor Darul Ehsan.

Tel : (+603) 7932 1692 / 7932 3692

Fax : (+603) 7932 0692

BOARD OF DIRECTORS

Non-Independent Non-Executive Chairman

Dato' Kamaruzzaman bin Abu Kassim

Managing Director & Non-Independent Director

Yusaini bin Hj. Sidek

Non-Independent Non-Executive Directors

Lukman bin Hj. Abu Bakar

Jamaludin bin Md Ali (resigned w.e.f. 21 January 2016)

Mohd Yusof bin Ahmad

Dato' Amiruddin bin Abdul Satar (appointed w.e.f. 21 January 2016)

Independent Non-Executive Directors

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir

Dr. Mohd Hafetz bin Ahmad

Zainah binti Mustafa

Dato' Mani a/I Usilappan

SHARIAH COMMITTEE MEMBER

Dato' (Dr) Haji Nooh bin Gadot

Professor Madya Dr. Ab. Halim bin Muhammad

Professor Dr. Mohamad @ Md Som bin Sujimon

COMPANY SECRETARY

Hana binti Ab Rahim @ Ali (MAICSA 7064336)

Rohaya binti Jaafar (LS 0008376)

MANAGEMENT TEAM

Managing Director & Chief Executive Officer

Yusaini bin Hj. Sidek

Deputy General Manager

Shahril Zairis bin Ramli

Head of Operations

Roslan bin Manap

Deputy Head of Operations

Suhaimi bin Saad

Head of Finance

Muhammad Ikhwan bin Muhammad Hanapi

Head of Compliance & Legal

Hamim bin Mohamad

Head of Business Development & Investor Relations

Sahrin bin Munir

TRUSTEE

AMANAHRAYA TRUSTEES BERHAD (766894-T)
 Tingkat 2, Wisma AmanahRaya II,
 No. 21, Jalan Melaka,
 50100 Kuala Lumpur.
 Tel : (+603) 2036 5000 / 2036 5129
 Fax : (+603) 2072 0320
 Email : art@arb.com.my
 Website : www.artrustees.com.my

MAINTENANCE MANAGER

HEALTHCARE TECHNICAL SERVICES SDN BHD
 (342111-A)
 No. 20-1, Jalan 65C, Pekeliling Business Centre,
 Off Jalan Pahang Barat,
 53000 Kuala Lumpur.
 Tel : (+603) 4021 2331
 Fax : (+603) 4021 2337

IM GLOBAL PROPERTY CONSULTANTS
 SDN BHD (701223-X)
 Board Registration: (VE(1)0253)
 No. 47-2, Second Floor, Wisma IMG,
 Jalan 3/76D, Desa Pandan,
 55100 Kuala Lumpur.
 Tel : (+603) 9284 8884
 Fax : (+603) 9281 1884
 Email : info@img.com.my
 Website : www.img.com.my

HEALTH FACILITY SERVICES PTY LTD
 (AUSTRALIAN CO. NO. 115 728 384)
 25, Clarendon Avenue, Bethania,
 Qld 4205, Australia.
 Tel : +61 7 3200 7188 / 3299 9256
 Fax : +61 7 3200 7100

AUDITOR

DELOITTE
 Level 16, Menara LGB,
 1 Jalan Wan Kadir, Taman Tun Dr. Ismail
 60000 Kuala Lumpur
 Tel : (+603) 7610 8888
 Fax : (+603) 7726 8986
 Website : www.deloitte.com/my

REGISTRAR

PRO CORPORATE MANAGEMENT SERVICES
 SDN BHD (349501-M)
 Level 11, Menara KOMTAR,
 Johor Bahru City Centre,
 80000 Johor Bahru,
 Johor Darul Takzim.
 Tel : (+607) 226 7692 / 226 7476
 Fax : (+607) 222 3044
 Email : info@procorporate@jcorp.com.my

SOLICITOR

ABDUL RAMAN SAAD & ASSOCIATES
 Advocates & Solicitor
 Level 8, Bangunan KWSP,
 No. 3, Changkat Raja Chulan,
 Off Jalan Raja Chulan,
 50200 Kuala Lumpur.
 Tel : (+603) 2032 2323
 Fax : (+603) 2032 5775
 Email : arsaki@arsa.com.my
 Website : www.arsa.com.my

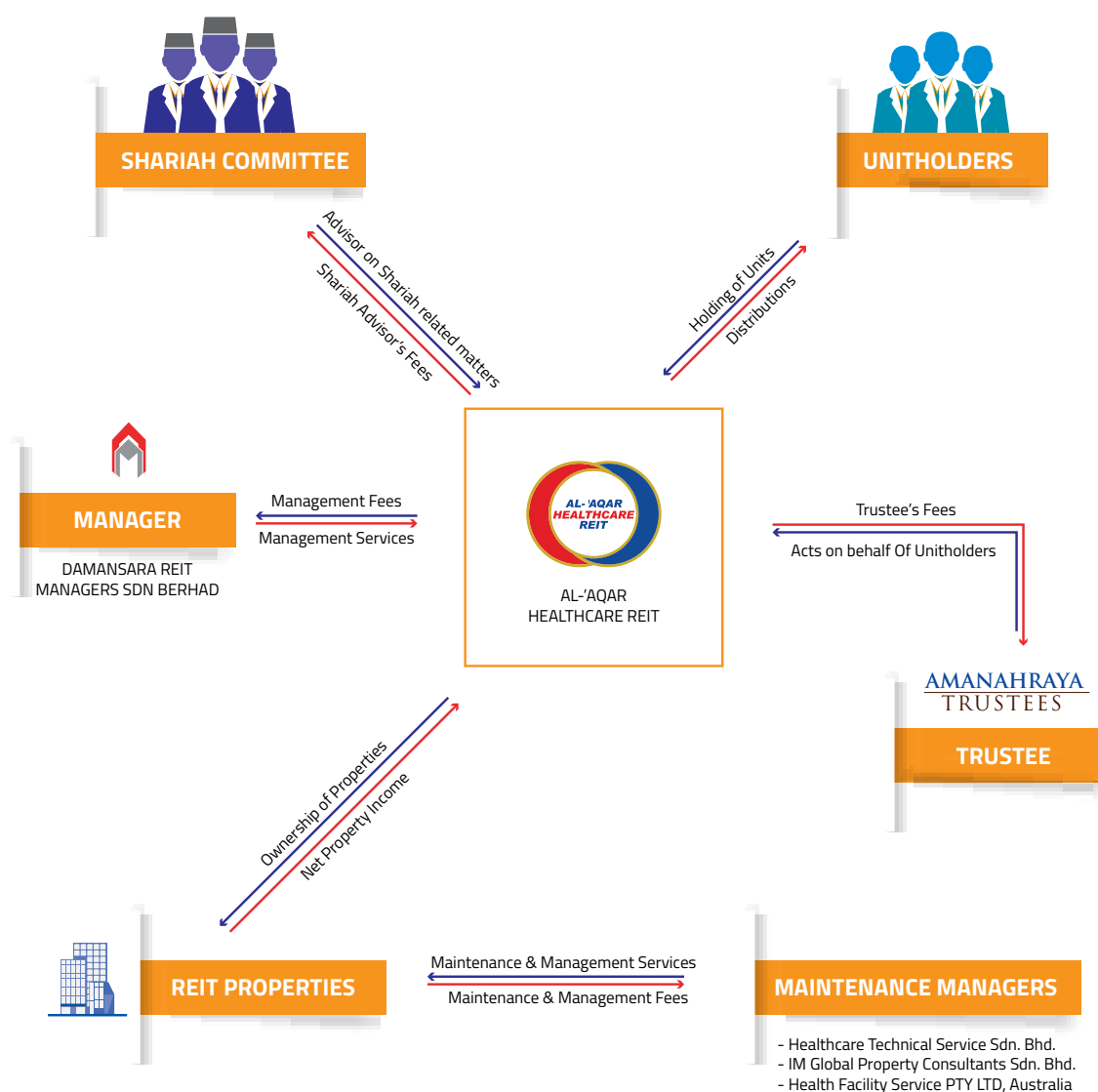
INDEPENDENT PROPERTY VALUER

CHESTON INTERNATIONAL (KL) SDN BHD
 (647245-W)
 Suite 2A, 2nd Floor, Plaza Flamingo,
 No. 2, Tasik Ampang, Jalan Hulu Kelang,
 68000 Ampang, Selangor.
 Tel : (+603) 4251 2599
 Fax : (+603) 4251 6599 / 4253 1393
 Email : cikl@chestonint.com
 Website : www.chestonint.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
 Stock Name : ALAQAR
 Stock Code : 5116

Trust Structure



*As at 31 December 2015

Income and growth

**STOCK NAME
& CODE** ALAQAR (5116)

TYPE OF FUND

10 August 2006

LISTING DATE

LISTING

Main Market of Bursa Malaysia
Securities Berhad

NAME OF FUND

Al-Aqar Healthcare REIT

CATEGORY OF FUND

Islamic healthcare real estate and
healthcare related assets

728,226,468 units *

FUND SIZE

PROPERTIES SIZE

RM1,521,523,040

Salient Features

RENTAL COLLECTION

100%

LEASE TERM

15 years renewable for another 15 years

OCCUPANCY RATE

100%

**BUSINESS OF TENANT
– KPJ HEALTHCARE BERHAD**

Stable, resilient and almost recession proof

**DISTRIBUTION
PER UNIT**

DISTRIBUTABLE INCOME

At least 95%

Minimum 6.5 sen per annum

**RENTAL
REVIEW**

Every 3 years

Corporate Milestones



2006

Listing of Al-'Aqar KPJ REIT on Bursa Malaysia Securities Berhad

10 August 2006

2007

Al-'Aqar KPJ REIT awarded "Deal of the Year Awards 2006", Islamic REITs Category by Islamic Finance News in Dubai. **12 March 2007**

Al-'Aqar KPJ REIT awarded "Deal of the Year Awards 2006", Islamic REITs Category by Islamic Finance News at Sheraton Kuala Lumpur.

28 March 2007

2008

Al-'Aqar Sukuk Ijarah Programme RM300 million awarded "Best Islamic REIT Deal in South East Asia" by Alpha Southeast Asia Magazine.

7 January 2008

Al-'Aqar Capital Sdn Bhd, 100% subsidiary of Al-'Aqar KPJ REIT has won the award for "Most Innovative Deal" in the Euromoney Islamic Finance Awards 2008 in London.

5 February 2008

2009

Al-'Aqar Capital Sdn Bhd awarded the inaugural deal of the year awards in the Real Estate Deal of The Year category by the Islamic Finance News (IFN), at Mandarin Oriental Hotel, Kuala Lumpur.

12 February 2009

Signing ceremony of the syndicated ijarah facility of up to RM250 million between Al-'Aqar Capital Sdn Bhd and AmlInvestment Bank and Kuwait Finance House as joint lead arranger in Kuala Lumpur.

13 February 2009

Al-'Aqar Capital Sdn Bhd awarded the RAM League Awards 2009, Blueprint Awards, New Real Estate Benchmark Deal Category in Kuala Lumpur.

26 June 2009

2010

Announcement to Bursa Malaysia on intention of Al-'Aqar KPJ REIT to acquire Jeta Garden Aged Care Facility and Jeta Garden Retirement Living in Australia.

18 September 2010

2011

Changed of name from Al-'Aqar KPJ REIT to Al-'Aqar Healthcare REIT.

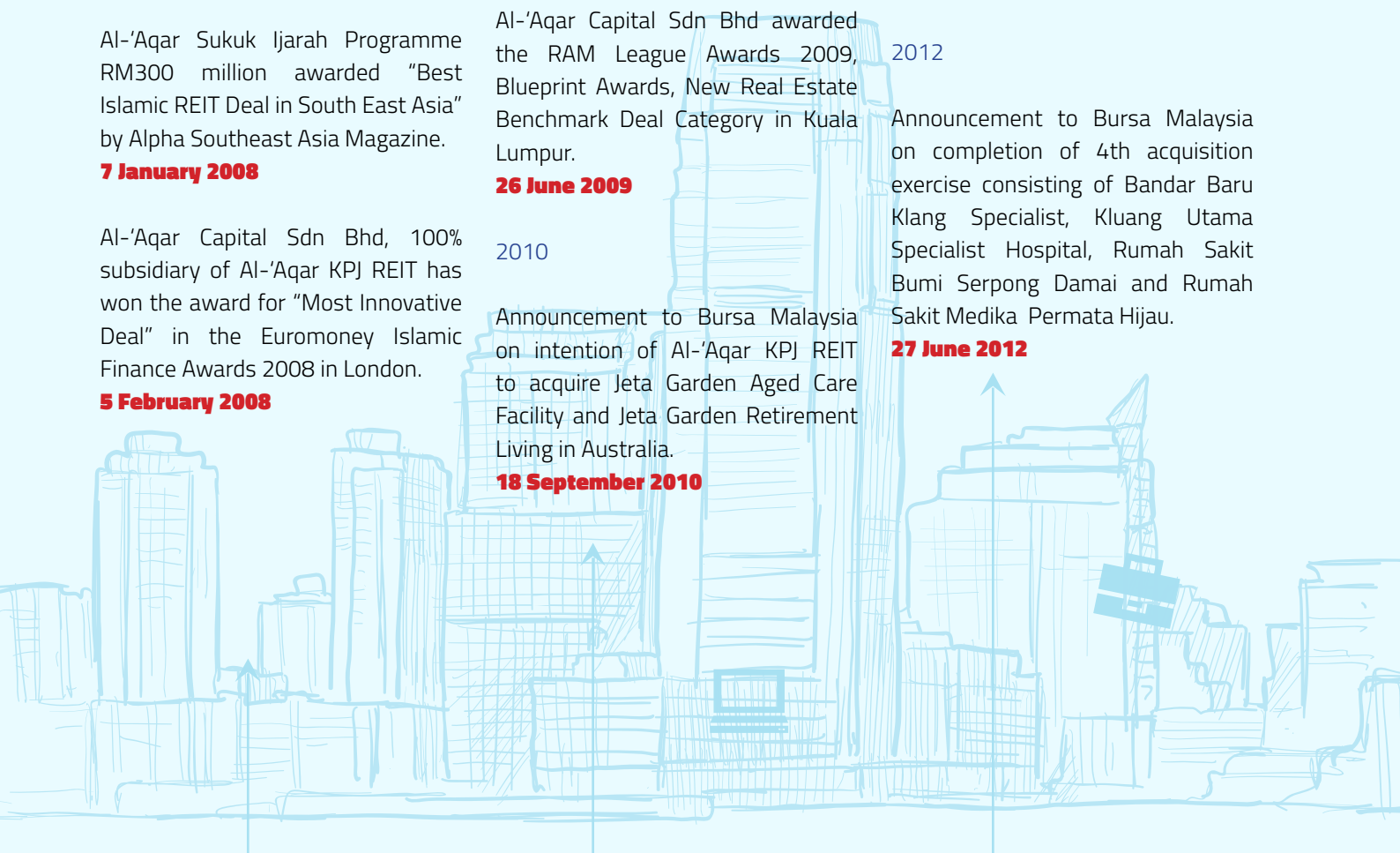
19 August 2011

Al-'Aqar Healthcare REIT received "The Diamond EYE Award for Quality Commitment and Excellence" from Otherways Commitment and Consulting Association in, Geneva, Switzerland. **28 November 2011**

2012

Announcement to Bursa Malaysia on completion of 4th acquisition exercise consisting of Bandar Baru Klang Specialist, Kluang Utama Specialist Hospital, Rumah Sakit Bumi Serpong Damai and Rumah Sakit Medika Permata Hijau.

27 June 2012



2013

1st Annual General Meeting (AGM) & Extraordinary General Meeting (EGM) of Al-Aqar Healthcare REIT in Johor Bahru.

26 April 2013

Issuance of Sukuk Ijarah of RM655 million under the First Issue of the Islamic Medium Term Notes Programme of up to RM 1.0 billion in Nominal Value.

5 May 2013 & 5 August 2013

DRMSB granted Capital Markets Services License (License no: CMSL/AO303/2013) by Securities Commission to carry on regulated activities specified under Capital Markets Services Act.

27 June 2013

2014

Al-Aqar Healthcare REIT won IAIR Awards 4th Annual Edition 2014 (REIT) in Hong Kong.

28 February 2014



An aerial view of KPJUC's new building which was acquired by Al-Aqar Healthcare REIT in December 2015

2015 Key Milestones

5 November 2015

Acquisition of SSH Land was completed at a purchase consideration of RM4.25 million

13 November 2015

Listing of 32,000,000 new placement units of Al-Aqar on the Main Market of Bursa Malaysia Securities Berhad which raised proceeds of RM40.0 million

1 December 2015

Acquisition of the new development in KPJUC Nilai was completed at a purchase consideration of RM77.8 million

16 December 2015

Completion of disposal of Indonesia's properties, namely Rumah Sakit Medika Permata Hijau and Rumah Sakit Bumi Serpong Damai to KPJ

Financial Calendar 2015

27 February

Announcement of the unaudited consolidated result for the 4th quarter ended 31 December 2014

27 March

Date of entitlement to the final income distribution of 3.79 sen per unit for the financial year ended 31 December 2014

20 April

Date of payment of the final income distribution of 3.79 sen per unit for the financial year ended 31 December 2014

09 July

Extraordinary General Meeting of Al-'Aqar Healthcare REIT

09 April

The 3rd Annual General Meeting of Al-'Aqar Healthcare REIT

28 May

Announcement of the unaudited consolidated result for the 1st quarter ended 31 March 2015

25 August

Announcement of the unaudited consolidated result for the 2nd quarter ended 30 June 2015

18 September

Date of entitlement to the interim income distribution of 5.17 sen per unit for the financial year ended 31 December 2015

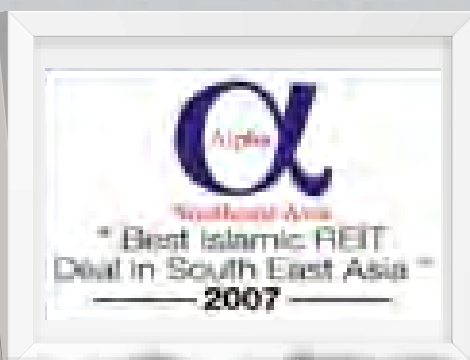
09 October

Date of payment of the interim income distribution of 5.17 sen per unit for the financial year ended 31 December 2015

26 November

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2015

Awards & Achievements





KPJ SEREMBAN SPECIALIST HOSPITAL



02

Letter to Stakeholders
5 -Year Financial Summary
Trading Performance
Unitholders' Statistics

In Style

Letter to Stakeholders

Dear Valued Stakeholders,

On behalf of the Board of Directors of the Manager, it gives me great pleasure to present Al-`Aqar Healthcare REIT's ("Al-`Aqar" or "the Fund") Annual Report and audited financial statements for the financial year ended 31 December 2015. In spite of the persistently challenging operating environment, I am pleased to announce that Al-`Aqar Healthcare REIT continues to deliver modest growth in FY2015.

Riding the Waves

Malaysia grappled with severe headwinds on economic front last year, following unanticipated global commodity, currency depreciation as well as declining oil prices. The country now faces economic challenges and the stock market has dropped and the Malaysian ringgit is reaching lows against the dollar not seen in nearly two decades—since the time of the Asian financial crisis.

Despite the challenging operating environment, Malaysia's real estate investment trusts (M-REITs) managed to persevere and recorded positive growth in 2015. For 2016, analysts believe that the sector will be driven by positive rental reversions, with one of the key drivers being asset enhancement activities undertaken in 2015.

M-REITs managed to record positive revenue and earnings growth in 2015, even in the challenging operating environment due to the GST implementation and weak consumer sentiment. The market capitalization of M-REITs expanded by 7.9% to RM36.8 billion as at 31 December 2015, compared to RM35.7 billion as at 31 December 2014, primarily due to increase in unit prices and units in circulation.

Bounded by unfavourable environment, Al-`Aqar remains confident to deliver stable returns to the unitholders. Operating in a resilient and recession proof industry has further strengthened Al-`Aqar's commitment to provide continuous asset growth and better returns on investments.

The strong track record demonstrated by Al-`Aqar has garnered support from reputable institutional investors,

clearly evidenced by the good response in Al-`Aqar's inaugural equity fund raising exercise in November 2015.

The continuous support from unitholders has made Al-`Aqar of what it has become now. Al-`Aqar has consistently persevered to succeed against all economic cycle. Buoyed by its value proposition in offering stable return to the unitholders, Al-`Aqar will always be the preferred defensive investment instruments amongst the investment fraternity.

Financial performance

Al-`Aqar Group total revenue increased to RM110.9 million in FY2015, an increase of 2.1% as compared to RM108.6 million in FY2014. Net realised income of the Fund grew 2.5% to RM61.1 million in FY2015 from RM59.6 million in FY2014. The growth in revenue and net realised income were mainly contributed by yearly increment of rental income. Al-`Aqar Group portfolio recorded 0.8% or RM11.6 million increase in the valuation of the properties in FY2015 to RM1.52 billion from RM1.50 billion in FY2014.

Despite the dilutive impact from the issuance of the 32 million new units from the private placement exercise in FY2015, Al-`Aqar's unit price remained resilient to close at RM1.40, an increase of approximately 1.4% from RM1.38 at the beginning of 2015. With the market capitalisation surpassing the RM1 billion mark at RM1.02 billion, Al-`Aqar stands on a level playing field with other top 10 REIT in Malaysia.

Giving back to unitholders

We are pleased to announce that Al-`Aqar has distributed 7.70 sen per unit for year 2015. This translates into net distribution yield of 5.5%, a slight decline to the yield in 2014. This is merely due to increase in the unit price, although higher DPU recorded for the year. The total payout of RM54.4 million represents approximately 98.1% of Al-`Aqar's distributable net income for the year.

As in previous years, Al-`Aqar continues to record another year of healthy return to unitholders. Al-`Aqar registered a total return of 6.9% based on the closing price of RM1.40, comprising capital appreciation in unit price of 1.4% and

Buoyed by its value proposition in offering stable return to the unitholders, Al-`Aqar will always be the preferred defensive investment instruments amongst the investment fraternity.



distribution yield of 5.5%. This clearly underlines Al-`Aqar's defensive qualities by providing consistent return to unitholders and high income distribution payment policy.

Corporate exercises

2015 marked our latest acquisition trail with the completion of acquisition of KPJ Healthcare University College's ("KPJUC") properties and Seremban Specialist Hospital's ("SSH") land from KPJ group.

The purchase consideration of KPJUC properties which involved deferred consideration units is new of such transaction in Malaysian REIT and it will be offered as alternative mode of payment consideration for future asset acquisitions from KPJ.

The acquisition of KPJUC properties also marked an inaugural equity fund raising embarked by Al-`Aqar with successful placement of 32 million of new units in Al-`Aqar with gross proceeds of RM40 million which was utilised mainly to part funding the acquisition of KPJUC and to defray related expenses. The private placement to the institutional investors was completed in November 2015 with unit price of RM1.25 per unit.

The acquisition of SSH Land which was completed in October 2015 was to facilitate the amalgamation of land with Al-`Aqar's existing properties for purpose of Seremban Specialist Hospital's expansion project. SSH has indicated their intention to inject the new development project into Al-`Aqar upon completion of the said project slated by second quarter of 2016.

Apart from the acquisitions exercise, in 2015, Al-`Aqar also took the opportunity to realise its investment in Indonesia with the disposal of its two properties in Indonesia, namely Rumah Sakit Medika Permata Hijau and Rumah Sakit Bumi Serpong Damai to KPJ Group in December 2015.

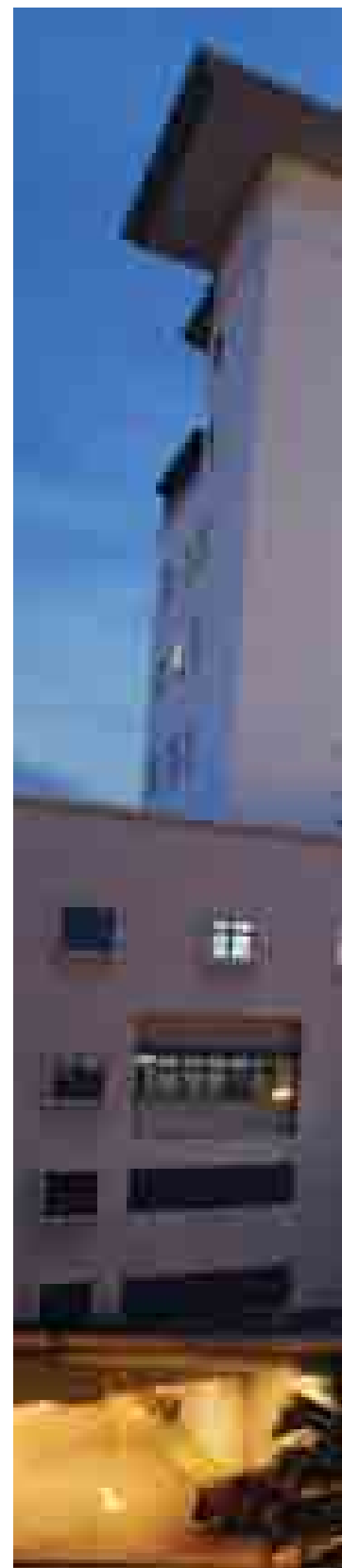
The disposal exercise was seen as a two-pronged strategy undertaken by the Manager as it enables Al-`Aqar to realise its investment in Indonesia and at the same time, the proceeds from the disposal was utilised to settle Al-`Aqar's borrowings in December 2015.

The completion of the above exercise contributed to the reduction in gearing of Al-`Aqar from 46% as at 31 December 2014 to 41% as at 31 December 2015, thus providing additional headroom to gear for any new investment opportunities.

In an expansion mode


No doubt that the property market in 2015 was soft as compared for the past few years. We heard and read quite significant write-ups from the media or gurus on how bad the property market today and the outlook of property market in 2016 remained challenging. The new events in 2015 such as impact of GST, ringgit depreciation, property cooling measures, banks tightening measures coupled with global economy uncertainties have all played a part in influencing the market to what it is now.

Given the expectation of challenging property market, lower yields are likely for M-REITs which have exposure in commercial and offices assets. Nonetheless, Al-`Aqar which is less dependent on the cyclical nature of property market will be able to withstand the uncertainties surrounding the industry.





Al-`Aqar which is less dependent on the cyclical nature of property market will be able to withstand the uncertainties surrounding the industry.



We aspire to adopt balancing strategy between pipeline assets from KPJ and third party assets and build our position as one of the specialized REIT in Malaysia.

The healthcare industry in Malaysia will continue to perform well supported by growing healthcare expenditure, rising medical insurance, aging population demographics and popularity of medical tourism. However, the growth is expected to be moderate in year 2016 given the higher cost of living and economic uncertainties in Malaysia.

It is targeted that in 2016, AI-`Aqar will be in the expansion mode again with the indication by KPJ to further inject its new hospitals and expansion projects at the existing hospitals into AI-`Aqar. After the absence of major acquisitions in recent years, the indication from KPJ to inject additional assets will augur well for the growth of AI-`Aqar.

Not to be relied by assets from KPJ group, the Manager is also evaluating several business proposals from third party offering healthcare assets. The Manager is also looking for other healthcare related assets in the segment of pharmaceutical, wellness and bio medical. We aspire to adopt balancing strategy between pipeline assets from KPJ and third party assets and build our position as one of the specialized REIT in Malaysia.

Acknowledgements

I would like to extend my heartfelt gratitude to the Board members for their valuable guidance and steering the management team to strive for excellence. On behalf of the Board, I would like to express my utmost appreciation to the management team for their dedication and commitment in delivering remarkable track records despite increasingly challenging operating environment.

I also wish to record my appreciation to our unitholders, trustees, financiers, business associates, relevant authorities and all stakeholders of AI-`Aqar for the continuous support and confidence. Special acknowledgement is also extended to KPJ for being AI-`Aqar ever supportive sponsor.

On this note, I would also like to extend my appreciation on behalf of all Board members to Tuan Haji Jamaludin bin Md Ali for his contribution to AI-`Aqar Healthcare REIT until his resignation on 21 January 2016. The Board wishes Tuan Haji Jamaludin well in his undertakings and welcoming Dato' Amiruddin bin Abdul Satar as the new director of the Manager as the Non-Independent Non-Executive Director effective from 21 January 2016.

With continuous support and faith from all stakeholders, I strongly believe AI-`Aqar will ride the waves to keep delivering sustainable growth and returns for the coming year.



