

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Third Quarter Ended 30 September 2024

Note	Individual Quarter			Cumulative Quarter			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year Corresponding Period to Date	Changes	
	30-09-2024	30-09-2023		30-09-2024	30-09-2023		
	RM	RM	%	RM	RM	%	
	Gross rental income	28,921,739	30,785,469	(6.1)	88,159,530	90,388,099	(2.5)
	Property expenses	(1,650,767)	(1,691,304)	(2.4)	(4,894,190)	(4,856,196)	0.8
	Net rental income	27,270,972	29,094,165	(6.3)	83,265,340	85,531,903	(2.7)
	Investment income	525,691	359,851	46.1	1,308,535	1,063,601	23.0
	Gain on disposal of investment property	-	-	-	1,000,000	-	100.0
	Unrealised (loss)/gain on foreign exchange	(106,111)	(17,344)	>100	(104,745)	21,670	(>100)
	Other income	156,375	132,995	17.6	446,488	399,240	11.8
	Total income	27,846,927	29,569,667	(5.8)	85,915,618	87,016,414	(1.3)
	Managers' fees	(1,163,777)	(1,162,068)	0.2	(3,485,435)	(2,956,646)	17.9
	Trustees' fees	(107,429)	(107,253)	0.2	(321,186)	(311,168)	3.2
	Islamic financing costs	(9,695,048)	(9,485,364)	2.2	(28,932,716)	(29,507,720)	(2.0)
	Maintenance of properties	(89,800)	(257,860)	(65.2)	(1,202,628)	(901,959)	33.3
	Administrative expenses	(255,023)	(436,727)	(41.6)	(1,175,745)	(1,490,232)	(21.1)
	Professional fees	(906,406)	(422,988)	>100	(2,334,427)	(1,339,478)	74.3
	Withholding tax	3,464	(111,380)	(>100)	(66,621)	(334,140)	(80.1)
	Total trust expenditure	(12,214,019)	(11,983,640)	1.9	(37,518,758)	(36,841,343)	1.8
	Net income before taxation	15,632,908	17,586,027	(11.1)	48,396,860	50,175,071	(3.5)
	Tax	-	-	-	-	-	-
	Net income after taxation	15,632,908	17,586,027	(11.1)	48,396,860	50,175,071	(3.5)
	Other comprehensive (expenses)/ income for the period						
	Foreign currency translation differences for foreign operation	(4,266,972)	(888,551)	>100	(4,057,274)	547,897	(>100)
	Total comprehensive income for the period	11,365,936	16,697,476	(31.9)	44,339,586	50,722,968	(12.6)
	Net income after taxation is made up as follows:						
	Realised	15,147,809	17,012,161	(11.0)	46,727,976	48,379,772	(3.4)
	Unrealised	485,099	573,866	(15.5)	1,668,884	1,795,299	(7.0)
		15,632,908	17,586,027	(11.1)	48,396,860	50,175,071	(3.5)
	Earnings per unit (sen) - Net	1.86	2.18	(14.7)	5.76	6.22	(7.4)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2024

	Note	Unaudited As At End Of Current Quarter 30-09-2024 <u>RM</u>	Audited As At Preceding Year Ended 31-12-2023 <u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,644,472,595	1,643,220,335
Current Assets			
Trade receivables	B11	52,010,879	51,368,069
Other receivables & prepayments		2,251,808	368,783
Cash and bank balances		33,695,823	53,264,350
Fixed deposits with licensed banks		52,414,182	31,062,276
		<u>140,372,692</u>	<u>136,063,478</u>
Assets classified as held for sale	A9	64,700,031	76,700,031
		<u>205,072,723</u>	<u>212,763,509</u>
TOTAL ASSETS		<u>1,849,545,318</u>	<u>1,855,983,844</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	678,761,546	677,881,184
Other payables		16,288,762	16,373,882
Deferred tax		1,522,541	1,522,541
		<u>696,572,849</u>	<u>695,777,607</u>
Current Liabilities			
Islamic financing	B12	79,967,000	79,868,000
Other payables and accruals		4,829,104	7,826,884
Provision for income distribution		235,970	213,896
		<u>85,032,074</u>	<u>87,908,780</u>
TOTAL LIABILITIES		<u>781,604,923</u>	<u>783,686,387</u>
NET ASSETS VALUE		<u>1,067,940,395</u>	<u>1,072,297,457</u>
REPRESENTED BY:			
Unitholders' capital		854,758,225	854,758,225
Undistributed income		220,992,189	221,291,977
Foreign exchange translation reserve		(7,810,019)	(3,752,745)
TOTAL UNITHOLDERS' FUND		<u>1,067,940,395</u>	<u>1,072,297,457</u>
NUMBER OF UNITS IN CIRCULATION		<u>839,597,757</u>	<u>839,597,757</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)			
- Before income distribution		1.2720	1.2772
- After income distribution*		1.2530	1.2572

