

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Third Quarter Ended 30 September 2021

Note	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year Corresponding Period to Date	Changes
	30-09-2021	30-09-2020		30-09-2021	30-09-2020	
	RM	RM	%	RM	RM	%
Gross rental income	28,671,007	28,154,358	1.8	87,101,336	84,461,371	3.1
Property expenses	(1,493,192)	(1,572,453)	(5.0)	(4,404,732)	(4,665,056)	(5.6)
Net rental income	27,177,815	26,581,905	2.2	82,696,604	79,796,315	3.6
Investment income	148,127	250,576	(40.9)	403,839	812,720	(50.3)
Realised gain on foreign exchange	-	-	-	23,954	-	100.0
Unrealised (loss)/gain on foreign exchange	(223,046)	83,836	(>100)	(173,962)	286,050	(>100)
Other income	133,000	133,000	-	399,303	446,750	(10.6)
Total income	27,235,896	27,049,317	0.7	83,349,738	81,341,835	2.5
Managers' fees	(462,715)	(463,182)	(0.1)	(1,381,677)	(1,376,810)	0.4
Trustees' fees	(96,584)	(97,071)	(0.5)	(288,404)	(296,783)	(2.8)
Islamic financing costs	(5,996,255)	(8,752,411)	(31.5)	(21,713,292)	(26,542,973)	(18.2)
Maintenance of properties	-	(664,038)	(100.0)	(1,316,200)	(1,070,388)	23.0
Derecognition of past lease receivables	(4,697,396)	(2,818,799)	66.6	(5,837,830)	(9,801,166)	(40.4)
Administrative expenses	(346,963)	(324,070)	7.1	(1,128,848)	(1,636,606)	(31.0)
Professional fees	(143,365)	(72,880)	96.7	(452,789)	(254,045)	78.2
Withholding tax	(207,551)	(222,377)	(6.7)	(563,354)	(667,130)	(15.6)
Total trust expenditure	(11,950,829)	(13,414,828)	(10.9)	(32,682,394)	(41,645,901)	(21.5)
Net income before taxation	15,285,067	13,634,489	12.1	50,667,344	39,695,934	27.6
Tax	-	-	-	-	-	-
Net income after taxation	15,285,067	13,634,489	12.1	50,667,344	39,695,934	27.6
Other comprehensive (expenses)/ income						
Foreign currency translation differences for foreign operation	(1,053,405)	181,637	(>100)	(895,283)	828,286	(>100)
Total comprehensive income for the period	14,231,662	13,816,126	3.0	49,772,061	40,524,220	22.8
Net income after taxation is made up as follows:						
Realised	14,772,648	13,550,653	9.0	48,634,909	39,409,884	23.4
Unrealised	512,419	83,836	>100	2,032,435	286,050	>100
	15,285,067	13,634,489	12.1	50,667,344	39,695,934	27.6
Earnings per unit (sen) - Net	2.07	1.85	11.9	6.88	5.39	27.6

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2021

	Note	Unaudited As At End Of Current Quarter 30-09-2021 <u>RM</u>	Audited As at preceding year ended 31-12-2020 <u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,534,501,049	1,534,501,049
Trade receivables	B11	1,319,453	5,373,102
		<u>1,535,820,502</u>	<u>1,539,874,151</u>
Current Assets			
Trade receivables	B11	30,284,360	25,280,289
Other receivables & prepayments		2,494,205	159,066
Cash and bank balances		43,780,346	46,396,739
Fixed deposits with licensed banks		44,905,919	36,276,092
		<u>121,464,830</u>	<u>108,112,186</u>
TOTAL ASSETS		<u>1,657,285,332</u>	<u>1,647,986,337</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	683,686,572	109,069,690
Other payables		12,804,507	9,521,423
Deferred tax		2,534,162	2,534,162
		<u>699,025,241</u>	<u>121,125,275</u>
Current Liabilities			
Islamic financing	B12	-	574,517,565
Other payables and accruals		5,109,043	8,853,336
Provision for income distribution		14,719,701	-
		<u>19,828,744</u>	<u>583,370,901</u>
TOTAL LIABILITIES		<u>718,853,985</u>	<u>704,496,176</u>
NET ASSETS VALUE		<u>938,431,347</u>	<u>943,490,161</u>
REPRESENTED BY:			
Unitholders' capital		731,398,126	731,398,126
Undistributed income		213,463,152	217,626,683
Foreign exchange translation reserve		(6,429,931)	(5,534,648)
TOTAL UNITHOLDERS' FUND		<u>938,431,347</u>	<u>943,490,161</u>
NUMBER OF UNITS IN CIRCULATION		<u>735,985,088</u>	<u>735,985,088</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)			
- Before income distribution		1.2751	1.2819
- After income distribution*		1.2551	1.2474