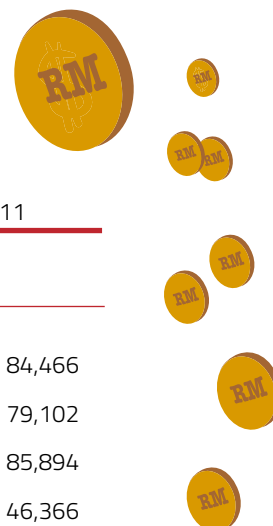
DATO' KAMARUZZAMAN BIN ABU KASSIM

Chairman

Damansara REIT Managers Sdn Berhad



5 - Year Financial Summary



Group

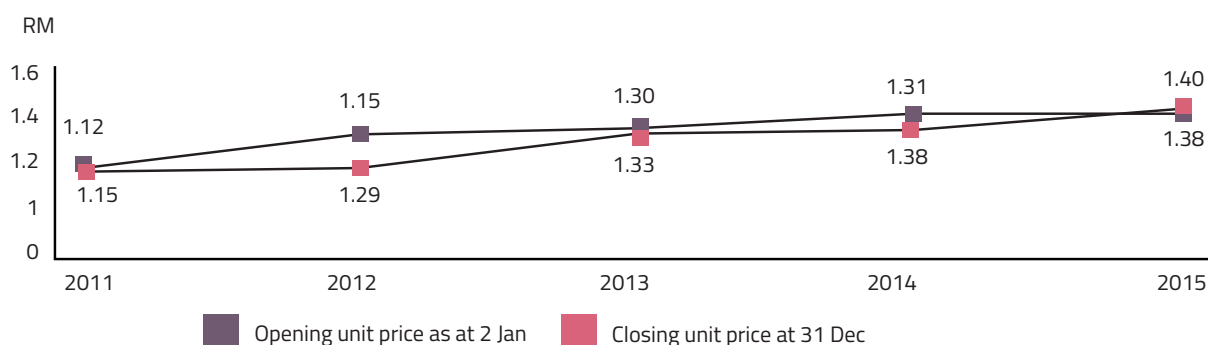
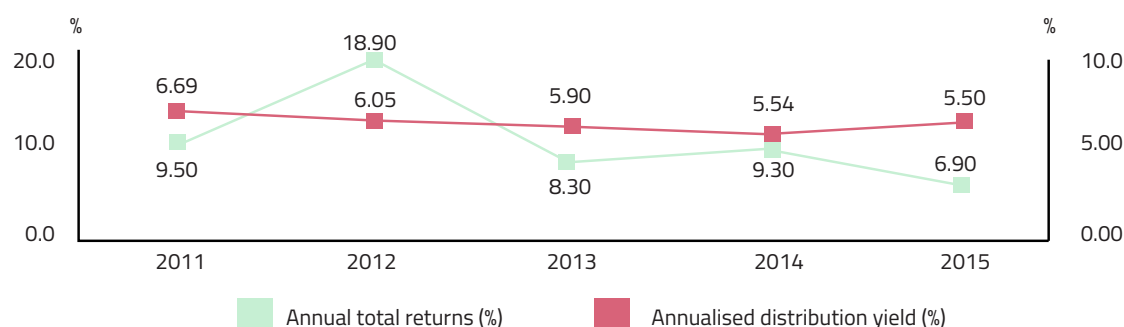
2015 2014 2013 2012 2011

Statement of Comprehensive Income (RM '000)

Gross revenue	110,945	108,644	107,419	103,398	84,466
Net property income	104,565	102,399	101,285	97,716	79,102
Income before tax	67,912	73,148	75,825	64,289	85,894
Net income after tax - realised	55,824	59,858	53,636	52,150	46,366
- unrealised	15,125	11,445	19,612	10,612	34,624
Earnings per unit (sen) - gross	9.70	10.51	10.89	9.61	14.67
- net	9.63	10.23	10.53	9.40	14.54
Management expense ratio (%)	0.35	0.50	0.26	0.27	0.29
Portfolio turnover ratio (times)	5.04	0.43	-	0.13	0.32

Statement of Financial Position (RM '000)

Investment properties	1,521,523	1,509,996	1,483,685	1,464,010	1,356,758
Total asset value	1,594,382	1,592,422	1,568,909	1,548,183	1,421,269
Borrowings	653,713	733,148	732,414	727,852	684,696
Net asset value (NAV)	879,826	831,543	814,894	800,129	718,826
Units in circulation ('000)	728,226	696,226	696,226	696,226	639,586
NAV per unit (RM)	1.21	1.19	1.17	1.15	1.12
Gearing (%)	41.00	46.00	46.70	47.00	48.20



Fund

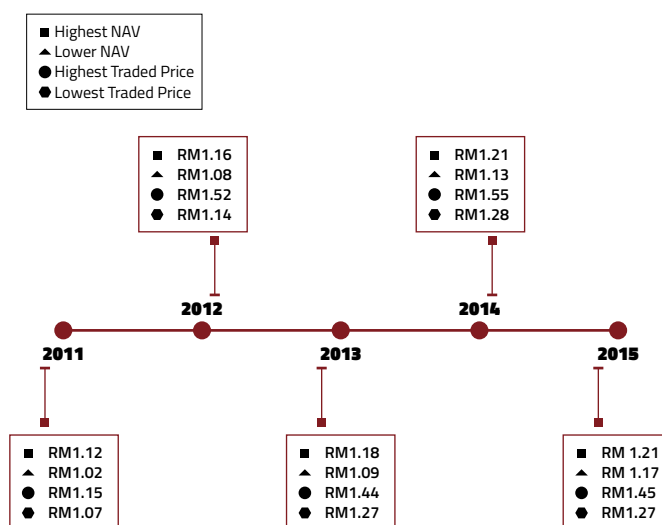
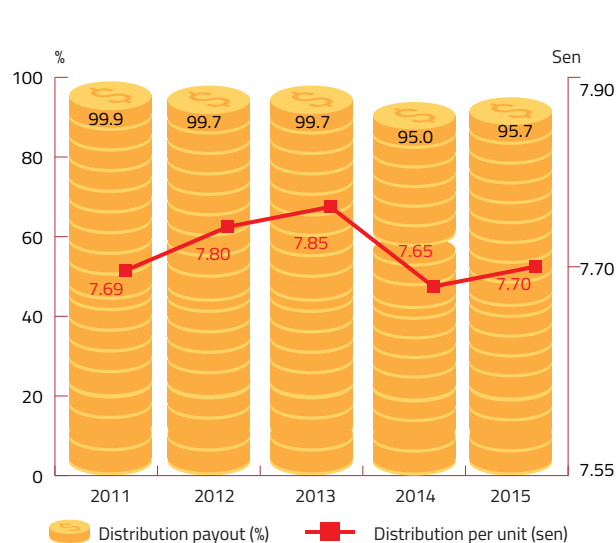
2015 2014 2013 2012 2011

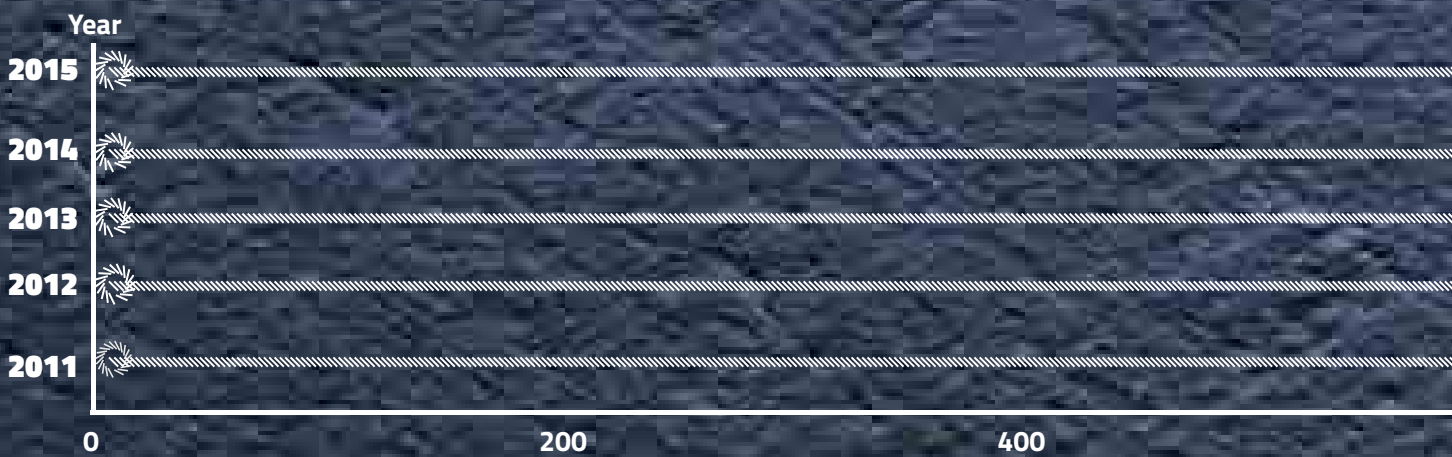
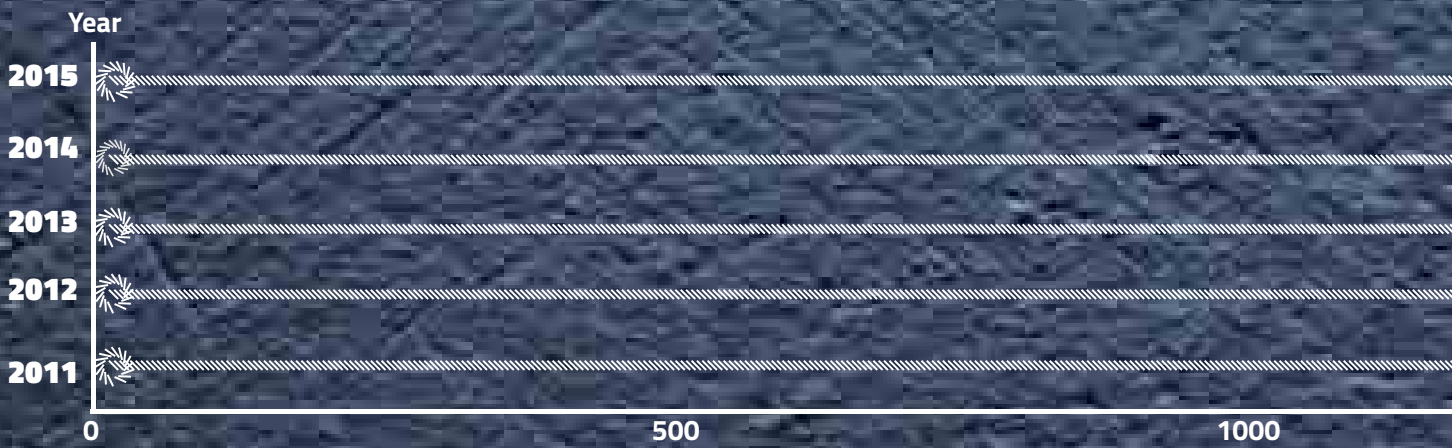
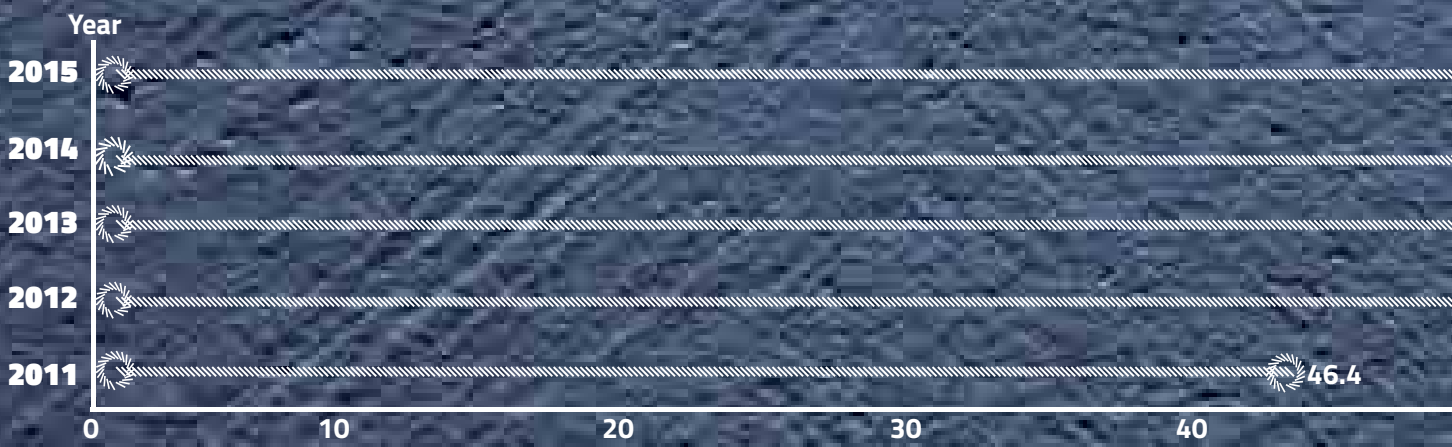
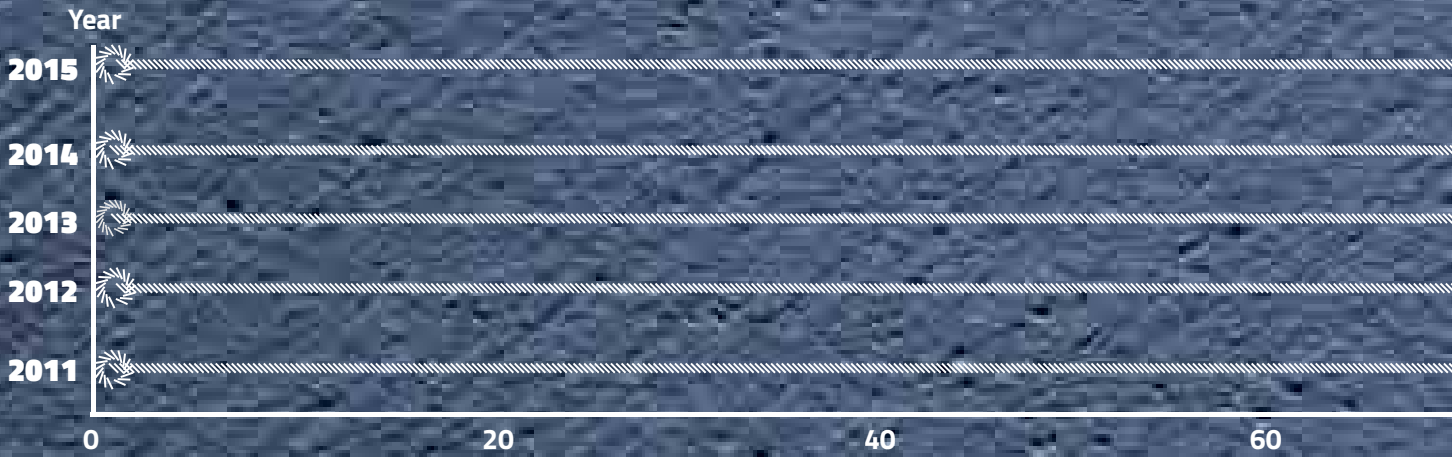
Statement of Comprehensive Income (RM '000)

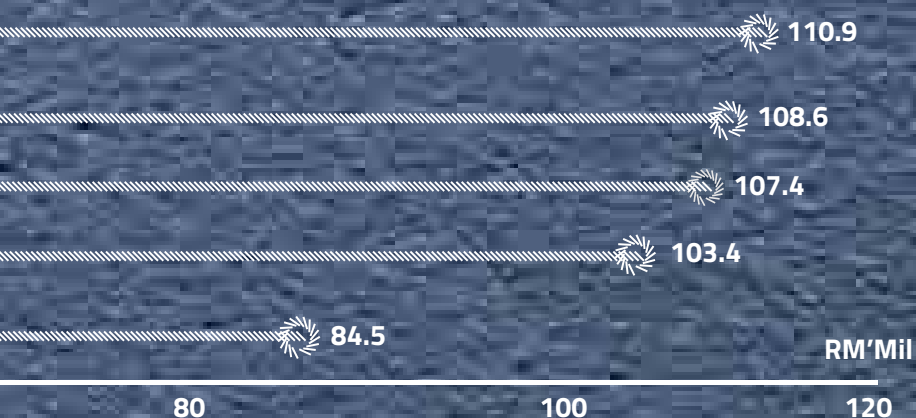
Gross revenue	91,679	90,080	88,763	84,603	79,589
Net property income	85,608	84,067	82,844	79,160	74,306
Income before tax	72,658	63,561	73,726	62,527	84,502
Net income after tax - realised	61,097	59,626	54,836	52,617	46,138
- unrealised	11,562	3,935	18,890	9,910	38,364
Earnings per unit (sen) - gross	10.37	9.13	10.59	9.35	14.43
- net	10.37	9.13	10.59	9.35	14.43
Management expense ratio (%)	0.35	0.50	0.26	0.27	0.29
Portfolio turnover ratio (times)	5.04	0.43	-	0.13	0.32

Statement of Financial Position (RM '000)

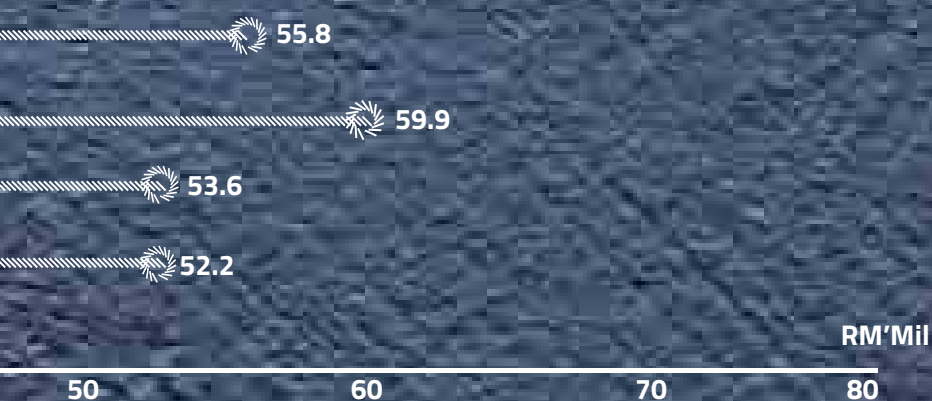

Investment properties	1,378,963	1,287,496	1,268,600	1,249,710	1,143,300
Total asset value	1,564,079	1,561,137	1,547,170	1,531,361	1,405,900
Borrowings	637,548	717,331	717,428	713,882	670,827
Net asset value (NAV)	877,512	827,519	818,612	803,369	722,301
Units in circulation ('000)	728,226	696,226	696,226	696,226	639,586
NAV per unit (RM)	1.20	1.19	1.18	1.15	1.13
Gearing (%)	40.80	45.90	46.40	46.60	47.70



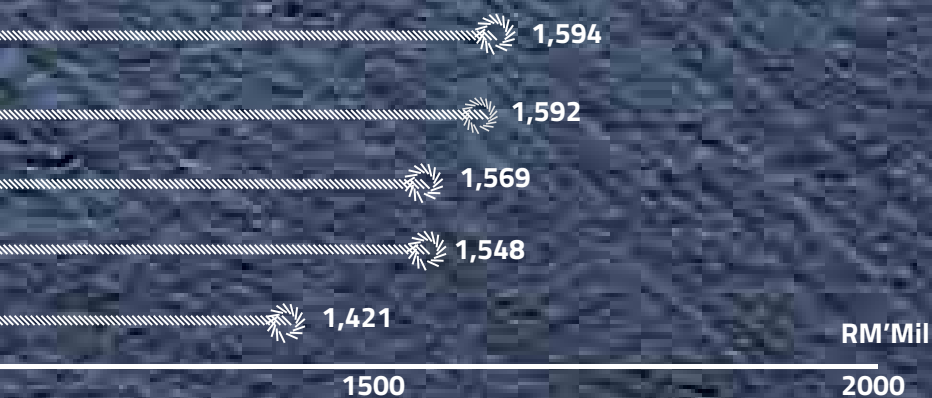




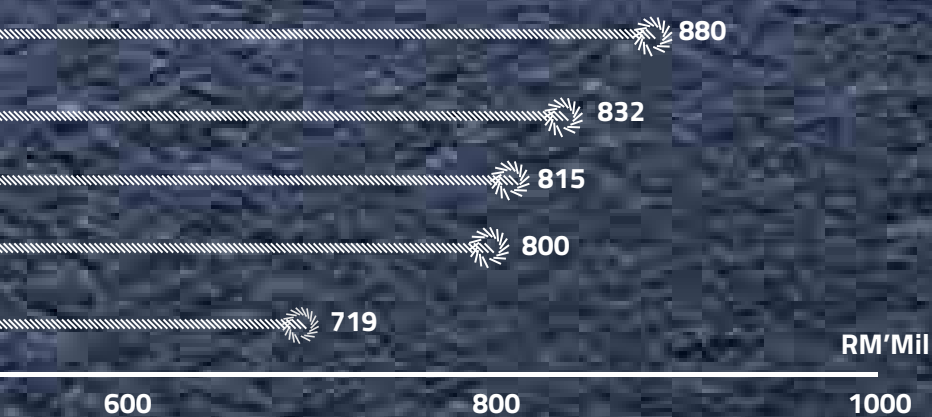

Gross Revenue

**Net Income
After Taxation
(Realised)**




**Total Assets
Value**

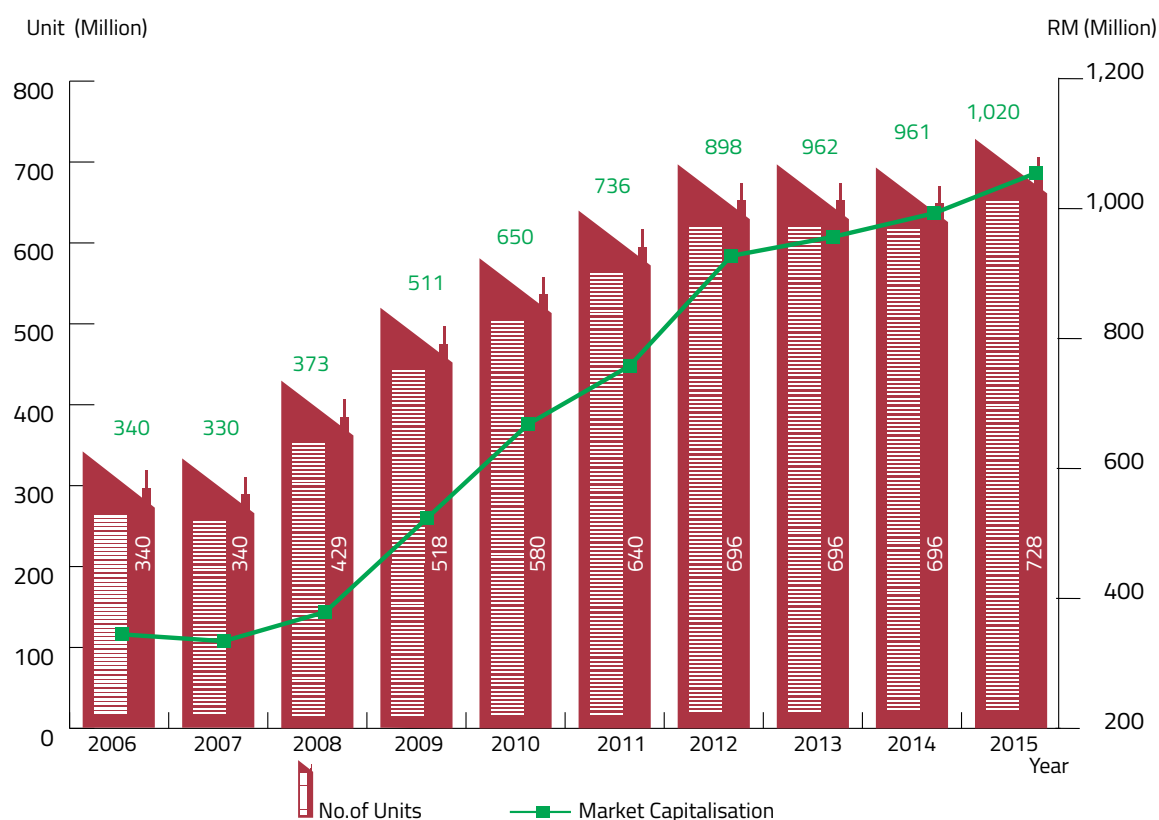



**Net Asset
Value**

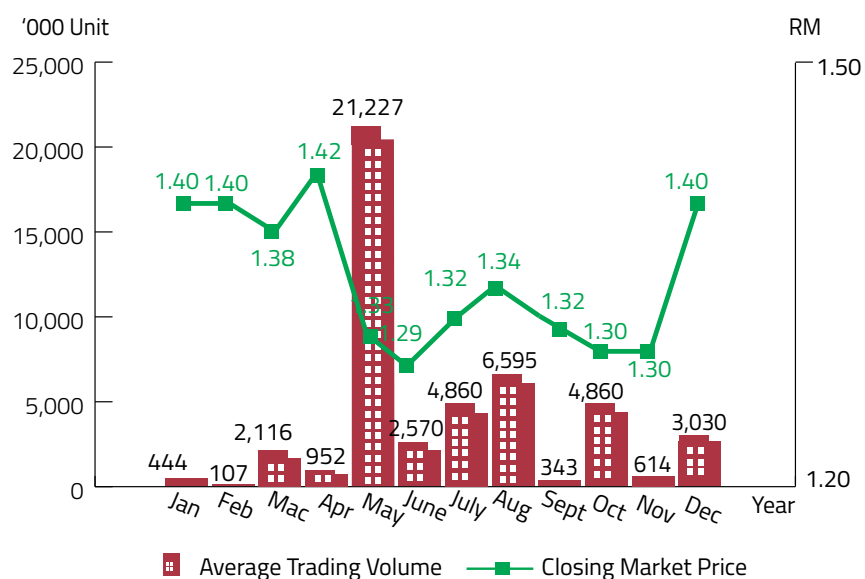
Trading Performance

Month	Lowest Traded Price (RM per unit)	Highest Traded Price (RM per unit)	Closing Market Price (RM per unit)	Average Trading Volume (‘000 units)	Market Capitalisation (RM ‘000)
Jan	1.36	1.48	1.40	444	974,716
Feb	1.39	1.42	1.40	107	974,716
Mar	1.38	1.43	1.38	2,116	960,792
Apr	1.37	1.45	1.42	952	988,641
May	1.32	1.41	1.33	21,227	925,981
Jun	1.28	1.35	1.29	2,570	898,132
Jul	1.27	1.32	1.32	4,860	919,018
Aug	1.30	1.38	1.34	6,595	932,943
Sep	1.30	1.39	1.32	343	919,018
Oct	1.29	1.36	1.30	4,860	905,094
Nov	1.29	1.33	1.30	614	946,695
Dec	1.28	1.40	1.40	3,030	1,019,518

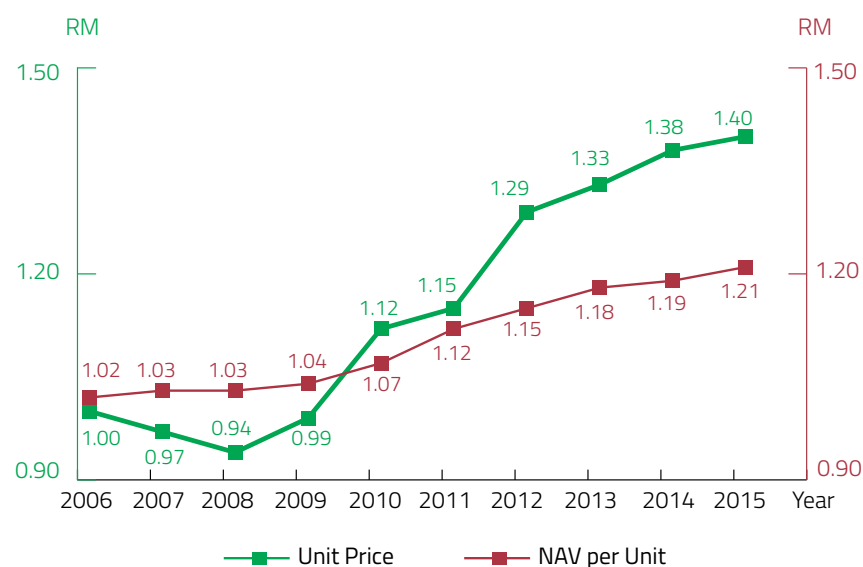
Market Capitalisation And Unit In Circulation Since Inception



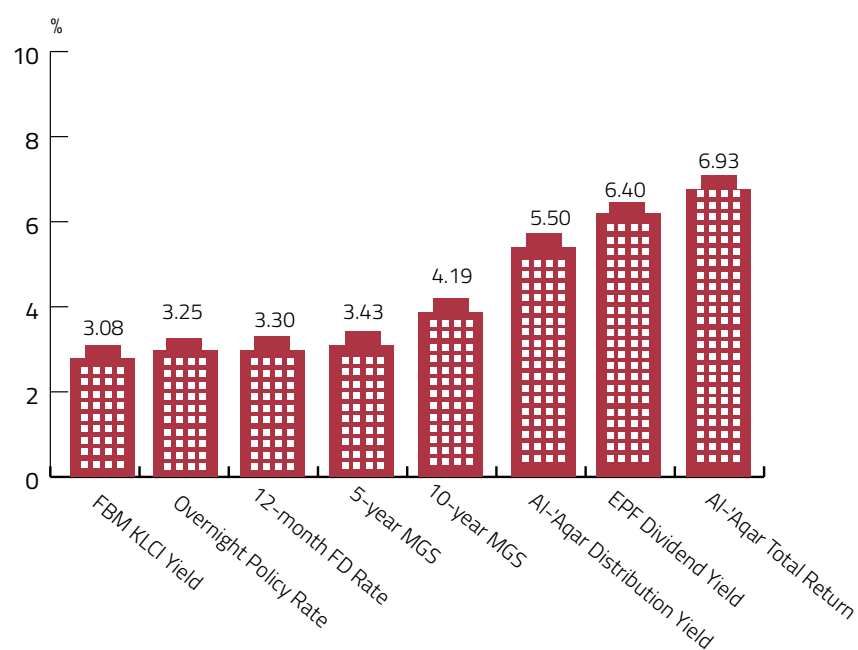
Monthly Trading Performance



Closing Unit Price And Nav Per Unit



Comparative Yields (As At 31 Dec 2015)



Unitholders' Statistics

UNITHOLDINGS STATISTICS AS AT 31 DECEMBER 2015

Issued : 728,226,468 Units of RM1/= each
Fully Paid-Up Capital : RM728,226,468

ANALYSIS OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
Less than 100	401	12.95	19,946	-
100 – 1,000	1,031	33.29	530,250	0.07
1,001 – 10,000	1,034	33.39	4,863,362	0.67
10,001 – 100,000	468	15.11	15,325,718	2.11
100,001 to less than 5 of Issued Capital	158	5.10	421,808,898	57.92
5% and above of Issued Capital	5	0.16	285,678,294	39.23
TOTAL	3,097	100.00	728,226,468	100.00

