

Expanding Horizons. Growing Stronger.



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RATIONALE

The cover of Al-`Aqar's Annual Report 2024 reflects our commitment to expanding our potential and building a stronger, more resilient future, ensuring lasting value for our stakeholders. We continue to grow in the healthcare real estate sector by exploring new opportunities, optimising our portfolio and enhancing our properties to support industry growth. Therefore, strengthening our partnership with sponsor and stakeholders remains a priority. In addition, we focus on maintaining high-quality assets and effective management to support steady growth and consistent returns. Hence, Al-`Aqar is dedicated to meeting the evolving needs of the healthcare sector and building a strong foundation for the future.

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NAVIGATION ICONS



This icon tells you where you can find related information in this Report.



This icon tells you where you can find related information in this Report.

CONTACT AND FEEDBACK

Stakeholder insights are invaluable to us, enabling continuous improvement in our reporting practices. We welcome feedback on this report and invite stakeholders to direct their comments or inquiries to www.alaqar.com.my



DIGITAL REPORT AVAILABLE IN

Al-Aqar is committed to making difference in the environment. Play your part by opting to download a softcopy our annual report at www.alaqar.com.my or by scanning the QR code.



CORPORATE PROFILE

Al-`Aqar Healthcare REIT ("Al-`Aqar") was established on 10 August 2006 and is listed on the main market of Bursa Malaysia. From its humble beginnings with a portfolio of just six properties, Al-`Aqar has steadily evolved and transformed into a reputable player in the Malaysian REIT landscape. Today, it boasts an extensive portfolio of 23 properties strategically diversified across several key segments, with a notable focus on healthcare assets.

The portfolio now comprises 17 hospitals, three wellness/health centers, two colleges, and an aged care facility, underscoring Al-`Aqar's robust position in the healthcare real estate sector. This diverse mix of properties not only highlights the fund's adaptability but also its ability to cater to the growing demand for specialised healthcare and wellness services in Malaysia.

Al-`Aqar's growth trajectory has been driven by the expertise and strong leadership of JLG REIT Managers Sdn Bhd (JRM) (formerly known as Damansara REIT Managers Sdn Berhad), which serves as the fund manager. JRM is a wholly-owned subsidiary of Johor Corporation and is further supported by KPJ Healthcare Berhad ("KPJ"), both of which provide a solid foundation for Al-`Aqar's strategic direction and operational success. JRM's dedicated efforts in asset management, operational efficiency, and portfolio optimisation have been instrumental in the fund's continued success and expansion.

As of 31 December 2024, Al-`Aqar's portfolio is valued at RM1.65 billion, with a market capitalisation of RM1.14 billion.



2024 YEAR IN REVIEW



NO OF ASSETS

23



PROPERTY VALUE

RM **1.65**
BILLION



MARKET CAPITALISATION

RM **1.14**
BILLION



OCCUPANCY RATE

100%



GROSS REVENUE

RM **117.2**
MILLION



NET REALISED INCOME

RM **62.2**
MILLION



DISTRIBUTION PER UNIT (DPU)

7.27
SEN



DISTRIBUTION YIELD

5.35%



TOTAL RETURN

15.03%

CORPORATE INFORMATION

MANAGER

JLG REIT MANAGERS SDN BHD
(formerly known as DAMANSARA REIT MANAGERS SDN BERHAD)
(200501035558)

Registered Office:

Suite 1, Level 17, Menara Komtar, Johor Bahru City Centre, 80888 IIBD, Johor
Tel : (+607) 226 7692 / 226 7476
Fax : (+607) 222 3044

Principal Place of Business:

Unit 1-19-02, Level 19, Block 1
VSQUARE, Jalan Utara, 46200 Petaling Jaya, Selangor.
Tel : (+603) 7932 1692 / 7932 3692
Fax : (+603) 7932 0692

LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : ALAQAR
Stock Code : 5116

WEBSITE

www.alaqar.com.my

TRUSTEE

AMANAHRAYA TRUSTEES BERHAD
(200701008892)

Level 30 & 31,
Vista Tower, The Intermark,
348, Jalan Tun Razak,
50400, Kuala Lumpur
Tel : (+603) 2036 5129
Fax : (+603) 2072 0323
Email : art@arb.com.my
Website : www.artrustees.my

SHARIAH COMMITTEE

1. Dato' (Dr) Haji Nooh Bin Gadot
2. Professor Madya Dr Abdul Halim Bin Muhammad
3. IBFIM (200701005076)
Level 5, Bangunan AICB,
No. 10, Jalan Dato' Onn,
50480 Kuala Lumpur.
Tel : (+603) 2031 1010
Fax : (+603) 2026 9988
Email : info@ibfim.com /
shariah.advisory@ibfim.com
Website : www.ibfimonline.com

REGISTRAR

LARKIN SENTRAL PROPERTY BERHAD
Lot S8, Podium 1, Menara Ansar,
65, Jalan Trus,
80000 Johor Bahru, Johor.
Tel : (+607) 297 2521
Fax : (+607) 223 3275

AUDITOR

ERNST & YOUNG PLT
(LLP0022760-LCA) (AF 0039)
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur.
Tel : (+603) 7495 8000
Fax : (+603) 2095 5332
Website : www.ey.com

SOLICITOR

ABDUL RAMAN SAAD & ASSOCIATES
C-2-1, Pacific Place Commercial Centre,
Jalan PJU 1A/4, Ara Damansara,
47301 Petaling Jaya, Selangor.
Tel : (+603) 7859 9229
Fax : (+603) 7734 5777
Email : arsakl@arsa.com.my
Website : www.arsa.com.my

KADIR ANDRI & PARTNERS

Suite A-38-8, Level 38,
Menara UOA Bangsar,
5, Jalan Bangsar Utama 1,
59000 Kuala Lumpur.
Tel : (+603) 2780 2888
Fax : (+603) 2780 2833
Email : partner@kaapl.com
Website : www.kaapl.com

ALBAR & PARTNERS

Suite 14-3, Level 14,
Wisma UOA Damansara II,
No. 6 Changkat Semantan,
Damansara Heights, 50490
Kuala Lumpur.
Tel : (+603) 7890 3288
Fax : (+603) 7890 3266
Email : albar@albar.com.my
Website : www.albar.com.my

MOHAMED RIDZA & CO

Penthouse, Menara I&P, No. 46,
Jalan Dungun, Damansara Heights,
50490 Kuala Lumpur.
Tel : (+603) 2092 4822
Fax : (+603) 2092 5822
Email : mrco@ridzalaw.com.my
Website : ridzalaw.com.my

PROPERTY MANAGER

HEALTHCARE TECHNICAL SERVICES SDN BHD

(199501012909)
Level 17, Menara KPJ,
No. 238, Jalan Tun Razak,
50400 Kuala Lumpur.
Tel : (+603) 2681 6222

IM GLOBAL PROPERTY CONSULTANTS SDN BHD

(200501019108)
No. 47-2, 2nd 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

INDEPENDENT PROPERTY VALUER

RAHIM & CO. INTERNATIONAL SDN BHD

(201501001265) (1126597-X)
Level 10, Menara Perak,
No. 24, Jalan Perak,
50450 Kuala Lumpur.
Tel : (+603) 2691 9922
Fax : (+603) 2691 9992
Email : kl@rahim-co.com
Website : www.rahim-co.com/

TRUST STRUCTURE

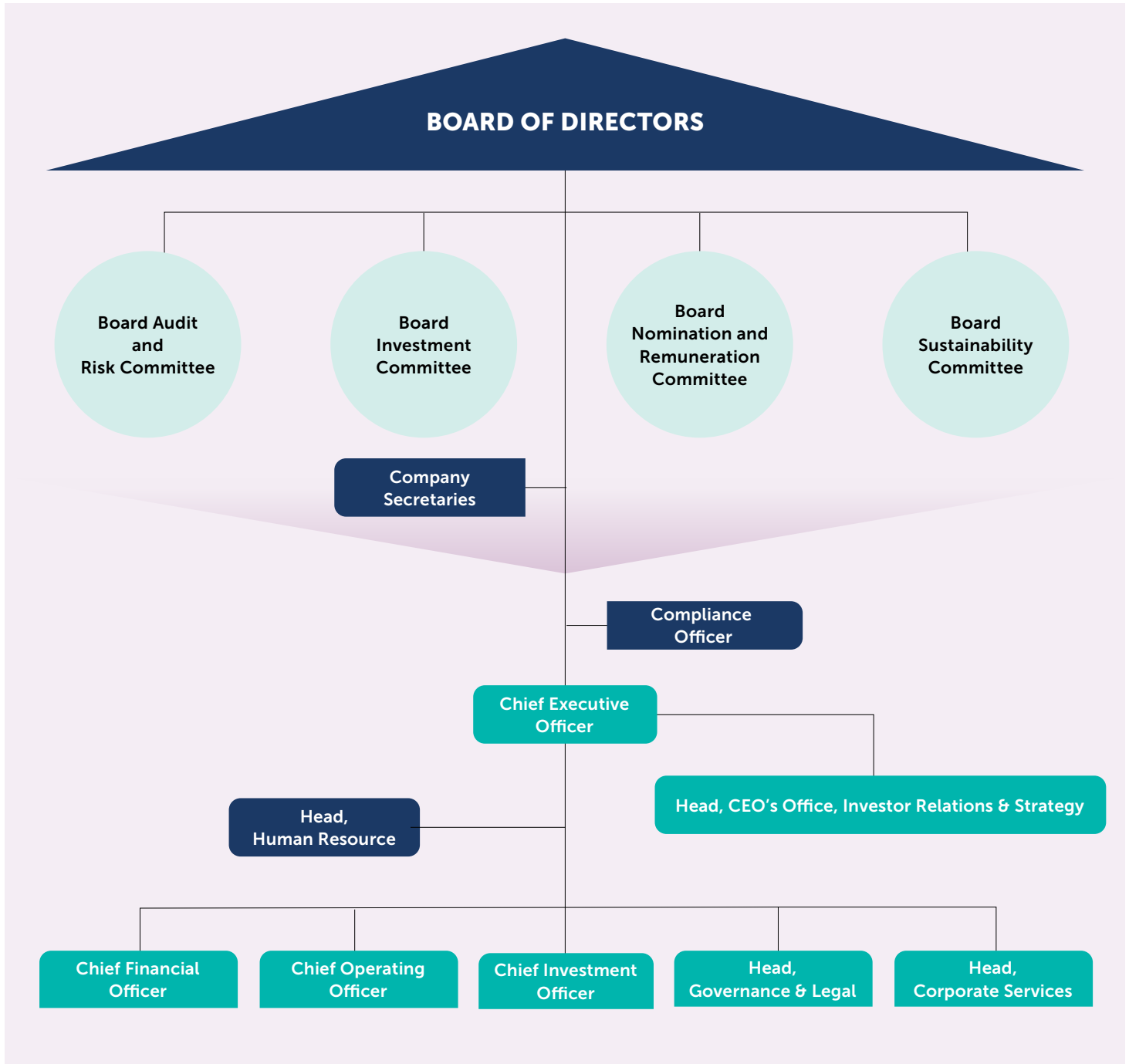
AMANAHRAYA
TRUSTEES



- Healthcare Technical Service Sdn Bhd
- IM Global Property Consultant Sdn Bhd

JLS
REIT MANAGERS

ORGANISATION STRUCTURE



SALIENT FEATURES

NAME OF FUND	Al-`Aqar Healthcare REIT	INITIAL PUBLIC OFFERING PRICE	Retail Price RM0.95 Institutional Price RM1.00
TYPE OF FUND	Income and growth	FINANCIAL YEAR END	31 December
CATEGORY OF FUND	Islamic healthcare real estate and healthcare related assets	OCCUPANCY RATE	100%
LISTING	Main Market of Bursa Malaysia Securities Berhad	TRUSTEE FEE	0.04% per annum of the Fund's net assets value
LISTING DATE	10 August 2006	MANAGER'S FEE	Up to 0.3% per annum of the Fund's Total Assets Value
STOCK NAME	ALAQAR	DISTRIBUTION POLICY	At least 95% of distributable income
STOCK CODE	5116	REVALUATION POLICY	Annually by independent registered valuer
FUND SIZE	839,597,757 units	GEARING POLICY	Not exceed 50% of the Fund's total asset value



INVESTMENT OBJECTIVE

To deliver stable and sustainable distributions per unit to unitholders, with the potential for consistent growth in both distributions and net asset value ("NAV") per unit over the long term.



INVESTMENT POLICY

To diversify its Shariah-compliant real estate portfolio, with a strategic emphasis on healthcare-related properties. The Fund focuses on expanding its holdings across various properties and locations, while continuously seeking opportunities that offer attractive and sustainable returns.



INVESTMENT MANAGEMENT STRATEGY

To increase cash flow and enhancing unit value through selective acquisitions. Additionally, the Fund aims to preserve and enhance the value of its property portfolio via portfolio diversification and combination of:

- Capitalising on acquisition growth opportunities; and
- Identifying assets that are approaching or have reached their optimal returns for potential disposal consideration.



OPERATING STRATEGY

To continuously improve the performance of its properties by improving yields and returns. This is achieved through a combination of strategies, including:

- Meeting the needs of the tenants;
- Maintaining the quality and physical conditions of the properties;
- Minimising disruptions to rental income and operational costs;
- Implementing enhancement initiatives such as repositioning or repurposing underperforming or underutilised properties



CAPITAL MANAGEMENT STRATEGY

To optimise its capital structure and minimise the cost of capital while adhering to the financing limits prescribed by REIT Guidelines. Al-`Aqar intends to fund future acquisitions and asset enhancement initiatives (AEI) works through a balanced approach, combining both debt and REIT units to maintain financial flexibility and support long-term growth.

LETTER TO STAKEHOLDERS

We entered 2024 with measured optimism, mindful of the evolving global and domestic economic landscape. Amid shifting macroeconomic conditions and rising operational costs, Al-`Aqar Healthcare REIT continued to focus on delivering sustainable value to our unitholders. Our strong foundation in healthcare real estate, supported by our long-standing partnership with KPJ Healthcare Berhad has allowed us to navigate industry challenges while maintaining steady growth. Anchored by our Strategic Plan we continue to refine our portfolio, deploying capital effectively and strengthening stakeholder collaboration, both of which are critical to maintaining momentum in an evolving healthcare landscape. This commitment to stability is reflected in our performance for FY2024.



DATUK HASHIM BIN WAHIR Chairman, Independent Non-Executive Director

I am pleased to present the Annual Report for FY2024 highlighting a total distribution per unit ("DPU") of 7.27 sen. While this is slightly lower than the 7.90 sen recorded in 2023, which was the highest DPU pay-out in a decade, last year's exceptional performance set an unusually high benchmark. Despite the marginal decline, our pay-out percentage remained consistent, and the reduction in DPU was primarily due to a modest dip in distributable income from lower earnings.

REVIEWING 2024 - SUPPORTIVE OPERATING ENVIRONMENT

Malaysia's economy experienced stronger growth in 2024, expanding by 5.1% compared to 3.6% in 2023, driven by resilient domestic demand, particularly household spending and investments. This positive momentum, coupled with the Central Bank's decision to maintain the benchmark interest rate at 3.00%, created a stable financial environment. For the healthcare real estate sector, sustained economic growth and steady interest rates support investor confidence, tenant stability and long-term demand for healthcare assets.

Our local private healthcare sector remains a key growth driver, supported by demographic shifts, rising demand for specialised treatments and government initiatives. The increased allocation to the Ministry of Health in Budget 2025 highlights efforts to enhance public healthcare, with private hospitals playing a crucial role in alleviating patient congestion. These developments bode well for Al-`Aqar, as the expansion of privately operated medical centres drives demand for quality healthcare facilities, ensuring stable rental income and reinforcing the REIT's long-term growth prospects.

Boosted by the resurgence of medical tourism, Malaysia's health services sector showed strong growth in 2024. The Malaysia Healthcare Travel Council projected international patient arrivals to reach nearly 1.5 million by the end of 2024 (2023: 1.39 million), further solidifying Malaysia's position as a leading regional hub for healthcare travel. This growing influx of patients seeking treatment abroad has bolstered private hospital occupancy rates, driving stronger financial performance across the sector. Together with supportive government policies and structural healthcare reforms, these trends continue to create a favourable environment for investments in medical facilities and health-related assets

LETTER TO STAKEHOLDERS

These broader economic and industry drivers have positively impacted Al-`Aqar, supported by its close partnership with KPJ, Malaysia’s leading private healthcare provider. As of December 2024, KPJ reported a robust financial performance, with revenue increasing by 15% to RM3.92 billion (FY2023: RM3.42 billion) - and profit before tax rising 40% to RM530.96 million. (FY2023: RM377.94 million). KPJ’s bed occupancy rate also improved to 69% in 2024 (2023: 67%), reflecting the continued demand for quality medical services. This growth strengthens Al-`Aqar’s rental stability, supported by higher patient volumes and KPJ’s expansion.

2024 – STEADY PERFORMANCE AMID PORTFOLIO ADJUSTMENTS

Al-`Aqar delivered a stable performance in 2024, successfully navigating a dynamic operating environment while implementing strategic portfolio adjustments. Despite external pressures such as rising operational costs and rental realignments, the REIT maintained its equilibrium, supported by its defensive asset class and long-term lease structures.

To further strengthen its financial position, Al-`Aqar focused on capital efficiency and portfolio optimisation, executing strategic divestments under its capital recycling strategy. These moves streamlined the holdings, enhancing operational agility and long-term sustainability. At the same time, a 100% occupancy rate reaffirmed the strong demand for healthcare real estate, reflecting the value of Al-`Aqar’s long-term lease agreements and established tenant relationships.

The Fund’s total investment properties was at 23 (FY2023:24) following the successful disposal of Damai Wellness Center on 6 June 2024. Following fair value adjustments, facility upgrades, and forex-related impacts on the Australian property, the portfolio’s value increased to RM1.65 billion as of 31 December 2024, (FY2023 : RM1.64 billion).

M-REITS IN A GRADUAL REBOUND AMID CAUTIOUS OPTIMISM

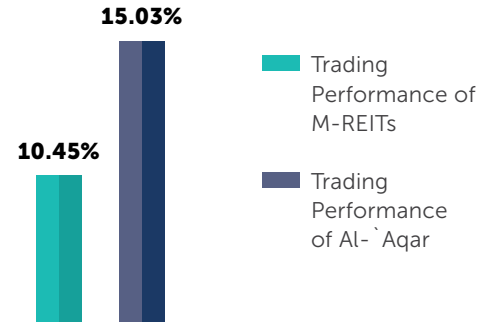
The Malaysian Real Estate Investment Trusts (“M-REITs”) sector saw a strong recovery in 2024, with the Bursa Malaysia REIT Index rising by 11.4%, a marked improvement from 1.2% in 2023. This growth was in line with the FTSE Bursa Malaysia (“FBM”) KLCI’s 12.9% increase, supported by the start of the US Federal Funds Rate easing cycle, which enhanced the appeal of M-REITs to investors. Despite the recovery, the sector remained cautious amid ongoing uncertainties, such as fluctuating interest rates and global economic challenges. Meanwhile, the total market value of M-REITs continued to grow, facilitated by new property acquisitions and capital-raising efforts.

STRONG TOTAL RETURNS AMID EARNINGS ADJUSTMENTS

While our total return strengthened, distribution yield declined slightly from 6.37% in 2023 to 5.35% in 2024. This was partly due to slightly lower earnings, as reduced contributions from the Australia segment affected overall income although cost savings helped offset some of the earnings impact. The strengthening of Al-`Aqar’s share price of RM1.36 (FY2023: RM1.24) had also contributed to the lower distribution yield.

Al-`Aqar delivered a commendable total return of 15.03%, significantly outperforming the broader M-REITs market. This achievement reflects our strategic focus and the strength of our healthcare asset portfolio which continues to benefit from long-term leases with established healthcare operators. Our continuing collaboration with principal tenant KPJ is key to our portfolio’s stability and performance, ensuring consistent rental income and portfolio resilience.

TOTAL RETURN (FY2024)



DISTRIBUTION YIELD (31 DECEMBER 2024)

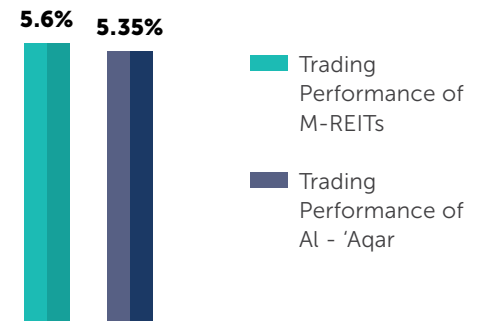


Table 1 – comparison of M-REIT and Al-`Aqar’s performance in 2024

AL-`AQAR REIT PERFORMANCE

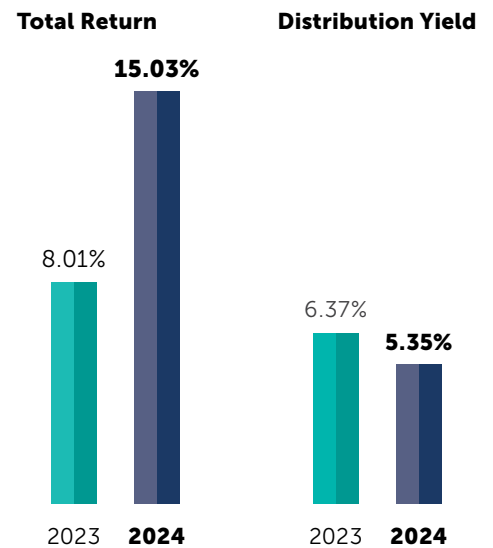


Table 2 – comparison of Al-`Aqar’s performance in 2024 and 2023

LETTER TO STAKEHOLDERS

2024 – AL-`AQAR INITIATIVES

CAPITAL MANAGEMENT

With the Overnight Policy Rate (“OPR”) holding steady at 3%, AL-`Aqar maintained stable financing costs of RM38.6 million in FY2024, with a weighted average finance cost of 5.06%, slightly higher than 4.86% in FY2023. The Fund continued active gearing management, maintaining a 41% gearing level, with long term plans to gradually reduce it to 35% in align with M-REIT industry average.

INVESTMENT MANAGEMENT

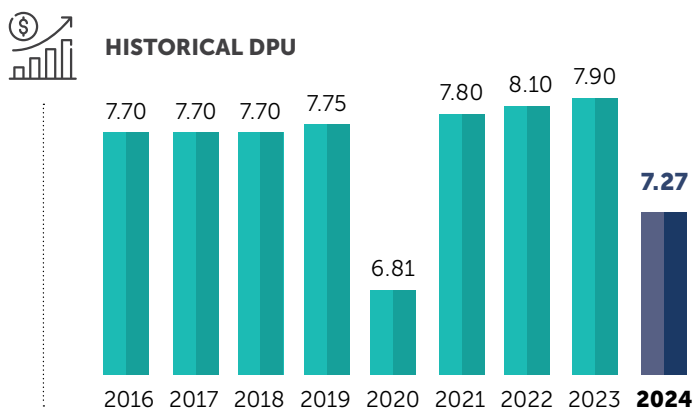
As part of its capital recycling strategy, AL-`Aqar executed strategic divestments to optimise its portfolio. Key initiatives include the successful disposal of Damai Wellness Centre for RM13.0 million, completed on 6 June 2024, and the ongoing disposal of Jeta Gardens Aged Care Facilities for AUD24.4 million (approximately RM74.9 million), which is expected to be finalised in 2025. These initiatives free up capital for further yield accretive acquisitions, unitholder distributions and debt reduction.

ASSET MANAGEMENT

AL-`Aqar maintained a 100% occupancy rate across its property portfolio, providing a steady rental income and long-term lease stability. Additionally, the Fund undertook asset maintenance enhancement measures worth RM8.1 million, focusing on mechanical, electrical and civil upgrades to enhance the quality and functionality of its healthcare properties.

2024 AL-`AQAR FINANCIAL PERFORMANCE

In 2024, AL-`Aqar recorded gross revenue of RM117.2 million, a 3.1% decline from RM121.0 million in FY2023, primarily due to rental adjustments in its Australian assets. Net property income stood at RM110.7 million (FY2023: RM114.5 million), reflecting a 3.3% decrease, while realised profit declined slightly to RM62.2 million from RM63.2 million in the previous year. Following the adjustments, the Fund declared a DPU of 7.27 sen, meeting its 95% distribution policy requirement and maintaining returns to unitholders.



2024 STRATEGIC ROADMAP UPDATE

Strategic Pillar	Objective	2024 Progress
Enlarge Tenant Base	Expand beyond KPJ Healthcare by securing new healthcare operators.	Initiated discussions with existing and new operators; evaluating lease opportunities.
Grow Complementary Assets with KPJ	Strengthen portfolio through targeted asset enhancements with KPJ.	Ongoing 6 lease renewals; exploring AEs for selected hospitals.
Diversify Across the Healthcare Value Chain	Invest in adjacent healthcare real estate segments (e.g., medical offices, rehabilitation centres).	Conducted feasibility study on new asset types and innovative business models; identifying potential acquisition targets.
Capitalise on Aged Care Markets	Expand into senior living and aged care facilities.	Divested Jeta Gardens in Australia; assessing local aged care investment opportunities.

CHAMPIONING SUSTAINABILITY FOR FUTURE GROWTH

At AL-`Aqar, we emphasise sustainability as a key driver of long-term value creation. As a steward of healthcare real estate, we understand the importance of embedding environmental, social and governance (“ESG”) principles into our business to ensure our assets continue to support strong, sustainable healthcare ecosystems. In 2024, we strengthened our sustainability agenda by advancing energy efficiency, resource conservation and responsible governance. Through strategic collaborations, we introduced renewable energy solutions, enhanced water and waste management and worked closely with tenants to foster sustainable operations within our properties. These initiatives not only align with our Shariah-compliant framework but also reinforce our commitment to ethical and responsible investing.

Please refer to page 32 in our Sustainability Statement for more information.

LETTER TO STAKEHOLDERS

In addition to our environmental initiatives, we engage in meaningful stakeholder communication and uphold strong governance standards. In 2024, we strengthened co-operation with our tenants, integrating sustainability within our leasing agreements while maintaining an 86% tenant satisfaction score. Our governance framework reflects global best practices, ensuring transparency, accountability and ethical conduct.

2025 – OUTLOOK

Malaysia's economy is projected to grow between 4.5% and 5.5% in 2025, creating a favourable environment for the healthcare sector. Rising demand for specialised treatments and an ageing population will continue to drive private healthcare expansion, with inpatient and outpatient visits expected to grow.

As healthcare expenditure increases, at a CAGR of 8.7% from 2023 to 2028, demand for healthcare real estate will rise, benefitting Al-`Aqar. KPJ's expanding bed capacity and new service offerings further support occupancy growth across its hospital network.

The Manager is confident about Al-`Aqar's prospects, focusing on strategic acquisitions, capital optimisation and tenant diversification to sustain long-term portfolio value and deliver stable returns for unitholders.

BUILDING FOR THE FUTURE

As we enter the next phase of our strategic plan, a key priority is expanding and diversifying our portfolio through strategic acquisitions from KPJ Healthcare Berhad and third-party sponsors. A recent example is the ongoing RM241 million purchase of KPJ Ampang Puteri Specialist Hospital (New Wing) and KPJ Penang Specialist Hospital (New Wing) from KPJ. These properties will be leased back to KPJ subsidiaries for 11 and 15 years, respectively with a 15 year renewal option. This demonstrates our confidence in the resilience of the healthcare sector, securing long term recurring income for Al-`Aqar.

We will also continue capital recycling efforts by divesting non-core or underperforming assets, allowing us to reallocate capital toward higher-yielding investments. This disciplined approach supports our long-term goal of lowering borrowing costs by reducing reliance on debt and enhancing income stability through a stronger tenant mix.

To future-proof our portfolio, we are advancing smart asset management initiatives, incorporating digital solutions to improve operational efficiency, resource optimisation and tenant experience. We will continue implementing energy-efficient upgrades, enhancing our properties towards achieving the green building certification. These improvements will enhance our value proposition resulting in increased customer satisfaction.

With new leadership and an updated organisational structure, we are streamlining processes to boost productivity and enhance strategic agility. The Manager is on track to grow the Group's investment properties value to around RM2.6 billion by 2028, supported by a stronger asset base and prudent capital management, while ensuring steady, long-term growth in the DPU.

APPRECIATION AND ACKNOWLEDGEMENT

As we close another year, I would like to express my deepest gratitude to our unitholders, tenants, business partners and stakeholders for their continued trust and support. Your confidence in Al-`Aqar has been instrumental in driving our success and resilience amid a dynamic operating landscape.

I am thankful to my fellow Board members for their insight and leadership, which have been instrumental in steering Al-`Aqar toward sustainable growth. My appreciation also goes to the management team and employees, whose dedication and commitment have enabled us to navigate challenges, seize opportunities and create long-term value for our stakeholders.

I would also like to take this opportunity to welcome newly appointed Chief Executive Officer, Zulhilmy bin Kamaruddin and Board Members, Dato' Mohammed Ridha Bin Dato' Haji Abd Kadir, Datin Ungku Suseelawati Binti Ungku Omar and Goh Tian Sui. Their expertise will bring fresh perspectives to guide Al-`Aqar forward. We also extend our heartfelt thanks to John Ng Yan Chuan for his invaluable contributions during their tenure.

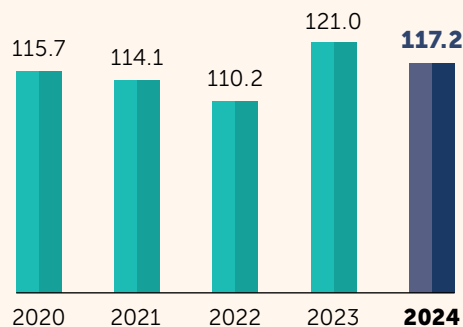
I am confident that Al-`Aqar will continue to deliver resilient financial performance, drive sustainable growth and create long-term value for all stakeholders. I sincerely appreciate your continued support and confidence in Al-`Aqar.

FIVE-YEAR FINANCIAL PERFORMANCE



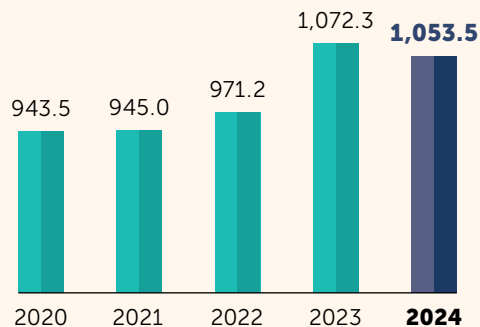
GROSS REVENUE (RM MILLION)

RM117.2 million ▼ 3.1%



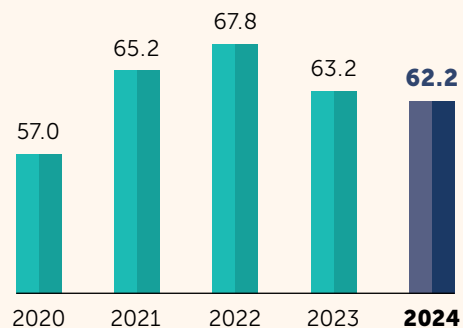
NET ASSET VALUE (RM MILLION)

RM1,053.5 million ▼ 1.8%



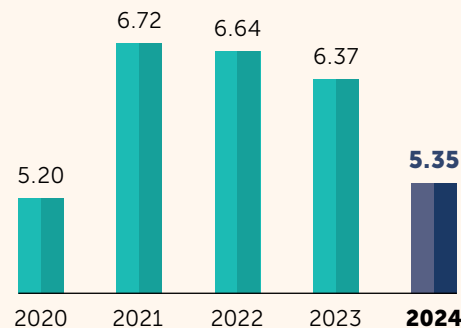
PROFIT FOR THE YEAR (REALISED) (RM MILLION)

RM62.2 million ▼ 1.6%



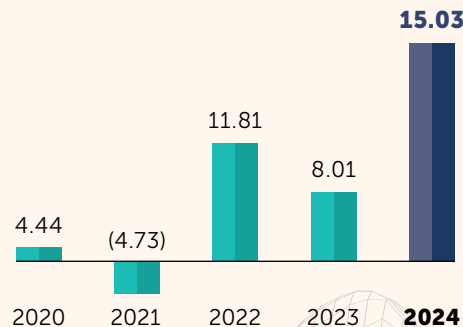
ANNUALISED DISTRIBUTION YIELD (%)

5.35 % ▼ 16.0%



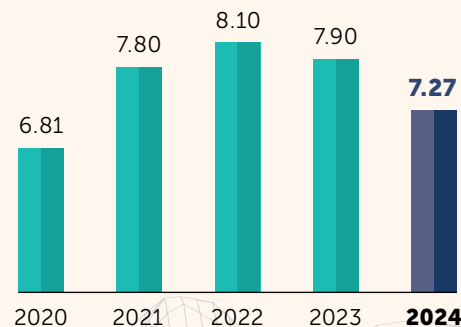
ANNUAL TOTAL RETURN (%)

15.03 % ▲ 87.6%



DISTRIBUTION PER UNIT (SEN)

7.27 sen ▼ 8.0%



FIVE-YEAR FINANCIAL PERFORMANCE

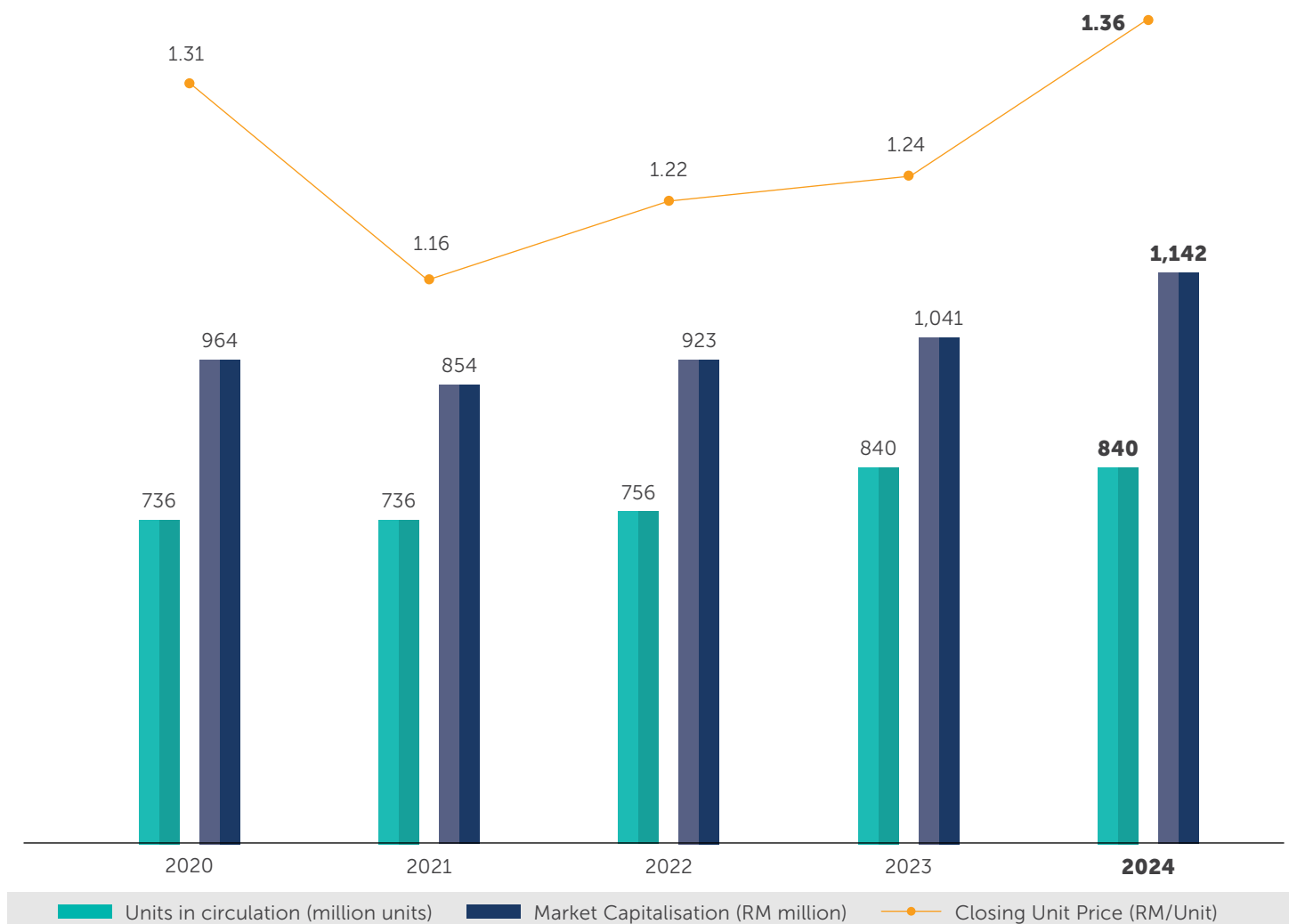
FINANCIAL HIGHLIGHTS - GROUP	2020	2021	2022	2023	2024
Gross revenue (RM'000)	115,710	114,072	110,239	121,022	117,216
Net property income (RM'000)	109,614	108,222	104,199	105,441	101,543
Profit before tax (RM'000)	13,624	72,781	60,036	60,554	58,075
Profit for the year					
- realised (RM'000)	56,984	65,218	67,766	63,246	62,223
- unrealised (RM'000)	(44,413)	8,331	(7,627)	(2,552)	(3,948)
Earnings per unit					
- realised (sen)	7.74	8.86	9.20	7.76	7.41
- unrealised (sen)	(6.03)	1.13	(1.03)	(0.31)	(0.47)
Investment properties (RM'000)	1,534,501	1,538,210	1,721,281	1,643,220	1,654,401
Total asset value (RM'000)	1,647,986	1,664,733	1,867,066	1,855,984	1,835,937
Net asset value (RM'000)	943,490	945,002	971,215	1,072,297	1,053,543
NAV per unit					
- before distribution (RM)	1.2819	1.2840	1.2839	1.2772	1.2548
- after distribution (RM)	1.2474	1.2660	1.2629	1.2572	1.2391

FINANCIAL HIGHLIGHTS - FUND	2020	2021	2022	2023	2024
Gross revenue (RM'000)	103,918	104,245	104,588	115,250	116,249
Net property income (RM'000)	97,974	98,405	98,610	102,033	102,477
Profit before tax (RM'000)	50,126	46,602	58,083	66,378	45,718
Profit for the year					
- realised (RM'000)	55,137	64,400	66,707	64,694	64,171
- unrealised (RM'000)	(7,545)	(17,030)	(8,521)	1,824	(18,254)
Earnings per unit					
- realised (sen)	7.49	8.75	9.06	7.94	7.64
- unrealised (sen)	(1.02)	(2.31)	(1.16)	0.22	(2.17)
Investment properties (RM'000)	1,446,376	1,451,912	1,636,015	1,632,750	1,645,085
Total asset value (RM'000)	1,647,844	1,664,797	1,867,100	1,854,869	1,836,154
Net asset value (RM'000)	967,599	945,419	971,209	1,072,316	1,053,585
NAV per unit					
- before distribution (RM)	1.3147	1.2846	1.2838	1.2772	1.2549
- after distribution (RM)	1.2802	1.2666	1.2628	1.2572	1.2392
Market Capitalisation (RM'000)	964,140	853,743	922,913	1,041,101	1,141,853
Distribution Per Unit (sen)	6.81	7.80	8.10	7.90	7.27
Annualised Distribution Yield (%)	5.20	6.72	6.64	6.37	5.35

TRADING PERFORMANCE

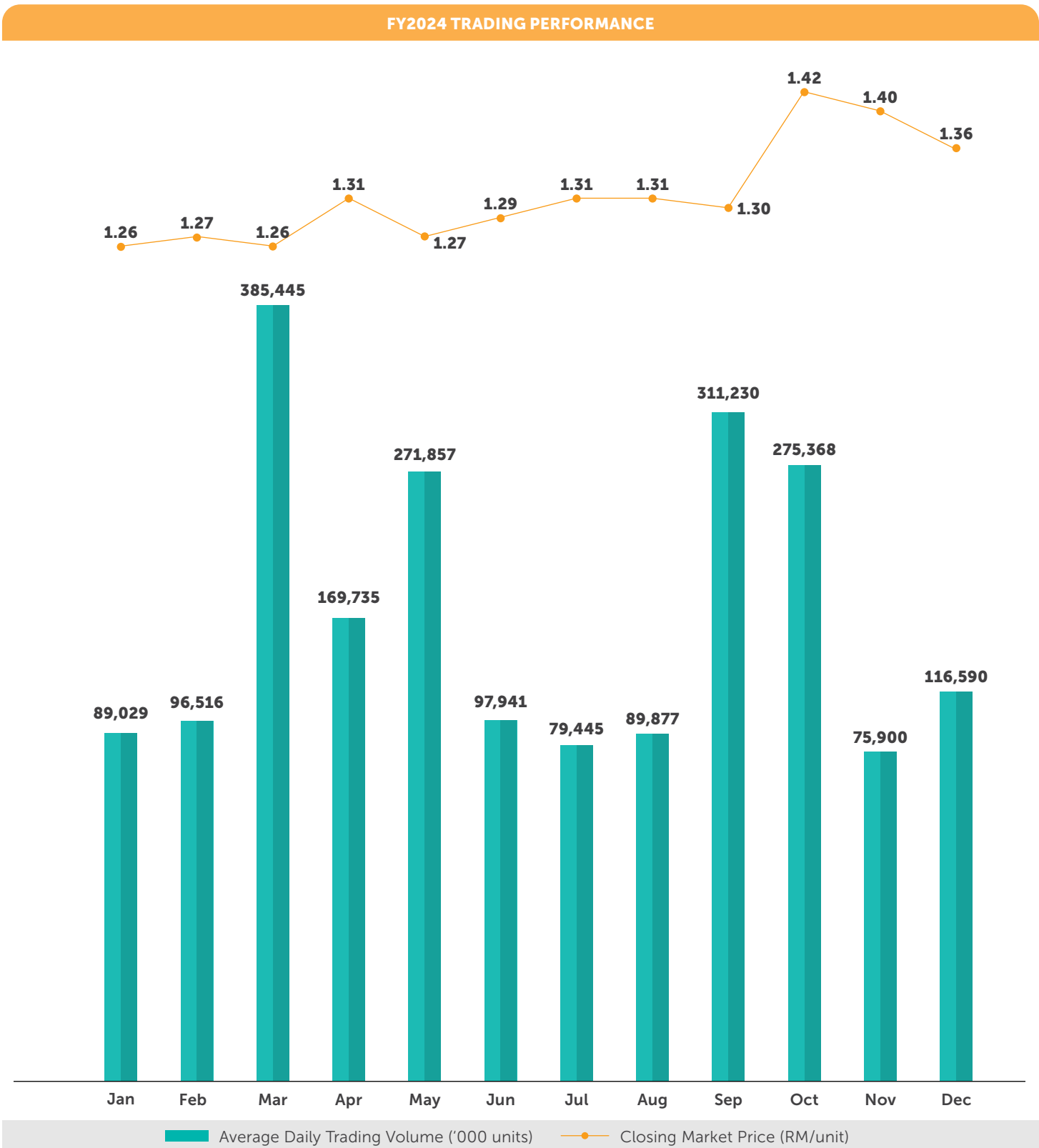
TRADING SUMMARY	2020	2021	2022	2023	2024
Closing Unit Price (RM)	1.31	1.16	1.22	1.24	1.36
52-week Highest Traded Price (RM)	1.42	1.37	1.25	1.35	1.42
52-week Lowest Traded Price (RM)	1.19	1.09	1.09	1.22	1.23
Price Movement (%)	-0.8	-11.5	5.17	1.64	7.94
Annual Total Return (%)	4.44	-4.73	11.81	8.01	15.03
Number of Units In Circulations ('000)	735,985	735,985	756,486	839,598	839,598

MARKET CAPITALISATION, UNIT PRICE AND UNITS IN CIRCULATION



TRADING PERFORMANCE

FY2024 TRADING PERFORMANCE



Source: Bank Negara Malaysia, Maybank, Employee Provident Fund, JRM

MARKET SUMMARY REPORT

ECONOMIC OVERVIEW

Malaysia’s economic performance remained robust in 2024, with GDP growing at 5.1%, supported by strong domestic demand, resilient private-sector investments, and sustained expansion in key industries. The outlook for 2025 remains positive, with GDP growth projected at 4.5%-5.5%, driven by continued household spending, wage growth, and public-private infrastructure investments. According to Bank Negara Malaysia (BNM), the economy is expected to sustain its momentum, benefiting from higher disposable incomes following minimum wage adjustments and civil servant salary increases, as well as an improving tourism and investment landscape.

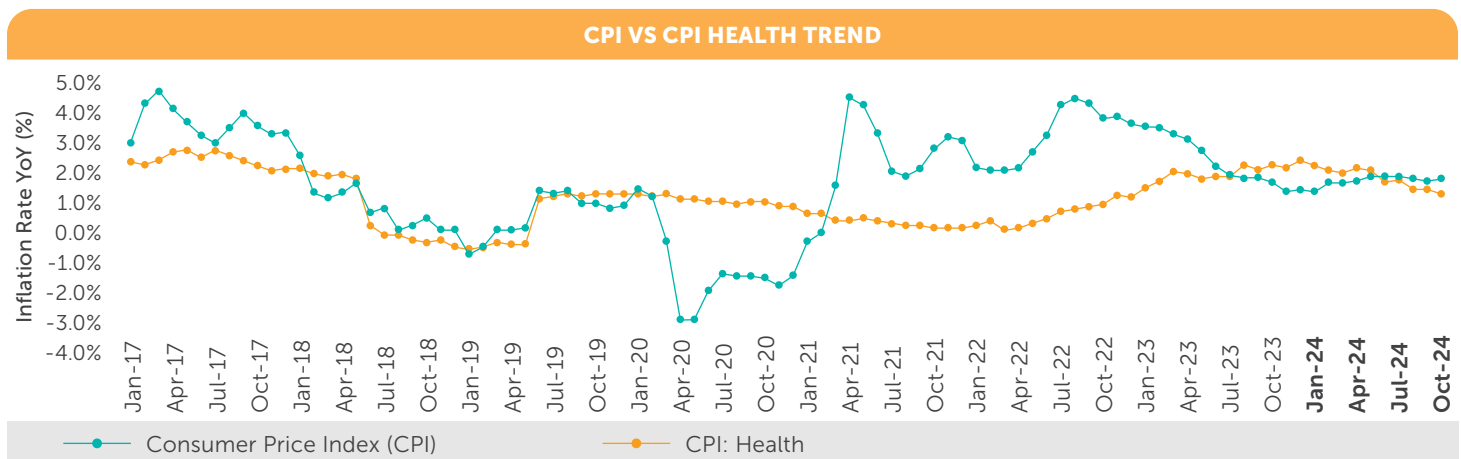
However, while domestic economic fundamentals remain sound, downside risks persist. Trade tensions and geopolitical uncertainties continue to pose external risks, which could impact Malaysia’s export sector. Additionally, global commodity price volatility remains a concern, with potential implications for inflation and financial market stability. Despite these risks, Malaysia’s economic outlook remains largely resilient, with strong investment pipelines and proactive fiscal measures supporting long-term growth.

DATE	OPR Level (%)	Changes in OPR
20-Jan-21	1.75	-
11-May-22	2.00	+0.25
06-Jul-22	2.25	+0.25
08-Sep-22	2.50	+0.25
03-Nov-22	2.75	+0.25
03-May-23	3.00	+0.25
24-Jan-24	3.00	-
22-Jan-25	3.00	-

BNM has maintained the Overnight Policy Rate (OPR) at 3.00%, reinforcing a pro-growth stance while ensuring macroeconomic stability. Inflation averaged 1.8% in 2024, with projections indicating continued containment in 2025, aided by stable global commodity prices and ongoing government interventions, including targeted subsidies and tax incentives. The ringgit is expected to remain stable, underpinned by stronger foreign direct investment (FDI) inflows and structural economic reforms that support capital market growth.

For Malaysian REITs, the stable interest rate environment is expected to remain favourable, ensuring manageable financing costs and supporting property valuations. The healthcare real estate sector, in particular, continues to be a key beneficiary of economic stability, given its defensive nature and consistent demand drivers.

Source: Bank Negara Malaysia Overnight Policy Rate Decisions



Source: CEIC, BIMB Securities

MEDICAL AND HEALTHCARE TRENDS IN MALAYSIA

The private healthcare sector continues to be a key driver of Malaysia’s healthcare industry, supported by an ageing population, increasing prevalence of chronic diseases, and advancements in medical technologies. Private hospital operators are expected to sustain their growth trajectory in 2025, benefiting from rising patient volumes and demand for specialised treatments. The government’s commitment to enhancing healthcare accessibility and quality is reflected in Budget 2025, which has allocated RM45.3 billion towards healthcare, marking a 10% increase from Budget 2024’s RM41.2 billion. This allocation will support hospital expansions, digital health infrastructure, and medical research advancements, further strengthening Malaysia’s healthcare system.

Malaysia’s private hospitals continue to experience rising patient volumes, reinforcing growing demand for medical services. This trend is driving increased pharmaceutical consumption, particularly for chronic conditions such as diabetes, cardiovascular diseases, and cancer. The expansion of private healthcare facilities and treatment capabilities is also accelerating demand for specialised medications and advanced medical equipment, enhancing growth prospects for the pharmaceutical and healthcare real estate sectors.

MARKET SUMMARY REPORT

While the sector’s outlook remains strong, rising medical costs have been an area of focus. Malaysia’s Health Consumer Price Index (CPI) has increased steadily, reflecting higher costs for medical services, pharmaceuticals, and hospital care. Key contributing factors include technological advancements, increasing demand for quality healthcare, and an ageing population requiring more extensive medical care. The medical inflation rate is projected to reach 12.6% in 2025, surpassing the global average of 7.2%.

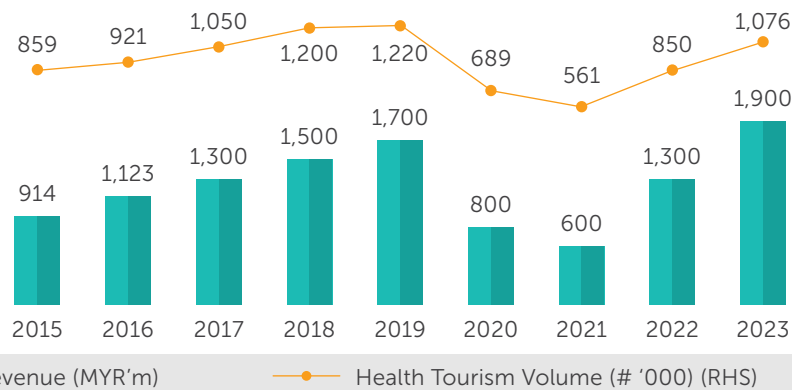
The evolving regulatory landscape in the insurance industry is also set to have significant implications for the healthcare industry. In response to rising medical costs, BNM has tightened insurance regulations to enhance consumer protection and improve transparency in healthcare-related claims. The new policies include stricter co-payment requirements for medical insurance and takaful packages, aimed at discouraging excessive medical claims and promoting cost-sharing between insurers and policyholders.