*after reflecting the proposed third interim income distribution for financial year ending 31 December 2024 of 1.90 sen per unit (2023: final income distribution for financial year ended 31 December 2023 of 2.00 sen per unit).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS VALUE
For the Third Quarter Ended 30 September 2024

Note	Unitholders' Capital RM	Realised RM	Unrealised RM	Total Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 January 2023	756,408,942	73,168,953	151,189,059	224,358,012	(9,552,175)	971,214,779
Operation for the period ended 30 September 2023						
Net income for the period	-	48,379,772	1,795,299	50,175,071	547,897	50,722,968
<i>Increase in net assets resulting from operation</i>	-	48,379,772	1,795,299	50,175,071	547,897	50,722,968
Unitholders' transactions						
Placement of units	99,734,400	-	-	-	-	99,734,400
Distribution to unitholders	-	(46,815,602)	-	(46,815,602)	-	(46,815,602)
Issuing expenses	(1,385,117)	-	-	-	-	(1,385,117)
<i>Decrease in net assets resulting from unitholders' transactions</i>	98,349,283	(46,815,602)	-	(46,815,602)	-	51,533,681
Net assets as at 30 September 2023	854,758,225	74,733,123	152,984,358	227,717,481	(9,004,278)	1,073,471,428
As at 1 January 2024	854,758,225	72,655,095	148,636,882	221,291,977	(3,752,745)	1,072,297,457
Operation for the period ended 30 September 2024						
Net income for the period	-	46,727,976	1,668,884	48,396,860	(4,057,274)	44,339,586
Realisation of loss from disposal of investment property	-	(1,471,410)	1,471,410	-	-	-
<i>Increase in net assets resulting from operation</i>	-	45,256,566	3,140,294	48,396,860	(4,057,274)	44,339,586
Unitholders' transactions						
Placement of units	-	-	-	-	-	-
Distribution to unitholders #	-	(48,696,648)	-	(48,696,648)	-	(48,696,648)
Issuing expenses	-	-	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(48,696,648)	-	(48,696,648)	-	(48,696,648)
Net assets as at 30 September 2024	854,758,225	69,215,013	151,777,176	220,992,189	(7,810,019)	1,067,940,395

Include :

- (i) Payment of the final income distribution for the financial year ended 31 December 2023 of 2.00 sen per unit (of which 0.87 sen per unit is taxable and 1.13 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 October to 31 December 2023 which was paid on 29 February 2024.
- (ii) Payment of the first interim income distribution for the financial year ending 31 December 2024 of 1.90 sen per unit (of which 0.86 sen per unit is taxable and 1.04 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 January to 31 March 2024 which was paid on 28 June 2024.
- (iii) Payment of the second interim income distribution for the financial year ending 31 December 2024 of 1.90 sen per unit (of which 0.93 sen per unit is taxable and 0.97 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 April to 30 June 2024 which was paid on 3 October 2024.

The Condensed Consolidated Statement of Changes In Net Assets Value should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Third Quarter Ended 30 September 2024