TOP THIRTY SECURITIES ACCOUNT HOLDERS (AS PER RECORD OF DEPOSITORS)

(Without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Units	%
1	Lembaga Tabung Haji	69,246,056	9.51
2	Pusat Pakar Tawakal Sdn Bhd	57,758,800	7.93
3	Kumpulan Wang Persaraan (Diperbadankan)	55,501,100	7.62
4	Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	54,031,338	7.42
5	Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141,000	6.75
6	HSBC Noms (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd (355-300641-089)	35,000,000	4.81
7	Seremban Specialist Hospital Sdn Bhd	23,731,000	3.26
8	AmanahRaya Trustees Berhad - A/C Jeta Gardens (QLD) Pty Ltd	21,108,419	2.90
9	Ampang Puteri Specialist Hospital Sdn Bhd	21,013,739	2.89
10	AmanahRaya Trustees Berhad - A/C Amanah Saham Didik	20,556,420	2.82
11	Medical Associates Sdn Bhd	19,055,000	2.62
12	Waqaf An-Nur Corporation Berhad	18,199,870	2.50
13	Maybank Noms (T) Sdn Bhd - A/C Etiqa Takaful Berhad (Family PRF EQ)	15,904,998	2.18
14	Sentosa Medical Centre Sdn Bhd	15,653,000	2.15
15	Damansara Specialist Hospital Sdn Bhd	15,233,000	2.09
16	Kedah Medical Centre Sdn Bhd	15,000,000	2.06
17	Pusat Pakar Tawakal Sdn Bhd	13,631,000	1.87
18	AmanahRaya Trustees Berhad - A/C Amanah Saham Bumiputera	12,233,340	1.68
19	Johor Specialist Hospital Sdn Bhd	12,203,000	1.68
20	Puteri Specialist Hospital (Johor) Sdn Bhd	12,000,000	1.65
21	Pusat Pakar Darul Naim Sdn Bhd	11,789,000	1.62
22	AmanahRaya Trustees Berhad - A/C Public Islamic Opportunities Fund	11,236,300	1.54
23	AmanahRaya Trustees Berhad - A/C Public Islamic Select Treasures Fund	8,414,572	1.16
24	Citigroup Noms (T) Sdn Bhd - A/C MCIS Insurance Berhad (Life Par FD)	5,553,394	0.76
25	HSBC Noms (A) Sdn Bhd - A/C Exempt AN for BNP Paribas Securities Services (Dublin USD)	5,538,762	0.76
26	Citigroup Noms (T) Sdn Bhd - A/C Exempt An for AIA Bhd.	5,344,800	0.73
27	AmanahRaya Trustees Berhad - A/C PB Asia Real Estate Income Fund	5,329,200	0.73
28	PM Noms (Tempatan) Sdn Bhd - A/C For Bank Kerjasama Rakyat Malaysia Berhad	5,078,530	0.70
29	Kuantan Specialist Hospital Sdn Bhd	5,000,000	0.69
30	Kajang Specialist Hospital Sdn. Bhd.	4,487,000	0.62

SUBSTANTIAL UNITHOLDERS

Name	No.of Units	%
Pusat Pakar Tawakal Sdn Bhd - 2 a/cs	71,389,800	9.80
Lembaga Tabung Haji	69,246,056	
Citigroup Noms (T) Sdn Bhd		
- A/C Kenanga Islamic Investors Bhd for Lembaga Tabung Haji	1,928,300	9.77
Kumpulan Wang Persaraan (Diperbadankan)	55,501,100	7.62
Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	54,031,338	7.42
Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141,000	6.75

ANALYSIS OF UNITHOLDERS

Name	No. of Units	%	No.of Units	%
Malaysian - Bumiputera	872	28.16	555,116,201	76.23
- Others	2,144	69.23	157,537,538	21.63
Foreigners	81	2.61	15,572,729	2.14
TOTAL	3,097	100.00	728,226,468	100.00

UNIT ANALYSIS AS AT 31 DECEMBER 2015

As per Record of Depositors	TOTAL		BUMIPUTERA		NON - BUMIPUTERA		FOREIGN	
	Holder	Unit	Holder	Unit	Holder	Unit	Holder	Unit
Government Bodies	3	9,000	3	9,000	-	-	-	-
Finance	24	215,868,637	23	213,607,137	1	2,261,500	-	-
Investment Trust	6	192,500	5	22,500	1	170,000	-	-
Nominees	556	172,348,124	352	29,635,220	176	133,541,633	28	9,171,271
Companies	92	313,753,366	69	308,540,697	21	951,320	2	4,261,349
Clubs / Association	3	1,105,400	1	895,400	2	210,000	-	-
Co - Operatives	7	949,750	5	542,250	2	407,500	-	-
Individuals	2,406	23,999,691	414	1,863,997	1,941	19,995,585	51	2,140,109
Total	3,097	728,226,468	872	555,116,201	2,144	157,537,538	81	15,572,729
%	100.00	100.00	28.16	76.23	69.23	21.63	2.61	2.14



KPJ DAMANSARA SPECIALIST HOSPITAL

03

Board of Directors' Profiles
Shariah Committees' Profiles
Organization Structure

In Good Hands

Board of Directors 2015



1. DATO' KAMARUZZAMAN BIN ABU KASSIM (Chairman)
2. YUSAINI BIN HJ. SIDEK
3. ZAINAH BINTI MUSTAFA
4. TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR
5. DR. MOHD HAFETZ BIN AHMAD
6. LUKMAN BIN HJ. ABU BAKAR
7. DATO' MANI A/L USILAPPAN
8. JAMALUDIN BIN MD ALI (resigned w.e.f. 21 January 2016)
9. MOHD YUSOF BIN AHMAD
10. DATO' AMIRUDDIN BIN ABDUL SATAR (appointed w.e.f. 21 January 2016)





Dato' Kamaruzzaman bin Abu Kassim, aged 52, is the Chairman and Non-Independent Non-Executive Director of the Manager. He was appointed to the Board as a Director on 12 January 2007 and as the Chairman on 12 January 2011. In addition, he is currently the President & Chief Executive of Johor Corporation ("JCorp") with effect from 1 December 2010.

Dato' Kamaruzzaman graduated with a Bachelor of Commerce (Accountancy) from University of Wollongong, New South Wales, Australia in 1987.

Dato' Kamaruzzaman is also the Chairman of several listed companies on the Main Market of Bursa Securities, namely, Kulim and KPJ. Further, he is also the Chairman and/or Director of several companies within the JCorp Group which includes, amongst others, Johor Land, QSR Brand Berhad and Waqaf An-Nur Corporation Berhad ("Waqaf An-Nur"), an Islamic endowment institution which spearheads JCorp's corporate social responsibility programmes.

Dato' Kamaruzzaman embarked his career as an Audit Assistant with Messrs K.E Chan & Associates in May 1988 and later joined Messrs Pricewaterhouse Coopers (formerly known as Messrs Coopers & Lybrand) in 1989. In December 1992, he joined Perbadanan Kemajuan Ekonomi Negeri Johor (currently known as Johor Corporation) as a Deputy Manager in the Corporate Finance Department and was later promoted to General Manager in 1999. He then served as the Chief Operating Officer of JCorp beginning 1 August 2006 and later appointed as the Senior Vice President, Corporate Services & Finance of JCorp beginning 1 January 2009 and Acting President & Chief Executive of JCorp beginning 29 July 2010.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Yusaini bin Hj. Sidek, aged 48, is the Managing Director of the Manager. He was appointed to the Board as an Executive Director in 2009 and subsequently assumed his current role on 1 February 2013. Prior thereto, he had served as the Chief Executive Officer of the Manager since 2006. He is also presently the Executive Director of Damansara Assets Sdn Bhd ("DASB") being appointed on 1 December 2012 and the Vice President, Commercial Property, Property Division of JCorp since May 2015.

Yusaini graduated with a Master of Business Administration ("MBA"), with specialisation in International Business from University of Southern Queensland, Australia in 2010. He also holds a Bachelor of Business Administration from Universiti Kebangsaan Malaysia in 1999 and a Diploma in Valuation from Universiti Teknologi Malaysia in 1989.

Yusaini has approximately twenty five (25) years of experience in the Malaysian property industry, particularly in property management and valuations. He gained professional experience via attachment with numerous property-related companies and/or entities in Malaysia, namely, Colliers, Jordan Lee & Jaafar Sdn Bhd, the Valuation and Property Services Department of the Ministry of Finance, Bank Industri Malaysia Berhad, FIMA Corporation Berhad, CSM Corporation Berhad and Empire Tower (M) Sdn Bhd, wholly-owned subsidiary of Low Yatt Group of Companies.

During his tenure with the aforementioned companies, amongst the buildings under his supervision are Bank Industri Building, Airtel Complex, Plaza Damansara, Jaya Shopping Centre, Menara CSM, Empire Tower and City Square Complex. He has vast experience in building management, primarily in the areas of tenancy management, marketing as well as promotion, preparation of business plan for buildings and maintenance management. In 2001, he joined Harta Consult Sdn Bhd, a wholly-owned subsidiary of Johor Corporation as a Senior Manager until 2005 managing the properties under DASB in Kuala Lumpur prior to his appointment at DRMSB.

Yusaini has obtained a Capital Markets Services Representatives' Licence for REIT as a Licensed Director to carry on regulated activities specified under the CMSA. In January 2015, he was appointed as the Vice Chairman of the Malaysian REIT Managers Association ("MRMA"), an organization that act as a platform for the Malaysian REIT managers to engage with the regulatory bodies in proposing changes to the industry to promote its growth.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Zainah binti Mustafa, aged 61, is the Independent Non-Executive Director of the Manager. She was appointed to the Board and as the Chairman of the Manager's audit committee on 16 February 2007.

Zainah graduated from Institut Teknologi MARA (presently Universiti Teknologi MARA) in 1977. She obtained her Association of Chartered Certified Accountants ("ACCA") United Kingdom in 1976. She is now a Fellow of ACCA.

In 1977, she started her career as an Assistant Senior Auditor in Perbadanan Nasional Berhad. She joined JCorp in October 1978 and rose through the ranks to the Group Chief Financial Officer before retiring on 31 October 2002.

She is also presently the Independent Non-Executive Director of KPJ and Damansara Realty Berhad and sits on the board of various companies within the JCorp Group.

Other than as disclosed, she does not have any family relationship with any director and/or major shareholder of DRMSB. She has no personal interest in any business arrangement involving DRMSB. She has not been convicted for any offences. She attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir, aged 64, is the Independent Non-Executive Director of the Manager. She was appointed to the Board on 22 June 2006.

She holds a Bachelor of Economics from University of Malaya and an MBA from Henley Business School, University of Reading, London, United Kingdom.

Tan Sri Datin Paduka is also an Independent Non-Executive Director of KPJ Healthcare Berhad (KPJ), re-designated on 1 May 2015. Tan Sri served as the Managing Director (MD) of KPJ from 1 March 1993 until her retirement on 31 December 2012. From 1 January 2013 until 31 December 2014, she served as KPJ's Corporate Advisor. She is the Chairman and Pro-Chancellor of KPJ Healthcare University College (KPJUC) since 1 August 2011 to date. Her career with JCorp commenced in 1974 and she has been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn Bhd from 1989 until the listing of KPJ in November 1994.

Tan Sri Datin Paduka currently also sits as a Director of Kulim (Malaysia) Berhad and Chemical Company of Malaysia Berhad (CCM). She was a Board member of KFC Holdings (Malaysia) Bhd and QSR Brands Bhd from 2010 until their privatization in 2013. Tan Sri was an independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and a Board member of MATRADE from 1999 to 2010.

Committed to promoting excellence in healthcare, Tan Sri is the President of the Malaysian Society for Quality in Health (MSQH), the national accreditation body for healthcare services, elected since its inception in 1997 to date. Currently, she also sits on many other councils and committees at the national level.

In 2010, Tan Sri Datin Paduka was named the 'CEO of the Year 2009' by the New Straits Times Press and the American Express. She has also received many more awards and accolades from 2011 to 2014, due to her contributions to the healthcare industry in Malaysia.

Tan Sri Datin Paduka is a member of the Academic Committee of the Razak School of Government (RSOG), and sits on several University Committees, namely Universiti Utara Malaysia (UUM), Universiti Malaya (UM) and University of Reading Malaysia. Recently, she was appointed as a Director of UUM, with effect from 15 January 2016 until 14 January 2019.

Other than as disclosed, she does not have any family relationship with any director and/or major shareholder of DRMSB. She has no personal interest in any business arrangement involving DRMSB. She has not been convicted for any offences. She attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Dr. Mohd Hafetz bin Ahmad, aged 66, is the Independent Non-Executive Director of the Manager. He was appointed to the Board on 22 June 2006.

Dr. Mohd Hafetz obtained his Medical Degree from University Malaya in 1975. He did his housemanship in Hospital Sultanah Aminah, Johor Bahru, Johor and continued as Medical Officer in the same hospital. In 1978, he did his specialist training in Obstetrics and Gynaecology at the University Hospital, Kuala Lumpur. Thereafter, he served as a Trainee Lecturer and then as a Lecturer at the Department of Obstetrics and Gynaecology, University Malaya.

Dr. Mohd Hafetz joined Johor Specialist Hospital ("JSH") in 1983 as a Consultant Obstetrician and Gynaecologist. Besides his clinical practice, he has been involved in various aspects of hospital management and clinical governance in his capacity as Chairman, JSH Consultant's Advisory Committee (1990-1994) and Medical Director (1994-2014).

Dr. Mohd Hafetz was the President of the Obstetrical and Gynaecological Society of Malaysia ("OGSM") from 2004 to 2005 and he also served as a council member of the OGSM from 2003 to 2006. He is a member of the Malaysian Medical Association, Malaysian Menopause Society and Persatuan Perubatan Islam Malaysia. In 2011, he was awarded Johan Mangku Negara (JMN) by DYMM Yang Di Pertuan Agong.

Dr. Mohd Hafetz presently sits on the Board of Directors of Kluang Utama Specialist Hospital and is a member of KPJ Group Medical Advisory Committee. Previously, he was an Independent Non-Executive Director of Johor Land Berhad, Sindora Berhad, Waqaf An-Nur Corporation and was a Director of KPJ Johor Specialist Hospital, KPJ Puteri Specialist Hospital and KPJ University College.

He has no directorships in other public companies in Malaysia.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Lukman bin Hj. Abu Bakar, aged 57, is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 12 January 2007 and as a member of the audit committee on 18 August 2010.

Lukman graduated with a Bachelor of Urban and Regional Planning (Hons) from the Universiti Teknologi Malaysia in 1982. He also holds a Post Graduate Diploma (Housing, Building and Planning) from Institute for Housing Studies, Rotterdam, Holland in 1985.

Upon graduation, he joined JCorp as a Town Planning Officer. He had held various positions in the JCorp Group before he was promoted as the Deputy Manager of JCorp in 1989. In 1992, he was appointed as the Manager cum Deputy Secretary of Pasir Gudang Local Authority (now known as Pasir Gudang Municipal Council). In 1993, he joined Sindora Berhad as the Deputy General Manager and was promoted as the General Manager in 1995. On 1 January 2006, he was appointed as the Senior General Manager of JCorp. On 1 July 2008, the Pasir Gudang Local Authority was upgraded as a full-fledged Municipal Council. Concurrently, he was appointed as its first President and served until 31 August 2009 when the Council was handed over to the administration of the State Government of Johor. Thereafter, he was promoted as a Senior Vice President in JCorp on 1 September 2009.

Lukman presently is the Managing Director of Johor Land Berhad (JLand) since 1 January 2010 and the Senior Vice President / Chief Executive of Property Division of JCorp since 1 January 2011. He is also the Chairman of Syarikat Pengangkutan Maju Berhad as well as few other companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Dato' Mani a/l Usilappan, aged 66, is the Independent Non-Executive Director of the Manager. He was appointed to the Board on 1 November 2010.

Dato' Mani is a Chartered Surveyor of 38 years, having passed the final examination of the Royal Institution of Chartered Surveyors ("RICS") in 1976. He holds a Masters in Property Development from Southbank University London with Distinction in 1992.

Dato' Mani served nine (9) years as Deputy Director General and subsequently retired as Director General of the Valuation and Property Services Department, Ministry of Finance, Government of Malaysia in 2006. He was a past president of the Royal Institution of Surveyors Malaysia and also a council member of Persatuan Penilai Swasta. He was a former President of the Board of Valuers, Appraisers and Estate Agents and also the RICS. He is currently Managing Director of VPC Alliance Kajang and act as a property consultant.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Jamaludin bin Md Ali, aged 58, was the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 1 February 2013 and resigned on 21 January 2016.


Jamaludin graduated with a Bachelor of Economics (Honours) Degree from the University of Malaya in 1982 and Master of Business Administration from University of Strathclyde, Glasgow, Scotland in 1987.

Jamaludin started his career with Malayan Banking Berhad as a Trainee Officer in 1982 and later served as an International Fund Manager in Permodalan Nasional Berhad in 1991. He joined JCorp in 1992 and was appointed as the Managing Director of Johor Capital Holdings Sdn Bhd in 1998. He was appointed as the Managing Director of Pelaburan Johor Berhad in 2000. He was also the Group Chief Operating Officer of JCorp since 2001 before he was appointed the Managing Director of QSR Brands Bhd on 8 June 2006 as well as the Managing Director of KFCH Holdings (Malaysia) Bhd on 2 July 2006.

Jamaludin is presently the Executive Director of Kulim since 4 December 2012 and also the Senior Vice President of Corporate Social Responsibility Division of JCorp since 1 May 2015.

He presently sits on the board of various companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Mohd Yusof bin Ahmad, aged 48, is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 4 February 2014.

He graduated with a Bachelor of Science Surveying (Property Management) from Universiti Teknologi Malaysia in 1992.

Upon graduation, he gained experience as a Valuation Executive in Sailan & Co and KGV-Lambert Smith Hampton. In 1993, he joined JLand as an Executive and later served as Valuation Executive at Planning Department in 1995.

Since 2000, he had served several departments in JLand which includes Property Management, Marketing Department, Corporate Office, Planning Department and Business Development and Planning. He is currently the General Manager of Special Project (JB Urban Redevelopment) of JLand since his appointment on 1 June 2015. He is also the General Manager, Special Projects (Property Division) of JCorp since 1 May 2015.

He presently sits on the board of various companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all five (5) Board Meetings of the DRMSB held during the financial year ended 31 December 2015.



Dato' Amiruddin bin Abdul Satar, aged 52 is the Non-Independent Non-Executive Director of the Manager. He was appointed to the Board on 21 January 2016.

Dato' Amiruddin is the President and Managing Director of KPJ Healthcare Berhad since 1 January 2013.

He embarked on his career with KPJ in 1993 and prior to his current appointment, he was involved in the areas of hospital operations, finance and various senior management functions such as strategic planning and investment decisions of KPJ.

Dato' Amiruddin gained significant experience in finance and management through his capacity as the Accountant and Finance Manager of several large and reputable organisations in the country. A member of the Association of Chartered Certified Accountants (ACCA), Dato' Amiruddin obtained his Masters in Business Administration (MBA) from the Henley Business School, University of Reading, United Kingdom in 2010.

He also holds directorships in several KPJ hospitals as the Chairman. Dato' Amiruddin contributes actively in the development of the Malaysian healthcare sector through his involvement with the Association of Private Hospitals of Malaysia (APHM), where he is currently the Vice President.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences.

Company Secretary



**HANA BINTI AB
RAHIM @ ALI
(MAICSA 7064336)**

**ROHAYA BINTI JAAFAR
(LS 0008376)**

Shariah Committees 2015

1. DATO' (DR) HAJI NOOH BIN GADOT
2. PROFESSOR MADYA DR . AB. HALIM
BIN MUHAMMAD
3. PROFESSOR DR. MOHAMAD @
MD. SOM BIN SUJIMON



Dato' (Dr) Haji Nooh bin Gadot, aged 70, was appointed as the Chairman and Member of Shariah Committee of Al-Aqar Healthcare REIT since 22 June 2006. Currently, Dato' (Dr) Haji Nooh is the Islamic Advisor to DYMM Sultan Johor and Advisor to Johor State Islamic Council. He is a member of the Johor Royal Council and Islamic Religious Council (Johor).

Dato' (Dr) Haji Nooh graduated from the Al-Azhar University in Egypt with a Bachelor in Islamic Law and Shariah Islamiah. He obtained his tertiary Islamic education from Maahad Institution in Johor majoring in As-Syahadah Al-Thanawiyyah, Arabic Secondary School, Segamat Madrasah Al-Khairiyyah Al-Arabiyyah – AsSyahadah Al-Ibtidaiyyah, Segamat and Islamic Primary School State of Johor Special Class. On 22 April 2012, he obtained the Ijazah Kehormat Sarjana Sastera (Master of Art) from Asia e University.

In addition to his official studies, Dato' (Dr) Haji Nooh attended a course on Managing Fatwa Darul Iffa in Ministry of Justice of Egypt under the supervision of State Mufti of Egypt, Al-Ustaz Al-Kabeer Dr. Syed Muhammad Tantawi and courses on Management and Administration of Wakaf organised by Egypt Wakaf Authority.

Before his appointment as Mufti of Johor from year 1999, Dato' (Dr) Haji Nooh was appointed as Vice Mufti of Johor and Chief Assistant Director, Department of Administration of Shariah Law (Chief Kadi). His vast experience in Islamic practise and jurisprudence, juristic methodology, hadith and its sciences and spirituality was gained throughout his services as Acting Kadi, Syarie Lawyer, Islamic Affair Officer Religious Department (Prime Minister Department), Acting Assistant Examination and Registrar Religious School of Johor State and Religious Teacher of Johor State. He compulsorily retired as Mufti of Johor in November 2002 and continued his service until 13 November 2008 and now remains as the Advisor to the Islamic Religious Council (Johor). Currently, he holds various positions which includes amongst others, the Board Member of Waqaf An-Nur Corporation Berhad, Board Member of Kolej Pengajian Islam Johor ("MARSAH"), Vice Chairman of Pengawalan dan Perlesenan Pencetakan Teks Al-Qur'an Kementerian Dalam Negeri, Board Member of Yayasan Dakwah Islamiah Malaysia, Shariah Committee of QSR Brands and KFC Holdings, Shariah Committee of Jabatan Kemajuan Islam Malaysia (JAKIM), Shariah Committee of Permodalan Nasional Berhad (PNB), Board Member of Infaq Lil-Waqaf Angkatan Koperasi Kebangsaan Malaysia Berhad ("ANGKASA"), Shariah Committee of NCB Holdings Bhd, Joint Chairman of Institut Ahli Sunnah Wal Jamaah Johor ("IASWJ"), Primary Consultant of Shariah Advisory Panel of Koperasi Permodalan Melayu Negeri Johor ("KPMNJ"), Board Member of Maji Urus Sdn. Bhd., Shariah Advisor of Fly Johore Sdn. Bhd., Committee Member of Selection and Service of Yayasan Dakwah Islamiah Malaysia ("YADIM"), Panel Pemikir Fatwa Jabatan Kemajuan Islam Malaysia ("JAKIM"), Advisory Member of Word Halal Summit (Shapers M'sia Sdn. Bhd.), Board of Trustee Member of Yayasan Wakaf Anak Yatim Malaysia (YAWATIM), Advisory Panel of Pameran Kenali & Cintai Rasulluah ("PKCR") and Advisory Committee Hajj Member of Tabung Haji Malaysia.

Since year 2001 until now, Dato' (Dr) Haji Nooh is active in presenting his proposals and working papers in various issues related to religion that brings into effect the social and spiritual life of the communities. He was conferred the prestigious award Ma'al Hijrah from the State of Johor in year 2009, award Tokoh Dakwah Sempena Sambutan Jubli Emas dan Sempena Anugerah Kecemerlangan Maahad Johor and prestigious award of Maulidur Rasul National Award for the year 1434H/2013M as well as Pingat Bakti Setia (Anugerah Menteri Dalam Negeri) in conjunction with the celebration of 224th Prison Day. Apart from that, Dato' (Dr) Haji Nooh also awarded with Pingat Sultan Ibrahim Pangkat Kedua (P.S.I II), Honorary Doctorate Award (Human Development) from Universiti Tun Hussien Onn (UTHM) and Senior Citizens' Special Award in conjunction with the celebration of 2015 National Senior Citizens and Children's Day from Ministry of Social Welfare.



Professor Madya Dr. Ab. Halim bin Muhammad, aged 70, was appointed on 22 June 2006 as the Shariah Committee Member of Al-`Aqar Healthcare REIT.

He obtained his Bachelor in Shariah from Al-Azhar University in Egypt in 1972 and subsequently obtained his PhD in Shariah from St. Andrews, University of Scotland in 1977.

He began his career with Universiti Kebangsaan Malaysia as the Head of Department of Quran and Sunnah, Faculty of Islamic Studies and Lecturer at Faculty of Law Universiti Kebangsaan Malaysia.

He has served as Shariah Advisor and Shariah committee member at several corporate organisation like Tabung Haji, Bank Negara Malaysia, Dewan Bahasa dan Pustaka, Takaful Nasional and Terengganu Trust Fund as well as financial institutions namely, Bank Muamalat Malaysia Berhad, Bank Kerjasama Rakyat Malaysia Berhad, RHB Bank Berhad and Bank Pembangunan Malaysia Berhad. He was also appointed as Shariah Advisor to the SC.

At present he is the Shariah committee member of Bank Muamalat Malaysia Berhad, ANGKASA and Terengganu Trust Fund.



Professor Dr. Mohamad @ Md. Som bin Sujimon, aged 61, was appointed on 20 May 2013 as the Shariah Committee Member of Al-Aqar Healthcare REIT.

He graduated from University of Al-Azhar, Egypt with a Bachelor of Honour from the Faculty of Islamic Jurisprudence and Law in 1979. He obtained his Master of Arts in Teaching from Mississippi State University, United States of America in 1982 and completed PhD in Islamic and Middle Eastern Studies at the Faculty of Arts in University of Edinburgh, Scotland, United Kingdom in 1997.

He began his career as a Lecturer at the Faculty of Arts and Social Science, Universiti Malaya from 1983-1986. He was then migrated to Brunei Darussalam whereby he was part of the team which founded three (3) institutions, namely Universiti Brunei Darussalam ("UBD"), Universiti Islam Sultan Syarif Ali ("UNISSA") and Kolej Universiti Perguruan Ugama Seri Begawan ("KUPU SB"). In Brunei Darussalam, he was an Associate Professor at the Faculty of Shariah and Law, UNISSA as well as an Associate Professor at the UBD and Institute of Islamic Studies Sultan Haji Omar Ali Saifuddin. He was also an Associate Professor at the International Islamic University Malaysia from 1999 to 2005.

He has published many papers including Fikah Kekeluargaan; The Problems of the Illegitimate Child (walad zina) and Foundling (laqit) in the Sunni School of Law; Kes-kes Kehakiman Berkaitan Jenayah Hudud, Qisas dan Kekeluargaan Di Zaman Khulafa' al-Rashidin; Concept and Implementation of Islamic Finance During the Caliphate of Islam; Translated from Arabic work by Dr. Subhi Mahmasani; Modelling Retail Sukuk in Indonesia and Manual Mazhab Hanafi Yang Dilupakan Murshid al-Hayran ila Ma'rifat Ahwal al-Insan by Mohammed Kadri Pasha (The Forgotten Hanafite Manual of Murshid al-Hayran ila Ma'rifat Ahwal al-Insan by Mohammed Kadri Pasha); Pertukaran dan Perdagangan Matawang Dalam Islam: Satu Sorotan Awal (Exchange and Money Transaction in Islam: A Preliminary Survey); and many other notable intellectual writings.

He was a Senior Researcher at the International Shariah Research Academy ("ISRA") and is currently the Chief Executive Officer of Kolej Pengajian Islam Johor ("MARSAH") and member of the Shariah committee for HSBC Amanah Takaful. In December 2013, he was appointed as the Chairman for the Shariah Board of Brisbane Islamic Investment Fund, an Australian regulated Islamic investment fund and Islamic finance business custodians which deals with manufacturing and services, energy and resources, real estate, solar and clean energy and live stocks.