Additionally, the Malaysian government is set to address emerging challenges in the healthcare sector by reviewing regulations to ensure better cost management, improved access to medical services, and sustainable industry growth. This includes evaluating new pricing models such as the Diagnosis-Related Group (DRG) pricing system that was introduced in early 2025, which aims to provide greater cost transparency and efficiency within private healthcare facilities. The transition from a fee-for-service model to DRG pricing will require substantial upgrades to Malaysia’s healthcare data infrastructure, including medical coding systems and electronic health records.

The implementation process will necessitate clear pricing structures, defined cost benchmarks, and comprehensive training for healthcare professionals. The transition will take time, and a phased approach may be necessary to ensure seamless integration. While the DRG system is expected to help contain healthcare costs in the long run, concerns remain regarding potential short-term impacts, including pressure on hospital margins and the risk of quicker discharges or reduced care for patients with complex medical needs. However, healthcare providers with well-established operational efficiencies and diverse revenue streams, are likely to adapt effectively.

Medical tourism remains a key growth driver for Malaysia’s healthcare sector, offering strong revenue-generating potential for private hospitals. The post-pandemic recovery in medical tourism has been swift, with revenues reaching RM1.3 billion in 2022 and RM1.9 billion in 2023. This upward trend is expected to continue into 2025, supported by Malaysia’s reputation for high-quality, cost-effective medical services and the government’s ongoing efforts to position the country as a leading medical tourism hub. Private healthcare providers with a strong domestic presence are poised to benefit the most from this trend, particularly as medical tourists generally contribute higher margins due to the complexity of their cases and the additional services they require. Budget 2025’s increased tax reliefs for medical charges and insurance premiums are also expected to support further growth in medical tourism, reinforcing Malaysia’s appeal as a destination for international patients seeking affordable yet high-quality healthcare services.

MALAYSIA INBOUND MEDICAL TOURISM-VOLUME AND REVENUE



Source: Malaysia Healthcare Travel Council (MHTC), Maybank IBG Research

The healthcare sector continues to benefit from strong policy support, investment incentives, and increasing demand, ensuring sustained growth and resilience. While industry stakeholders are navigating regulatory changes and cost pressures, the sector is well-equipped to adapt through innovation, enhanced operational efficiencies, and strategic partnerships. Private healthcare providers, pharmaceutical firms, and healthcare REITs remain well-positioned to capture future growth opportunities, supported by a rapidly evolving and increasingly sophisticated healthcare landscape.

Sources:

1. Monetary Policy Statement - Bank Negara Malaysia
2. Maybank Investment Bank Berhad. (2024). Malaysia 2025 Outlook & Lookouts: Brace Up for a Volatile Year
3. MIDF Research. (2024). 2025 Market Outlook
4. BIMB Securities Sdn Bhd. (2025). 2025 Annual Strategy: Certainty over Uncertainties
5. Kenanga Research. (2025). Market Strategy: 1QCY25 Outlook
6. Deloitte: 2025 Global Health Care Outlook

MANAGEMENT DISCUSSION & ANALYSIS

SECTION 1: FINANCIAL REVIEW

KEY FINANCIAL RESULTS

THE GROUP	FY2023 RM'000	FY2024 RM'000	GROWTH %
Gross revenue	121,022	117,216	(3.1)
Net property income	105,441	101,543	(3.7)
Profit for the year (realised)	63,246	62,223	(1.6)
EPU (realised) (sen)	7.76	7.41	(4.5)
THE FUND			
Income available for distribution	64,694	64,171	(0.8)
DPU (sen)	7.90	7.27	(8.0)

PERFORMANCE BY SEGMENT

Al-`Aqar operates across two geographical segments based on the location of its customers and assets:

- Malaysia – The core market, contributing the majority of revenue and earnings.
- Australia – A smaller segment, primarily represented by aged care assets, with performance influenced by local market conditions.

Management closely monitors the operating results of each segment separately to guide strategic decisions on resource allocation and performance assessment. Segmental performance is evaluated based on operating profit, ensuring a focused approach to growth and sustainability in both markets.

REVENUE	FY2023 RM'000	FY2024 RM'000	GROWTH %
Malaysia	115,250	116,249	0.9
Australia	5,772	967	(83.2)

NET PROPERTY INCOME (NPI)	FY2023 RM'000	FY2024 RM'000	GROWTH %
Malaysia	102,033	103,833	1.8
Australia	3,408	(2,290)	(167.2)



MALAYSIAN SEGMENT

The Malaysian segment was the Group's main revenue source, contributing 99.2% in FY2024 (FY2023: 95.2%). This segment reported revenue of RM116.2 million which is an increase of 0.9% (FY2023: RM115.2 million). The increase was attributed to the annual increment on rental income. The Net Property Income (NPI) contributed by the Malaysian segment was RM103.8 million, which translated to an increase of 1.8% (FY2023: RM102.0 million).

MANAGEMENT DISCUSSION & ANALYSIS

PROFIT FOR THE YEAR

In FY2024, the Group recorded a profit of RM58.3 million (FY2023: RM60.7 million), made up of realised profit of RM62.2 million (FY2023: RM63.2 million) and an unrealised loss of RM3.9 million (FY2023: a loss of RM2.5 million). This slight 1.6% reduction was caused by the rental adjustments relating to the Jeta Gardens property in Australia, offset against lower professional fees as well as other trust expenditures. The increase in unrealised loss for the year was mainly due to fair value adjustments in the REIT's Australian asset.

NPI stood at RM101.5 million, reflecting a 3.7% decline from the previous year, (FY2023: RM105.4 million) primarily due to lower revenue following rental adjustments in the Australian property which were made after the lessee finalised the BSA.

During the financial year 2024, Al-`Aqar's main cost drivers were refinancing costs, property expenses and repair and maintenance. The finance cost variance of 1.4% was mainly due to the redemption of RM100.0 million in Revolving Credit-i in April 2023, which led to lower financing expenses. Operational and property expenses remained stable with no significant fluctuations. In contrast, repair and maintenance costs rose compared to FY2023, driven by repainting and replacement works carried out during the year.

Al-`Aqar Malaysian healthcare portfolio provides a solid foundation amid evolving market conditions, with stable lease income supporting sustainable returns as the REIT navigates the dynamic industry landscape.

INCOME AVAILABLE FOR DISTRIBUTION

In the financial year 2024, Al-`Aqar the total income available for distribution was RM64.2 million. The Fund distributed three interim income distributions from January to September 2024, totalling 5.70 sen per unit, amounting to RM47.9 million. On 24 January 2025, the Fund declared a final income distribution of 1.57 sen per unit, totaling RM13.2 million, for the period from October to December 2024. This distribution was paid on 28 February 2025. The total DPU for FY2024 was 7.27 sen, an 8.0% decrease from 7.90 sen in FY2023.



AUSTRALIAN SEGMENT



The Australian segment contributed 0.8% to the Group's total revenue in FY2024 (FY2023: 4.8%). Revenue fell by 83.2% to RM1.0 million from RM5.8 million the previous year due to a reduction in rental income after the lessee revised rental terms upon completion of the Business Sales Agreement ("BSA"). The segment also recorded net property loss of RM2.3 million (FY2023: RM3.4 million).

MANAGEMENT DISCUSSION & ANALYSIS

STATEMENT OF FINANCIAL POSITION

Al-`Aqar's total asset value declined by 1.1% to RM1.8 billion as of end-FY2024, mainly due to fair value losses on REIT's Australian asset. Gearing stood at 41% in 2024 following the completion of a private placement exercise in April 2023, which raised RM100 million through the issuance of 83 million new units. The net proceeds were used to redeem the outstanding amount under a revolving credit facility. Al-`Aqar aims to reduce its gearing level, aligning with the average gearing level of Malaysian REITs. The Fund is currently exploring various financial arrangements to effectively manage gearing levels and enhance financial flexibility.

STATEMENT OF CASH FLOWS

 OPERATING ACTIVITIES	 INVESTING ACTIVITIES	 FINANCING ACTIVITIES
Net cash generated from operating activities stood at RM96.0 million in FY2024, compared to RM101.2 million in FY2023. The decrease was in line with a lower NPI.	Investment income increased by 26.7% to RM1.9 million (FY2023: RM1.5 million), primarily driven by higher returns from fixed deposits. The Group also recorded proceeds of RM13.0 million from the disposal of the Damai Wellness Centre. Meanwhile, RM2.2 million was utilised for investment property enhancements.	A total of RM100.6 million was used for financing activities in FY2024. This included income distributions totaling RM66.1 million. Islamic financing costs paid were RM34.5 million, slightly lower than the previous year. A point to note is that there were no repayments made to Islamic Financing in FY2024, compared to RM100 million paid in 2023. As a result, cash and cash equivalents increased to RM87.3 million as at the end of-FY2024, up from RM84.3 million in FY2023.

PERFORMANCE BENCHMARK

BENCHMARK	FY2023	FY2024	COMMENTARY
Management expense ratio (%)	0.58	0.54	The ratio improved driven by a higher average total asset base as well as lower expenses.
Total return (%)	8.01	15.03	Total return increased due to higher closing price (RM1.36 vs RM1.24).
Average annual total unit price return - 5 years (%)	5.23	6.91	The 5-year average annual total return increased due to higher closing price in FY2024.
Average annual total unit price return - 3 years (%)	5.03	11.62	The 3-year average annual total return increased due to higher closing price in FY2024.
Distribution Yield (%)	6.37	5.35	Distribution yield was decreased due to higher closing price of RM1.36 and lower DPU of 7.27 sen in FY2024.
NAV per unit (RM)	1.2772	1.2548	NAV per unit declined by 1.7%, reflecting the total comprehensive income for 2024 (RM45.9 million) and the distribution of RM16.8 million as the final income payout for FY2023, along with RM47.9 million in interim distributions for FY2024.

MANAGEMENT DISCUSSION & ANALYSIS

FAIR VALUE OF INVESTMENT PROPERTIES

INVESTMENT PROPERTIES	FY2023 RM'000	FY2024 RM'000
At 1 January	1,721,281	1,643,220
Enhancements	-	2,201
Transfer to assets classified as held for sale	(76,700)	-
Fair value adjustment	(5,151)	10,134
Foreign exchange differences	3,790	(1,154)
Total investment properties as at 31 December	1,643,220	1,654,401

DESCRIPTION OF PROPERTIES

INVESTMENT PROPERTIES	FY2023 Fair Value RM'000	FY2024 Fair Value RM'000
KPJ Ampang Puteri Specialist Hospital	137,000	140,000
KPJ Damansara Specialist Hospital	140,000	140,000
KPJ Johor Specialist Hospital	122,000	124,000
KPJ Ipoh Specialist Hospital	90,000	91,000
KPJ Puteri Specialist Hospital	40,000	40,000
KPJ Selangor Specialist Hospital	84,000	85,000
Kedah Medical Centre	60,000	61,000
KPJ Perdana Specialist Hospital	40,000	40,000
KPJ Kuantan Care & Wellness Centre	16,000	16,000
KPJ Sentosa KL Specialist Hospital	31,000	32,000
KPJ Kajang Specialist Hospital	57,000	58,000
Taiping Medical Centre	22,500	22,000
KPJ International College Penang	14,000	14,000
Tawakkal Health Centre	46,000	44,000
KPJ Healthcare REIT University, Nilai	102,000	102,000
KPJ Penang Specialist Hospital	65,000	66,000
KPJ Tawakkal KL Specialist Hospital	139,000	141,000
KPJ Haemodialysis Kluang	4,800	5,000
KPJ Klang Specialist Hospital	104,000	106,000
KPJ Batu Pahat Specialist Hospital	80,000	81,000
KPJ Pasir Gudang Specialist Hospital	90,000	91,000
Jeta Gardens Aged Care & Retirement Village	10,470	9,316
KPJ Seremban Specialist Hospital	160,000	160,000
Total Portfolio based on valuation report	1,654,770	1,668,316
Less: Unbilled rental income	(11,550)	(13,915)
Total Portfolio Properties as at 31 December	1,643,220	1,654,401

MANAGEMENT DISCUSSION & ANALYSIS

ANNUAL LEASE CONTRIBUTION (RM'MILLION) AND PERCENTAGE CONTRIBUTION (%) IN FY2024



MANAGEMENT DISCUSSION & ANALYSIS

SECTION 2 – OPERATIONS REVIEW

During fiscal year 2024, Malaysia's healthcare sector continued its strong growth trajectory, fuelled by rising patient volumes, greater demand for specialised medical services and a surge in medical tourism. The country welcomed 1.08 million inbound patients in 2023, signalling a robust post-pandemic recovery, with numbers expected to grow further in 2024. This influx has reinforced Malaysia's position as a regional medical hub, particularly among patients from neighbouring countries.

Demographic shifts such as an ageing population and the increasing prevalence of chronic diseases have contributed to sustained demand for private healthcare. With public hospitals nearing full capacity, private providers are stepping in to meet healthcare needs by expanding infrastructure and adopting more advanced medical capabilities. KPJ has effectively capitalised on these developments, delivering a solid performance and strengthening its position in the sector in 2024. As Al-`Aqar's sole lessee, KPJ's growth directly supports the REIT's stable rental income and supports the long-term value of its healthcare-focused property portfolio.

Al-`Aqar maintained full portfolio occupancy in FY2024, securing stable rental income throughout the year.

ASSET ENHANCEMENT INITIATIVES ("AEI")

A proactive approach is taken towards facility improvements, prioritising the maintenance of efficient and sustainable healthcare facilities that align with evolving industry standards. In FY2024, asset enhancement initiatives totaled RM8.1 million, with key upgrades and refurbishments undertaken in collaboration with tenants to enhance functionality, safety and long-term value. These included retrofitting works, lift replacements, improved water piping systems and external repainting, aimed at optimising building performance and tenant satisfaction.

In line with growing sustainability expectations, the Manager continues to integrate environmentally friendly solutions and operational efficiencies into asset management strategies. Key initiatives include the installation of solar panels at selected properties, implementation of EV charging stations and enhancements to energy and water conservation systems. By aligning with industry best practices and sustainability trends, these efforts not only reduce environmental impact but also improve operational efficiency and long-term asset viability, supporting both tenant needs and stakeholder expectations.

The Manager has identified further asset enhancement initiatives, focusing on infrastructure, the tenant's requirements and sustainability. The projects are under negotiation and will be rolled out in phases, pending required approvals and regulatory clearance. This approach supports operational excellence and long-term value creation.

CATEGORY	AMOUNT (RM)
Completed	
Civil & structural	1,194,000
Mechanical & Electrical	1,497,970
Repainting	925,000
Expansion	Nil
Sub Total	3,616,970
Ongoing	
Civil & structural	Nil
Mechanical & Electrical	4,490,741
Repainting	Nil
Expansion	Nil
Sub Total	4,490,741
TOTAL	8,107,711

LEASE RENEWALS

Al-`Aqar remains committed to ensuring long-term portfolio stability through timely lease renewals with its principal tenant. Under the lease arrangement, the contractual lease term is 15 years, with an option to renew for an additional 15 years. The term is structured into five rental periods of three years each, subject to renewal upon expiration.

Six master lease agreements were originally set to expire in 2024. However, the leases for all six properties, namely KPJ Penang Specialist Hospital, KPJ Seremban Specialist Hospital, Taiping Medical Centre, Tawakkal Health Centre, KPJ Healthcare University in Nilai and KPJ International College in Bukit Mertajam, have been extended until December 2024, ensuring continued tenancy and income. The lease renewal process is expected to conclude in 2025, supporting long-term tenant retention and operational continuity.

These renewals represent 24% of the Group's total rental income and are part of the Manager's ongoing strategy to strengthen tenant relationships and ensure consistent revenue generation.

Master Lease Renewal

	No of Properties	% of Total Rental
FY2025	7	33%
FY2026	2	2%
FY2027	2	7%

MANAGEMENT DISCUSSION & ANALYSIS

PROPOSED DISPOSALS

As part of its capital recycling strategy, Al-`Aqar continues to optimise its portfolio by divesting underutilised or non-core assets. The proceeds from these disposals will be strategically reinvested to strengthen the Group’s asset base and enhance long-term value creation.

In FY2024, Al-`Aqar completed the disposal of Damai Wellness Centre for RM13.0 million, following the execution of a Sale and Purchase Agreement (“SPA”) with Sihat Damai Sdn Bhd.

The Manager continues to assess opportunities for divesting non-core assets identified through a comprehensive portfolio review. These disposals are designed to unlock capital for reinvestment into high-growth healthcare assets, further enhancing Al-`Aqar’s portfolio and supporting its commitment to long-term value creation and sustainable growth.

2024 KEY CHALLENGES

Al-`Aqar faced a dynamic operating environment in 2024, influenced by rising operational costs and external market factors that impacted financial performance. A significant challenge during the year was the effect of foreign exchange fluctuations, particularly on Australian assets.

In response, the REIT adopted a disciplined financial approach, successfully managing these challenges while maintaining operational stability. The focus is on optimising efficiency and strengthening risk management strategies to ensure sustainable long-term growth.

Challenge	Impact	Response
Rising Operational Costs	Higher repair and maintenance expenses, particularly for repainting and replacement works, led to an increase in costs compared to FY2023. However, operational and property expenses remained stable, with no significant overall variance observed.	Al-`Aqar implemented strict cost control measures, prioritising essential asset enhancements while ensuring optimal financial efficiency. The REIT also continued active debt management and interest rate monitoring, benefiting from stable financing costs with the OPR at 3.00% and a weighted average finance cost of 5.06%.
Foreign Exchange Fluctuations on Australian Assets	The depreciation of the Australian dollar against the Malaysian ringgit resulted in a lower translated value for Al-`Aqar’s Australian properties, affecting overall asset valuation and financial reporting. As of 31 December 2024, the exchange rate stood at RM2.7809, compared to RM3.1254 in FY2023.	Al-`Aqar continued to focus on long-term asset value preservation and closely monitored currency movements to assess potential hedging strategies where necessary. The REIT remains committed to safeguarding financial stability despite external currency fluctuations.

PROSPECTS

Since its initial public offering in 2006, the value of Al-`Aqar’s investment properties has more than tripled, reaching RM1.65 billion as of 31 December 2024. The growth outlook is positive, driven by rental adjustments, lease activity and strategic acquisitions.

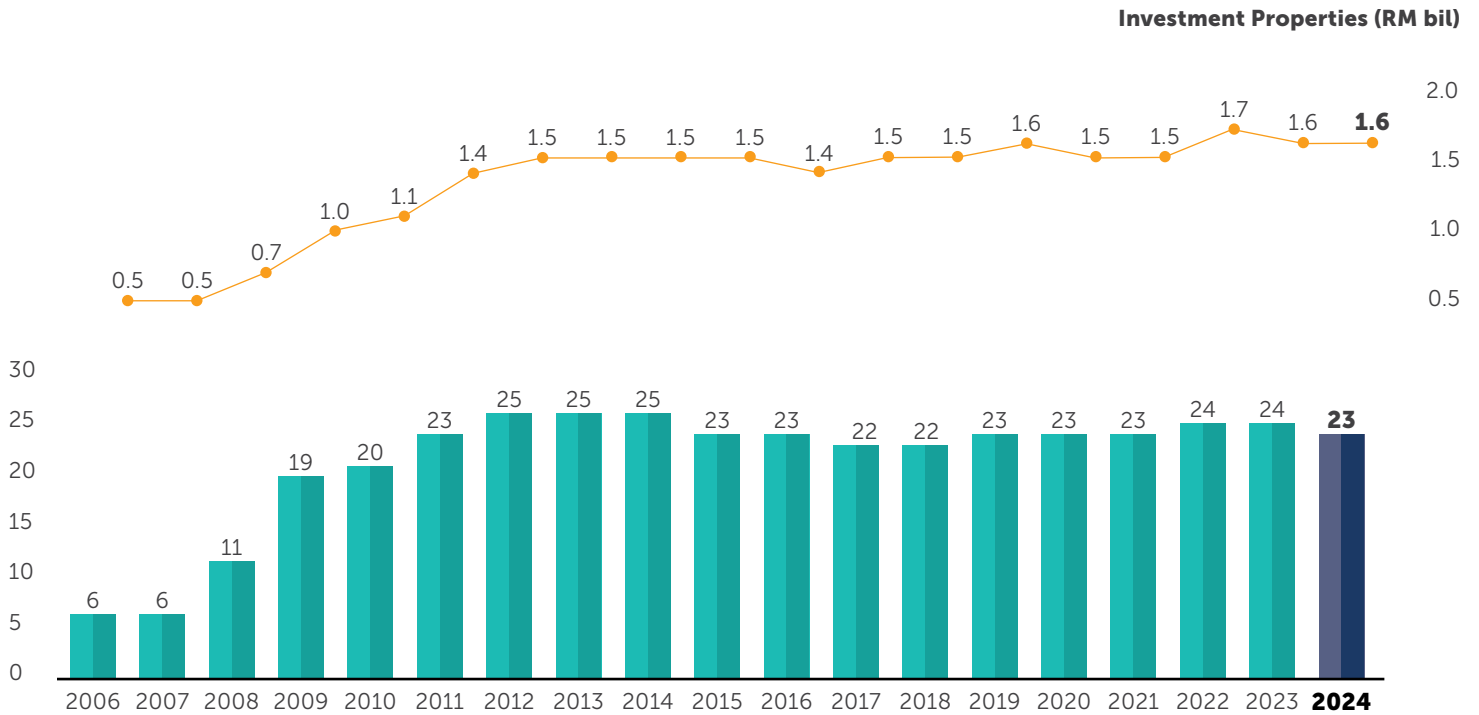
In early 2025, Al-`Aqar entered a purchase and leaseback agreement with KPJ Group, reinforcing its partnership with the Group and strengthening the portfolio. This transaction is expected to enhance asset quality and provide long-term, reliable income, further supporting the Fund’s growth.

Despite challenges in the operating environment, Al-`Aqar maintains financial strength with a stable gearing position of 41%, with plans to reduce it gradually to 35%. Additionally, with the OPR holding steady at 3.00%, financing costs are expected to remain stable, mitigating any adverse impact on earnings.

Al-`Aqar is well-positioned to take advantage of the growing demand for private healthcare services, driven by demographic shifts, medical tourism growth, and long-term tenant partnerships with KPJ Group. The Manager aims to enhance portfolio value through strategic acquisitions and financial discipline, ensuring sustained growth and value for unitholders.

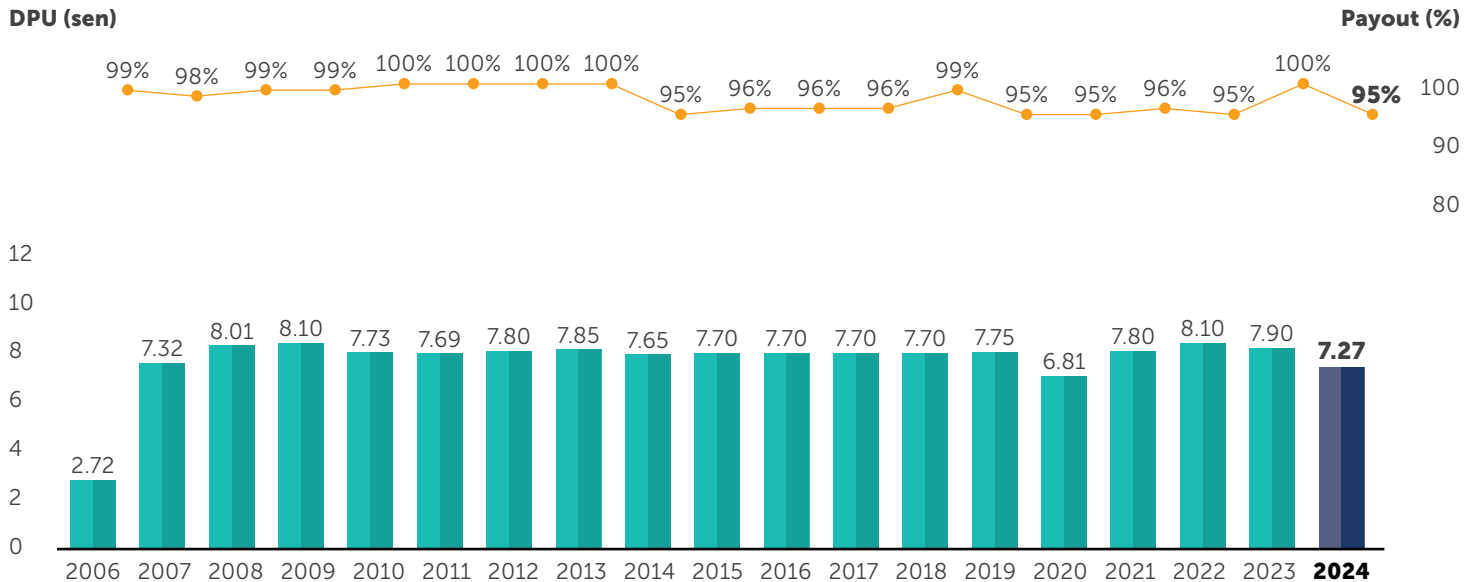
MANAGEMENT DISCUSSION & ANALYSIS

PERFORMANCE OF PORTFOLIO SINCE IPO



HISTORICAL DPU SINCE IPO

Due to lower distributable income, the Manager declared a DPU of 7.27 sen for FY2024, a decrease of 8.0% from 7.90 sen in FY2023. The payout ratio for FY2024 was 95%. The Manager anticipates growth in DPU in the coming years, driven by rental escalations, acquisitions and portfolio enhancements.







MANAGEMENT DISCUSSION & ANALYSIS

THE FIVE-YEAR PLAN – 2024-2028

- Increase investment properties' value to RM2.5 billion by 2028.
- Build a sustainable, future-proof portfolio aligned with healthcare trends.
- Sustain long-term growth in DPU.

The plan focuses on strengthening financial resilience, expanding the asset base and optimising capital structure resulting in improved profitability and the ability to deliver consistent returns to unitholders.

The primary focus of the 5-Year Plan (2024-2028) lies in acquiring high quality assets, diversifying across the value chain and expanding geographically:

5-YEAR PLAN (2024-2028)			
	GROWTH INITIATIVES	ASSET TYPE	RATIONALES
Diversify Core	1 Enlarge tenant base with different healthcare operators	 Hospitals, Specialist Centers	Diversification of tenants, geographical expansion <ul style="list-style-type: none"> • Exploring independent hospitals in Malaysia • Exploring healthcare group with large network of hospitals overseas
	2 Grow complementary assets with KPJ	 Ambulatory Care Centers (ACCs)	Complementary to hospital portfolio <ul style="list-style-type: none"> • Hub and spoke model • Targeting multidisciplinary Ambulatory Care Centres ("ACC")
Growth In New Economics	3 Diversify across value chain	 Healthcare Related Assets	Expansion into upstream healthcare segment <ul style="list-style-type: none"> • Sale-leaseback for medical devices and pharmaceutical players with existing built-up assets • Identifying partner(s) for Build-to-Suit
	4 Capitalise on aged care markets	 Nursing home	Diversification of assets <ul style="list-style-type: none"> • Meeting the demand for quality nursing home locally

PROGRESS REPORT ON THE FIVE-YEAR STRATEGIC PLAN (2024-2028)

In 2024, Al-`Aqar advanced its strategic objectives by successfully executing key asset disposals, reallocating capital towards higher-yielding investments. The ongoing disposal of Jeta Gardens Aged Care Facility is expected to further enhance portfolio quality upon completion. Efforts to strengthen financial resilience included active management of financing costs, exploration of refinancing opportunities and refined debt management strategies, all contributing to sustained profitability and stable returns for unitholders.

MANAGEMENT DISCUSSION & ANALYSIS

THE MANAGER'S INITIATIVES IN 2024

To support long-term portfolio growth, Al-`Aqar engaged in discussions and negotiations with both existing and external partners to explore new opportunities. The Manager actively assessed strategic collaborations, new market segments and innovative business models that could enhance Al-`Aqar's market position and long-term sustainability. These efforts reflect the REIT's vision of expanding its presence in the healthcare real estate sector while ensuring continued financial and operational resilience.

A key focus was on AElS to improve building infrastructure, operational efficiency and tenant satisfaction. Several AElS were identified and are currently under negotiation, with implementation planned in phases, subject to regulatory approvals and operational feasibility. Additionally, tenant retention remained a priority, with Al-`Aqar maintaining long-term lease agreements and conducting a three-year rent review cycle, ensuring rental competitiveness aligned with market valuations.

DRIVING SUSTAINABILITY IN HEALTHCARE REAL ESTATE

In 2024, Al-`Aqar continued to integrate sustainability into its asset management and risk mitigation strategies. Operating as a Shariah-compliant entity, the REIT's ethical investment principles naturally align with its environmental, social and governance ("ESG") objectives. Collaborating with KPJ Healthcare Berhad, Al-`Aqar implemented initiatives to enhance energy efficiency, reduce environmental impact and strengthen tenant engagement. The REIT also prioritised transparent ESG reporting, adhering to Bursa Malaysia's sustainability guidelines and global best practices.



Key ESG Initiatives and Impact

Al-`Aqar has been actively implementing sustainability initiatives since 2023, with several key programs continuing into 2024:

Operational Sustainability

Ongoing efforts encompass the installation of solar rooftops, upgrading to energy-efficient chillers, expanding electric vehicle charging stations in collaboration with Gentari, implementing water conservation measures such as rainwater harvesting and IoT-based leak detection, and introducing AI-powered recycling vending machines at select hospital properties.

Tenant Engagement

The annual tenant satisfaction survey conducted in 2024 yielded an 86% average score, indicating strong tenant relationships. Additionally, Green Lease Clauses have been incorporated into new hospital lease agreements, reinforcing Al-`Aqar's commitment to sustainability within its leasing framework.

Governance and Compliance

The REIT continues to adhere to Shariah investment principles and complies with Bursa Malaysia's sustainability reporting requirements. Initiatives to enhance properties for green building certifications are underway, aligning with Malaysia's low-carbon transition goals.

These ongoing initiatives reflect Al-`Aqar's dedication to integrating sustainability into its operations and strategic planning. For a comprehensive overview of our sustainability initiatives, please refer to the Sustainability Report 2024, available on our website.

MANAGEMENT DISCUSSION & ANALYSIS

SECTION 3 – CAPITAL REVIEW

GEARING RATIO

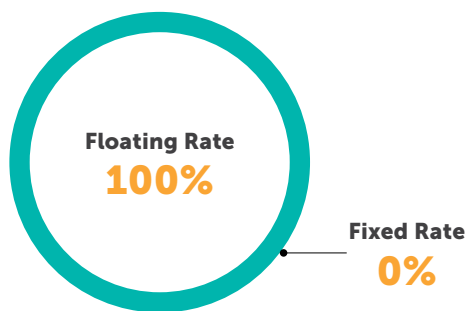
Al-`Aqar’s gearing ratio is determined by the proportion of total Islamic financing relative to total asset value, in compliance with the Securities Commission (“SC”) Guidelines. The gearing ratio at the close of the reporting period is as follows:

	2023	2024
Total Islamic financing (RM’mil)	757.7	759.1
Total asset value (RM’mil)	1,856.0	1,835.9
Total Islamic financing to total asset value ratio (%)	40.8	41.3

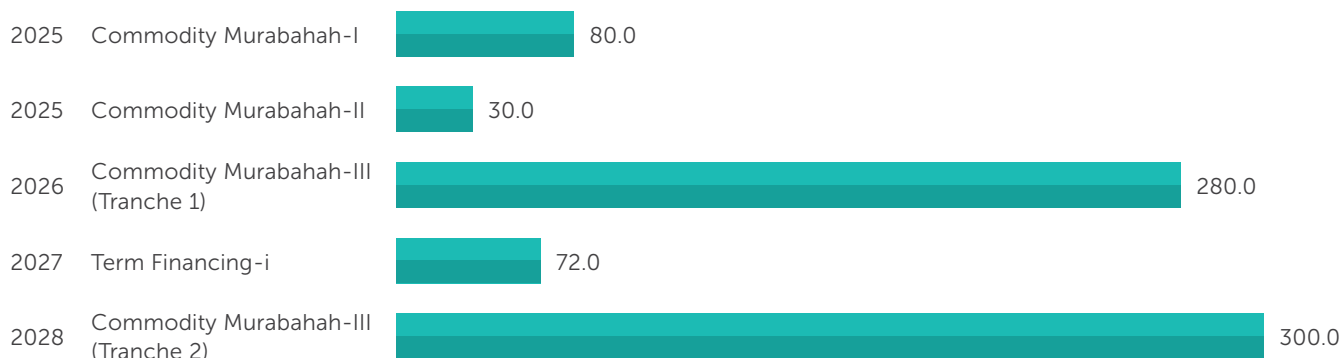
As at 31 December 2024, Al-`Aqar’s gearing ratio stood at 41.3%, providing ample opportunity for future asset acquisitions, and is below the threshold 50% set by the SC.



FIXED RATE VS FLOATING RATE RATIO



DEBT MATURITY PROFILE (RM ‘MILLION)



MANAGEMENT DISCUSSION & ANALYSIS

SECTION 4 – RISK MANAGEMENT OVERVIEW

Al-`Aqar is exposed to various risks that may impact its financial performance, asset value and long-term sustainability. The table below outlines the key risks, their potential impact and the strategies in place to mitigate them.

Risks	Risk Description	Mitigating Strategies
Interest Rate Risk	Changes in interest rates could increase Islamic financing costs, impacting profitability and gearing levels.	<ul style="list-style-type: none"> Maintain a prudent capital structure with diversified funding sources. Monitor market trends and proactively refinance debt. Explore fixed-rate financing to reduce exposure to rate fluctuations.
Tenant Concentration Risk	A significant portion of rental income is derived from KPJ. Over-reliance on a limited number of tenants or industry sectors for rental income may lead to significant financial impact in the event of tenant default, non-renewal, or sector downturn.	<ul style="list-style-type: none"> Expand tenant base by securing new healthcare operators. Strengthen lease agreements with KPJ to ensure long-term rental stability. Identify new asset classes within healthcare to diversify income sources.
Regulatory and Compliance Risk	Changes in Malaysian and Australian healthcare regulations could affect property leasing terms, tenant operations, or asset valuations.	<ul style="list-style-type: none"> Closely engage with regulators and industry bodies. Ensure compliance with Securities Commission guidelines & Shariah principles. Conduct regular audits to maintain regulatory alignment.
Asset and Property Risk	Aging infrastructure or insufficient capital for asset enhancements may reduce property value and rental demand.	<ul style="list-style-type: none"> Implement proactive asset AELs. Conduct regular property inspections & maintenance. Allocate capital for sustainability- focused upgrades (e.g., energy efficiency improvements).
Economic and Market Risk	Economic downturns, inflation, and shifts in medical tourism could affect demand for private healthcare services, indirectly impacting rental income.	<ul style="list-style-type: none"> Maintain long-term leases with built-in rental escalations. Diversify property portfolio to include complementary healthcare assets. Monitor macroeconomic trends to adapt investment strategies.
Foreign Exchange and Country Risk (Australia)	Al-`Aqar's Australian assets are subject to currency fluctuations, economic instability, and sector-specific regulations.	<ul style="list-style-type: none"> Use natural hedging and monitor exchange rate trends. Assess potential divestment or repositioning of Australian assets. Explore opportunities to expand within Malaysia to offset currency exposure.
Environmental and Climate Risk	Rising sustainability expectations and climate-related events (e.g., floods, heatwaves) could impact asset valuations and operational efficiency.	<ul style="list-style-type: none"> Assess energy efficiency and implement green building standards. Explore solar energy and water conservation initiatives in properties. Strengthen climate risk assessment in investment decisions.

INVESTOR RELATIONS REPORT



Al-`Aqar Analyst Briefing at Hilton Petaling Jaya

Throughout 2024, investor meetings were conducted through a mix of virtual platforms and in-person gatherings at various locations. However, there was a notable shift towards physical meetings as the year progressed. The Fund’s Annual General Meeting (“AGM”) also remained predominantly an in-person event.

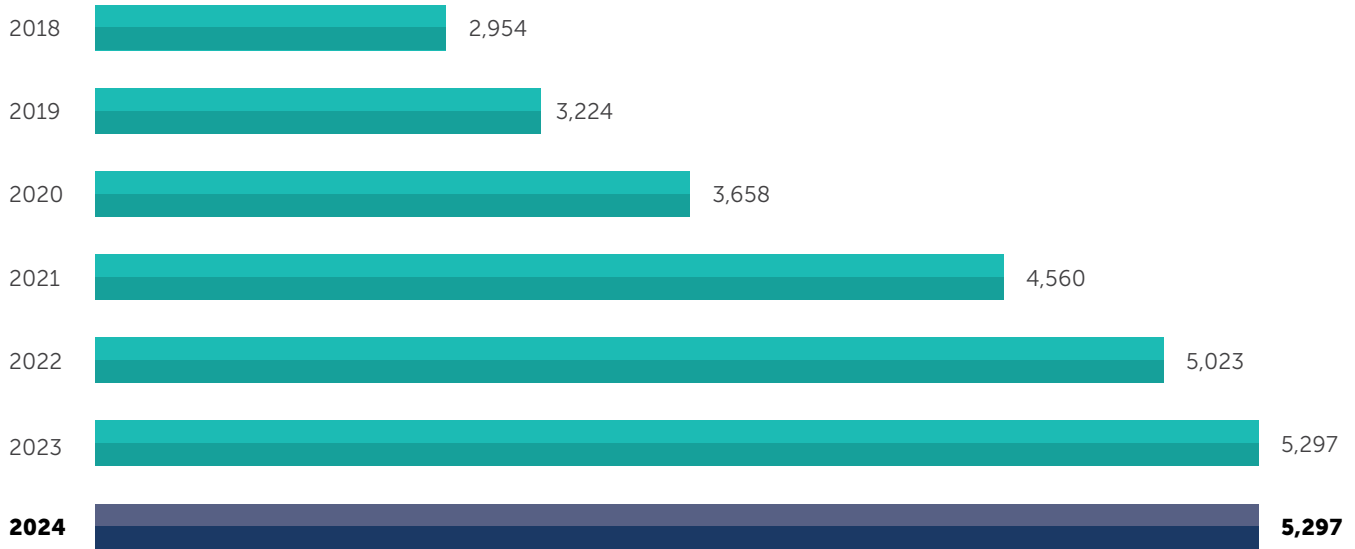
 **4 PHYSICAL / VIRTUAL ANALYST BRIEFING**

 **1 AGM**

<p>27 February 2024</p> <p>Al-`Aqar Analyst Briefing (Virtual)</p>	<p>25 April 2024</p> <p>Al-`Aqar AGM at Holiday Inn JBCC (Physical)</p>	<p>30 August 2024</p> <p>Al-`Aqar Analyst Briefing (Virtual)</p>
<p>2 April 2024</p> <p>Meeting with BIMB Securities (Physical)</p>	<p>31 May 2024</p> <p>Al-`Aqar Analyst Briefing (Virtual)</p>	<p>29 November 2024</p> <p>Al-`Aqar Analyst Briefing at Hilton Petaling Jaya (Physical)</p>

INVESTOR RELATIONS REPORT

TOTAL NUMBER OF CDS ACCOUNT HOLDERS



A GLIMPSE AT OUR STATEMENT

JLG REIT Managers Sdn Bhd (formerly known as Damansara REIT Managers Sdn. Berhad) ("the Manager" or ("JRM")) presents the Al-`Aqar Healthcare REIT ("Al-`Aqar", "the REIT" or "the Fund") sustainability statement for the year ending 2024, outlining our activity, disclosures and performance.

As the investment community places greater emphasis on environmental, social and governance ("ESG") criteria in their decision-making, Al-`Aqar REIT remains committed to sustainability by employing a comprehensive strategy to meet stakeholder needs while diligently incorporating responsible practices throughout every aspect of our operations.

OUR ESG PROGRESS

Al-`Aqar is dedicated to transitioning to a low-carbon economy and aligning with global climate goals, including achieving Net-Zero by 2050. Our commitment to reducing environmental impact focuses on minimising energy consumption and GHG emissions.

In FY2024, we strengthened our commitment to harnessing renewable energy. A key initiative in this effort involved granting our primary tenant the approval to implement rooftop solar PV projects across five of our buildings. This strategic decision aligns with our pursuit of green building certification and promotes the adoption of alternative energy sources.

In parallel, the REIT has strengthened its climate-related disclosures by evaluating risks and opportunities across short-, medium- and long-term timeframes. To further align with our sustainability goals, we have refined our ESG strategy by establishing specific KPIs with clearly defined timeframes, ensuring measurable progress and accountability.

"A key initiative in this effort involved granting our primary tenant the approval to implement rooftop solar PV projects in our pursuit of green building certification."

"...we recorded a total of 934 training hours, reinforcing our commitment to the professional growth and development of our workforce."

Through our climate action initiatives, we proactively assessed energy efficiency improvements to minimise our carbon footprint. We have disclosed Scope 1, Scope 2, and limited Scope 3 GHG emissions, while enhancing our climate-related disclosures by assessing risks and opportunities over the short, medium, and long term

Beyond environmental sustainability, we are equally committed to social responsibility. To foster a culture of continuous improvement and support organisational growth, we ensure that all employees undergo performance reviews. Additionally, we recorded a total of 934 training hours, reinforcing our commitment to the professional growth and development of our workforce. Together, these initiatives reflect our holistic approach to sustainability and our resolve to support a more sustainable future.

REPORTING SCOPE AND BOUNDARY

Our statement encompasses the financial year from 1 January 2024 to 31 December 2024 ("FY2024"). We have included statistical data from the past three years to identify notable trends and provide comparative analysis. The statement discloses our sustainability performance at our headquarters in Petaling Jaya and Johor Bharu.

REPORTING FRAMEWORKS AND STANDARDS

This sustainability statement has been prepared in line with Bursa Malaysia's Main Market Listing Requirements ("MMLR") and Sustainability Reporting Guide (3rd Edition) to ensure comprehensive and consistent reporting. Our climate disclosures are guided by the International Financial Reporting Standards ("IFRS") S2, the Global Reporting Initiative ("GRI") Standards and are aligned with the United Nations Sustainable Development Goals ("UN SDGs").

DATA ACCURACY

The data in this statement has been reviewed by our internal auditor prior to publication. We continuously work to divulge accurate data and enhance our data collection and analysis processes, thereby strengthening the credibility and reliability of our disclosures.

REACH OUT TO US

The REIT values the insights and suggestions of our stakeholders, recognising their importance in strengthening the accuracy and reliability of our disclosures. Kindly direct all enquiries and feedback regarding this statement to the contact provided below.



Pn. Roziah Abu Bakar



Email:
roziah.bakar@jlandgroup.com.my

A GLIMPSE AT OUR STATEMENT

OUR SUSTAINABILITY ACHIEVEMENTS



100% of our operations were assessed for corruption-related risks with zero incidents of corruption recorded



Zero instances of non-compliance with the Anti-Bribery and Anti-Corruption ("ABAC") Policy



100% of employees received anti-corruption training



Zero substantiated incidents of privacy breaches or data loss



Sustainable Trust Fund



87% of procurement budget was spent on local suppliers



42% of new suppliers were screened using environmental criteria while 43% of existing suppliers were assessed for their environmental impact

Strong Social Relationships



Zero substantiated complaints regarding human rights violations



Employees received a total of 934 training hours training

Environmental Stewardship

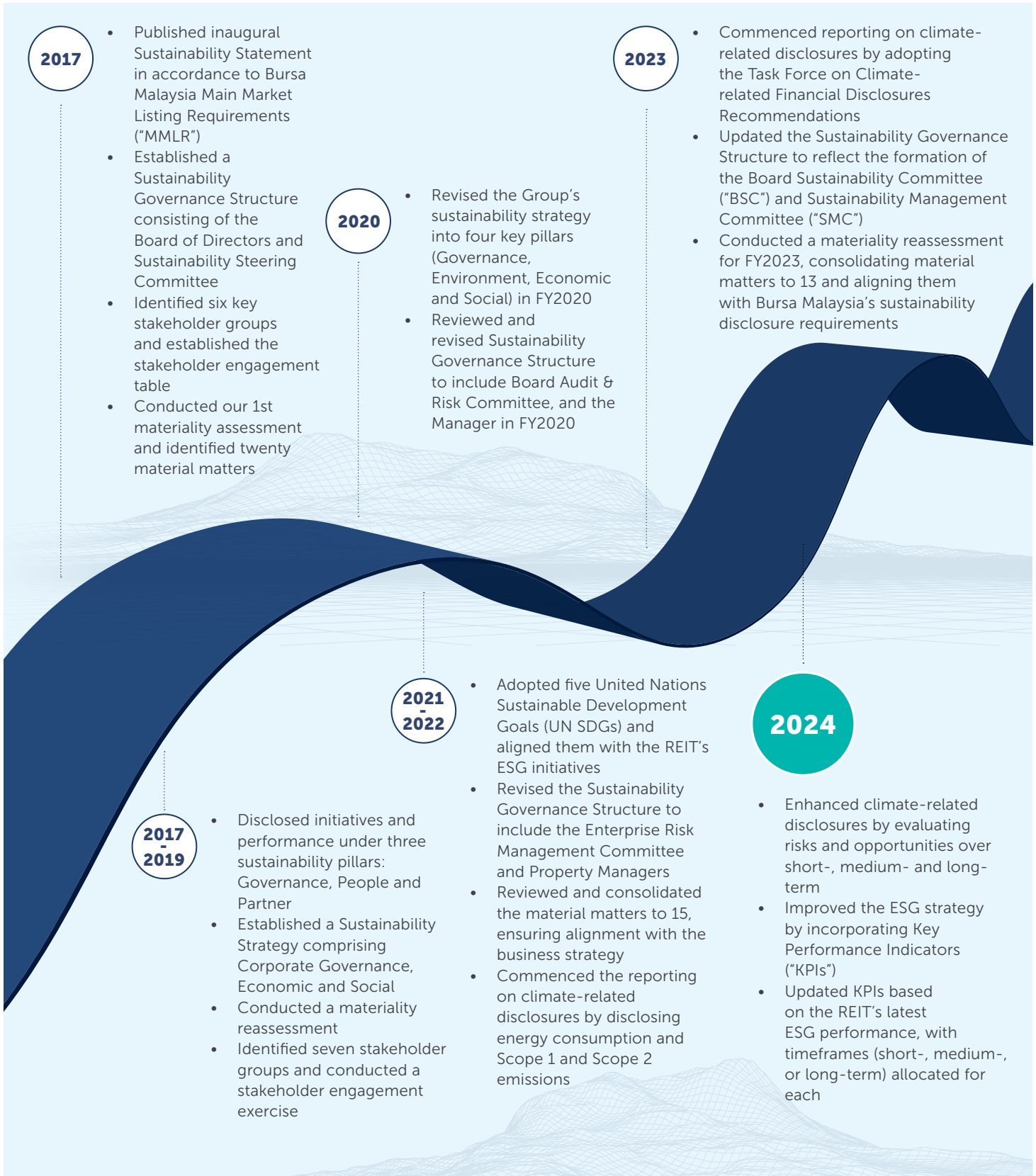


Ongoing effort to obtain Green Building Certification



Maintained zero fatalities across the REIT

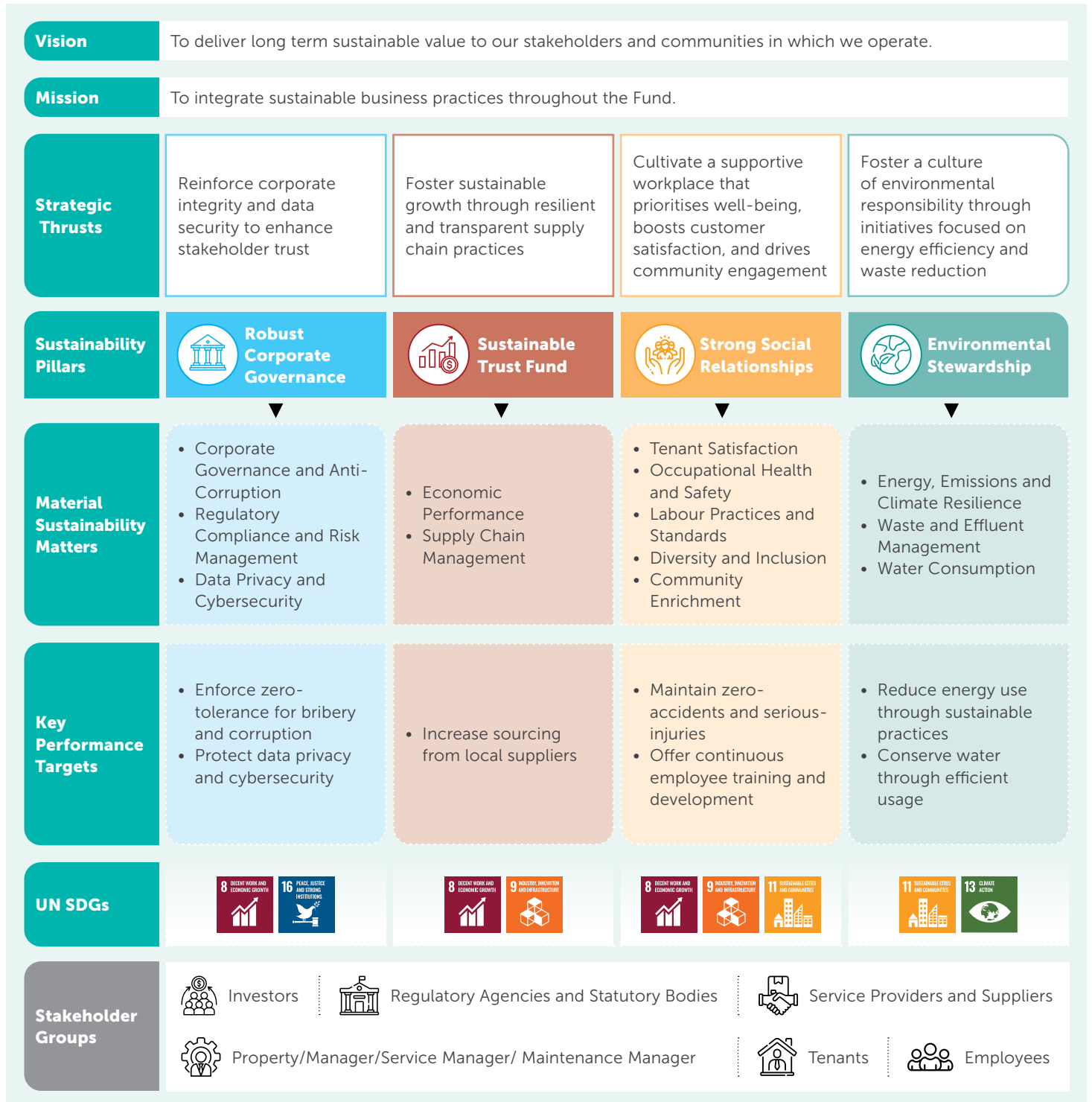
MILESTONES ON OUR SUSTAINABILITY JOURNEY



OUR APPROACH TO SUSTAINABILITY

ESG STRATEGY

The REIT seamlessly integrates sustainability considerations into our governance, strategic planning and initiatives. Centred around four key pillars, the strategy addresses 13 material matters through actionable plans. These pillars are aligned with relevant UN SDGs and the global reporting framework, ensuring a robust and comprehensive approach to sustainability.



