

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Second Quarter Ended 30 June 2015**

|  | Individual Quarter   |                                      | Cumulative Quarter   |                                      |
|--|----------------------|--------------------------------------|----------------------|--------------------------------------|
|  | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding To Date |
|  | 30-06-2015           | 30-06-2014                           | 30-06-2015           | 30-06-2014                           |
|  | <b>RM</b>            | <b>RM</b>                            | <b>RM</b>            | <b>RM</b>                            |
| <b>Gross rental income</b>                                     | 27,589,334           | 27,125,408                           | 55,155,556           | 54,266,961                           |
| Property expenses  | <b>(1,752,227)</b>   | <b>(1,712,600)</b>                   | <b>(3,324,603)</b>   | <b>(3,262,090)</b>                   |
| <b>Net rental income</b>                                       | <b>25,837,107</b>    | <b>25,412,808</b>                    | <b>51,830,953</b>    | <b>51,004,871</b>                    |
| Investment income  | 359,050              | 377,260                              | 791,788              | 703,103                              |
| Gain in fair value adjustment                                  | 700,000              | -                                    | 700,000              | -                                    |
| Other income   | 6,151                | -                                    | 47,329               | -                                    |
| <b>Total income</b>  | <b>26,902,308</b>    | <b>25,790,068</b>                    | <b>53,370,070</b>    | <b>51,707,974</b>                    |
| Managers' fees   | <b>(428,423)</b>     | <b>(427,720)</b>                     | <b>(861,016)</b>     | <b>(860,636)</b>                     |
| Trustees' fees   | <b>(61,899)</b>      | <b>(60,328)</b>                      | <b>(123,444)</b>     | <b>(122,371)</b>                     |
| Accretion of long term borrowings                              | <b>(434,434)</b>     | <b>(434,434)</b>                     | <b>(868,869)</b>     | <b>(868,869)</b>                     |
| Annual financing fees  | <b>(173,875)</b>     | <b>(141,000)</b>                     | <b>(391,583)</b>     | <b>(282,000)</b>                     |
| Maintenance of properties                                      | <b>(317)</b>         | -                                    | <b>(25,440)</b>      | <b>(6,000)</b>                       |
| Administrative expenses  | <b>(454,910)</b>     | <b>(174,770)</b>                     | <b>(725,534)</b>     | <b>(585,686)</b>                     |
| Professional fees  | <b>(625,725)</b>     | <b>(348,187)</b>                     | <b>(795,828)</b>     | <b>(513,818)</b>                     |
| Withholding tax  | <b>(447,275)</b>     | <b>(476,359)</b>                     | <b>(894,242)</b>     | <b>(958,428)</b>                     |
| Profit sharing expenses on financing                           | <b>(8,820,167)</b>   | <b>(8,864,123)</b>                   | <b>(17,718,915)</b>  | <b>(17,629,195)</b>                  |
| <b>Total trust expenditure</b>                                 | <b>(11,447,025)</b>  | <b>(10,926,921)</b>                  | <b>(22,404,871)</b>  | <b>(21,827,003)</b>                  |
| <b>Profit before taxation</b>                                  | <b>15,455,283</b>    | <b>14,863,147</b>                    | <b>30,965,199</b>    | <b>29,880,971</b>                    |
| Tax expense  | <b>(187,415)</b>     | <b>(228,664)</b>                     | <b>(374,574)</b>     | <b>(419,325)</b>                     |
| <b>Profit after taxation</b>                                   | <b>15,267,868</b>    | <b>14,634,483</b>                    | <b>30,590,625</b>    | <b>29,461,646</b>                    |
| <b>Other comprehensive expense</b>                             |                      |                                      |                      |                                      |
| Foreign currency translation differences for foreign operation | 1,149,507            | <b>(548,866)</b>                     | 2,007,604            | <b>(454,828)</b>                     |
| <b>Total comprehensive income for the period/year</b>          | <b>16,417,375</b>    | <b>14,085,617</b>                    | <b>32,598,229</b>    | <b>29,006,818</b>                    |
| Profit after taxation is made up as follows:                   |                      |                                      |                      |                                      |
| Realised   | 14,567,868           | 14,634,483                           | 29,890,625           | 29,461,646                           |
| Unrealised   | 700,000              | -                                    | 700,000              | -                                    |
|  | <b>15,267,868</b>    | <b>14,634,483</b>                    | <b>30,590,625</b>    | <b>29,461,646</b>                    |
| <b>Earnings per unit (sen) - Net</b>                           | <b>2.19</b>          | <b>2.10</b>                          | <b>4.39</b>          | <b>4.23</b>                          |