Organization Structure

BOARD OF DIRECTORS

Dato' Kamaruzzaman bin Abu Kassim
Yusaini bin Hj. Sidek
Zainah binti Mustafa
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
Dr Mohd Hafetz bin Ahmad
Lukman bin Hj. Abu Bakar
Dato' Mani a/l Usilappan
Jamaludin bin Md Ali (resigned w.e.f. 21 January 2016)
Mohd Yusof bin Ahmad
Dato' Amiruddin bin Abdul Satar (appointed w.e.f. 21 January 2016)

MANAGING DIRECTOR

Yusaini bin Hj. Sidek

DEPUTY GENERAL MANAGER

Shahril Zairis bin Ramli

HEAD OF DEPARTMENT

Management Level

Head of Finance
Muhammad Ikhwan
bin Muhammad Hanapi

Head of Operations
Roslan bin Manap

**Head of Compliance
& Legal**
Hamim bin Mohamad

**Head of Business
Development &
Investor Relations**
Sahrin bin Munir

**Deputy Head
of Operations**
Suhaimi bin Saad

Operation Level

Finance Team

Operations Team

Compliance & Legal
Team

Business
Development &
Investor Relations
Team





04

Portfolio Summary
Portfolio Details
Operations Review
Investor Relations
Market Report

In Operation

22 PROPERTIES (MALAYSIA)

- KPJ AMPANG PUTERI SPECIALIST HOSPITAL
- KPJ DAMANSARA SPECIALIST HOSPITAL
- KPJ JOHOR SPECIALIST HOSPITAL
- KPJ PUTERI SPECIALIST HOSPITAL
- KPJ SELANGOR SPECIALIST HOSPITAL
- KPJ IPOH SPECIALIST HOSPITAL
- KPJ PERDANA SPECIALIST HOSPITAL
- KUANTAN SPECIALIST HOSPITAL
- SENTOSA MEDICAL CENTRE
- KPJ KAJANG SPECIALIST HOSPITAL
- KEDAH MEDICAL CENTRE
- DAMAI SPECIALIST HOSPITAL
- KPJ PENANG SPECIALIST HOSPITAL
- TAWAKKAL HEALTH CENTRE
- KPJ TAWAKKAL SPECIALIST HOSPITAL
- KPJ SEREMBAN SPECIALIST HOSPITAL
- TAIPING MEDICAL CENTRE
- KPJ HEALTHCARE UNIVERSITY COLLEGE, NILAI
- SELESA TOWER
- KPJ INTERNATIONAL COLLEGE, PENANG
- KLUANG UTAMA SPECIALIST HOSPITAL
- KPJ KLANG SPECIALIST HOSPITAL



Portfolio Summary



Portfolio Details

1st Acquisition

KPJ AMPANG PUTERI SPECIALIST HOSPITAL
 KPJ DAMANSARA SPECIALIST HOSPITAL
 KPJ JOHOR SPECIALIST HOSPITAL
 KPJ PUTERI SPECIALIST HOSPITAL
 KPJ SELANGOR SPECIALIST HOSPITAL
 KPJ IPOH SPECIALIST HOSPITAL

2nd Acquisition

KPJ PERDANA SPECIALIST HOSPITAL
 KUANTAN SPECIALIST HOSPITAL
 SENTOSA MEDICAL CENTRE
 KPJ KAJANG SPECIALIST HOSPITAL
 KEDAH MEDICAL CENTRE

3rd Acquisition

DAMAI SPECIALIST HOSPITAL
 KPJ PENANG SPECIALIST HOSPITAL
 TAWAKKAL HEALTH CENTRE
 KPJ TAWAKKAL SPECIALIST HOSPITAL
 KPJ SEREMBAN SPECIALIST HOSPITAL
 TAIPING MEDICAL CENTRE
 KPJ HEALTHCARE UNIVERSITY COLLEGE, NILAI
 SELESA TOWER
 KPJ INTERNATIONAL COLLEGE, PENANG

4th Acquisition

KLUANG UTAMA SPECIALIST HOSPITAL
 KPJ KLANG SPECIALIST HOSPITAL

5th Acquisition

JETA GARDENS AGED CARE & RETIREMENT
 VILLAGE



KPJ AMPANG PUTERI SPECIALIST HOSPITAL

Location

No. 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000
 Ampang, Selangor Darul Ehsan.

Lessee/Asset Operator

Ampang Puteri Specialist Hospital Sdn Bhd

Description

A purpose built private hospital comprising a seven (7) storey main building (NCB Block), an annexed five (5) storey specialist centre (PCB Block) both are with a common lower ground floor.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar
 Healthcare REIT

Land Area

233,254 sq.ft.

Gross Floor Area

384,729 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 31 December 2018 and renewal on 1 January 2019.

Title

P.T. No. 25119 held under Title No. H.S. (M) 26550, Mukim
 Empang, District of Hulu Langat, State of Selangor.
 Leasehold expiring in year 2089.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank
 Trustees Berhad.



KPJ DAMANSARA SPECIALIST HOSPITAL

Location

No 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor.

Lessee/Asset Operator

Damansara Specialist Hospital Sdn Bhd

Description

A six (6) storey purpose built hospital building with a basement level (inclusive of approximately one and a half (1½) levels of shell floors) together with open car park.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

179,860 sq.ft.

Gross Floor Area

445,114 sq.ft.

Tenancy/Lease expiry & renewal

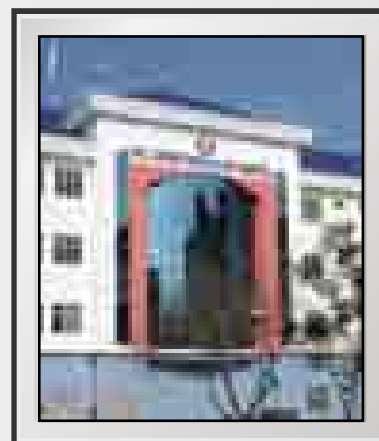
Expiry on 31 December 2018 and renewal on 1 January 2019.

Title

P.T. No. 1856 held under Title No. H.S. (D) 146423, Mukim Sungai Buloh, District of Petaling, State of Selangor.
Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPJ JOHOR SPECIALIST HOSPITAL

Location

No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru. Johor Darul Takzim.

Lessee/Asset Operator

Johor Specialist Hospital Sdn Bhd.

Description

A six (6) level with mezzanine floor main hospital building, a four (4) level physician consulting building together with two (2) level basement car parks and open car parks.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

217,800 sq.ft.

Gross Floor Area

477,234 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 31 December 2018 and renewal on 1 January 2019.

Title

PTB No. 12319 held under Title No. H.S. (D) 420217, Town and District of Johor Bahru, State of Johor.
Leasehold expiring in year 2079.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPI PUTERI SPECIALIST HOSPITAL

Location

No. 33, Jalan Tun Abdul Razak (Susur 5), 80350 Johor Bahru, Johor Darul Takzim.

Lessee/Asset Operator

Puteri Specialist Hospital (Johor) Sdn Bhd.

Description

A six (6) storey purpose built private hospital building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

104,109 sq.ft.

Gross Floor Area

118,019 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 31 December 2018 and renewal on 1 January 2019.

Title

Lot No. PTB 24134, held under Title No. HSD 535599, Town and District of Johor Bahru, State of Johor.
Leasehold expiring in year 2053.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPI SELANGOR SPECIALIST HOSPITAL

Location

Lot 1, Jalan 20/1, Section 20, 40300 Shah Alam, Selangor Darul Ehsan.

Lessee/Asset Operator

Selangor Specialist Hospital Sdn Bhd.

Description

A six (6) storey main specialist centre building together with a basement and a six storey carpark block together with a basement.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

204,342 sq.ft.

Gross Floor Area

212,612 sq.ft.

Tenancy/Lease expiry & renewal

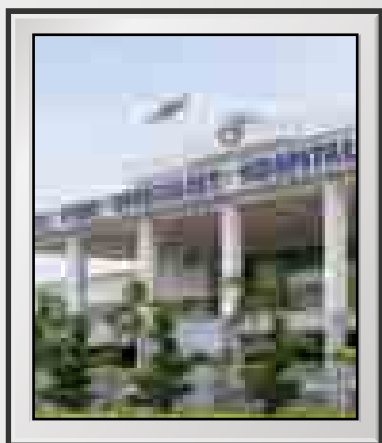
Expiry on 31 December 2018 and renewal on 1 January 2019.

Title

P.T. No. 2 Section 20 held under Title No. H.S. (D) 112884, Town of Shah Alam, District of Petaling, State of Selangor.
Leasehold expiring in year 2096.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPJ IPOH SPECIALIST HOSPITAL

Location

No.26, Jalan Raja Di Hilir, 30350 Ipoh, Perak Darul Ridzuan.

Lessee/Asset Operator

Ipoh Specialist Hospital Sdn Bhd.

Description

A purpose built private specialist hospital comprising three (3) to four (4) storey building (Old Wing) annexed to a five (5) storey building with a basement (New Wing).

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

142,116 sq.ft.

Gross Floor Area

348,166. Sq.ft

Tenancy/Lease expiry & renewal

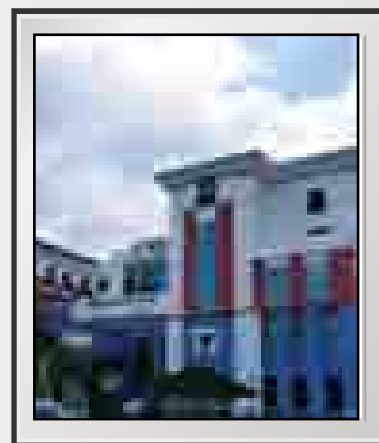
Expiry on 31 December 2018 and renewal on 1 January 2019.

Title

Lot No. PT 254356 held under Title No. HS (D) 221754, Town of Ipoh (U), in District of Kinta, State of Perak.
Interest in Perpetuity.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPJ PERDANA SPECIALIST HOSPITAL

Location

No. PT 37 and PT 600, Jalan Bayam, Section 14, 15200 Kota Bharu, Kelantan.

Lessee/Asset Operator

Perdana Specialist Hospital Sdn Bhd

Description

A five (5) storey purpose built private specialist hospital with a sub-basement.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

87,802 sq.ft.

Gross Floor Area

147,541 sq. ft.

Tenancy/Lease expiry & renewal

Expiry on 28 February 2017 and renewal on 1 March 2017.

Title

Lot No. 657 Seksyen 14 held under Title No. PN 4133, Bandar and Jajahan of Kota Bharu, State of Kelantan.
Leasehold expiring in year 2064.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KUANTAN SPECIALIST HOSPITAL

Location

No. 51 Jalan Alor Akar, Taman Kuantan, 25250 Kuantan, Pahang.

Lessee/Asset Operator

Kuantan Specialist Hospital Sdn Bhd.

Description

A purpose built private specialist hospital [comprising three (3) storey Block A and a five (5) storey annexe Block B] and an open car park.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

72,101 sq.ft.

Gross Floor Area

72,201 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 28 February 2017 and renewal on 1 March 2017.

Title

Title Nos. GM 3441, GM 3442, GM 3466, GM 2827, GM 2823, GM 3443, GM 1575, GM 6875, Lot Nos. 5885, 5886, 5888, 5889, 5890, 5891, 10747 and 10748 respectively, Mukim of Kuala Kuantan, District of Kuantan in Pahang Darul Makmur. Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



SENTOSA MEDICAL CENTRE

Location

No. 36, Jalan Chemur Damai Complex, 50400 Kuala Lumpur.

Lessee/Asset Operator

Sentosa Medical Centre Sdn Bhd.

Description

A seven (7) storey purpose private specialist hospital.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

23,659 sq.ft.

Gross Floor Area

115,331 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 28 February 2017 and renewal on 1 March 2017.

Title

Lot No. 671, Section 47 held under Title No. GRN 43923, Town of Kuala Lumpur, District of Kuala Lumpur. Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPJ KAJANG SPECIALIST HOSPITAL

Location

Jalan Cheras, 43000 Kajang, Selangor Darul Ehsan.

Lessee/Asset Operator

Kajang Specialist Hospital Sdn Bhd.

Description

A seven (7) storey purpose built private specialist hospital.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

68,932 sq.ft.

Gross Floor Area
191,144 sq.ft.

Tenancy/Lease expiry & renewal

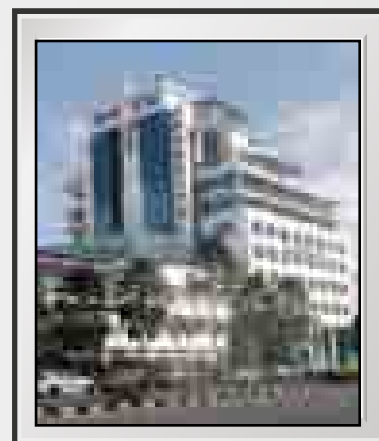
Expiry on 28 February 2017 and renewal on 1 March 2017.

Title

Lot No. 42997, Section 9 held under Title No. GM 2494, Mukim of Kajang, District of Hulu Langat, Selangor. Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KEDAH MEDICAL CENTRE

Location

Pumpong, 05250 Alor Setar, Kedah Darul Aman.

Lessee/Asset Operator

Kedah Medical Centre Sdn Bhd

Description

A ten (10) storey purpose built private specialist hospital (inclusive of one (1) shell floor) with a three (3) storey annexe block.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

83,195 sq.ft.

Gross Floor Area

215,881 sq.ft.

Tenancy/Lease expiry & renewal

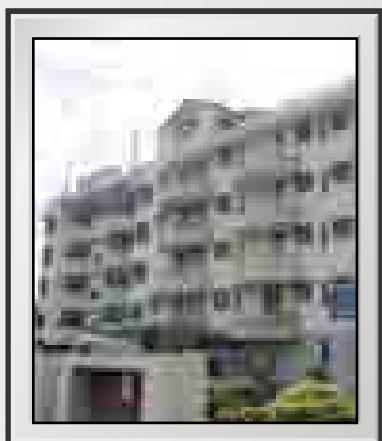
Expiry on 28 February 2017 and renewal on 1 March 2017.

Title

P.T. No. 35 held under Title No. H.S. (D) 21030, Bandar Alor Merah and P.T. No. 1280 held under Title No. H.S. (M) 10923, Bandar Alor Setar, all in District of Kota Setar, State of Kedah. Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



DAMAI SPECIALIST HOSPITAL

Location

Lorong Pokok Tepus 1, Off Jalan Damai, 88300 Kota Kinabalu, Sabah.

Lessee/Asset Operator

Kota Kinabalu Specialist Hospital Sdn Bhd.

Description

A five (5) storey purpose built private specialist hospital building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

33,988 sq.ft.

Gross Floor Area

39,966 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 11 June 2018 and renewal on 12 June 2018.

Title

Town Lease 017548828 situated at District of Kota Kinabalu, State of Sabah.
Leasehold expiring in year 2073.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPJ PENANG SPECIALIST HOSPITAL

Location

No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang.

Lessee/Asset Operator

Penang Specialist Hospital Sdn Bhd.

Description

A five (5) storey main hospital building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

217,802 sq.ft.

Gross Floor Area

182,824.00 sq.ft.

Tenancy/Lease expiry & renewal

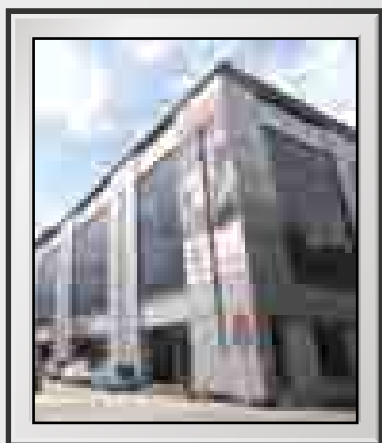
Expiry on 13 October 2018 and renewal on 14 October 2018.

Title

P.T. No. 799 held under Title No. H.S. (M) 375, Mukim 07, District of Seberang Perai Tengah, State of Pulau Pinang.
Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



TAWAKKAL HEALTH CENTRE

Location

No. 202A, Jalan Pahang, 53200 Kuala Lumpur.

Lessee/Asset Operator

Pusat Pakar Tawakal Sdn Bhd.

Description

Renovated four (4) storey shop office building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

30,445.32 sq.ft.

Gross Floor Area

119,925 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 14 May 2018 and renewal on 15 May 2018.

Title

Lot Nos. 78 to 91, 98 to 102 and 124 to 125 held under Title Nos. GRN 4412 to GRN 4425, GRN 4432 to GRN 4436 and PN 6271 to PN 6272 respectively, all in Section 85A, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

Interest In Perpetuity, in respect of all the title with the exception of Lots 124 and 125 conveying 99-years leasehold interest expiring on 25 July 2077 (unexpired term of about 63.6 years).

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPJ TAWAKKAL SPECIALIST HOSPITAL

Location

No-1, Jalan Pahang Barat/ Jalan Sarikei, 53000 Kuala Lumpur.

Lessee/Asset Operator

Pusat Pakar Tawakal Sdn Bhd.

Description

A seven (7) storey purpose built specialist hospital with a single storey podium as the main lobby and a three (3) level elevated car park.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

89,168 sq.ft.

Gross Floor Area

333,514 sq.ft.

Tenancy/Lease expiry & renewal

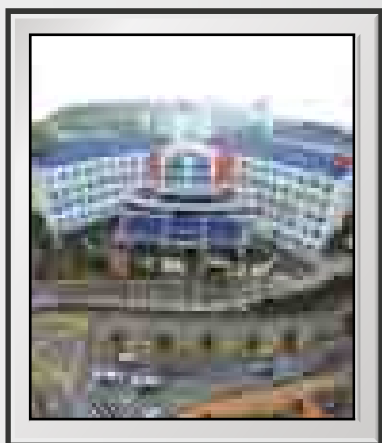
Expiry on 5 July 2016 and renewal on 6 July 2016.

Title

Lot No. 522 Section 85A held under Title No. GRN 68175, Town and District of Kuala Lumpur, Wilayah Persekutuan KL.
Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPI SEREMBAN SPECIALIST HOSPITAL

Location

Lot 6219 & 6220, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan.

Lessee/Asset Operator

Seremban Specialist Hospital Sdn Bhd.

Description

A purpose-built private specialist hospital comprising of a five (5) storey hospital building with a basement level. (EB)

A parcel of commercial land with the specific use for private hospital. (VL)

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

241,834 sq.ft. (EB)

60,763 sq.ft (VL)

Gross Floor Area

182,012 sq.ft (EB)

-Nil (VL)

Tenancy/Lease expiry & renewal

Expiry on 13 October 2018 and renewal on 14 October 2018.

Title

Lot Nos. 17522, 17523 and 24007 & PT. No. 2466 held under Titles Nos. GRN 51612, 51630 and PN 25974 respectively, Pekan Bukit Kepayang, District of Seremban, State of Negeri Sembilan. Lot 17522 & Lot 17523 - Freehold. Lot 24007 - Leasehold expiring in year 2103. (EB)

PT. No 2466 (New Lot 50459) / HS(D)218451, Pekan Bukit Kepayang, District of Seremban, State of Negeri Sembilan. (VL)

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad. (EB)

-Nil (VL)

EB : Existing Building

VL : Vacant Land



TAIPING MEDICAL CENTRE

Location

No. 39, 41, 43, 45, 47 & 49, Jalan Medan Taiping 2, Medan Taiping, 34000 Taiping, Perak.

Lessee/Asset Operator

Taiping Medical Centre Sdn Bhd

Description

A purpose-built private specialist hospital building comprising a four (4) storey main hospital building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

38,254 sq.ft.

Gross Floor Area

38,504 sq.ft.

Tenancy/Lease expiry & renewal

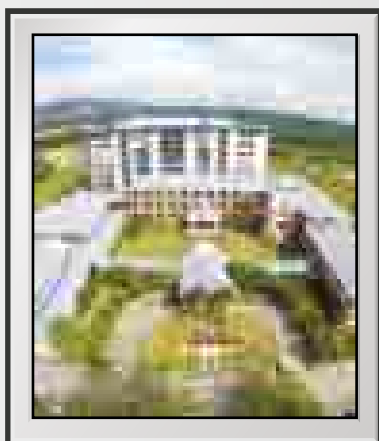
Expiry on 30 April 2018 and renewal on 1 May 2018.

Title

Lot Nos. 3102 to 3107 and P.T. No. 1106 held under Title Nos. PN 235465 to PN 235468 PN, 235470, PN 235471 and H.S. (D) 2094/89 respectively all in Bandar Taiping, District of Larut & Matang, State of Perak. Leasehold expiring in year 2088.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPJ HEALTHCARE UNIVERSITY COLLEGE, NILAI

Location

PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan.

Lessee/Asset Operator

Puteri Nursing College Sdn Bhd.

Description

A private nursing and health sciences college comprising an administrative and academic blocks, a block of students' hostel block and car parks. (EB)

A private of commercial land partly erected with an eight (8) storey academic block and two (2) TNB substations and parcel of residential land partly erected with an eleven and a half (11½) storey apartment block (student's hostel) and refuse storage chamber. (NB)

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

206,905 sq.ft. (EB)

777,032 sq.ft. (NB)

Gross Floor Area

124,007 sq.ft. (EB)

330,149.09 sq.ft. (NB)

Tenancy/Lease expiry & renewal

Expiry on 30 April 2018 and renewal on 1 May 2018. (EB)

Expiry on 30 November 2018 and renewal on

1 December 2018. (NB)

Title

Lot No. 33002 and P.T. No. 7 held under Title Nos. GRN 211809 and H.S. (D) 189780 respectively, Bandar Baru Kota Sri Mas, District of Seremban, State of Negeri Sembilan.
Freehold. (EB)

PT. No. 8 (New Lot 33653) and Lot No. 33003 held under Title Nos. HS (D) 189781 and Grant 211810 respectively, Bandar Baru Kota Sri Mas, District of Seremban, State of Negeri Sembilan. Freehold. (NB)

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad. (EB)

-Nil (NB)

EB : Existing Building

NB : New Building



SELESA TOWER

Location

Hotel Selesa and Metropolis Tower (Selesa Tower), Jalan Dato' Abdullah Tahir/ Jalan Tebrau, 80300 Johor Bahru. Johor Darul Takzim.

Lessee/Asset Operator

Hotel Selesa (JB) Sdn Bhd

Description

A four (4)-star rating hotel known as Hotel Selesa and office block known as Metropolis Tower (Selesa Hotel) together with basement/ elevated car parks.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

55,542 sq.ft.

Gross Floor Area

728,786 sq.ft.

Tenancy/Lease expiry & renewal

Month To Month Basis

Title

PTB No. 19109 held under Title No. H.S. (D) 180798, Town and District of Johor Bahru, State of Johor.
Freehold.

Encumbrances

-NIL



KPJ INTERNATIONAL COLLEGE, PENANG

Location

No. 565, Jalan Sungai Rambai, 14000 Bukit Mertajam, Pulau Pinang.

Lessee/Asset Operator

Puteri Nursing College Sdn Bhd.

Description

A six (6) storey purpose built private specialist hospital building known as "Bukit Mertajam Specialist Hospital" and two (2) parcels of development land.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

129,995 sq.ft.

Gross Floor Area

42,989 sq.ft.

Tenancy/Lease expiry & renewal

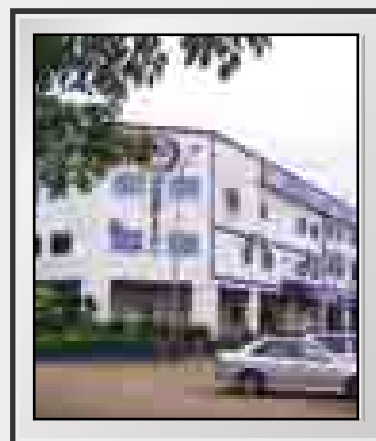
Expiry on 13 October 2018 and renewal on 14 October 2018.

Title

Lot No.10038, (Amalgamation of former Lots 1417, 54 and 1529) and Lot 55, respectively, all in Seksyen 5, Bandar Bukit Mertajam, District of Seberang Perai Tengah, State of Pulau Pinang.
Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KLUANG UTAMA SPECIALIST HOSPITAL

Location

No. 1,3,5,7,9,11 Susur 1, Jalan Besar, 86000 Kluang, Johor Darul Takzim.

Lessee/Asset Operator

Pusat Pakar Kluang Utama Sdn Bhd.

Description

6 units of 3-storey shop-offices renovated into a private hospital known as Kluang Utama Specialist Hospital.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

10,607 sq.ft.

Gross Floor Area

31,837 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 5 January 2018 and renewal on 6 January 2018.

Title

PTB No. 9468 – PTB No. 9473 held under Title Nos. H.S. (D) 44911 – H.S. (D) 44916, all in Town and District of Kluang, State of Johor.
Leasehold expiring in year 2100.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



KPJ KLANG SPECIALIST HOSPITAL

Location

No. 102, Persiaran Rajawati / KU 1, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan.

Lessee/Asset Operator

Bandar Baru Klang Specialist Hospital Sdn Bhd.

Description

A purpose built private hospital comprising a six (6) storey main building with two (2) levels of basement car park.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

117,391 sq.ft.

Gross Floor Area

391,358 sq.ft.

Tenancy/Lease expiry & renewal

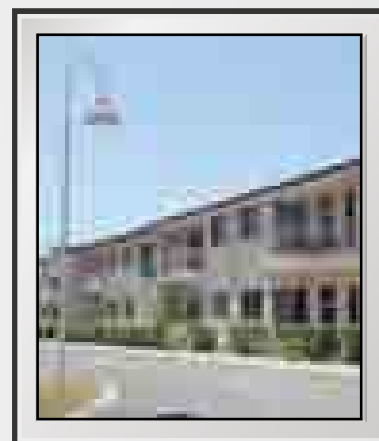
Expiry on 25 June 2018 and renewal on 26 June 2018.

Title

Lot No. 31870 held under Title No. PM 648, Mukim of Kapar, District of Klang, State of Selangor.
Leasehold expiring in year 2093.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



JETA GARDENS AGED CARE & RETIREMENT VILLAGE

Location

Jeta Gardens, Aged Care and Retirement Village, 27 Clarendon Avenue, Bethania and 86 Albelt Street, Waterford, Queensland, 4205 Australia.

Lessee/Asset Operator

Jeta Gardens (QLD) Pty Ltd.

Description

Three (3) contiguous parcels of residential land erected with two (2) storey aged care building comprising 106 rooms (108-bed) aged care facility, 23 units of independent villas and 32 independent living apartment units.

Registered Proprietor

Al-'Aqar Australia Pty Ltd.

Land Area

1,287,143.09 sq.ft.

Gross Floor Area

80,029.67 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 1 November 2017 and renewal on 2 November 2017.

Title

Lots 2, 3 and 4 held under Title References 50855908, 50855909 and 50855910 respectively, all within Parish of Moffatt, Country of Ward, Local Government of Logan.

Encumbrances

Charged to Amlslamic Bank Berhad

OPERATIONS

REVIEW



KPJ Seremban Specialist Hospital

FINANCIAL REVIEW

For the financial year ended 31 December 2015, Al-'Aqar Healthcare REIT recorded RM110.9 million and RM104.6 million of gross revenue and net property income, respectively representing an increase of 2.1% and 2.1% compared to RM108.6 million and RM102.4 million of revenue and net property income, respectively recorded in the preceding financial year ended 31 December 2014. The Fund's

net realised income grew 2.5% from RM59.6 million recorded in preceding financial year ended 31 December 2014 to RM61.1 million in the current financial year ended 31 December 2015. The enhanced performance was substantially contributed by yearly increment of rental income.

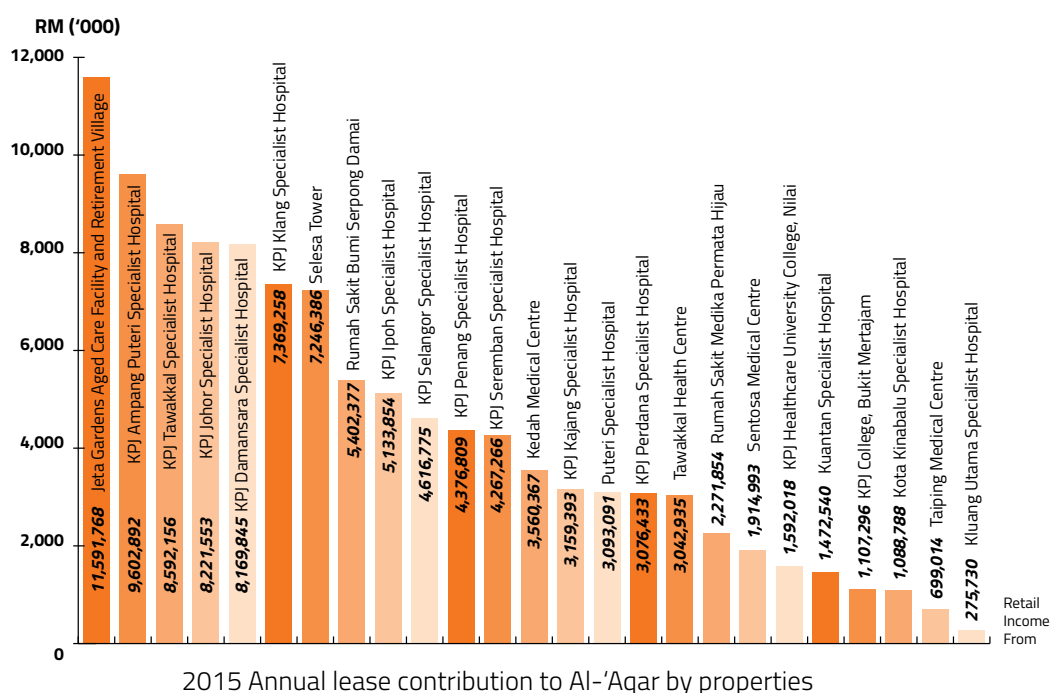
The Fund's profit for FY2015 was RM72.7 million comprising realised profit of RM61.1 million and unrealised profit of RM11.6 million. Realised profit for FY2015 grew by 2.5% against FY2014 of RM59.6 million, mainly due to the finance cost savings derived from capital management initiatives. FY2015 the group registered a fair value gain of RM11.6 million, compared to RM11.4 million for FY2014.

The Fund's Management Expense Ratio ("MER") of 0.35% (FY2014: 0.50%) is among the lowest in the M-REITs industry. Meanwhile, the group's total income available for distribution for FY2015 reduced by 6.8% from RM59.9 million for FY2014 to RM55.8 million. Distribution yield has increased from 5.7% to 6.1% with the increase in price from RM1.38 as at 31 December 2014 to RM1.40 as at 31 December 2015. NAV per unit was RM1.21, an increase of 1.7% from FY2014 attributed by revaluation of the assets.