OUR APPROACH TO SUSTAINABILITY



SUSTAINABLE DEVELOPMENT GOALS

DRIVING GLOBAL INITIATIVES

The UN SDGs set the global agenda for sustainable development by 2030 to foster peace, prosperity and equity for all. Al-`Aqar maintained five UN SDGs with specific targets that resonate with our initiatives, focusing on areas where we can drive the most significant impact.

<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.7 Measures to eradicate forced labour, modern slavery and child labour</p> <p>8.8 Protect labour rights and promote safe working environments</p>	<ul style="list-style-type: none"> • Ensured compliance with labour-related regulations, including the enforcement of minimum wage, and the prohibition of child and forced labour • Recorded a total of 934 training hours
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>9.4 Upgrade infrastructure to make them sustainable, with increased resource use efficiency</p>	<ul style="list-style-type: none"> • Sought alternative ways to integrate renewable energy into our operations
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>11.6 Reduce the adverse per capita environmental impact of cities by paying attention to municipal and waste management</p>	<ul style="list-style-type: none"> • Installed two AI-based recycling machines at Damansara Specialist Hospital (DSH) and KPJ Tawakkal Specialist Hospital
<p>13 CLIMATE ACTION</p>	<p>13.1 Strengthen resilience and adaptation to climate-related hazards</p>	<ul style="list-style-type: none"> • Proactively evaluated energy efficiency improvements to minimise our carbon footprint • Disclosed Scope 1, Scope 2 and limited Scope 3 GHG emissions • Enhanced climate-related disclosures by evaluating climate-related risk and opportunities over short-, medium- and long-term • In progress in obtaining green building index for the building
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>16.5 Substantially reduce corruption and bribery</p>	<ul style="list-style-type: none"> • Established Code of Conduct and Business Ethics, Anti-Bribery and Anti-Corruption Policy, and Whistleblowing Policy • Quarterly review of risks in accordance with the Enterprise-Wide Risk Management (ERM) Policy and Framework

ESSENTIAL ESG PERFORMANCE METRICS

The REIT's Key Performance Indicators (KPIs), serve as clear metrics to evaluate sustainability development and performance across our EESG pillars.

SUSTAINABILITY KEY PERFORMANCE INDICATORS ("KPIs")

Material Matter	KPIs	FY2023 Performance	FY2024 Performance
ROBUST CORPORATE GOVERNANCE			
Corporate Governance and Anti-Corruption	To achieve zero reported incidents of anti-bribery and anti-corruption annually.	Zero reported incidents of anti-bribery and anti-corruption in FY2023.	Maintained zero reported incidents of anti-bribery and anti-corruption in FY2024.
	To ensure 100% of operations are assessed for anti-corruption risk by FY2025.	N/A	Assessed 100% of operations for anti-corruption risks in FY2024.
	To provide training and regular communication on the ABAC Policy for 100% of JRM employees by FY2025.	Provided training and regular communication on the ABAC Policy for 96% of JRM employees in FY2023.	Provided training and regular communication on the ABAC Policy for 100% of JRM employees in FY2024.
Regulatory Compliance and Risk Management	Conduct comprehensive ESG risk assessment throughout the organisation and formulate a risk response.	N/A	Achieved
Data Privacy and Cybersecurity	To achieve zero breaches in data privacy and cybersecurity annually.	Zero breaches in data privacy and cybersecurity in FY2023.	Maintained zero breaches in data privacy and cybersecurity in FY2024.

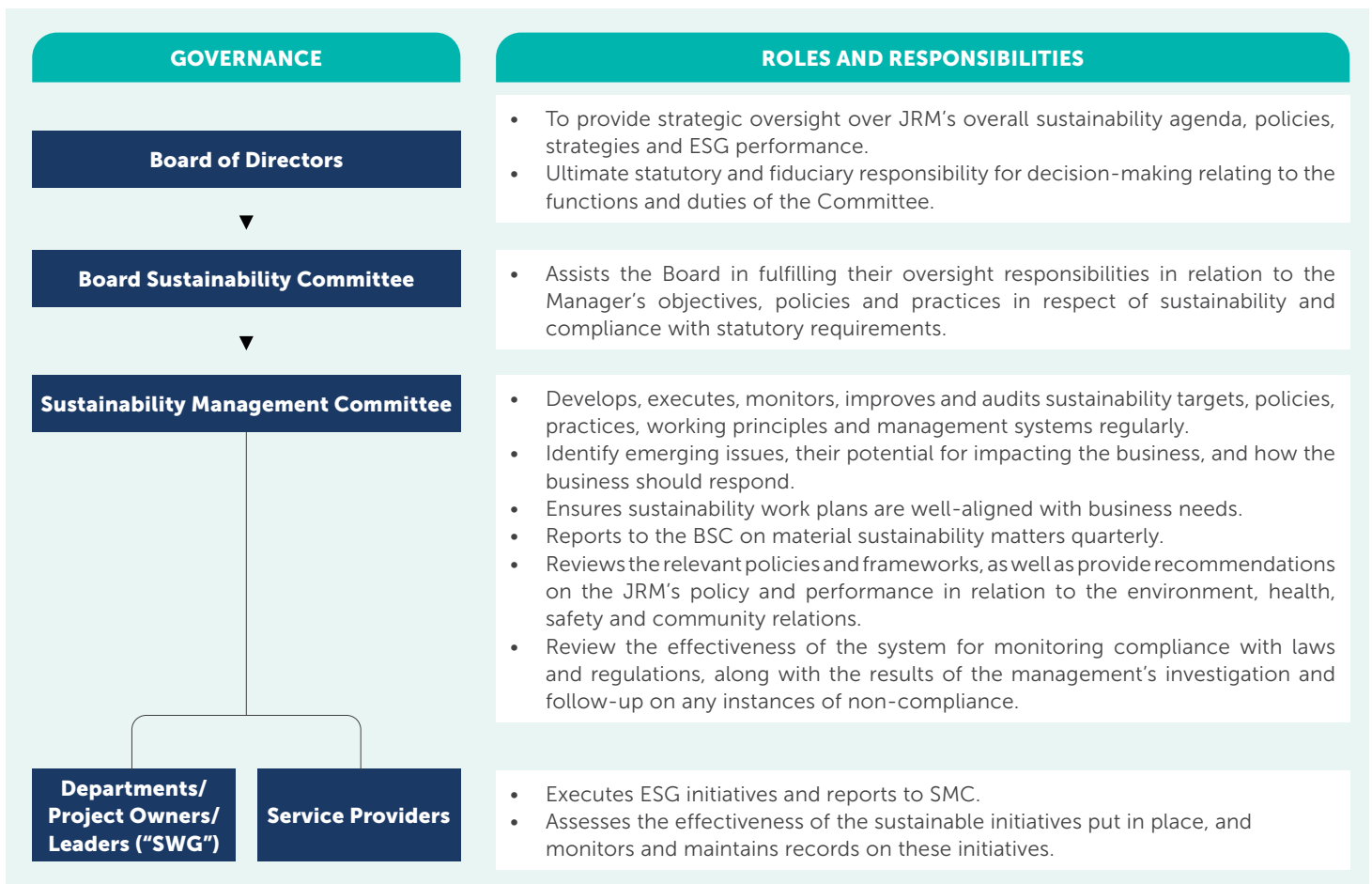
STRONG SOCIAL RELATIONSHIPS			
Tenant Satisfaction	Achieve a minimum score of 85% in the tenant satisfaction survey at Al-'Aqar REIT by 2025.	Attained a satisfaction score of 84% in our tenant survey in FY2023.	Attained an average satisfaction score of 86% in our tenant survey in FY2024
Occupational Health and Safety	To maintain zero fatalities and Lost Time Injury Rate of less than 3.00 annually.	Recorded zero fatalities and a Lost Time Injury Rate of 4.00 in FY2023.	Maintained a record of zero fatalities and a Lost Time Injury Rate of 0 in FY2024.
	To provide OHS-related training/briefings to 100% of JRM employees.	8% of total employees underwent training on health and safety standards in FY2023.	8% of total employees received training on health and safety standards in FY2024.
Labour Practices and Standards	To achieve substantiated zero complaints on human rights violations, including forced labour, child labour, discrimination and harassment.	Zero substantiated complaints on human rights violations, including forced labour, child labour, discrimination and harassment in FY2023.	Maintained zero substantiated complaints on human rights violations, including forced labour, child labour, discrimination and harassment in FY2024.

ESSENTIAL ESG PERFORMANCE METRICS

Material Matter	KPIs	FY2023 Performance	FY2024 Performance
ENVIRONMENTAL STEWARDSHIP			
Energy, Emissions and Climate Resilience	To conduct GBI assessments on 50% of our managed properties by FY2025.	Conducted GBI assessments on 8% of our managed properties by FY2023.	No assessment conducted in FY2024
	Adopt Green leases for all lease renewals and implement adoption of green leases by new tenants by FY2026	N/A	Incorporated Green Lease Clauses for 6 hospitals and target to execute them in Q1 2025

SUSTAINABILITY-DRIVEN GOVERNANCE

The Board of Directors provides strategic oversight of the REIT’s sustainability efforts, ensuring alignment with long-term goals. The Board Sustainability Committee (“BSC”) sets key policies and frameworks, while the Sustainability Management Committee (“SMC”) drives implementation and monitors progress. Heads of Departments and Project Owners assess and document effectiveness, reinforcing accountability and continuous improvement.



ESSENTIAL ESG PERFORMANCE METRICS

STAKEHOLDERS ENGAGEMENT

Transparency and mutual understanding are essential for the REIT’s sustainable business operations, with stakeholders playing a crucial role in shaping our decisions. We consistently engage with key stakeholder groups to understand their evolving priorities and requirements. This proactive approach facilitates timely resolution of concerns and fosters a long-term, mutually beneficial relationship.



INVESTORS:

Influences share prices, liquidity, dividend yields, cost of capital, portfolio strategy and overall market perception of the REIT

Key Concerns

- Corporate Finance Performance
- Corporate Governance
- Investor Relationship Management
- Environmental Matters
- Safety of Assets

Our Response

- Annual auditing
- Uphold good governance practices

Engagement Methods

- Annual General Meeting
- Corporate website
- Annual & quarterly reports
- Investor relations briefings
- Investment criteria/policy



REGULATORY AGENCIES AND STATUTORY BODIES:

Sets compliance requirements and legal frameworks

Key Concerns

- Compliance to Regulations
- Labour Practices
- Transparency and Disclosure

Our Response

- Ensure compliance with latest laws and regulations

Engagement Methods

- Quarterly compliance report
- Announcements, Notifications & Reporting
- Compliance audit



SERVICE PROVIDERS AND SUPPLIERS:

Provides essential services and goods for property management and operations

Key Concerns

- Transparent Procurement Process
- Business Ethics


Our Response

- A representative of JRM’s is present during supplier interviews to ensure adherence to the Manager’s ESG-related policies and regulations

Engagement Methods


- Evaluation & Performance Reviews
- Compliance to the MACC Act
- Procurement Policy

ESSENTIAL ESG PERFORMANCE METRICS




PROPERTY MANAGERS/ SERVICE MANAGERS/ MAINTENANCE MANAGERS:
Property managers oversee property operations and tenant relations, service managers coordinate essential services and maintenance managers manage physical upkeep in the REIT

<p>Key Concerns</p> <ul style="list-style-type: none"> • Maintenance Summary 	<p>Our Response</p> <ul style="list-style-type: none"> • Senior management team conducts regular discussions with all managers to address improvement issues • Maintenance Managers provide monthly updates to the REIT 	<p>Engagement Methods</p> <ul style="list-style-type: none"> ● Monthly reports ● Quarterly meeting
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TENANTS:
Tenants enhance the REIT's financial performance through rent and significantly impact property success and reputation through their satisfaction

<p>Key Concerns</p> <ul style="list-style-type: none"> • Rental agreements • Ensuring demised premises in good and tenantable repair and maintenance 	<p>Our Response</p> <ul style="list-style-type: none"> • Tenants are engaged through a Performance Evaluation of services facilitated by the Property or Maintenance Manager • The Maintenance Manager conducts formal engagement sessions with tenants to address their questions or concerns 	<p>Engagement Methods</p> <ul style="list-style-type: none"> ● Monthly reports ● Annual building audit ● Engagement sessions
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EMPLOYEES:
Individuals employed by Al-`Aqar to manage and operate the properties within the portfolio

<p>Key Concerns</p> <ul style="list-style-type: none"> • Staff performance and development • Business strategies, objectives and achievements • Staff well-being • Employee benefits 	<p>Our Response</p> <ul style="list-style-type: none"> • Al-`Aqar offers opportunities for career progression and skills enhancement, along with competitive benefits to attract and retain talented employees 	<p>Engagement Methods</p> <ul style="list-style-type: none"> ● Performance appraisals and career development plan ● Townhall Sessions ● Revision of salary packages ● Work-life balance
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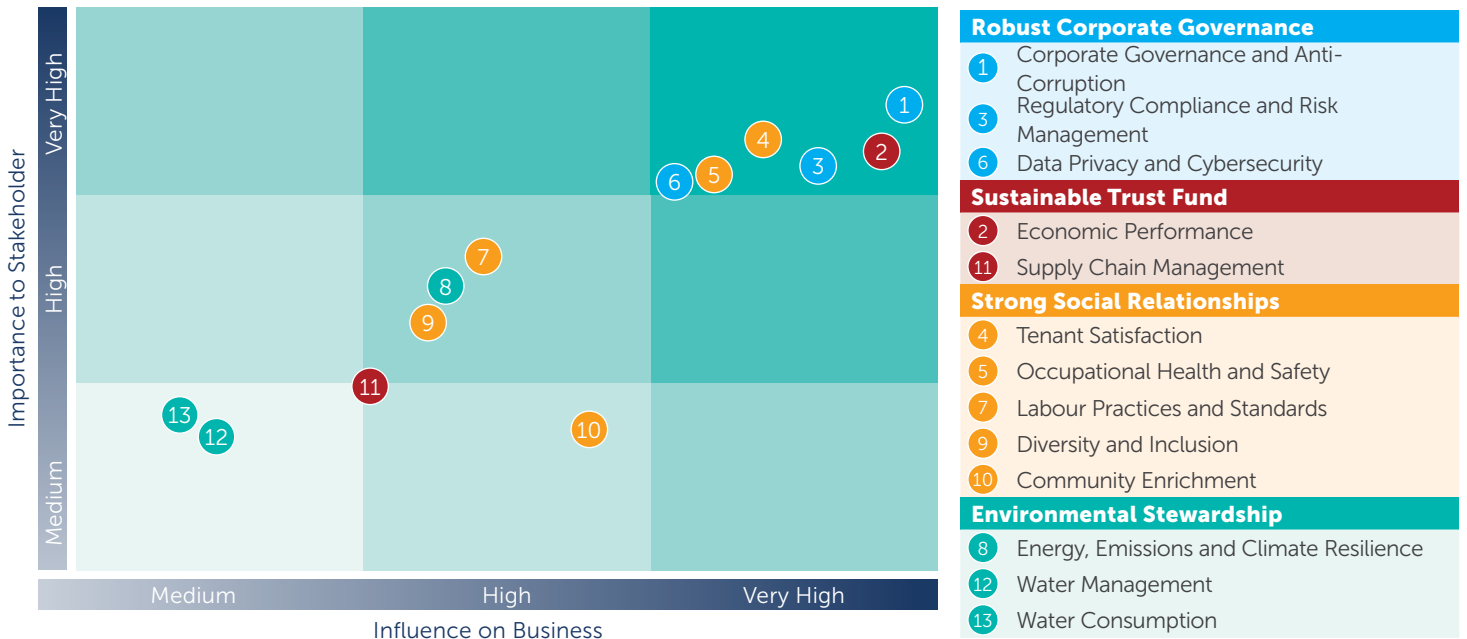
Legend: ● Every three yers ● Yearly ● Half-yearly ● Quarterly ● Monthly ● Ongoing ● As and when required

ASSESSING OUR MATERIALITY MATTERS

EVALUATING OUR MATRIX

Guided by Bursa Malaysia’s Sustainability Reporting Guide (3rd edition), our material sustainability matters are those most pertinent to our core business activities and stakeholders’ expectations. In FY2023, we established 13 material matters which inform our decision-making, guide our resource allocation and address risks and opportunities therein.

In FY2024, we reviewed our materiality matrix from FY2023 and confirmed its continued relevance to our current business operations. Hence, we have adopted the same matrix for this reporting year. Our top six material matters are maintained as Corporate Governance and Business Ethics, Economic Performance, Regulatory Compliance and Risk Management, Tenant Satisfaction, Occupational Health and Safety and Data Privacy and Cybersecurity.



MAPPING OUR KEY MATERIAL MATTERS

We have categorised each material matter under its relevant ESG pillar, aligning them with the relevant UN SDGs and stakeholder groups. This framework enhances our understanding of their interdependencies and enables us to develop targeted actions for a more impactful approach.

ROBUST CORPORATE GOVERNANCE			
Material Matters	Description	Stakeholders	UN SDGs
Corporate Governance and Anti-Corruption	Upholding values, principles, standards and norms that are essential for business sustainability.		
Regulatory Compliance and Risk Management	Managing operational, financial and compliance risks to ensure sustainable long-term growth, while adhering to laws, regulations, guidelines and specifications relevant to business operations.		
Data Privacy and Cybersecurity	Prioritising data privacy and cybersecurity to safeguard property and financial information, ensuring trust and mitigating risks associated with digital transactions and communications.		

ASSESSING OUR MATERIALITY MATTERS

SUSTAINABLE TRUST FUND			
Material Matters	Description	Stakeholders	UN SDGs
Economic Performance	Enhancing financial performance while effectively managing the broader economic impacts of infrastructure investments and associated services		
Supply Chain Management	Managing supply chain activities to optimise value for customers and tenants, while ensuring that suppliers' products and services meet the Manager's standards and requirements		

STRONG SOCIAL RELATIONSHIPS			
Material Matters	Description	Stakeholders	UN SDGs
Tenant Satisfaction	Maintaining high-quality properties that prioritise comfort and safety, while providing tenants and customers an environment of trust, satisfaction and well-being within the properties.		
Occupational Health and Safety	Implementing measures to prevent workplace accidents and injuries while ensuring a safe and supportive working environment		
Labour Practices and Standards	Protecting the rights of employees, suppliers and stakeholders while providing benefits, training and development opportunities		
Diversity and Inclusion	Fostering a diverse, inclusive workplace where all employees are treated with dignity and respect		
Community Enrichment	Strengthening relationships through regular engagement to support the well-being of local communities		

ENVIRONMENTAL STEWARDSHIP			
Material Matters	Description	Stakeholders	UN SDGs
Energy, Emissions and Climate Resilience	Implementing initiatives for responsible energy management to minimise the impacts of climate change		
Waste Management	Minimising waste generation and ensuring proper disposal		
Water Consumption	Implementing measures to reduce water consumption		



ASSESSING OUR MATERIALITY MATTERS

INCORPORATING CLIMATE STRATEGIES

The REIT enhances stakeholder insight into environmental impact and resilience strategies by transparently disclosing our climate-related risks and opportunities, enabling informed decision-making and supporting prudent capital allocation.

Governance

Recognising the impact of climate change on REIT operations, the Manager has incorporated climate considerations into our decision-making processes. These initiatives are guided by the Board and endorsed by the BSC and SMC.

<p>Board of Directors</p>	<ul style="list-style-type: none"> • The Board provides strategic oversight concerning the sustainability strategies, policies and performance of the REIT, which includes considerations related to climate issues. • The Board is responsible for approving ESG KPIs, which encompass climate-related metrics.
<p>Management</p>	<ul style="list-style-type: none"> • The Sustainability Management Committee (“SMC”) proposes sustainability strategies and initiatives to the Board, including those related to climate concerns. • The Sustainability Committee evaluates and supervises the implementation of sustainability initiatives and performance, which encompasses climate-related considerations.

Strategy

Al-`Aqar has identified transition and physical risks related to climate change, as well as their impacts on operations, and related opportunities.

Transition Risks, Potential Impacts and Opportunities

Transition Risks	Potential Impact	Opportunities
POLICY AND LEGAL		
<p>Future implementation of carbon taxes or other carbon pricing mechanisms</p>	<ul style="list-style-type: none"> • Potential expenses arising from penalties and fines. 	<p>Potential cost savings from operational efficiency, including reduced energy consumption and optimised resource utilisation</p>
TECHNOLOGY		
<p>Challenges in adopting new technologies and low-carbon operating processes</p>	<ul style="list-style-type: none"> • Adopting new technologies in healthcare facilities for energy efficiency or renewable energy sources may require investments and pose risks associated with technology changes. 	<p>Investing in energy-efficient technologies and practices can lead to cost savings and reduce our carbon footprint.</p>

ASSESSING OUR MATERIALITY MATTERS

Transition Risks	Potential Impact	Opportunities
MARKET		
Fluctuating market conditions and customer preferences	<ul style="list-style-type: none"> Increasing customer preferences for green property assets Economic shifts, such as recessions, can impact property valuations and rental revenues. A less robust economic climate may lead to elevated vacancy rates, diminished demand, and financial difficulties for the REIT. 	By effectively communicating and promoting our dedication to sustainability, we can differentiate ourselves and draw in clients who prioritise environmental consciousness.
REPUTATION		
Reputational damage resulting from delayed adoption of low-carbon practices compared to industry peers	<ul style="list-style-type: none"> Investors and tenants increasingly prioritise sustainable and climate-resilient properties. Failing to meet these expectations can result in discontent and reputational harm 	Opportunity to elevate Al-`Aqar's reputation by pioneering climate-conscious operations.

Physical Risk

Transition Risks	Potential Impact	Opportunities
ACUTE		
Occurrence of short-term extreme climate-related events such as heat waves, floods, landslides, etc.	<ul style="list-style-type: none"> Healthcare facilities may face increased risks from extreme weather events such as hurricanes, or floods, potentially resulting in property damage, operational disruptions, and increased insurance costs. 	Performing comprehensive risk assessments, developing robust emergency response plans, and investing in resilient infrastructure are crucial steps in mitigating the immediate risks.
CHRONIC		
Long-term impacts, such as extreme weather fluctuations, including prolonged high temperatures and heavy rainfall	<ul style="list-style-type: none"> Persistent environmental shifts, such as rising temperatures and changes in precipitation patterns, continually challenge infrastructure maintenance, resource availability, operational cost and worker health. 	Implementing climate-resilient infrastructure and building designs can enhance the REIT's ability to withstand extreme weather events and alleviate long-term climate-related impacts.

ASSESSING OUR MATERIALITY MATTERS

Risk Management

Our risk management framework incorporates ESG considerations, supported by the Board, BSC, and SMC for systematic risk management. These robust processes allow us to identify and assess key climate-related risks.

Risk Identification	<ul style="list-style-type: none"> The Group employs a structured risk assessment approach integrated into daily operations alongside other risks via our Enterprise Risk Management (“ERM”) Framework.
Risk Assessment	<ul style="list-style-type: none"> Key risks are assessed based on their likelihood of occurrence and potential impact on the business, particularly in the event of adverse climate-related incidents. An Audit and Risk Management Committee has been established to review and update risks on a quarterly basis, with input from each department
Risk Management	<p>To manage identified risks, the Group has implemented the following measures:</p> <ul style="list-style-type: none"> Enterprise Risk Management Framework: The RMC continuously monitors, evaluates and manages significant risks. Corrective actions are implemented as necessary, and their effectiveness is regularly reviewed. Internal Controls: Our Management implements action plans with specific timeframes for mitigation when necessary Internal and External Audits: The Audit and Risk Management Committee regularly examines the internal control process and the results of the risk management

Metrics and Targets

The REIT integrates metrics and targets into our strategic and risk management processes to address climate-related risks and opportunities. JLG Group’s 2030 ESG Roadmap, with KPIs, aims to reduce emissions and minimise waste. We continuously measure and disclose our carbon emissions, energy and water usage, including Scope 1, Scope 2 and limited Scope 3 emissions for business travel, employee commutes and downstream leased, in alignment with relevant recommendations and regulatory requirements.

Metric	Unit	Description
GHG Emissions	Tonnes of carbon dioxide equivalent (“tCO ₂ e”)	Measures total GHG emissions, including Scope 1, Scope 2 and limited Scope 3 emissions.
Energy Usage	Gigajoules (“GJ”)	Tracks total fuel and electricity consumption.
Fuel Consumption	Litres (“L”)	Measures total amount of fuel used.
Electricity Consumption	Megawatt-hours (“MWh”)	Records total electricity consumption.
Waste	Metric tonnes (“MT”)	Quantifies total amount of waste generated.
Water Usage	Megalitres (“ML”)	Measures water consumption.

ROBUST CORPORATE GOVERNANCE



Al-`Aqar REIT upholds exemplary standards of governance, ethics, and integrity to effectively manage our resources and foster sustainable growth. Our robust governance framework guides decision-making, mitigates risks and protects the interests of both the REIT and our tenants, ensuring sustained success and reputation.

SUPPORTING THE UNSDGS



MATERIAL MATTERS

- Corporate Governance and Anti-Corruption
- Regulatory Compliance and Risk Management
- Data Privacy and Cybersecurity

KEY STAKEHOLDERS



Investors



Regulatory Agencies and Statutory Bodies



Tenants



Employees

ROBUST CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AND ANTI-CORRUPTION

Al-`Aqar's upholds effective corporate governance to promote operational stability and build stakeholder trust. By maintaining responsible and effective governance across the REIT we ensure a fair, transparent, and ethical culture while safeguarding the interests of our stakeholders and tenants.

The REIT ensures smooth daily operations through comprehensive SOPs in key areas. The Manager's Code of Conduct and Business Ethics outlines expected professional behaviour and disciplinary actions, while policies such as the Whistleblowing Policy and ABAC strengthen governance. To keep employees informed, we utilise various channels including email, briefings, training sessions, and posters.

ABAC Policy



- Upholds conformity to the Malaysian Anti-Corruption Act 2009
- Outlines and informs of the Manager's principles and guidelines with regards to money laundering, gifts, entertainment and hospitality expenses
- Fortified by our No-Gift, No-Entertainment Policy
- Internally circulated among staff through briefing and training, and published on the corporate website for external communication

Whistleblowing Policy



- Aligns with the Whistleblowers Protection Act 2010
- Provides a secure mechanism for reporting non-compliance and misconduct within Al-`Aqar REIT
- Reports are treated impartially and confidentially, and any instances of malicious intent in reporting are addressed appropriately

ANTI-BRIBERY AND CORRUPTION INITIATIVES



Conduct refresher, briefing and training sessions



Ensure integrity pledges by business partners



Maintain due diligence procedures

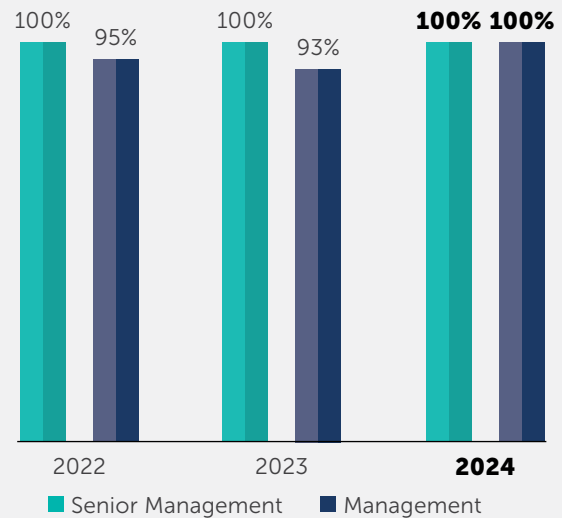


Conduct risk assessments

In FY2024, all employees received anti-corruption training, achieving full attendance and enhancing their awareness and understanding of anti-corruption practices.

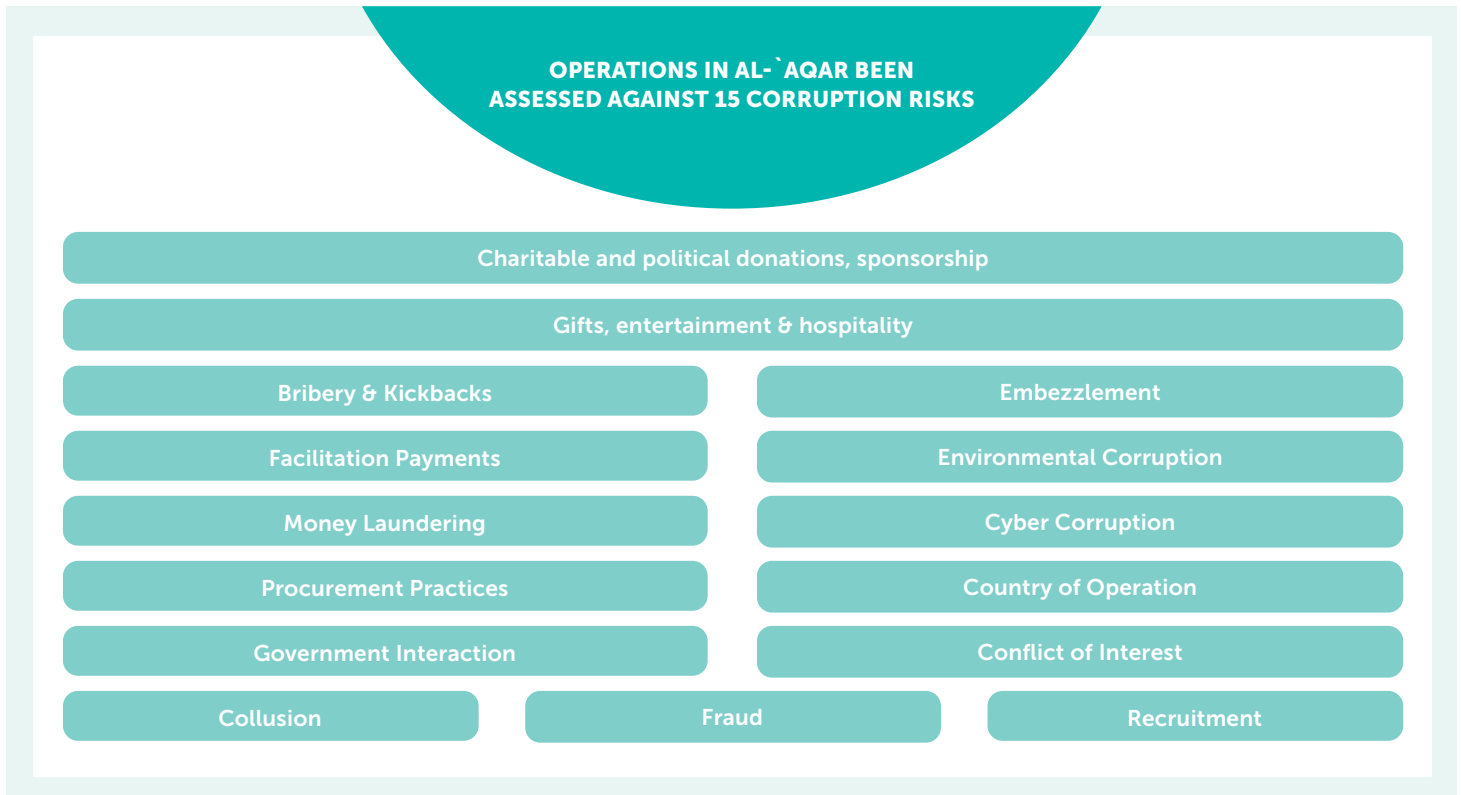
COMPARATIVE YIELD

Percentage of Employees Attended Anti-Corruption Trainings



Notably, we are proud to report zero incidents of corruption or non-compliance in the reporting year. We performed corruption-related risk assessments across all internal operations and compiled the findings into an integrity risk register. This register was then presented to the Board Audit Risk Committee ("BARC") and the Board Investment Committee ("BIC") for evaluation and assessment.

ROBUST CORPORATE GOVERNANCE



REGULATORY COMPLIANCE AND RISK MANAGEMENT

Al-`Aqar REIT integrates risk management processes across all operations, ensuring a comprehensive approach to identifying and mitigating potential risks. Maintaining strict regulatory compliance enhances our vigilance against risks and opportunities, safeguarding stakeholder interests and reinforcing trust.

- Capital Market Services Act 2007
- Income Tax Act 1967
- Bursa’s Main Market Listing Requirements
- EPF Act 1991
- Guidelines on Listed REITs
- Malaysia Code on Corporate Governance (“MCCG”)
- Guidelines on Islamic Capital Market Products and Services
- Guidelines on Corporate Governance for Capital Market Intermediaries

The Fund prepares a compliance report that adheres to relevant laws and regulations. To further strengthen these efforts, the Manager consults legal specialists for advice, provides training on legal requirements, and employs external consultants for internal audits to maintain objectivity.

As a healthcare REIT, staying informed on regulatory changes is crucial, with the Board and management encouraged to attend relevant talks and seminars. The Manager keeps abreast of the latest industry developments by receiving updates from Bursa Malaysia, the Securities Commission, and the Malaysian REIT Managers Association (“MRMA”). Compliance initiatives are communicated through meetings, announcements, AGMs, analyst briefings, the corporate website, and annual reports.

ROBUST CORPORATE GOVERNANCE

Risk Management

Risk management at Al-`Aqar REIT is overseen by the BARC, with support from the Enterprise Risk Management Committee (“ERMC”). Together, they integrate risk management into day-to-day operations, identifying risk parameters, profiles, treatment options, action plans and indicators. Quarterly risk assessments are conducted and documented in a comprehensive risk register

Board Audit and Risk Committee	<ul style="list-style-type: none"> Overseen the risk management framework and policies, including keeping abreast with new or emerging trends, review, monitor and assess the control effectiveness of the key risks including sustainability and climate-related risks
Enterprise Risk Management Committee	<ul style="list-style-type: none"> Oversees the operationalisation of risk management strategies as well as framework and policies Report any comprehensive risk to BARC Conduct quarterly risk assessments, documented in a comprehensive risk register
Risk Owners	<ul style="list-style-type: none"> Manage day-to-day risk inherent in business activities as guided by the established risk strategies, frameworks and policies Responsible for controlling risks by using business control and compliance frameworks, implementing internal control processes and adequate control

Data Privacy and Cybersecurity

As a healthcare REIT, our focus is on safeguarding customer and patient information and preventing any down-time due to cyberattacks and threats. As the digitalisation of services become increasingly prevalent, robust data privacy and cybersecurity measures are essential to modernising our and ensuring business continuity.

We ensure data security by adhering to the Personal Data Protection Act (“PDPA”) and applying a user access rights matrix. A Cyber Security Procedure provides guidance during data breaches, while annual Data Recovery tests verify the effectiveness of backup systems, ensuring data resiliency. Additionally, the Manager implements business continuity strategies in digital transformation to adapt to the evolving REIT sector.

DIGITAL TRANSFORMATION STRATEGY

 <p>Installed backup software and data protection software</p>	 <p>Usage of Microsoft 365 cloud storage to protect the data</p>
 <p>Utilised VPNs to protect network connections</p>	 <p>Implemented IT disaster recovery plan, drills, and data recovery tests</p>

In FY2024, we recorded zero complaints regarding breaches of customer privacy or data loss.

SUSTAINABLE TRUST FUND



Al-`Aqar REIT is dedicated to sustainable growth, delivering long-term returns and fostering economic advancement through sustainable investment practices. This approach offers investors and fund managers a unique opportunity to invest in real estate through our prudent investments and fiscal management.


SUPPORTING THE UNSDGS



MATERIAL MATTERS

- Economic Performance
- Supply Chain Management

KEY STAKEHOLDERS

-  Investors
-  Regulatory Agencies and Statutory Bodies
-  Service Providers and Suppliers
-  Tenants
-  Employees

SUSTAINABLE TRUST FUND

ECONOMIC PERFORMANCE

As a healthcare REIT, our commitment to long-term stakeholder value is anchored in robust growth and financial performance. By developing expertise, creating employment opportunities, and stimulating economic growth, we enhance value and positively impact the communities we serve, advancing the Group’s sustainability agenda

Developing Expertise

Cultivating healthcare service skills and expertise within professional networks and operational areas

Stimulating the Economy

Supporting economic development in the communities where we operate.

Generating Employment Opportunities

Providing employment opportunities in healthcare, technical, maintenance and pharmaceutical sectors in supply and distribution chains.

During the reporting year, we remained self-sufficient, sustaining our impressive track record In FY2024, we continued the positive financial performance trajectory established in the previous year.

	FY2022	FY2023	FY2024
Economic value generated (revenue)	104,587,721	115,250,328	116,248,674
Retained economic value (Profits)	54,626,818	71,543,213	75,990

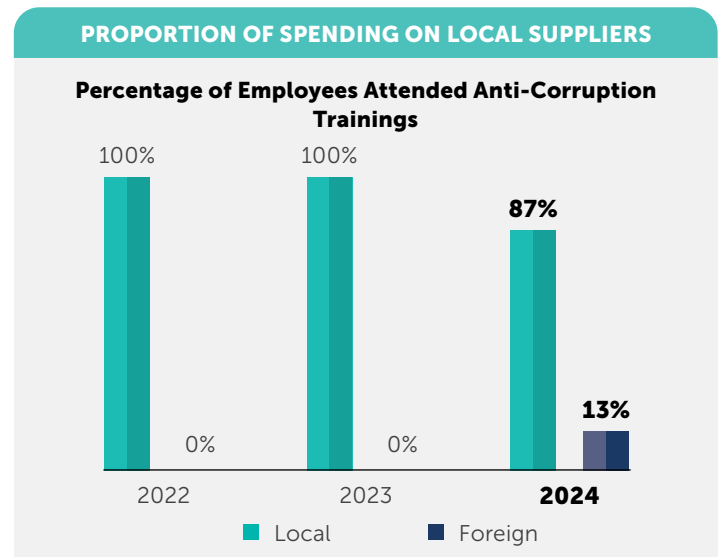
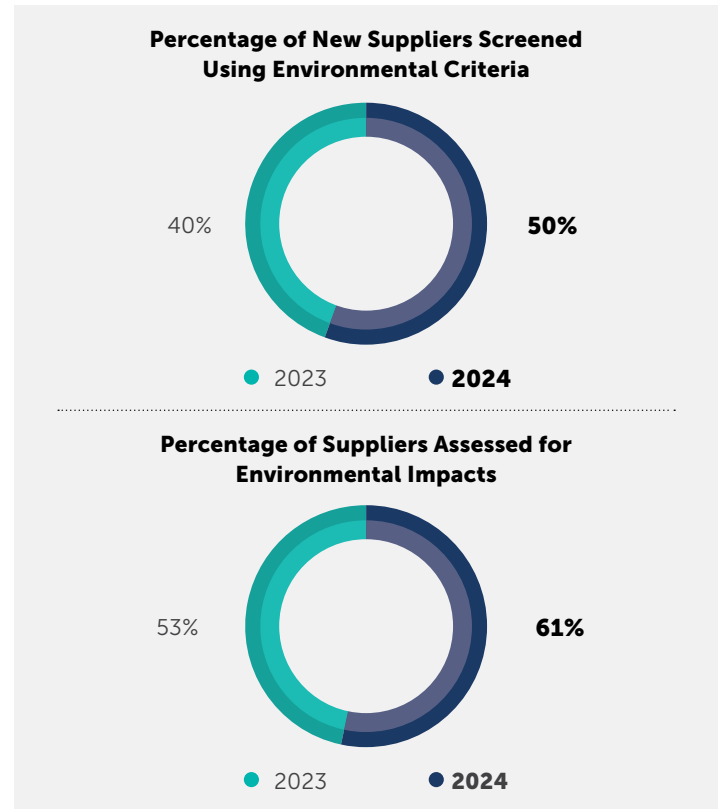
SUPPLY CHAIN MANAGEMENT

Al-`Aqar’s commitment to operational efficiency in property management and maintenance is dependent on the sustainable supply of materials, services and resources. To achieve this, we prioritise local suppliers and have implemented a screening mechanism to evaluate their environmental impact and alignment with our ESG criteria.

The majority of KPJ hospitals operate under a consolidated net lease agreement, placing the responsibility for supply chain decisions and property expenditures on the tenants. A representative from the Manager ensures compliance during vendor interviews.

In FY2024, we utilised an environmental screening mechanism for new suppliers, assessing 40% of them. We then evaluated our existing suppliers’ environmental impact, with 53% of them assessed.

In the same period, the percentage of suppliers assessed for environmental impacts decreased by 8%



STRONG SOCIAL RELATIONSHIPS



Al-`Aqar REIT is dedicated to driving lasting positive impact by addressing key social issues important to our tenants and employees. We maintain high standards in building maintenance, uphold stringent OSH policies, enhance employee performance, ensure equal opportunities and contribute to community development.

SUPPORTING THE UNSDGS



MATERIAL MATTERS

- Tenant Satisfaction
- Occupational Health and Safety
- Labour Practices and Standards
- Diversity and Inclusion
- Community Enrichment

KEY STAKEHOLDERS

- Investors
- Regulatory Agencies and Statutory Bodies
- Tenants
- Employees

STRONG SOCIAL RELATIONSHIPS

TENANT SATISFACTION

Our principal tenant, Kumpulan Perubatan Johor (“KPJ”) is provided with exceptional service, effective building management and clear communication. To evaluate tenant satisfaction and improve our services, we conduct an annual Performance Evaluation Survey to assess the Property Manager’s performance.



In this reporting year, the overall results of the Performance Evaluation were very satisfactory at an average of 86%

The REIT engages with KPJ through various communication channels, deepening our understanding of their perspectives and expectations. One key platform is the biannual Property Management Meeting where the Maintenance Manager formally addresses tenants’ concerns and issues, aiming to foster a collaborative relationship. Additionally, the Maintenance Manager conducts an annual inspection and provides a detailed report to the tenants. These inspections provide constructive recommendations and ensure Al-`Aqar’s property assets are kept in optimal condition.

The report covers the following physical assets and services.

- Air conditioning and ventilation
- Firefighting systems
- Water supply systems
- Lifts
- Staff and manpower
- Preventive planned maintenance master programme

OCCUPATIONAL HEALTH AND SAFETY

The safety and well-being of KPJ employees remain a top priority. As KPJ is our primary tenant, we are committed to maintaining a secure and healthy working environment, mitigating the risk of accidents, and ensuring the protection of our premises and assets.

Our OSH strategy promotes a culture of accident prevention, safety and risk management, complemented by our tenants’ OSH practices. We have implemented rigorous OSHA Guidelines at our headquarters and established Emergency Response Teams at individual properties. Inspections are conducted by Health and Safety Officers (“HSO”) at each KPJ Hospital, with a designated HSO overseeing our headquarters.



Each hospital has an HSO to oversee

HSO RESPONSIBILITIES

- Advise management on safety issues and develop health and safety policies and procedures
- Monitor and controlling safety and health in the workplace to comply with regulations and safety policy
- Carry out safety inspections and internal audits and report the findings and provide suggestions to the management
- Ensure preventive measures, administrative control and personal protective equipment are implemented and in used, as per guided by Hazard Identification and Risk Assessment and Risk Control
- Ensure all the accidents and near misses cases been reported and the investigation been carried out
- Keep records of all safety events, training and drills conducted

STRONG SOCIAL RELATIONSHIPS

Health and Safety Training

To ensure our employees stay current with the latest knowledge, trends and OSH regulations, we offer specialised training sessions. These sessions include safety awareness for new joiners and basic occupational first aid training, encompassing CPR and AED techniques

	FY2022	FY2023	FY2024
Number of employees trained on health and safety standards	2	2	28

In FY2024, we reported zero work-related injuries over 48,000 hours.

	FY2022	FY2023	FY2024
Number of Work-related Fatalities	0	0	0
Number of Lost-Time Injuries	2	1	0
Total Number of Hours Worked	52,000	50,000	48,000
Worked Lost Time Incident Rate	7.69	4.00	0

LABOUR PRACTICES AND STANDARDS

Al-`Aqar's success is centred on the productivity of our employees. We focus on equipping our workers with essential skills to stay competitive and adaptable. Alongside attractive remuneration packages, we build employee capacity, implement succession planning, encourage leadership development and ensure effective performance management.

Human Capital Development

Our human capital development strategy focuses on four key areas to build employee engagement, development and overall satisfaction. They foster a positive work environment at our REIT, where employees feel valued, motivated, and supported, leading to enhanced performance and organisation

HSO RESPONSIBILITIES



Building employee capacity



Succession Planning



Leadership Development



Effective Performance Management

Performance Reviews

Regular performance reviews contribute to personal development and motivation, while an annual employee survey measures their satisfaction, engagement and organisational effectiveness.

STRONG SOCIAL RELATIONSHIPS

Remuneration and Employee Benefits

The Manager offers a comprehensive remuneration package designed to enhance employees' quality of life and financial stability, incorporating an extensive range of benefits.



Parental Leave

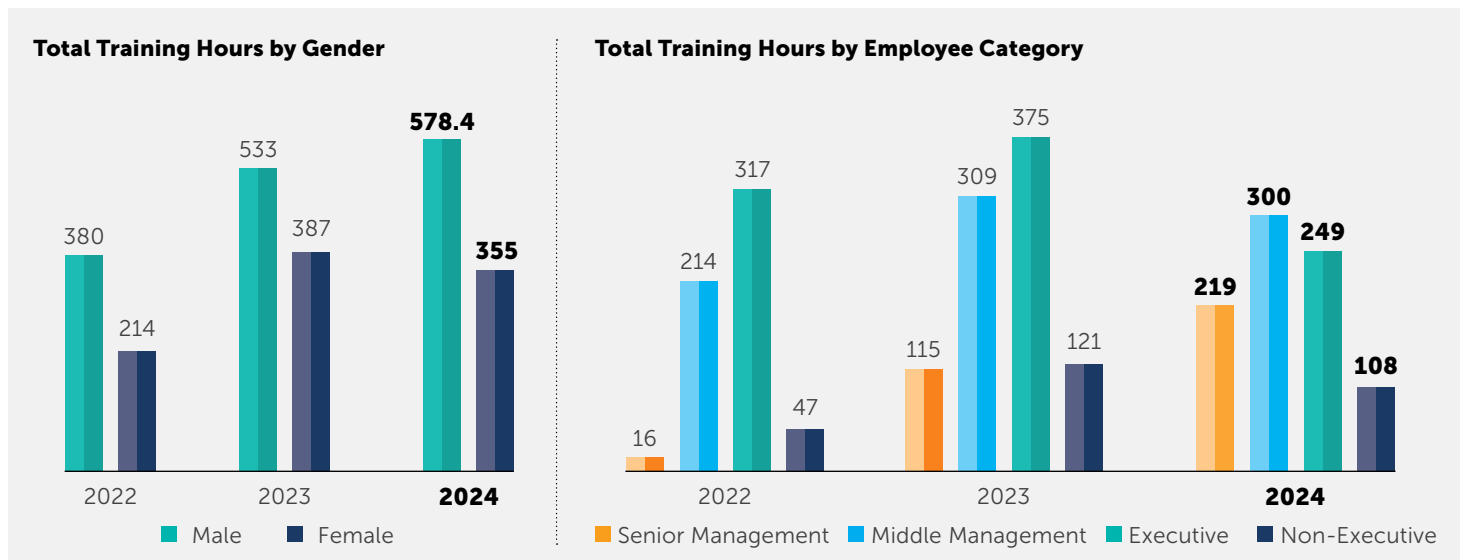
In FY2024, 2 males employees utilised parental leaves.

	FY2024
Number of employees that took Parental Leave	2
Number of employees that returned after Parental Leave	2
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0

Training and Development

We provided a total of 934 hours of training, focusing on equipping our employees with essential skills to remain competitive and adaptable in our ever-changing business climate. All our employees received performance reviews to appraise their work, provide feedback and set goals.

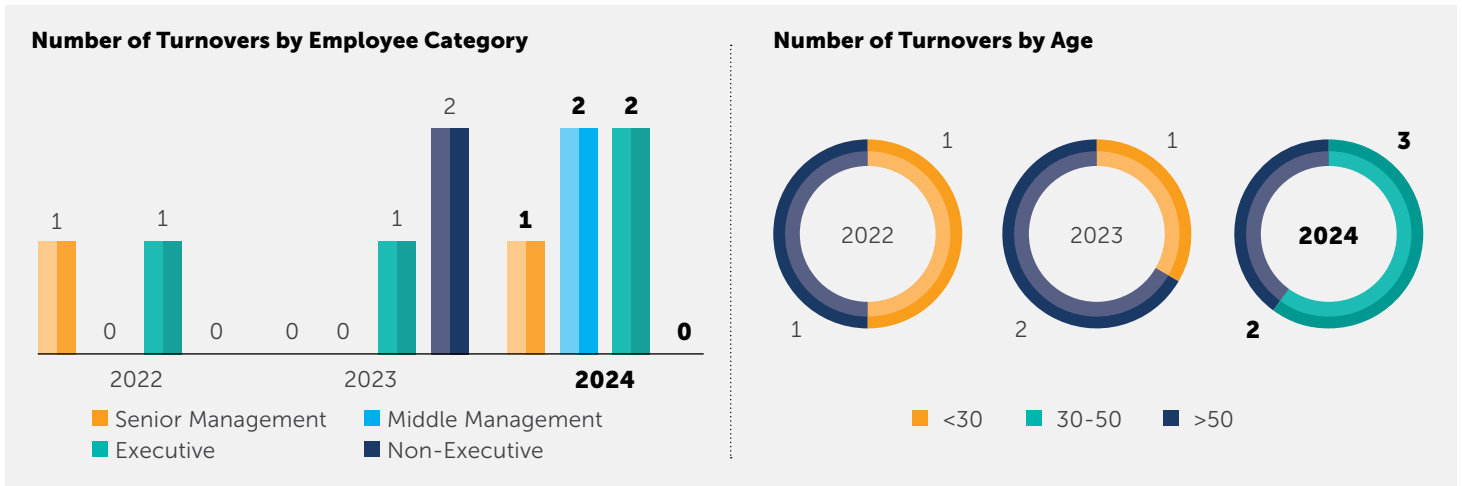
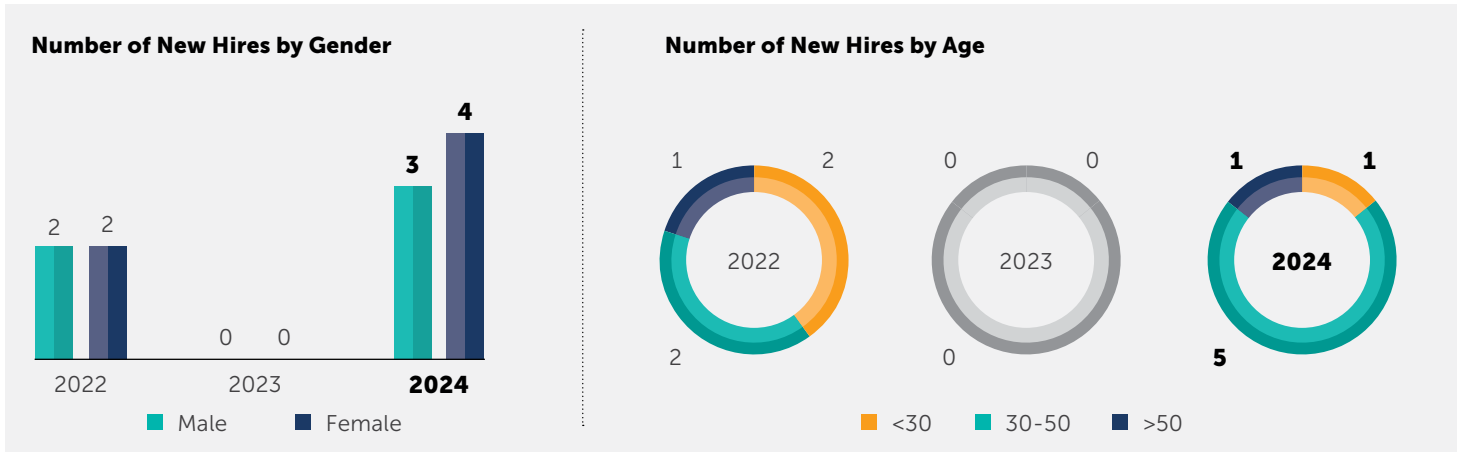
In FY2024, trainings conducted to increase the knowledge and skills of our employees such as sustainable investment, talk on energy efficiency initiatives, accounting and invoicing and so on.



