

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Fourth Quarter Ended 31 December 2015

Note	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-12-2015	Preceding Year Corresponding Quarter 31-12-2014	Current Year To Date 31-12-2015	Preceding Year Corresponding To Date 31-12-2014
	RM	RM	RM	RM
Gross rental income	28,196,170	27,148,300	110,945,391	108,644,329
Property expenses	(1,492,127)	(1,404,705)	(6,379,923)	(6,245,721)
Net rental income	26,704,043	25,743,595	104,565,468	102,398,608
Investment income	340,174	300,566	1,522,895	1,301,536
Gain in fair value adjustment	10,921,672	11,350,503	11,621,672	11,350,503
Gain in disposal of subsidiaries	969,380	-	969,380	-
Other income	(6,386)	3,307,664	2,371	3,353,747
Total income	38,928,883	40,702,328	118,681,786	118,404,394
Managers' fees	(832,030)	(569,727)	(2,126,099)	(1,860,325)
Trustees' fees	(63,838)	(82,159)	(249,407)	(266,040)
Accretion of long term borrowings	(707,484)	(908,890)	(1,856,861)	(2,212,194)
Annual financing fees	(173,875)	(141,000)	(739,333)	(568,000)
Maintenance of properties	-	(253,405)	(25,440)	(259,405)
Administrative expenses	(1,436,054)	(814,865)	(2,460,316)	(1,612,650)
Professional fees	(990,197)	(212,038)	(2,199,746)	(977,518)
Realised foreign exchange differences from disposal of subsidiaries	(3,512,464)	-	(3,512,464)	-
Withholding tax	(446,361)	(464,313)	(1,792,234)	(1,899,981)
Profit sharing expenses on financing	(9,110,859)	(8,989,651)	(35,808,225)	(35,600,418)
Total trust expenditure	(17,273,162)	(12,436,048)	(50,770,125)	(45,256,531)
Profit before taxation	21,655,721	28,266,280	67,911,661	73,147,863
Tax expense	99,546	(1,295,453)	(466,073)	(1,939,138)
Profit after taxation	21,755,267	26,970,827	67,445,588	71,208,725
Other comprehensive income/ (expenses)				
Exchange differences on translating foreign operations	2,879,579	643,081	3,503,517	94,100
Total comprehensive income for the year	24,634,846	27,613,908	70,949,105	71,302,825
Profit after taxation is made up as follows:				
Realised	10,833,595	15,620,324	55,823,916	59,858,222
Unrealised	10,921,672	11,350,503	11,621,672	11,350,503
	21,755,267	26,970,827	67,445,588	71,208,725
Earnings per unit (sen) - Net	3.07	3.87	9.63	10.23

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2015

	Note	Unaudited As At End Of Current Quarter 31-12-2015	Audited As at preceding year ended 31-12-2014
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,521,523,040	1,509,996,083
Current Assets			
Trade receivables		7,715,299	7,069,965
Other receivables & prepayments		2,072,321	7,563,983
Cash and bank balances		26,364,600	23,214,543
Fixed deposits with licensed banks		36,706,886	44,577,435
		72,859,106	82,425,926
TOTAL ASSETS		1,594,382,146	1,592,422,009
LIABILITIES			
Non-current liabilities			
Borrowing	B9	653,713,403	653,198,832
Deferred tax		3,014,620	3,044,013
		656,728,023	656,242,845
Current Liabilities			
Other payables and accruals		57,819,376	24,678,583
Taxation		9,144	9,144
Borrowing	B9	-	79,948,681
		57,828,520	104,636,408
TOTAL LIABILITIES		714,556,543	760,879,253
NET ASSETS VALUE		879,825,603	831,542,756
REPRESENTED BY:			
Unitholders' capital		722,398,126	682,682,499
Undistributed income		158,156,897	153,093,194
Foreign exchange translation reserve		(729,420)	(4,232,937)
TOTAL UNITHOLDERS' FUND		879,825,603	831,542,756
NUMBER OF UNITS IN CIRCULATION		728,226,468	696,226,468
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.2082	1.1944

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
IN NET ASSETS VALUE
For the Fourth Quarter Ended 31 December 2015

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 Jan 2014	682,682,499	136,538,247	(4,327,037)	814,893,709
Operation for the year ended 31 Dec 2014				
Net income for the year	-	71,208,725	94,100	71,302,825
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	71,208,725	94,100	71,302,825
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(54,653,778)	-	(54,653,778)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(54,653,778)	-	(54,653,778)
Net assets as at 31 Dec 2014	682,682,499	153,093,194	(4,232,937)	831,542,756
As at 1 Jan 2015	682,682,499	153,093,194	(4,232,937)	831,542,756
Operation for the year ended 31 December 2015				
Net income for the year	-	67,445,588	3,503,517	70,949,105
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	67,445,588	3,503,517	70,949,105
Unitholders' transactions				
Placement of units	40,000,000	-	-	40,000,000
Distribution to unitholders#	-	(62,381,885)	-	(62,381,885)
Issuing expenses	(284,373)	-	-	(284,373)
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	39,715,627	(62,381,885)	-	(22,666,258)
Net assets as at 31 December 2015	722,398,126	158,156,897	(729,420)	879,825,603

Includes the payment of the final income distribution for financial year 2014 of 3.79 sen per unit which was paid on 20 April 2015 and the interim income distribution for financial year ended 31 December 2015 in respect of the period from 1 January to 31 August 2015 of 5.17 sen per unit which was paid on 9 October 2015.