Properties	2015 Fair Value (RM '000)	2014 Fair Value (RM '000)	Change in Value (RM '000)
KPJ Ampang Puteri Specialist Hospital	132,000	130,900	1,100
KPJ Damansara Specialist Hospital	116,000	115,800	200
KPJ Johor Specialist Hospital	114,000	112,000	2,000
KPJ Selangor Specialist Hospital	64,500	64,100	400
KPJ Puteri Specialist Hospital	43,000	42,000	1,000
KPJ Ipoh Specialist Hospital	72,500	71,800	700
KPJ Perdana Specialist Hospital	44,500	44,500	-
Kuantan Specialist Hospital	21,700	21,300	400
KPJ Kajang Specialist Hospital	46,100	46,100	-
Kedah Medical Centre	51,600	51,500	100
Sentosa Medical Centre	28,700	27,800	900
KPJ Seremban Specialist Hospital*	66,000	60,000	6,000
Taiping Medical Centre	9,900	9,800	100
KPJ Healthcare University College, Nilai*	98,363	19,200	79,363
KPJ Tawakkal Specialist Hospital	123,000	121,000	2,000
Damai Specialist Hospital	15,200	15,200	-
Tawakkal Health Centre	44,700	43,100	1,600
KPJ International College, Bukit Mertajam	16,200	16,200	-
KPJ Penang Specialist Hospital	63,200	62,600	600
Selesa Tower	103,500	103,500	-
Kluang Utama Specialist Hospital	4,300	4,200	100
KPJ Klang Specialist Hospital	100,000	99,300	700
Jeta Gardens Aged Care Facility and Retirement Village	142,560	142,500	60
Total	1,521,523	1,424,400	97,123

*Inclusive of additional purchase during the year to an existing investment properties.

Al-'Aqar's investment properties comprises of 19 hospitals and 4 healthcare related properties spanning over Malaysia and Australia. Properties with high market value are also the major contributors in terms of lease contributions as depicted in the following chart.



PROPERTY REVIEW

Acquisition

For year under review, Al-`Aqar has successfully completed its acquisition of KPJUC properties and SSH Land from KPJ. On 1 December 2015, Al-`Aqar completed the acquisition of KPJUC properties for a total purchase consideration of RM77.8 million. The acquisition was funded by cash raised from private placement exercise and the deferred consideration unit. The acquisition of the two parcels of land, measuring 72,188 sq m, includes the new extension of KPJUC, a hostel block and two TNB sub-stations. The properties was leased to KPJ for 15 years (renewable every 3 years) with an option to extend for another 15 years. The acquisition of KPJUC Properties provides Al-`Aqar with a long-term lease agreement with an option for renewal to ensure stable revenue streams to the Fund.

Al-`Aqar also strengthen its assets this year through the acquisition of SSH Land. Completed on 5 November 2015 at a purchase consideration of RM4.25 million, the acquisition of SSH Land was undertaken to facilitate the amalgamation of land with Al-`Aqar existing property. The acquisition was fully funded by internal cash. Through this acquisition, Al-`Aqar had an opportunity to enhancing earnings of Al-`Aqar which derived from the rental income. The SSH Land is expected to yield positive benefits to Al-`Aqar over time, in view of the strategic location of the SSH Land.

Disposal

Apart from the acquisition exercise, Al-`Aqar also completed its disposal of its two properties in Indonesia, namely Rumah Sakit Medika Permata Hijau and Rumah Sakit Bumi Serpong Damai via the disposal of the entire equity interest in Crossborder Hall (M) Sdn Bhd and Crossborder Aim (M) Sdn Bhd ("Crossborder Companies") to KPJ at a consideration of RM4,718,000. The disposal not only enables Al-`Aqar to unlock the value of its assets in Indonesia but also to provide an opportunity for Al-`Aqar to realise its capital investment in both companies.

The proceeds from the sale of Crossborder Companies were allocated to redeem the loan of Jeta Gardens, Al-`Aqar's property in Australia, in a roundabout way has reduced Al-`Aqar's gearing level from 45.9% as at 31 December 2014 to 40.8% as at December 2015. The disposal of Crossborder Companies was completed on 16 December 2015.

Asset Enhancement Initiatives

Al-`Aqar Healthcare REIT has undertaken asset enhancement initiatives worth RM0.9 million during financial year ended 31 December 2015 which comprised total replacement of cooling tower, chiller and repainting of the building. The asset enhancement activities that are still ongoing in FY2016 are set out below:

Building	Project	Estimated Cost (RM)
Damai Specialist Hospital	Total replacement of 30 kVA Central UPS	80,000
KPJ Damansara Specialist Hospital	Installing a hybrid condenser	370,000
KPJ Selangor Specialist Hospital	Total replacement of existing metal deck rooftop	170,000
KPJ Perdana Specialist Hospital	Total replacement of 1 unit service lift	200,000
KPJ Penang Specialist Hospital	External repainting	245,000
TOTAL		1,065,000

Lease Expiry Profile

The percentage of properties due for renewal is at a manageable level. Al-'Aqar has a well-spread lease expiry profile as shown in the following table.

Year	No. of Properties	% of Total Properties
FY 2016	1	4.3%
FY 2017	6	26.1%
FY2018	15	65.2%

Note : Excluding Selesa Tower as it's tenancy is on month to month basis

The tenancies are three-year tenancies with renewal option for another three-year term. Though the lease payments are exposed to fluctuations in interest rates, Al-'Aqar can also benefit from the potential upside in the lease payments due to the capital appreciation in the properties' market value. Despite most of the properties are set for the next 3 years, the Manager does not foresee any interruption in lease payments as the leases will keep the existing rental structure until a new rental rate has been agreed upon by both Al-'Aqar and KPJ.

CAPITAL MANAGEMENT INITIATIVE

In maximising the return to stakeholders through the optimisation of the debt and equity balance, the Manager via its special purpose vehicle, Al-'Aqar Capital Sdn Bhd has established a 15-year Islamic Medium Term Notes Sukuk Ijarah of up To RM1.0 billion in nominal value in FY2013. The successful issuance of RM655 million 5-Year Sukuk under Issue 1 was issued via the First Tranche of RM374 million and the Second Tranche of RM281 million. RAM Ratings has reaffirmed the respective AAA/Stable and AA2/Stable ratings of RM272 million Class A

and RM55 million Class B Sukuk Ijarah, premised on the debt service coverage as well as loan-to-value ratios that commensurate with the respective ratings. The transaction's structural features, such as the Security Trustee's ability to manage and dispose of the Properties upon a Trigger Event, the provision of a 2-year tail period on asset disposal, and stable lease payments from the hospitals, continue to underpin the ratings. Leases that had been due for review in 2015 have had their rental rates revised for another 3-year term, as provided for under the 15-year lease agreements, under which the lease payments will be revised every 3 years.

RAM highlights that the transaction is exposed to significant single-counterparty risk as all the operators of the Properties are subsidiaries of KPJ. Nonetheless, the KPJ's vested interest in the REIT and the strategic importance of the properties to KPJ's operations provide a strong incentive to ensure the continued performance of the transaction.

Apart from that, the completion of the corporate exercises undertaken by Al-'Aqar in 2015 also contributed to reduce in gearing of Al-'Aqar from 45.9% as at 31 December 2014 to 41.0% as at 31 December 2015. Hence, this will enable Al-'Aqar to have additional capacity to borrow for new investment opportunity.

Equity from Placement

The Manager completed a placement exercise in November 2015 which raised approximately RM40 million to fund the acquisition of KPJUC and to defray related expenses. 32,000,000 new units were issued at an issue price of RM1.25 per unit, representing a 3.85% discount to the 5-day volume weighted average price of Al-'Aqar units as of 2 November 2015 of RM1.30. The new units were listed on the Main Market of Bursa Securities on 13 November 2015.

INVESTOR & PUBLIC RELATIONS

3rd Annual General Meeting

The Manager convened the 3rd Annual General Meeting (AGM) of Al-'Aqar Healthcare REIT on 9 April 2015 to seek the unitholders' approval amongst others, for the following resolutions:

- Proposed To Allot And Issue New Units
- Proposed Increase In The Existing Approved Fund Size

At Al-'Aqar Healthcare REIT, investor relations activities are focused on increasing awareness in the investment community via an open dialogue with all stakeholders, namely unitholders, analysts, media, potential investors and the general public. Our aim is to enable market participants to form a realistic opinion of the company's profitability, strategic positioning and the associated opportunities and risks.



*3rd Annual General Meeting (AGM)
of Al-'Aqar Healthcare REIT on 9
April 2015 at Puteri Pacific Hotel,
Johor Bahru*



*Extraordinary General Meeting (EGM) of
Al-Aqar Healthcare REIT on 09 July 2015
at Puteri Pacific Hotel, Johor Bahru*

At the Annual General Meeting, the Chairman presented the progress and performance of the business and encouraged Unitholders to participate in the question-and-answer session.

Extraordinary General Meeting

The Manager had on 9 July 2015 convened an Extraordinary General Meeting to seek the Unitholders' approval for amongst others:-

- Proposed Acquisition of KPJUC Properties
- Proposed Acquisition of SSH Land
- Proposed Disposal of Crossborders Companies

All the above resolutions were duly approved by the Unitholders.

Private Placement Roadshow

Pursuant to the acquisition of KPJUC, Al-`Aqar Healthcare REIT has undertaken an equity fund raising through private placement to raise RM40 million to fund the acquisition of KPJUC and to defray related expenses. In line with the equity fund raising exercise, the management had engaged existing unitholders through roadshow.

Analysts & Investors Briefing

The Manager has always engaged with local and foreign analysts as well as investors and potential investors to keep them abreast of the latest development of Al-`Aqar.

The briefings were organised periodically either through one-on-one meetings, conference calls or roadshow.

Date	Audience	Mode of communication
15 June 2015	B&I Capital	Group Presentation
15 August 2015	Kenanga Investment Bank	Group Presentation
17 September 2015	Oasis Group Holdings (Pty) Ltd.	Teleconferencing



Media Relations

Media have an important role in providing information which is the key to an efficient market operation and thus plays a critical role in all aspects of business, commerce and industry. The Manager is aware of the important role played by the media in shaping the present and future image of the Fund and always opens its door to interact with media at all times.

of the public about the legitimate investment products in Malaysia. This is a great channel to communicate with investors as this expo not only attended by public as well as local and foreign investors.

Exhibition

The Manager is committed to increase awareness on Al-`Aqar Healthcare REIT among public and local investors. Al-`Aqar Healthcare REIT has participated in the Malaysia Investment and Stock Exchange Expo 2015 (MISEE) from 20th to 22nd November 2015 which was held at Putra World Trade Centre (PWTC), Kuala Lumpur. MISEE aims to expose the variety of investments and include awareness



Research Coverage

During the financial year, Al-'Aqar is covered by the following research houses:

Research House	Date of Report	Recommendation	Target Price
AmResearch Sdn Bhd	02 Mac 2015	Hold	RM1.50
AmResearch Sdn Bhd	20 Mac 2015	Hold	RM1.50
AmResearch Sdn Bhd	01 April 2015	Hold	RM1.50
AmResearch Sdn Bhd	29 May 2015	Hold	RM1.50

Malaysian REIT Managers Association (MRMA)

DRMSB is an active member of the Malaysian REIT Managers Association ("MRMA") since 2009. The Manager took the opportunity attending the quarterly meetings and the annual general meeting to exchange views with other members and planning concerted efforts to promote M-REITs industry to both domestic and foreign investors. The Managing Director/CEO of the Manager was re-elected as the Vice Chairman of MRMA in January 2016.

Analyst Research



MARKET REPORT

1. ECONOMIC OVERVIEW

While the global economy continues to expand, the recovery in the advanced economies has not been as strong as earlier expected and the growth in the emerging economies has slowed. The current heightened financial market volatility and uncertainties also pose additional downside risks to global growth.

For Malaysia, growth remains driven by domestic demand. While private consumption has moderated as households adjust to the higher cost of living, household spending is being supported by continued growth in income and employment. Overall investment has benefited from the implementation of infrastructure development projects and capital spending in the manufacturing and services sectors despite the lower investment in the oil and gas sector.

Going forward, while recent trends suggest a turnaround in exports, the contribution of the external sector to overall growth is expected to be modest. In this challenging environment, the economy is expected to experience more moderate growth in 2016, after expanding by about 5 percent in 2015. Downside risks to growth have increased following greater uncertainty on both the global and domestic fronts. In confronting this more difficult environment, the Malaysian economy will benefit from having diversified sources of growth, economic flexibility, low unemployment, manageable level of external debt, and a well-capitalised banking system and developed capital markets that provide continued access to financing.

(Source: Official website of Bank Negara Malaysia, Monetary Policy Statement 21 January 2016)

2. MALAYSIAN REIT

MGS yields had been volatile throughout much of 2015 (hitting a high of 4.45% in Aug 2015 from a low of 3.72% in Feb; 4.26% at the time of writing), driven in part by foreign selloffs on concerns of a weakening MYR (-22% YTD) and falling crude oil prices (dated Brent: -30% YTD). Positively, however, unit prices of M-REITS remained relatively stable (YTD: +2.6%), while one-year forward yields fluctuated within a narrow band of 5.6-6.2%, backed by strong fundamentals and healthy balance sheets. The yield spread (between M-REITS' forward yield and 10- year MGS yield) has hovered around the 170-180bps level (low of 151bps in Sep 2015; 2014 average at 194bps).

A more stable outlook is expected for 2016 include an unchanged overnight policy rate at 3.25%, a 10-year MGS yield of 4.30%/4.35% by end-1Q16/2Q16, and a narrower band for the USD/MYR rate of MYR3.95-4.15 at each quarter end. These metrics, coupled with decent DPU yields, should thus contribute to a more stable outlook for the unit prices of the listed REITs.

(Source: Research report 2016: Outlook & lookouts by Maybank IB Research 14 December 2015)

3. HEALTHCARE IN MALAYSIA

The 11MP was unveiled on 21 May 2015 and is the final five-year development roadmap in Malaysia's journey towards achieving Vision 2020 (objective of developing Malaysia into a self-sufficient industrialised country and to achieve a developed nation status). One of the foundations of the 11MP is for it to be 'People-centric', where 11MP aims to improve access to healthcare, education and housing for all communities, across all regions, and bridge income disparity to create a more equitable society. An overall allocation of RM 260 billion (~US\$ 72 billion) has been set aside for the 11MP. Of the 6 strategic thrusts in the 11MP, the key impacts to the Malaysian healthcare industry can be seen under the following two strategic thrusts:

Thrust 2: Improving Wellbeing for All

Out of the various focus areas outlined under this thrust, the focus area of **'Achieving Universal Access to Quality Healthcare'** categorically impacts the healthcare industry. In this focus area, the 11MP outlines 4 strategies:

The first strategy is at enhancing targeted support, particularly for underserved communities, through initiatives in mobile healthcare, mobile emergency services, and ambulance services to enable faster services to all communities.

The second strategy aims at improving system delivery for better health outcomes, with measures including the introduction of lean management practices in public hospitals to release latent capacity, and better enforcement of health regulations to improve transparency and health outcomes. It is exciting to note that under this strategy, the Government will implement a 'eHealth' strategy which will incorporate existing Information and Communications Technology (ICT) systems into one system-wide model to enhance health data management, and to support research, development and commercialisation initiatives. The Government will work with the private sector to increase information sharing and strengthen the role of the private sector in service delivery.

The third strategy is to expand capacity to increase accessibility, with initiatives in developing new facilities, upgrading existing facilities, and enhancing healthcare personnel capacity and capabilities. The Government will encourage the participation of private healthcare service providers and non-governmental organisations (NGOs) in the provision of healthcare facilities such as dialysis, rehabilitation and medical testing lab centres, to complement the existing public healthcare services. The plan also intends to achieve 2.3 hospital beds per 1,000 population, where the hospital bed count includes public and private hospitals, maternity and nursing homes, hospices and ambulatory care centres. There is also an aim to achieve a doctor to population ratio of 1:400.

The final (fourth) strategy is for intensifying collaboration with the private sector and NGOs to increase health awareness. This will span a broad range of initiatives, from community health and prevention programmes, to research and development efforts between industries, universities, and research institutions.

Thrust 6: Re-Engineering Growth for Greater Prosperity

This thrust covers the services sector transformation to accelerate the growth of the services sector, focusing on modern services such as Islamic finance, oil and gas, ICT, healthcare, education, professional services, ecotourism, and the halal industry.

For the sub-sector of private healthcare, the attention is on promoting the healthcare travel services industry where the focus will be to attract healthcare travellers seeking treatment in areas such as oncology, cardiology, orthopaedic, reproductive help, and dental treatment services. The plan is to grow healthcare travel through international accreditation, increased insurance coverage, and the regional referral network, all leveraged to attract a higher in-patient mix and revenue-per-patient in the identified areas.

(Source: The 11th Malaysia Plan 2016-2020, Economic Planning Unit, Ministry of Finance 21 May 2015)

4. AUSTRALIA

The aged care sector in Australia provides services to over 1 million Australians, generates annual revenues totalling around \$20 billion and employs over 350,000 people. As such, the sector makes a significant contribution to the Australian economy, representing approximately 1 per cent of GDP.

By 2054-55, the 2015 Intergenerational Report projects the number of Australians aged over 65 will more than double compared with this cohort today. Both the number and proportion of Australians aged 85 and over will grow to represent nearly 5 per cent of the population compared with 2 per cent of the population today, an increase of close to 1.5 million people. Underlying this are demographic factors related to the ageing of the population. The impact of population ageing will become most apparent in ten to fifteen years time, however, impacts are already occurring and increased investment activity now and in future years is necessary to meet these challenges given the long lead times in developing and building new facilities.

The Aged Care Financing Authority (ACFA) has observed strong positive trends in investment activity in the Aged Care sector following the initiation of the reform process. A total of \$1.5 billion of new work was completed during 2013-14, an increase of 69 per cent. During 2012-13 and 2013-14 three companies operating aged care providers floated their companies on the Australian Stock Exchange with a combined total market capitalisation of \$1.7 billion. As at 30 June 2015, the combined market value was \$3.3 billion. These providers in total were operating 8,681 places as at 30 June 2014. These developments are encouraging as there is a significant investment challenge for the sector going forward.

(Source: Aged Care Financing Authority Report July 2015)



KPJ HEALTHCARE UNIVERSITY COLLEGE



05

Board Charter
Corporate Governance Statement
Audit Committee Report
Statement on Risk Management
and Internal Control

In Order

BOARD CHARTER

1. INTRODUCTION

The Board of Directors of the Managers ("the Board") regards corporate governance as vitally important to the success of Al-`Aqar Real Estate Investment Trust's ("Al-`Aqar Healthcare REIT") business and is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its unitholders and relevant stakeholders:

- The Board is the focal point of the corporate governance system. It is ultimately accountable and responsible for the performance and affairs of Al-`Aqar Healthcare REIT.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible for achieving a high level of good governance.
- This Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

2. OBJECTIVE

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Manager are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and to ensure that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of Al-`Aqar Healthcare REIT.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

3.1 Role

The key roles of the Board are to:

- a) Guide the corporate strategy and directions of the Manager (including acquisition and divestment of Authorised Investment);
- b) Oversee the proper conduct of the Manager (including budgeting approval and all other financial matters);
- c) Set the guidelines for internal controls;
- d) Ensure compliance with the Relevant Laws and Requirements;
- e) Determine and approve the distribution amounts to Unitholders and payment of the Management Fee; and
- f) Evaluate and approve the acquisition and divestment of properties.

3.2 Composition and Board Balance

The composition of the Board of Directors is as follows:

- 1) 1 Non-Independent Non-Executive Chairman
- 2) 3 Non-Independent Non-Executives Directors
- 3) 4 Independent Non-Executive Directors
- 4) 1 Managing Director / Non-Independent Director

Recommendation of 3.5 of the MCCG 2012 states that where the Chairman of the Board is not an Independent Director, the Board must comprise of a majority of Independent Directors. Although the

Manager is yet to be in line with Recommendation 3.5, the Board believes that the interests of Unitholders would be better served by a Chairman and a team of Board members who act collectively in the best overall interests of Unitholders. As the Chairman is representing JCorp which ultimately has substantial interest in the Fund, he is well placed to act on behalf of Unitholders and in their best interests.

3.3 Appointments

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.

New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of Al-`Aqar Healthcare REIT.

The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

3.4 Directors' Training

In addition to the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad ("Bursa Securities"), Board members are also encouraged to attend seminars and training programmes organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

3.5 Board Meetings and Supply of Information

The Board meets regularly at least once every quarter to discuss and approve the release of the quarterly and annual financial results, review acquisitions or disposals, annual budget, capital expenditure requirements, property reports, investor relations reports, performance of the Manager and Al-`Aqar Healthcare REIT against the approved budget. When necessary, the Board meets to review and approve acquisitions or disposals for recommendation to the trustee of Al-`Aqar Healthcare REIT ("Trustee") or any other issues requiring the immediate attention of the Board.

Notices and agenda of meetings duly endorsed by the Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Board to study and evaluate the matters to be discussed.

The board papers provided include inter alia, the financial results, business plan and budget, progress report on the properties' developments, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.

4. CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

4.1 Chairman

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- a) Leading the Board in setting the values and standards of Al-`Aqar Healthcare REIT;
- b) Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- c) Ensuring the provision of accurate, timely and clear information to Directors;
- d) Ensuring effective communication with unitholders and relevant stakeholders; and
- e) Ensuring that members of the Board

work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues.

4.2 Chief Executive Officer ("CEO")

4.2.1 The CEO is the conduit between the Board and the Management in ensuring the success of the governance and management functions of Al-`Aqar Healthcare REIT.

4.2.2 The CEO has the executive responsibility for the day to-day operation of business, and the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing Al-`Aqar Healthcare REIT.

4.2.3 All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

5. COMMITTEES

In carrying its functions, the Board is supported by the Audit Committee and Nomination and Remuneration Committee, all of which operate within defined terms of reference. These committees provide the appropriate checks and balances.

5.1 Audit Committee

A. Membership

- (i) The members of the Committee shall be appointed by the Board and shall consist of not less than 3 members.
- (ii) All members must be Non-Executive Directors.
- (iii) All members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants ("MIA") or have the relevant qualifications and experience as specified in the Bursa Malaysia

Securities Main Market Listing Requirements.

- (iv) The Chairman of the Committee, elected from amongst the Audit Committee members shall be an Independent Director.

- (v) No alternate Director of the Board shall be appointed as a member of the Committee.

B. Purposes

- (i) To ensure transparency, integrity and accountability in the Fund's activities so as to safeguard the rights and interests of the Unitholders;
- (ii) To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- (iii) To improve the Fund's business efficiency, the quality of the accounting and audit function and strengthen public confidence in the Fund's reported financial results; and
- (iv) To maintain open lines of communication between the Board and the External Auditors.

C. Duties and Responsibilities

The objective of the Audit Committee is to assist the Board of Directors of the Manager in fulfilling its fiduciary responsibilities relating to corporate governance, internal controls, financial and accounting records and policies as well as financial reporting practices of Al-`Aqar Healthcare REIT. The Audit Committee's responsibilities include:

- (i) To review the quarterly and year-end financial statements of the Fund prior to the approval by the Board of Directors of the Manager;
- (ii) To provide an independent assessment of the adequacy and effectiveness of risk management functions;
- (iii) To review the internal audit programme, the results of the internal audit process or investigation undertaken and ensure

that appropriate action is taken on the recommendations of the internal audit function;

- (iv) To review with external auditors the audit plan, scope of audit and audit reports; and
- (v) To review any related party transactions and conflict of interest situation that may arise.

D. Meetings

A minimum of 4 meetings shall be planned during the financial year and the quorum for the meeting shall be 2 members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present. Reports of the Committee meeting shall be tabled by the Audit Committee Chairman at the Board of Directors meeting.

5.2 Executive Committee

The Committee meets on a scheduled basis at least 4 times a year. The minutes of the Executive Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

5.3 Nomination and Remuneration Committee

The main responsibilities for the Nomination function is to ensure that the Board comprises Directors with appropriate skills, knowledge, expertise and experience, as well as to ensure a proper balance Executive Directors and Independent Non-Executive Directors whilst the main responsibilities for the Remuneration function is establishing, reviewing and recommending to the Board, the remuneration packages of Chief Executive Officer/Managing Director and reviewing his performance against the goals and objectives set.

6. REMUNERATION POLICIES

The remuneration of the Directors is paid by the Manager and not by the Fund. The remuneration of the Managing Director is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, they

receive a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the committee meetings.

7. FINANCIAL REPORTING

7.1 Compliance Officer

The Manager has designated compliance officer working towards ensuring the compliance with all legislations, rules and guidelines issued by the Securities Commission and Bursa Securities as well as Al-`Aqar Healthcare REIT's Deed.

7.2 External Auditors

The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditors through its Audit Committee.

The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the External Auditors. The Board ensures that the External Auditors do not supply a substantial volume of non-audit services.

The appointment of External Auditors, who may be nominated by the Manager, must be approved by the Trustee. The External Auditors appointed must be independent of the Manager and the Trustee. The remuneration of the External Auditors must be approved by the Trustee.

8. RISKS MANAGEMENT

8.1 Internal Control

The Board is responsible for maintaining a system of internal control that covers financial and operational controls and risk management. The system provides reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

8.2 Conflict of Interest

The Manager has established the following procedures to deal with potential conflicts of interest and related party transactions which it (including its Directors, executive officers and employees) may encounter in managing Al-`Aqar Healthcare REIT:-

- a) Any related party transaction must be duly disclosed by the related parties to the Audit Committee and the Board;
- b) The Audit Committee shall review the terms of the related party transaction before recommending to the Board;
- c) The Board shall ensure one-third of its Directors are Independent Directors; and
- d) In circumstances where any Director or officer of the Manager may have a direct or indirect interest in any related party transaction, they will abstain from deliberation and voting at any Board meeting and will require the Trustee's approval prior to entering into any transaction/agreement.

The Manager shall avoid instances of conflict of interest in any transaction and shall ensure that Al-`Aqar Healthcare REIT is not disadvantaged by the transaction concerned. In addition, the Manager shall ensure that such transactions are undertaken in full compliance with the SC REIT Guidelines, the Trust Deed and the Listing Requirements.

8.3 Related Party Transactions

In dealing with any related party transaction, all related party transactions carried out by or on behalf of Al-`Aqar Healthcare REIT should be conducted as follows:-

- a) Carried out in full compliance with the REIT Guidelines and the Trust Deed;
- b) Carried out at arm's length basis;
- c) In the best interest of unitholders;

d) Adequately disclosed to unitholders;

e) Consented by the Trustee; and

f) Consistent with the investment objectives and strategies of Al-`Aqar Healthcare REIT.

All related party transactions are subject to review by the Audit Committee prior to recommendation to the Board. If a member of the Audit Committee has an interest in a transaction, he is to abstain from participating in the review and recommendation process in relation to that transaction.

8.4 Internal Audit

The Internal Audit function is outsourced and undertaken by the Manager's holding company's Internal Audit Department. The primary obligation, accountability and responsibility with regards to the scope of internal audit services shall remain with the Board and the Manager at all times.

9. ANNUAL GENERAL MEETING ("AGM")

The Board regards the AGM as an important event in the corporate calendar of which all Directors and key personnel should attend. The Board regards the AGM as the principal forum for dialogue with unitholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from the unitholders.

The Chairman encourages active participation by the unitholders during the AGM. The Chairman and where appropriate, the Chief Executive Officer responds to unitholders' queries during the AGM.

10. COMMUNICATION AND INVESTOR RELATIONS

The Board values constant dialogue and is committed to clear communication with unitholders and investors. In this respect, as part of Al-`Aqar Healthcare REIT's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, unitholders

and the media to convey information about Al-`Aqar Healthcare REIT's performance, corporate strategy and other matters affecting unitholders' interests.

The Manager communicates information on Al-`Aqar Healthcare REIT to unitholders and the investing community through announcements that are released to Bursa Securities via Bursa LINK. Such announcements include the quarterly results, material transactions and other developments relating to Al-`Aqar Healthcare REIT requiring disclosure under the Listing Requirements of Bursa Securities. Communication channels with unitholders are also made accessible via:-

- Press and analysts' briefings
- One-on-one/group meetings, conference calls, investor luncheons, domestic/ overseas roadshows and conferences
- Annual Reports
- Press releases on major developments of Al-`Aqar Healthcare REIT.
- Al-`Aqar Healthcare REIT's website at www.alaqar.com.my

With the majority of units in Al-`Aqar Healthcare REIT held by institutional investors, the Manager considers meetings with local and foreign fund managers an integral part of investor relations. These meetings and roadshows with investors enabled the Manager to update potential and current unitholders on Al-`Aqar Healthcare REIT's significant developments and its medium to long term strategies. Al-`Aqar Healthcare REIT also participates in various local and overseas conferences as part of its efforts to build interest in the Malaysia's real estate investment trust market.

In addition to ensuring that the published Annual Report is available to all unitholders and quarterly results announced to Bursa Securities, Al-`Aqar Healthcare REIT has established a website at www.alaqar.com.my from which investors and unitholders can access for information.

While the Manager endeavours to provide as much information as possible to unitholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

11. COMPANY SECRETARY

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is accountable to the Board on all governance matters.

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting Al-`Aqar Healthcare REIT and/or the Manager.

The Company Secretary must keep abreast of, and inform the Board of current governance practices.

The Board members have unlimited access to the professional advice and services of the Company Secretary.

The Board of Directors of the Manager ("the Board") recognizes the value of good corporate governance and prioritizes in ensuring that high standards of corporate governance is upheld and practised with the ultimate objective of protecting and enhancing unitholders' value and protecting the interests of all stakeholders. The Board is committed to ensure the continuity of good corporate governance practice that will add value to the business and affairs of the Manager.

The Manager has been guided by the measures set out in the Guidelines on Real Estate Investment Trust issued by the Securities Commission ("REIT Guidelines"), the Listing Requirements of Bursa Malaysia ("Listing Requirements") and the principles and recommendations of the Malaysian Code on Corporate Governance 2012.

THE MANAGER'S ROLE

In accordance with the Deed, the Manager is appointed to manage the assets and administer the funds of Al-'Aqar Healthcare REIT ("Al-'Aqar"). Its primary objective is to provide the unitholders with long term and stable income distributions with the potential of sustainable growth as well as to enhance the net asset value of Al-'Aqar's units.