	To Date	
	<u>30-09-2024</u>	<u>30-09-2023</u>
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	48,396,860	50,175,071
Adjustment for:		
Islamic financing costs	28,932,716	29,507,720
Unrealised loss/(gain) on foreign exchange	104,745	(21,670)
Unbilled rental income	(1,773,629)	(1,773,629)
Gain on disposal of investment property	(1,000,000)	-
Investment revenue	(1,308,535)	(1,063,601)
Operating profit before working capital changes	<u>73,352,157</u>	<u>76,823,891</u>
Changes in working capital:		
Increase in receivables and prepayments	(752,206)	(5,342,248)
Decrease in other payables and accruals	(3,502,374)	(16,997,776)
Cash generated from operations	<u>69,097,577</u>	<u>54,483,867</u>
Taxes	-	-
Net cash generated from operating activities	<u>69,097,577</u>	<u>54,483,867</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received on investment	1,308,535	1,063,601
Proceeds from disposal of investment property	13,000,000	-
Enhancement to investment properties	(1,252,260)	-
Net cash generated from investing activities	<u>13,056,275</u>	<u>1,063,601</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(48,460,678)	(46,815,602)
Repayment of Islamic financing	-	(100,000,000)
Net proceeds from issuance of units	-	98,349,283
Islamic financing costs paid	(27,747,776)	(27,692,508)
Net cash used in financing activities	<u>(76,208,454)</u>	<u>(76,158,827)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,945,398	(20,611,359)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,162,019)	(103,846)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	84,286,760	96,092,012
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>86,070,139</u>	<u>75,376,807</u>
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	33,695,823	42,414,123
Fixed deposits with licensed banks	52,414,182	33,001,826
	<u>86,110,005</u>	<u>75,415,949</u>
Less: Islamic fixed deposits with licensed banks with maturity period of more than 3 months	(39,866)	(39,142)
CASH AND CASH EQUIVALENTS	<u>86,070,139</u>	<u>75,376,807</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2024

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

A1. BASIS OF PREPARATION

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

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent Audited Financial Statements for the financial year ended 31 December 2023.

The Group has applied the following standards and amendments for the first time for the financial period beginning 1 January 2024 :

- Amendments to MFRS 101 : Classification of Liabilities as Current or Non Current
- Amendments to MFRS 16 : Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 : Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7 : Supplier Finance Arrangements

The standards and interpretations that are issued but not yet effective are disclosed below:

- Amendments to MFRS 121 : Lack of Exchangeability (effective 1 January 2025)
- Amendments to MFRS 9 and MFRS 7: Classification and Measurement of Financial Instruments (effective 1 January 2026)
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

The Group did not early adopt these new standards.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2023 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

A5. CHANGES IN ACCOUNTING ESTIMATES

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

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

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

A7. INCOME DISTRIBUTION

The second interim income distribution for the financial year ending 31 December 2024 of 1.90 sen per unit (of which 0.93 sen per unit is taxable and 0.97 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 April to 30 June 2024, which was announced on 29 August 2024 has been paid on 3 October 2024.

A8. SEGMENTAL REPORTING

a. Primary reporting segment - Geographical segments

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

	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 30 September 2024			
Gross rental income	87,330	829	88,159
Property expenses	(4,861)	(33)	(4,894)
Net rental income	82,469	796	83,265
Investment income	1,309	-	1,309
Gain on disposal of investment property	1,000	-	1,000
Unrealised gain on foreign exchange	(105)	-	(105)
Other income	446	-	446
Total income	85,119	796	85,915
Trust expenditure	(35,414)	(2,104)	(37,518)
Net income before taxation	49,705	(1,308)	48,397
Tax	-	-	-
Net income after taxation	49,705	(1,308)	48,397
Total assets	1,731,547	117,998	1,849,545
Total liabilities	781,561	44	781,605
Period Ended 30 September 2023			
Gross rental income	86,106	4,282	90,388
Property expenses	(4,808)	(48)	(4,856)
Net rental income	81,298	4,234	85,532
Investment income	1,064	-	1,064
Unrealised loss on foreign exchange	21	-	21
Other income	399	-	399
Total income	82,782	4,234	87,016
Trust expenditure	(36,088)	(753)	(36,841)
Net income before taxation	46,694	3,481	50,175
Tax	-	-	-
Net income after taxation	46,694	3,481	50,175
Total assets	1,718,185	135,282	1,853,467
Total liabilities	779,991	4	779,995

b. Secondary reporting segment - Business segments

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

A9. VALUATION OF INVESTMENT PROPERTIES

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

A10. SUBSEQUENT MATERIAL EVENTS

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

A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of Al-Aqar Healthcare REIT for the current quarter.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed in the current quarter.

A13. SIGNIFICANT RELATED PARTY TRANSACTION

Parties are considered to be related to the Group and the Fund if the Group and the Fund has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Fund derives all its rental income from related parties.