STRONG SOCIAL RELATIONSHIPS

Employee New Hires and Turnovers

In FY2024, we recorded a total of 7 new hires and 5 turnovers. The majority of both new hires and turnover were female, aged between 30 – 50 years old



DIVERSITY AND INCLUSION

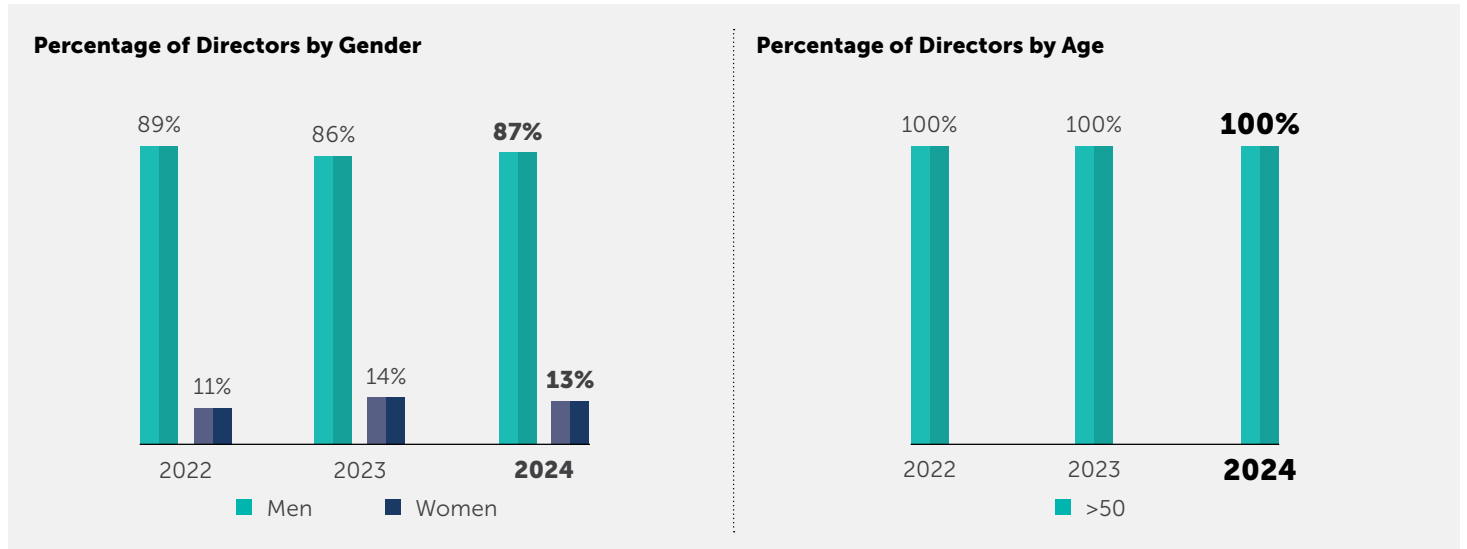
Diversity within Al-`Aqar’s workforce brings a range of skills, mindsets and experiences, giving us a competitive edge and facilitating effective collaboration. We foster a culture of equal opportunity and inclusivity, ensuring merit-based career advancement and promoting teamwork, driving the Fund’s collective success. The REIT upholds diversity and inclusion by prohibiting discrimination based on race, age, gender, sexual orientation or disability.

We strive to achieve a minimum of 30% of board positions held by women, in line with the Malaysian Code of Corporate Governance (“MCCG”).

STRONG SOCIAL RELATIONSHIPS

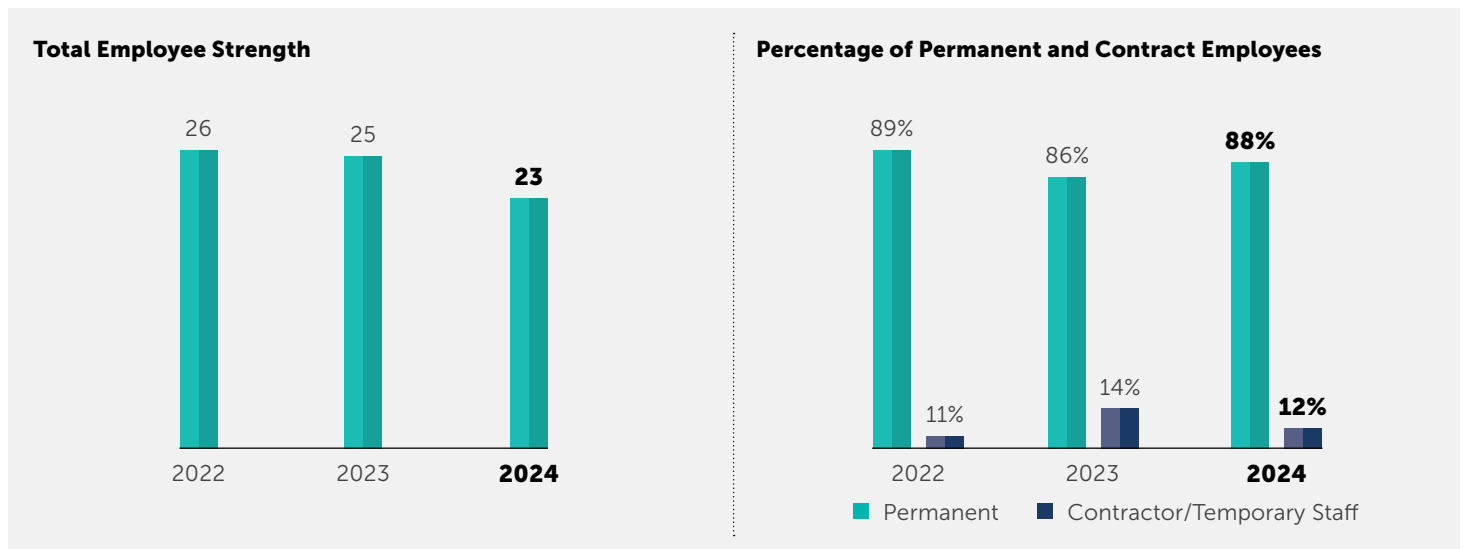
Board Composition

The Board comprises 86% of men and 14% of women, with all members being over the age of 50.

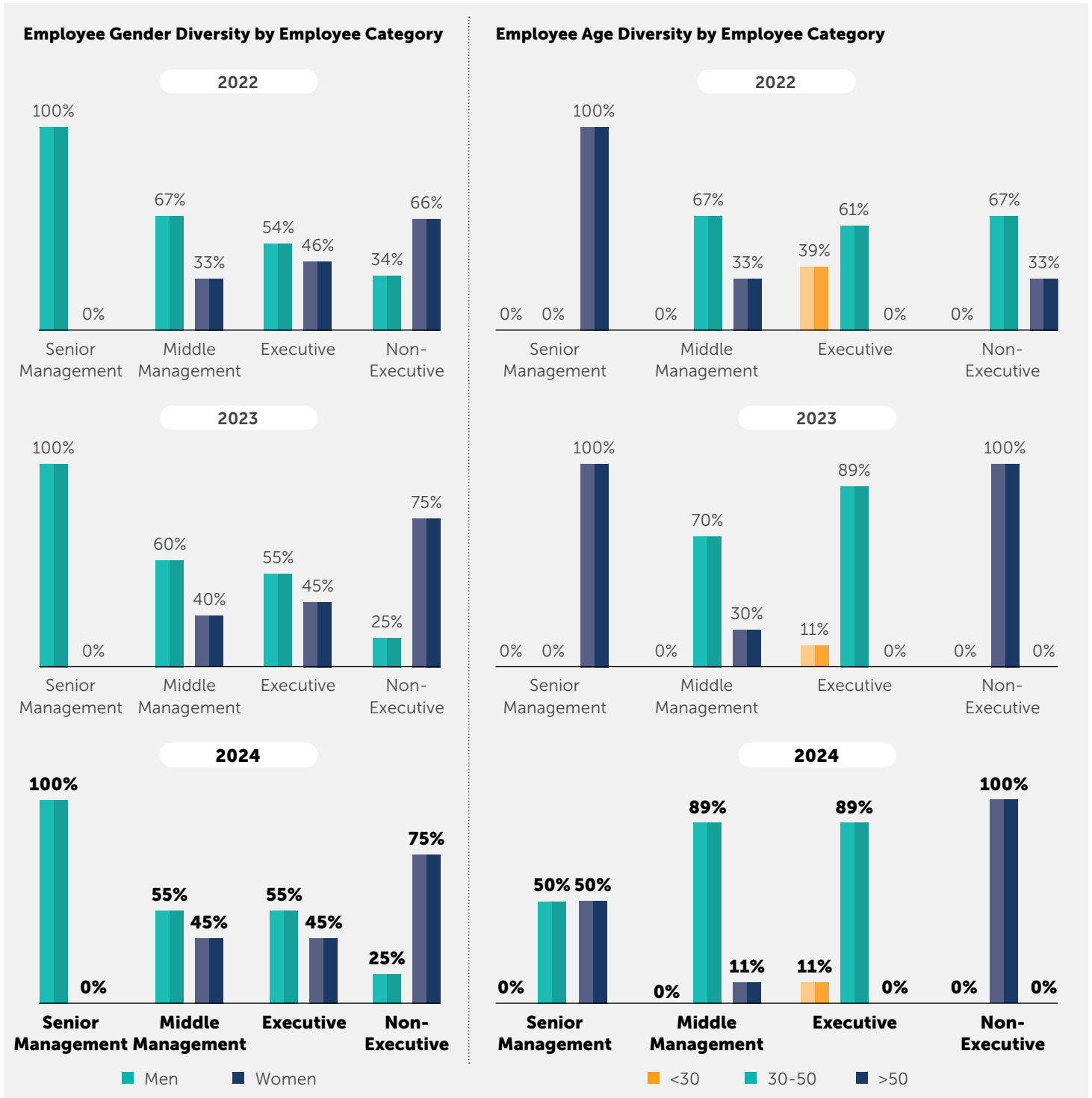


Workforce Diversity

In FY2024, our workforce comprised 24 employees, with 58% men and 42% women. The majority are aged between 30 and 50 years old, and 89% hold permanent positions.



STRONG SOCIAL RELATIONSHIPS



COMMUNITY ENRICHMENT

Our dedication to individual development and human rights extends beyond our properties and workforce, reaching into the communities we serve. In this reporting year, JRM did not make any contributions. However, we look forward to contributing next year should the opportunity arises.

ENVIRONMENTAL STEWARDSHIP



As stewards of property and building management, prioritising a healthy environment is one of our foremost obligations. By integrating sustainable practices into our REIT operations, we enhance our reputation among stakeholders and build long-term climate resilience. Our efforts focus on energy consumption, emissions reduction, waste management and water stewardship.

SUPPORTING THE UNSDGS



MATERIAL MATTERS

- Energy, Emissions and Climate Resilience
- Waste Management
- Water Consumption

KEY STAKEHOLDERS

- Investors
- Regulatory Agencies and Statutory Bodies
- Property/Manager/Service Manager/ Maintenance Manager
- Tenants
- Employees

ENVIRONMENTAL STEWARDSHIP

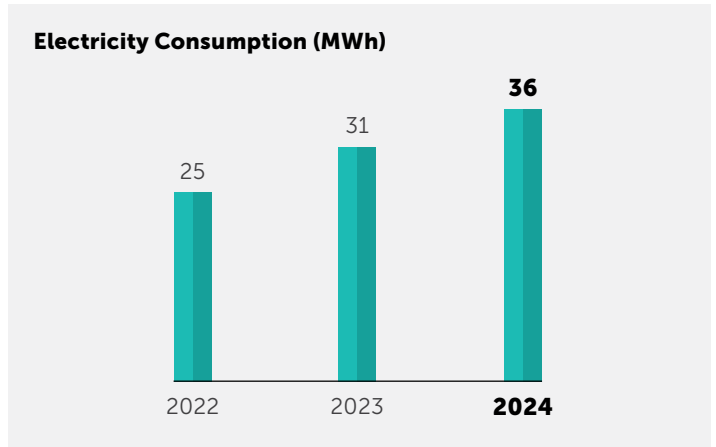
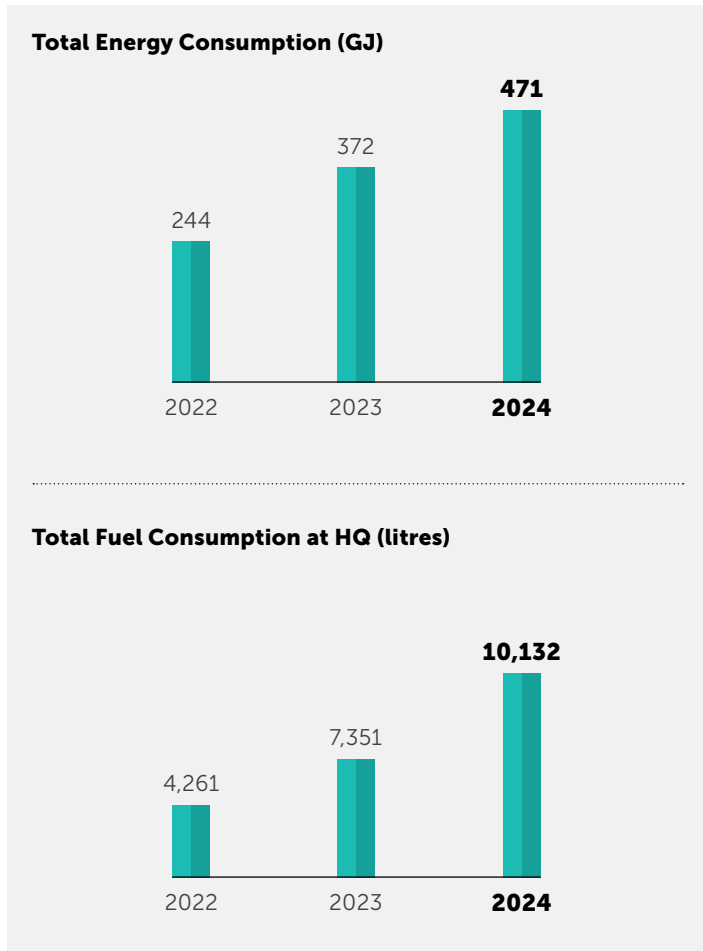
ENERGY, EMISSIONS AND CLIMATE RESILIENCE

Al-`Aqar is committed to decisive action against climate change and reducing our environmental impact by transitioning to a low-carbon economy. We aim to support global climate goals such as achieving Net-Zero emissions by 2050 through reducing energy utilisation and emissions.

To align with KPJ's targets of sourcing 10% of energy from renewable sources and reducing GHG emissions by 25% by 2025, we have permitted our primary tenant to install rooftop solar PV panels, extending this initiative to five of our buildings. Additionally, the Fund remains committed to flexible and remote working arrangements, while encouraging our employees to switch off lights and air-conditioning systems at our offices where not in use.

Energy Management

In FY2024, the Fund's total energy consumption, including fuel and purchased electricity from the national grid, totalled 471 GJ. The increase in energy consumption was attributed to the inclusion of petrol consumption from our headquarters, totalling 436,008 litres. In addition, 36 MW was consumed from electricity usage.



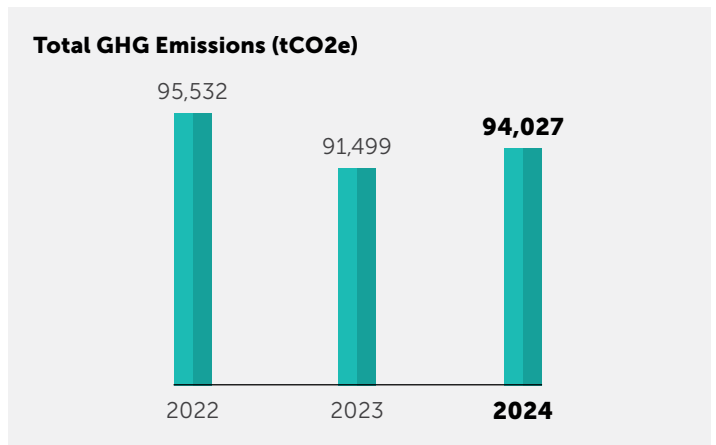
Note:

1. Fuel consumption for HQ in FY2024 included with petrol consumption.
2. Data for electricity consumption and energy consumption for FY2022 and FY2023 had been restated.

GHG Emissions

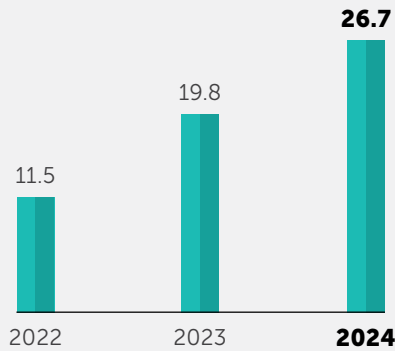
To effectively manage our carbon footprint, the REIT consistently monitors greenhouse gas ("GHG") emissions, evaluates our progress and identifies opportunities to reduce emissions.

Scope 1 GHG emissions are generated from fuel consumption in company-owned vehicles, while Scope 2 emissions are attributed to electricity usage in our headquarters. Reported Scope 3 emissions are currently limited to business travel, employee commute and downstream leased assets.

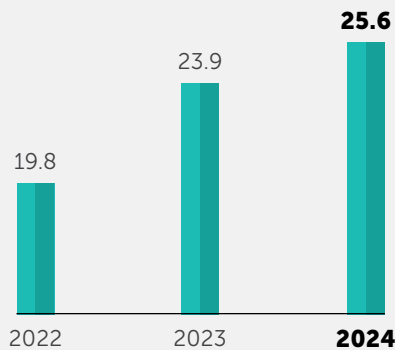


ENVIRONMENTAL STEWARDSHIP

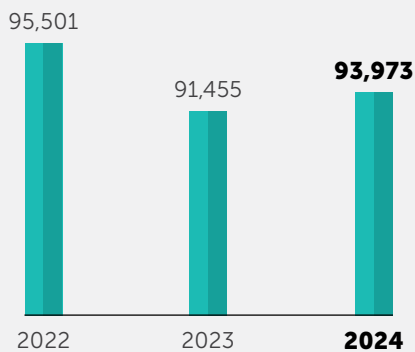
Scope 1 GHG Emissions (tCO₂e)



Scope 2 GHG Emissions (tCO₂e)



Scope 3 GHG Emissions (tCO₂e)



Note:

1. Calculation methodology is based on the GHG Protocol for Scope 1, 2 and 3 with the emissions factors sourced from UK Government's GHG Conversion Factor 2022, 2023 and 2024.
2. Scope 2 emissions factors were calculated using the 2022 Grid Emission Factor sourced from the National Energy Commission of Malaysia.
3. Emissions from business travel were calculated based on a combination of fuel-consumption method and distance-based method due to the availability of data recorded.
4. Emissions from downstream leased asset include the electricity and water consumption from our tenant, KPJ.

WASTE MANAGEMENT

Proper waste management, including identification, labelling, storage, and transportation, ensures compliance with regulatory requirements.

At the end of FY2024, we deployed AI-based Reverse Vending Technology at two KPJ hospitals, marking a step forward in sustainable waste management. The primary objective of this technology is to educate the public and provide incentives for recycling. The Klean Vending Machine Reward Program, an AI-based recycling system, accepts both PET bottles and aluminum cans through a single chute, enabling convenient disposal. Rewards are offered based on recycling points, encouraging participation and fostering a culture of sustainability. The collected waste is then picked up by the vendor and sent back for reprocessing. We will commence monitoring the amount of waste recycled next year.

Redeemable coupons include the following.

- Coupon for selected grocery shops
- Coupon for ride-hailing
- Coupon for food
- E-Wallet Coupon

WATER CONSUMPTION

The Fund's headquarters operates within a leased office space, where direct monitoring of water consumption is not feasible. However, we are acutely aware of the escalating risks of water scarcity and remain committed to promoting responsible water consumption to minimise waste and safeguard this precious resource.

OUR SUSTAINABILITY JOURNEY ONWARDS

In an era marked by climate change and economic security concerns, embedding a sustainability ethos throughout Al-`Aqar's strategies, operations and workforce is essential to driving forward-thinking initiatives and advancing our sustainability journey. The REITs efforts to reduce our carbon footprint, optimise resources and harness solar energy demonstrate our dedication to environmentally responsible practices. Looking ahead, we remain resolute in our vision to deliver sustainable value to our stakeholders and the communities in which we operate, ensuring the stability and resilience of the REIT for generations to come.



PERFORMANCE DATA TABLE

GOVERNANCE

INDICATOR	Unit	FY2022	FY2023	FY2024
Anti-Corruption				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
• Management	%	100	100	100
• Non-Management	%	95	93	100
Bursa C1(b) Percentage of operations assessed for corruption related risks	%	N/A	100	100
Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	0	0
Data Privacy and Security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	100	100	0
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	%	95	93	87

ENVIRONMENT

INDICATOR	Unit	FY2022	FY2023	FY2024
Energy, Emissions and Climate Resilience				
Bursa C4(a) Total energy consumption	GJ	15,340	26,463	36,474
Bursa C4(a) Total energy consumption	MWh	25	31	36
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ e	12	20	27
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ e	20	24	28
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (business travel and employee commuting)	tCO ₂ e	95,501	91,455	94,027
Waste Management				
Bursa C10(a) Total waste generated	Metric tonnes	N/A	N/A	N/A
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	N/A	N/A	N/A
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	N/A	N/A	N/A
Water Consumption				
Bursa C9(a) Total volume of water used	ML	1,212	1,240	0

PERFORMANCE DATA TABLE

SOCIAL

INDICATOR	Unit	FY2022	FY2023	FY2024
Occupational Health and Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	7.69	4.00	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	2	2	28
Human Rights, Labour Practices and Standards				
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0	0
Talent Attraction and Development				
Bursa C6(a) Total hours of training by employee category				
• Senior Management	Hours	16	115	219
• Management	Hours	214	309	300
• Executive	Hours	317	375	249
• Non-Executive	Hours	47	121	108
Bursa C6(c) Total number of employee turnover by employee category				
• Senior Management	Number	1	0	1
• Management	Number	0	0	2
• Executive	Number	1	1	2
• Non-Executive	Number	0	2	0
Diversity and Inclusion				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Gender group by employee category				
• Senior Management (Male)	%	100	100	100
• Senior Management (Female)	%	0	0	0
• Management (Male)	%	67	60	55
• Management (Female)	%	33	40	45
• Executive (Male)	%	54	55	55
• Executive (Female)	%	46	45	45
• Non-Executive (Male)	%	34	25	25
• Non-Executive (Female)	%	66	75	75

PERFORMANCE DATA TABLE

INDICATOR	Unit	FY2022	FY2023	FY2024
Diversity and Inclusion (cont'd)				
Age group by employee category				
• Senior Management (<30)	%	0	0	0
• Senior Management (30-50)	%	0	0	50
• Senior Management (>50)	%	100	100	50
• Management (<30)	%	0	0	0
• Management (30-50)	%	67	70	89
• Management (>50)	%	33	30	11
• Executive (<30)	%	39	11	11
• Executive (30-50)	%	61	89	89
• Executive (>50)	%	0	0	0
• Non-Executive (<30)	%	0	0	0
• Non-Executive (30-50)	%	67	100	100
• Non-Executive (>50)	%	33	0	0
Bursa C3(b) Percentage of directors by gender and age				
Male	%	89	86	87
Female	%	11	14	13
<30	%	0	0	0
30-50	%	0	0	0
>50	%	100	100	100
Bursa C6(b) Percentage of employees that are contractors or temporary staff	%	4	8	15
Community Engagement				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	N/A	8,700	0
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	N/A	73	0

INDEPENDENT LIMITED ASSURANCE REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON THE SELECTED SUSTAINABILITY INFORMATION DISCLOSED IN THE SUSTAINABILITY REPORT 2024 FOR AL – AQAR HEALTHCARE REIT.

Al-`Aqar Healthcare REIT ('Al-`Aqar') has engaged PKF Risk Management Sdn Bhd ('PKF') to independently verify and provide assurance on selected sustainability information in the Al-`Aqar Sustainability Statement 2024. The primary objective of this verification process is to provide assurance to Al-`Aqar and its stakeholders regarding the accuracy and reliability of the information presented in the statement.

The verification by PKF Risk Management Sdn Bhd focuses on the sustainable performance information (the subject matter) that falls within the scope of assurance, as outlined in the Al-`Aqar Sustainability Statement 2024.

The scope of work is limited to selected subject matter disclosed in the FY2024 Sustainability Report. It does not extend to data sets or information beyond the specified subject matter and related disclosures. In addition, the verification excludes information outside the FY2024 Sustainability Report, comparisons with historical data, and any forward-looking statements made by management.

SUBJECT MATTER

We conducted a limited assurance engagement on the selected common indicators listed in the table below, as disclosed in Al-`Aqar's Sustainability Report FY2024.

Common Sustainability Matters	Common Indicators
Anti-Corruption	Percentage of Employees Who Have Received Training on Anti-Corruption by Employee Category
	Percentage of Operations Assessed for Corruption-Related Risks
	Confirmed Incidents of Corruption and Action Taken
Community/Society	Total Amount Invested in the Community where the Target Beneficiaries are External to the Listed Issuer
	Total Number of Beneficiaries of the Investment in Communities
Diversity	Percentage of Employees by Gender and Age Group, for Each Employee Category
	Percentage of Directors by Gender and Age Group
Health and safety	Number of work-related fatalities
	Lost time incident rate
	Number of employees trained on health and safety standards
Labour Practices and Standards	Total Hours of Training by Employee Category
	Percentage of employees that are contractors or temporary staff
	Total Number of Employee Turnover by Employee Category
	Number of Substantiated Complaints Concerning Human Rights Violations
Supply Chain Management	Proportion of Spending on Local Suppliers
Data Privacy and Security	Number of Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data

REPORTING FRAMEWORKS AND STANDARDS

Al-`Aqar prepares the subject matter in alignment with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and draws guidance from the Sustainability Reporting Guide (3rd Edition).

AL-`AQAR HEALTHCARE REIT'S RESPONSIBILITIES

The management of Al-`Aqar is responsible for selecting the criteria and for preparing the subject matter in accordance with those criteria, in all material respects. This responsibility includes designing and maintaining effective internal controls, keeping adequate records, and making relevant estimates to ensure the subject matter is free from material misstatement, whether due to fraud or error.

INDEPENDENT LIMITED ASSURANCE REPORT

OUR RESPONSIBILITIES

We conducted our assurance engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)") and International Standard for Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410") (collectively referred to as the "Standards") and in line with the terms of reference agreed with Al-`Aqar on 26 June 2024. These standards require that we plan and perform the engagement to obtain limited assurance about whether the Subject Matter is free from material misstatement. The nature, timing, and extent of the procedures performed are determined based on our professional judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

Based on our review, we believe the evidence obtained is sufficient and appropriate to form the basis for our limited assurance conclusion on the selected sustainability information presented in Al-`Aqar's Sustainability Report 2024.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") that are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Al-`Aqar's management retains full responsibility for the Sustainability Statement's preparation. PKF Risk Management Sdn Bhd affirms the independence of this verification, as our team had no participation in developing either the Sustainability Statement or the Integrated Annual Report 2024.

OUR APPROACH

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

Interviews & Process Understanding:

- Engaged with personnel to gain insights into business operations and reporting workflows.
- Held discussions with key stakeholders to assess the process for gathering, consolidating, and reporting the Subject Matter during the relevant period.

Evaluation of Methodology & Assumptions:

- Assessed the reasonableness of key factors applied in the Subject Matter Information calculations.
- Reviewed significant assumptions, underlying principles, and default values used in the Subject Matter Information against the Reporting Criteria.

Compliance & Accuracy Review:

- Verified that calculation methodologies aligned with the prescribed Reporting Criteria.
- Evaluated whether the Subject Matter Information adhered to the Reporting Criteria in all material respects.

Data Analysis & Validation:

- Performed analytical procedures on datasets and investigated material variances through management inquiries.
- Conducted sample-based document inspections and analytical reviews to validate the compilation and reporting of the Subject Matter.

Presentation & Consistency Assessment:

- Reviewed the overall presentation of the Subject Matter Information to ensure clarity and alignment with the Reporting Criteria.
- Verified consistency between the reported Subject Matter Information and the established Reporting Criteria.

We also performed such other procedures as we considered necessary in the circumstances.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter stated above in our report as of 30 April 2025 for the year ended 31 December 2024, in order for it to be in accordance with the Criteria.

RESTRICTED USE

The contents of this report are confidential and are to be used only by Al-`Aqar.

GRI CONTENT INDEX

Statement of use	Al-`Aqar has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)	
GRI 2: General Disclosures 2021	2-1 Organisational details		
	2-2 Entities included in the organisation's sustainability reporting		
	2-3 Reporting period, frequency and contact point		
	2-5 External assurance		
	2-6 Activities, value chain and other business relationships		
	2-7 Employees		
	2-8 Workers who are not employees		
	2-9 Governance structure and composition		
	2-10 Nomination and selection of the highest governance body		
	2-11 Chair of the highest governance body		
	2-12 Role of the highest governance body in overseeing the management of impacts		
	2-13 Delegation of responsibility for managing impacts		
	2-14 Role of the highest governance body in sustainability reporting		
	2-16 Communication of critical concerns		
	2-17 Collective knowledge of the highest governance body		
	2-18 Evaluation of the performance of the highest governance body		
	2-19 Remuneration policies		
	2-20 Process to determine remuneration		
	2-22 Statement on sustainable development strategy		
	2-23 Policy commitments		
	2-24 Embedding policy commitments		
	2-25 Processes to remediate negative impacts		
	2-26 Mechanisms for seeking advice and raising concerns		
	2-27 Compliance with laws and regulations		
	2-28 Membership associations		
	2-29 Approach to stakeholder engagement		
	2-30 Collective bargaining agreements		
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	
		3-2 List of material topics	
		3-3 Management of material topics	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	
	301-2 Recycled input materials used	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	
	302-2 Energy consumption outside of the organisation	
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
	302-5 Reductions in energy requirements of products and services	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	
	303-2 Management of water discharge-related impacts	
	303-3 Water withdrawal	
	303-4 Water discharge	
	303-5 Water consumption	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	
	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	
	403-10 Work-related ill health	

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	
	404-2 Programmes for upgrading employee skills and transition assistance programs	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	
	413-2 Operations with significant actual and potential negative impacts on local communities	
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	

THE BOARD OF DIRECTORS



<p>1</p> <p>DATUK HASHIM BIN WAHIR</p> <p>Chairman, Independent Non-Executive Director</p>	<p>2</p> <p>ABDULLAH BIN ABU SAMAH</p> <p>Independent Non-Executive Director</p>	<p>3</p> <p>LAILATUL AZMA BINTI ABDULLAH</p> <p>Independent Non-Executive Director</p>	<p>4</p> <p>DATUK Sr AKMAL BIN AHMAD</p> <p>Non-Independent Non-Executive Director</p>
<p>5</p> <p>SHAMSUL ANUAR BIN ABDUL MAJID</p> <p>Non-Independent Non-Executive Director</p>	<p>6</p> <p>DATO' MOHAMMED RIDHA BIN DATO' HAJI ABD KADIR</p> <p>Non-Independent Non-Executive Director</p>	<p>7</p> <p>GOH TIAN SUI</p> <p>Independent Non-Executive Director</p>	<p>8</p> <p>DATIN UNGKU SUSELAWATI BINTI UNGKU OMAR</p> <p>Independent Non-Executive Director</p>

Statement

Notes - None of the Directors have:

- any family relationship with any Director of the Manager and/or major unitholder of Al-`Aqar;
- any conflict of interest with Al-`Aqar;
- any conviction of interest within the past 5 years (other than traffic offences); and
- any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 31 December 2024

Company Secretaries

**NURALIZA BINTI ABD.
RAHMAN**

(MAICSA 7067934)

ROHAYA BINTI JAAFAR

(LS0008376)

THE BOARD OF DIRECTORS

DATUK HASHIM BIN WAHIR

Chairman,
Independent Non-Executive Director
- Appointed on 24 January 2022
- Redesignated as Chairman w.e.f
31 December 2024



COMMITTEE MEMBER



ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Engineering (Honours) in Mechanical Engineering, Universiti Teknologi Malaysia
- Executive Development Program, Ashridge Management College, United Kingdom
- Executive Development Program, Johnson School of Management, Cornell University, USA
- Capital Markets Services Representative's Licence Holder

WORKING EXPERIENCE/OCCUPATION

Present Appointment

- Nil

Past Experiences

- Director, PETRONAS Hartabina Sdn Bhd (2013)
- Chief Executive Officer, KLCC REIT Management Sdn Bhd - Manager of KLCCP Staped Group (2013)
- Group Chief Executive Officer/Executive Director, KLCC(Holdings) Sdn Bhd /KLCC Property Holdings Berhad (2007)
- Country Chairman, Petronas Sudan Operations, Khartoum (2004)
- General Manager, Planning and Resource Allocation - PETRONAS, Kuala Lumpur (2000)
- General Manager of Chad/Cameroon JV Project, Petronas Carigali Sdn Bhd (1999)
- Senior Manager, Petroleum Engineering Department, Petronas Carigali Sdn Bhd (1993)
- Head of Production Technology Baram Delta Operations, Miri, Sarawak (1983)
- Engineer, Petronas Carigali Sdn Bhd (1981)

OTHER DIRECTORSHIP

Listed Issuer

- Al-Salām Real Estate Investment Trust

Public Companies

- Nil

COURSE ATTENDED

- Security Commission Malaysia's - Maqasid Al-Syariah Guidance
- PNB Knowledge Forum on ESG/AI
- JCorp Leadership Forum on Exponential AI Organisation
- Khazanah Megatrends Forum 2024 on AI/ESG

BOARD MEETING
ATTENDANCE

Membership of Board Committees



Board Audit and Risk
Committee



Board Investment
Committee



Board Sustainability
Committee

THE BOARD OF DIRECTORS

ABDULLAH BIN ABU SAMAH

Independent Non-Executive Director
Appointed on 10 March 2021



COMMITTEE MEMBER



BOARD MEETING ATTENDANCE



ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Science in Business Administration, University of the Pacific
- Master of Business Administration, University of Washington
- Member, Malaysian Institute of Accountants
- Member, Malaysian Institute of Certified Public Accountants

WORKING EXPERIENCE/OCCUPATION

Present Appointment

- Nil

Past Experiences

- Licensed Partner for Audit of Financial Statements of Companies Listed and Non- Listed, KPMG Malaysia Partner (Audit) (1997)
- Managing the Audit and the Financial Statements of Companies, KPMG Malaysia Audit Manager (1993)
- Fieldwork of Audit of Financial Statements, KPMG Malaysia Audit Staff (1983)

OTHER DIRECTORSHIP

Listed Issuer

- Al-Salām Real Estate Investment Trust
- Media Prima Berhad
- Johor Plantations Group Berhad

Public Companies

- Nil

COURSE ATTENDED

- Financial Reporting on Impact of Climate Change
- Emerging Strategic Risks and Mitigation Strategies for 2024: Exclusive Board and C-Suite Brief
- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
- 2025 Malaysian Budget Seminar by Lumenz Tax

BNR Board Nomination and
Remuneration Committee

N/A Not applicable

○ Chairman

THE BOARD OF DIRECTORS

LAILATUL AZMA BINTI ABDULLAH

Independent Non-Executive Director
Appointed on 16 December 2022



COMMITTEE MEMBER



ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Science, (First Class Honours) Quantity Surveying, University of Reading, United Kingdom
- Master of Science, (Distinction) - IT Management in Construction, University of Salford, United Kingdom
- Master of Laws (LLM) Corporate Governance, The University of Law, United Kingdom

WORKING EXPERIENCE/OCCUPATION

Present Appointment

- Nil

Past Experiences

- Head of Partnership, Specialised Sports Services Sdn Bhd (2022)
- Head of Branding and Advertising, Destination, Resorts and Hotels Sdn Bhd (Subsidiary of Khazanah) (2014)
- Director, Asset Management & Investment Committee for CIMB Trust-Capital Sdn Bhd, CIMB Group Berhad (2011)
- Senior Manager (Asset Management), CIMB Group Berhad (2010)
- Head of Property Development and Management, CIMB Group Berhad (2007)
- Head of Business Development, X-Txt Asia Sdn Bhd (2006)
- Chief of Operations, GCS Sdn Bhd (2004)
- Contracts Manager, GCS Sdn Bhd (1997)
- Quantity Surveyor, Project Executive, Davis, Langdon & Seah Malaysia (JUBM Sdn Bhd) (1995)

OTHER DIRECTORSHIP

Listed Issuer

- Al-Salām Real Estate Investment Trust

Public Companies

- Nil

COURSE ATTENDED

- ICDM BSC Dialogue with Stewards Ship
- Asia Centre :View Across Asia & Pacific Launch of "Board as Stewards of Sustainability: View Across
- Mandatory Accreditation Programme Part II Leading for Impact

BOARD MEETING
ATTENDANCE



Membership of Board Committees

Board Audit and Risk Committee

Board Investment Committee

Board Sustainability Committee

THE BOARD OF DIRECTORS

DATUK Sr AKMAL BIN AHMAD

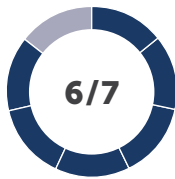
Non-Independent Non-Executive Director
Appointed on 21 January 2021



COMMITTEE MEMBER



BOARD MEETING ATTENDANCE



ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Diploma in Quantity Surveying, Universiti Teknologi MARA
- Bachelor of Science in Quantity Surveying, Universiti Teknologi MARA

WORKING EXPERIENCE/OCCUPATION

Present Appointment

- Director, Real Estate and Infrastructure Division, Johor Corporation
- Group Managing Director, JLand Group Sdn Bhd

Past Experiences

- Executive Director, JLand Group Sdn Bhd (2022)
- Group Managing Director, Johor Land Berhad (2020)
- Chief Operating Officer, Iskandar Investment Berhad (2020)
- Chief Executive Officer, Iskandar Development Management Services Sdn Bhd (IIB subsidiary) (2018)
- Chief Development Officer, Iskandar Investment Berhad (2016)
- Director of Operations, Iskandar Development Management Services Sdn Bhd (2013)
- General Manager, Nusajaya Development Sdn Bhd (UEM Land Berhad subsidiary) (2007)
- Project Manager 1, (Prince Court Medical Centre Project) KLCC Projek Sdn Bhd (2007)
- Project Manager, (University Technology of Petronas Development) KLCC Projek Sdn Bhd (2003)
- Project Manager, (Petronas Twin Towers Fit- Out) KLCC Projek Sdn Bhd (1999)
- Contract Management Executive, KLCC Projek Sdn Bhd (1993)

OTHER DIRECTORSHIP

Listed Issuer

- Al-Salām Real Estate Investment Trust

Public Companies

- JLG Integra Berhad (formerly known as Damansara Holdings Berhad)

COURSE ATTENDED

None

BNR Board Nomination and
Remuneration Committee

N/A Not applicable

○ Chairman

THE BOARD OF DIRECTORS

SHAMSUL ANUAR BIN ABDUL MAJID

Non-Independent Non-Executive Director
Appointed on 24 August 2020



COMMITTEE MEMBER



ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Science (Honours), Chemistry, Imperial College London, United Kingdom
- Master of Business Administration (MBA) Islamic Finance, International Islamic University Malaysia
- Member, Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, USA

WORKING EXPERIENCE/OCCUPATION

Present Appointment

- Chief Investment Officer, Johor Corporation

Past Experiences

- General Manager, Johor Corporation (2019)
- Director and Principal Partner, Fikiran Sepakat Sdn Bhd (2017)
- Special Officer to the Managing Director, Iskandar Waterfront Holdings (2014)
- Executive Vice President, Strategy & Feasibility, Iskandar Investment Berhad (2011)
- Vice President, Finance and Special Projects, Grenland Malaysia (2007)
- Energy Sector Specialist, The Boston Consulting Group (2001)
- Planning Analyst, Downstream Economics Planning Department, Shell Malaysia (1999)

OTHER DIRECTORSHIP

Listed Issuer

- Al-Salām Real Estate Investment Trust
- KPJ Healthcare Berhad
- Johor Plantations Group Berhad

Public Companies

- QSR Brands (M) Holdings Berhad

COURSE ATTENDED

- IFRS Foundation Conference
- CEREBRUM Insights DS Idris Jala
- JCorp Leadership Forum 2024
- Artificial Intelligence in Finance - Delivering Business Value

BOARD MEETING
ATTENDANCE

Membership of Board Committees



Board Audit and Risk
Committee



Board Investment
Committee



Board Sustainability
Committee

THE BOARD OF DIRECTORS

DATO' MOHAMMED RIDHA BIN DATO' HAJI ABD KADIR

Non-Independent Non-Executive Director
Appointed on 22 August 2024



COMMITTEE MEMBER

NIL



ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Resource and Environmental Economics, Universiti Pertanian Malaysia
- Master of Technology Management, Universiti Teknologi Malaysia

WORKING EXPERIENCE/OCCUPATION

Present Appointment

- State Financial Officer of Johor, Johor State Treasury Office

Past Experiences

- Bendahari, Tabung Amanah Warisan Negeri Johor (2024)
- Timbalan Setiausaha Kerajaan Johor (Pembangunan), Pejabat Setiausaha Kerajaan Johor (2022)
- Pengarah, Pejabat Tanah dan Galian Johor (2019)
- Pegawai Daerah, Pejabat Daerah Johor Bahru (2018)
- Pegawai Daerah, Pejabat Daerah Kota Tinggi (2017)

OTHER DIRECTORSHIP

Listed Issuer

- Al-Salām Real Estate Investment Trust

COURSE ATTENDED

- Program Executive Talk "Leadership and Sharing Experience"
- Program Sinergi Berpasukan: Mengubah Cabaran Menjadi Kemenangan Bil 1/2024 Bagi Perbendaharaan Negeri Johor Tahun 2024
- Khazanah Megatrends Forum (KMF 2024): Pursuit of Potatoes: Paving Paths from The Probable to the Possible



Board Nomination and
Remuneration Committee



Not applicable



Chairman

THE BOARD OF DIRECTORS

GOH TIAN SUI

Independent Non-Executive Director
Appointed on 21 January 2025



COMMITTEE MEMBER



ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Science, University of Reading

WORKING EXPERIENCE/OCCUPATION

Present Appointment

- Nil

Past Experiences

- Independent Non-Executive, IJM Corporation Berhad (2016)
- Independent Non-Executive Director, IJM Land Berhad (2013)
- Independent Non-Executive Director, GLM REIT Management Sdn Bhd (2006)
- Managing Director, C H Williams Talhar & Wong Sdn Bhd (2003)
- Deputy Managing Director, C H Williams Talhar & Wong Sdn Bhd (2001)
- Director, C H Williams Talhar & Wong Sdn Bhd (1989)
- Associate Director, C H Williams Talhar & Wong Sdn Bhd (1983)
- Manager, C H Williams Talhar & Wong Sdn Bhd (1981)
- Valuation Officer, Ministry of Finance (1978)

OTHER DIRECTORSHIP

Listed Issuer

- Al-Salām Real Estate Investment Trust

COURSE ATTENDED

- Mandatory Accreditation Programme Part II: Leading for Impact (LIP) 31st National Real Estate Convention (NREC)

Membership of Board Committees



Board Audit and Risk
Committee



Board Investment
Committee



Board Sustainability
Committee

THE BOARD OF DIRECTORS

DATIN UNGKU SUSEELAWATI BINTI UNGKU OMAR

*Independent and Non-Executive
Appointed on 21 January 2025*



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COMMITTEE MEMBER



ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor Marketing, Lancaster University

WORKING EXPERIENCE/OCCUPATION

Present Appointment

- Executive Director & Regional Head of Retail, SEA, Nawawi Tie Leung

Past Experiences

- General Manager (Retail Development KLCC Holdings) (1993)
- Project Manager, Metrojaya Berhad (1990)
- Head of Development Section, Petronas Gas Sdn Bhd (1980)

OTHER DIRECTORSHIP

Listed Issuer

- Al-Salām Real Estate Investment Trust
- PHB Property Ventures Berhad

COURSE ATTENDED

- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)



Board Nomination and
Remuneration Committee



Not applicable



Chairman

THE SHARIAH COMMITTEE

DATO' DR. HAJI NOOH BIN GADOT

Chairman, Shariah Committee



DATE OF APPOINTMENT

22 June 2006

ACADEMIC AND PROFESSIONAL QUALIFICATIONS:

- Bachelor Islamic Law and Syariah Islamiah, Al-Azhar University, Egypt
- Master of Arts, Asia e University
- Doctor of Philosophy (Human Development), Universiti Tun Hussein Onn Malaysia

WORKING EXPERIENCE

Dato' Dr. Haji Nooh Bin Gadot is a member of the Johor Royal Council and Islamic Religious Council (Johor). He 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).

Dato' Dr. Haji Nooh Bin Gadot was appointed as Federal Supreme Committee of Islamic Affairs Strengthening Management on 9 August 2018. His vast experience in Islamic practise and jurisprudence, juristic methodology, hadith and its sciences and spirituality were 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.

PRESENT APPOINTMENT

- Chairman, Shariah Committee, Al-Salām Real Estate Investment Trust
- Chairman, Yayasan Infaq Angkasa
- Shariah Adviser Member, Permodalan Nasional Berhad
- Member, Universiti Tun Hussein Onn Malaysia
- Member, Yayasan Wakaf Anak Yatim Malaysia
- Committee Member, Johor Islamic Council including Zakat, Wakaf, Baitulmal, Teaching Certification and Education
- Committee Member of various companies within the JCorp Group
- Committee Member of various councils including the Johor Royal Congregational Council, Johor Islamic Council's Finance and Investment, Planning and Development units

PROFESSOR MADYA DR. ABDUL HALIM BIN MUHAMMAD

Member, Shariah Advisory Committee



DATE OF APPOINTMENT

22 June 2006

ACADEMIC AND PROFESSIONAL QUALIFICATIONS:

- Bachelor in Shariah, Al-Azhar University, Egypt
- Doctor of Philosophy (PhD) in Shariah, University of St Andrews, Scotland

WORKING EXPERIENCE

Profesor Madya Dr. Abdul Halim Bin Muhammad 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

Profesor Madya Dr. Abdul Halim Bin Muhammad has served as Shariah Advisor and Shariah committee member at several corporate organisation such as 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.

PRESENT APPOINTMENT

- Shariah Committee, Al-Salām Real Estate Investment Trust

THE SHARIAH COMMITTEE



ABOUT IBFIM

PROFILE OF DESIGNATED PERSON RESPONSIBLE FOR SHARIAH MATTERS RELATING TO AL-`AQAR

IBFIM is a registered Shariah adviser under the Capital Market Services Act 2007 and has been providing a wide range of Shariah advisory and consultancy services for Islamic financial services industry since 2001. IBFIM is also a lifelong learning institution that specialises in technical certifications for Islamic financial services industry. As Shariah Adviser to Al-`Aqar, IBFIM is providing necessary advice to ensure that Al-`Aqar business is Shariah compliant.

IBFIM was appointed as the Shariah Adviser for Al-`Aqar effective 2 July 2020.

In relation to Shariah matters, the designated persons responsible for the fund investment activities under Al-`Aqar is Irma Namira Binti Missnan.

Irma Namira Binti Missnan is currently a Manager, Shariah Consultancy of IBFIM and a registered Shariah Officer with the Securities Commission of Malaysia for IBFIM in relation to the Islamic capital market-related product and services. She brings with her approximately 13 years of experience in Islamic finance and Shariah advisory. At IBFIM, she is responsible to lead and provide relevant inputs for the Shariah advisory, consultancy and research functions with regard to Islamic banking, takaful, Islamic capital market, Islamic REITs and Islamic unit trust funds.

Irma Namira had started her career in 2012 as a Shariah executive in RHB Islamic Bank Berhad. Specialising in Shariah advisory, governance and management portfolios, she was then entrusted as a Section Head of the Shariah Secretariat of RHB Islamic Bank from May 2015 until March 2020 before joining IBFIM. She is experienced in the Shariah application in Islamic products and services which includes retail banking, non-retail banking and Islamic capital markets.

Irma Namira graduated with Bachelor of Syariah and Laws (Hons) from Universiti Sains Islam Malaysia and obtained Certificate in Islamic Law of Banking & Finance from International Islamic University Malaysia. She is a member of Association of Shariah Advisors in Islamic Finance ("ASAS") She also holds Associate Qualification in Islamic Finance (AQIF) certification and is currently pursuing Certified Professional Shariah Auditor (CPSA) certification from IBFIM.