The Manager has been issued a Capital Markets Services License ("CMSL") by the Securities Commission ("SC") on 27 June 2013 as required under the new licensing regime for REIT Managers which took effect from 28 December 2012. Its 3 licensed representatives, namely Yusaini Hj. Sidek, Shahril Zairis Ramli and Suhaimi Saad have respectively been issued with a Capital Markets Services Representatives License ("CMSRL").

Al-'Aqar is externally managed by the Manager and as such, it has no employees. The Manager has appointed experienced and qualified personnel to handle its day-to-day operations. All Directors and employees of the Manager are remunerated by the Manager and not by Al-'Aqar.

The Manager is required to ensure that the business and operations of Al-'Aqar are carried and conducted in a proper, diligent and efficient manner, and in accordance with the acceptable business practices in the real estate investment trust industry in Malaysia. Subject to the provisions of the Deed, the Manager has full and complete control in managing the Fund (including all assets and liabilities of Al-'Aqar) for the benefits of the Unitholders.

CORPORATE GOVERNANCE STATEMENT

The Manager's main functions, amongst others, are as follows:

- **Investment Strategy**
Formulate and implement Al-'Aqar's investment strategy.
- **Acquisition and Divestment**
Make recommendations and coordinate with the Trustee and implement the acquisition of new assets and divestment of Al-'Aqar's existing investments.
- **Asset Management**
Supervise and oversee the management of Al-'Aqar's properties including procurement of service providers to carry out specific activities, including but not limited to onsite property management, property maintenance, rent collection and arrear control. The Manager is also responsible for developing a business plan in the short, medium and long term with a view to maximising the income of Al-'Aqar.
- **Risk Management**
Identifying principal risks of Al-'Aqar and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- **Financing**
Formulate plans for equity and debt financing for Al-'Aqar's funding requirements with the objective of optimising the capital structure and cost of capital.
- **Accounting Records**
Keep books and prepare or cause to be prepared accounts and annual reports, including annual budget for Al-'Aqar.
- **Investor Relations**
Developing and maintaining investor relations including information coordination and distribution as well as customer service to investors.
- **Compliance Management**
Supervise all regulatory filings on behalf of Al-'Aqar, and ensure that Al-'Aqar is in compliance with the applicable provisions of the Securities Commission Act, SC REIT Guidelines, Bursa Securities Listing Requirements, Trust Deed and all relevant contracts.

PRINCIPLES OF THE CORPORATE GOVERNANCE CODE

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Board Structure, Composition and Balance

The composition of the Board of Directors is as follows:

1. 1 Non-Independent Non-Executive Chairman
2. 3 Non-Independent Non-Executive Directors
3. 4 Independent Non-Executive Directors
4. 1 Managing Director/Non-Independent Director

Recommendation 3.5 of the MCCG 2012 states that where the Chairman of the Board is not an Independent Director, the Board must comprise of a majority of Independent Directors. Although the Manager is yet to be in line with Recommendation 3.5, the Board believes that the interests of Unitholders would be better served by a Chairman and a team of Board members who act collectively in the best overall interests of Unitholders. As the Chairman is representing JCorp which ultimately has substantial interest in the Fund, he is well placed to act on behalf of Unitholders and in their best interests.

1.2 Board Duties and Responsibilities

In discharging their duties and responsibilities, the Board ensures that all decisions made are in the best interests of the Fund and stakeholders. As prescribed by the MCCG 2012, the Board assumes the following responsibilities:

- Reviewing and adopting a strategic plan for the Fund

The strategic and business plan for the period 2016 – 2020 was tabled, discussed and approved by the Board at its meeting on 20 August 2015. Additionally, on an ongoing basis as need arises, the Board will assess whether strategic consideration being proposed at Board meetings during the year are in line with the objectives and broad outline of the adopted strategic plans.

- Overseeing the conduct and overall management of the Manager and management of the assets of Al-'Aqar

The Board is responsible to oversee and review the Fund's annual budget, operational and financial performance on a periodic basis against the budget. At Board meetings, all operational matters will be discussed and appropriate consultation will be sought if necessary. Where and when available, the performance of the Fund will be benchmarked and compared against the performance of its competitors.

- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Risk Management Report will be tabled on a periodic basis in the Board meeting to review the Fund's risks.

- Succession planning

The Board will deliberate on the latest plans and actions taken in respect of the succession planning to ensure that all candidates appointed to senior management positions are of sufficient calibre.

- Overseeing the development and implementation of a Unitholder communications policy for the Fund

The Manager has introduced many activities with regards to engagement and communication with investors to ensure that they are well informed about the Fund affairs and developments. Details of investors' activities are disclosed on page 74 of this Annual Report.

- Reviewing the adequacy and the integrity of the management information and internal controls system of the Fund

The Board's function as regard to fulfilling these responsibilities effectively are supported and reinforced through the various Committees established at both the Board and Manager's level. The active functioning of these Committees through their regular meetings and discussions would provide a strong check and balance and reasonable assurance on the adequacy of the Fund's internal controls.

1.3 Committees

In carrying its functions, the Board is supported by the Audit Committee, Executive Committee and Nomination and Remuneration Committee, all of which operate within defined terms of reference. These committees provide the appropriate checks and balances.

Audit Committee

The Audit Committee is chaired by Zainah Mustafa and comprises of 2 other members, Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir and Lukman Hj. Abu Bakar. The Committee meets on a scheduled basis at least 4 times a year. The composition of the Audit Committee, its terms of reference, attendance of meetings and duties and responsibilities are set out on page 100 of the Annual Report. The minutes of the Audit Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

Executive Committee

The Executive Committee is chaired by Zainah Mustafa and comprises of 2 other members, Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir and Lukman Hj. Abu Bakar. The Committee meets on a scheduled basis at least 4 times a year. The minutes of the Executive Committee meetings are tabled to the Board for

noting and for action by the Board, where necessary.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Dato' Kamaruzzaman Abu Kassim as Chairman, Zainah Mustafa and Dr. Hafetz Ahmad. The main responsibilities for the Nomination function is to ensure that the Board comprises Directors with appropriate skills, knowledge, expertise and experience, as well as to ensure a proper balance Executive Directors and Independent Non-Executive Directors whilst the main responsibilities for the Remuneration function is establishing, reviewing and recommending to the Board, the remuneration packages of Chief Executive Officer/Managing Director and reviewing his performance against the goals and objectives set.

1.4 Access to Information and Advice

Prior to each board meeting, the Board Report will be circulated to all Directors so that each Director has ample time to peruse and review it for further deliberation at the Board meeting. The Board Report includes among others, the following details:

- Minutes of meeting of all Committees of the Board
- Any matters arising from previous meetings
- Business strategies and corporate proposals
- Review of operational matters and financial report of the Group
- Progress report on risk management
- Executive Committee and Audit Committee report

The Board is fully aware of its duties and responsibilities with regards to the above and decisions and deliberation at the Board meetings are recorded and minuted by the Company Secretary. All minutes will be confirmed prior to the meetings.

1.5 Company Secretary

The Company Secretary and/or her assistants attend all Board meetings and, together with the Directors are responsible for the proper conduct of the meetings according to applicable rules and regulations. The Company Secretary regularly updates the Board on new regulations and directives issued by regulatory authorities.

1.6 Compliance Officer

The Manager has a designated compliance officer working towards ensuring the compliance with the Trust Deed and all legislation, rules and guidelines particularly the SC REIT Guidelines and Bursa Malaysia Listing Requirements which applicable to Al-'Aqar.

2. STRENGTHENING COMPOSITION

Establishment of a Nomination and Remuneration Committee

Eventhough there is no specific requirement or regulation to establish the Nomination and Remuneration Committee ("NRC"), it is a corporate best practice as stated in the Malaysian Code on Corporate Governance 2012. Being the manager of a listed fund, the Board of Directors of the Manager has taken initiative to setup the NRC. In its 34th meeting, the Board of Directors has approved the appointment of NRC members from among the Board of Directors. The terms of reference of the NRC which include the purpose, membership, meetings and scope of activities also be adopted in accordance with the objectives and principles of the corporate governance.

Remuneration policies

The remuneration of the Directors is paid by the Manager and not by the Fund. The remuneration of the Managing Director is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, they receive a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the committee meetings.

3. REINFORCING INDEPENDENCE

The Manager is led and oversaw by experienced Board of Directors with a wide and varied range of expertise. This broad spectrum of skills and experience gives added strength to the leadership, thus ensuring the Manager is under the guidance of an accountable and competent Board. The Board currently has nine Directors comprising of four (4) non-independent members, four (4) independent members and one (1) Managing Director. This is in compliance with the requirements of Para 3.06 of REIT Guidelines which stated that at least one-third of the Board to be independent.

There is a clear segregation of roles and responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. This also provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberation on the business activities of Al-'Aqar.

The Chairman ensures that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues. The Managing Director has full executive responsibilities over the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing Al-'Aqar.

4. FOSTERING COMMITMENT

During the year ended 31 December 2015, the Board convened five meetings and all Directors have complied with the minimum 50% attendance as required by Para 15.05 of the Listing Requirements. The members of the Board and their attendances at Board meetings in 2015 are set out below:

	35th BOD	Special BOD	36th BOD	37th BOD	38th BOD
	23.03.2015	09.04.2015	09.07.2015	20.08.2015	19.11.2015
Dato' Kamaruzzaman Abu Kassim	/	/	/	/	/
Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir	/	/	/	/	/
Dato' Mani a/l Usilappan	/	/	/	/	/
Zainah Mustafa	/	/	/	/	/
Dr. Hafetz Ahmad	/	/	/	/	/
Lukman Abu Bakar	/	/	/	/	/
Jamaludin Md Ali	/	/	/	/	/
Mohd Yusof Ahmad	/	/	/	/	/
Yusaini Hj. Sidek	/	/	/	/	/

Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis. Throughout the financial year under review, the Directors attended various conferences, seminars and training programmes covering areas that included corporate governance, leadership, updates on REIT industry and global business developments.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements, annual report and quarterly announcements to Unitholders, the Board aims to present a balanced and understandable assessment of Al-'Aqar's financial position, performance and prospects.

The Directors have taken the necessary steps to ensure that Al-'Aqar had complied with all applicable Financial Reporting Standards, provisions of the Companies Act 1965 and relevant provision of laws and regulations in Malaysia and the respective countries in which the subsidiaries operate, consistently and that the policies are supported by reasonable and prudent judgement and estimates.

The Audit Committee assists the Board in ensuring both annual financial statements and quarterly announcements are accurate and the preparation is consistent with the accounting policies adopted by Al-'Aqar.

5.2 Relationship with the External Auditors

The Board through the Audit Committee has maintained a formal procedure of carrying out an independent review of quarterly

reports, annual audited financial statements, External Auditor's audit plan, report, internal control issues and procedures.

The External Auditors are invited to attend Al-'Aqar's general meeting and are available to answer any questions from unitholders on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements.

The appointment of external auditors, who may be nominated by the Manager, is approved by the Trustee. The auditors appointed must be independent of the Manager and the Trustee. The remuneration of the auditors must be approved by the Trustee.

6. RECOGNISE AND MANAGE RISKS

6.1 Internal Control

The Board is responsible for maintaining a system of internal control that covers financial and operational controls and risk management. The system provides reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

6.2 Conflict of Interest

Save for the Directors' interests in Al-'Aqar (as disclosed under Statement of Interest of Directors of the Manager) and the transactions with companies related to the Manager (as disclosed in the notes to the financial statements), no conflict of interest has arisen during the financial year under review.

The Manager has established the following procedures to deal with potential conflicts of interest and related party transactions which it (including its Directors, executive officers and employees) may encounter in managing Al-'Aqar:-

- Any related party transaction must be duly disclosed by the related parties to the Audit Committee and the Board;
- The Audit Committee shall review the terms of the related party transaction before recommending to the Board;
- The Board shall ensure at least one-third of its Directors are Independent Directors; and
- In circumstances where any Director and/or officer of the Manager may have a direct or indirect interest in any related party transaction, they will abstain from deliberation and voting at any Board meeting and will require the Trustee's approval prior to entering into any transaction/agreement.

The Manager shall avoid instances of conflict of interest in any transaction and shall ensure that Al-'Aqar is not disadvantaged by the transaction concerned. In addition, the Manager shall ensure that such transactions are undertaken in full compliance with the SC REIT Guidelines, the Trust Deed and the Listing Requirements.

6.3 Related Party Transactions

In dealing with any related party transaction, it is the Manager's policy that all related party transactions carried out by or on behalf of Al-'Aqar should be conducted as follows:-

- Carried out in full compliance with the REIT Guidelines and the Trust Deed;
- Carried out at arm's length basis;
- In the best interest of unitholders;
- Adequately disclosed to unitholders;
- Consented by the Trustee; and
- Consistent with the investment objectives and strategies of Al-'Aqar.

All related party transactions are subject to review by the Audit Committee prior to recommendation to the Board. If a member of the Audit Committee has an interest in a transaction, he is to abstain from participating in the review and recommendation process in relation to that transaction.

6.4 Material Contracts

There were no material contracts entered by Al-'Aqar that involved the Directors of the Manager or substantial Unitholders of Al-'Aqar during the financial year under review.

6.5 Internal Audit

The Internal Audit function is outsourced and undertaken by the Manager's holding company's Internal Audit Department. The primary obligation, accountability and responsibility with regards to the scope of internal audit services shall remain with the Board and the Manager at all times.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

Al-'Aqar has in place procedures for compliance with the Listing Requirements of Bursa Securities and ensures that all material information must be announced immediately to Bursa Securities.

7.2 Leverage on Information Technology

A website: www.alaqar.com.my is maintained to create greater awareness of Al-'Aqar activities, performance and other relevant information among the stakeholders and general public. The website has all information with reference to material information of quarterly and annual result announcements, changes to shareholding and press releases are published concurrently with Bursa Malaysia website.

8. STRENGTHEN RELATIONSHIP WITH THE UNITHOLDERS

8.1 Communication and Investor Relations

The Board recognises the importance of timely dissemination of information to the Unitholders and accordingly ensures that they are well informed of any major developments of Al-'Aqar. Such information is communicated through the annual report, the Trust's various disclosures and announcements to Bursa Securities, including quarterly and annual results, and the corporate website.

As part of Al-'Aqar's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, unitholders and the media to convey information about Al-'Aqar's performance, corporate strategy and other matters affecting Unitholders' interests.

Details of the investor and public relations programs undertaken by the Manager are set out on page 74 of this Annual Report.

8.2 3rd Annual General Meeting

The Annual General Meeting is a vital platform for dialogue and interaction between the Board and the Unitholders. The Manager had on 09 April 2015 convened its 3rd Annual General Meeting to seek the Unitholders' approval for amongst others:-

- Proposed to allot and issue new units
- Proposed increase in the existing approved fund size

At the Annual General Meeting, the Chairman presented the progress and performance of the business and encouraged Unitholders to participate in the question-and-answer session.

AUDIT COMMITTEE REPORT

1. COMPOSITION AND ATTENDANCE

For the financial year ended 31 December 2015, the Audit Committee comprised of 3 Directors, all of whom are also members of the Board of the Manager.

Members/Directorship	No. of meetings attended
Zainah Mustafa Chairman/Independent Non-Executive Director	4 out of 4
Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir Member/Independent Non-Executive Director	4 out of 4
Lukman Hj. Abu Bakar Member/Non-Independent Non-Executive Director	4 out of 4

2. TERMS OF REFERENCE

2.1 Purpose

- To ensure transparency, integrity and accountability in the Fund's activities so as to safeguard the rights and interests of the Unitholders;
- To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- To improve the Fund's business efficiency, the quality of the accounting and audit function and strengthen public confidence in the Fund's reported financial results; and
- To maintain open lines of communication between the Board and the External Auditors.

2.2 Membership

- The members of the Committee shall be appointed by the Board and shall consist of not less than 3 members.
- All members must be Non-Executive Directors.
- All members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants ("MIA") or have the relevant qualifications and experience as specified in the Bursa Malaysia Securities Main Market Listing Requirements.

- d) The Chairman of the Committee, elected from amongst the Audit Committee members shall be an Independent Director.
- e) No alternate Director of the Board shall be appointed as a member of the Committee.

2.3 Meetings

A minimum of 4 meetings shall be planned during the financial year and the quorum for the meeting shall be 2 members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present. Reports of the Committee meeting shall be tabled by the Audit Committee Chairman at the Board of Directors meeting. A total of four meetings were held on 10 February 2015, 11 May 2015, 18 August 2015 and 17 November 2015 respectively.

3. DUTIES AND RESPONSIBILITIES

The objective of the Audit Committee is to assist the Board of Directors of the Manager in fulfilling its fiduciary responsibilities relating to corporate governance, internal controls, financial and accounting records and policies as well as financial reporting practices of Al-'Aqar.

The Audit Committee's responsibilities include:

- To review the quarterly and year-end financial statements of the Fund prior to the approval by the Board of Directors of the Manager;
- To provide an independent assessment of the adequacy and effectiveness of risk management functions;
- To review the internal audit programme, the results of the internal audit process or investigation undertaken and ensure that appropriate action is taken on the recommendations of the internal audit function;
- To review with external auditors the audit plan, scope of audit and audit report; and
- To review any related party transactions and conflict of interest situation that may arise.

RISK

MANAGEMENT REPORT

The Manager has established a risk management framework and internal control system to be in line with the best practices in corporate governance and comply with Chapter 15, Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Risk Management Framework

The Manager adopts a risk management framework that enables it to continuously identify, evaluate, mitigate and monitor risks that affect Al-`Aqar Healthcare REIT in achieving its objectives in a timely and effective manner. The risk management process is integrated with the business processes, enabling proper risk management at operation level of each property as well as at the fund level.

The Risk Register is updated periodically by the Manager when a key risk profile was established. The updates involved all the action plans that the Manager had put in place in addressing the various risks faced by the business.

Internal Control

The following key elements embody the current internal control system adopted by the Manager:-

- The Board has in place its own management reporting mechanisms which enable the Board to review the performance of Al-`Aqar Healthcare REIT.
- The Board approved annual budgets and business plans prepared for each property.
- Investment strategies and criteria which are formulated by the management and agreed by the Executive Committee and/or recommendation on any acquisition or divestment would be presented to the Board for approval before forwarding to the Trustee for final approval.
- Comprehensive policies and procedures manual that provide guidelines on, and authority limits over various operating, financial and human resources matters.
- Regular management meetings involving the review of the operations and financial performance of each property.
- The Audit Committee with formal terms of reference clearly outlining its functions and duties delegated by the Board.
- The internal audit carried out by the outsourced internal auditor approved by the Audit Committee.
- A systematic performance appraisal system for all levels of staff.
- Relevant training provided to staff across all functions to maintain a high level of competency and capability.





KPJ KAJANG SPECIALIST HOSPITAL

06



Manager's Report
Statement by the Manager
Statutory Declaration
Trustee's Report
Shariah Committee's Report
Independent Auditor's Report
Financial Statements

In Good Financial Health

MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2015

The Directors of Damansara REIT Managers Sdn Berhad (the "Manager"), the Manager of Al-'Aqar Healthcare REIT (the "Fund"), has pleasure in presenting its report together with the audited financial statements of the Group and of the Fund for the financial year ended 31 December 2015.

The Fund and its Investment Objective

The Fund is a Malaysian-based real estate and investment trust, established on 28 June 2006 pursuant to the execution of a Trust Deed dated 27 June 2006 between the Manager, and AmanahRaya Trustees Bhd (the "Trustee"). It was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 August 2006.

Our key objective of the Fund is to provide unitholders with stable distributions per unit and the potential for sustainable long-term growth of such distributions and net asset value per unit.

The objective is sought to be achieved by optimizing the performance and enhancing the overall quality for a large and geographically diversified portfolio of Syariah-compliant real estate assets through various permissible investment and business strategies.

For the financial year ended 31 December 2015, the Fund is expected to declare a total income distribution of 7.70 sen per unit, which is in line with the objective of providing the unitholders with a steady stream of income.

The Manager and its Principal Activity

The Manager, incorporated in Malaysia, is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, a subsidiary of Johor Corporation. The principal activity of the Manager is management of real estate investment trusts. There has been no significant change in the nature of the activity during the financial year

Manager's Investment Strategies and Policies

To achieve the Fund's primary objective, the Manager has real estate and real estate-related assets with income and growth type of fund.

(i) Portfolio composition

The Fund's investments may be allocated in the following manner, as prescribed by the Guidelines on Real Estate Investment Trust ("Guidelines on REITs") and the Guidelines for Islamic Real Estate Investment Trust ("Guidelines on Islamic REITs"):

- (a) at least 75% of the Fund's total assets shall be invested in Syariah-compliant real estate, single-purpose companies which are Syariah-compliant, Syariah-compliant real estate-related assets or liquid assets;
- (b) at least 50% of the Fund's total assets must be invested in Syariah-compliant real estate or single-purpose companies which are Syariah-compliant; and
- (c) the remaining 25% of the Fund's total assets may be invested in other Syariah-compliant assets (such as Syariah-compliant real estate-related assets, Syariah-compliant non-real estate-related assets or Islamic asset-backed securities).

MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2015 (Continued)

Manager's Investment Strategies and Policies (Continued)

(ii) Diversification

The Fund will seek to diversify its Syariah-compliant real estate portfolio by property and location type. The Fund will primarily be focused on investing in real estates which are primarily used for healthcare purposes and will continue to look for opportunities that will provide attractive returns.

(iii) Leverage

The Fund will be able to leverage on its financing to make the permitted investments. Leveraging on its financing will enable the returns to unitholders to increase.

Directors of the Manager

The Directors who served on the Board of Damansara REIT Managers Sdn Berhad (the "Manager"), since the date of the last report and at the date of this report are:

Dato' Kamaruzzaman bin Abu Kassim
Yusaini bin Sidek
Zainah binti Mustafa
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir
Dr Mohd Hafetz bin Ahmad
Lukman bin Abu Bakar
Dato' Mani a/l Usilappan
Mohd Yusof bin Ahmad
Dato' Amiruddin bin Abdul Satar (Appointed on 21 January 2016)
Jamaludin bin Md Ali (Resigned on 21 January 2016)

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager of the Fund is a party, with the object or objects of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of the Fund or any other body corporate.

Since the end of the previous financial year, no Director of the Manager has received or become entitled to receive any benefit (other than benefits which accrue from the fee paid to the Manager or from transactions made with companies related to the Manager) by reason of a contract made by the Manager or the Fund or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2015 (Continued)

Directors' Interests

According to the register of Directors' unitholdings of the Fund, the interests of Directors of the Manager in office at the end of the financial year ended 31 December 2015 are as follows:

The Manager's Directors and shareholders:	NUMBER OF UNITS IN THE FUND			
	At 1.1.2015	ACQUIRED	SOLD	At 31.12.2015
Dato' Kamaruzzaman bin Abu Kassim				
- Direct	10,000	-	-	10,000
Dr Mohd Hafetz bin Ahmad				
- Direct	2,400	-	-	2,400
- Indirect	230	-	-	230
Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir				
- Direct	99,035	-	-	99,035
- Indirect	2,500	-	-	2,500

Save as disclosed above, none of the other Directors of the Manager in office at the end of the financial year had any interest in shares in the Fund or its related corporations during and at the end of the financial year.

Manager's Remuneration

Pursuant to the Restated Trust Deed dated 31 July 2013, the Manager is entitled to receive from the Fund:

- Management fee of 0.1% per annum of the gross assets value of the Fund that is below RM1,000,000,000 and 0.125% of the gross assets value of the Fund that exceeds RM1,000,000,000 calculated based on monthly accrual basis and payable monthly in arrears;
- An acquisition fee of 1% of the acquisition price of any investment property purchased directly or indirectly by the Fund which is payable after the completion of the acquisition; and
- A disposal fee of 0.5% of the disposal price of any investment property to be disposed directly or indirectly by the Fund which is payable upon completion of the disposal.

Soft Commission

During the year, the Manager did not receive any soft commission from its broker, by virtue of transactions conducted by the Fund.

Reserves and Provisions

There was no material transfer to and from reserves or provisions during the financial year ended 31 December 2015.

MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2015 (Continued)

Other information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Fund were made out, the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Manager is not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the statements of financial position of the Group and of the Fund; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Fund misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Fund which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Fund which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Fund which has arisen since the end of the financial year.
- (f) In the opinion of the Manager:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Fund to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Fund for the financial year in which this report is made.

MANAGERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 December 2015 (Continued)

Significant Events

The details of significant events are disclosed in Note 22 to the financial statements.

Auditors

The auditors, Deloitte, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors of the Manager dated 18 February 2016.



Dato' Kamaruzzaman bin Abu Kassim

Kuala Lumpur, Malaysia
18 February 2016



Yusaini bin Sidek

**STATEMENT BY THE MANAGERS
TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT**

We, Dato' Kamaruzzaman bin Abu Kassim and Yusaini bin Sidek, being two of the Directors of Damansara REIT Managers Sdn Berhad (the "Manager"), do hereby state that, in the opinion of the Manager, the financial statements of Al-'Aqar Healthcare REIT (the "Fund") and of its subsidiaries (the "Group") are drawn up in accordance with applicable provisions of the Restated Trust Deed dated 31 July 2013, Malaysian Financial Reporting Standards modified by the Securities Commission's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts and applicable securities laws in Malaysia so as to give a true and fair view of the financial position of Al-'Aqar Healthcare REIT as at 31 December 2015 and of the results and the cash flows for the year then ended. The financial statements of the Group and of the Fund also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The supplementary information set out in Note 26 on page 177, which is not part of the financial statements, is prepared in all material respect, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors of the Manager.



Dato' Kamaruzzaman bin Abu Kassim



Yusaini bin Sidek

Kuala Lumpur, Malaysia

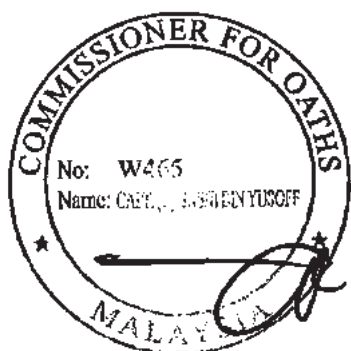
18 February 2016

STATUTORY DECLARATION

I, Yusaini bin Sidek, being the Managing Director of Damansara REIT Managers Sdn Berhad (the "Manager") primarily responsible for the financial management of Al-Aqar Healthcare REIT (the "Fund" and the "Group"), do solemnly and sincerely declare that the accompanying financial statements pages 117 to 176 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Yusaini bin Sidek at Kuala Lumpur in the Federal Territory on 18 February 2016.

Before me,



Lot 1.08, 1st Floor,
KWSP Building, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

Jasni bin Yusoff
Commissioner for Oaths

Yusaini bin Sidek

TRUSTEE'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

To the Unit Holders of AL-AQAR HEALTHCARE REIT

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AL-AQAR HEALTHCARE REIT for the financial year ended 31 December 2015. In our opinion, DAMANSARA REIT MANAGERS SDN BERHAD, the Manager, has managed AL-AQAR HEALTHCARE REIT in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year then ended.

We are of the opinion that :

- (a) the procedures and processes employed by the Manager to value and/or price the units of AL-AQAR HEALTHCARE REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements;
- (b) creation of units are carried out in accordance with the Deed and other regulatory requirement; and
- (c) the distribution of returns made by AL-AQAR HEALTHCARE REIT as declared by the Manager is in accordance with the investment objective of AL-AQAR HEALTHCARE REIT.

Yours faithfully
AMANAHRAYA TRUSTEES BERHAD



Habsah binti Bakar
Chief Executive Officer

Kuala Lumpur, Malaysia
18 February 2016

**SYARIAH COMMITTEE REPORT TO THE UNITHOLDERS OF
AL-'AQAR HEALTHCARE REIT**

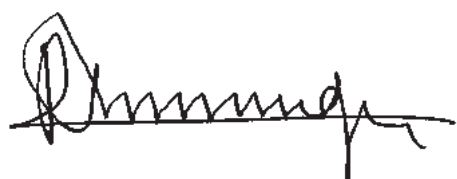
We have acted as the Syariah Adviser of Al-'Aqar Healthcare REIT (the "Fund"). Our responsibility is to ensure that the procedures and processes employed by Damansara REIT Managers Sdn Berhad (the "Manager") and that the provisions of the Trust Deed are in accordance with Syariah principles.

In our opinion, the Manager has managed and administered the Fund in accordance with Syariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Syariah matters for the financial year ended 31 December 2015.

In addition, we also confirm that the investment portfolio of the Fund is Syariah-compliant, which comprises:

- (a) Rental income from investment properties which complied with the Guidelines for Islamic Real Estate Investment Trust; and
- (b) Cash placement and liquid assets, which are placed in Syariah-compliant investments and/or instruments.

For the Member of Syariah Committee



Dato' Haji Nooh bin Gadot
Chairman - Syariah Committee

18 February 2016

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT

Report on the financial statements

We have audited the financial statements of Al-'Aqar Healthcare REIT (the "Fund"), which comprise the statements of financial position as at 31 December 2015 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 117 to 176.

Manager's and Trustee's responsibility for the financial statements

The Manager of the Fund is responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts. The Manager of the Fund is also responsible for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable fair presentation of these financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Managers, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission Guidelines on Real Estate Investment Trust and Islamic Real Estate Investment Trust in Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT (Continued)

Other reporting responsibilities

The supplementary information set out in Note 26 on page 177 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Managers are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

- (a) This report is made solely to the unitholders of the Fund, as a body, in accordance with the Securities Commission's Guideline on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.
- (b) The financial statements of the Group and the Fund for the preceding financial year were audited by another firm of auditors whose report dated 23 February 2015 expressed an unmodified opinion, and are presented here merely for comparative purposes.