Significant related party transactions are as follows:

	The Group		The Fund	
	30-09-2024	30-09-2023	30-09-2024	30-09-2023
	RM	RM	RM	RM
Manager's fee	3,485,435	2,956,646	3,485,435	2,956,646
Maintenance fee	898,880	901,840	898,880	901,840
Miscellaneous expenses	122,209	43,976	122,209	43,976
Other income	(399,000)	(399,000)	(399,000)	(399,000)

Other income relates to the compensation received from Selangor Medical Centre Sdn Bhd for loss of opportunity and annual loss of potential income due to the deferment for the transfer of a Physician Consultant Building to the Group and the Fund.

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2024

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Corresponding Quarter 30.09.2023 RM'000	Changes %	Current Year To Date 30.09.2024 RM'000	Preceding Year Corresponding Period To Date 30.09.2023 RM'000	Changes %
Net rental income						
Malaysia	27,347	27,690	(1.2)	82,469	81,298	1.4
Australia	(76)	1,404	(>100)	796	4,234	(81.2)
Total	<u>27,271</u>	<u>29,094</u>	(6.3)	<u>83,265</u>	<u>85,532</u>	(2.7)
Net income before taxation						
Malaysia	16,555	16,270	1.8	49,705	46,694	6.4
Australia	(922)	1,316	(>100)	(1,308)	3,481	(>100)
Total	<u>15,633</u>	<u>17,586</u>	(11.1)	<u>48,397</u>	<u>50,175</u>	(3.5)

Review of Individual/Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM27.3 million of net rental income for the current quarter ended 30 September 2024, represented a decrease of RM0.3 million or 1.2% from RM27.7 million, recorded in the preceding year's corresponding quarter. The decrease was mainly due to disposal of Damai Care & Wellness Centre in June 2024.

The Malaysia segment recorded net income before taxation of RM16.6 million for the current quarter, which is RM0.3 million or 1.8% higher than preceding year's corresponding quarter of RM16.3 million. The increase was mainly due to lower trust expenditure incurred during the current quarter.

Australia segment

The net rental loss of the Australia segment for the current quarter ended 30 September 2024, represented a decrease of RM1.4 million from the preceding year's corresponding quarter due to rental adjustment following the completion of the Business Sale Agreement (BSA) by the lessee.

The Australia segment recorded net loss before taxation of RM0.9 million for the current quarter, which is lower of RM2.2 million than preceding year's corresponding quarter of RM1.3 million. The decrease was mainly due to net rental loss of RM1.4 million as well as higher professional fees of RM0.8 million incurred during the current quarter.

(b) Review of Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM82.5 million of net rental income for the period ended 30 September 2024, represented an increase of RM1.2 million or 1.4% from RM81.3 million, recorded in the preceding period. The increase was mainly contributed by annual increment on rental income.

The Malaysia segment recorded net income before taxation of RM49.7 million for the period ended 30 September 2024, which is RM3.0 million or 6.4% higher than preceding period of RM46.7 million. The increase was mainly due to higher net rental income of RM1.2 million, realised gain on disposal of Damai Care & Wellness Centre of RM1.0 million (excluding incidental costs) as well as lower financing cost of RM0.6 million.

Australia segment

The net rental income of the Australia segment for the period ended 30 September 2024 represented lower of RM3.4 million from RM4.2 million, recorded in the preceding year's corresponding period due to rental adjustment following the completion of the BSA by the lessee as mentioned earlier.

The Australia segment recorded net loss before taxation of RM1.3 million for the period ended 30 September 2024, which is RM4.8 million lower than preceding period of RM3.5 million. The decrease was mainly due to lower net rental of RM3.4 million as well as higher professional fees of RM1.3 million incurred as mentioned earlier.

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

	Current Quarter ended 30.09.2024 RM'000	Immediate Preceding Quarter ended 30.06.2024 RM'000	Changes %
Net rental income	27,271	27,773	(1.81)
Net income before taxation	15,633	16,355	(4.41)

AI-Aqar Healthcare REIT recorded a net income before taxation of RM15.6 million as compared to RM16.4 million in the preceding quarter. This was mainly due to gain on disposal of Damai Care & Wellness Centre of RM1.0 million (excluding incidental costs) recorded in the preceding quarter.

B3. CHANGES IN NET ASSET VALUE

	As at 30-09-2024 RM'000	As at 30-06-2024 RM'000
Net asset value ("NAV")	1,067,940	1,072,527
NAV per unit (RM)	1.2720	1.2774

The NAV as at 30 September 2024 was lower by RM4.6 million as compared to the immediate preceding quarter, as a result of total comprehensive income of RM11.3 million and income distribution of RM15.9 million recognised during the current quarter.