The condensed consolidated statement of changes in net assets value should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fourth Quarter Ended 31 December 2015

	To Date	
	31-12-2015	31-12-2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	67,911,661	73,147,863
Adjustment for:		
Profit sharing expenses on Islamic financing	36,547,558	38,376,612
Accretion of long term Islamic financing	1,856,861	-
Gain on disposal of subsidiaries	(969,380)	-
Gain on fair value adjustment of investment properties	(11,621,672)	(11,350,503)
Reclassification adjustment relating to disposal of subsidiaries	3,512,464	-
Investment revenue	(1,522,895)	(1,301,536)
Operating profit before working capital changes	95,714,597	98,872,436
Decrease in receivables and prepayments	5,140,098	1,023,360
Decrease in other payables and accruals	(486,446)	(695,765)
Cash generated from operations	100,368,249	99,200,031
Taxes paid	(466,073)	(1,035,217)
Net cash generated from operating activities	99,902,176	98,164,814
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	(46,601,368)	(9,364,879)
Income received from investment	1,522,895	1,301,536
Net Proceeds from disposal of subsidiaries	80,675,610	-
Net cash generated from/(used in) investing activities	35,597,137	(8,063,343)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(62,381,885)	(54,653,778)
Profit sharing expenses on Islamic financing paid	(37,595,919)	(35,579,142)
Net proceed from issuance of new units	39,715,627	-
Payment of borrowing	(79,948,681)	-
Net cash used in financing activities	(140,210,858)	(90,232,920)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,711,545)	(131,449)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	(8,947)	94,100
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	67,791,978	67,829,327
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	63,071,486	67,791,978

The condensed consolidated statement of changes in net assets value should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2015

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

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Malaysia Financial Reporting Standard (MFRS) 134 and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2014.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2014 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

A5. CHANGES IN ACCOUNTING ESTIMATES

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

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

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

A7. INCOME DISTRIBUTION

Interim income distribution for the financial year ended 31 December 2015 amounting to RM35,994,908 or 5.17 sen per unit which was paid on 9 October 2015.

A8. SEGMENTAL REPORTING

No segmental reporting is required as the Al-'Aqar Healthcare REIT's activities are predominantly in one industry segment.

A9. VALUATION OF INVESTMENT PROPERTIES

During the quarter under review, a valuation exercise was undertaken for all twenty-three (23) properties of Al-'Aqar Group pursuant to FRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The valuation has resulted in a surplus of RM11,621,672 and has been incorporated into the financial statements of Al-'Aqar Healthcare REIT as at 31 December 2015. The details of the said valuation carried out are tabled as follows:

A9. VALUATION OF INVESTMENT PROPERTIES

Description of Property	Location	Date of Valuation	2015 Fair Value RM
Ampang Puteri Specialist Hospital	Ampang	31-Dec-15	132,000,000
Damansara Specialist Hospital	Damansara	31-Dec-15	116,000,000
KPJ Johor Specialist Hospital	Johor Bahru	31-Dec-15	114,000,000
KPJ Ipoh Specialist Hospital	Ipoh	31-Dec-15	72,500,000
Puteri Specialist Hospital	Johor Bahru	31-Dec-15	43,000,000
KPJ Selangor Specialist Hospital	Shah Alam	31-Dec-15	64,500,000
Kedah Medical Centre	Alor Setar	31-Dec-15	51,600,000
KPJ Perdana Specialist Hospital	Kota Bharu	31-Dec-15	44,500,000
Kuantan Specialist Hospital	Kuantan	31-Dec-15	21,700,000
Sentosa Medical Centre	Kuala Lumpur	31-Dec-15	28,700,000
KPJ Kajang Specialist Hospital	Kajang	31-Dec-15	46,100,000
Taiping Medical Centre	Taiping	31-Dec-15	9,900,000
Damai Specialist Hospital	Kota Kinabalu	31-Dec-15	15,200,000
KPJ College Bukit Mertajam	Bukit Mertajam	31-Dec-15	16,200,000
Tawakal Health Centre	Kuala Lumpur	31-Dec-15	44,700,000
Selesa Tower	Johor Bahru	31-Dec-15	103,500,000
KPJ Healthcare University College, Nilai	Seremban	31-Dec-15	98,363,040
KPJ Seremban Specialist Hospital	Seremban	31-Dec-15	66,000,000
KPJ Penang Specialist Hospital	Bukit Mertajam	31-Dec-15	63,200,000
KPJ Tawakkal Specialist Hospital	Kuala Lumpur	31-Dec-15	123,000,000
KPJ Klang Specialist Hospital	Klang	31-Dec-15	100,000,000
Kluang Utama Specialist Hospital	Kluang	31-Dec-15	4,300,000
Jeta Garden Aged Care Facility and Retirement Village	Queensland	31-Dec-15	142,560,000
			<hr/> <hr/> 1,521,523,040