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 30 June 2015

|   | Note | Unaudited<br>As At End Of<br>Current Quarter<br>30-06-2015 | Audited<br>As at preceding<br>year ended<br>31-12-2014 |
|---|------|--|--|
|   |      | RM   | RM   |
| <b>ASSETS</b>                               |      |  |  |
| <b>Non-current assets</b>                   |      |  |  |
| Investment properties                       | A9   | 1,510,696,083  | 1,509,996,083  |
| <b>Current Assets</b>                       |      |  |  |
| Trade receivables                           |      | 9,816,586  | 7,069,965  |
| Other receivables & prepayments             |      | 6,081,741  | 7,563,983  |
| Cash and bank balances                      |      | 27,756,562   | 23,214,543   |
| Fixed deposits with licensed banks          |      | 43,729,721   | 44,577,435   |
|   |      | 87,384,610   | 82,425,926   |
| <b>TOTAL ASSETS</b>                         |      | 1,598,080,693  | 1,592,422,009  |
| <b>LIABILITIES</b>                          |      |  |  |
| <b>Non-current liabilities</b>              |      |  |  |
| Borrowing                                   | B9   | 653,212,284  | 653,198,832  |
| Deferred tax                                |      | 3,075,293  | 3,044,013  |
|   |      | 656,287,577  | 656,242,845  |
| <b>Current Liabilities</b>                  |      |  |  |
| Other payables and accruals                 |      | 24,081,289   | 24,678,583   |
| Taxation                                    |      | 9,144  | 9,144  |
| Borrowing                                   | B9   | 79,948,681   | 79,948,681   |
|   |      | 104,039,114  | 104,636,408  |
| <b>TOTAL LIABILITIES</b>                    |      | 760,326,691  | 760,879,253  |
| <b>NET ASSETS VALUE</b>                     |      | 837,754,002  | 831,542,756  |
| <b>REPRESENTED BY:</b>                      |      |  |  |
| Unitholders' capital                        |      | 682,682,499  | 682,682,499  |
| Undistributed income                        |      | 157,296,836  | 153,093,194  |
| Foreign exchange translation reserve        |      | (2,225,333)  | (4,232,937)  |
| <b>TOTAL UNITHOLDERS' FUND</b>              |      | 837,754,002  | 831,542,756  |
| <b>NUMBER OF UNITS IN CIRCULATION</b>       |      | 696,226,468  | 696,226,468  |
| <b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b> |      | 1.2033   | 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 Second Quarter Ended 30 June 2015**