THE MANAGEMENT TEAM

ZULHILMY BIN KAMARUDDIN

Chief Executive Officer



DATE OF APPOINTMENT

4 November 2024

ACADEMIC AND PROFESSIONAL CERTIFICATE

- BA (Hons) Accounting & Finance University of Kent, United Kingdom
- Master of Accountancy Universiti Teknologi Mara
- Executive Development Programme, Columbia Business School, New York, USA
- Capital Market Service Representative's Licence (CMSRL) holder

WORKING EXPERIENCE

- Director, Group Coverage, RHB Investment Bank Berhad (2011 – 2024)
- Head, Investment Banking, RHB Islamic Bank Bhd (2009 – 2011)
- Assistant Vice President, Maybank Investment Bank Bhd (2005 – 2009)

DIRECTORSHIP

Fund Board Member Aman REIF, Muscat, Oman

TAN JOON KAI

Chief Operating Officer



DATE OF APPOINTMENT

15 August 2024

ACADEMIC AND PROFESSIONAL CERTIFICATE

- Bachelor of Commerce (Finance & Accounting) Flinders University of South Australia, Adelaide, Australia

WORKING EXPERIENCE

- Senior Management Team (Pre & Post Opening Team), Pavilion Damansara Heights, Pavilion Bukit Jalil (2021-2024)
- Head of Asset Management, S P Setia Bhd (2019-2020)
- Head of Property Management (Shopping Complexes, Condominiums, Commercials), Eng Lian Enterprise Sdn Bhd (1999-2015)

DIRECTORSHIP

Nil

THE MANAGEMENT TEAM

AHMAD NAZRI BIN MOHAMAD*Chief Financial Officer***DATE OF APPOINTMENT**

17 February 2025

ACADEMIC AND PROFESSIONAL CERTIFICATE

- Fellow Member, Association of Chartered Certified Accountant
- Member - Malaysian Institute of Accountant
- BA in Accounting and Finance (Hons) Lancaster University

WORKING EXPERIENCE

- Group Chief Financial Officer, Theta Edge Berhad (2024)
- Group Chief Financial Officer, Ingress Corporation Berhad (2022-2023)

DIRECTORSHIP

Nil

NG HUI MEI*Head, CEO's Office, Investor Relations & Strategy***DATE OF APPOINTMENT**

7 April 2025

ACADEMIC AND PROFESSIONAL CERTIFICATE

- Bsc. Hons Mathematics, Operational Research, Statistics & Economics University Of Warwick, UK

WORKING EXPERIENCE

- Head, Strategy, Menteri Besar Selangor (Incorporation) (2025)
- Head, Corporate Finance, Menteri Besar Selangor (Incorporation) (2024)
- Equity Capital Markets, RHB Investment Bank Berhad (2012-2015)

DIRECTORSHIP

Nil

THE MANAGEMENT TEAM

NOR SHAKIRA BINTI ZAINAL

Head, Governance & Legal



DATE OF APPOINTMENT

7 April 2025

ACADEMIC AND PROFESSIONAL CERTIFICATE

- Master of Criminal Justice University Malaya
- Bachelor of Laws (Honours), International Islamic University Malaysia

WORKING EXPERIENCE

- Group Head Legal, Secretarial & Regulatory Management
- Senior Manager, Legal & Contract, Malakoff Corporation Berhad (MMC Group) (2018-2024)
- Legal Manager, Pelabuhan Tanjung Pelepas Sdn Bhd (MMC Group) (2017-2018)
- Legal Manager, Zelan Berhad (MMC Group) (2016-2017)

DIRECTORSHIP

Nil

ROZIAH BINTI ABU BAKAR

Head, Corporate Services



DATE OF APPOINTMENT

1 March 2016

ACADEMIC AND PROFESSIONAL CERTIFICATE

- Bachelor of Arts, International Relations, The University of British Columbia, Vancouver, Canada
- Master in Business Administration, Henley Business School, University of Reading
- Enterprise Risk Advisor, Institute of Enterprise Risk Practitioners

WORKING EXPERIENCE

- Senior Manager, KFCH International College (2016)
- Manager, Akademi Johor Corporation (2013)
- Deputy Manager, Chief Operating Officer Office, Johor Corporation (2010)

DIRECTORSHIP

Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the Malaysian Code on Corporate Governance (“MCCG”) as defined in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year under review.

This Corporate Governance Overview Statement (“CG Statement”) sets out the principal features of the Group’s corporate governance approach, a summary of corporate governance practices during the year under review as well as key focus areas and future priorities concerning corporate governance.

The Board is committed to ensuring that a strong governance framework operates throughout the Group, recognising that good corporate governance is a vital component to support management in their delivery of the Group’s strategic objectives and to operate a sustainable business for the benefit of all stakeholders. The process of identifying, developing, and maintaining high standards of corporate governance is ongoing and dynamic, to reflect changes in the Group and its business, the composition of the Board, and developments in corporate governance.

The Board has been guided by the MCCG in its implementation of CG practices while ensuring compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, the Guidelines for Listed REITs, Bursa Malaysia Corporate Governance Guide 28 April 2021, and Companies Act 2016.



For more information on CG Overview Statement, please visit our official website: <https://www.alaqar.com.my/Investor-corp-governance.php>

The CG Overview Statement provides a summary of the Company’s CG practices during the financial year, with reference to the following 3 principles, intended outcomes and practices of the MCCG, having considered the Company’s structure, processes, business environment and industry practices:

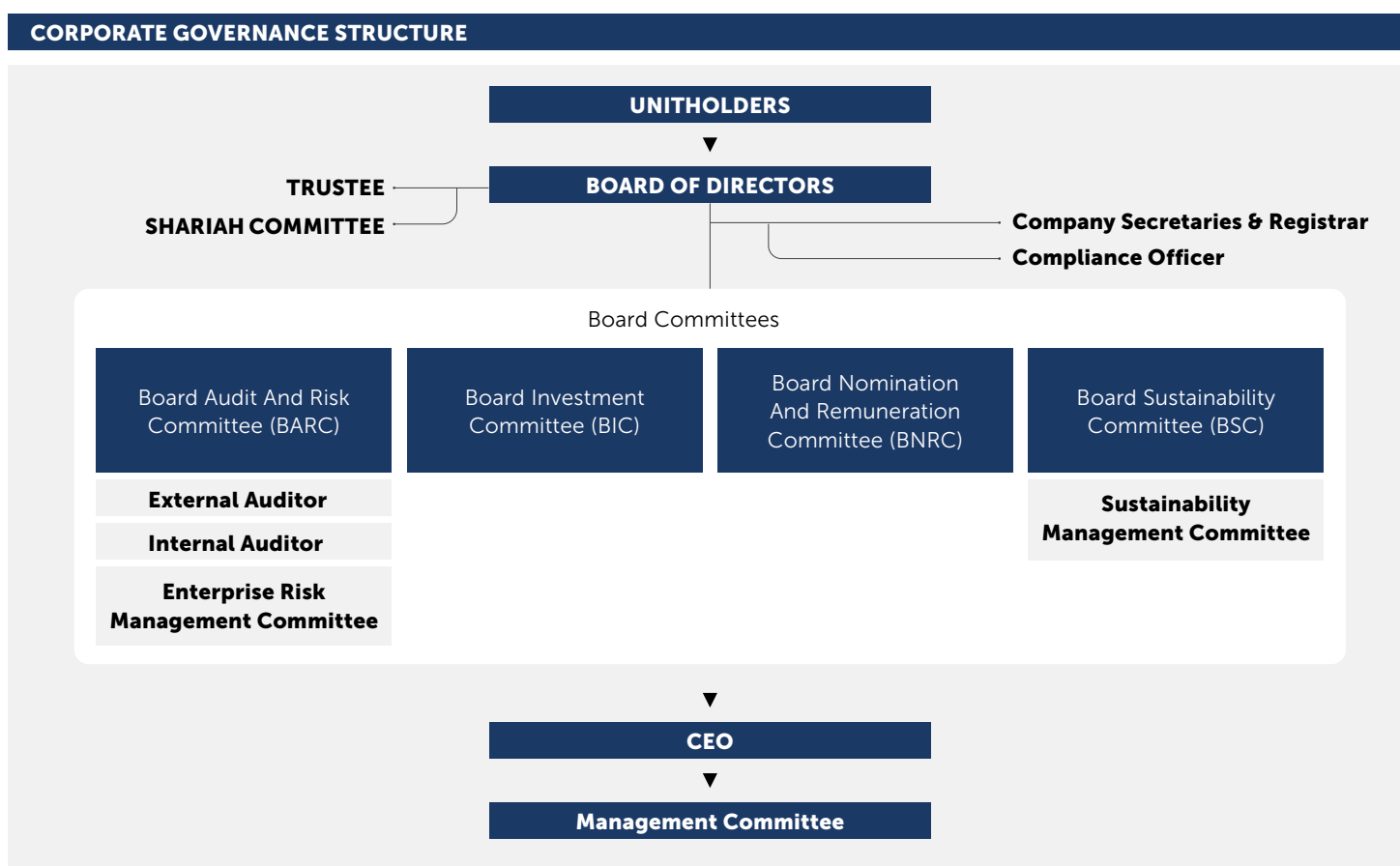


CORPORATE GOVERNANCE OVERVIEW STATEMENT

To ensure compliance with the most recent applicable Corporate Governance and regulatory obligations, the Board regularly reviews its governance procedures and processes. Throughout the year in review, all the provisions of the MCCG 2021 save for Practices 8.1 (detailed disclosure on a named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits-in-kind and other emoluments) and 8.2 (disclosure of senior management's remuneration).

The Corporate Governance Report is available on the Fund's website at www.alaqar.com.my as well as via an announcement on the website of Bursa Malaysia. This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Sustainability Statement namely, the Statement on Risk Management and Internal Control, Audit and Risk Committee Report, and Sustainability Statement.

The governance structure of the Company where the responsibilities of the Board are delegated to the relevant Board Committees and the Management of the Company is illustrated below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The main purpose of a governance structure is to address the central issues revolving the four components of the governance operating model summarised below:

COMPONENTS	SUBCOMPONENTS	DESCRIPTION
STRUCTURE	<ul style="list-style-type: none"> Committee structure and charters Organisational design and reporting lines Control and support function roles 	<ul style="list-style-type: none"> Outlines board and management committee structures, mandates, membership and charters Establishes design of governance framework Delineates organisational structure, reporting lines and relationships Highlights roles and independence of control and support functions from business owners
OVERSIGHT RESPONSIBILITIES	<ul style="list-style-type: none"> Committee (s) authorities and responsibilities Management accountability and authority Board oversight and responsibilities Reporting, escalation, and veto rights 	<ul style="list-style-type: none"> Outlines the type of committees (board and management) and associated responsibilities Specifies functional accountabilities for day-to-day management of business practices across the enterprise Delineates board and management approved policies supporting delegation of authority (decision rights) including reporting, escalation and veto rights
TALENT & CULTURE	<ul style="list-style-type: none"> Business and operating principles Core belief and risk culture Leadership development and talent programmes performance Management and incentives 	<ul style="list-style-type: none"> Aligns governance with operating and business principles Articulates core beliefs and foundation for culture Highlights characteristics of risk culture Outlines leadership succession, assessment, and development responsibilities Aligns performance management, approach, measures and responsibilities to compensation and incentive plans
INFRASTRUCTURE	<ul style="list-style-type: none"> Policies and Procedures 	<ul style="list-style-type: none"> Establishes design and content of policy manual and associated procedures Outlines type and frequency of internal reporting and communications Define scorecards, measures, and metrics to track performance Aligns technology and governance requirements

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

Board Leadership and Management

The Board is led by an Independent Non-Executive Director and comprised of 4 Independent Non-Executive Directors and 4 Non-Independent Non-Executive Directors. The Directors have a balance and depth of skills, experience, independence and knowledge of the Real Estate/ Property industry and the REIT business model, which enables them to discharge their respective duties and responsibilities effectively. Each Director and Senior Management were assessed for compliance with the Policy on Fit & Proper Criteria, their performance, and contribution to board effectiveness. Should any of them be found to be no longer fit and proper or is underperforming, the BNRC will take corrective measures to manage such events accordingly.

The Board is collectively responsible for the REIT's and the Manager's long term business sustainability, strategic planning and long term targets. The annual budget and strategic planning report are developed by the Chief Executive Officer and the senior management team and approved by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level, aimed at promoting a long-term value for the unitholders and stakeholders.

Number of Meetings and Board Attendance in 2024

NO	DIRECTOR	DATE OF MEETINGS						
		22 FEB 2024 (SPECIAL)	27 MAR 2024	24 MAY 2024	29 AUG 2024	18 SEP 2024	28 NOV 2024 (SPECIAL)	5 DEC 2024
1	DATO' HAJI MOHD REDZA SHAH BIN ABDUL WAHID (Resigned w.e.f 31 December 2024)	√	√	√	√	√	√	√
2	DATUK HASHIM BIN WAHIR (Redesignated as Chairman w.e.f 31 December 2024)	√	√	√	√	√	√	√
3	ABDULLAH BIN ABU SAMAH	√	√	√	√	√	√	√
4	DATUK Sr AKMAL BIN AHMAD	√	√	X	√	√	√	√
5	SHAMSUL ANUAR BIN ABDUL MAJID	√	√	√	√	√	√	√
6	NG YAN CHUAN	√	√	√	√	√	√	X
7	LAILATUL AZMA BINTI ABDULLAH	√	√	√	√	√	√	√
8	DATO' MOHAMMED RIDHA BIN DATO' HAJI ABD KADIR	(appointed on 22 August 2024)			X	X	X	X

Similarly, all highlights of matters reviewed, deliberated and approved by the Board and Board Committees during FY2024 can be found on the same section mentioned above.

Remarks:

1. Dato' Mohammed Ridha Bin Dato' Haji Abd Kadir on medical leave until 12 February 2025.
2. Datin Ungku Suseelawati Binti Ungku Omar and Goh Tian Sui were appointed on 21 January 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Separation of Duties between the Chairman and the Chief Executive Officer (CEO)

The primary responsibility of the Chair is to lead and guide the Board so that it can discharge its duties effectively. The Chair is responsible for promoting best practice in corporate governance and for overseeing the development, adoption, delivery and communication of an effective corporate governance model for the Company. The Board collectively develops and determines the Group's purpose, strategy and overall commercial objectives. The Board ensures that the Group adopts policies and procedures that it considers appropriate having regard to its size and activities.

The CEO holds the principal responsibilities of reporting, clarifying, communicating, implementing and recommending key strategic and operational matters and proposals to the Board for approval as well as implementation policies and strategies and managing the business at an operational level, aimed at promoting a long-term value for the unitholders and stakeholders alike.

The respective roles of the Chairman and CEO are clearly defined and documented in the Board Charter to promote accountability and facilitate division of responsibilities between them and to further ensure a balance of power and authority, with no one individual having unfettered powers of decision.

Company Secretaries

The Company Secretaries, advise the Board and report directly to the Chair on corporate governance matters, support the Chair in the effective functioning of the Board and its Committees and facilitate the receipt by the Board of high-quality information in a timely manner. They also advise the Board on compliance and governance matters, helping to make sure that Board procedures and applicable rules and regulations are observed. Annual evaluation of the Group Secretaries based on the above roles will be carried out by the Board.

The Board Committees

The Committees for Audit and Risk, Remuneration and Nominations, Investment and Sustainability initiatives were established with delegated and clearly defined powers. The terms of reference for the Committees are reviewed annually, when appropriate. Each Committee's terms of reference can be found on the website.

Board Evaluation

The Board conducts regular Board Effectiveness Evaluation (BEE) on individual Directors's performance and the senior management team. This is to reinforce the Board's commitment towards the highest level of performance by their directors when fulfilling their responsibilities to stakeholders, and the continuous strive for excellence in governance. The BEE Report was tabled at the BNRC meeting in January 2025. The summary of the report can be found on Board Nomination and Remuneration Committee section of the Annual Report.

The Fit and Proper Assessment

The Board, through the BNRC, assessed the fitness and propriety of the Directors, Company Secretaries, License Holders, Shariah Adviser, the CEO and the Senior Management team, in accordance with the Manager's Fit and Proper Policy on Key Responsible Persons as well as Declaration by Independent Directors on an annual basis.

Continuing Education and Development

Directors play a critical role in guiding the strategy and operations of organisations, therefore, on-going education and development ensures that Directors are kept up-to-date on emerging trends, best practices, and regulatory requirements. Trainings and presentations attended and delivered by the Directors are specified in the Directors profiles on pages 71.

Competencies and Skill Set

Members of the Board and the Senior Management are expected to possess the relevant knowledge, skills, competencies, functional and management experience, characteristics and mind-set to contribute effectively to the Board, as specified in the Fit and Proper Policy of the Company. Guidelines for the skill set of the Directors is summarised as below:

AREAS	COMPETENCIES
Knowledge and Understanding of the Business/ Industrial Strategies	<ul style="list-style-type: none"> • Experience in planning and developing corporate strategies for growth, assessing business performance, investment and financial decisions • Operates or has relevant industry experience in operating businesses • Competent and skillfull in financial aspects of running a business including the ability to read, analyse and interpret financial statements
Corporate Governance, Risk Management and Internal Controls	<ul style="list-style-type: none"> • Working knowledge on duties and responsibilities of the Board, Board Committees and Directors • Hands-on experience in the fields of governance, risks and controls • Ability to understand, interpret and effectively apply legislative and regulatory changes • Knowledge on legal, regulatory and business requirements in other countries/ regions in which the company operates

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Managing Conflict of Interest

The Manager's policy requires that directors, officers and employees avoid any conflict between their own interests and the interests of the Group in dealing with suppliers, customers and other third parties, and in the conduct of their personal affairs, including transactions in securities of the Manager, any affiliated or any non-affiliated organisation.

A member of the Board who directly or indirectly has by himself, his spouse or children, any interest in any matter under discussion by the Board shall disclose to the Board the existence of such interest and nature thereof. As such, a disclosure shall be recorded in the minutes of the Board, and after the disclosure:

- (a) the member shall not take part nor be present in any deliberation or decision of the Board;
- (b) the Director shall be disregarded for the purpose of constituting a quorum of the Board relating to the matter; and
- (c) no act or proceedings of the Board shall be invalidated on the ground that any member of the Board has contravened the provisions of this section.

Board Remuneration

The Board acknowledges that MCGG 2021 emphasises that Directors' remuneration, which is well structured, clearly linked to the strategic objectives of a company, and rewards contribution to the long-term success of the company is important in promoting business stability and growth.

The Manager has in place policies and procedures regarding remuneration and aims to set remuneration at level which is sufficient to attract, motivate and retain the Directors needed to achieve the Company's long-term objectives, taking into consideration all relevant factors including the complexity of the Company's business and its performance, the skills and experience of the relevant Director and his or her responsibilities, contribution and commitment to the Company. The remuneration packages are also designed on the basis of the directors' senior management's merit, qualification, and competence while having regard to the company's operating results, individual performance, and comparable market statistics.

As such the BNRC and the Board has recommended and approved a revised Directors' remuneration which takes effect in January 2025. The new remuneration was introduced taking into consideration the Board's performance, competence and comparable market statistics.

Practice 8.1 of the MCGG 2021 requires a disclosure on directors' remuneration, where "detailed disclosure on a named basis for the remuneration of individual directors and the remuneration breakdown of individual directors includes fees, salary, bonus, benefits-in-kind, and other emoluments".

The Manager explained that the Board's nomination, and appointment remuneration is undertaken by the Manager, a private company in the Johor Corporation Group, and not by the REIT. The appointment, re-appointment, and remuneration of a director of the Company are not subject to the approval by the unitholders of the listed funds. As such in this instance, the required disclosure does not apply to the REIT.

Senior Management Remuneration

The Manager also adopts the JCorp Group's Employee Salary Scheme as a guiding principle to provide a competitive level of total compensation to attract and retain qualified and competent staff. It is also driven primarily based on performance as specified in its Performance Management Policy.

With regard to application of Practice 8.2 which requires disclosure "on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments", the Board is of the view that such disclosure is not applicable and mandatory because the Manager is not a listed entity; and the senior management's remuneration is paid by the Manager.

Nevertheless, the Board wishes to give assurance that the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration of the REIT's performance as it is benchmarked against the market. The remuneration packages of Senior Management are based on experience, expertise, skills and industry benchmarking.

Driving Sustainability

The Board Sustainability Committee (BSC) together with Senior Management takes responsibility for the governance of sustainability in setting the company's sustainability strategies, priorities, and targets. Further, the Board is cognizant of the philosophy promoted by MCGG 2021, effective board leadership and oversight also require the integration of sustainability considerations in corporate strategy, governance and decision-making. As ESG is gaining importance, the BSC has been mandated with oversight functions on ESG including climate change risk. In compliance with the IFRS 1 and 2, the REIT's Sustainability Report has addressed the issues related to sustainability-related financial disclosures and response to climate-related risks and opportunities

The REIT Manager has established the Sustainability Management Committee (SMC) at the management level, which is led by the CEO and comprises the management team of the Manager, the Property Manager, and its counterparts. The SMC is dedicated to managing sustainability strategically, including the integration of sustainability considerations in the operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Further, the advocating sustainability initiatives have been embedded in the performance evaluations of the Board and senior Management in line with Practice 4.4 of the MCCG 2021. The Board also ensures that they stay abreast with and understand the sustainability issues, hence all Directors are required to attend the Mandatory Accreditation Programme II: Leading for Impact for Directors of PLCs by the end of 2025.

Gender Diversity and Inclusion

The Manager is committed to fostering a diverse, equitable, and inclusive environment where every individual feels valued, respected, and empowered to contribute to the organisation's success. This policy outlines the commitment to diversity, equity, inclusion, and belonging and the expectations have been set for the Manager. When selecting Directors, the process is based on objective criteria without discrimination on any gender, race, personal, or physical attributes that would hinder a person's ability to perform as Director. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective

Importance of Female Representation:

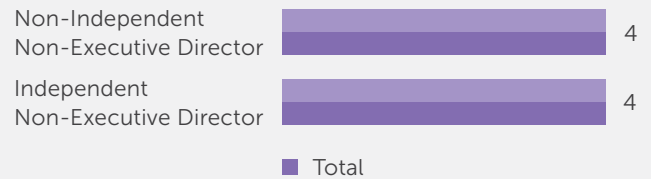
- **Diversity in Decision-Making:** Gender-diverse boards bring varied perspectives and experiences, leading to more robust decision-making and innovation.
- **Ethical and Social Responsibility:** Companies with diverse boards demonstrate commitment to inclusivity, reflecting societal values and expectations.
- **Talent Utilisation:** Increased female participation ensures better use of the talent pool

The commitment to diversity is embedded in our Sustainability Policy that sets out the Manager's values.

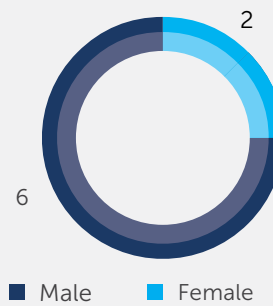
With respect to gender, the Manager's Board composition comprises of two female Director, Lailatul Azma Abdullah and Ungku Suseelawati Binti Ungku Omar who was appointed as Independent Non-Executive Director on 16 December 2022 and 21 January 2025 respectively. In this respect, the Board targets 30% women directors' participation at the Board and senior management level. The BNRC is actively and progressively identifying female candidates to fill in the position. It is expected that the 30% target will be met by 2027.

As such, with respect to Practice 5.9 of the MCCG, the Manager's Departs from the Practice. The Board will continue to scout for women directors to sit on board in the coming years, taking into account diverse perspectives and insights based on the candidate's integrity, independence, diversity in terms of age, gender, cultural background and experience, leadership, and ability to exercise sound judgment.

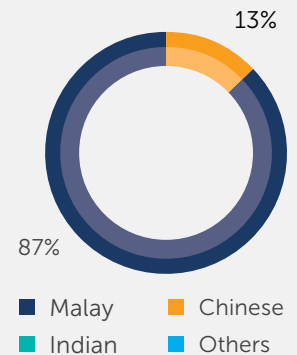
Composition (& Total)



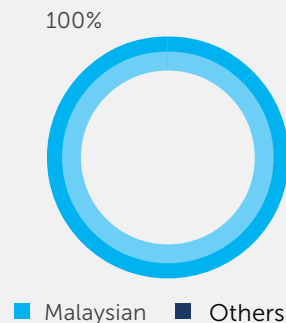
Gender



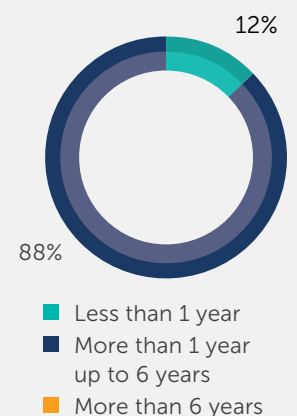
Race/Ethnicity



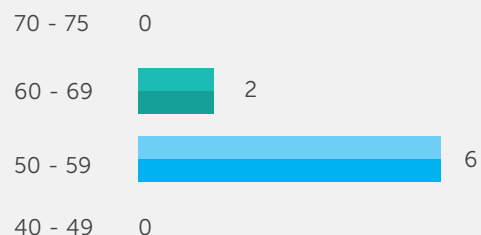
Nationality



Tenure



Age



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

EXTERNAL AUDIT AND INTERNAL CONTROLS

Independence of External Auditors

The External Auditors serve a vital role in safeguarding shareholder interests by enhancing the credibility of the financial statements. They provide independent assurance on the reliability of the financial disclosures presented by the REIT.

The Board Audit and Risk Committee ("BARC") oversees the engagement of the External Auditors on behalf of the Board. In discharging this responsibility, the BARC reviews and evaluates the reappointment, remuneration, and independence of the External Auditors annually, including prior to any reappointment.

The evaluation of the External Auditors is based on the following key criteria:

- Competency, audit quality, and resource capacity;
- Audit planning, process quality, and scope;
- Effectiveness of audit communications;
- Independence and objectivity;
- Appropriateness of non-audit services and associated fees;
- Written confirmation of independence in accordance with professional and regulatory requirements.

These assessments are supplemented with input from the Head of Finance and form the basis of BARC's recommendation to the Board regarding the appointment of External Auditors.

The BARC holds regular meetings with the External Auditors to review the audit scope and discuss findings. At least twice a year, private sessions are conducted without Management's presence to provide an avenue for open dialogue on any audit-related concerns.

The External Auditors are invited to attend the Annual General Meeting to respond to queries from unitholders regarding the statutory audit and the audited financial statements. The External Auditors have confirmed their independence and compliance with ethical and professional standards.

The BARC concluded that the External Auditors maintained a high standard of audit quality, demonstrated professional competence, and possessed adequate resources to discharge their responsibilities effectively.

Internal Audit Function

The Manager has outsourced its internal audit function to PKF Risk Management Sdn Bhd ("PKF") to ensure independent and objective oversight of the internal control environment.

PKF reports functionally to the BARC and administratively to the Chief Executive Officer and the Corporate Services Department. This reporting structure preserves the independence and integrity of the internal audit function.

The internal audit activities are governed by an Audit Charter, approved by the BARC, and aligned with the International Professional Practices Framework of the Institute of Internal Auditors.

Key responsibilities of PKF include:

- Conducting independent reviews of internal control systems;
- Identifying and reporting internal control weaknesses or deficiencies;
- Recommending improvements to enhance control effectiveness;
- Undertaking investigative audits when required.

Audit areas are prioritised based on a risk-based methodology, and high-risk functions are audited annually in accordance with the BARC-approved Internal Audit Plan.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Audit findings, recommendations, and Management responses are presented to the BARC for deliberation. Where appropriate, the BARC directs Management to implement remedial actions.

To uphold audit effectiveness and independence, the BARC is empowered to:

- Meet privately with the Internal Auditor;
- Approve and report on internal audit appointments to the Board;
- Evaluate the performance of the internal audit function.

The BARC was satisfied with PKF's performance and its ability to effectively discharge its internal audit duties for the financial year under review.

Risk Management and Internal Controls

The Board is ultimately accountable for the REIT's risk management and internal control systems. The BARC is responsible for monitoring the effectiveness of these systems and ensuring that risks are adequately identified, assessed, and managed.

Risk oversight is an integral part of BARC and Board deliberations. The REIT's key risk areas are reviewed quarterly at BARC meetings, including the effectiveness of risk mitigation strategies. The Enterprise Risk Management Committee ("ERMC") supports the BARC in operationalising the risk management framework and tracking mitigation progress.

A summary of principal risks and their respective mitigations is disclosed in the Management Discussion and Analysis (MD&A) section on page 29 of the Annual Report.

The BARC also reviews the adequacy of internal controls, guided by regular internal audit reports and Management updates. These reviews ensure that corrective measures are implemented timely, and control enhancements are integrated where needed.

The BARC is satisfied that the Group's risk management and internal control systems are effective and that the Committee has exercised appropriate vigilance in monitoring the integrity of financial reporting processes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Stakeholders Engagement

The Board seeks to engage with all stakeholders to maintain a mutual understanding of objectives between them and the Company and to manage their expectations. Relations with shareholders and potential investors are managed principally by the Executive Directors.

The REIT's business model also relies on developing and maintaining strong relationships with the REIT's unitholders, the Managers shareholders, employees, third party service providers, contractors, suppliers and regulatory authorities.

The Board is conscious of its responsibility towards all stakeholders and believes this is an important consideration for the long-term growth of the business. Stakeholder engagement and feedback is taken seriously throughout the company. As such the Annual General meeting functions as the main platform for all stakeholders to interact and communicate effectively with respect to financial and operation performance, strategic direction of the REIT, and long-term strategies.

The AGM notice was dispatched to shareholders not less than twenty-eight (28) days before the AGM. Shareholders were given ample time to consider the resolutions that will be discussed at the AGM

Open communication is made with all the Group companies and employees. The Manager places considerable value on open communication and the involvement of employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the REIT and the Manager. This is achieved through formal and informal meetings, information available on the Company's website, and annual and semi-annual town halls held at fixed intervals.

The Manager also engages with stakeholders, such as engaging in consultations on proposals of new projects ventures. Examples of the engagement initiatives are shown in the table below:

STAKEHOLDERS	ENGAGEMENT AND INITIATIVES	
Investment Community (Unitholders, Analysts, Fund Managers)	<ul style="list-style-type: none"> Statutory announcement Annual General Meeting Roadshow 	<ul style="list-style-type: none"> Investors and analysts briefing Corporate website Social media
Media	<ul style="list-style-type: none"> Media interview Media release and press statements 	<ul style="list-style-type: none"> Corporate website Social media
Government, Local Authorities and Regulators	<ul style="list-style-type: none"> Engagement meeting Consultation papers 	<ul style="list-style-type: none"> Engagement through MRMA Maintain rapport with local authorities
Tenants and Lessees	<ul style="list-style-type: none"> Periodic meetings Surveys and feedbacks 	<ul style="list-style-type: none"> Rental support programme Marketing support and promotional activities
Suppliers and Contractors	<ul style="list-style-type: none"> Supplier ESG Assessments Procurement Committee and Tender interview 	<ul style="list-style-type: none"> Supplier evaluation and audit
Employees	<ul style="list-style-type: none"> Townhalls Employee engagement dialogue Climate Surveys 	<ul style="list-style-type: none"> 360 degrees performance appraisal Flexible work arrangement Upskilling and reskilling programmes
Communities	<ul style="list-style-type: none"> Customers' surveys CSR programme 	

The Manager is highly committed to ensuring that relevant and material corporate information is shared with the Fund's unitholders and investing community effectively. The Manager maintains the corporate website, www.alaqar.com.my to disseminate up-to-date and historical information and enhance its investor relations practices. The Investor Relations section on the website provides investor-related information such as financial information, announcements released to Bursa Securities, general meetings materials, circulars, and distribution information. Stakeholders will also have access to corporate governance information including but not limited to the Board Charter and Terms of Reference of Board Committees, Whistleblowing Policy, and Anti-Bribery & Corruption Policy, etc.

The Manager has in place the Investor Relations team to facilitate effective communication with unitholders, analysts, fund managers, and media. The email address, name, and contact number of the Manager's designated person are also available on the Fund's website to enable the public to forward queries relating to the Fund to the Manager.

THE BOARD AUDIT AND RISK COMMITTEE REPORT

The Board Audit and Risk Committee (“BARC”) plays a major role in corporate governance regarding the organisation’s direction, control, and accountability. The BARC is set up with the primary objective to assist the Board of Directors (“Board”) in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to ensuring the integrity of the Company’s financial statements, performance of the Company’s independent auditors and internal audit function, risk management practices and internal control of the company.

As a representative of the Board and main part of the corporate governance mechanism, the BARC is involved in both the organisation’s internal and external audits, internal control, accounting and financial reporting, regulatory compliance, and risk management.

COMPOSITION

In line with the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirement (“MMLR”), the composition of the BARC is as follows:

Members

- | | | |
|---|--|--|
| <p>1. Abdullah bin Abu Samah
Chairman/Independent Non-Executive Director</p> | <p>2. Datuk Sr Akmal bin Ahmad
Non-Independent Non-Executive Director</p> | <p>3. Lailatul Azma binti Abdullah
Independent Non-Executive Director</p> |
|---|--|--|

Secretaries

- | | |
|--|--------------------------------------|
| <p>1. Nuraliza binti Abd Rahman</p> | <p>2. Rohaya binti Jaafar</p> |
|--|--------------------------------------|

The BARC members are appointed by the Board and consist of not less than 3 members, all of whom shall be non- executive Directors with a majority of them being independent Directors. The Board elects a chairman who is an independent Director and who is not the chairman of the Board. The composition of the BARC shall fulfil the requirements as prescribed in the Listing Requirement.

The Board of Directors, via the Board Nomination and Remuneration Committee (“BNRC”), annually reviews the terms of office and performance of the BARC and its members through an effectiveness evaluation exercise. The BNRC assessed the BARC’s performance for the financial year ended 31 December 2024 and was satisfied that the BARC and its members have discharged their functions, duties, and responsibilities in accordance with the BARC’s Terms of Reference.

MEETINGS AND ATTENDANCE

Number of Meetings Held and Details of Attendance

The BARC meets at quarterly intervals or such other intervals as the Committee shall decide.

The BARC held five (5) meetings during the financial year ended 31 December 2024 which were attended by all members.

During the financial year, the details of attendance are as follows:-

Full members attendance	Date of Meetings				
	23 Jan 2024 (Special)	14 Feb 2024	16 May 2024	14 Aug 2024	14 Nov 2024
Abdullah bin Abu Samah	√	√	√	√	√
Datuk Sr Akmal bin Ahmad	X	√	X	X	√
Lailatul Azma binti Abdullah	√	√	√	√	√

THE BOARD AUDIT AND RISK COMMITTEE REPORT

Terms of Reference

The duties and responsibilities of the BARC are set out in its Terms of Reference which is accessible in the Corporate Governance section, on the website at www.alaqar.com.my

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The BARC shall meet at least 4 times annually and the Internal Auditor, the Head of Finance and the Head of Compliance and Risk shall attend the meetings. Relevant members of Senior Management shall be invited to attend these meetings to assist to clarify matters raised at the meetings. A majority of independent Directors present shall form a quorum.

The BARC shall meet with the External Auditors without the executive Board members and Management being present at least twice a year.

Meeting papers were circulated to all the BARC members prior to the meetings by way of electronic means. Minutes of each BARC Meeting were recorded and tabled for confirmation and adoption at the next BARC Meeting and subsequently presented to the Board for approval and notation. The Chairman of the BARC shall report on each meeting to the Board.

The BARC carried out the following work during the financial year ended 31 December 2024 in the discharge of its functions and duties:-

Overseeing Financial Reporting

(a) At the meeting held on 14 February 2024, the External Auditors presented to the BARC the results of the FYE2023 audit conducted on Al-`Aqar Healthcare REIT where significant audit matters listed below are discussed:

- i. Valuation of investment properties
- ii. Expected credit losses of trade receivables
- iii. Going concern considerations and compliance with loan covenants

(b) Reviewed the audited financial statements of Al-`Aqar Healthcare REIT for the financial year ended 31 December 2023 ("FYE2023"), which were prepared in accordance with the Trust Deed, the applicable Securities Commission Malaysia ("SC") rules and guidelines and Malaysian Financial Reporting Standards ("MFRS"), prior to recommending the same to the Board for approval. The audited financial statements of the REIT for FYE2023 were issued and circulated to the Unitholders in line with the prescribed requirements.

(c) Reviewed at every quarterly meeting held in FYE2024, the quarterly financial results for public release to ensure adherence to legal and regulatory reporting requirements before recommending the same to the Board for approval.

(d) Reviewed and discussed with Management the quarterly management accounts, taking into consideration that the necessary processes and controls are in place in the preparation of the financial reports.

(e) Reviewed, at each quarterly meeting, the income distributions of the Fund which were made in accordance with the distribution policy, in order to ensure the adequacy of the realised income for each distribution prior to recommending the proposal to the Board.

(f) Kept abreast on the application of the new accounting standards, i.e. Malaysian Financial Reporting Standards ("MFRS").

(g) The BARC was satisfied that adequate impact assessment had been carried out by Management and the accounting policies as shown below had been appropriately updated in the financial statements of the Fund for FYE2024.

Description	Effective for Annual Period Beginning on or After
Amendments to MFRS 101: Classification of Liabilities as Current or Non Current	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

External Audit

(a) Reviewed and discussed with External Auditors on 14 November 2024 the audit planning memorandum for FYE2024 covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by Malaysian Accounting Standard Board ("MASB"), and regulating requirements applicable to the REIT; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.

(b) Reviewed and discussed with External Auditors the results of the audit and the audit report in particular, significant accounting matters arising from the external audit and their opinion on the financial statements.

THE BOARD AUDIT AND RISK COMMITTEE REPORT

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR (CONT'D)

External Audit (Cont'd)

- (c) Reviewed with External Auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management.
- (d) Evaluated the performance and assessed the suitability, objectivity and independence of the External Auditors during the year in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the BARC. The BARC had received from the External Auditors written confirmation on their independence and which disclosed their policies on independence, safeguards and procedures to address threats or perceived threats to their independence and objectivity, and that they were in compliance with the independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.
- (e) Having satisfied with the performance and the assessment on the External Auditors' suitability, objectivity and independence, recommended to the Board the re-appointment of the External Auditors and their remuneration.
- (f) Reviewed and approved the non-audit fees in respect of services rendered by the External Auditors. The non-audit fees for the financial year ended 31 December 2024 amounted to RM20,000.
- (g) Met with the External Auditors without executive Board members and Management on 14 November 2024 to discuss matters in relation to their review.
- (h) Reviewed the SORMIC which provided an overview of the state of internal controls prior to the Board's approval for inclusion in the Annual Report. The SORMIC which had been reviewed by the External Auditors is set out on pages 109 to 122 of this Annual Report.
- (b) Monitored the progress of the approved Internal Audit Plan, including the status of the planned reviews and approved changes to the Internal Audit Plan due to changes in business and/or risk environment.
- (c) Reviewed and deliberated on internal audit reports, the audit recommendations and adequacy of Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory and timely remediation actions have been committed by Management to address identified risks.
- (d) Monitored the implementation of corrective action plans agreed by Management on outstanding audit findings on a quarterly basis to ensure that all actions have been implemented on a timely basis in the related areas.
- (e) Discussions with the Compliance & Risk Department, to provide assurance of the soundness of internal control systems and activities of the REIT and the REIT Manager.
- (f) Reviewed the effectiveness of the internal audit function through evaluation of its performance and competency, and monitoring the sufficiency of resources and costs, to ensure that it has the required expertise and professionalism to discharge its duties.
- (g) Reviewed the Statement on Risk Management and Internal Control ("SORMIC") which provided an overview of the state of internal controls prior to the Board's approval for inclusion in the Annual Report.

The BARC was satisfied that the system of risk management and internal control as described in the SORMIC, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the REIT's operations. The BARC also acknowledged that implementation measures were continuously taken to strengthen the system of risk management and internal control so as to safeguard the interests of stakeholders including shareholders' investments, and the REIT's assets.

Risk Management and Internal Control

- (a) Reviewed quarterly top risk profiles which covers Strategic, Finance, Operational and Compliance Risks and deliberated on the significant threats and opportunities, including status and adequacy of mitigation strategies.
- (b) Discussed the improvements to the Enterprise Risk Management framework and process to ensure proactive and holistic risk identification, and monitoring of mitigation actions to reduce risk impact to an acceptable level.
- (c) Reviewed the status of the planned mitigation actions developed from the results of the Compliance risk assessment performed in 2024.

Internal Audit

- (a) Provided input on key areas to be included as part of the annual Internal Audit Plan. Deliberated the risk-based Internal Audit Plan to ensure adequate scope and comprehensive coverage of business activities, prior to recommending to the Board for approval.

THE BOARD AUDIT AND RISK COMMITTEE REPORT

- (d) Evaluated the overall adequacy and effectiveness of internal controls through review of the work performed by both internal and external auditors, other assurance providers and through discussions with Management.
- (e) Ensured appropriate controls are in place in management of the Fund, that the Manager has a well defined organisational structure with clear lines of responsibility and a comprehensive reporting system and adequate procedures in financial reporting, risk management, internal control and are in place. Further details in respect of risk management and internal controls are set out on pages 109 to 122 (SORMIC of this Annual Report). Details in respect of the principal risks and uncertainties are set out on page 29 under Management Discussion and Analysis.
- (f) Reviewed and deliberated on four frameworks relating to compliance and internal controls and recommended to the Board the implementation of the frameworks and policies put forward by the Management.

Compliance

- (a) Monitored and reviewed the status and outcomes of the Quarterly Compliance Report which seeks to identify gaps in compliance with regard to applicable laws, regulations, codes, standards, policies and procedures and discussed the adequacy of measures to address such gaps or non-compliance.
- (b) Deliberated on the results of compliance cases and directed Management to implement and/or enhance controls to prevent recurrence, including conducting education programmes to increase awareness.
- (c) Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them in accordance with Section 221 of the Companies Act, 2016 on an annual basis. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to Related Party Transaction ("RPT") or Recurrent Related Party Transaction ("RRPT").
- (d) Monitored the status of internal misconduct cases reported to Board and BARC on a quarterly basis, including on-going investigations, in accordance with the Code of Conduct and Business Ethics ("CoBE").
- (e) Ensured that the Declaration of Directors' Interests in Securities and disclosures of conflict of interest situation(s) in all Board level meetings, are documented and minuted accordingly in the minutes of meeting. The Committee took note that there was no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the Chief Executive Officer.

Review of Related Party Transactions ("RPT") and Recurrent RPT of a Revenue or Trading Nature ("RRPT") & Conflict of Interest Situations

- (a) Reviewed related party transactions entered into by the REIT and ensured that the transactions undertaken were in the best interest of the REIT/ unitholders, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders, and recommended the same for approval of the Board.
- (b) Reviewed the annual Shareholders' Mandate in relation to recurrent related party transactions of a revenue or trading nature for Shareholders' approval to undertake transactions that are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the REIT with related parties ("RRPTs").
- (c) Ensured that the review procedures were sufficient to ensure that the RRPTs were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders and that the had in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes were reviewed on a yearly basis or whenever the need arose.
- (d) Reviewed RRPT on a quarterly basis. The Management had given assurance to the BARC that related party transactions and mandate for RRPT were in compliance with the Listing Requirements and policies and procedures.

Other Activities

Reviewed and recommended to the Board, for inclusion in the Annual Report:

- The BARC Report
- Corporate Governance Overview Statement
- Corporate Governance Report
- Statement on Risk Management and Internal Control

THE BOARD AUDIT AND RISK COMMITTEE REPORT

SUMMARY OF MEETINGS IN THE YEAR

Items discussed	23 Jan 2024 (Special)	14 Feb 2024	16 May 2024	14 Aug 2024	14 Nov 2024
Financial Reporting					
Full year results (FYE 2023)		√			
Interim results	√	√	√	√	√
Consideration of new accounting standards		√			
Internal audit					
Internal audit plan		√			
Internal audit reports		√	√	√	√
External audit					
External audit plan					√
External audit reports (FYE 2023)		√			
Risk					
Risk Registers		√	√	√	√
RRPT					
Quarterly Review		√	√	√	√
Annual Report					
Review of SORMIC and BARC Report (FYE 2023)		√			
Other Matters					
Internal Control, Regulatory, Compliance Activities / Issues		√	√	√	√

BOARD INVESTMENT COMMITTEE REPORT

The Board Investment Committee (“BIC” or the “Committee”) plays a pivotal role in evaluating all investment opportunities and to make recommendations to the Board with regard thereto. The responsibilities include reviewing, assessing and deciding on the escalation of proposals relating to asset investment (acquisition and disposal), asset management and fund-raising exercises to be undertaken by the REIT to the Board and Trustee for approval.

COMPOSITION

In line with the recommendation of Chapter 6 of the Guidelines on Real Estate Investment Trusts of Securities Commission Malaysia, the composition of the BIC is as follows:

Members

- | | | |
|--|---|---|
| 1. Shamsul Anuar bin Abdul Majid
Chairman/Non-Independent Non-Executive Director | 2. Abdullah bin Abu Samah
Independent Non-Executive Director | 3. Ng Yan Chuan
Non-Independent Non-Executive Director
(Resigned w.e.f. 31 December 2024) |
| 4. Datuk Hashim bin Wahir
Independent Non-Executive Director
(Resigned w.e.f. 31 December 2024) | 5. Lailatul Azma Binti Abdullah
Independent Non-Executive Director
(Appointed w.e.f. 28 February 2025) | 6. Datin Ungku Suseelawati Binti Ungku Omar
Independent Non-Executive Director
(Appointed w.e.f. 28 February 2025) |
| 7. Goh Tian Sui
Independent Non-Executive Director
(Appointed w.e.f. 28 February 2025) | | |

Secretaries

- | | |
|-------------------------------------|-------------------------------|
| 1. Nuraliza Abd binti Rahman | 2. Rohaya binti Jaafar |
|-------------------------------------|-------------------------------|

The BIC members are appointed by the Board and consist of not less than 3 members, all of whom shall be Non-Executive Directors with a majority of them being Independent Directors. The Board elects who is not the Chairman of the Board. The composition of the BIC shall adhere to the recommendation as per the Chapter 6 of the Guideline on Real Estate Investment Trusts.

The Board, via the Board Nomination and Remuneration Committee (“BNRC”), annually reviews the terms of office and performance of the BIC and its members through an effectiveness evaluation exercise. The BNRC assessed the BIC’s performance for the financial year ended 31 December 2024 and was satisfied that the BIC and its members have discharged their functions, duties, and responsibilities in accordance with the BIC’s Terms of Reference.

MEETINGS AND ATTENDANCE

Number of Meetings Held and Details of Attendance

The BIC meets at quarterly intervals or such other intervals as the Committee shall decide. The BIC held four (4) regular meetings during the financial year ended 31 December 2024 which were attended by all members.

During the financial year, the details of attendance are as follows:

BIC members	Date of Meetings			
	18 Feb 2024	16 May 2024	21 Aug 2024	18 Nov 2024
Shamsul Anuar bin Abdul Majid	√	√	√	√
Ng Yan Chuan (resigned w.e.f 31 December 2024)	√	√	√	√
Abdullah bin Abu Samah	√	√	√	√
Datuk Hashim bin Wahir (resigned w.e.f 28 February 2025)	√	√	√	√

BOARD INVESTMENT COMMITTEE REPORT

Terms of Reference

The BIC is responsible for fulfilling the duties ascribed to it in the BIC Term of Reference ("BIC TOR"), including those specifically delegated to it from time to time by the Board. The duties and responsibilities of the BIC are set out in its Terms of Reference as follows:

Objectives

- (a) Making recommendations to the Board on all acquisitions, investments and disposals;
- (b) Making recommendations to the Board on any financing offers, capital management proposals and additional banking facilities;
- (c) Reporting and recommending to the Board any corporate exercise, including the issuance of new REIT units; and
- (d) Making recommendations to the Board on financial budgets.

Roles and Responsibilities

Subject at all times to the provisions of the Trust Deed, and to any other regulations or resolutions that may be adopted, the BIC is responsible for:

- (a) Reviewing all proposals regarding investments, dispositions, financings and other relevant transactions (strategic transactions);
- (b) To make recommendations on any other matters to the Board;
- (c) To review and monitor approved strategic transactions or other matters;
- (d) Ensuring that the REIT is managed in accordance with:-
 - its investment objectives;
 - its Restated Deed;
 - its Prospectus;
 - the SC Guidelines and other securities laws; and
 - the internal investment restrictions and policies.
- (e) Carrying out other duties as may be determined from time to time by the Board.

MATTERS DISCUSSED BY THE BIC IN THE FY 2023

The BIC has undertaken the role of reviewing, recommending and monitoring to the Board pertaining to all proposals including strategic transactions i.e., investments in ensuring that the Fund practises sound capital preservation and safety margin levels, maintains optimally measured risk-reward thresholds, adopts prudent but pragmatic management style and attain adequate earnings potential and competitive advantages as well as growth.

The following are key matters discussed by the BIC during the FY 2024:

INVESTMENT (ACQUISITION & DISPOSAL)

The BIC has reviewed proposals of proposed acquisitions of shariah-compliant real estate to ensure these properties have good track record and/or good prospects of future net rental income of reasonable levels which have been shown by studies to be competitive and located within good catchment areas. Properties to be acquired are expected to at least maintain or enhance the earnings of the REIT fund.

The BIC has reviewed and monitor proposal of divested of properties, namely where the investments have achieved the set targets, or have been assessed as not being able to derive any further value and or when an opportunity to maximise its value arises before the predetermined investment time horizon or other reason that may warrant divestment. The divestment plan also has taken into consideration the transformation in the respective industry.

BOARD INVESTMENT COMMITTEE REPORT

ASSET MANAGEMENT

The BIC has deliberated on proposals for AEI of current properties that has the potential to further increase its returns and expected to generate accretive returns upon further expansion. The BIC has also reviewed proposals for repositioning of current properties within the Fund's portfolio which do not meet certain criteria set beforehand and may require to be recapitalised to achieve portfolio optimisation goals.

CAPITAL MANAGEMENT

The BIC has reviewed funding proposals to ensure each investment made by the Fund shall have a funding structure appropriate to the investment profile. In general, the capital structure of REIT should be financed by a combination of equity, debt and other financing instruments.

PORTFOLIO MONITORING

The BIC also undertook periodic monitoring on all investments including reviewing performance of the investment portfolio to ensure consistency with Fund's objectives and direction and transformation in the respective relevant industries.

Item discussed	Date of Meetings			
	18 Feb 2024	16 May 2024	21 Aug 2024	18 Nov 2024
Investment	√	√	√	√
Asset Management	√	√	√	√
Capital Management	√	√	√	√
Portfolio Monitoring	√	√	√	√

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

The establishment of the Board Nomination and Remuneration Committee (“BNRC”) is mandated for listed issuers under Bursa Malaysia’s Main Market Listing Requirements. The terms of reference can be found under Investor Relations section on the Company’s website at www.alaqar.com.my.

The MCGG 2021 indicates that the Board may establish and delegate part of its powers to one or more other committees, in order to conduct certain tasks and functions expressly delegated to such committees. The committees will examine specific topics chosen by the Board of Directors and report on them to the Board. Decision-making remains the collective responsibility of the Board and the committee may only make suggestions to the Board.

The main purpose of the BNRC is to assist the Board in carrying out its duties and responsibilities in fulfilling its responsibility for oversight with respect to board composition and performance, directors’ performance and remuneration structure that drives behaviour within the company.

COMPOSITION OF THE BOARD NOMINATION AND REMUNERATION COMMITTEE

In accordance with the MCGG 2021, the BNRC is composed of a minimum of three, a majority of whom must be Independent Directors. The Committee shall appoint a Chairman amongst its members who must necessarily be an Independent Director.

The Members of the BNRC consist of the following Directors:

Members	Designation	Date of Appointment
Datuk Hashim bin Wahir (Chairman)	Independent Non-Executive Director	24 January 2022
Abdullah bin Abu Samah (Member)	Independent Non-Executive Director	10 March 2021
Shamsul Anuar bin Abdul Majid (Member)	Non-Independent Non-Executive Director	5 July 2023

Secretaries

1. Nuraliza binti Abd Rahman
2. Rohaya binti Jaafar

MEETINGS HELD DURING FY 2024

The BNRC, in accordance with its regulations, meet whenever it is convened by the Board of Directors, the Committee itself, or by its Chairman. The Committee shall meet at least two (2) times per annum and at such other times as it sees fit.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, representative from Human Resource, and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

The Company Secretaries keeps Minutes of all BNRC meetings, which are available to all members of the Board of Directors.