B4. PROSPECTS

The global economy continues to expand amid resilient labour markets and continued recovery in global trade. Looking ahead, global growth is expected to be sustained, as headwinds from tight monetary policy and reduced fiscal support will be cushioned by positive labour market conditions and moderating inflation. Global trade continues to strengthen as the global tech upcycle gains momentum. Global headline and core inflation continued to edge downwards in recent months with some central banks commencing monetary policy easing. The growth outlook remains subject to downside risks, mainly from further escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and volatility in global financial markets.

For the Malaysian economy, the latest indicators point towards sustained strength in economic activity in the second quarter of 2024, driven by resilient domestic expenditure and better export performance. Going forward, exports are expected to be further lifted by the global tech upcycle given Malaysia's position in the semiconductor supply chain, as well as continued strength in non-electrical and electronics goods. Tourist arrivals and spending are also poised to rise further. Continued employment and wage growth, as well as policy measures, will continue to support household spending. Investment activity would be supported by the ongoing progress of multi-year projects in both the private and public sectors, the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. The growth outlook is subject to downside risks from weaker-than-expected external demand and larger declines in commodity production. Meanwhile, upside risks to growth mainly emanate from greater spillover from the tech upcycle, more robust tourism activity, and faster implementation of existing and new projects.

As health care costs continue to escalate globally, the affordability of care remains a critical concern. Governments, payers, and providers are taking measures to control costs while maintaining the quality and accessibility of health care. From value-based care models to innovative pricing structures, these evolving strategies are designed to help ensure cost-effective health care delivery. At the same time, the health care workforce is undergoing a significant transformation, driven by evolving patient demographics, technological advancements, and changing care delivery models. Providers worldwide face deep shortages of clinicians, and are taking innovative approaches to improve pay, reduce burnout, and build trust in the health care workplace. As providers work to attract, train, and retain a skilled and more adaptable talent pool, the role of telehealth, remote monitoring, and the gig economy are all reshaping health care workforce dynamics.

KPJ Berhad's second-quarter results, which highlight expanded bed capacity and higher patient turnover, indicate a strong foundation for stable and potentially growing rental income for Al-Aqar REIT's healthcare assets. As KPJ fills more beds and serves more patients, their revenue base becomes more solid, ensuring reliable and timely rental payments to Al-Aqar. The rise in bed capacity and patient volume contributes to a steady stream of rental income over time, enhancing Al-Aqar's financial stability. This consistent income from KPJ's improved operations supports Al-Aqar's ability to maintain and potentially increase dividends to its shareholders. As KPJ continues to grow, Al-Aqar is positioned to pass on this financial strength to investors through regular and reliable distributions.

Therefore, the Manager expects no disruption to Al-Aqar's earnings, as the Fund's income is secured through long-term lease agreements with the KPJ Group. To maintain positive distribution growth for unitholders and uphold these lease agreements, the Fund is actively involved in various corporate initiatives and exploring third-party acquisitions. The proceeds from the sale of Damai Care & Wellness Centre and Jeta Gardens Aged Care Facilities will be used to either distribute to unitholders, acquire local healthcare properties to boost the Fund's yield, or a combination of both.

Sources:

- 1 Bank Negara Monetary Policy Statement, 11 July 2024
- 2 Deloitte 2024 Global Health Care Sector Outlook
- 3 KPJ Healthcare Berhad Quarter 2 result, 2024

B5. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There was no issuance of new units during the current quarter.

B6. TAX

	The Group		The Fund	
	30-09-2024	30-09-2023	30-09-2024	30-09-2023
	RM	RM	RM	RM
Tax expense				
- Income Tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

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

B7. INCOME DISTRIBUTION

Income distributions to unitholders is derived from the following sources:

	Preceding		Current	Preceding
	Current	Year		
	Year	Corresponding	To Date	Corresponding
	Quarter	Quarter	Period To Date	Period To Date
	30-09-2024	30-09-2023	30-09-2024	30-09-2023
	RM'000	RM'000	RM'000	RM'000
Net rental income	27,271	29,094	83,265	85,532
Investment income	526	360	1,309	1,064
Gain on disposal of investment property	-	-	1,000	-
Other income	156	133	446	399
Less: Unbilled rental income	(592)	(592)	(1,774)	(1,774)
	<u>27,361</u>	<u>28,995</u>	<u>84,246</u>	<u>85,221</u>
Less: Expenses	(12,213)	(11,983)	(37,518)	(36,841)
Realised/Distributable income for the period	15,148	17,012	46,728	48,380
Previous year's undistributed realised income	55,536	57,567	55,861	57,281
Total realised income available for distribution	<u>70,684</u>	<u>74,579</u>	<u>102,589</u>	<u>105,661</u>
Less: Income to be distributed for the quarter/period	<u>(15,952)</u>	<u>(16,792)</u>	<u>(47,857)</u>	<u>(47,874)</u>
Balance undistributed income realised income	<u>54,732</u>	<u>57,787</u>	<u>54,732</u>	<u>57,787</u>
Distribution per unit (sen)	1.90	2.00	5.70	5.90

B8. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no disposal of unquoted securities or investment properties during the current quarter.

B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the current quarter.

B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

On 13 December 2023, on behalf of the Manager, KAF Investment Bank Berhad announced that Al-Aqar entered into a land sale contract with Principal Healthcare Finance Pty Ltd to dispose of the lands and buildings of Jeta Gardens Aged Care Facility with the disposal consideration amounted to AUD24.4 million cash (equivalent to approximately RM74.9 million). The Proposed Disposal is expected to be completed in the second half of 2025 ("Proposed Disposal").

B11. TRADE RECEIVABLES

	The Group	
	As at 30-09-2024 RM'000	As at 30-09-2023 RM'000
<u>Current</u>		
Trade receivables	38,687	44,086
Unbilled rental income	13,323	10,959
	52,010	55,045

Trade receivables comprise rental receivable from lessees and unbilled rental income.

Unbilled rental income consist of unbilled incremental lease rental receivable from Pasir Gudang Specialist Hospital ("KPJ Batu Pahat Specialist Hospital"). The lease rental receivables from KPJ Batu Pahat is incremental by 10% every 3 years from the commencement date up to the term of 30 years. This rental income is recognised on straight-line basis over the lease term of 30 years.

The credit period granted by the Group on rental receivable from lessees ranges from 1 to 7 days.

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

	The Group	
	As at 30-09-2024 RM'000	As at 30-09-2023 RM'000
0-30 days	2,296	3,226
31-60 days	1,855	2,876
61-90 days	726	2,806
More than 90 days	33,810	35,178
	38,687	44,086

Out of the total trade receivables of RM38.7 million, RM31.3 million is related to an Australian property and both parties are in the process of finalising on the settlement of the outstanding rental.

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

B12. ISLAMIC FINANCING

	The Group	
	As at 30-09-2024 RM'000	As at 30-09-2023 RM'000
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah Term Financing ("CMTF 1")	-	79,835
Commodity Murabahah Term Financing ("CMTF 2")	29,900	29,819
Commodity Murabahah Term Financing ("CMTF 3 Tranche 1")	279,029	278,451
Commodity Murabahah Term Financing ("CMTF 3 Tranche 2")	298,344	297,896
Commodity Murabahah Term Financing ("CMTF 4 - Term Financing-i")	71,488	71,353
	678,761	757,354
<u>Current</u>		
<u>Secured</u>		
Commodity Murabahah Term Financing ("CMTF 1")	79,967	-

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

For the current quarter, the Group does not have any off balance sheet financial instruments.

B14. MATERIAL LITIGATION

There was no material litigation as at the date of the current quarter.

B15. SOFT COMMISSION RECEIVED

There was no soft commission received by the Manager during the current quarter.

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 30-09-2024	Immediate Preceding Quarter ended 30-06-2024
Number of units in issue - units	839,597,757	839,597,757
Earning per unit (EPU) - sen	1.86	1.95
Net income distribution to unitholders - RM'000	15,952	15,952
Distribution per unit (DPU) - sen	1.90	1.90
Net Asset Value (NAV) - RM'000	1,067,940	1,072,527
NAV per unit - RM	1.2720	1.2774
Market Value Per Unit - RM	1.3000	1.2900

B17. RESPONSIBILITY STATEMENT

This quarterly report was prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-'Aqar Healthcare REIT as at 30 September 2024 and of its financial performance and cash flows for the period then ended.