|   | Unitholders'<br>Capital<br>RM | Undistributed<br>Income<br>RM | Foreign<br>Exchange<br>RM | Total<br>Unitholders'<br>Fund<br>RM |
|---|-------------------------------|-------------------------------|---------------------------|-------------------------------------|
| <b>As at 1 Jan 2014</b>   | 682,682,499                   | 136,538,247                   | (4,327,037)               | 814,893,709                         |
| <b>Operation for the year ended 31 Dec 2014</b>   |                               |                               |                           |                                     |
| Net income for the year   | -                             | 71,208,725                    | 94,100                    | 71,302,825                          |
| <i>Increase/(Decrease) in net assets<br/>resulting from operation</i>                     | -                             | 71,208,725                    | 94,100                    | 71,302,825                          |
| <b>Unitholders' transactions</b>  |                               |                               |                           |                                     |
| Placement of units  | -                             | -                             | -                         | -                                   |
| Distribution to unitholders   | -                             | (54,653,778)                  | -                         | (54,653,778)                        |
| Issuing expenses  | -                             | -                             | -                         | -                                   |
| <i>Increase/(Decrease) in net assets<br/>resulting from unitholders'<br/>transactions</i> | -                             | (54,653,778)                  | -                         | (54,653,778)                        |
| <b>Net assets as at 31 Dec 2014</b>   | 682,682,499                   | 153,093,194                   | (4,232,937)               | 831,542,756                         |
| <b>As at 1 Jan 2015</b>   | 682,682,499                   | 153,093,194                   | (4,232,937)               | 831,542,756                         |
| <b>Operation for the year ended 30 June 2015</b>  |                               |                               |                           |                                     |
| Net income for the period   | -                             | 30,590,625                    | 2,007,604                 | 32,598,229                          |
| <i>Increase/(Decrease) in net assets<br/>resulting from operation</i>                     | -                             | 30,590,625                    | 2,007,604                 | 32,598,229                          |
| <b>Unitholders' transactions</b>  |                               |                               |                           |                                     |
| Placement of units  | -                             | -                             | -                         | -                                   |
| Distribution to unitholders#  | -                             | (26,386,983)                  | -                         | (26,386,983)                        |
| Issuing expenses  | -                             | -                             | -                         | -                                   |
| <i>Increase/(Decrease) in net assets<br/>resulting from unitholders'<br/>transactions</i> | -                             | (26,386,983)                  | -                         | (26,386,983)                        |
| <b>Net assets as at 30 June 2015</b>  | 682,682,499                   | 157,296,836                   | (2,225,333)               | 837,754,002                         |

# 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.

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 Second Quarter Ended 30 June 2015**

|   | To Date      |              |
|---|--------------|--------------|
|   | 30-06-2015   | 30-06-2014   |
|   | RM           | RM           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |              |              |
| Profit before taxation  | 30,965,199   | 29,880,971   |
| Adjustment for:   |              |              |
| Profit sharing expenses on Islamic financing                      | 18,110,498   | 17,629,195   |
| Accretion of long term Islamic financing                          | 868,869      | 868,869      |
| Gain on fair value adjustment of investment properties            | (700,000)    | -            |
| Investment revenue  | (791,788)    | (703,103)    |
| Operating profit before working capital changes                   | 48,452,778   | 47,675,932   |
| Increase in receivables and prepayments                           | (1,895,879)  | (1,055,068)  |
| (Decrease)/Increase in other payables and accruals                | (1,509,405)  | 6,856,216    |
| Cash generated from operations                                    | 45,047,494   | 53,477,080   |
| Taxes paid  | (343,294)    | (262,562)    |
| Net cash generated from operating activities                      | 44,704,200   | 53,214,518   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |              |              |
| Income received from investment                                   | 791,788      | 703,103      |
| Purchase of investment properties                                 | -            | (4,037,329)  |
| Net cash generated from/ (used in) investing activities           | 791,788      | (3,334,226)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |              |              |
| Dividend paid   | (26,386,983) | (27,779,436) |
| Profit sharing expenses on Islamic financing paid                 | (17,422,304) | (17,732,031) |
| Net cash used in financing activities                             | (43,809,287) | (45,511,467) |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                  |              |              |
|   | 1,686,701    | 4,368,825    |
| <b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>                    | 2,007,604    | (454,828)    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b> | 67,791,978   | 67,829,327   |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>       | 71,486,283   | 71,743,324   |

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 Second Quarter Ended 30 June 2015**

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#### **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**