MEETINGS HELD DURING FY 2024

During the financial year, the meetings held are as follows:

BARC Members	15 Feb 2024	15 May 2024	31 July 2024	18 Nov 2024
Datuk Hashim bin Wahir	√	√	√	√
Abdullah bin Abu Samah	√	√	√	√
Shamsul Anuar bin Abdul Majid	√	√	√	√

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

ROLES AND RESPONSIBILITIES

Notwithstanding the duties assigned to it by law and other duties which may be assigned thereto by the Board of Directors, the Nomination and Remuneration Committee shall have the following basic responsibilities:

- **With Respect to Remuneration:**

- Recommend to the Board the policy for the remuneration of the Company's Directors;
- Determine the total individual Remuneration package of the CEO/Executive Director, including bonuses, share-based incentive awards, and other elements of their remuneration;
- Determine and recommend the Key Performance Indicators and/or performance score-card for the CEO and the Company;
- Ensure compliance with the Remuneration package is competitive and complies with the Remuneration Policy that was approved and ratified by the shareholders. The policy is available through the corporate web page of the Company.

- **With Respect to Nomination**

- Regularly review the structure, size and composition (including the skills, experience, independence, knowledge, and diversity, including gender) of the Board and make recommendations to the Board with regard to any changes that are deemed necessary.
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

- **With Respect to Appointments to the Board**

- Assess the qualifications, background knowledge, and experience necessary to sit on the Board of Directors, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, according to the Fit and Proper Policy of the Company that is available through the corporate web page of the Company.
- Consider possible candidates to fill vacancies for the position of director, provided that the BNRC may as well independently search for and consider alternative candidates for such position. Such Directors are, for the avoidance of doubt, to be appointed upon a decision of the Shareholder of the Manager.

- Examine or organise, in the manner it deems appropriate, the succession of the Chairman and CEO and, if appropriate, make proposals to the Board of Directors for such succession to take place in an orderly and well-planned manner.
- Ensure that due diligence is carried out on the candidate for directorship and CEO to ensure compliance with the regulatory requirements set by the Authorities.
- Ensure compliance with BM's requirement towards 30% female presence on the Board by the year 2027.

- **With Respect to Induction and Training**

The Committee shall ensure that all new directors undertake an appropriate on-boarding Directors Programme and the Mandatory Accreditation Programme (Bursa Malaysia) to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director and consider any training requirements for the Board as a whole.

- **With Respect to Conflicts of Interest**

The Committee shall:

- Before the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;
- Consider and, if appropriate, authorise situational conflicts of interest of directors and potential directors.

- **With Respect to The Board Evaluation**

The Committee shall:

- Assist the Chairman of the Board with the implementation of an annual evaluation process.
- Review the results of the Board performance evaluation process that relate to the composition of the Board.

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

MATTERS DISCUSSED BY BNRC IN FY 2024

In 2024, the BNRC, in the performance of its duties in accordance with the scope of responsibilities specified in the BNRC Charter as approved by the Board of Directors, convened its five (5) meetings to consider the significant matters and report the results to the Board of Directors that can be summarised as follows:

- a) Establishment of Key Performance Indicators (KPIs) of the Company as well as the CEO based on the approved strategic planning;
- b) Review of the Company's organisation structure that can support the growth and target of the Fund;
- c) Review of the Board/Board's Committees composition and establishment of the Board Sustainability Committee;
- d) Compliance with the requirement in relation to gender diversity (woman director) on the Board;
- e) Review of the performance evaluation on the Board of Directors;
- f) Succession planning of the Company Secretaries; and
- g) Review of the Company's employees' satisfaction survey.

In this regard, the BNRC has performed its duties independently in accordance with good corporate governance principles and ensuring transparency to build the confidence of shareholders and all stakeholders.

EVALUATION OF THE FUNCTIONING AND PERFORMANCE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

It is a standard practice for the Board to distribute an annual questionnaire at the end of each financial year through the Secretariat of the Board which, amongst other sections, includes a self-assessment, with a series of questions that also enable compliance with the various annual reports of the Committee and the Board.

The Board performed the annual questionnaire and the self-assessment for this financial year 2024, in order to analyse the Board's effectiveness and composition and to identify opportunities for improvement to ensure proper compliance with the existing obligations or recommendations in this area.

The questionnaire used a self-assessment approach on subjective and objective information related to the functioning of the Board and its Committees, among other:

- a) Functioning of the Board, with questions related to the Board's effectiveness and internal functioning.

- b) Structure and composition of the Board, comprising questions to obtain the Directors' opinion on the Board's structure and composition, and the capacities, professional profile of its members, and areas of competencies in order to perform their duties on the Board.
- c) Board of Directors Committees, where the Directors are asked to evaluate the performance of the functions of the BARC, the BIC, and the BNRC.
- d) Board of Director's agenda, where Directors are asked about the Board's performance in areas or matters within its scope, such as the current corporate governance model, environmental, social, and corporate policy (ESG), involvement in the design and approval of strategy in financial and investment policies, monitoring of the risk map (in all its areas), dividend policy and capital structure and their participation in decision-making in significant transactions, among other matters.
- e) Chairman of the Board of Directors and CEO, where the Directors are asked for their views on the performance of these two positions and fulfilment of responsibilities.
- f) Other areas, with questions relating to the Board's response to the industry crisis and improvement opportunities or aspects to be developed in the future.

The responses are generally positive and supportive, without prejudice to the Chairman and the CEO, taking into consideration going forward some of the suggestions made regarding the functioning of the Board.

CONCLUSION

During the financial year 2024, there have been no circumstances or situations in the areas of responsibility and competence of the Committee that required its intervention and/or report to the Board of Directors. The succession planning of the Board of Directors, senior management team as well as gender diversity are the two areas of relevance on which the Committee will continue to work throughout the financial year 2024.

THE BOARD SUSTAINABILITY COMMITTEE REPORT

The **Board Sustainability Committee ("BSC")** was set up primarily to oversee and guide the organisation's environmental, social, and governance (ESG) strategies, ensuring they align with the company's long-term business goals and stakeholder expectations.

Key Objectives of a Board-Level Sustainability Committee:

1. Strategic Oversight

- Ensure that sustainability initiatives support the company's mission, vision, and business strategy.
- Monitor and evaluate the long-term sustainability risks and opportunities.

2. Governance & Compliance

- Ensure compliance with local and global sustainability regulations, reporting standards, and ESG frameworks (e.g., GRI, SASB, IFRS 1 and 2).
- Promote ethical business practices, responsible governance, and corporate social responsibility (CSR).

3. Environmental Stewardship

- Oversee policies and initiatives related to climate change, carbon reduction, renewable energy, and resource efficiency.
- Support the transition to sustainable business practices that reduce the company's environmental impact.

4. Social Responsibility & Stakeholder Engagement

- Guide policies on diversity, equity, and inclusion (DEI), labor practices, human rights, and community engagement.
- Ensure the organisation maintains a positive reputation and relationships with stakeholders, including employees, investors, customers, and regulators.

5. Risk Management

- Identify and assess ESG risks (e.g., climate change risks, supply chain sustainability, regulatory changes) that could impact the business.
- Recommend strategies to mitigate these risks and enhance business resilience.

6. Performance Monitoring & Reporting

- Set and track sustainability key performance indicators (KPIs) and targets.
- Oversee sustainability disclosures, ESG reporting, and communication with investors and stakeholders.

7. Encourage Innovation & Sustainable Growth

- Advocate for investment in sustainable technologies, circular economy practices, and innovative business models.
- Support research and partnerships that drive long-term sustainability improvements.

By fulfilling these objectives, the BSC contributes to the company by maintaining a strong ESG performance, building long-term value, and contributing positively to society and the environment.

Apart from the BSC, Board Audit & Risk Committee supports the BSC with sustainability-related issues. The roles that they play are detailed out below:

BOARD SUSTAINABILITY COMMITTEE

- Oversees the development and implementation of strategies including sustainability strategies.
- Also oversees the business plans and key initiatives having regard to sustainability considerations, in line with the MCCG and Bursa's Sustainability Reporting Guide

BOARD AUDIT & RISK COMMITTEE

- Oversee the risk management framework and policies, which includes keeping abreast with new or emerging trends, as well as reviewing, monitoring and assessing the control effectiveness of the key risks such as sustainability- and climate-related risks
- Also oversees the Compliance, Business Continuity Management ("BCM"), and Integrity and governance functions.

THE BOARD SUSTAINABILITY COMMITTEE REPORT

COMPOSITION

The Board Sustainability Committee composition is as shown below:

MEMBERS			
1. Lailatul Azma binti Abdullah Chairman/Independent Non-Executive Director	2. Datuk Hashim bin Wahir Independent Non-Executive Director (Resigned w.e.f. 31 December 2024)	3. Ng Yan Chuan Non-Independent Non-Executive Director (Resigned w.e.f. 31 December 2024)	

Secretaries

1. Nuraliza binti Abd Rahman
2. Rohaya binti Jaafar

The BSC members are appointed by the Board. The Board elects a chairman who is an independent Director and who is not the chairman of the Board.

The Board via the BNRC and the Chairman of the BSC herself, annually reviews the terms of office and performance of the BSC and its members through an effectiveness evaluation exercise. The BNRC assessed the BSC's performance for the financial year ended 31 December 2024 and was satisfied that the BSC and its members have discharged their functions, duties and responsibilities under the BSC's Terms of Reference.

MEETINGS AND ATTENDANCE

Number of Meetings Held and Details of Attendance

The BSC shall meet at least 4 times annually or such other intervals as the Committee shall decide, of which one-third of the attendance of the committee present shall form a quorum.

The BSC held 4 (four) regular meetings during the financial year ended 31 December 2024 which were attended by all members.

During the financial year, the details of attendance are as follows:-

No	BSC Members	Date of Meetings			
		14 Feb 2024	15 May 2024	20 August 2024	18 November 2024
1	Lailatul Azma binti Abdullah	√	√	√	√
2	Datuk Hashim bin Wahir	√	√	√	√
3	Ng Yan Chuan	√	√	√	√

Terms of Reference

The duties and responsibilities of the BSC are set out in its Terms of Reference which is accessible in the Corporate Governance section, on the website at www.alaqar.com.my

THE BOARD SUSTAINABILITY COMMITTEE REPORT

SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR

The BSC conducts a comprehensive materiality analysis every three years, to identify, understand and prioritise the economic, environmental, and social matters that are significant to our business and stakeholders. The materiality assessment approach represents a core component of the sustainability management process as it helps to align business strategies, performance management, and reporting.

The latest comprehensive materiality assessment was conducted in the year under review, her emphasis on environmental risk, impacts and opportunities.

In summary, the BSC has carried out the following work during the financial year ended 31 December 2024 in the discharge of its functions and duties:-

1. Discuss the assessment of Common and Sector Specific Material Sustainability Matters as per requirements under the Bursa's Sustainability Reporting Guide and monitor and track the ESG initiatives under the identified categories.
2. Review and evaluate ESG-related risk including climate change risks via assessment of Environmental, economic, and social impact by monitoring the use of resources, waste management, and biodiversity impacts (if any) in its acquisition, AEI, expansion and upgrading of existing assets, selection of tenants and vendors, etc.
3. Monitors Health and safety including the physical and mental well-being of the employees, part-time employees, and contractors as well as the security of the Company's assets.
4. Review policies including ethnic and gender diversity (as per the Company's policy on diversity and inclusion) at the workplace and Boardroom.
5. Supports a healthy working environment by promoting a work-life balance and mental health.
6. Ensures ethical business conduct via enforcement of policies such as Code of Business Ethics, Anti-Bribery and Corruption Policy, Whistle-blowing and No-Gift, No Entertainment.
7. Ensure that sustainable developments including the use of environmentally responsible materials in the Company's development projects and the incorporation of sustainable practices throughout the lifecycle of a property.
8. To monitor and track the ESG initiatives in Supply Chain Management System and processes.
9. Evaluate and endorse proposals on ESG initiatives for the Board's approval;
10. Reviewed the Sustainability Statement, for inclusion in the Annual Report:

Summary of Matters Discussed by the BSC during the Year under Review

ITEMS DISCUSSED	14 Feb 2024	15 May 2024	20 August 2024	18 November 2024
Review of Sustainability Policy/ Framework	√	√		
Status Updates on Materiality Matters	√	√	√	√
Strategic Planning: ESG Roadmap and Action Plan	√	√	√	√
Progress of ESG Initiatives	√	√	√	√
Implementation of the Green Lease Programme	√	√	√	√
ESG Compliance with Company Policies and Regulatory Requirements	√	√	√	√
Review of Sustainability Statement	√			
ESG Training Needs and Competency Enhancements	√	√	√	√

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

HIGHLIGHTS

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (LR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Board of Directors of Listed Companies is required to include in their annual report, a statement about the state of risk management and internal control of the listed issuer.

Accordingly, the Board of Directors of the Manager is pleased to provide the following statement that has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities and taking into consideration the recommendations of the MCCG 2021.

This Statement was prepared in compliance with Recommendation 6.1 states that the board should establish a sound framework to manage risk, which among others, also outlines the role of the Board, the CEO, and the CFO in:

- Determining the company's level of risk tolerance and actively identifying,
- Assessment and monitoring key business risks to safeguard shareholders' investments and the company's assets;
- Demonstrating commitment towards articulating, implementing, and reviewing the company's internal control system;
- Implementing periodic testing of the effectiveness and efficiency of the internal control procedures
- Processes must be conducted to ensure that the system is viable and robust; and
- The board should disclose in the annual report the main features of the company's risk management framework and internal control system.

The Board is satisfied that the Manager:

- Has applied all processes for identifying, evaluating, and managing the significant risks faced by the company in its achievement of objectives and strategies;
- Has reviewed the risk management and internal control system and confirmed that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review;
- Has undertaken a review of the adequacy and effectiveness of the risk management and internal control system;

The Board confirmed that it has received assurance from the CEO and the CFO that the company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the company.

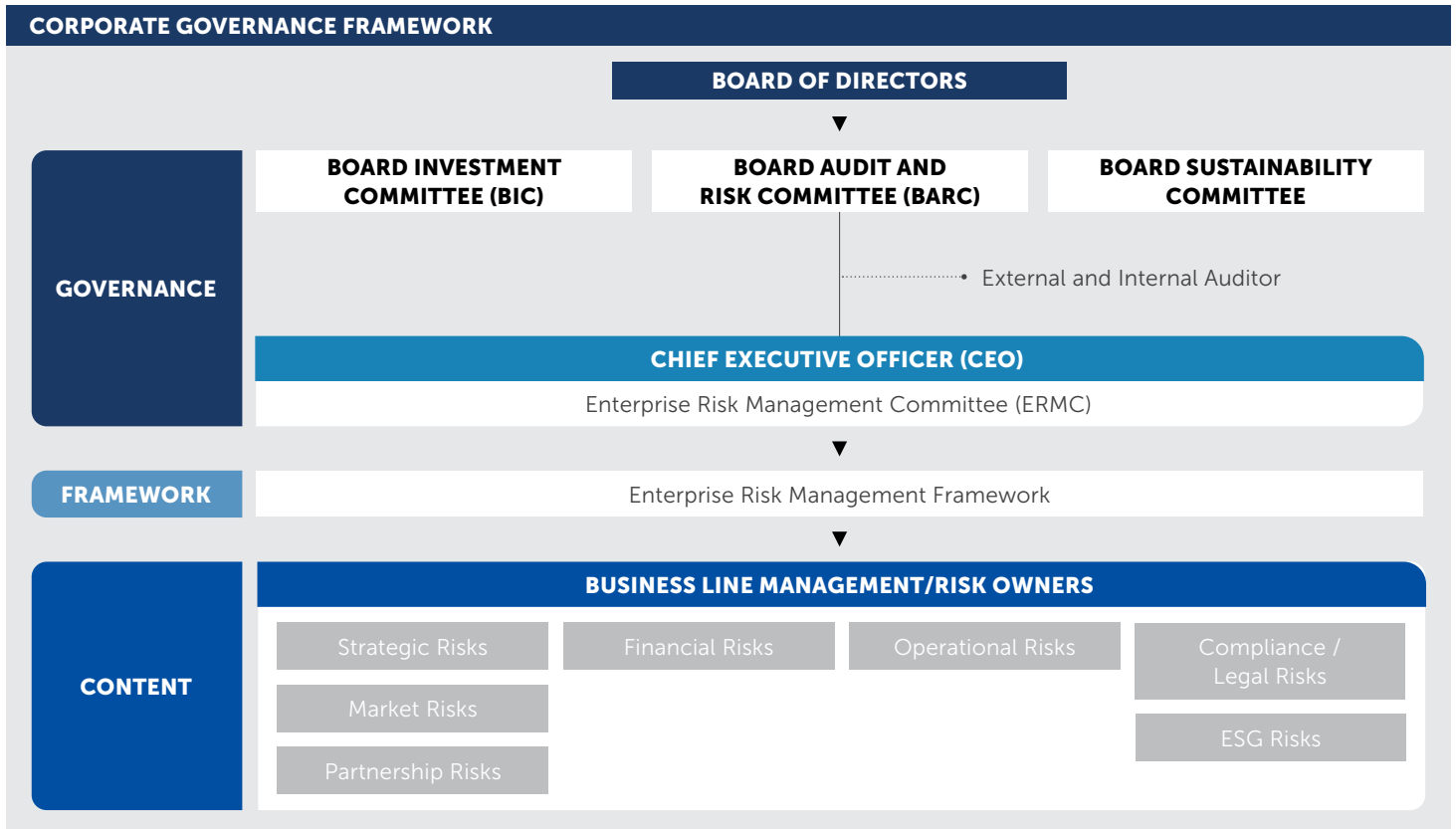
BOARD'S RESPONSIBILITIES

The Board of Directors and senior management practice risk management as an integral part of objective setting and optimisation of performance. To achieve a sound system of risk management and internal control, the board and management ensure that the risk management and control framework is embedded into the culture, core processes, and structures of the company. The framework is designed to be responsive to changes in the business environment, focussed on effective risk oversight and setting the tone and culture towards effective risk management and internal control.

The Board's approach towards overseeing the Group's risk management framework and internal control systems is by designing the REIT's risk appetite within the acceptable level of tolerance set by the Board and Management, rather than eliminating totally the risks of failure, in order to achieve the goals and objectives in generating potential returns to unitholders and ensuring a stellar financial performance of the REIT.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Governance Structure for the Risk Management and Internal Control is depicted below:



The governance structure dictates the segregation of the roles and responsibilities of the Board, BARC, the ERMC and other key personnel which are summarised as below:

THE BOARD AND BOARD COMMITTEES	
Responsibilities	Governing overall risk oversight responsibility including defining the appropriate governance structure and risk appetite.
Process	<ul style="list-style-type: none"> Articulates and provides direction on risk appetite, organisational control environment and risk culture. Provide an independent view on specific risk and control issues, the state of internal controls, trends and events.
▲	
INTERNAL AUDIT	
Responsibilities	<ul style="list-style-type: none"> Provide independent assurance design and effectiveness on an organisation’s risk management, governance and internal control processes are operating effectively. Assurance about design and effectiveness
Process	Perform risk-based internal audit and independent reporting to Management and the BARC
▲	

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ERMC

Responsibilities	<ul style="list-style-type: none"> Oversees the operationalisation of risk management strategies as well as frameworks and policies. Independent reporting to the management and BARC Advisor to Business Line Management/ Risk Owners
Process	Monitors the consistent enforcement of ERM policy, reviews and endorses risk parameters, risk appetite, risk profile, and treatment options and risk action plans.



BUSINESS LINE MANAGEMENT/ RISK OWNERS

Responsibilities	<ul style="list-style-type: none"> The senior management is primarily responsible for managing process, They are also responsible for controlling risks by using business control and compliance frameworks, implementing internal control processes, and adequate control Manage day-to-day risk inherent in business activities as guided by the established risk strategies, frameworks, and policies
Process	Identification and assessment of risk, implementation, and monitoring of risk action plans.

The Board and the Board Committees also carries out an annual assessment of risk management and internal control on all significant aspects of risks and internal control of the REIT in its Strategic Planning report, particularly on:

- The nature and extent of significant risks, in the current and upcoming years;
- The company's ability to respond to changes in its business and the external environment;
- The work of its internal audit and risk management (where applicable) units and other assurance providers;
- The incidence of significant control failings or weaknesses that were identified at any time and their impact on the company's performance or condition (financial or otherwise);
- Any events that impacted the achievement of objectives that were not anticipated by management; and
- The adequacy and effectiveness of the risk management and internal control policies as a whole.

RISK MANAGEMENT

Board Audit and Risk Committee (BARC)

The Board Risk Committee (BARC) is a delegated committee of the Board of Directors tasked with providing oversight and strategic direction on the organisation's risk management practices. It ensures that key risks are properly identified, managed, and aligned with the organisation's objectives, risk appetite, and regulatory obligations. The board as a whole, is committed and responsible for the execution of the delegated role of the BARC primarily related to the outcome of the review and disclosure of key risks and internal control.

The main responsibility of the BARC are:

- Oversight of Risk Governance Framework**
 - Approves and reviews the Enterprise Risk Management (ERM) framework.
 - Ensures risk governance is robust, independent, and embedded into business operations and decision-making.
 - Monitors the effectiveness of the risk culture and promotes accountability at all levels.
- Approval of Risk Appetite & Strategy**
 - Reviews and recommends the risk appetite statement (RAS) to the full Board.
 - Ensures that risk-taking activities are within agreed thresholds and aligned with the organisation's strategic objectives.
- Strategic Risk Oversight**
 - Reviews and monitors key strategic, financial, operational, compliance, ESG, and reputational risks.
 - Advises on emerging risks and macroeconomic or geopolitical trends impacting the business.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4

Monitoring Risk Exposures

- Reviews risk reports, dashboards, and Key Risk Indicators (KRIs) provided by management or the Risk function.
- Ensures timely identification and escalation of material risks, breaches, or regulatory issues.

5

Oversight of Risk Mitigation Plans

- Ensures effective and timely implementation of mitigation actions for high or critical risks.
- Verifies that internal controls and risk responses are adequate and effective.

6

Interface with Other Committees

- Coordinates with the Investment Committee, and Sustainability Committee to ensure risk oversight is integrated and comprehensive.
- Avoids duplication of efforts and ensures that financial and non-financial risks are managed holistically.

7

Oversight of Risk Management Function

- Provides direction to and assesses the independence and effectiveness of the Head of Compliance and Risk or equivalent.
- Ensures that the Risk Management function is adequately resourced and supported.

8

Crisis & Business Continuity Oversight

- Reviews and monitors the organisation's crisis management, disaster recovery, and business continuity plans.
- Ensures preparedness and resilience in the face of disruptive events.

9

Regulatory Compliance & Disclosure

- Monitors compliance with applicable laws, regulations, and risk-related reporting requirements (e.g., SC, Bursa, ISSB, GRI).
- Ensures transparent and accurate risk disclosures in annual and sustainability reports.

9

Annual Evaluation & Continuous Improvement

- Conducts annual self-assessments of the Committee's performance.
- Recommends enhancements to the risk governance structure and processes.

The BARC with the Board Investment Committee and the Board Sustainability Committee, after deliberation with the Management also sets the risk appetite parameters revolving around key risk areas: Strategic, Finance, Operations, Compliance, Market, Partnerships, and ESG (Environmental, Social, and Governance) Risks.

The Board Investment Committee (BIC)

The BIC plays a crucial role in overseeing investment activities and ensuring they align with an organisation's risk appetite, objectives, and regulatory requirements. When it comes to managing risks, the committee's responsibilities include:

1

Defining Investment Risk Parameters

- Establish clear investment criteria (e.g., asset type, location, yield expectations, lease terms).
- Set limits on exposure to high-risk property types or markets (e.g., speculative development, foreign currency risk).

2

Evaluating Deal-Level Risks

- Assess risks for each potential acquisition or disposal, including market, tenant, environmental, and operational risks.
- Consider the impact on portfolio performance, gearing levels, and cash flow stability.

3

Ensuring Regulatory and Fiduciary Compliance

- Monitor compliance with REIT regulations (e.g., gearing limits, distribution obligations, allowable asset types).
- Review alignment with the REIT's investment mandate and fiduciary duties to unitholders.

4

Portfolio Diversification and Concentration Risk

- Maintain a diversified portfolio across asset classes (retail, office, industrial, etc.) and geographies.
- Avoid over-concentration in any single asset, tenant, or region that could impact financial resilience.

5

Monitoring Portfolio and Market Risk

- Regularly review performance metrics, including occupancy rates, rental yields, and tenant profiles.
- Stay informed on market trends and macroeconomic factors (e.g., interest rates, property cycles, inflation).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

6

Oversight of Asset Management Strategies

- Evaluate value-add opportunities and capex projects with a risk-return lens.
- Review strategies for underperforming assets, including repositioning or divestment.

7

Liquidity & Funding Risk Management

- Monitor the REIT's debt profile, loan covenants, and refinancing schedules.
- Ensure prudent leverage and adequate liquidity buffers are maintained.

8

Transparent Governance & Reporting

- Document risk-related discussions and decisions.
- Provide regular risk reports to the Board and Audit & Risk Committee, especially during volatile market conditions.

The Board Sustainability Committee

The BSC is responsible for providing strategic direction and oversight on ESG-related matters. It ensures that the organisation integrates environmental, social, and governance principles into its business strategy, operations, risk management, and stakeholder engagement.

1

ESG Strategy & Integration

- Guide the development and execution of the company's ESG vision, goals, and roadmap.
- Ensure ESG considerations are integrated into corporate strategy, investment decisions, and operations.
- Promote alignment with national and global frameworks (e.g., UN SDGs, TCFD, ISSB, GRI).

2

Governance and Oversight

- Provide governance and accountability over ESG matters at board level.
- Review the adequacy of ESG policies, structures, and performance indicators.
- Ensure ESG roles and responsibilities are well-defined across the organisation.

3

Performance Monitoring & Reporting

- Review and monitor ESG performance, metrics, and key indicators (KPIs, KRIs).
- Oversee the preparation and assurance of the Sustainability Report.
- Ensure accurate, transparent, and timely disclosure to stakeholders and regulators (e.g., Bursa Malaysia's sustainability reporting requirements).

4

Regulatory & Stakeholder Compliance

- Oversee compliance with ESG-related laws, listing requirements, and voluntary codes.
- Monitor emerging ESG trends, risks, and stakeholder expectations.
- Guide the company's climate risk, diversity, and human rights commitments.

5

Climate Risk & Transition Oversight

- Review the organisation's climate-related risk exposure and transition strategies (aligned with TCFD or ISSB).
- Support the development of net-zero or carbon reduction goals.

6

Coordination with Other Committees

- Work alongside Audit & Risk Committee, and Investment Committee to ensure ESG risks and opportunities are integrated across all aspects of governance and operations.
- Ensure cross-functional collaboration on ESG initiatives.

7

Culture, Capacity & Continuous Improvement

- Promote a sustainability-minded culture throughout the organisation.
- Support ESG training, capacity-building, and board education.
- Periodically review and enhance the ESG strategy and governance approach.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Enterprise Risk Management Committee

The ERMC supports the BARC in carrying out its oversight role. The ERMC ensures implementation and compliance with the Enterprise Risk Management Frameworks, enterprise risk management programmes, and monitoring of risk mitigation performance. The ERMC also sets the strict direction for risk roles, responsibilities, and risk reporting structures within the organisation.

The ERMC meeting, is chaired by the Chief Executive Officer (CEO) and comprise of respective head of departments and/or Risk Owners.

The ERM Committee is responsible for overseeing the identification, assessment, mitigation, and monitoring of key risks that could impact an organisation's ability to achieve its strategic and operational objectives.

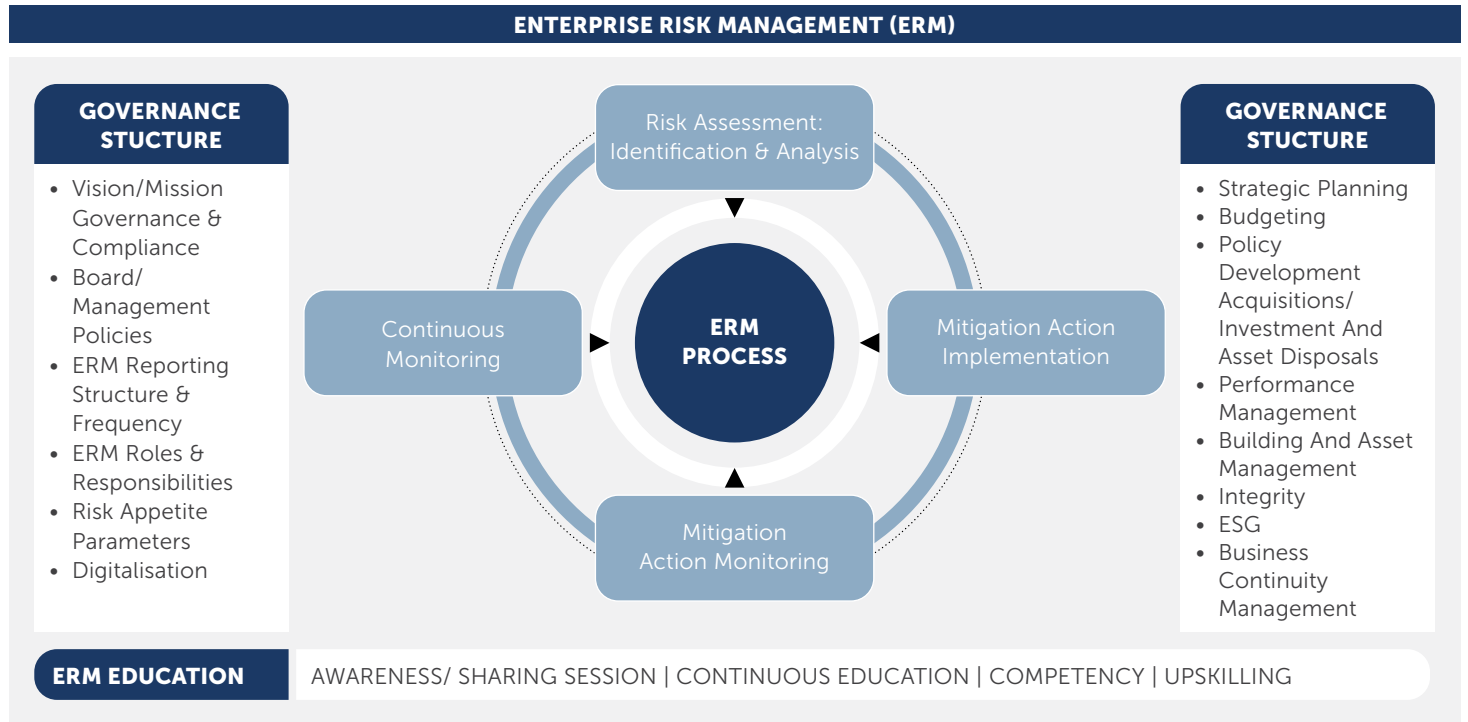
- | | | | |
|----------|--|----------|---|
| <p>1</p> | <p>Risk Governance & Framework Oversight</p> <ul style="list-style-type: none"> • Establish and maintain the enterprise risk management framework, policies, and procedures. • Promote a risk-aware culture across the organisation. • Ensure risk governance aligns with corporate strategy and regulatory expectations. | <p>4</p> | <p>Risk Mitigation & Control Effectiveness</p> <ul style="list-style-type: none"> • Oversee development of risk response strategies, including mitigation plans, controls, and contingency actions. • Monitor the implementation and effectiveness of internal controls and risk treatment plans. |
| <p>2</p> | <p>Identification & Assessment of Key Risks</p> <ul style="list-style-type: none"> • Review reports from risk owners and business units to identify emerging and existing risks. • Evaluate strategic, operational, financial, reputational, regulatory, and ESG-related risks. • Facilitate regular risk identification workshops or surveys. | <p>5</p> | <p>Risk Monitoring & Reporting</p> <ul style="list-style-type: none"> • Receive regular risk reports and dashboards from the risk management function. • Track key risk indicators (KRIs) and ensure timely escalation of red flags or breaches. • Ensure periodic updates to the board and audit committee on the risk profile and mitigation efforts. |
| <p>3</p> | <p>Risk Appetite & Tolerance Setting</p> <ul style="list-style-type: none"> • Recommend and review the organisation's risk appetite statement and tolerance limits. • Ensure risk-taking aligns with the board's expectations and the entity's capacity to absorb risk. | | |

The ERMC makes periodic reports to both the BARC risk management issues/ mitigation actions undertaken to keep the BARC apprised and advised of all aspects of the enterprise risk management, and significant risks and risk trends.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Enterprise Risk Management (ERM) Framework

The framework was designed towards a sound system of risk management and internal control which are responsive to changes in the business environment, industrial trends, and the governance eco-system.



The objectives of ERM Framework are to ensure:

- a common and consistent approach for the management of risks is adopted within JRM
- the management of risk contributes to the quality of performance and continuous improvement of JRM businesses, its operations, and delivery of services and products; and
- all significant risks are identified, evaluated, managed, and reported in a timely manner.

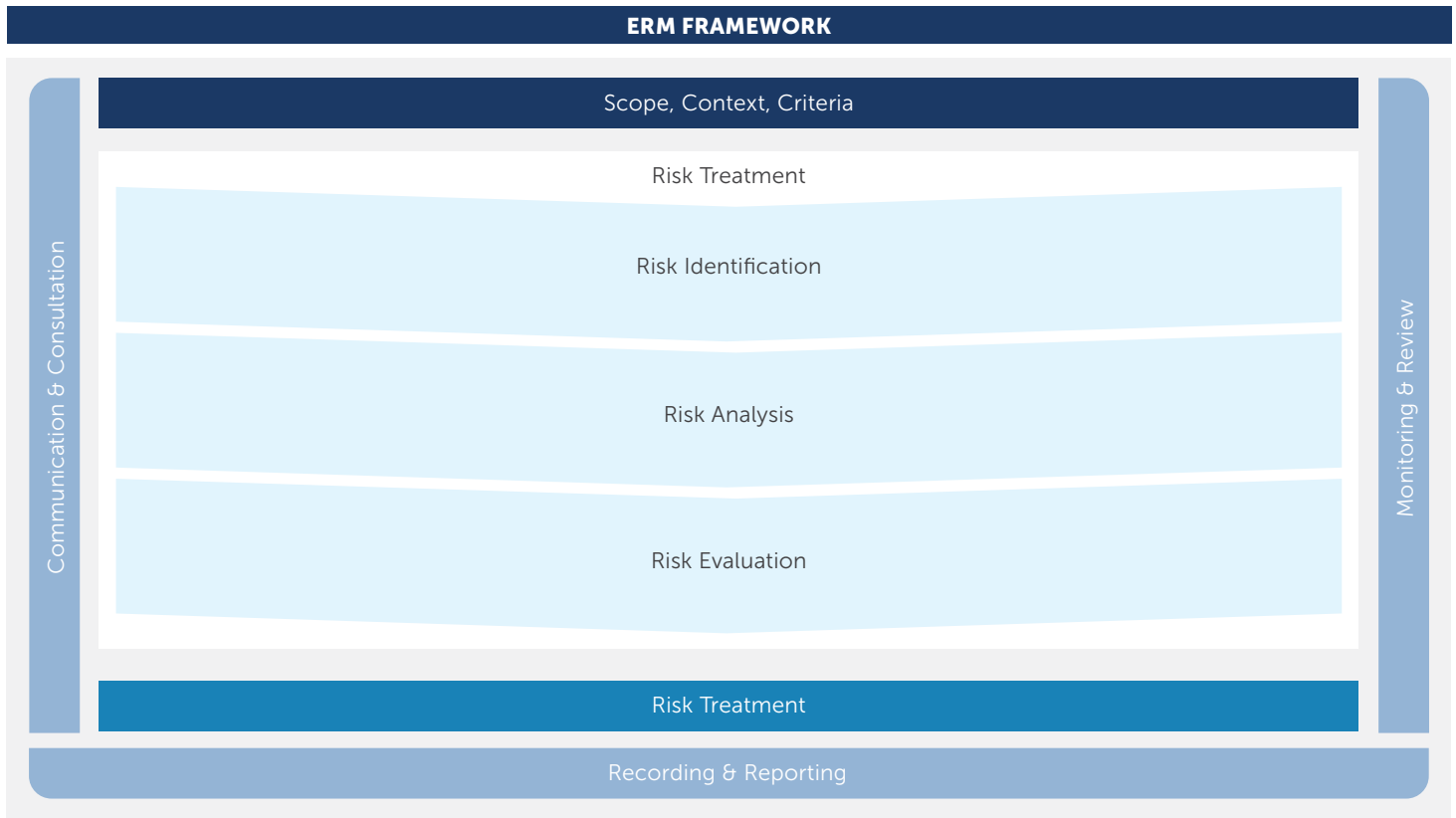
The above objectives will be achieved via:-

- Periodic reporting to the BARC/ Board on risk management activities and keep the Board apprised and advised of all aspects of ERM and significant individual risks and risk trends;
- Provision of adequate and suitable resources, including tool(s) and manpower to ensure the ERM framework and system are operating effectively;
- Provision of adequate education and communication to ensure staff comprehend the requirements, benefits, and their role and responsibilities for risk management; and
- Maintaining documented risk information (via risk registers and risk action plans) and procedures for the control of risks.

The ERM Framework is communicated, integrated, and cascaded to all levels each plays its role in in managing risks concerning business processes in the areas of Strategic Planning, Budgeting, Policy Development, Acquisitions/ Investment and Asset Disposals, Performance Management, Building and Asset Management, Integrity, ESG and Business Continuity Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The diagram below shows the process to be undertaken in preparing a Risk Profile:



The processes involved in the ERM are summarise below:

Risk Identification:	Finding, recognising, and describing the risks that could affect the achievement of an organisation's objectives. During the risk identification process, it is important to identify the risks associated with not pursuing an opportunity.
Risk Analysis:	Risk shall be analysed and assessed to determine the Risk Rating. The risk analysis should start with determining the root causes/sources of risk, assessing the likelihood and impact to produce a Gross Risk Rating (the risk rated before any preventive/ recovery measures are implemented)
Risk Evaluation:	Risk evaluation involves the exercise of determining the existing key controls on the identified risk, defining the existing Control Effectiveness and the likelihood and impact of producing the Residual Risk Rating. All risk profiles will be rated based on 2 parameters: Likelihood (that the risk will occur X the impact that it has on the business. Ratings of the risks will be tabulated to produce a heat map
The Risk Action Plan/ Mitigation Plan:	The risk Mitigation Plan identifies the parties responsible and the timeline for the plan implementation
Monitoring Risk Mitigation Performance:	Risk monitoring, review, and reporting shall be performed periodically. The frequency of reporting is summarised as per table below

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK REPORTING FREQUENCY

Reporting Party	Reporting To	Frequency of Reporting	Reports to Be Submitted
BARC	BOD	Quarterly	<ul style="list-style-type: none"> • "Very High" Risk Profile • Status of Mitigation Plan • Project Risk • Special Risk Report on need basis
ERMC	CEO/ ED, BARC	Quarterly	<ul style="list-style-type: none"> • Updated risk profile and Risk Registers • Risk action plan and Status Updates • Special Risk Reports (when required)
Risk Owners	ERMC	Monthly	<ul style="list-style-type: none"> • Updated risk profile and Risk Registers • Risk action plan and Status Updates (when required) • Special Risk Reports (when required)
Co-Owners	Risk Owners	Monthly	<ul style="list-style-type: none"> • Updated risk profile and Risk Registers • Risk action plan and Status Updates (when required) • Special Risk Reports (when required)

The ERM process evaluation is undertaken by the ERMC every quarterly to assess and evaluate risks that may impede the Group from achieving its strategic and operational objectives, as well as developing action plans to mitigate such risks and to monitor Mitigation Performance.

In ensuring that there is consistency in the methods used in managing risks throughout the organisation, both at the strategic and operational levels risk appetites were pre-determined to ascertain that the risk management efforts are aligned with the REIT's business objectives.

An expansion of risk appetite parameters and mitigation actions that relates to assets acquisitions/ disposals, joint ventures, business diversification and other corporate exercises deliberated and taken into consideration by the Management and the Board Investment Committee and the Board when recommending and approving the proposals.

While Management team members are accountable for risk management in their particular portfolios, responsibility for good risk management rests with every staff member.

Risk Owners are required to identify and effectively manage risk related to their core departmental activities. This is done to achieve an appropriate balance between realising opportunities for gains while minimising losses to the REIT.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEMS

For ERM to be effective, it must be embedded throughout an organisation, since risk influences and aligns strategy and performance at all levels.

The Board and Management are committed to maintaining an effective internal control environment by continuously enhancing the design of internal control systems to ensure that they are relevant and effective to promote operational agility while ensuring corporate governance and compliance with regulatory guidelines.

The internal control policy is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The Managers' practice of strong internal control is guided by the model of "Three Lines of Defence" as shown below:



1st Level of Defence: Business Line Management

- The Senior Management, who are also Head of Departments and members of the ERMC forms the 1st line of defence, primarily responsible for managing processes.
- They are also responsible for controlling risks by using business control and compliance frameworks, implementing internal control processes, and adequate control

2nd Level of Defence: Risk Management

- Responsible for setting ERM Frameworks
- Independent reporting to management and BARC

3rd Level of Defence: Internal Audit

- Assurance about design and effectiveness
- Reporting to Management and BARC
- Advisory role to improve process

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Features of Internal Control

The key elements and/or features of the internal control system established for maintaining strong corporate governance are as follows:

(a) Organisation Structure and Reporting Lines

The organisation structure and delegation of responsibilities are communicated across all levels, from the Board to the project/risk owners in the organisation which set out, amongst others, authorisation levels, segregation of duties and other risk and control procedures.

The Board and Board Committees are supported operationally by the Management Committee headed by the CEO. The Management Committee meeting (MCM) convenes on a fortnightly basis to discuss on strategic business plans, ongoing operational matters and the REIT's financial performance hence has oversight of the REIT's operations and maintenance of effective control. In addition, ad-hoc meetings to discuss the progress of high-risk corporate projects and exercises. In the absence of the CEO, the Management Committee meetings are chaired by the Chief Operating Officer as an Acting Chairman.

(b) Internal Audit

To ensure an independent and objective assurance of the adequacy and effectiveness of the internal control system, the Manager outsources the internal audit function of the REIT to an independent professional consulting firm, Messrs. PKF Risk Management Sdn Bhd ("PKF"). PKF adopts the International Professional Practices Framework ("IPPF") in carrying out internal audit assignments by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes.

The team from PKF is led by Dr. Wong Ka Fee, the Director of Risk and Governance Advisory. He possessed doctoral degree in Behavioural Finance and Master of Science in Management Consultancy. Dr. Wong Ka Fee has over 15 years of experience in a wide range of governance advisory, risk and internal audit work. The Internal Audit Team (IAT) at PKF consists of 8 permanent internal audit personnel staff who are qualified in the areas of internal audit and assurance. All the internal PKF audit personnel involved are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

Audit reviews and engagements are carried out based on a risk-based annual internal audit plan approved by the BARC. PKF executes the audit engagements with regard to risk exposures, compliance with policies and procedures, relevant laws and regulations, and against best practices. PKF then provides the BARC with periodic reports, highlighting observations, recommendations and action plans to improve the organisation's internal control system. In addition, special reviews and scope extensions were also undertaken as required by the BARC and management.

(c) The Standard Operating Procedures

The Standard Operating Procedures with specified roles and responsibilities in the reporting structure incorporate the elements of checks and balances which are aligned to the business and compliance requirements.

(d) Policies & Frameworks

Documented policies and procedures are also in place subject to review every now and then to ensure that it maintains their effectiveness to support the REIT's business activities.

The Manager has revised the following policies and frameworks in the year under review:

- Established an Outsourcing Policy proposed by the Management and tabled & approved by the Board of Directors on 14th August 2024.
- Established a Green Procurement Guidelines proposed by the Management and tabled & approved by the Board of Directors on 18th September 2024.
- Established a Mental Health Management Procedure which was proposed by the Management and tabled & approved by the Board Sustainability Committee on 20th August 2024.
- Anti-Bribery & Corruption Manual: The management reviewed the manual and tabled & approved by the Board of Directors on 24th May 2024.
- No Gift & Entertainment Policy: The policy was reviewed by the Management and tabled & approved by the Board of Directors on 24th May 2024.
- Claim Management Procedure: The procedure was reviewed & revised by the management effective 1st of July 2024.

(e) Digitalisation

ICT Policy & Compliance

The Manager adheres to Johor Corporation Group policy and adopts the JCorp digitalisation and IT strategy, approach and digital maturity roadmap. The Internal ICT audit and system are monitored and reviewed yearly to ensure compliance and standard operating policy and procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Business Continuity Management & Disaster Recovery Plan

The testing on data recovery are monitored and presented by the appointed outsourced service provider at the Management Committee Meeting and the BARC. Risk-related issues, if any would be escalated to the Board and the regulatory bodies immediately.

Cybersecurity & Awareness.

As part of prevention activity, the JCorp Group has conducted an overall assessment, i.e. penetration test, on the ICT systems (hardware and software) and from the results with recommendations, measures have taken place to proactively monitor, prevent, contain and recover from vulnerabilities. Password management also was implemented effectively and is part of the requirement in our ICT policy to maintain security and the report was confirmed by the CEO in 2024. ICT awareness campaign was also implemented through education and announcements, to make business users cautious about hackers and current cyberthreat.

(f) Monitoring of Operational Performance and Financial Targets

Strategic Planning and Mid-year Review

The Strategic Planning and Mid-year Review are prepared by the Manager on an annual basis and tabled to a special Board meeting for approval. Analysis and reporting of variances against budget are presented to the Board and the Trustee quarterly, which form part of the monitoring mechanism and mitigation of any risk/ fallback from the financial targets.

Financial Monitoring, Reporting and Reviewing

Quarterly and annual financial statements containing key financial results as well as operational performance results of the REIT are prepared and reported to the BARC and the Board. Mandatory announcements on key corporate exercises and financial results were made on time in the year under review.

At the Management level, monthly coordination meetings on finance matters including credit collection and financial statements are diligently conducted to monitor, mitigate and carry out appropriate actions taken.

Engagement with the Stakeholders

Quarterly meetings with the Trustee are carried out to discuss the operational and financial performance of the REIT and the properties. During the year under review, two (2) meetings with the Trustee were carried out on 19 June 2024 & 17 October 2024.

Timely company briefings with analysts are conducted to apprise the shareholders, stakeholders, and general public of the REIT's performance while promoting transparency and open discussion. During the year under review, four (4) company briefings were carried out on the following dates: 27 February, 31 May, 30 August, 29 November 2024.

(g) Human Capital and Talent Management

Governance & Reporting Structure

The HR Department reports every quarter to the REID Group Chief Human Development Officer, who holds a strategic function in ensuring that human capital and talent management plans are aligned with the Business. The Real Estate Infrastructure Division (REID) Group is responsible for the formulation, implementation, monitoring, and review of the overall human resources strategy. The scope covers from entire employee life cycle from Talent Acquisition, Performance Management, Talent Development and drives Organisational change in building organisational capabilities.

Reward & Recognition

Establishing a clear system on how to measure employees' performance is key in sustaining a business model based on a "exponential growth agenda". The company uses a Key Performance Indicator ("KPI") system as part of the Performance Management System ("PMS") which starts with an Annual Planning cycle. The KPI System embeds the culture of accountability with KPIs scoring distributed across individuals / functions and organisation's achievement.

The 360 degrees performance appraisal are currently in practice to provides each employee the opportunity to give performance feedback on his or her supervisor's or manager' and peers.

Succession Planning

Leadership Development is a key priority and the company follows a strategic framework that feeds into the Succession Planning process. Succession Planning is done for key roles and it's a partnership discussion between the JLG Group Human Resource, the Board Numeration and Nomination Committee, the CEO, and the Head of Departments.

To ensure competency among the successors, a fit and proper policy is enforced as a guide for directors, director candidates, Shariah Adviser(s), CEO/ Principal Officers, and CMSRL holders as well as future leaders at the organisation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Employee Safety & Health

The Human Resource Unit is in charge of the Safety & Health issues at the operating level to address and ensure compliance with Occupational Safety and Health policies and procedures, with a goal to facilitate the provision of a safe and healthy working environment for all employees and other related parties in compliance with the requirements of the Occupational Safety and Health Act 1994. The manager has established a mental health policy & procedure in providing a structural approach for identifying, supporting, and managing mental health issues among employees in the workplace. Mental health awareness training also was conducted on the 30th of May 2024 to trigger the employee's awareness regarding their mental health.

The Manager undertakes adequate insurance coverage on both its employees and assets to ensure both are sufficiently insured against any losses arising from various perils faced in the Manager's/ REIT's operations.

(h) Outsourcing Functions to Third-Party Service Providers

The Manager entered into a few outsourcing arrangements that involved entrusting specific tasks, functions, or processes to external partners or third-party service providers. The objectives of these arrangements are to leverage the benefit from the partner's expertise, infrastructure, and economies of scale to improve cost efficiency to enable the organisation to focus more on core operations.

To mitigate the risks that these arrangements have on the company's performance, the Manager has set up the following controls:

Fit & Proper

- Developed an outsourcing policy in 2024 to govern and guide various departments of JRM while outsourcing any functions at the department level. The policy is intended for establishing a prudent practice on management of risks arising out of outsourcing with a view to preventing adverse systemic impact and to protect the interest of JRM and the REITs.
- Ensure that the service providers are professionally qualified in carrying out the services
- Carry out due diligence exercises which include background checks on the service providers, which may include background checks on the person or entity, a document verification process, or conducting interviews with the person to be appointed to undertake the key role in providing the services.

- Undertake an ESG compliance assessment on the potential service providers to ensure that there are no environmental risks in the service providers' activities
- Require the service provider to sign a vendor Integrity Pledge to ensure compliance to policies relating to Anti-Bribery & Anti-Corruption, No-Gift, No Entertainment and Whistleblowing Policy. This is a part and parcel to combat bribery and corruption in an organisation.
- Ensure that the service providers comply with other governance requirements such as undertaking data privacy protection as part of the contract terms. This aligns with the REIT's pledge to enforce its Personal Data Protection (PDP) Policy in providing assurance to its data owners – tenants, directors, and employees that their personal data will be safeguarded and protected by the REIT. In addition, the company also requires service providers to take cognizant of the Anti-Money Laundering and Anti-Terrorism Financing Policy and all applicable laws to commensurate with the nature of the Company's businesses and activities.

Quality Assurance and Managing Performance

- Conduct an annual performance assessment on the service providers and tabling the result to the Management Committee and the Board
- In addition, the senior management team conducts regular discussions with property, maintenance, and service managers to discuss issues for improvement and to promote better understanding to facilitate cognizance in decision-making capability. During the year under review, one (1) meeting with the Maintenance Manager were carried out on 5th September 2024.