*after reflecting the proposed third interim income distribution for financial year ending 31 December 2021 of 2.00 sen per unit (2020: final income distribution for financial year ended 31 December 2020 of 3.45 sen per unit).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS VALUE
For the Third Quarter Ended 30 September 2021

Note	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 January 2020	731,398,126	244,651,258	(17,536,044)	958,513,340
Operation for the period ended 30 September 2020				
Net income for the period	-	39,695,934	828,286	40,524,220
<i>Increase in net assets resulting from operation</i>	-	39,695,934	828,286	40,524,220
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(30,028,181)	-	(30,028,181)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(30,028,181)	-	(30,028,181)
Net assets as at 30 September 2020	731,398,126	254,319,011	(16,707,758)	969,009,379
As at 1 January 2021	731,398,126	217,626,683	(5,534,648)	943,490,161
Operation for the period ended 30 September 2021				
Net income for the period	-	50,667,344	(895,283)	49,772,061
<i>Increase in net assets resulting from operation</i>	-	50,667,344	(895,283)	49,772,061
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders #	-	(54,830,875)	-	(54,830,875)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(54,830,875)	-	(54,830,875)
Net assets as at 30 September 2021	731,398,126	213,463,152	(6,429,931)	938,431,347

Include:

- i) Payment of the final income distribution for financial year 2020 of 3.45 sen per unit (of which 1.84 sen per unit is taxable and 1.61 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 July to 31 December 2020 which was paid on 26 February 2021.
- ii) Payment of the first interim income distribution for the financial year ending 31 December 2021 of 2.00 sen per unit (of which 0.92 sen per unit is taxable and 1.08 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 January to 31 March 2021 which was paid on 16 July 2021.
- iii) Provision of the second interim income distribution for the financial year ending 31 December 2021 of 2.00 sen per unit (of which 0.85 sen per unit is taxable and 1.15 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 April to 30 June 2021 which was announced on 26 August 2021.

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 2020 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Third Quarter Ended 30 September 2021

	To Date	
	30-09-2021	30-09-2020
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	50,667,344	39,695,934
Adjustment for:		
Islamic financing costs	21,713,292	26,542,973
Unrealised loss/(gain) on foreign exchange	173,962	(286,050)
Unbilled rental income	(2,206,397)	-
Investment revenue	(403,839)	(812,720)
Derecognition of past lease receivables	5,837,830	9,801,166
Operating profit before working capital changes	75,782,192	74,941,303
Changes in working capital:		
Increase in receivables and prepayments	(6,916,993)	(24,087,686)
Decrease in other payables and accruals	(1,949,136)	(10,275,060)
Cash generated from operations	66,916,063	40,578,557
Taxes	-	-
Net cash generated from operating activities	66,916,063	40,578,557
CASH FLOWS FROM INVESTING ACTIVITY		
Income received from investment	403,839	812,720
Net cash generated from investing activity	403,839	812,720
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(40,111,173)	(14,866,888)
Decrease/(Increase) in restricted cash	14,624,059	(1,401,978)
Islamic financing costs paid	(25,126,050)	(18,595,121)
Net proceeds from islamic financing	5,000,000	-
Net cash used in financing activities	(45,613,164)	(34,863,987)
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,706,738	6,527,290
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,069,245)	1,114,334
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	61,149,116	67,475,106
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	81,786,609	75,116,730
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	43,780,346	52,608,739
Fixed deposits with licensed banks	44,905,919	44,188,679
	88,686,265	96,797,418
Less: Restricted cash	(6,899,656)	(21,680,688)
CASH AND CASH EQUIVALENTS	81,786,609	75,116,730

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Third Quarter Ended 30 September 2021

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

A1. BASIS OF PREPARATION

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

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2020.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent Audited Financial Statements for the financial year ended 31 December 2020.