Final income distribution for the financial year ended 31 December 2014 amounting to RM26,386,983 or 3.79 sen per unit which was announced on 27 February 2015 has been paid on 20 April 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 revaluation exercise was undertaken for KPJ Klang Specialist Hospital, Selangor of Al-'Aqar Healthcare REIT pursuant to Clause 10.03 of the Guidelines on Real Estate Investment Trusts ("Reit Guidelines") issued by the Securities Commission Malaysia ("SC"). The revaluation has resulted in a surplus of RM700,000 and has been incorporated into the financial statements of Al-'Aqar Healthcare REIT as at 30 June 2015. The details of the said revaluation carried out are tabled as follows:-

| <b>Description of Property</b>   | <b>Location</b> | <b>Date of Revaluation</b> | <b>Fair Value<br/>RM</b> |
|----------------------------------|-----------------|----------------------------|--------------------------|
| KPJ Klang Specialist<br>Hospital | Klang           | 13 April 2015              | 100,000,000              |

**A10. SUBSEQUENT MATERIAL EVENTS**

There were no material events from the date of this report.

**A11. CHANGES IN THE COMPOSITION OF THE TRUST**

There were no changes in the composition of Al-'Aqar Healthcare REIT for the current quarter 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 Second Quarter Ended 30 June 2015

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#### **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 RM51.8 million for the 6 months period ended 30 June 2015 represented an increase of RM0.8 million or 1.6% from RM51.0 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 RM31.0 million, which is RM1.1 million or 3.6% higher than previous corresponding period's of RM29.9 million. The increase was due to fair value adjustment and higher rental income as mentioned above.

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

|                   | Current Quarter<br>ended<br>30.06.2015<br>RM | Immediate<br>Preceding<br>Quarter ended<br>31.03.2015<br>RM |
|-------------------|--|---|
| Profit before tax | 15,455,283                                   | 15,509,916  |

There was no material changes in profit before tax recorded in the current quarter as compared with the immediate preceding quarter.

##### **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 performance of the 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**

There was no issuance of new units during the quarter under review.

**B5. TAXATION**

|             | The Group  |            | The Fund   |            |
|-------------|------------|------------|------------|------------|
|             | 30-06-2015 | 30-06-2014 | 30-06-2015 | 30-06-2014 |
|             | RM         | RM         | RM         | RM         |
| Tax expense | 374,574    | 419,325    | -          | -          |

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").

(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").

(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").

On 9 July 2015, the Unitholders of Al-'Aqar had approved all the above proposals at the Unitholders' meeting of Al-'Aqar Healthcare REIT convened and held on the same date.

**B9. BORROWINGS**

|                                       | The Group                     |                               |
|---------------------------------------|-------------------------------|-------------------------------|
|                                       | As at<br>30-06-2015<br>RM'000 | As at<br>31-12-2014<br>RM'000 |
| <b><u>Non-current</u></b>             |                               |                               |
| Sukuk Ijarah of RM 1.0 billion - IMTN | 653,212                       | 653,198                       |
| <b><u>Current</u></b>                 |                               |                               |
| Ijarah Muntahiah Bitamlik Financing   | 79,949                        | 79,949                        |



**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**

|   | <b>Current<br/>Quarter ended<br/>30-06-2015</b> | <b>Immediate<br/>Preceding<br/>Quarter ended<br/>31-03-2015</b> |
|---|---|---|
| Number of units in issue (units)                | 696,226,468                                     | 696,226,468   |
| Earning per unit (EPU) - sen                    | 2.19  | 2.20  |
| Net income distribution to unitholders (RM'000) | -   | -   |
| Distribution per unit (DPU) - sen               | -   | 3.79  |
| Net Asset Value (NAV) - RM'000                  | 837,754   | 821,337   |
| NAV per unit (RM)                               | 1.2033  | 1.1797  |
| Market Value Per Unit (RM)                      | 1.2900  | 1.3800  |

**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 30 June 2015 and of its financial performance and cash flows for the period then ended.