BOARD COMMENTARY AND OPINION

For the financial year under review, the Board has received written assurance from the CEO, the CFO that the REIT's enterprise risk management and internal control systems, in all material aspects, are operating adequately and effectively. There were no material control failures or adverse compliance events that directly resulted in any material loss to the Group.

Taking into consideration the information and assurance given by the CEO and the Head of Finance, the Board is satisfied that the enterprise risk management and internal control systems in place for the year under review and up to the date of approval of this Statement are sound and effective to safeguard the interest of all shareholders, the REIT's assets, and other stakeholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The following oversight mechanisms and information have been compiled for the Board's oversight processes:-

- Periodic review of financial information covering financial performance and quarterly financial results;
- BARC's oversight of risk management framework, changes in risk magnitudes, and status of management implementation of risk mitigation plan;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- BARC's review and consultation with Management on the integrity of the financial results and audited financial statements;
- Audit findings and reports on the review of systems of internal control provided by the internal auditors and the status of Management's implementation of the audit recommendations; and
- Management's assurance that the JLG Group's risk management and internal control systems, including systems for compliance with applicable laws, regulations, rules directives, and guidelines have been operated adequately, effectively, and with integrity, in all material respects.

The Board will continue to monitor all major risks affecting the Group take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control ("Statement") in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

They have reported to the Boards that nothing has come to their attention that causes them to believe the Statement intended to be included in the Annual Report is not prepared, in all material respects, following the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board of Directors on 6 March 2025

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Securities Commission's Guidelines on Listed Real Estate Investment Trusts.

Sanctions of Penalties

There was no public sanction or penalty imposed on the Manager during FY2024.

Status of Utilisation Proceeds Raised From Corporate Proposal

For information, please refer to page 189.

Audit and Non-Audit Fees

For information, please refer to page 146.

Disclosure in Relation to the Unitholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

At an Annual General Meeting held on 25 April 2024, the Company obtained a mandate from its shareholders ("Shareholders' Mandate") for recurrent related party transactions ("RRPTs") of a revenue or trading nature.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), such Shareholders' Mandate is subject to annual renewal and the disclosure in the Annual Report of RRPTs conducted pursuant to the mandate during the financial year ended 31 December 2024 where the aggregate value of such RRPTs is equal to or more than RM1 million or 1% of the relevant percentage ratio for such transactions, whichever is the higher.

Set out below are the relevant RRPTs for which Shareholders' Mandate had been obtained together with a breakdown of the aggregate value of the RRPTs which had been conducted pursuant to the Shareholders Mandate and had met the prescribed threshold.

Transacting Party	Nature of Transaction	Nature of Relationship	Value Incurred from 29 Feb 2024 (LPD) to 31 Dec 2024 (RM '000)	The aggregate value transactions during the financial year
KPJ Group	Rental income for renting of, inter-alia, specialist hospitals, medical centres, aged care centre and college buildings	JCorp has a total of 43.38% direct and indirect interest in KPJ. KPJ and JCorp (via KPJ) are also the major unitholders of Al-`Aqar. KPJ and JCorp (via KPJ) are also the major unitholders of Al-`Aqar. The Manager is also indirectly wholly-owned by JCorp.	34,436	41,835
	Advisory for, inter-alia, renovation and/or upgrade of any refurbishment work to be undertaken at the hospitals; and property management fee	The Interested Directors (save for Dato' Haji Mohd Redza Shah bin Abdul Wahid) are deemed interested by virtue of them being the Directors of JRM and being part of the Board and/or senior management of JCorp Group. Dato' Haji Mohd Redza Shah bin Abdul Wahid and Shamsul Anuar bin Abdul Majid are the Directors of JRM and also Directors of KPJ	997	1,197
JCorp	Registrar expenses	JCorp (via KPJ) is the major unitholder of Al-`Aqar. The Manager is also indirectly wholly owned by JCorp. The Interested Directors (save for Dato' Haji Mohd Redza Shah bin Abdul Wahid) are deemed interested by virtue of them being the Directors of JRM and being part of the Board and/or senior management of JCorp Group	118	165
Aggregate Value of Transactions			35,551	43,197

SHARIAH ADVISER'S REPORT

To the Unit Holders of Al-`Aqar HEALTHCARE REIT

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

In our opinion, based on our review of the documents and information made available to us, the Manager has operated and managed the Fund in accordance with applicable guidelines pertaining to Shariah matters, and principles, concepts, and rulings endorsed by the Shariah Advisory Council of the Securities Commission ("SACSC") for the financial year ended 31 December 2024.

In addition, we also confirm that:

1. The investment portfolio of the Fund is Shariah-compliant, which comprises:
 - (a) Rental income from investment properties which complied with the Securities Commission Malaysia's Guidelines on Islamic Capital Market Products and Services. There was no Shariah non-compliant rental for the financial year ended 31 December 2023; and
 - (b) Cash placement and liquid assets, which are placed in Shariah-compliant investments and/or instruments.
2. There was no acquisition of property that is Shariah non-compliant during the financial year.

Our review does not include Shariah confirmation on the audited financial statements of the Fund where we noted that some conventional terminologies were used in the financial statements.

For and on behalf of the Shariah Adviser,

IBFIM

MOHAMAD SALIHIN DERIS

Designated Person Responsible for Shariah Advisory

Kuala Lumpur

TRUSTEE'S REPORT

For the financial year ended 31 December 2024

To the Unit Holders of
AL-`AQAR HEALTHCARE REIT ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 31 December 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, JLG REIT MANAGERS SDN BHD (formerly known as DAMANSARA REIT MANAGERS SDN BERHAD) has managed the Fund in accordance with the following:

- (a) Limitations imposed on the investment powers of the management company and the trustee under the deed, Guidelines on Real Estate Investment Trust, the Capital Markets and services Act, and other applicable laws; and
- (b) Valuation/pricing is carried out in accordance with the deed and any regulatory requirement.

We are of the opinion that the distribution of returns by the Fund is relevant and reflects the investment objective of the Fund.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI

Chief Executive Officer

Kuala Lumpur, Malaysia
30 April 2025

ANALYSIS OF UNITHOLDINGS

UNITHOLDINGS STATISTICS AS OF 31 DECEMBER 2024 AS PER RECORD OF DEPOSITOR

Unit Issued : 839,597,757 units

BREAK DOWN OF UNIT HOLDINGS

SIZE OF UNIT HOLDINGS	UNITHOLDERS	%	UNIT HOLDINGS	%
Less than 100	381	7.19	15,007	-
100 – 1000	1,797	33.92	899,401	0.11
1,001 – 10,000	2,059	38.87	9,539,957	1.13
10,001 – 100,000	869	16.41	26,261,143	3.13
100,001 to less than 5% of issued capital	187	3.53	512,736,504	61.07
5% and above of issued capital	4	0.08	290,145,745	34.56
Total	5,297	100.00	839,597,757	100.00

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(WITHOUT AGGREGATING THE SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME DEPOSITOR)

NO.	NAME	UNIT HOLDINGS	%
1	Lembaga Tabung Haji	112,098,656	13.35
2	Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	68,819,089	8.20
3	Kumpulan Wang Persaraan (Diperbadankan)	63,228,000	7.53
4	Amanahraya Trustees Berhad - A/C Amanah Saham Bumiputera	46,000,000	5.48
5	Pusat Pakar Tawakal Sdn.bhd.	41,017,534	4.89
6	Bandar Baru Klang Specialist Hospital Sdn Bhd	36,115,266	4.30
7	HSBC Noms (T) Sdn Bhd - A/C Pledged Securities Account For Selangor Specialist Hospital Sdn. Bhd.	35,000,000	4.17
8	Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board (Islamic)	31,076,567	3.70
9	KPJ Healthcare Berhad	28,259,289	3.37
10	Seremban Specialist Hospital Sdn. Bhd.	23,731,000	2.83
11	Ampang Puteri Specialist Hospital Sdn. Bhd.	21,013,739	2.50
12	Medical Associates Sdn.bhd.	19,055,000	2.27
13	Waqaf An-Nur Corporation Berhad	18,251,870	2.17
14	Amanahraya Trustees Berhad - A/C Amanah Saham Malaysia 3	16,857,430	2.01
15	Sentosa Medical Centre Sdn. Bhd.	15,653,000	1.86
16	Kedah Medical Centre Sdn.bhd.	15,000,000	1.79
17	Pusat Pakar Tawakal Sdn.bhd.	13,631,000	1.62
18	Amanahraya Trustees Berhad - A/C Public Islamic Opportunities Fund	13,496,300	1.61
19	Cartaban Noms (T) Sdn Bhd - A/C PBTB For Takafulink Dana Ekuiti	12,600,000	1.50
20	Johor Specialist Hospital Sdn.bhd.	12,203,000	1.45
21	Puteri Specialist Hospital (Johor) Sdn. Bhd.	12,000,000	1.43
22	Perdana Specialist Hospital Sdn Bhd	11,789,000	1.40
23	Amanahraya Trustees Berhad - A/C Amanah Saham Bumiputera 3 - Didik	11,749,800	1.40

ANALYSIS OF UNITHOLDINGS

NO.	NAME (CON'T)	UNIT HOLDERS	%
24	Amanahraya Trustees Berhad - A/C Public Islamic Select Treasures Fund	8,414,572	1.00
25	Citigroup Noms (T) Sdn Bhd - A/C Lembaga Tabung Haji (Eastspring)	7,186,000	0.86
26	Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board (Asianislamic)	5,767,400	0.69
27	Cartaban Noms (T) Sdn Bhd - A/C PAMB For Prulink Dana Unggul	5,500,000	0.66
28	Kuantan Specialist Hospital Sdn. Bhd.	5,000,000	0.60
29	Ong Ah How @ Ong Beng Hwa	4,759,477	0.57
30	Kajang Specialist Hospital Sdn. Bhd.	4,487,000	0.53

SUBSTANTIAL UNITHOLDERS

NO		DIRECT		INDIRECT	
		UNIT HOLDINGS	%	UNIT HOLDINGS	%
1	Johor Corporation	-	-	289,748,971	34.51
2	KPJ Healthcare Berhad	28,259,289	3.37	261,316,463	31.12
3	Lembaga Tabung Haji	122,717,856	14.62	-	-
4	Employees Provident Fund Board - 4 A/Cs	109,860,056	13.08	-	-
5	Kumpulan Wang Persaraan (Diperbadankan)	65,296,400	7.78	-	-
6	Pusat Pakar Tawakal Sdn.bhd. - 2a/Cs	54,648,534	6.51	-	-
7	Amanahraya Trustees Berhad -	46,000,000	5.48	-	-

SUBSTANTIAL UNITHOLDERS

	TOTAL		BUMIPUTRA		NON-BUMIPUTRA		FOREIGN	
	HOLDERS	HOLDINGS	HOLDERS	HOLDINGS	HOLDERS	HOLDINGS	HOLDERS	HOLDINGS
Government Bodies	2	971,900	2	971,900	-	-	-	-
Finance	17	277,507,482	14	251,809,686	2	21,910,872	1	3,786,924
Investment Trust	6	214,500	4	16,500	2	198,000	-	-
Nominees	1,477	215,564,086	318	155,930,948	1,112	56,533,702	47	3,099,436
Private Limited								
Company	48	240,398,938	19	237,815,258	29	2,583,680	-	-
- Retail Body	-	-	-	-	-	-	-	-
Corporates								
- Insti-Body Corporate								
Limited Company								
- Retail Body	20	49,868,759	19	47,988,759	-	-	1	1,880,000
Corporates	8	1,049,400	8	1,049,400	-	-	-	-
- Insti-Body Corporate								
Clubs / Association	2	898,400	1	895,400	1	3,000	-	-
Co-Operatives	6	514,450	5	507,950	1	6,500	-	-
Individual	3,711	52,609,842	819	4,022,391	2,835	45,893,752	57	2,693,699
Total	5,297	839,597,757	1,209	701,008,192	3,982	127,129,506	106	11,460,059
%	100.00	100.00	22.82	83.49	75.18	15.14	2.00	1.37

LIST OF PROPERTIES



KPJ AMPANG PUTERI SPECIALIST HOSPITAL

No. 1, Jalan Memanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor.



Land Area
233,162 sq.ft.



Gross Floor Area
390,848 sq.ft.

Asset Value
RM140,000,000

Lessee/Asset Operator
Ampang Puteri Specialist Hospital Sdn Bhd


Land Tenure
Leasehold

Encumbrances
Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lease Period
99


Remaining Lease Period
64

Age of Building
29




KPJ DAMANSARA SPECIALIST HOSPITAL

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



Land Area
180521 sq.ft.



Gross Floor Area
445114 sq.ft.

Asset Value
RM140,000,000

Lessee/Asset Operator
Rawang Specialist Hospital Sdn Bhd

Land Tenure
Freehold

Encumbrances
Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lease Period
-

Remaining Lease Period
-

Age of Building
27

LIST OF PROPERTIES



KPJ JOHOR SPECIALIST HOSPITAL

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

Land Area
217,800 sq.ft.

Gross Floor Area
477,974 sq.ft.

<p>Asset Value RM124,000,000</p>	<p>Lessee/Asset Operator Johor Specialist Hospital Sdn Bhd</p>	<p>Land Tenure Leasehold</p> <p>Remaining Lease Period 54</p>
<p>Encumbrances Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad</p>	<p>Lease Period 99</p>	<p>Age of Building Inpatient Building: 43 Premier Block: 15 PCB Building: 22 Car Park Building: 14</p>



KPJ PUTERI SPECIALIST HOSPITAL

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

Land Area
104109 sq.ft.

Gross Floor Area
134098 sq.ft.

<p>Asset Value RM40,000,000</p>	<p>Lessee/Asset Operator Pasir Gudang Specialist Hospital Sdn Bhd</p>	<p>Land Tenure Leasehold</p> <p>Remaining Lease Period 29</p>
<p>Encumbrances Nil</p>	<p>Lease Period 99</p>	<p>Age of Building 38</p>

LIST OF PROPERTIES



KPJ SELANGOR SPECIALIST HOSPITAL

Lot 1, Jalan Singa 20/1, Section 20, 40300 Shah Alam, Selangor



Land Area
204342 sq.ft.



Gross Floor Area
314844 sq.ft.

Asset Value

RM85,000,000

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lessee/Asset Operator

KPJ Selangor Specialist Hospital Sdn Bhd

Lease Period

99

Land Tenure

Leasehold

Remaining Lease Period

72

Age of Building

28



KPJ IPOH SPECIALIST HOSPITAL

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



Land Area
142116 sq.ft.



Gross Floor Area
382865 sq.ft.

Asset Value

RM91,000,000

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lessee/Asset Operator

Ipoh Specialist Hospital Sdn Bhd

Lease Period

-

Land Tenure

Freehold

Remaining Lease Period

-

Age of Building

Old Wing: 32 Years

New Wing: 17 Years

LIST OF PROPERTIES



KPJ PERDANA SPECIALIST HOSPITAL

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



Land Area
94162 sq.ft.



Gross Floor Area
146686 sq.ft.

Asset Value
RM40,000,000

Lessee/Asset Operator
Perdana Specialist Hospital Sdn Bhd

Land Tenure
Leasehold

Encumbrances
Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lease Period
66

Remaining Lease Period
Lot No.657: 29
Lot No.PT 705: 39

Age of Building
23



KPJ SENTOSA KL SPECIALIST HOSPITAL

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



Land Area
23659 sq.ft.



Gross Floor Area
91762 sq.ft.

Asset Value
RM32,000,000

Lessee/Asset Operator
Sentosa Medical Centre Sdn Bhd

Land Tenure
Freehold

Encumbrances
Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lease Period
-

Remaining Lease Period
-

Age of Building
26

LIST OF PROPERTIES



KPJ KAJANG SPECIALIST HOSPITAL

Jalan Cheras, 43000 Kajang, Selangor Darul Ehsan.




Land Area
68932 sq.ft.




Gross Floor Area
191142 sq.ft.

<p>Asset Value</p> <p>RM58,000,000</p> <hr style="border-top: 1px dotted #ccc;"/> <p>Encumbrances</p> <p>Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad</p>	<p>Lessee/Asset Operator</p> <p>Kajang Specialist Hospital Sdn Bhd</p> <hr style="border-top: 1px dotted #ccc;"/> <p>Lease Period</p> <p>-</p>	<p>Land Tenure</p> <p>Freehold</p> <hr style="border-top: 1px dotted #ccc;"/> <p>Remaining Lease Period</p> <p>-</p> <hr style="border-top: 1px dotted #ccc;"/> <p>Age of Building</p> <p>19</p>
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KEDAH MEDICAL CENTRE

Nos . 175 & 175A, Jalan Pumpong, 05250 Alor Setar, Kedah Darul Aman.



Land Area
83183 sq.ft.



Gross Floor Area
215851 sq.ft.

<p>Asset Value</p> <p>RM61,000,000</p> <hr style="border-top: 1px dotted #ccc;"/> <p>Encumbrances</p> <p>Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad</p>	<p>Lessee/Asset Operator</p> <p>Kedah Medical Centre Sdn Bhd</p> <hr style="border-top: 1px dotted #ccc;"/> <p>Lease Period</p> <p>-</p>	<p>Land Tenure</p> <p>Freehold</p> <hr style="border-top: 1px dotted #ccc;"/> <p>Remaining Lease Period</p> <p>-</p> <hr style="border-top: 1px dotted #ccc;"/> <p>Age of Building</p> <p>20</p>
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LIST OF PROPERTIES



KPJ PENANG SPECIALIST HOSPITAL

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



Land Area
190930 sq.ft.



Gross Floor Area
180109 sq.ft.

Asset Value

RM66,000,000

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lessee/Asset Operator

Penang Specialist Hospital Sdn Bhd

Lease Period

-

Land Tenure

Freehold

Remaining Lease Period

-

Age of Building

16



KPJ TAWAKKAL KL SPECIALIST HOSPITAL

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



Land Area
89168 sq.ft.



Gross Floor Area
344983 sq.ft.

Asset Value

RM141,000,000

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lessee/Asset Operator

Pusat Pakar Tawakkal Sdn Bhd

Lease Period

-

Land Tenure

Freehold


Remaining Lease Period

-

Age of Building


15

LIST OF PROPERTIES




KPJ SEREMBAN SPECIALIST HOSPITAL

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



Land Area
241865 sq.ft.



Gross Floor Area
Existing building: 182,012 sq.ft.
New building: 207,160 sq.ft.

Asset Value

RM160,000,000

Encumbrances

Charged by AmanahRaya Trustees Berhad to CIMB Islamic Bank Berhad

Lessee/Asset Operator

Maharani Specialist Hospital Sdn Bhd

Lease Period

-

Land Tenure

Freehold

Remaining Lease Period

-

Age of Building

Existing building: 20
New building: 6



TAIPING MEDICAL CENTRE

- Lot Nos. 3102- 3104
- Lot Nos. 3105-3107
- Lot No 3140



Area
47,845 sq.ft.



Gross Floor Area

- Existing building - 182,012 sq.ft.
- New building - 207,160 sq.ft."

Asset Value

RM22,000,000

Encumbrances

Charged by AmanahRaya Trustees Berhad to CIMB Islamic Bank Berhad

Lessee/Asset Operator

Penang Specialist Hospital Sdn Bhd

Lease Period

99

Land Tenure

Leasehold


Remaining Lease Period

64

Age of Building

- Lot Nos. 3102- 3104 : 23 years
- Lot Nos. 3105-3107 : 31 years
- Lot No 3140 : 4 years

LIST OF PROPERTIES



KPJ KLANG SPECIALIST HOSPITAL

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

Land Area
117,391 sq.ft.

Gross Floor Area
353,494 sq.ft.

Asset Value
RM106,000,000

Lessee/Asset Operator
Bandar Baru Klang Specialist Hospital Sdn Bhd

Land Tenure
Leasehold

Remaining Lease Period
68

Encumbrances
Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lease Period
99

Age of Building
13



KPJ BATU PAHAT SPECIALIST HOSPITAL

No 1, Jalan Mutiara Gading Utama 1, Taman Mutiara Gading, Sri Gading, 83000 Batu Pahat, Johor

Land Area
217,813 sq.ft.

Gross Floor Area
173,645 sq.ft.

Asset Value
RM81,000,000

Lessee/Asset Operator
Pasir Gudang Specialist Hospital Sdn Bhd

Land Tenure
Freehold

Remaining Lease Period
-

Encumbrances
Charged by AmanahRaya Trustees Berhad to OCBC Al-Amin Bank Berhad

Lease Period
-

Age of Building
5

LIST OF PROPERTIES



KPJ PASIR GUDANG SPECIALIST HOSPITAL

Lot PTD 204781, Jalan Persiaran Dahlia 2, Taman Bukit Dahlia, 81700 Pasir Gudang, Johor

Land Area
141,481 sq.ft.

Gross Floor Area
203,280 sq.ft.

Asset Value
RM91,000,000

Encumbrances
Charged by AmanahRaya Trustees Berhad to CIMB Islamic Bank Berhad


Lessee/Asset Operator
Pasir Gudang Specialist Hospital Sdn Bhd

Lease Period
99

Land Tenure
Leasehold

Remaining Lease Period
84

Age of Building
12



KPJ KUANTAN CARE & WELLNESS CENTRE

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

Land Area
72,323 sq.ft.

Gross Floor Area
69,060 sq.ft.

Asset Value
RM16,000,000

Encumbrances
Nil

Lessee/Asset Operator
Kuantan Wellness Center Sdn Bhd

Lease Period
-

Land Tenure
Freehold

Remaining Lease Period
-

Age of Building
38

LIST OF PROPERTIES

**TAWAKKAL HEALTH CENTRE**

No. 202-A, Jalan Pahang, 53000 Kuala Lumpur.

**Land Area**
30,557 sq.ft.**Gross Floor Area**
121,700 sq.ft.**Asset Value**

RM44,000,000

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Investment Bank Berhad

Lessee/Asset Operator

Pusat Pakar Tawakkal Sdn Bhd

Lease Period

- i. Lot 124 and 125 - Leasehold, 99 years
- ii. Lot 20003 - Leasehold, 99 years
- iii. Lot 78-102 Freehold

Land Tenure

Leasehold and freehold

Remaining Lease Period

- i) 53
- ii) 88

Age of Building

41

**KPJ HAEMODIALYSIS KLUANG**

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

**Land Area**
10,607 sq.ft.**Gross Floor Area**
31,437 sq.ft.**Asset Value**

RM5,000,000

Encumbrances

Nil

Lessee/Asset Operator

Pusat Pakar Kluang Utama Sdn Bhd

Lease Period

99

Land Tenure

Leasehold


Remaining Lease Period

76

Age of Building


24

LIST OF PROPERTIES




KPJ HEALTHCARE UNIVERSITY COLLEGE, NILAI

PT 551 & PT 552, Persiaran Kota Seriemas, Kota Seriemas, 71800, Nilai , Negeri Sembilan



Land Area
983,840 sq.ft.



Gross Floor Area
447,827 sq.ft.

Asset Value
RM102,000,000

Lessee/Asset Operator
KPJ Healthcare University College Sdn Bhd


Land Tenure
Freehold

Encumbrances
Charged by AmanahRaya Trustees Berhad to OCBC Al-Amin Bank Berhad

Lease Period
-


Remaining Lease Period
-

Age of Building
i) Existing Building - 19
ii) New Building - 10




KPJ INTERNATIONAL COLLEGE, PENANG

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



Land Area
126,238 sq.ft.



Gross Floor Area
42,989 sq.ft.

Asset Value
RM14,000,000

Lessee/Asset Operator
KPJ Healthcare University College Sdn Bhd

Land Tenure
Freehold




Encumbrances
Charged by AmanahRaya Trustees Berhad to OCBC Al-Amin Bank Berhad

Lease Period
-

Remaining Lease Period
-

Age of Building
39

LIST OF PROPERTIES

	<h3>JETA GARDENS AGED CARE AND RETIREMENT VILLAGE</h3> <p>Jeta Gardens, Aged Care and Retirement Village, 27 Clarendon Avenue, Bethania, 4205 Australia.</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="740 612 991 691">  <p>Land Area 1,287,148 sq.ft.</p> </div> <div data-bbox="1053 612 1338 691">  <p>Gross Floor Area 57,587 sq.ft.</p> </div> </div>	
<p>Asset Value</p> <p>RM9,316,015/ AUD3,350,000</p> <hr/> <p>Encumbrances</p> <p>Free from any mortgage but subject to subleases and easements</p>	<p>Lessee/Asset Operator</p> <p>Jeta Gardens (QLD) Pty Ltd</p> <hr/> <p>Lease Period</p> <p>-</p>	<p>Land Tenure</p> <p>Freehold</p> <hr/> <p>Remaining Lease Period</p> <p>-</p> <hr/> <p>Age of Building</p> <p>15</p>

The background of the page is a dark, blurred image of financial data. It features several overlapping line graphs and bar charts in shades of white and light gray. Some of the visible data points include percentages like '+0.19%', '-2.71%', '+0.09%', '+4.74%', and '+0.95%'. The overall aesthetic is professional and data-driven.

FINANCIAL STATEMENTS

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MANAGER'S REPORT

The Manager of Al-`Aqar Healthcare REIT (the "Fund"), Damansara REIT Managers Sdn Berhad (the "Manager") have pleasure in presenting their report and the audited financial statements of the Group and of the Fund for the financial year ended 31 December 2024.

RESULTS

	Group 2024 RM	Fund 2024 RM
Profit for the year	58,274,854	45,917,521

INCOME DISTRIBUTIONS

Since the end of the previous financial year, the amounts of dividends paid by the Fund were as follows:

	Fund 2024 RM
In respect of the financial year ended 31 December 2023 as reported in the directors' report of that year:	
Final income distribution of 2.00 sen per unit on 839,597,757 units, paid on 22 February 2024	13,181,685
In respect of the financial year ended 31 December 2024 as reported in the directors' report of current year:	
First interim income distribution of 1.90 sen per unit on 839,597,757 units, paid on 25 June 2024	15,952,357
Second interim income distribution of 1.90 sen per unit on 839,597,757 units, paid on 30 September 2024	15,952,357
Third interim income distribution of 1.90 sen per unit on 839,597,757 units, paid on 24 December 2024	15,952,357
	61,038,756

A final interim income distribution in respect of the financial year ended 31 December 2024, of 1.57 sen per unit on 839,597,757 units amounting to an income distribution payable of RM15,952,357 will be payable on 13 February 2025.

The financial statements for the current year do not reflect this final interim income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2025.

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"). The Fund was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 August 2006.

On 17 April 2019, at the Annual General Meeting, the unitholders of the Fund approved the proposed amendments of the Restated Trust Deed dated 31 July 2013. The Second Restated Trust Deed was executed and lodged with the Securities Commission on 25 November 2019.

On 13 December 2022, at the Extraordinary General Meeting, the unitholders of the Fund approved the proposed amendments to the Second Restated Trust Deed dated 25 November 2019. The Supplemental Deed to the Second Restated Trust Deed was executed on 29 December 2022. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Second Supplemental Deed to the Second Restated Trust Deed.

MANAGER'S REPORT

THE FUND AND ITS INVESTMENT OBJECTIVE (CONT'D)

The 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 optimising the performance and enhancing the overall quality for a large and geographically diversified portfolio of Shariah-compliant real estate assets through various permissible investment and business strategies.

THE MANAGER AND ITS PRINCIPAL ACTIVITY

The Manager is a company incorporated in Malaysia and is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, a company incorporated in Malaysia. The Directors of the Manager consider Johor Corporation as the ultimate holding corporation of the Manager, a body corporate established under the Johor Corporation Enactment No 4, 1968 (as amended by the Enactment No. 5, 1995).

"The principal activity of the Manager is that of managing 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 will seek to achieve the following strategies:

(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 seventy-five percent (75%) of the total assets value must be invested in Real Estate that generates recurrent rental income at all times;
- (b) the Fund may invest in Real Estate where it does not have a majority ownership and control provided that the total value of these Real Estate does not exceed twenty-five percent (25%) of the total assets value at the point of acquisition, as the case may be; and
- (c) the aggregate investments in Property Development Activities (Property Development Costs) and Real Estate under construction must not exceed fifteen percent (15%) of the total assets value. For avoidance of doubt, such investments cannot be accounted towards meeting the requirement under Clause 6.3.1(a) of this Deed.

(ii) Diversification

The Fund will seek to diversify its Shariah-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.

MANAGER'S REPORT

DIRECTORS OF THE MANAGER

The directors of the Manager in office since the beginning of the financial year and to the date of this report are:

Datuk Hashim bin Wahir	
Shamsul Anuar bin Abdul Majid	
Datuk Sr Akmal bin Ahmad	
Abdullah bin Abu Samah	
Lailatul Azma binti Abdullah	
Dato Haji Mohammed Ridha bin Abd Kadir	(Appointed on 22 August 2024)
Goh Tian Sui	(Appointed on 21 January 2025)
Datin Ungku Suseelawati binti Ungku Omar	(Appointed on 21 January 2025)
Dato' Wan Kamaruzaman bin Wan Ahmad	(Resigned on 5 January 2024)
Dato' Haji Salehuddin bin Hassan	(Resigned on 9 January 2024)
Dato' Haji Mohd Redza Shah bin Abdul Wahid	(Resigned on 31 December 2024)
Ng Yan Chuan	(Resigned on 31 December 2024)

DIRECTORS OF THE MANAGER'S 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 was a party, whereby the directors might 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 included in the aggregate amount of emoluments received or due and receivable by the directors of Manager or the fixed salary of a full time employee of the Fund or its related corporations as shown below) by reason of a contract made by the Fund or a related corporation with any director or with a firm of which the director is a member, or with a Fund in which the director has substantial financial interest.

The directors of the Manager's benefits are as follows:

	RM
Fees	838,801

MANAGER'S REPORT

DIRECTORS OF THE MANAGER'S INTERESTS

According to the Register of Directors' Unitholdings kept by the Manager under Section 59 of the Companies Act 2016, the interests of the Directors of the Manager in office at the end of the financial year in units of the Fund and its related corporations during the financial year were as follows:

	<-----Number of ordinary shares----->			
	At 1.1.2024	Acquired	Sold	At 31.12.2024
Related company				
Al-Salām Real Estate Investment Trust				
Dato' Haji Salehuddin bin Hassan	9,125	-	-	9,125
Johor Plantation Group Berhad				
Abdullah bin Abu Samah	400,000	-	-	400,000
Datuk Sri Akmal bin Ahmad	403,000	-	-	403,000
Ng Yan Chuan	300,000	-	-	300,000
Shamsul Anuar Bin Abdul Majid	1,100,000	182,300	-	1,282,300
Dato' Mohd Redza Shah bin Abdul Wahid	8,000	-	(1,000)	7,000

None of the other Directors of the Manager in office at the end of the financial year had no interest in units of the Fund and of its related corporations during and at the end of the financial year.

MANAGER'S REMUNERATION

Pursuant to the Second Restated Trust Deed dated 25 November 2019 and the Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, the Manager is entitled to receive the following fees from the Fund:

- (a) Management fee of up to 0.3% per annum of the total assets value of the Fund calculated based on monthly accrual basis and payable monthly in arrears;
- (b) An acquisition fee of 1.0% 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
- (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.

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, other than those as disclosed in the financial statements.

MANAGER'S REPORT

ISSUE OF UNITHOLDERS' UNITS

There was no issuance of new units during the year.

HOLDING CORPORATION

The ultimate holding corporation of the Fund is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995).

OTHER STATUTORY 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value 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 the amount of the provision for doubtful debts inadequate to any substantial extent; 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; and
 - (ii) any contingent liability of the Group and 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 and 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 and of the Fund for the financial year in which this report is made.
- (g) As of 31 December 2024, the current liabilities of the Fund have exceeded the current assets by RM18,425,026. In the opinion of the Manager, the Fund will be able to meet their obligations and liabilities as and when they fall due on the basis that the Fund will be able to repay their borrowings when it matures.

As at reporting date, the management has secured a new facility valued at RM360,000,000 for a duration of 18 months, starting from March 2025. Of this amount, RM110,000,000 will be used to fully settle the existing Commodity Murabahah Term Financing-i facilities.

MANAGER'S REPORT

SIGNIFICANT EVENTS

Details of the significant events are disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	Fund RM
Auditors' remuneration paid to Ernst & Young PLT		
- Statutory audit	200,000	180,000
- Others	20,000	20,000
	220,000	200,000
Auditors' remuneration paid to other firms		
- Statutory audit	110,526	-
Total remuneration paid to the external auditors	330,526	200,000

To the extent permitted by law, the Manager of the Fund has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecific amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 24 February 2025.

Datuk Hashim bin Wahir

Kuala Lumpur

Abdullah bin Abu Samah

STATEMENT BY THE DIRECTORS OF THE MANAGER AND STATUTORY DECLARATION

STATEMENT BY THE DIRECTORS OF THE MANAGER

We, Datuk Hashim bin Wahir and Abdullah bin Abu Samah, being two of the directors of Damansara REIT Managers Sdn Berhad (the "Manager"), do hereby state that, in the opinion of the directors of the Manager, the accompanying financial statements of Al-`Aqar Healthcare REIT (the "Fund") and its subsidiaries (the "Group") set out on pages 151 to 199 are drawn up in accordance with applicable provisions of the Second Restated Trust Deed dated 25 November 2019, Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, MFRS Accounting Standards and IFRS Accounting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2024 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 24 February 2025.

Datuk Hashim bin Wahir

Abdullah bin Abu Samah

STATUTORY DECLARATION

I, Zulhilmy bin Kamaruddin, being the officer of the Manager primarily responsible for the financial management of Al-`Aqar Healthcare REIT, do solemnly and sincerely declare that the accompanying financial statements set out on pages 151 to 199 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 Zulhilmy
bin Kamaruddin at Kuala Lumpur
in the Federal Territory on 24 February 2025.

Zulhilmy bin Kamaruddin

Before me,

Commissioner for Oaths

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF AL-`AQAR HEALTHCARE REIT AND ITS SUBSIDIARIES

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Al-`Aqar Healthcare REIT, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Fund, 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 notes to the financial statements, including material accounting policy information, as set out on pages 151 to 199.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards and IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Valuation of investment properties

The Group and the Fund adopt fair value model for their investment properties. As at 31 December 2024, the carrying amount of the Group's and the Fund's investment properties is RM1,654,401,421 and RM1,645,085,406 respectively, which represents 90% and 90% of the Group's and the Fund's total assets respectively.

We have identified this as an important area of our audit given the significance of the investment properties and the complex valuation method which is based on assumptions that are highly judgemental.

Our audit procedures focused on the valuations performed by independent professional valuers, which included, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of the independent professional valuers;
- We obtained an understanding of the methodology adopted by the independent professional valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent professional valuers to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data, yield rate and discount rate;

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-`AQAR HEALTHCARE REIT AND ITS SUBSIDIARIES

(Incorporated in Malaysia)

Valuation of investment properties (cont'd.)

- We tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged yield rate by comparing them with available industry data, taking into consideration comparability and market factors;
- We assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile; and
- We also evaluated the Group's and the Fund's disclosures on those assumptions to which the outcome of the valuation is most sensitive. The disclosures on the valuation sensitivity and significant assumptions used are included in Notes 3.2(a) and 10 to the financial statements.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Fund and our auditors' report thereon, which we obtained prior to the date of this auditors' report. The Group's 2024 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Fund, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements of the Group and of the Fund that give a true and fair view in accordance with MFRS Accounting Standards and IFRS Accounting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Fund, the Manager is responsible for assessing the Group's and the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-`AQAR HEALTHCARE REIT AND ITS SUBSIDIARIES

(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Fund, including the disclosures, and whether the financial statements of the Group and of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Securities Commission's Guidelines on 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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
24 February 2025

Mimie Joanna Binti Johar
No. 03592/09/2025 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	The Group		The Fund	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	4	117,215,932	121,022,481	116,248,674	115,250,328
Other income		636,093	731,276	612,971	731,276
Total revenue		117,852,025	121,753,757	116,861,645	115,981,604
Property expenses	5	(6,525,878)	(6,552,386)	(6,493,606)	(6,486,678)
Manager's fees		(4,651,967)	(4,430,769)	(4,651,967)	(4,430,769)
Professional fees		(2,498,731)	(3,298,450)	(606,696)	(1,031,315)
Valuation fees		(595,727)	(653,198)	(595,727)	(622,000)
Trustee's fees		(428,994)	(418,825)	(428,994)	(418,825)
Disposal fees		(65,000)	-	(65,000)	-
Maintenance of property		(1,542,427)	(958,959)	(1,542,427)	(958,959)
Total property expenses		(16,308,724)	(16,312,587)	(14,384,417)	(13,948,546)
Net property income		101,543,301	105,441,170	102,477,228	102,033,058
Investment revenue	6	1,885,072	1,450,856	2,661,888	5,906,057
Gain on disposal of investment property		1,000,000	-	1,000,000	-
Fair value written down of asset held for sale		(16,571,468)	-	-	-
Fair value adjustment of investment properties		10,134,121	(5,151,250)	10,134,121	8,735,161
Total investment (loss)/income		(3,552,275)	(3,700,394)	13,796,009	14,641,218
Net investment income		97,991,026	101,740,776	116,273,237	116,674,276
<u>Finance costs:</u>					
Islamic financing		(36,956,507)	(36,834,869)	(36,956,507)	(36,834,869)
Transaction cost	17	(1,652,481)	(2,312,217)	(1,652,481)	(2,312,217)
Unrealised gain on foreign exchange		-	55,712	-	55,712
Directors fees		(22,592)	(23,398)	-	-
Printing expenses		(113,146)	(45,848)	(112,986)	(45,688)
Secretarial fee		(915)	(1,155)	-	-

STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2024 (cont'd)

	Note	The Group		The Fund	
		2024 RM	2023 RM	2024 RM	2023 RM
Securities Commission's fees		(100)	(1,200)	(100)	(1,200)
Audit fees					
- Current year		(310,526)	(343,000)	(180,000)	(170,000)
- Other services		(20,000)	(330,000)	(20,000)	(330,000)
Tax agent's fee		(12,500)	(16,800)	(10,500)	(14,800)
Unrealised loss on foreign exchange		(132,601)	-	(132,601)	-
Administration expenses		(604,122)	(874,308)	(523,056)	(673,558)
Allowance for impairment loss of investment in a subsidiary	11	-	-	-	(2,539,638)
Allowance for expected credit loss on amount due from a subsidiary		-	-	(30,876,803)	(6,970,806)
Annual listing fees		(5,000)	(5,000)	(5,000)	(5,000)
Withholding tax		(77,682)	(445,520)	(77,682)	(445,520)
Shariah adviser's fee		(8,000)	(9,000)	(8,000)	(9,000)
Total fund expenses		(39,916,172)	(41,186,603)	(70,555,716)	(50,296,584)
Profit before tax		58,074,854	60,554,173	45,717,521	66,377,692
Tax credit	7	200,000	140,000	200,000	140,000
Profit for the year		58,274,854	60,694,173	45,917,521	66,517,692
Profit for the year					
Realised		62,223,269	63,246,350	64,171,271	64,693,902
Unrealised		(3,948,415)	(2,552,177)	(18,253,750)	1,823,790
		58,274,854	60,694,173	45,917,521	66,517,692
Earnings per unit (sen):	8				
Basic		6.94	7.45		
Other comprehensive (loss)/income for the year,					
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Foreign currency translation, representing total other comprehensive (loss)/income for the year, net of tax		(12,380,259)	5,799,430	-	-
Total comprehensive income for the year, net of tax		45,894,595	66,493,603	45,917,521	66,517,692

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

STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2024 (cont'd)

	Note	The Group		The Fund	
		2024 RM	2023 RM	2024 RM	2023 RM
Assets					
Non-current assets					
Investment properties	10	1,654,401,421	1,643,220,335	1,645,085,406	1,632,750,245
Investment in subsidiaries	11	-	-	3	3
Amount due from a subsidiary	13	-	-	93,700,372	99,147,701
		1,654,401,421	1,643,220,335	1,738,785,781	1,731,897,949
Current assets					
Trade receivables	12	50,679,308	51,368,069	19,963,896	17,973,633
Other receivables and prepaid expenses	12	1,579,265	368,783	1,432,752	300,326
Amount due from subsidiaries	13	-	-	69,018	24,328,361
Cash and bank balances	14	87,313,662	84,326,626	75,902,423	68,368,420
		139,572,235	136,063,478	97,368,089	110,970,740
Assets classified as held for sale	28	41,963,781	76,700,031	-	12,000,000
		181,536,016	212,763,509	97,368,089	122,970,740
Total assets		1,835,937,437	1,855,983,844	1,836,153,870	1,854,868,689
Total unitholders' fund and liabilities					
Unitholders' fund					
Unitholders' capital	18	854,758,225	854,758,225	854,758,225	854,758,225
Undistributed income		214,917,827	221,291,977	198,826,408	217,557,891
Foreign currency translation reserve		(16,133,004)	(3,752,745)	-	-
Total unitholders' fund		1,053,543,048	1,072,297,457	1,053,584,633	1,072,316,116
Non-current liabilities					
Deferred tax liability	16	1,322,541	1,522,541	1,322,541	1,522,541
Other payables	15	16,232,068	16,373,882	16,232,068	16,373,882
Islamic financing	17	649,221,513	677,881,184	649,221,513	677,881,184
		666,776,122	695,777,607	666,776,122	695,777,607

STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2024 (cont'd)

	Note	The Group		The Fund	
		2024 RM	2023 RM	2024 RM	2023 RM
Current liabilities					
Other payables	15	5,698,114	8,040,780	5,872,962	6,906,966
Islamic financing	17	109,920,153	79,868,000	109,920,153	79,868,000
		115,618,267	87,908,780	115,793,115	86,774,966
Total liabilities		782,394,389	783,686,387	782,569,237	782,552,573
Total unitholders' fund and liabilities		1,835,937,437	1,855,983,844	1,836,153,870	1,854,868,689
Number of units in circulation	18	839,597,757	839,597,757	839,597,757	839,597,757
Net asset value ("NAV")					
- before income distribution		1,053,543,048	1,072,297,457	1,053,584,633	1,072,316,116
- after income distribution		1,040,361,363	1,055,505,502	1,040,402,948	1,055,524,161
NAV per unit					
- before income distribution		1.25	1.28	1.25	1.28
- after income distribution		1.24	1.26	1.24	1.26

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

STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2024 (cont'd)

	Note	Unitholders' capital RM	Realised* RM	Unrealised RM	Total undistributed income RM	Foreign currency translation reserve RM	Total unitholders' fund RM
The Group							
At 1 January 2023		756,408,942	73,168,953	151,189,059	224,358,012	(9,552,175)	971,214,779
Issuance of unitholders' capital	18	98,349,283	-	-	-	-	98,349,283
Profit/(loss) for the year		-	63,246,350	(2,552,177)	60,694,173	-	60,694,173
Other comprehensive gain		-	-	-	-	5,799,430	5,799,430
Total comprehensive income/(loss)		-	63,246,350	(2,552,177)	60,694,173	5,799,430	66,493,603
Transactions with unitholders:							
Income distributions	9	-	(63,760,208)	-	(63,760,208)	-	(63,760,208)
At 31 December 2023		854,758,225	72,655,095	148,636,882	221,291,977	(3,752,745)	1,072,297,457

* Distributable

	Note	Unitholders' capital RM	Realised* RM	Unrealised RM	Total undistributed income RM	Foreign currency translation reserve RM	Total unitholders' fund RM
The Group							
At 1 January 2024		854,758,225	72,655,095	148,636,882	221,291,977	(3,752,745)	1,072,297,457
Profit for the year		-	63,694,679	(5,419,825)	58,274,854	-	58,274,854
Realisation of loss from disposal of investment properties		-	(1,471,410)	1,471,410	-	-	-
Other comprehensive loss		-	-	-	-	(12,380,259)	(12,380,259)
Total comprehensive income/(loss)		-	62,223,269	(3,948,415)	58,274,854	(12,380,259)	45,894,595
Transactions with unitholders:							
Income distributions	9	-	(64,649,004)	-	(64,649,004)	-	(64,649,004)
At 31 December 2024		854,758,225	70,229,360	144,688,467	214,917,827	(16,133,004)	1,053,543,048

* Distributable

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

STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2024 (cont'd)

	Note	Unitholders' capital RM	Realised* RM	Unrealised RM	Total undistributed income RM	Total unitholders' fund RM
The Fund						
At 1 January 2023		756,408,942	69,992,781	144,807,626	214,800,407	971,209,349
Issuance of unitholders' capital	18	98,349,283	-	-	-	98,349,283
Total comprehensive income		-	64,693,902	1,823,790	66,517,692	66,517,692
Transactions with unitholders:						
Income distributions	9	-	(63,760,208)	-	(63,760,208)	(63,760,208)
At 31 December 2023		854,758,225	70,926,475	146,631,416	217,557,891	1,072,316,116
At 1 January 2024		854,758,225	70,926,475	146,631,416	217,557,891	1,072,316,116
Issuance of unitholders' capital	18	-	-	-	-	-
Total comprehensive income		-	65,642,681	(19,725,160)	45,917,521	45,917,521
Realisation of loss from disposal of investment properties		-	(1,471,410)	1,471,410	-	-
Transactions with unitholders:						
Income distributions	9	-	(64,649,004)	-	(64,649,004)	(64,649,004)
At 31 December 2024		854,758,225	70,448,742	128,377,666	198,826,408	1,053,584,633

* Distributable

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

STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2024 (cont'd)

	The Group		The Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from operating activities				
Profit before tax	58,074,854	60,554,173	45,717,521	66,377,692
Adjustments for:				
Finance costs	38,608,988	39,147,086	38,608,988	39,147,086
Investment revenue	(1,885,072)	(1,450,856)	(2,661,888)	(5,906,057)
Interest accretion on tenant deposits	447,473	424,563	447,473	424,563
Amortisation of deferred income	(504,167)	(463,085)	(504,167)	(463,085)
Allowance for impairment loss in investment in subsidiaries	-	-	-	2,539,638
Allowance for expected credit loss on amount due from a subsidiary	-	-	30,876,803	6,970,806
Gain on disposal of investment property	(1,000,000)	-	(1,000,000)	-
Fair value adjustment of investment properties	(10,134,121)	5,151,250	(10,134,121)	(8,735,161)
Fair value written down of asset held for sale	16,571,468	-	-	-
Unrealised loss/(gain) on foreign exchange	132,601	(55,712)	132,601	(55,712)
Unbilled rental income	(2,364,839)	(2,364,839)	(2,364,839)	(2,364,839)
Operating profit before working capital changes	97,947,185	100,942,580	99,118,371	97,934,931
Changes in working capital:				
Decrease in trade receivables	3,053,600	500,182	374,576	8,138,379
Increase in other receivables and prepaid expenses	(1,254,630)	(263,046)	(1,817,053)	(195,334)
(Decrease)/Increase in other payables and accrued expenses	(3,729,478)	77,685	(3,724,196)	(1,095,903)
Net changes in working capital	(1,930,508)	314,821	(5,166,673)	6,847,142
Net cash generated from operating activities	96,016,677	101,257,401	93,951,698	104,782,073
Cash flows from investing activities				
Income received on investment	1,929,220	1,494,280	2,569,699	1,495,274
Profit sharing on advances from a subsidiary in Australia	-	-	28,143,226	445,520
Net proceed from disposal of investment property	13,000,000	-	13,000,000	-
Enhancement to investment properties	(2,201,040)	-	(2,201,040)	-
Net cash generated from investing activities	12,728,180	1,494,280	41,511,885	1,940,794

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2024 (cont'd)

	The Group		The Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from financing activities				
Finance costs paid on Islamic financing	(34,227,437)	(36,525,112)	(34,227,437)	(36,525,112)
Transaction costs paid	(259,999)	(180,000)	(259,999)	(180,000)
Decrease in amount due to a subsidiary	-	-	(28,536,541)	(84,774)
Income distributions	(66,076,382)	(78,266,014)	(64,773,002)	(78,266,014)
Repayment of Islamic financing	-	(100,000,000)	-	(100,000,000)
Net proceeds from issuance of units	-	98,349,283	-	98,349,283
Net proceeds from Islamic financing	-	-	-	-
Net cash used in financing activities	(100,563,818)	(116,621,843)	(127,796,979)	(116,706,617)
Net increase/(decrease) in cash and cash equivalents	8,179,901	(13,870,162)	7,666,604	(9,983,750)
Effects of changes in exchange rates	(5,061,402)	2,009,198	-	-
Effects of foreign currency translation on cash and cash equivalents	(132,601)	55,712	(132,601)	55,712
Cash and cash equivalents at beginning of year	84,286,760	96,092,012	68,368,420	78,296,458
Cash and cash equivalents at end of year (Note 14)	87,272,658	84,286,760	75,902,423	68,368,420

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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 Berhad. Pursuant to the Principal Trust Deed, the Fund entered into a Supplemental Trust Deed dated 14 May 2010 with Amanah Raya Berhad and AmanahRaya Trustees Berhad (the "Trustee") for the retirement of Amanah Raya Berhad from acting as a Trustee and for the appointment of AmanahRaya Trustees Berhad as the new Trustee for the Fund. 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 ("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 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.

On 17 April 2019, at the Annual General Meeting, the unitholders of The Fund approved the proposed amendments of the Restated Trust Deed dated 31 July 2013. The Second Restated Trust Deed was executed and lodged with the Securities Commission on 25 November 2019. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Second Restated Trust Deed.

On 13 December 2022, at the Extraordinary General Meeting, the unitholders of The Fund approved the proposed amendments to the Second Restated Trust Deed dated 25 November 2019. The Supplemental Deed to the Second Restated Trust Deed was executed on 29 December 2022. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Supplemental Deed to the Second Restated Trust Deed.

The Manager is a company incorporated in Malaysia and is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, a company incorporated in Malaysia. The directors of the Manager consider Johor Corporation as the ultimate holding corporation of the Manager, a body corporate established under the Johor Corporation Enactment No 4, 1968 (as amended by the Enactment No. 5, 1995).

The ultimate holding corporation of the Fund is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995).

The principal activity of the Group and the Fund is to invest in Shariah-compliant properties with the primary objective of providing unitholders with stable income distributions per unit and potential for sustainable long-term growth of such distributions and net asset value per unit.

The registered office of the Manager is located at Suite 1, Level 17, 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 2024

1. CORPORATE INFORMATION (CONT'D)

(ii) Manager's fee

Pursuant to the Second Restated Trust Deed dated 25 November 2019 and the Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, the Manager is entitled to receive the following fees from the Fund:

- (a) Management fee of up to 0.30% per annum of the total assets value of the Fund calculated based on monthly accrual basis and payable monthly in arrears;

The management fee for the current financial year is RM4,651,967 (2023: RM4,430,769). Prior to the execution of the Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, the Manager is entitled to receive management fee of 0.1% per annum of the total assets value of the Fund that is below RM1,000,000,000 and 0.125% of the total assets value of the Fund that exceeds RM1,000,000,000 calculated based on monthly accrual basis and payable monthly in arrears;

- (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 paid to the Manager during the current financial year is RMNil (2023: RMNil).

- (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 RM65,000 (2023: RMNil).

(iii) Trustee's fee

Pursuant to the Second Restated Trust Deed dated 25 November 2019, the Trustee is entitled to receive a fee of up to 0.04% 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 2024 of RM428,995 (2023: RM418,825).