A10. SUBSEQUENT MATERIAL EVENTS

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

A11. CHANGES IN THE COMPOSITION OF THE TRUST

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

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2015

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The net rental income for Al-'Aqar Healthcare REIT of RM104.6 million for the year ended 31 December 2015 represented an increase of RM2.2 million or 2.1% from RM102.4 million recorded in the previous corresponding period. The increase was mainly due to yearly increment on rental income.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM67.9 million, which is RM5.2 million or 7.1% lower than previous corresponding period's of RM73.1 million. The decrease was mainly due to realisation of foreign exchange differences from disposal of subsidiaries.

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

	Current Quarter ended 31.12.2015 RM	Immediate Preceding Quarter ended 30.09.2015 RM
Profit before tax	21,655,721	15,290,741

There was increase in profit before tax recorded in the current quarter as compared with the immediate preceding quarter due to gain on valuation of properties.

B3. PROSPECTS

Al-'Aqar Healthcare REIT, after considering the strength of healthcare real estate portfolio invested, will enjoy 100% rate of occupancy and collection. The Trust has completed acquisition of two (2) parcels of freehold land in Nilai, Negeri Sembilan together with buildings from Puteri Nursing College Sdn. Bhd, acquisition of freehold land in Seremban, Negeri Sembilan from Seremban Specialist Hospital Sdn. Bhd and disposal of entire equity interests in Crossborder Hall (M) Sdn. Bhd. and Crossborder Aim (M) Sdn. Bhd. to Kumpulan Perubatan (Johor) Sdn. Bhd. The arrangement will enhance rental income in future years, and subsequently will provide favorable returns to the unitholders.

The performance of Al-'Aqar Healthcare REIT is expected to be satisfactory for the next quarter, with the existing investment portfolio and consistent acquisition in order to maintain its performance.

B4. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

The net proceed of RM39,715,627 had been raised from the issuance of 32,000,000 new placement units pursuant to the placement exercise on Al-'Aqar Healthcare REIT in November 2015. The proceeds have been utilised to finance the first 50% of the purchase consideration for the proposed acquisition of KPJUC properties and related expenses.

B5. TAXATION

	The Group		The Fund	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
	RM	RM	RM	RM
Tax expense	<u>466,073</u>	<u>1,939,138</u>	<u>-</u>	<u>-</u>

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

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

The Group tax expense relates to the tax expense of foreign subsidiaries of the Fund.

B6. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

B7. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

(a) On 3 October 2014, Al-'Aqar Healthcare REIT had announced its proposal to acquire two (2) parcels of freehold land in Nilai, Negeri Sembilan together with buildings erected thereon from Puteri Nursing College Sdn. Bhd., a wholly owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM77,800,000 ("Proposed Acquisition of KPJUC Properties"). The proposed acquisition has been completed on 2 December 2015.

(b) On 19 March 2015, Al-'Aqar Healthcare REIT had announced its proposal to acquire a parcel of freehold land in Seremban, Negeri Sembilan from Seremban Specialist Hospital Sdn. Bhd., a wholly owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM4.25 million. On 13 May 2015, the Securities Commission Malaysia (SC) had approved the waiver for the proposed acquisition of a vacant land pursuant to the proposal ("Proposed Acquisition of SSH Land"). The proposed acquisition has been completed on 11 November 2015.

(c) On 31 March 2015, Al-'Aqar Healthcare REIT had announced its proposal to dispose the entire equity interests in Crossborder Hall (M) Sdn. Bhd. and Crossborder Aim (M) Sdn. Bhd., wholly owned subsidiaries of Al-'Aqar, to Kumpulan Perubatan (Johor) Sdn. Bhd., a wholly-owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM4.718 million ("Proposed Disposal"). The proposed disposal has been completed on 17 December 2015.

B9. BORROWINGS

	The Group	
	As at	As at
	31-12-2015	31-12-2014
	RM'000	RM'000
<u>Non-current</u>		
Sukuk Ijarah of RM 1.0 billion - IMTN	653,713	653,198
<u>Current</u>		
Ijarah Muntahiah Bitamlik Financing	-	79,949

The Ijarah Muntahiah Bitamlik Financing facility has been fully redeemed on 30 December 2015.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

B12. SOFT COMMISSION RECEIVED

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

B13. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-12-2015	Immediate Preceding Quarter ended 30-09-2015
Number of units in issue (units)	728,226,468	696,226,468
Earning per unit (EPU) - sen	3.07	2.17
Net income distribution to unitholders (RM'000)	-	35,996,907
Distribution per unit (DPU) - sen	-	5.17
Net Asset Value (NAV) - RM'000	879,826	815,473
NAV per unit (RM)	1.2082	1.1713
Market Value Per Unit (RM)	1.4000	1.3200

B14. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with FRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Aqar Healthcare REIT as at 31 December 2015 and of its financial performance and cash flows for the period then ended.