Deloitte
AF: 0080
Chartered Accountants
Kuala Lumpur, Malaysia
18 February 2016



Siti Hajar Osman
No. 3061/04/17(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	The Group		The Fund	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	4	110,945,391	108,644,329	91,679,392	90,079,833
Property expenses	5	(6,379,923)	(6,245,721)	(6,071,286)	(6,012,976)
Net rental income		104,565,468	102,398,608	85,608,106	84,066,857
Investment revenue	6	1,522,895	1,301,536	15,323,171	16,196,562
Other income		971,751	3,353,747	5,169,367	3,338,531
Gain on fair value adjustment of investment properties	10	11,621,672	11,350,503	11,561,672	3,935,121
Total income		118,681,786	118,404,394	117,662,316	107,537,071
Expenditure:					
Finance costs:					
Islamic financing		38,404,419	38,376,612	6,313,448	6,460,973
Amounts due to subsidiaries		-	-	32,047,139	31,915,639
Manager's fees		2,126,099	1,860,325	2,126,099	1,860,325
Professional fees		2,199,746	977,518	1,709,648	969,563
Stamp duties		193,218	56,106	193,218	56,106
Valuation fees		659,090	696,745	659,090	696,745
Trustee's fees		249,407	266,040	249,407	266,040
Maintenance of property		25,440	259,405	25,440	259,405
Printing expenses		127,062	117,355	123,150	117,355
Secretarial fee		56,344	38,543	42,808	36,565
Securities Commission's fees		100	3,456	100	100
Realised foreign exchange loss from disposal of subsidiaries		3,512,464	-	-	-
Registrar's fee		76,383	48,286	76,383	48,286
Audit fees		151,745	152,361	75,000	70,000
Tax agent's fee		78,635	47,527	13,450	10,007
Administration expenses		1,109,139	449,471	451,421	248,595
Annual listing fees		5,000	5,000	5,000	5,000
Withholding tax		1,792,234	1,899,981	889,506	953,409
Syariah adviser's fee		3,600	1,800	3,600	1,800
Total expenditure		(50,770,125)	(45,256,531)	(45,003,907)	(43,975,913)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (Continued)

	Note	The Group		The Fund	
		2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax		67,911,661	73,147,863	72,658,409	63,561,158
Income tax expense	7	(466,073)	(1,939,138)	-	-
Profit for the financial year		67,445,588	71,208,725	72,658,409	63,561,158
Other comprehensive income, net of tax					
Foreign currency translation		3,503,517	94,100	-	-
Total comprehensive income for the financial year		70,949,105	71,302,825	72,658,409	63,561,158
Profit for the year attributable to:					
Owners of the Fund		67,445,588	71,208,725	72,658,409	63,561,158
Total comprehensive income for the financial year attributable to:					
Owners of the Fund		70,949,105	71,302,825	72,658,409	63,561,158
Total comprehensive income for the financial year is made up as follows:					
Realised		55,823,916	59,858,222	61,096,737	59,626,037
Unrealised		15,125,189	11,444,603	11,561,672	3,935,121
		70,949,105	71,302,825	72,658,409	63,561,158

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (Continued)

	Note	The Group		The Fund	
		2015 RM	2014 RM	2015 RM	2014 RM
Earnings per unit (sen):	8				
Gross		9.69	10.51	10.37	9.13
Net		9.63	10.23	10.37	9.13
<hr/>					
Net income distributions	9	62,381,885	54,653,778	62,381,885	54,653,778
<hr/>					
Income distribution per unit (sen):					
Gross		8.57	7.85	8.57	7.85
Net		8.57	7.85	8.57	7.85
<hr/>					

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		The Group		The Fund	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Investment properties	10	1,521,523,040	1,509,996,083	1,378,963,040	1,287,496,083
Investment in subsidiaries	11	-	-	42,492,186	42,492,190
Amounts due from subsidiaries	11	-	-	99,157,716	178,182,796
		1,521,523,040	1,509,996,083	1,520,612,942	1,508,171,069
Current assets					
Trade receivables	12	7,715,299	7,069,965	5,352,073	4,085,458
Other receivables and prepaid expenses	12	2,072,321	7,563,983	1,909,906	7,412,985
Fixed deposits with licensed banks	13	36,706,886	44,577,435	20,000,000	27,500,000
Cash and bank balances	13	26,364,600	23,214,543	16,203,597	13,967,173
		72,859,106	82,425,926	43,465,576	52,965,616
Total assets		1,594,382,146	1,592,422,009	1,564,078,518	1,561,136,685
Liabilities					
Current liabilities					
Other payables and accrued expenses	14	49,730,258	16,589,465	40,929,394	8,197,277
Islamic financing	15	-	79,948,681	-	79,948,681
Tax liabilities		9,144	9,144	-	-
		49,739,402	96,547,290	40,929,394	88,145,958

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (Continued)

		The Group		The Fund	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Non-current liabilities					
Deferred tax liabilities		3,014,620	3,044,013	-	-
Other payables	14	8,089,118	8,089,118	8,089,118	8,089,118
Amount due to a subsidiary	11	-	-	637,548,453	637,382,207
Islamic financing	15	653,713,403	653,198,832	-	-
		664,817,141	664,331,963	645,637,571	645,471,325
Total liabilities		714,556,543	760,879,253	686,566,965	733,617,283
Net asset value		879,825,603	831,542,756	877,511,553	827,519,402
Unitholders' fund					
Unitholders' capital	16	722,398,126	682,682,499	722,398,126	682,682,499
Undistributed income		158,156,897	153,093,194	155,113,427	144,836,903
Foreign exchange reserve		(729, 420)	(4,232,937)	-	-
Total Unitholders' fund		879,825,603	831,542,756	877,511,553	827,519,402
Number of units in circulation		728,226,468	696,226,468	728,226,468	696,226,468
Net asset value per unit (ex-distribution)		1.21	1.19	1.20	1.19

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Group	Unitholders' Capital RM (Note 16)	Undistributed Income RM	Foreign Exchange Reserve RM	Total RM
Balance as of 1 January 2014	682,682,499	136,538,247	(4,327,037)	814,893,709
Total comprehensive income for the year	-	71,208,725	94,100	71,302,825
Unitholders' transactions:				
Distributions to unitholders (Note 9)	-	(54,653,778)	-	(54,653,778)
Balance as of 31 December 2014	682,682,499	153,093,194	(4,232,937)	831,542,756
Balance as of 1 January 2015	682,682,499	153,093,194	(4,232,937)	831,542,756
Issuance of new units during the year	39,715,627	-	-	39,715,627
Total comprehensive income for the year	-	67,445,588	3,503,517	70,949,105
Unitholders' transactions:				
Distributions to unitholders (Note 9)	-	(62,381,885)	-	(62,381,885)
Balance as of 31 December 2015	722,398,126	158,156,897	(729,420)	879,825,603

STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (Continued)

The Fund	Unitholders' Capital RM (Note 16)	Undistributed Income RM	Total RM
Balance as of 1 January 2014	682,682,499	135,929,523	818,612,022
Total comprehensive income for the year	-	63,561,158	63,561,158
Unitholders' transactions:			
Distributions to unitholders (Note 9)	-	(54,653,778)	(54,653,778)
Balance as of 31 December 2014	682,682,499	144,836,903	827,519,402
Balance as of 1 January 2015	682,682,499	144,836,903	827,519,402
Issuance of units during the year	39,715,627	-	39,715,627
Total comprehensive income for the year	-	72,658,409	72,658,409
Unitholders' transactions:			
Distributions to unitholders (Note 9)	-	(62,381,885)	(62,381,885)
Balance as of 31 December 2015	722,398,126	155,113,427	877,511,553

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from operating activities				
Profit before tax	67,911,661	73,147,863	72,658,409	63,561,158
Adjustments for:				
Finance costs	38,404,419	38,376,612	38,360,587	38,376,612
Investment revenue	(1,522,895)	(1,301,536)	(15,323,171)	(16,196,562)
Realised on foreign exchange loss from disposal of subsidiaries	3,512,464	-	-	-
Gain on disposal of subsidiaries	(969,380)	-	(5,166,996)	-
Gain on disposal of subsidiaries	(11,621,672)	(11,350,503)	(11,561,672)	(3,935,121)
Operating income before working capital changes	95,714,597	98,872,436	78,967,157	81,806,087
Changes in working capital:				
Trade receivables	(645,334)	(1,030,604)	(1,266,615)	1,424,759
Other receivables and prepaid expenses	5,785,432	2,053,964	5,503,079	2,988,756
Other payables and accrued expenses	(486,446)	(695,765)	(405,554)	(460,679)
Net changes in working capital	4,653,652	327,595	3,830,910	3,952,836
Cash generated from operating activities	100,368,249	99,200,031	82,798,067	85,758,923
Taxes paid	(466,073)	(1,035,217)	-	-
Net cash generated from operating activities	99,902,176	98,164,814	82,798,067	85,758,923

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (Continued)

	The Group		The Fund	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash flows from investing activities				
Income received on investment	1,522,895	1,301,536	1,479,390	596,539
Advances to subsidiaries	-	-	-	(592,142)
Profit sharing from advances to subsidiaries	-	-	14,181,418	13,295,295
Net proceed from disposal of subsidiaries	80,675,610	-	83,854,443	-
Additions to investment properties	(46,601,368)	(9,364,879)	(46,601,368)	(9,364,879)
Net cash generated from/ (used in) investing activities	35,597,137	(8,063,343)	52,913,883	3,934,813
Cash flows from financing activities				
Finance costs paid	(37,595,919)	(35,579,142)	(38,360,587)	(35,579,142)
Income distributions	(62,381,885)	(54,653,778)	(62,381,885)	(54,653,778)
Repayment of Islamic financing	(79,948,681)	-	(79,948,681)	-
Net proceed from issuance of units	39,715,627	-	39,715,627	-
Net cash used in financing activities	(140,210,858)	(90,232,920)	(140,975,526)	(90,232,920)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (Continued)

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Net decrease in cash and cash equivalents	(4,711,545)	(131,449)	(5,263,576)	(539,184)
Effects of changes in exchange rates	(8,947)	94,100	-	-
Cash and cash equivalents at beginning of year	67,791,978	67,829,327	41,467,173	42,006,357
Cash and cash equivalents at end of year	13 63,071,486	67,791,978	36,203,597	41,467,173

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

1. Corporate information

Al-'Aqar Healthcare REIT (the "Fund") is a Malaysian domiciled Islamic Real Estate Investment Trust constituted pursuant to a Trust Deed ("Principal Trust Deed") dated 27 June 2006 between Damansara REIT Managers Sdn Berhad ("the Manager") and Amanah Raya Bhd. Pursuant to the Principal Trust Deed, the Fund entered into a Supplemental Trust Deed dated 14 May 2010 with Amanah Raya Bhd and Amanahraya Trustees Bhd ("the Trustee") for the retirement of Amanah Raya Bhd from acting as a Trustee and for the appointment of Amanahraya Trustees Bhd as the new Trustee for the Fund. On 31 July 2013, the Manager and the Trustee entered into a Restated Trust Deed ("the Deed"). The Fund is regulated by the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts ("the SC Guidelines"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Rules of the Depository, and taxation laws and rulings of Malaysia. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Deed.

The Fund was listed on the Main Board of Bursa Malaysia on 10 August 2006 and commenced its business operations on 17 August 2006. Consequent to the new board structure implemented by Bursa Malaysia on 3 August 2010, the Fund is now listed on the Main Market of Bursa Malaysia.

On 26 April 2013, at the Extraordinary General Meeting, the unitholders of The Fund has approved the proposed amendments and consolidation of the Trust Deed and Supplemental Trust Deed into a Restated Trust Deed. The Restated Trust Deed was executed on 31 July 2013 and was lodged with the Securities Commission on 11 November 2013. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Restated Trust Deed.

The principal activity of the Fund is to invest in syariah-compliant properties with the primary objective of providing unitholders with stable distribution and potential for sustainable long term growth of such distribution and capital appreciation.

The registered office of the Manager is located at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor.

The principal place of business of the Manager is located at Unit 1-19-02, Level 19, Block 1, V SQUARE, Jalan Utara, 46200 Petaling Jaya, Selangor, Malaysia.

The Fund has entered into several service agreements in relation to the management of the Fund and its property operations. The fees structure of these services is as follows:

(i) Maintenance and management fee

The maintenance manager, Healthcare Technical Services Sdn Bhd, is entitled to an annual maintenance and management fee of up to 0.08% of the gross value of the investment properties in respect of the management of the investment properties owned by the Fund in accordance with the Property Maintenance Agreement. The fee is calculated on a monthly accrual basis.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

1. Corporate information (Continued)

(ii) Manager's fee

Pursuant to the Restated Trust Deed dated 31 July 2013, the Manager is entitled to receive the following fees from the Fund:

- (a) Management fee of 0.1% per annum of the gross assets value of the Fund that is below RM1,000,000,000 and 0.125% of the gross assets value of the Fund that exceeds RM1,000,000,000 calculated based on monthly accrual basis and payable monthly in arrears;

The Manager's fees for the current financial year is RM2,126,099 (2014: RM1,860,325).

- (b) An acquisition fee of 1% of the acquisition price of any investment property purchased directly or indirectly by the Fund which is payable after the completion of the acquisition; and

The acquisition fee to the Manager during the current financial year is RM42,500 (2014: nil).

- (c) A disposal fee of 0.5% of the disposal price of any investment property to be disposed directly or indirectly by the Fund which is payable upon completion of the disposal.

The disposal fee to the Manager during the current financial year is RM400,000 (2014: nil).

(iii) Trustee's fee

Pursuant to the Restated Trust Deed dated 31 July 2013, the Trustee is entitled to receive a fee of up to 0.03% per annum of the net asset value of the Fund, calculated based on the monthly accrual basis and payable monthly in arrears. The Trustee's fees for the financial year ended 31 December 2015 of RM249,407 (2014: RM266,040) is determined based on 0.03% (2013: 0.03%) of the monthly net asset value.

The financial statements of the Group and of the Fund were authorised by the Board of Directors of the Manager for issuance on 18 February 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Fund have been prepared in accordance with the provisions of the Restated Trust Deed dated 31 July 2013, Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the SC Guidelines.

The financial statements of the Group and of the Fund are prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.2 Standards and Amendments in issue but not yet effective

At the date of the authorisation for issue of these financial statements, the new and revised Standards and Amendments relevant to the Group and the Fund which were in issue but not yet effective and not early adopted by the Fund are listed below:

MFRS 9	Financial Instruments ²
MFRS 15	Revenue from Contracts with Customers ²
Amendments to MFRS 101	Disclosure initiatives ¹
Amendments to MFRSs	Annual improvements to MFRSs 2012-2014 cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

The Manager anticipates that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and the Fund when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and the Fund in the period of initial application except as discussed below.

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

Key requirements of MFRS 9:

All recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and profit on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods.

All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instruments (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.2 Standards and Amendments in issue but not yet effective (Continued)

MFRS 9 Financial Instruments (Continued)

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Manager is currently assessing the impact of adoption of MFRS 9 and have not made any accounting policy decision. Thus, the impact of adopting the new MFRS 9 on the Group's and the Fund's annual financial statements cannot be determined until the process is completed.

MFRS 15 Revenue from Contracts with Customers

In May 2014, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

In May 2014, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contract with customers. MFRS 15 will supersede the current revenue recognition requirement including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.2 Standards and Amendments in issue but not yet effective (Continued)

MFRS 15 Revenue from Contracts with Customers (Continued)

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Manager is currently assessing the impact on adoption of MFRS 15 on the amounts reported and disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Fund completes a detailed review.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Fund. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Fund controls an investee if and only if the Fund has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.3 Basis of consolidation (Continued)

When the Fund has less than a majority of the voting rights of an investee, the Fund considers the following in assessing whether or not the Fund's voting rights in an investee are sufficient to give it power over the investee:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Fund's voting rights and potential voting rights.

Subsidiaries are consolidated when the Fund obtains control over the subsidiary and ceases when the Fund loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business Combinations

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Fund's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.4 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Fund's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.5 Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is also the Group's and the Fund's functional currency.

(ii) Foreign currency translations

Transactions in foreign currencies are measured in the respective functional currencies of the Fund and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group or the Fund holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.7 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, on initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Fund commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments - initial recognition and subsequent measurement (Continued)

(a) Financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss. The Group and the Fund have not designated any financial assets at fair value through profit or loss during the years ended 31 December 2015 and 2014.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss. The Group and the Fund do not have any embedded derivatives during the years ended 31 December 2015 and 2014.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective profit ("EPR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included in profit or loss as interest income. The losses arising from impairment are recognised in profit or loss as finance costs for loans and as cost of sales or other operating expenses for receivables.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments - initial recognition and subsequent measurement (Continued)

(a) Financial assets (Continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's and the Fund's statements of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group and the Fund have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Fund have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if and to what extent it have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's and the Fund's continuing involvement in the asset. In that case, the Group and the Fund also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Fund have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Fund could be required to repay.

(b) Impairment of financial assets

The Group and the Fund assess, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments - initial recognition and subsequent measurement (Continued)

(b) Impairment of financial assets (Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group and the Fund first assess whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Fund determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, they include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EPR. If a loan has a variable profit rate, the discount rate for measuring any impairment loss is the current EPR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Profit income continues to be accrued on the reduced carrying amount and is accrued using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Fund. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments - initial recognition and subsequent measurement (Continued)

(c) Financial liabilities (Continued)

Initial recognition and measurement (Continued)

The Group's and the Fund's financial liabilities include other payables, amount due to a subsidiary and Islamic financing.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Fund that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group and the Fund have not designated any financial liability as at fair value through profit or loss during the years ended 31 December 2015 and 2014.

Other financial liabilities

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EPR method.

Financing and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EPR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EPR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included in profit or loss as finance costs.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments - initial recognition and subsequent measurement (Continued)

(c) Financial liabilities (Continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other short-term, highly liquid investments with from the date of acquisition and are readily convertible to cash and which are subject to an insignificant risk of changes in value.

2.9 Provisions

Provisions are recognised when the Group or the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.10 Leases

(i) As lessee

Finance leases, which transfer to the Group or the Fund substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of profit on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group or the Fund will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group or the Fund retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.11 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Fund and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Rental income

Revenue from rental of investment properties are recognised on an accrual basis.

(ii) Investment revenue

Investment revenue, which comprise income earned from Islamic fixed deposit placements, are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.12 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.12 Income taxes (Continued)

(ii) Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets future to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

In accordance with Section 61A(1) of the Income Tax Act 1967, the total income of the Fund will be exempted from income tax provided that at least 90% of the total taxable income of the Fund is distributed to unit holders within two months from the end of the financial year.

2.13 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Fund who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 23, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.14 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recorded at the proceeds received, net of direct issue cost.

Unitholders' units are recorded at the proceeds received, net of direct attributable transactions costs and are classified as equity. Distributions on Unitholders' units are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of profit expense and other costs that the Group and the Fund incurred in connection with the borrowing of funds.

2.16 Current versus non-current classification

The Group and the Fund present assets and liabilities in the statements of financial position based on current/non-current classification. An asset is classified as current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- ii) held primarily for the purpose of trading;
- iii) expected to be realised within twelve months after the reporting period; or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;

All other assets are classified as non-current.

A liability is classified as current when:

- i) it is expected to be settled in the normal operating cycle
- ii) it is held primarily for the purpose of trading;
- iii) it is due to be settled within twelve months after the reporting period; or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.17 Fair value measurement

The Group and the Fund measure financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.17 Fair value measurement (Continued)

The principal or the most advantageous market must be accessible by the Group and the Fund.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Fund use calculation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the assets or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Fund determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Group and the Fund have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

3. Significant accounting judgements and estimates

The preparation of the Group's and of the Fund's financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgements made in applying accounting policies

In the process of applying the Group's and the Fund's accounting policies, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements and consolidated financial statements.

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2015 (Continued)****3. Significant accounting judgements and estimates (Continued)****(ii) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of investment properties

The fair value of the Fund's investment properties as at 31 December 2015 has been arrived at on the basis of a valuation carried out by Messrs. Cheston International (KL) Sdn Bhd, an independent valuer not related to the Fund, in accordance with Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The fair value was determined based on capitalisation of net income method ("investment method") as the primary valuation method with comparison and cost methodologies as a secondary check. In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use. The valuers have considered the results of the above methods in their valuation and applied professional judgment in the determination of the fair value of the Fund's investment properties. Further details are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

4. Revenue

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Rental income from:				
KPJ Ampang Puteri Specialist Hospital	9,602,892	9,414,600	9,602,892	9,414,600
KPJ Damansara Specialist Hospital	8,169,845	8,009,652	8,169,845	8,009,652
Selesa Tower	7,246,386	7,193,677	7,246,386	7,193,677
KPJ Johor Specialist Hospital	8,221,553	8,060,346	8,221,553	8,060,346
KPJ Ipoh Specialist Hospital	5,133,854	5,033,190	5,133,854	5,033,190
KPJ Selangor Specialist Hospital	4,616,775	4,526,250	4,616,775	4,526,250
KPJ Penang Specialist Hospital	4,376,809	4,291,158	4,376,809	4,291,158
KPJ Tawakkal Specialist Hospital	8,592,156	8,423,682	8,592,156	8,423,682
KPJ Seremban Specialist Hospital	4,267,266	4,144,670	4,267,266	4,144,670
Kedah Medical Centre	3,560,367	3,508,487	3,560,367	3,508,487
KPJ Perdana Specialist Hospital	3,076,433	3,031,291	3,076,433	3,031,291
KPJ Kajang Specialist Hospital	3,159,393	3,112,512	3,159,393	3,112,512
Tawakal Health Centre	3,042,935	2,991,908	3,042,935	2,991,908
Puteri Specialist Hospital	3,093,091	2,893,163	3,093,091	2,893,163
Sentosa Medical Centre	1,914,993	1,888,182	1,914,993	1,888,182
Kuantan Specialist Hospital	1,472,540	1,448,590	1,472,540	1,448,590
KPJ Healthcare University College, Nilai	1,592,018	1,350,295	1,592,018	1,350,295
KPJ College, Bukit Mertajam	1,107,296	1,078,680	1,107,296	1,078,680
Kota Kinabalu Specialist Hospital	1,088,788	1,090,988	1,088,788	1,090,988
Taiping Medical Centre	699,014	700,832	699,014	700,832
Kluang Utama Specialist Hospital	275,730	284,200	275,730	284,200
KPJ Klang Specialist Hospital	7,369,258	7,603,480	7,369,258	7,603,480
Rumah Sakit Bumi Serpong Damai	5,402,377	5,291,655	-	-
Rumah Sakit Medika Permata Hijau	2,271,854	2,225,293	-	-
Jeta Gardens Aged Care Facility and Retirement Village	11,591,768	11,047,548	-	-
	110,945,391	108,644,329	91,679,392	90,079,833

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

5. Property expenses

	The Group		The Fund	
	2015	2014	2015	2014
	RM	RM	RM	RM
Assessment	3,185,324	3,086,846	3,006,361	2,965,479
Takaful coverage	1,572,695	1,540,088	1,572,695	1,540,088
Maintenance fee	1,239,984	1,230,593	1,110,310	1,119,215
Quit rent	381,920	388,194	381,920	388,194
	<u>6,379,923</u>	<u>6,245,721</u>	<u>6,071,286</u>	<u>6,012,976</u>

6. Investment revenue

	The Group		The Fund	
	2015	2014	2015	2014
	RM	RM	RM	RM
Income from Islamic fixed deposits placements	1,522,895	1,301,536	1,479,390	1,263,872
Profit sharing on advances:				
Indonesia	-	-	4,948,717	5,398,600
Australia	-	-	8,895,064	9,534,090
	<u>1,522,895</u>	<u>1,301,536</u>	<u>15,323,171</u>	<u>16,196,562</u>

7. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2015 and 2014 are:

	The Group		The Fund	
	2015	2014	2015	2014
	RM	RM	RM	RM
Income tax:				
- Malaysian income tax	767,417	953,115	-	-
- Overprovision in respect of previous years	-	(825,715)	-	-
Deferred income tax:				
Origination of temporary differences	(301,344)	1,811,738	-	-
Income tax expense recognised in profit or loss	<u>466,073</u>	<u>1,939,138</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

7. Income tax expense (Continued)

Reconciliation between tax expense and accounting profit

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Fund are as follows:

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	67,911,661	73,147,863	72,658,409	63,561,158
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	16,977,915	18,286,966	18,164,602	15,890,290
Different tax rates in other countries	1,993,467	(908,873)	-	-
Adjustments :				
Non-deductible expenses	2,668,567	4,329,518	2,637,660	2,341,342
Income not subject to tax	(8,083,290)	(5,744,047)	(8,013,019)	(13,198,711)
Income exempted from tax	(13,090,586)	(13,198,711)	(12,789,243)	(5,032,921)
Overprovision in respect of previous years	-	(825,715)	-	-
Income tax expenses	466,073	1,939,138	-	-

Pursuant to the Section 61A of the Income Tax Act 1967 (ITA), where 90% or more of the total income of the unit trust is distributed to the unit holder, the total income of the unit trust for that year of assessment shall be exempted from tax. 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.

8. Earnings per unit

The gross and net earnings per unit calculated based on the profit before tax and profit for the financial year of the Group and of the Fund, respectively, divided by the weighted average number of units in circulation as of 31 December 2015 and 2014 are as follows:

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

8. Earnings per unit (Continued)

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Earnings attributable to unitholders:				
Profit before tax	67,911,661	73,147,863	72,658,409	63,561,158
Profit for the year	67,445,588	71,208,725	72,658,409	63,561,158
Weighted average number of units	700,522,358	696,226,468	700,522,358	696,226,468
Gross earnings per unit (sen)	9.69	10.51	10.37	9.13
Net earnings per unit (sen)	9.63	10.23	10.37	9.13

9. Net income distributions

For the financial year ended 31 December 2015 and 2014, the Manager, with the approval of the Trustee, has declared the following distributions:

	The Group and the Fund	
	2015 RM	2014 RM
Final distribution 2014 - 3.79 sen per unit (2013: 3.99 sen)	26,386,983	27,779,436
Interim distribution 2015 - 5.17 sen per unit (2014: 3.86 sen)	35,994,902	26,874,342
	62,381,885	54,653,778

On 28 January 2016, the Manager, with the approval of the Trustee, has declared a final income distribution of 2.53 sen per unit totalling RM18,424,130 for financial year ended 31 December 2015. The final distribution will be paid on 29 February 2016 and has not been included as a liability in the financial statements.

The total distributions (including proposed final distribution) for the financial year ended 31 December 2015 amount to RM54,419,032 (2014: RM53,261,325).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

9. Net income distributions (Continued)

Distribution to unitholders is derived from the following sources:

	The Fund	
	2015 RM	2014 RM
Net rental income	85,608,106	84,066,857
Investment revenue	15,323,171	16,196,562
Other income	5,169,367	3,338,531
	106,100,644	103,601,950
Less: Expenses	(45,003,907)	(43,975,913)
	61,096,737	59,626,037
Less: Undistributed income	(25,101,835)	(32,751,695)
	35,994,902	26,874,342

10. Investment Properties

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	1,509,996,083	1,483,684,618	1,287,496,083	1,268,600,000
Addition / Enhancements	85,501,368	9,364,879	85,501,368	9,364,879
Disposal of subsidiaries	(80,000,000)	-	-	-
Gain on fair value of investment properties	11,621,672	11,350,503	11,561,672	3,935,121
Deferred lease income	(5,596,083)	5,596,083	(5,596,083)	5,596,083
At 31 December	1,521,523,040	1,509,996,083	1,378,963,040	1,287,496,083
Included in the above are:				
Land and buildings at fair value	1,521,523,040	1,509,996,083	1,378,963,040	1,287,496,083

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

10. Investment Properties (Continued)

The fair value of the Group's and of the Fund's investment properties, as determined by the Group's and the Fund's external valuers in 2014, differed from the net book value presented in the statements of financial position due to the Group and the Fund presenting deferred lease income separately. The following reconciles the net book value of the investment properties to the fair value.