The financial statements of the Group and of the Fund were authorised by the board of directors of the Manager for issuance on 24 February 2025.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Fund have been prepared in accordance with the applicable provisions of the Second Restated Trust Deed dated 25 November 2019, Supplemental Deed to the Second Restated Trust Deed dated 29 December 2022, MFRS Accounting Standards as issued by Malaysia Accounting Standards Board and IFRS Accounting Standards. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities.

The financial statements of the Group and the Fund are prepared under the historical cost basis except for investment properties and applicable financial instruments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise stated.

As of 31 December 2024, the current liabilities of the Fund have exceeded the current assets by RM18,425,026. In the opinion of the Manager, the Fund will be able to meet their obligations and liabilities as and when they fall due on the basis that the Fund will be able to repay their borrowings when it matures.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation(Cont'd)

As at reporting date, the management has secured a new facility valued at RM360,000,000 for a duration of 18 months, starting from March 2025. Of this amount, RM110,000,000 will be used to fully settle the existing Commodity Murabahah Term Financing-i facilities.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group and the Fund adopted the following new and amended MFRS Accounting Standards mandatory for annual financial periods beginning on or after 1 January 2024:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Classification of Liabilities as Current or Non Current	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

The adoption of the above new and amended MFRS Accounting Standards did not have any significant financial impact to the Group and the Fund.

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective are disclosed below. The Group and the Fund intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
Amendments to MFRS 7 Financial Instruments: Disclosures	1 January 2026
Amendments to MFRS 9 Financial Instruments	1 January 2026
Amendments to MFRS 10 Consolidated Financial Statements	1 January 2026
Amendments to MFRS 107 Statement of Cash Flows	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosure	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Fund expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of application.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Material accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (i) Power over the investee (i.e. 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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. Under the acquisition method, the identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date.

Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Material accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

Investment in subsidiaries – separate financial statements

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

(b) Functional currency

The Group's consolidated statements are presented in RM, which is also the functional currency of the Fund. All transactions are recorded in RM. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's and the Fund's net investment in a foreign operation. These are recognised in other comprehensive income ("OCI") until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group and the Fund initially recognise the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group and the Fund determine the transaction date for each payment or receipt of advance consideration.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Material accounting policies (cont'd.)

(b) Functional currency (cont'd.)

(ii) Consolidated financial statement

For consolidation purposes, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of OCI relating to that particular operation is recognised in profit or loss.

(c) Investment properties

Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises principally hospitals and universities that are not occupied substantially for use by, or in the operations of the Group and the Fund, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. The fair values were determined based on the capitalisation of net income method ("investment method") and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The valuation 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 property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

For the purposes of these financial statements, in order to avoid double counting, the fair value reported in the financial statements is:

- (i) Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments;
- (ii) In the case of investment property held under a lease, increased by the carrying amount of any liability to the head lessor that has been recognised in the statement of financial position as a finance lease obligation.

Investment property is derecognised either when it has been disposed of (i.e. at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in MFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group and the Fund consider the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Material accounting policies (cont'd.)

(d) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and measured either at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Fund's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Fund have applied the practical expedient, the Group and the Fund initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component and therefore are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Fund's business model for managing financial assets refer to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (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.

The Group and the Fund determined the classification of their financial assets as financial assets (debt instruments) at amortised cost at its initial recognition.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Fund's financial assets at amortised cost includes trade receivables, other receivables and prepaid expenses (excluding prepayments and GST receivables), amount due from a subsidiary, Islamic fixed deposits with licensed banks, and cash and bank balances.

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 when:

- (i) The rights to receive cash flows from the asset have expired; or

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Material accounting policies (cont'd.)

(d) Financial assets (cont'd.)

Derecognition (cont'd.)

- (ii) The Group and the Fund have transferred their rights to receive cash flows from the asset or have 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 the Fund has transferred substantially all the risks and rewards of the asset, or 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 has entered into a pass-through arrangement, it evaluates if, and to what extent, they 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 Group and the Fund continue to recognise the transferred asset to the extent of their continuing involvement. 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.

(e) Impairment of financial assets

The Group and the Fund recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Fund expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Fund apply a simplified approach in calculating ECLs. Therefore, the Group and the Fund do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Fund have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Fund consider factors if a financial asset in default such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments that indicate that the Group and the Fund are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Material accounting policies (cont'd.)

(f) Financial liabilities

Recognition and measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as other financial liabilities.

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

The Group's and the Fund's other financial liabilities include total payables (non-current and current, excluding deferred lease payment) and Islamic financing.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Derecognition

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

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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.

(h) Cash and bank balances

Cash and Islamic fixed deposits with licensed banks in the statement of financial position comprise cash at banks and on hand and Islamic short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and Islamic fixed deposits with licensed banks.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Material accounting policies (cont'd.)

(i) Provisions

Provisions are recognised when the Group and the Fund have a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate can be made.

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.

(j) Leases

The Group and the Fund assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessor

Leases in which the Group and the Fund do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(k) Revenue

The Group's and the Fund's key sources of income include:

(i) Rental income

The Group and the Fund earn revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

(ii) Investment revenue

Investment revenue, which comprise income earned from Islamic fixed deposits with licensed banks and profit-sharing on advances, are recognised using the effective profit method.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Material accounting policies (cont'd.)

(l) Income distribution

Income distributions are recognised as a liability when they are approved by Trustee and the board of directors of the Manager. Interim distributions are deducted from unitholders' funds when they are paid.

Income distribution to unitholders that are declared after the reporting period are not recognised as a liability at the end of the reporting period.

(m) Taxation

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in OCI or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 unitholders within two months from the end of the reporting period.

(ii) Deferred tax

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

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

- (a) When 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 accounting profit nor taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, when 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 to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (a) When 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.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, 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 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Material accounting policies (cont'd.)

(m) Taxation (cont'd.)

(ii) Deferred tax (cont'd.)

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 asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 OCI or directly in equity.

The Group and the Fund offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(n) 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.

(o) Unitholders' capital and unit 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 costs.

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

(p) Borrowing costs

Borrowing costs consists of interest and other costs that the Group and the Fund incurred in connection with the borrowing of funds. 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 expenditure 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Material accounting policies (cont'd.)

(q) Fair value measurement

The Group and the Fund measure financial instruments such as Islamic derivatives and Shariah Compliant investment property at fair value at each balance sheet 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:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A 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 valuation 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.

(r) Fair value measurement (cont'd.)

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:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value 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 period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Fund's financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts of the revenue, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.1 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Fund's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(a) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured at fair value, the Group and the Fund have concluded that certain investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time while others are held for eventual sale. As a result, the Group and the Fund have measured deferred tax on changes in fair values of these investment properties using the corporate income tax rate or the real property gains tax (RPGT) rate, as appropriate.

3.2 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 Group and the Fund carry their investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group and the Fund had engaged independent professional valuers to determine the fair value and there are no material events that affect the valuation between the valuation date and financial year end.

The determined fair value of the investment properties by the independent professional valuers is most sensitive to the yield rate and discount rate. The range of the yield rate and the discount rate used in the valuation is disclosed in Note 10.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated term yield rate, discount rate and its corresponding sensitivity result in a higher or lower fair value measurement:

	Fair value Increase/(decrease)		Fair value Increase/(decrease)	
	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Yield rate				
- 0.25%	61,478,090	42,625,400	61,200,000	39,500,000
+ 0.25%	(59,478,090)	(37,369,130)	(59,200,000)	(34,400,000)
Discount rate				
- 0.25%	61,478,090	32,925,400	61,200,000	29,800,000
+ 0.25%	(59,478,090)	(29,869,130)	(59,200,000)	(26,900,000)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

4. REVENUE

Revenue from contract with customers comprises the following:

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Rental income				
Base rental income	114,851,093	118,657,642	113,883,835	112,885,489
Unbilled rental income	2,364,839	2,364,839	2,364,839	2,364,839
	117,215,932	121,022,481	116,248,674	115,250,328
Rental income from				
KPJ Ampang Puteri Specialist Hospital	9,295,573	9,300,642	9,295,573	9,300,642
KPJ Tawakkal KL Specialist Hospital	9,882,039	9,688,274	9,882,039	9,688,274
KPJ Damansara Specialist Hospital	8,062,980	7,997,367	8,062,980	7,997,367
KPJ Johor Specialist Hospital	8,709,021	8,708,244	8,709,021	8,708,244
KPJ Klang Specialist Hospital	7,612,016	7,462,760	7,612,016	7,462,760
KPJ Ipoh Specialist Hospital	7,242,645	7,227,251	7,242,645	7,227,251
KPJ Selangor Specialist Hospital	6,042,456	5,923,976	6,042,456	5,923,976
KPJ Penang Specialist Hospital	4,727,579	4,654,815	4,727,579	4,654,815
KPJ Seremban Specialist Hospital	10,402,134	10,369,976	10,402,134	10,369,976
KPJ Healthcare University College, Nilai	7,100,847	6,135,060	7,100,847	6,135,060
Kedah Medical Centre	4,396,875	3,863,815	4,396,875	3,863,815
KPJ Perdana Specialist Hospital	2,889,375	3,167,487	2,889,375	3,167,487
KPJ Kajang Specialist Hospital	4,020,000	3,844,004	4,020,000	3,844,004
Tawakkal Health Centre	3,545,683	3,519,892	3,545,683	3,519,892
KPJ Puteri Specialist Hospital	2,991,407	3,021,228	2,991,407	3,021,228
KPJ Sentosa KL Specialist Hospital	1,809,000	2,072,748	1,809,000	2,072,748
KPJ Kuantan Care & Wellness Centre	1,025,100	1,390,727	1,025,100	1,390,727
KPJ International College, Penang	1,041,545	1,025,514	1,041,545	1,025,514
Damai Care & Wellness Centre	425,728	973,835	425,728	973,835
Taiping Medical Centre	1,606,926	1,596,424	1,606,926	1,596,424
KPJ Haemodialysis Kluang	329,235	322,780	329,235	322,780
KPJ Batu Pahat Specialist Hospital	7,633,421	7,633,421	7,633,421	7,633,421
KPJ Pasir Gudang Specialist Hospital	5,457,089	5,350,088	5,457,089	5,350,088
Jeta Gardens Aged Care & Retirement Village	967,258	5,772,153	-	-
	117,215,932	121,022,481	116,248,674	115,250,328

NOTES TO THE FINANCIAL STATEMENTS

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5. PROPERTY EXPENSES

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Assessment	3,768,509	3,733,043	3,768,509	3,733,043
Takaful coverage	950,958	972,905	950,958	972,905
Maintenance fee	1,315,632	1,354,108	1,283,360	1,288,400
Quit rent	490,779	492,330	490,779	492,330
	6,525,878	6,552,386	6,493,606	6,486,678

6. INVESTMENT REVENUE

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Shariah Compliant income from Islamic fixed deposits with licensed banks	1,885,072	1,450,856	1,885,072	1,450,856
Profit sharing on advances from a subsidiary in Australia	-	-	776,816	4,455,201
	1,885,072	1,450,856	2,661,888	5,906,057

7. TAX CREDIT

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax relating to the origination and reversal of temporary differences (Note 16)	(200,000)	(140,000)	(200,000)	(140,000)

Reconciliations of the tax credit 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:

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	58,074,854	60,554,173	45,717,521	66,377,692
Tax at the statutory tax rate of 24%	13,937,965	14,533,002	10,972,205	15,930,646
Different tax rates in other country	(1,571,876)	(564,756)	-	-
Deferred tax recognised at different tax rate	(200,000)	(140,000)	(200,000)	(140,000)
Non-deductible expenses	6,452,357	6,800,983	8,923,953	3,756,684
Income not subject to tax	(10,014,122)	(12,027,019)	(12,163,388)	(12,600,508)
Income exempted from tax	(8,804,324)	(8,742,210)	(7,732,770)	(7,086,822)
Tax expense for the year	(200,000)	(140,000)	(200,000)	(140,000)

NOTES TO THE FINANCIAL STATEMENTS

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7. TAX CREDIT (CONT'D.)

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 unitholders, 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 is required to be provided in the financial statements.

As at the date of this financial statements, the Fund has declared more than 90% of its distributable income to unitholders for the financial year ended 31 December 2024 accordingly. No provision for income tax expense has been made for the year.

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

Taxation of the Unitholders

Pursuant to Section 109D(2) of the Malaysian Income Tax Act 1967, where 90% or more of the Real Estate Investment Trust's ("REIT") total taxable income is distributed by the REIT, income distributions (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the income distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24% (2023: 24%).

8. EARNINGS PER UNIT

The earnings per unit which are calculated based on the profit for the year of the Group, divided by the weighted average number of units in circulation as of 31 December 2024 and 2023, are as follows:

	Group	
	2024 RM	2023 RM
Earnings attributable to unitholders:		
Profit for the year	58,274,854	60,694,173
Weighted average number of units	839,597,757	814,778,011
Earnings per unit (sen)	6.94	7.45

NOTES TO THE FINANCIAL STATEMENTS

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9. INCOME DISTRIBUTIONS

For the financial years ended 31 December 2024 and 2023, the Manager, with the approval of the Trustee, has declared the following income distributions:

	Group and Fund	
	2024 RM	2023 RM
Income distributions on ordinary shares in respect of the current financial year		
First interim income distribution of 1.90 (2023: 2.00) sen per unit declared on 25 April 2024 (2023: 3 April 2023 and paid on 25 June 2024 (2023: 10 May 2023))	15,952,352	15,129,715
Second interim income distribution of 1.90 (2023: 1.90) sen per unit declared on 29 August 2024 (2023: 25 August 2023) and paid on 30 September 2024 (2023: 27 September 2023)	15,952,352	15,952,357
Third interim income distribution of 1.90 (2023: 2.00) sen per unit declared on 28 November 2024 (2023: 24 November 2023) and paid on 24 December 2024 (2023: 21 December 2023)	15,952,352	16,791,935
	47,857,056	47,874,007
Income distribution on ordinary shares in respect of the previous financial year		
Final income distribution of 2.00 (2023: 2.10) sen per unit declared on 24 January 2024 (2023: 2 February 2023) and paid on 26 February 2024 (2023: 24 February 2023)	16,791,948	15,886,201
	64,649,004	63,760,208

The Manager had declared a final income distribution of 1.57 (2023: 2.00) sen per unit totaling RM13,181,685 for the financial year ended 31 December 2024 payable on 28 February 2025 (2023: 24 January 2024).

The financial statements for the current year do not reflect this final income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ended 31 December 2025.

The total distributions (including proposed final income distribution) for the financial year ended 31 December 2024 amounting to RM61,038,756 (2023: RM64,665,962). Total income distribution is 7.27 (2023: 7.90) sen per unit.

Income distributions to unitholders is derived from the following sources:

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Net rental income	110,690,054	114,470,095	109,755,068	108,763,650
Investment revenue	1,885,072	1,450,856	2,661,888	5,906,057
Other income	636,093	731,276	612,971	731,276
Gain on disposal of investment property	1,000,000	-	1,000,000	-
Interest accretion on tenant deposits	447,473	424,563	447,473	424,563
Less: Amortisation of deferred income	(504,167)	(463,085)	(504,167)	(463,085)
Less: Unbilled rental income	(2,364,839)	(2,364,839)	(2,364,839)	(2,364,839)
	111,789,686	114,248,866	111,608,394	112,997,622
Less: Expenses	(49,566,417)	(51,002,516)	(47,437,123)	(48,303,720)
Realised income for the year	62,223,269	63,246,350	64,171,271	64,693,902
Undistributed income brought forward	72,668,819	73,182,677	70,926,475	69,992,781
Less: Undistributed income	(70,243,084)	(72,668,819)	(70,448,742)	(70,926,475)
	64,649,004	63,760,208	64,649,004	63,760,208

NOTES TO THE FINANCIAL STATEMENTS

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10. INVESTMENT PROPERTIES

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
At 1 January	1,643,220,335	1,721,281,384	1,632,750,245	1,636,015,084
Enhancements	2,201,040	-	2,201,040	-
Fair value adjustment	10,134,121	(5,151,250)	10,134,121	8,735,161
Transfer to assets classified as held for sale	-	(76,700,031)	-	(12,000,000)
Foreign exchange differences	(1,154,075)	3,790,232	-	-
At 31 December	1,654,401,421	1,643,220,335	1,645,085,406	1,632,750,245
Land and buildings at fair value	1,654,401,421	1,643,220,335	1,645,085,406	1,632,750,245

The carrying amount of the investment properties for the financial years ended 31 December 2024 and 2023 is based on the market value determined based on valuations, adjusted with accrued unbilled rental income, as follows:

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Investment properties - based on valuation report	1,668,316,015	1,654,770,090	1,659,000,000	1,644,300,000
Investment properties - accrued unbilled rental income (Note 12)	(13,914,594)	(11,549,755)	(13,914,594)	(11,549,755)
	1,654,401,421	1,643,220,335	1,645,085,406	1,632,750,245

The investment properties are stated at fair value, which have been determined based on valuations performed by an independent professional valuer. The valuation method used in determining the valuations is the investment method.

As at 31 December 2024, the fair values of the properties are based on valuations performed by Rahim&Co. and Pursuit Property Advisory, independent valuers. Rahim&Co. and Pursuit Property Advisory are specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

There are no material events that affect the valuation between the valuation, data and financial year end.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the data of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

10. INVESTMENT PROPERTIES (CONT'D)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Transfer between Level 1, 2 and 3 fair values

There is no transfer between level 1, 2 and 3 fair values during the financial year.

Fair value of investment properties is classified as Level 3.

The fair value of the investment properties are classified as Level 3 for fair value hierarchy disclosure purposes. The significant unobservable inputs applied by the independent valuers in applying the investment method above are as follows:

Significant unobservable inputs

Term yield ranging from 5.75% - 7.55% (2023: 5.50% - 9.25%)

Reversionary yield ranging from 6.00% - 8.0% (2023: 6.00% - 7.75%)

Void rate of 5.00% - 10.00% (2023: 5.00% - 10.00%)

Discount rate of 5.50% - 9.25% (2023: 5.75% - 7.5%)

Inter-relationship between significant unobservable inputs and fair value measurement

- Higher term yield rates, lower fair value

- Higher reversionary yield rates, lower fair value

- Higher void rate, lower fair value

- Higher discount rate, lower fair value

The fair values were determined based on the capitalisation of net income method ("investment method") and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The values estimated under this method are derived by ascertaining the market rent of the properties; deducting all reasonable annual operating expenses (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, takaful coverage and repairs and maintenance, are deducted from gross rental income together with allowance for void.

In estimating the fair values of the investment properties, the highest and best use of the investment properties is their current use.

The valuers had adopted market corroborated capitalisation rates, which is the most frequently adopted methodology by the property industry in Malaysia and in Australia, based on information pertaining to recent comparable sales which are publicly available, adjusted for the location, quality and characteristics of the investment properties.

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10. INVESTMENT PROPERTIES (CONT'D)

A summary of the investment properties of the Group and of the Fund, as required to be disclosed by the SC Guidelines, is as follows:

Description of property	Tenure of land	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2024 Fair value RM	2023 Fair value RM	Fair value hierarchy
KPJ Ampang Puteri Specialist Hospital###	Leasehold	99	65	Ampang	31 December 2024	140,000,000	137,000,000	3
KPJ Damansara Specialist Hospital###	Freehold	-	-	Damansara	31 December 2024	140,000,000	140,000,000	3
KPJ Johor Specialist Hospital###	Leasehold	99	55	Johor Bahru	31 December 2024	124,000,000	122,000,000	3
KPJ Ipoh Specialist Hospital###	Freehold	-	-	Ipoh	31 December 2024	91,000,000	90,000,000	3
KPJ Puteri Specialist Hospital	Leasehold	99	30	Johor Bahru	31 December 2024	40,000,000	40,000,000	3
KPJ Selangor Specialist Hospital###	Leasehold	99	73	Shah Alam	31 December 2024	85,000,000	84,000,000	3
Kedah Medical Centre###	Freehold	-	-	Alor Setar	31 December 2024	61,000,000	60,000,000	3
KPJ Perdana Specialist Hospital###	Leasehold	66	40	Kota Bharu	31 December 2024	40,000,000	40,000,000	3
KPJ Kuantan Care & Wellness Centre	Freehold	-	-	Kuantan	31 December 2024	16,000,000	16,000,000	3
KPJ Sentosa KL Specialist Hospital###	Freehold	-	-	Kuala Lumpur	31 December 2024	32,000,000	31,000,000	3
KPJ Kajang Specialist Hospital###	Freehold	-	-	Kajang	31 December 2024	58,000,000	57,000,000	3
Taiping Medical Centre####	Leasehold	99	65	Taiping	31 December 2024	22,000,000	22,500,000	3
Damai Care & Wellness Centre	Leasehold	99	50	Kota Kinabalu	31 December 2024	-	-	3
KPJ International College Penang##	Freehold	-	-	Bukit Mertajam	31 December 2024	14,000,000	14,000,000	3
Tawakkal Health Centre###	Leasehold	99	54	Kuala Lumpur	31 December 2024	44,000,000	46,000,000	3
KPJ Healthcare University College, Nilai###	Freehold	-	-	Seremban	31 December 2024	102,000,000	102,000,000	3
KPJ Seremban Specialist Hospital####	Freehold	-	-	Seremban	31 December 2024	160,000,000	160,000,000	3
KPJ Penang Specialist Hospital###	Freehold	-	-	Bukit Mertajam	31 December 2024	66,000,000	65,000,000	3

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

10. INVESTMENT PROPERTIES (CONT'D)

A summary of the investment properties of the Group and of the Fund, as required to be disclosed by the SC Guidelines, is as follows: (cont'd.)

Description of property	Tenure of land	Term of lease Years	Remaining term of lease Years	Location	Date of valuation	2024 air value RM	2023 Fair value RM	Fair value hierarchy
KPJ Tawakkal KL Specialist Hospital ^{###}	Freehold	-	-	Kuala Lumpur	31 December 2024	141,000,000	139,000,000	3
KPJ Haemodialysis Kluang	Leasehold	99	77	Kluang	31 December 2024	5,000,000	4,800,000	3
KPJ Klang Specialist Hospital ^{###}	Leasehold	99	69	Klang	31 December 2024	106,000,000	104,000,000	3
KPJ Batu Pahat Specialist Hospital [#]	Freehold	-	-	Batu Pahat	31 December 2024	67,085,406	68,450,245	3
KPJ Pasir Gudang Specialist Hospital ^{####}	Leasehold	99	85	Pasir Gudang	31 December 2024	91,000,000	90,000,000	3
Total for the Fund						1,645,085,406	1,632,750,245	
Jeta Gardens Aged Care & Retirement Village	Freehold	-	-	Queensland	31 December 2024	9,316,015	10,470,090	3
Total for the Group						1,654,401,421	1,643,220,335	

The investment properties amounting to RM107,185,406 (2023: RM110,450,245) are used to secure against Commodity Murabahah Term Financing-i ("CMTF-i") issued by the Fund as disclosed in Note 17. The amount of RM107,185,406 represents the fair value of KPJ Batu Pahat Specialist Hospital and KPJ Healthcare University College, Nilai New Building (residential) amounting to RM67,085,406 (2023: RM68,450,245) and RM40,100,000 (2023: RM42,000,000) respectively.

The investment properties amounting to RM75,900,000 (2023: RM74,000,000) are used to secure against Commodity Murabahah Term Financing-II ("CMTF-ii") issued by the Fund as disclosed in Note 17. The amount of RM75,900,000 represents the fair value of KPJ International College, Penang and KPJ Healthcare University College, Nilai New Building (commercial) amounting to RM14,000,000 (2023: RM14,000,000) and RM61,900,000 (2023: RM60,000,000) respectively.

The investment properties amounting to RM1,128,000,000 (2023: RM1,115,000,000) are used to secure against Commodity Murabahah Term Financing-III ("CMTF-iii") issued by the Fund as disclosed in Note 17.

The investment properties amounting to RM273,000,000 (2023: RM272,500,000) are used to secure against Revolving Credit-i ("RC - I") and Term Financing-i ("TF - I") issued by the Fund as disclosed in Note 17.

* Based on valuation carried out by independent professional valuer, Rahim & Co.

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11. INVESTMENT IN SUBSIDIARIES

	Fund	
	2024 RM	2023 RM
Unquoted shares, at cost	42,492,186	42,492,186
Less: Accumulated impairment losses	(42,492,183)	(42,492,183)
Net carrying amount	3	3

The movement in the accumulated impairment losses is as follows:

	2024 RM	2023 RM
At 1 January	42,492,183	39,952,545
Allowance for impairment losses	-	2,539,638
At 31 December	42,492,183	42,492,183

During the financial year, the Fund conducted a review of the recoverable amount of its investment in a subsidiary and the review led to recognition of an impairment loss of RMNil (2023: RM2,539,638), as the recoverable amount was higher than the carrying value. The recoverable amount was determined based on the Fund's share of net assets in its subsidiary, which represents the Fund's estimation of fair value less cost to sell of its subsidiary.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group	
			2024 %	2023 %
AL-`Aqar Capital Sdn Bhd (i)	Malaysia	Special purpose company for the purpose of raising Islamic Financing for the Fund	100	100
AL-`Aqar Australia Pty Ltd (ii)	Australia	Special purpose company for the purpose of acquisition of Australian property for the Fund	100	100

(i) Audited by Ernst & Young PLT

(ii) Audited by a firm other than Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS

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12. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade receivables				
Current				
Related companies	36,764,714	39,818,314	6,049,302	6,423,878
Unbilled rental income	13,914,594	11,549,755	13,914,594	11,549,755
	50,679,308	51,368,069	19,963,896	17,973,633
Other receivables and prepaid expenses				
Other receivables	252,488	36,426	198,595	35,681
Prepayments	1,326,777	332,357	1,234,157	264,645
	1,579,265	368,783	1,432,752	300,326
Total trade and non- trade receivables (non-current and current)	52,258,573	51,736,852	21,396,648	18,273,959
Add: Amount due from subsidiaries	-	-	93,769,390	123,476,062
Add: Islamic fixed deposits with licensed banks	53,418,702	31,062,276	53,377,698	31,022,410
Add: Cash and bank balances	33,894,960	53,264,350	22,524,725	37,346,010
Less: Prepayments	(1,326,777)	(332,357)	(1,234,157)	(264,645)
Total financial assets at amortised costs (debt instruments)	138,245,458	135,731,121	189,834,304	209,853,796

(a) Trade receivables

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

Unbilled rental income consist of unbilled incremental lease rental receivable from KPJ Batu Pahat. 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 and the Fund on rental receivable from lessees ranges from 1 to 7 days (2023: 1 to 7 days).

Ageing analysis of trade receivables

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
1 to 30 days past due	2,157,481	2,905,745	2,105,369	2,387,663
31 to 60 days past due	358,228	1,242,090	308,207	709,048
61 to 90 days past due	271,775	746,006	221,411	200,000
More than 90 days past due	33,977,230	34,924,473	3,414,315	3,127,167
	36,764,714	39,818,314	6,049,302	6,423,878

As at reporting date, the Group and the Company have no significant concentration of credit risk.

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13. AMOUNT DUE FROM SUBSIDIARIES

	Fund	
	2024 RM	2023 RM
Non-current		
Amount due from a subsidiary	99,147,701	99,147,701
Current		
Amount due from subsidiaries	33,772,317	32,602,186
	132,920,018	131,749,887
Less: Allowance for expected credit losses	(39,150,628)	(8,273,825)
	93,769,390	123,476,062

Movement in allowance for expected credit losses on amount due from a subsidiary:

	Fund	
	2024 RM	2023 RM
At 1 January	8,273,825	1,303,019
Allowance for expected credit loss	30,876,803	6,970,806
At 31 December	39,150,628	8,273,825

Amount due from a subsidiary represents unsecured advances given to a subsidiary from the proceeds raised from Islamic Financing and issuance of new units in previous years for the purpose of purchase of an investment property in Australia and profit sharing on the advances receivable from the subsidiary. It is non-trade, unsecured, non-interest bearing and repayable on demand.

14. CASH AND BANK BALANCES

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Islamic fixed deposits with licensed banks	53,418,702	31,062,276	53,377,698	31,022,410
Cash and bank balances	33,894,960	53,264,350	22,524,725	37,346,010
Total cash and bank balances	87,313,662	84,326,626	75,902,423	68,368,420
Less: Islamic fixed deposits with licensed banks with maturity period of more than 3 months	(41,004)	(39,866)	-	-
Cash and cash equivalents	87,272,658	84,286,760	75,902,423	68,368,420

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31 DECEMBER 2024

14. CASH AND BANK BALANCES (CONT'D)

At the reporting date, the weighted average deposit rate per annum and average remaining maturity period of Islamic fixed deposits with licensed banks are as follows:

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Weighted average deposit rate (%)	3.34	3.17	3.34	3.17
Average remaining maturity period	52	47	49	43

15. OTHER PAYABLES

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-current				
Tenant deposits	11,007,752	10,645,399	10,096,116	10,645,399
Deferred lease income	5,224,316	5,728,483	6,135,952	5,728,483
	16,232,068	16,373,882	16,232,068	16,373,882
Current				
Amount due to the Trustee	36,156	36,093	36,156	36,093
Amount due to the Manager	431,811	1,134,307	389,171	1,086,385
Amounts due to related companies	230,502	199,473	230,502	199,473
Other payables	42,359	298,766	42,359	298,766
Third interim income distribution payable	226,419	213,896	226,419	213,896
Other accrued expenses	4,730,867	6,158,245	4,948,355	5,072,353
	5,698,114	8,040,780	5,872,962	6,906,966
Total other payables (non-current and current)	21,930,182	24,414,662	22,105,030	23,280,848
Less: Deferred lease income	(5,224,316)	(5,728,483)	(6,135,952)	(5,728,483)
Add: Islamic financing (Note 17)	759,141,666	757,749,184	759,141,666	757,749,184
Total financial liabilities carried at amortised costs	775,847,532	776,435,363	775,110,744	775,301,549

(a) Deferred lease income

Deferred lease income relates to the excess of the principal amount of security deposits received over their fair value which is accounted for as prepaid lease income and amortised over the lease term on a straight line basis.

(b) Amount due to the Trustee, the Manager and related companies

Amount due to the Trustee, the Manager and related companies are non-trade, unsecured, non-interest bearing and repayable on demand.

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16. DEFERRED TAX LIABILITY

	Group and Fund	
	2024 RM	2023 RM
At 1 January	1,522,541	1,662,541
Recognised in profit or loss (Note 7)	(200,000)	(140,000)
At 31 December	1,322,541	1,522,541

The components and movements of deferred tax liability during the financial year are as follows:

Deferred tax liability - Group and Fund

	Investment properties RM
At 1 January 2024	1,522,541
Recognised in profit or loss	(200,000)
At 31 December 2024	1,322,541
At 1 January 2023	1,662,541
Recognised in profit or loss	(140,000)
At 31 December 2023	1,522,541

The deferred tax liability relates to fair value gain on investment properties which is expected to be recovered through sale. The amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Based on the Finance Act 2019 which was gazetted in December 2019, it was clarified that the RPGT rate of 10% is prescribed for disposal of investment properties held for more than 5 years for a trustee of a trust.

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17. ISLAMIC FINANCING

	Group and Fund	
	2024 RM	2023 RM
Non-current		
Commodity Murabahah Term Financing-i II ("Commodity Murabahah - II")	-	29,994,050
Commodity Murabahah Term Financing-i III ("Commodity Murabahah - III")	580,000,000	580,000,000
Term Financing-i ("TF - I")	72,000,000	72,000,000
	652,000,000	681,994,050
Less: Transaction costs	(2,778,487)	(4,112,866)
Total (non-current)	649,221,513	677,881,184
Current		
Commodity Murabahah - I	80,000,000	80,000,000
Commodity Murabahah - II	29,994,050	-
Less: Transaction costs	(73,897)	(132,000)
Total (current)	109,920,153	79,868,000
Total (non-current and current)	759,141,666	757,749,184

Commodity Murabahah - I

The Commodity Murabahah - I is payable over a period of 63 months from the date of first disbursement with bullet repayment of the principal sum on the 63th month.

The Commodity Murabahah - I bears a profit rate of 1.25% (2023: 1.25%) per annum above the bank's Cost of Funds ("COF"). As at reporting date, the profit rate for the Commodity Murabahah is 4.87% (2023: 4.89%) per annum.

The principal amount is expected to be paid in March 2025. As at reporting date, the management has secured a new facility valued at RM360,000,000 for a duration of 18 months, stating from March 2025 which will be used to fully settle the existing Commodity Murabahah - I facility.

The Commodity Murabahah - I was secured against the investment properties which amounting to RM107,185,406 (2023: RM110,450,245) as disclosed in Note 10.

Commodity Murabahah - II

The Commodity Murabahah - II is payable over a period of 60 months from the date of first disbursement with bullet repayment of the principal sum on the 60th month.

The Commodity Murabahah - II bears a profit rate of 1.25% (2023: 1.25%) per annum above the bank's COF. As at reporting date, the profit rate for the Commodity Murabahah is 4.87% (2023: 4.89%) per annum.

The principal amount is expected to be paid in November 2025. As at reporting date, the management has secured a new facility valued at RM360,000,000 for a duration of 18 months, stating from March 2025 which will be used to fully settle the existing Commodity Murabahah - II facility.

The Commodity Murabahah - II was secured against the investment properties which amounting to RM75,900,000 (2023: RM74,000,000) as disclosed in Note 10.

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17. ISLAMIC FINANCING (CONT'D)

Commodity Murabahah - III

The Commodity Murabahah - III is payable over a period of 60 and 84 months for Tranche 1 and Tranche 2 respectively from the date of first disbursement with bullet repayment of the principal sum on the 60th and 84th months respectively.

The Commodity Murabahah - III bears a profit rate of 1.15% and 1.25% (2023: 1.15% and 1.25%) per annum for Tranche 1 and Tranche 2 respectively above the bank's COF. As at reporting date, the profit rate for the Commodity Murabahah is 4.72% and 4.86% (2023: 4.77% and 4.85%) per annum for Tranche 1 and Tranche 2 respectively.

The Commodity Murabahah - III was secured against the investment properties which amounting to RM1,128,000,000 (2023: RM 1,115,000,000) as disclosed in Note 10.

TF - I

TF - I are payable over a period of 60 months from the date of first disbursement with bullet repayment of the principal sum on the 60th month.

The TF - I bears a profit rate of 1.20% (2023: 1.20%) per annum above the bank's COF when Total Financing over Total Assets is greater than or equal to 40% and profit rate of 1.00% (2023: 1.00%) per annum above the bank's COF when Total Financing over Total Assets is less than 40%. As at reporting date, the profit rate for the TF - I is 5.10% (2023: 4.92%) per annum.

TF - I were secured against the investment properties which amounting to RM273,000,000 (2023: RM272,500,000) as disclosed in Note 10.

Changes in liabilities arising from financing activities:

	At 1 January 2024 RM	Cash flows RM	Charged to profit or loss RM	Reclassifi- cation RM	At 31 December 2024 RM
Group and Fund					
Non-current					
Commodity Murabahah - II	29,994,050	-	-	(29,994,050)	-
Commodity Murabahah - III	580,000,000	-	-	-	580,000,000
RC - I	-	-	-	-	-
TF - I	72,000,000	-	-	-	72,000,000
	681,994,050	-	-	(29,994,050)	652,000,000
Less: Transaction costs on Islamic financing	(4,112,866)	(259,999)	1,439,865	80,616	(2,852,384)
	677,881,184	(259,999)	1,439,865	(29,913,434)	649,147,616
Current					
Commodity Murabahah - I	80,000,000	-	-	-	80,000,000
Commodity Murabahah - II	-	-	-	29,994,050	29,994,050
	80,000,000	-	-	29,994,050	109,994,050
Less: Transaction costs on Islamic financing	(132,000)	-	212,616	(80,616)	-
	79,868,000	-	212,616	29,913,434	109,994,050
	757,749,184	(259,999)	1,652,481	-	759,141,666

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17. ISLAMIC FINANCING (CONT'D)

Changes in liabilities arising from financing activities: (Cont'd)

	At 1 January 2023 RM	Cash flows RM	Charged to profit or loss RM	Reclassifi- cation RM	At 31 December 2023 RM
Group and Fund					
Non-current					
Commodity Murabahah - I	80,000,000	-	-	(80,000,000)	-
Commodity Murabahah - II	29,994,050	-	-	-	29,994,050
Commodity Murabahah - III	580,000,000	-	-	-	580,000,000
RC - I	100,000,000	(100,000,000)	-	-	-
TF - I	72,000,000	-	-	-	72,000,000
	861,994,050	(100,000,000)	-	(80,000,000)	681,994,050
Less: Transaction costs on Islamic financing	(6,377,083)	(180,000)	2,180,217	264,000	(4,112,866)
	855,616,967	(100,180,000)	2,180,217	(79,736,000)	677,881,184
Current					
Commodity Murabahah - I	-	-	-	80,000,000	80,000,000
Less: Transaction costs on Islamic financing	-	-	132,000	(264,000)	(132,000)
	855,616,967	(100,180,000)	2,312,217	-	757,749,184

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18. UNITHOLDERS' CAPITAL

	2024		2023	
	No. of units	RM	No. of units	RM
Issued and fully paid-up:				
At 1 January	839,597,757	854,758,225	756,485,757	756,408,942
Issue of new units	-	-	83,112,000	98,349,283
At 31 December	839,597,757	854,758,225	839,597,757	854,758,225

Details of units held by the Manager's directors and unitholders, and related parties which comprise companies related to Johor Corporation and KPJ Healthcare Berhad, substantial unitholders of the Fund, and their market value as of 31 December 2024 and 31 December 2023 respectively based on the Record of Depositors are as follows:

	2024		2023	
	No. of units	RM	No. of units	RM
Related parties:				
Pusat Pakar Tawakal Sdn Bhd	54,648,534	74,322,006	54,648,534	67,764,182
Bandar Baru Klang Specialist Hospital Sdn Bhd	36,115,266	49,116,762	36,115,266	44,782,930
Selangor Medical Centre Sdn Bhd	35,000,000	47,600,000	35,000,000	43,400,000
KPJ Healthcare Berhad	28,259,289	38,432,633	28,259,289	35,041,518
Seremban Specialist Hospital Sdn Bhd	23,731,000	32,274,160	23,731,000	29,426,440
Ampang Puteri Specialist Hospital Sdn Bhd	21,013,739	28,578,685	21,013,739	26,057,036
Medical Associates Sdn Bhd	19,055,000	25,914,800	19,055,000	23,628,200
Waqaf An-Nur Corporation Berhad	18,251,870	24,822,543	18,251,870	22,632,319
Sentosa Medical Centre Sdn Bhd	15,653,000	21,288,080	15,653,000	19,409,720
Kedah Medical Centre Sdn Bhd	15,000,000	20,400,000	15,000,000	18,600,000
Johor Specialist Hospital Sdn Bhd	12,203,000	16,596,080	12,203,000	15,131,720
Puteri Specialist Hospital Sdn Bhd	12,000,000	16,320,000	12,000,000	14,880,000
Perdana Specialist Hospital Sdn Bhd	11,789,000	16,033,040	11,789,000	14,618,360
Kuantan Specialist Hospital Sdn Bhd	5,000,000	6,800,000	5,000,000	6,200,000
Kajang Specialist Hospital Sdn Bhd	4,487,000	6,102,320	4,487,000	5,563,880
Jeta Gardens (Qld) Pty Ltd	3,786,924	5,150,217	3,786,924	4,695,786
Kota Kinabalu Specialist Hospital Sdn Bhd	3,500,000	4,760,000	3,500,000	4,340,000
Taiping Medical Centre Sdn Bhd	3,334,000	4,534,240	3,334,000	4,134,160
Johor Ventures Sdn Bhd	173,219	235,578	173,219	214,792

NOTES TO THE FINANCIAL STATEMENTS

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19. MANAGEMENT EXPENSE RATIO ("MER")

	Fund	
	2024 %	2023 %
MER	0.54	0.58

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, audit fee, tax agent's fee and administration expenses, to the average net asset value of the Fund 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 Trusts ("REITs") which use a different basis of calculation may not be an accurate comparison.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operation decisions, or vice versa, or where the Group 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 derive all their rental income as disclosed in Note 4 from related parties.

Significant related party charges/(credits) other than those disclosed in Note 4 are as follows:

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Manager's fee	4,651,967	4,430,769	4,651,967	4,430,769
Maintenance fee	1,197,120	1,202,160	1,197,120	1,202,160
Other income	(532,000)	(532,000)	(532,000)	(532,000)

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 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.

21. OPERATING LEASES - GROUP AS LESSOR

The Group and the Fund lease out their investment properties under operating leases. The future minimum lease receivable under non-cancellable leases are as follows:

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Less than one year	102,653,826	112,680,509	101,636,834	106,837,832
Between one and five years	402,334,543	444,072,309	396,936,228	413,058,669
	504,988,369	556,752,818	498,573,062	519,896,501

NOTES TO THE FINANCIAL STATEMENTS

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22. 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, financing rate risk and foreign currency risk.

The Group and the Fund have taken measures to minimise their exposure to risks associated with their financing, investing and operating activities and operate within clearly defined guidelines as set out in the SC Guidelines.

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:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its contractual obligations. Credit risk arises from cash and cash equivalents, amount due from subsidiaries as well as credit exposures primarily from outstanding trade and other receivables.

The Group and the Fund adopt the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including tenancy deposits, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. For other financial assets (including cash and bank balances and Islamic fixed deposits with licensed banks), the Group and the Fund minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group and the Fund seek to invest cash assets safely and profitably. The Group and the Fund have no significant concentration of credit risk and it is not the Group's and the Fund's policy to hedge their credit risks. The Group and the Fund have in place, for significant operating subsidiaries, policies to ensure that sales of products and services are made to customers with an appropriate credit history and sets limits on the amount of credit exposure to any one customer. For significant subsidiaries, there were no instances of credit limits being materially exceeded during the reporting periods and management does not expect any material losses from non-performance by counterparties.

Exposure to credit risk

At the end of the reporting period, 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 statements of financial position.

Information regarding credit enhancements for trade 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 their trade receivables on an ongoing basis.

At the end of the reporting period, approximately 84% (2023: 84%) of the Group's trade receivables is related to a related company for leasing of an Australian property. The Group believes the risk of default in payment on amount due from a related company is low and both parties are in the process of finalising on the settlement of outstanding rental. Based on the recent deliberation with the related company, the Group expects the full settlement within 12 months from the end of reporting date.

Amount due from a subsidiary

The Fund provides unsecured advances to the subsidiary. The Fund monitors the results of the subsidiary regularly. As at the end of the reporting period, the maximum exposure to credit risk was represented by their carrying amounts in the statements of financial position.

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) 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.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Fund's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
As at 31 December 2024				
Financial liabilities				
Other payables	8,979,061	1,116,129	12,381,954	22,477,144
Islamic financing	143,038,713	697,609,436	-	840,648,149
	152,017,774	698,725,565	12,381,954	863,125,293
As at 31 December 2023				
Financial liabilities				
Other payables	10,318,613	1,869,586	12,381,954	24,570,153
Islamic financing	116,478,003	760,143,749	-	876,621,752
	126,796,616	762,013,335	12,381,954	901,191,905

NOTES TO THE FINANCIAL STATEMENTS

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk

Analysis of financial instruments by remaining contractual maturities

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Fund				
As at 31 December 2024				
Financial liabilities				
Other payables	8,911,581	1,116,129	12,381,954	22,409,664
Islamic financing	143,038,713	697,609,436	-	840,648,149
	151,950,294	698,725,565	12,381,954	863,057,813
As at 31 December 2023				
Financial liabilities				
Other payables	9,277,427	1,869,586	12,381,954	23,528,967
Islamic financing	116,478,003	760,143,749	-	876,621,752
	125,755,430	762,013,335	12,381,954	900,150,719

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Fund's financial instruments will fluctuate because of changes in the market interest rates.

The Group and the Fund manage their financing rate exposure by maintaining a prudent mix of fixed and floating rate of borrowings. 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.

The interest rate mentioned below will have an impact on the management of the Group and the Fund, regardless of whether it is an Islamic fund or otherwise. It does not in any way suggest that the Group and the Fund will invest in conventional financial instruments. All the investments and placements carried out for the Group and the Fund are in accordance with Shariah requirements.

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (Cont'd)

Sensitivity analysis for profit rate risk

At the end of the reporting period, a change of 25 basis points ("bp") in financing rates would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Financing rate				
- 25 bp decrease	1,764,307	1,816,717	1,760,929	1,816,817
- 25 bp increase	(1,764,307)	(1,816,717)	(1,760,929)	(1,816,817)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. It is not the Group's policy to hedge foreign currency translation risk. The Group and the Fund also maintain bank accounts denominated in foreign currencies, primarily in AUD, as a natural hedge against foreign currency risk.

The Group's and the Fund's exposure to foreign currency risk, based on carrying amounts of assets and liabilities as at the end of the reporting period was:

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Denominated in AUD				
Trade receivables	30,715,412	33,394,436	-	-
Cash and cash equivalents	12,424,228	17,104,759	1,055,687	1,188,288
Net exposure in the statements of financial position	43,139,640	50,499,195	1,055,687	1,188,288

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Fund's profit net of tax to a reasonably possible change in the AUD exchange rates against the functional currency of the Group and the Fund, with all other variables held constant.

	Other comprehensive income			
	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
AUD				
Strengthened 5%	2,156,982	2,524,960	52,784	59,414
Weakened 5%	(2,156,982)	(2,524,960)	(52,784)	(59,414)

NOTES TO THE FINANCIAL STATEMENTS

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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 two reportable segments as follows:

- (i) Malaysia
- (ii) 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	Australia RM	Total RM
31 December 2024			
Revenue	116,884,767	967,258	117,852,025
Total property expenses	(13,051,756)	(3,256,698)	(16,308,724)
Net property income	103,833,011	(2,289,710)	101,543,301
Investment revenue	1,885,072	-	1,885,072
Gain on disposal of investment property	1,000,000	-	1,000,000
Fair value written down of asset held for sale	-	(16,571,468)	(16,571,468)
Fair value adjustment on investment properties	10,134,121	-	10,134,121
Net investment income	116,852,204	(18,861,178)	97,991,026
Trust expenditure	(1,098,173)	(209,011)	(1,307,184)
Operating profit	115,754,031	(19,070,189)	96,683,842
Finance costs	(38,608,988)	-	(38,608,988)
Profit before tax	77,145,043	(19,070,189)	58,074,854
Tax credit	200,000	-	200,000
Profit after tax	77,345,043	(19,070,189)	58,274,854
Total assets	1,711,388,697	124,548,740	1,835,937,437
Total liabilities	781,260,575	1,133,814	782,394,389

NOTES TO THE FINANCIAL STATEMENTS

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23. SEGMENT REPORTING (CONT'D)

	Malaysia RM	Australia RM	Total RM
31 December 2023			
Revenue	115,981,604	5,772,153	121,753,757
Total property expenses	(13,948,546)	(2,364,041)	(16,312,587)
Net property income	102,033,058	3,408,112	105,441,170
Investment revenue	1,450,856	-	1,450,856
Fair value adjustment on investment properties	8,735,161	(13,886,411)	(5,151,250)
Net investment income	112,219,075	(10,478,299)	101,740,776
Trust expenditure	(1,668,776)	(370,741)	(2,039,517)
Operating profit	110,550,299	(10,849,040)	99,701,259
Financing costs	(39,147,086)	-	(39,147,086)
Profit before tax	71,403,213	(10,849,040)	60,554,173
Tax credit	140,000	-	140,000
Profit after tax	71,543,213	(10,849,040)	60,694,173
Total assets	1,731,435,104	124,548,740	1,855,983,844
Total liabilities	782,552,573	1,133,814	783,686,387

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 capital structure of the Group and of the Fund consists of net debt (borrowings as detailed in Note 17 offset by cash and cash equivalents and unitholders' fund of the Group and of the Fund (comprising unitholders' capital and undistributed income).

Gearing ratios are calculated based on the proportion of total borrowings to the total asset value in accordance with Securities Commission Malaysia ("SC") Guidelines. 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 unitholders 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.

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24. CAPITAL MANAGEMENT (CONT'D.)**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. The gearing ratio at the end of the reporting period is as follows:

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Total borrowings	759,141,666	757,749,184	759,141,666	757,749,184
Total assets value	1,835,937,437	1,855,983,844	1,836,153,870	1,854,868,689
Total borrowings to total assets value ratio	41.35%	40.83%	41.34%	40.85%

25. PORTFOLIO TURNOVER RATIO ("PTR")

	Group and Fund	
	2024 RM	2023 RM
PTR (times)	0.01	-

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.

26. CAPITAL COMMITMENTS

	Group		Fund	
	2024 RM	2023 RM	2024 RM	2023 RM
Capital expenditure - authorised but not contracted for	-	306,600,000	-	306,600,000

27. SIGNIFICANT EVENTS

Disposal of Damai Wellness Centre

On 15 November 2023, the Company entered into a Sale and Purchase Agreement with Sihat Damai Sdn Bhd for the disposal of DWC for a cash consideration of RM13.0 million. The gain on disposal of DWC is RM1.0 million and the disposal has been completed on 6 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

28. ASSETS CLASSIFIED AS HELD FOR SALE

On 12 December 2023, the Group entered into a Land Sale Agreement ("LSA") with Principal Healthcare Finance Pty Ltd ("Principal Healthcare"), as trustee for the Principal Healthcare Finance Trust ("Land Buyer") to dispose the lands and buildings of Jeta Gardens Aged Care Facility for a cash consideration of AUD24.4 million (equivalent to approximately RM67.9 million).

In the current year, the parties of the LSA has further negotiated on the proceeds of the sale and agreed the split of the sale proceeds via Owners' Deed resulting written down of the fair value. Meanwhile, the other condition precedents in relation to the LSA is yet to be met as at year end and the disposal is expected to complete by 2025.

The movement of assets classified as held for sale is as follows:

	Jeta Gardens Aged Care Facility RM	Damai Wellness Centre RM	Total RM
2024			
Group			
Assets classified as held for sale			
At 1 January	64,700,031	12,000,000	76,700,031
Disposal	-	(12,000,000)	(12,000,000)
Fair value written down (a)	(16,571,468)	-	(16,571,468)
Foreign exchange difference	(6,164,782)	-	(6,164,782)
	41,963,781	-	41,963,781

(a) Fair value written down

Immediately before the classification of Jeta Gardens Aged Care Facility as assets held for sale, the recoverable amount was estimated and no impairment loss was identified. Following the classification, a write-down of RM16,571,468 was recognised to reduce the carrying amount of the assets to their fair value less costs to sell. This was recognised in the Group's statement of comprehensive income.

	Damai Wellness Centre RM
2024	
Fund	
At 1 January	12,000,000
Disposal	(12,000,000)
At 31 December	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

28. ASSETS CLASSIFIED AS HELD FOR SALE

(a) Fair value written down (cont'd.)

	Jeta Gardens Aged Care Facility RM	Damai Wellness Centre RM	Total RM
2023			
Group			
Assets classified as held for sale			
Investment properties	64,700,031	12,000,000	76,700,031
2023			
Fund			
Investment properties			12,000,000

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