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Net book value at 31 December	1,521,523,040	1,509,996,083	1,378,963,040	1,287,496,083
Less: Deferred lease income	-	(5,596,083)	-	(5,596,083)
Fair value at 31 December	1,521,523,040	1,504,400,000	1,378,963,040	1,281,900,000

Additions/Enhancement by the Group and the Fund during the financial year through the following:

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Payment by cash	46,601,368	9,364,879	46,601,368	9,364,879
Amount owing to related companies	38,900,000	-	38,900,000	-
	85,501,368	9,364,879	85,501,368	9,364,879

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

10. Investment properties (Continued)

The Group and the Fund

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease
KPJ Ampang Puteri Specialist Hospital #	Leasehold	99	74
KPJ Damansara Specialist Hospital #	Freehold	-	-
KPJ Johor Specialist Johor Hospital #	Leasehold	99	64
KPJ Ipoh Specialist Hospital #	Leasehold	999	879
Puteri Specialist Hospital #	Leasehold	99	40
KPJ Selangor Specialist Hospital #	Leasehold	99	81
Kedah Medical Centre #	Freehold	-	-
KPJ Perdana Specialist Hospital #	Leasehold	66	49
Kuantan Specialist Hospital #	Freehold	-	-
Sentosa Medical Centre	Freehold	-	-
KPJ Kajang Specialist Hospital #	Freehold	-	-
Taiping Medical Centre #	Leasehold	99	73
Damai Specialist Hospital #	Leasehold	99	58
KPJ College, Bukit Mertajam #	Freehold	-	-
Tawakkal Health Centre #	Leasehold	99	62
Selesa Tower	Freehold	-	-
KPJ Healthcare University College, Nilai #^	Freehold	-	-
KPJ Seremban Specialist Hospital #^	Leasehold	99	88
KPJ Penang Specialist Hospital #	Freehold	-	-
KPJ Tawakkal Specialist Hospital #	Freehold	-	-
Kluang Utama Specialist Hospital #	Leasehold	99	85
KPJ Klang Specialist Hospital #	Leasehold	99	78
Total for the Fund			

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2015 (Continued)**

Location	Date of Valuation*	2014 Fair Value	2015 Fair Value
		RM	RM
Ampang	31 December 2015	130,900,000	132,000,000
Damansara	31 December 2015	115,800,000	116,000,000
Johor Bahru	31 December 2015	112,000,000	114,000,000
Ipoh	31 December 2015	71,800,000	72,500,000
Johor Bahru	31 December 2015	42,000,000	43,000,000
Shah Alam	31 December 2015	64,100,000	64,500,000
Alor Setar	31 December 2015	51,500,000	51,600,000
Kota Bharu	31 December 2015	44,500,000	44,500,000
Kuantan	31 December 2015	21,300,000	21,700,000
Kuala Lumpur	31 December 2015	27,800,000	28,700,000
Kajang	31 December 2015	46,100,000	46,100,000
Taiping	31 December 2015	9,800,000	9,900,000
Kota Kinabalu	31 December 2015	15,200,000	15,200,000
Bukit Mertajam	31 December 2015	16,200,000	16,200,000
Kuala Lumpur	31 December 2015	43,100,000	44,700,000
Johor Bahru	31 December 2015	103,500,000	103,500,000
Seremban	31 December 2015	19,200,000	98,363,040
Seremban	31 December 2015	60,000,000	66,000,000
Bukit Mertajam	31 December 2015	62,600,000	63,200,000
Kuala Lumpur	31 December 2015	121,000,000	123,000,000
Kluang	31 December 2015	4,200,000	4,300,000
Klang	31 December 2015	99,300,000	100,000,000
		<u>1,281,900,000</u>	<u>1,378,963,040</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

10. Investment properties (Continued) The Group (Continued)

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease
Rumah Sakit Bumi Serpong Damai	Leasehold	20	12
Rumah Sakit Medika Permata Hijau	Leasehold	20	11
Jeta Garden Aged Care Facility and Retirement Village	Freehold	-	-
Total for the Group			

The investment properties amounting to RM142,560,000 (2014: RM142,500,000) are used to secure credit facilities granted by financial institutions to the Fund as mentioned in Note 15.

* The properties were valued at the respective dates by Cheston International (KL) Sdn Bhd, an independent firm of professional valuers using the investment method of valuation.

^ Additions during the year to the existing investment properties.

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2015 (Continued)**

Location	Date of Valuation*	2014 Fair Value	2015 Fair Value
		RM	RM
Jakarta	31 December 2015	57,000,000	-
Jakarta	31 December 2015	23,000,000	-
Queensland	31 December 2015	142,500,000	142,560,000
		<u>1,504,400,000</u>	<u>1,521,523,040</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

11. Investment in subsidiaries

	The Fund	
	2015 RM	2014 RM
Unquoted shares, at costs	42,492,186	42,492,190

The details of subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective Equity Interest		Principal Activity
		2015	2014	
		%	%	
Al-'Aqar Capital Sdn. Bhd. ⁽ⁱ⁾	Malaysia	100	100	Special-purpose company for the purpose of raising Islamic Financing for the Fund.
Crossborder Aim (M) Sdn. Bhd. ⁽ⁱ⁾	Malaysia	-	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund.
Crossborder Hall (M) Sdn. Bhd. ⁽ⁱ⁾	Malaysia	-	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund.
Al-'Aqar Australia Pty Ltd ⁽ⁱⁱ⁾	Australia	100	100	Special-purpose company for the purpose of acquisition of Australian property for the Fund.
Held through subsidiaries				
PT Al-Aqar Bumi Serpong Damai ⁽ⁱⁱ⁾	Indonesia	-	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund.
PT Al-Aqar Permata Hijau ⁽ⁱⁱ⁾	Indonesia	-	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund.

i. Audited by Deloitte, Malaysia

ii. Audited by a firm other than Deloitte

During the year, the Fund has entered into a share sale agreement dated 31 March 2015 with Kumpulan Perubatan (Johor) Sdn. Bhd. to dispose of its subsidiaries namely Crossborder Hall (M) Sdn. Bhd. and Crossborder Aim (M) Sdn. Bhd. at disposal price of RM5,167,000 and contributed gain on disposal of RM5,166,996.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

11. Investment in subsidiaries (Continued)

(i) Consideration received

	The Group
	2015 RM
Consideration received in cash and cash equivalent	80,675,610
Total consideration received	80,675,610

	The Fund
	2015 RM
Consideration received in cash and cash equivalent	5,167,000
Repayment of advances	78,687,443
Total consideration received	83,854,443

(ii) Analysis of assets and liabilities over which control was lost

	The Group
	2015 RM
<u>Current asset</u>	
Cash and cash equivalents	3,178,833
Trade and other receivables	4,426,728
<u>Non-current asset</u>	
Investment properties	80,000,000
<u>Current liabilities</u>	
Payables	83,407,941
Net assets disposed of	4,197,620

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

11. Investment in subsidiaries (Continued)

(iii) Gain on disposal of subsidiaries

	The Group
	2015 RM
Consideration received	80,675,610
Net assets disposed of	(4,197,620)
Repayment of advances	(78,687,443)
Cash and cash equivalent balances disposed of	3,178,833
Gain on disposal	969,380

(iv) Net cash inflow on disposal of subsidiaries

	The Group
	2015 RM
Consideration received in cash and cash equivalents	83,854,443
Less: Cash and cash equivalent balances disposed of	(3,178,833)
	80,675,610
	The Fund
	2015 RM
Consideration received in cash and cash equivalents	83,854,443
Less: Cash and cash equivalent balances disposed of	-
	83,854,443

Amounts due from subsidiaries represents unsecured advances given from the proceeds raised from Islamic financing to subsidiaries and issuance of new units. The finance costs and repayment terms of the unsecured advances mirror the finance costs and repayment terms of the Islamic financing of Sukuk Ijarah raised by the Fund as disclosed in Note 15.

Amount due to a subsidiary represents unsecured advances received from the proceeds raised from Islamic financing by the subsidiary. The finance costs and repayment terms of the unsecured advances mirror the finance costs and repayment terms of the Islamic financing of Sukuk Ijarah raised by the said subsidiary as disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

12. Trade receivables, other receivables and prepaid expenses

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables	7,715,299	7,069,965	5,352,073	4,085,458

Trade receivables comprise rental receivable from lessees.

The credit period granted by the Group and the Fund on rental receivable from lessees ranges from 30 to 60 days (2014: 30 to 60 days).

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

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
0-30 days	2,214,538	3,335,634	1,832,796	1,653,542
31-60 days	1,250,998	1,482,946	862,114	620,320
61-90 days	4,249,763	2,251,385	2,657,163	1,811,596
	7,715,299	7,069,965	5,352,073	4,085,458

The Group and the Fund have not recognised any allowance for doubtful debts as the Group and the Fund hold tenant deposits as disclosed in Note 14 as credit enhancement and the amounts are considered recoverable.

Other receivables and prepaid expenses consist of:

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	186,883	268,631	24,468	223,545
Prepaid expenses	1,885,438	7,295,352	1,885,438	7,189,440
	2,072,321	7,563,983	1,909,906	7,412,985
Less: Prepaid expenses	(1,885,438)	(7,295,352)	(1,885,438)	(7,189,440)
Add: Trade receivables	7,715,299	7,069,965	5,352,073	4,085,458
Add: Amounts due from subsidiaries	-	-	99,157,716	178,182,796
Add: Cash and cash equivalents	63,071,486	67,791,978	36,203,597	41,467,173
Total loans and receivables	70,973,668	75,130,574	140,737,854	223,958,972

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

13. Cash and cash equivalents

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	26,364,600	23,214,543	16,203,597	13,967,173
Fixed deposits with licensed banks	36,706,886	44,577,435	20,000,000	27,500,000
	<u>63,071,486</u>	<u>67,791,978</u>	<u>36,203,597</u>	<u>41,467,173</u>

Fixed deposits with licensed banks earn profit at between 3.18% to 7.75% (2014: 3.75% to 7.75%) per annum and have maturity periods of between 30 to 90 days (2014: 30 to 90 days).

Included in fixed deposits with licensed banks of the group are deposits amounting RM16,675,072 (2014: RM16,064,143) which are placed as reserve for repayment of finance costs on long-term Islamic financing and hence, are not available for general use.

14. Other payables and accrued expenses

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current:				
Other payables - tenant deposits received	8,089,118	8,089,118	8,089,118	8,089,118
Current:				
Amount owing to the Trustee	22,009	20,625	22,009	20,625
Amount owing to the Manager	144,278	142,650	144,278	142,650
Amount owing to related companies	38,900,000	284,113	38,900,000	284,113
Other payables	1,361,479	463,275	1,044,710	101,927
Accrued expenses	9,302,492	10,082,719	818,397	2,051,879
Deferred lease income	-	5,596,083	-	5,596,083
	<u>49,730,258</u>	<u>16,589,465</u>	<u>40,929,394</u>	<u>8,197,277</u>
Add : Amount due to a subsidiary	-	-	637,548,453	637,382,207
Add : Islamic financing	653,713,403	733,147,513	-	79,948,681
Less: Deferred lease income	-	(5,596,083)	-	(5,596,083)
Total financial liabilities carried at amortised cost	<u>703,443,661</u>	<u>744,140,895</u>	<u>678,477,847</u>	<u>719,932,082</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

15. Islamic financing

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Current:				
Ijarah Muntahiah				
Bitamlik - Jeta Gardens	-	79,948,681	-	79,948,681
Non-current:				
Sukuk Ijarah - Islamic Medium Term Notes ("IMTNs")	653,713,403	653,198,832	-	-
	653,713,403	733,147,513	-	79,948,681

Sukuk Ijarah

In the previous financial year, the subsidiary had undertaken a Islamic financing facility comprising IMTNs of up to RM1.0 billion in nominal value. The subsidiary had issued RM655,000,000 in nominal value of IMTNs.

As of the reporting date, the new facility, which is secured against the investment properties totaling RM1,275,463,040 (2014: RM1,178,400,000) as mentioned in Note 10, comprises the following tranches at nominal value:

Tranche	The Group Nominal value		Profit rate (%)
	2015 RM	2014 RM	
Non-current			
<u>Issued on 6 May 2013</u>			
Class A IMTN	104,000,000	104,000,000	4.19
Class B IMTN	21,000,000	21,000,000	4.53
Class C IMTN	249,000,000	249,000,000	5.00 - 5.20
Total ⁽ⁱ⁾	374,000,000	374,000,000	

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

15. Islamic financing (Continued)

Tranche	The Group Nominal value		Profit rate
	2015 RM	2014 RM	(%)
<u>Issued on 5 August 2013</u>			
Class A IMTN	168,000,000	168,000,000	4.35
Class B IMTN	34,000,000	34,000,000	4.70
Class C IMTN	79,000,000	79,000,000	5.00 - 5.20
Total ⁽ⁱⁱⁱ⁾	281,000,000	281,000,000	
	655,000,000	655,000,000	

- (i) On 6 May 2013, the Fund issued through special purpose company namely Al-'Aqar Capital Sdn. Bhd. RM374,000,000 in nominal value of Islamic Medium Term Notes under a Sukuk Ijarah Programme. The facility is repayable in 9 equal semi-annual instalments of RM8,979,450 (cost of financing only) each commencing in November 2014 with final installment of RM382,979,450 (principal and last semi-annual cost of financing).
- (ii) On 5 August 2013, the Fund through it's special purpose vehicle namely Al-'Aqar Capital Sdn. Bhd. issued RM281,000,000 in nominal value of Islamic Medium Term Notes under a Sukuk Ijarah Programme. The facility is repayable in 9 equal semi-annual instalments of RM6,459,000 (cost of financing only) each commencing in February 2015 with final installment of RM284,238,348 (principal and last semi-annual cost of financing).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

15. Islamic financing (Continued)

Ijarah Muntahiah Bitamlik - Jeta Gardens

On 31 October 2011, the Fund obtained a syndicated Ijarah Muntahiah Bitamlik financing facility of up to RM80,000,000, of which RM40,000,000 is at fixed profit rate and RM40,000,000 at floating profit rate. The facility drawdown as of 31 December 2015 comprises the following tranches:

Tranche	The Group and the Fund			Profit rate (%)	
	2015 RM	2014 RM		2015	2014
1	-	34,047,025	Fixed	6.35	6.35
1	-	34,047,025	Floating	5.75	5.25
2	-	5,927,315	Fixed	6.35	6.35
2	-	5,927,316	Floating	5.75	5.35
Total	-	79,948,681			

The said facility is secured against investment properties totalling RM142,560,000 (2014: RM142,500,000) as mentioned in Note 10 and is for a tenure of up to 48 months from the date of the first disbursement. The financing was fully settled in December 2015.

16. Unitholders' capital

	2015		2014	
	No. of Units	RM	No. of Units	RM
The Group and the Fund				
Balance at beginning of year	696,226,468	682,682,499	696,226,468	682,682,499
Issue of new units	32,000,000	40,000,000	-	-
Listing expenses	-	(284,373)	-	-
Balance at end of year	728,226,468	722,398,126	696,226,468	682,682,499

During the current financial year, the Fund issued 32,000,000 new units (2014: NIL) at an issue price of RM1.25 per unit (2014: NIL) and capitalised listing expenses amounting of RM284,373 (2014: NIL).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

16. Unitholders' capital (Continued)

Details of units held by the Manager's directors and shareholders, and related parties which comprises companies related to Johor Corporation and KPJ Healthcare Berhad, substantial unitholders of the Fund, and their market value as of 31 December 2015 based on the Record of Depositors are as follows:

	2015		2014	
	No. of Units	RM	No. of Units	RM
Related parties:				
Pusat Pakar Tawakal Sdn. Bhd.	71,389,800	99,945,720	71,389,800	98,517,924
Bandar Baru Klang Specialist Hospital Sdn. Bhd.	49,141,000	68,797,400	49,141,000	67,814,580
Selangor Medical Centre Sdn. Bhd.	35,000,000	49,000,000	35,000,000	48,300,000
Jeta Gardens (Qld) Pty Ltd	25,284,468	35,398,255	32,229,468	44,476,666
Seremban Specialist Hospital Sdn. Bhd.	23,731,000	33,223,400	23,731,000	32,748,780
Ampang Puteri Specialist Hospital Sdn. Bhd.	21,013,739	29,419,235	21,013,739	28,998,960
Medical Associates Sdn. Bhd.	19,055,000	26,677,000	19,055,000	26,295,900
Sentosa Medical Centre Sdn. Bhd.	15,653,000	21,914,200	15,653,000	21,601,140
Damansara Specialist Hospital Sdn. Bhd.	15,233,000	21,326,200	15,233,000	21,021,540
Kedah Medical Centre Sdn. Bhd.	15,000,000	21,000,000	15,000,000	20,700,000
Johor Specialist Hospital Sdn. Bhd.	12,203,000	17,084,200	12,203,000	16,840,140
Puteri Specialist Hospital Sdn. Bhd.	12,000,000	16,800,000	12,000,000	16,560,000
Pusat Pakar Darul Naim Sdn. Bhd.	11,789,000	16,504,600	11,789,000	16,268,820
Kuantan Specialist Hospital Sdn. Bhd.	5,000,000	7,000,000	5,000,000	6,900,000
Kajang Specialist Hospital Sdn. Bhd.	4,487,000	6,281,800	4,487,000	6,192,060
Kota Kinabalu Specialist Hospital Sdn. Bhd.	3,500,000	4,900,000	3,500,000	4,830,000
Taiping Medical Centre Sdn. Bhd.	3,334,000	4,667,600	3,334,000	4,600,920
Johor Ventures Sdn. Bhd.	173,219	242,507	173,219	239,042

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

17. Management expense ratio ("MER")

	The Fund	
	2015 %	2014 %
MER	0.35	0.50

The calculation of MER is based on the total fees of the Fund incurred for the year, including the Manager's fees, Trustee's fees, auditor's remuneration, tax agent's fee and administrative expenses, to the average net asset value during the year calculated on a monthly basis. Since the average net asset value is calculated on a monthly basis, comparison of the MER of the Fund with other real estate investment trust which use a different basis of calculation may not be an accurate comparison.

18. Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Fund if 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 Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Fund derives all its rental income as disclosed in Note 4 from related parties.

The investment property acquired during the current financial year as disclosed in Note 10 were acquired from related party.

Significant related party transactions other than those disclosed in Note 4 are as follows:

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Management fee	2,126,099	1,860,325	2,126,099	1,860,325
Registrar fee	76,382	48,286	76,382	48,286
Secretarial fee	42,807	38,543	42,807	36,565

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

19. Commitments

(i) Capital commitment

Capital commitment as at the reporting date is as follows:

	The Group and The Fund	
	2015 RM	2014 RM
Approved, contracted but not provided for:		
Commitment for the acquisition of investment property	-	77,800,000

(ii) Operating leases - as lessor

The Group and the Fund lease out their investment properties under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	The Group	
	2015 RM	2014 RM
Less than one year	106,336,486	106,725,323
Between one and five years	433,658,924	416,301,713
	539,995,410	523,027,036

	The Fund	
	2015 RM	2014 RM
Less than one year	94,744,717	91,380,627
Between one and five years	386,596,344	384,279,484
	481,341,061	475,660,111

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

20. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability;
- in the absence of a principal market, in the most advantageous market

The principal or the most advantageous market must be accessible by the Group and the Fund.

Except as detailed in the following table, the Manager considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values and categorised under level 3 fair value hierarchy.

Note	2015		2014	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
The Group				
Financial Liability				
Islamic financing				
- non-current	15 653,713,403	643,966,057	653,198,832	570,508,949
The Fund				
Financial Liability				
Amount due to a subsidiary				
- non-current	637,548,453	643,966,057	637,382,207	570,508,949
Islamic financing				
- non-current	15 -	-	79,948,681	79,948,681

The fair values of non-current Islamic financing are estimated using discounted cash flow analysis based on current equivalent profit rate of 4.93% (2014: 4.71%) per annum for similar type of instruments.

21. Financial risk management objectives and policies

The Group and the Fund are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and financing rate risk.

The Group and the Fund have taken measures to minimise their exposure to risks associated with their financing, investing and operating activities and operates within clearly defined guidelines as set out in the Securities Commission's Guidelines on Real Estate Investment Trusts.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

21. Financial risk management objectives and policies (Continued)

The following sections provide details regarding the Group's and the Fund's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks:

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Fund's exposure to credit risk arises primarily from trade and other receivables. The receivables are monitored on an ongoing basis through the Group's and the Fund's management reporting procedures.

Exposure to credit risk

At the reporting date, the Group's and the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 12.

Credit risk concentration profile

The Group and the Fund determine concentrations of credit risk by monitoring individual profile of its trade receivables on an ongoing basis. The Group and the Fund have significant concentration of credit risk from a single tenant (2014: single tenant, which constitute approximately 72% (2014: 74%).

Financial assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 12. Deposits with banks and other financial institutions are placed with reputable financial institutions.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Fund will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Fund's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Fund's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group and the Fund manage their operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of their overall liquidity management, the Group and the Fund maintain sufficient levels of cash and bank balances to meet their working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

21. Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (continued)

Financial assets

The following details the Group's and the Fund's expected maturity for their non-derivative financial assets:

	Weighted average effective profit rate %	Less than 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
2015					
The Group					
Non-profit bearing					
Trade receivables		7,715,299	-	-	7,715,299
Other receivables		2,072,321	-	-	2,072,321
Cash and bank balances		26,364,600	-	-	26,364,600
Fixed profit rate instruments	3.75	36,706,886	-	-	36,706,886
Total undiscounted financial assets		72,859,106	-	-	72,859,106
The Fund					
Non-profit bearing					
Amounts due from subsidiaries		-	-	99,157,716	99,157,716
Trade receivables		5,352,073	-	-	5,352,073
Other receivables		1,909,906	-	-	1,909,906
Cash and bank balances		16,203,597	-	-	16,203,597
Fixed profit rate instruments	3.75	20,000,000	-	-	20,000,000
Total undiscounted financial assets		43,465,576	-	99,157,716	142,623,292

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

21. Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (continued)

	Weighted average effective profit rate %	Less than 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
2014					
The Group					
Non-profit bearing					
Trade receivables		7,069,965	-	-	7,069,965
Other receivables		7,563,983	-	-	7,563,983
Cash and bank balances		23,214,543	-	-	23,214,543
Fixed profit rate instruments	3.75	44,577,435	-	-	44,577,435
Total undiscounted financial assets		82,425,926	-	-	82,425,926
The Fund					
Non-profit bearing					
Amounts due from subsidiaries		-	-	178,182,796	178,182,796
Trade receivables		4,085,458	-	-	4,085,458
Other receivables		7,412,985	-	-	7,412,985
Cash and bank balances		13,967,173	-	-	13,967,173
Fixed profit rate instruments	3.75	27,500,000	-	-	27,500,000
Total undiscounted financial assets		52,965,616	-	178,182,796	231,148,412

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

21. Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Financial liabilities

The following details the Group's and the Fund's remaining contractual maturity for its non derivative financial liabilities with agreed repayments periods:

	Weighted average effective profit rate %	Less than 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
2015					
The Group					
Non-profit bearing					
Other payables and accrued expenses		49,730,258	-	8,089,118	57,819,376
Islamic financing	4.93	32,393,406	706,802,859	-	739,196,265
Total undiscounted financial liabilities		82,123,664	706,802,859	8,089,118	797,015,641
The Fund					
Non-profit bearing					
Other payables and accrued expenses		40,929,394	-	8,089,118	49,018,512
Amount due to a subsidiary		-	637,548,453	-	637,548,453
Total undiscounted financial liabilities		40,929,394	637,548,453	8,089,118	686,566,965

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

21. Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Financial liabilities (Continued)

	Weighted average effective profit rate %	Less than 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
2014					
The Group					
Non-profit bearing					
Other payables and accrued expenses		16,589,465	-	8,089,118	24,678,583
Variable profit rate instruments	5.30	39,974,341	-	-	39,974,341
Fixed profit rate instruments	4.79	39,974,341	727,243,487	-	767,217,828
Total undiscounted financial liabilities		96,538,147	727,243,487	8,089,118	831,870,752
The Fund					
Non-profit bearing:					
Other payables and accrued expenses		8,197,277	-	8,089,118	16,286,395
Amount due to a subsidiary		-	637,382,207	-	637,382,207
Variable profit rate instruments	5.30	39,974,341	-	-	39,974,341
Fixed profit rate instruments	6.35	39,974,341	-	-	39,974,341
Total undiscounted financial liabilities		88,145,959	637,382,207	8,089,118	733,617,284

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

21. Financial risk management objectives and policies (Continued)

(iii) Financing rate risk

Financing rate risk is the risk that the fair value or future cash flows of the Group's and the Fund's financial instruments will fluctuate because of changes in the market financing rates.

The Group and the Fund manage their financing rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. As of 31 December 2015, approximately 5.5% (2014: 5.6%) of the Group's and the Fund's financial liabilities are variable financing rate instruments. The Group and the Fund place cash deposits on short-term basis and therefore this allows the Group and the Fund to respond to significant changes of financing rate promptly.

Financing rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to financing rates on the Group's and the Fund's variable rate financing. The analysis is prepared assuming the amount of variable rate financing outstanding as of 31 December 2015 was outstanding for the whole year. A 25 basis point increase or decrease is used for the analysis and this represents management's assessment of reasonable possible change in financing rate.

If financing rates had been 25 basis point higher/lower and all other variables were held constant, the Group's and the Fund's net profit/total comprehensive income for the year would decrease/increase by RM99,936. The assumed movement in basis points for financing rate sensitivity analysis is based on the currently observable market environment.

22. Significant events

- (i) On 3 October 2014, the Fund entered into a sale and purchase agreement to acquire two parcels of freehold lands together with buildings erected thereon from Puteri Nursing College Sdn. Bhd., a wholly owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM77,800,000. As at the date of this report, the acquisition has been completed during the current financial year and there is still amount owing of RM38,900,000 being the balance 50% of the purchase consideration.
- (ii) On 18 March 2015, the Fund has entered into a sale and purchase agreement to acquire a parcel of freehold land from Seremban Specialist Hospital Sdn. Bhd., a wholly owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM4,250,000. As at the date of this report, the acquisition has been completed.
- (iii) On 31 March 2015, the Fund has entered into a share sale agreement with Kumpulan Perubatan (Johor) Sdn. Bhd. in respect of the disposal of Crossborder Hall (M) Sdn. Bhd., Crossborder Aim (M) Sdn. Bhd., PT Al-'Aqar Permata Hijau and PT Al-'Aqar Bumi Serpong Damai for a total sale consideration of RM5,167,000. As at the date of this report, the disposal has been completed.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

23. Segment reporting

The Group has a single operating segment. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has three reportable segments as follows:

- (i) Malaysia
- (ii) Indonesia
- (iii) Australia

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit.

The Group's segmental information is as follows:

	Malaysia RM	Indonesia RM	Australia RM	Total RM
31 December 2015				
Rental	91,679,392	7,674,231	11,591,768	110,945,391
Property expense	(6,071,286)	(178,963)	(129,674)	(6,379,923)
Net rental income	85,608,106	7,495,268	11,462,094	104,565,468
Investment income	1,479,390	43,505	-	1,522,895
Other income	971,751	-	-	971,751
Gain on fair value	11,561,672	-	60,000	11,621,672
Total income	99,620,919	7,538,773	11,522,094	118,681,786
Expenditure	(10,280,100)	(1,970,288)	(115,318)	(12,365,706)
Operating profit	89,340,819	5,568,485	11,406,776	106,316,080
Finance costs	(38,404,419)	-	-	(38,404,419)
Profit before tax	50,936,400	5,568,485	11,406,776	67,911,661
Income tax expense	-	(767,423)	301,350	(466,073)
Profit after tax	50,936,400	4,801,062	11,708,126	67,445,588
Total assets	1,446,278,668	-	148,103,478	1,594,382,146
Total liabilities	711,108,188	-	3,448,355	714,556,543

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

23. Segmental reporting (Continued)

The Group's segmental information is as follows (Continued):

	Malaysia RM	Indonesia RM	Australia RM	Total RM
31 December 2014				
Rental	90,079,833	7,516,948	11,047,548	108,644,329
Property expense	(6,012,976)	(121,367)	(111,378)	(6,245,721)
Net rental income	84,066,857	7,395,581	10,936,170	102,398,608
Investment income	1,263,872	37,664	-	1,301,536
Other income	3,338,531	-	15,216	3,353,747
Gain on fair value	3,935,121	6,700,000	715,382	11,350,503
Total income	92,604,381	14,133,245	11,666,768	118,404,394
Expenditure	(5,693,992)	(1,054,965)	(130,962)	(6,879,919)
Operating profit	86,910,389	13,078,280	11,535,806	111,524,475
Finance costs	(38,376,612)	-	-	(38,376,612)
Profit before tax	48,533,777	13,078,280	11,535,806	73,147,863
Income tax expense	(198,891)	(751,696)	(988,551)	(1,939,138)
Profit after tax	48,334,886	12,326,584	10,547,255	71,208,725
Total assets	1,363,687,888	82,677,722	146,056,399	1,592,422,009
Total liabilities	757,428,013	14,116	3,437,124	760,879,253

24. Capital management

The Group and the Fund manage their capital to ensure that entities in the Group and the Fund will be able to continue as going concerns while maximising the return to unitholders through the optimisation of the debt and equity balance. The Group's and the Fund's overall strategy remain unchanged from 2014.

The capital structure of the Group and of the Fund consists of net debt (borrowings as detailed in Note 15) offset by cash and cash equivalents and unitholders' fund of the Group and of the Fund (comprising unitholders' capital and undistributed income).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (Continued)

24. Capital management (Continued)

The Group and the Fund are not subject to any externally imposed capital requirements. However, the Group and the Fund are required to comply with the SC Guidelines on borrowings.

The SC Guidelines require that the total borrowings of a fund (including borrowings through issuance of debt securities) should not exceed 50% of the total asset value of the Fund at the time the borrowings are incurred. Notwithstanding, the Fund's total borrowings may exceed this limit with the sanction of the unit holders by way of an ordinary resolution.

The Manager's risk management committee reviews the capital structure of the Group and of the Fund on a regular basis to ensure that the SC Guidelines are complied with.

Gearing ratio

The Group's and the Fund's gearing ratio are calculated based on the proportion of total borrowings to the total asset value in accordance with the SC Guidelines. The gearing ratio at the end of the reporting period is as follows.

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Total borrowings	653,713,403	733,147,513	637,548,453	717,330,888
Total assets value	1,594,382,146	1,592,422,009	1,564,078,518	1,561,136,685
Total borrowings to total asset value ratio	41.0%	46.0%	40.8%	45.9%

25. Portfolio turnover ratio ("PTR")

	The Fund	
	2015 %	2014 %
PTR (times)	5.04	0.43

The calculation of PTR is based on the average of total acquisitions and total disposals of investments in the Fund for the year to the average net asset value during the year calculated on a monthly basis.

SUPPLEMENTARY INFORMATION

26. Supplementary information - disclosure on realised and unrealised profits/losses

The breakdown of the undistributed income of the Group and of the Fund as at 31 December 2015 and 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with the Guideline on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	The Group		The Fund	
	2015 RM	2014 RM	2015 RM	2014 RM
Total undistributed income				
- Realised	27,260,086	26,778,698	26,664,317	27,949,465
- Unrealised	130,896,811	126,314,496	128,449,110	116,887,438
Total undistributed income	158,156,897	153,093,194	155,113,427	144,836,903

This supplementary information has been made solely for complying with the disclosure requirement as stipulated in the directives of Bursa Malaysia and is not made for any other purposes.



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