Standards that have been issued but not yet effective

- Amendments to MFRS 101 'Presentation of Financial Statements' (effective 1 January 2022)
- Amendments to MFRS 3 'Business Combinations' (effective 1 January 2022)
- Amendments to MFRS 116 'Property, Plant and Equipment' (effective 1 January 2022)
- Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' (effective 1 January 2022)
- Annual Improvement to MFRS Standards 2018 - 2020 (effective 1 January 2022)
- MFRS 17 'Insurance Contracts' (effective 1 January 2023)
- Amendments to MFRS 17 'Insurance Contracts' (effective 1 January 2023)
- Amendments to MFRS 10 and MFRS 128 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (effective date deferred to a date to be determined and announced by MASB, with earlier application permitted)

The Group did not early adopt these new standards.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2020 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

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

A5. CHANGES IN ACCOUNTING ESTIMATES

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

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

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

A7. INCOME DISTRIBUTION

The second interim income distribution for the financial year ending 31 December 2021 of 2.00 sen per unit (of which 0.85 sen per unit is taxable and 1.15 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 April to 30 June 2021, which was announced on 26 August 2021 has been paid on 22 October 2021.

A8. SEGMENTAL REPORTING

a. Primary reporting segment - Geographical segments

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

	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 30 September 2021			
Gross rental income	78,521	8,580	87,101
Property expenses	<u>(4,358)</u>	<u>(47)</u>	<u>(4,405)</u>
Net rental income	74,163	8,533	82,696
Investment income	404	-	404
Realised gain on foreign exchange	24	-	24
Unrealised loss on foreign exchange	(174)	-	(174)
Other income	399	-	399
Total income	<u>74,816</u>	<u>8,533</u>	<u>83,349</u>
Trust expenditure	<u>(30,982)</u>	<u>(1,700)</u>	<u>(32,682)</u>
Net income before taxation	43,834	6,833	50,667
Tax	-	-	-
Net income after taxation	<u>43,834</u>	<u>6,833</u>	<u>50,667</u>
Total assets	<u>1,530,604</u>	<u>126,681</u>	<u>1,657,285</u>
Total liabilities	<u>718,592</u>	<u>262</u>	<u>718,854</u>

	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 30 September 2020			
Gross rental income	75,803	8,658	84,461
Property expenses	<u>(4,555)</u>	<u>(110)</u>	<u>(4,665)</u>
Net rental income	71,248	8,548	79,796
Investment income	813	-	813
Unrealised gain on foreign exchange	286	-	286
Other income	447	-	447
Total income	<u>72,794</u>	<u>8,548</u>	<u>81,342</u>
Trust expenditure	<u>(39,870)</u>	<u>(1,776)</u>	<u>(41,646)</u>
Net income before taxation	32,924	6,772	39,696
Tax	-	-	-
Net income after taxation	<u>32,924</u>	<u>6,772</u>	<u>39,696</u>
Total assets	<u>1,548,300</u>	<u>149,382</u>	<u>1,697,682</u>
Total liabilities	<u>726,899</u>	<u>1,774</u>	<u>728,673</u>

b. Secondary reporting segment - Business segments

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

A9. VALUATION OF INVESTMENT PROPERTIES

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

A10. SUBSEQUENT MATERIAL EVENTS

On 15 October 2021, on behalf of the Manager, CIMB Investment Bank Berhad had announced that Al-Aqar Australia Pty Ltd, a wholly-owned subsidiary of Al-'Aqar, entered into an amendment to lease with Jeta Gardens (Qld) Pty Ltd to vary the existing lease agreement dated 25 October 2011 (including any amendment, supplemental or variation to the existing lease agreement) for the properties owned by Al-Aqar Australia. The Amendment to Lease is to, among others, reflect the terms of the rental rate revision in respect of the lease of the properties owned by Al Aqar Australia.

On 21 October 2021, on behalf of the Manager, CIMB Investment Bank Berhad had announced additional information in relation to the Rental Revision as follow:

- The rental formula:

<u>Period</u>	<u>Base rental formula</u>
Before 2 October 2021	8.5% per annum x the market value of the JG Properties of AUD45.5 million (or RM131.9 million) as at 7 March 2011 (as set out in the circular to Al-'Aqar's unitholders dated 28 July 2011).
2 October 2021 until 1 November 2023	6.5% per annum x the market value of the JG Properties of AUD28.5 million as agreed between the parties to the Amendment to Lease.
2 November 2023 until 1 November 2026	6.5% per annum x the market value of the JG Properties to be agreed between the parties.

- The sum of rental payable before and after the Rental Revision from 2 October 2021 until 1 November 2026 are as follows:

<u>Period</u>	Sum of Rental Payable according to the base rental formula		
	(1) Before the Rental Revision	(2) After the Rental Revision	Difference
	RM Million	RM Million	RM Million
2 October 2021 until 31 December 2021	2.8	1.4	1.4
1 January 2022 until 31 December 2022	11.4	5.7	5.7
1 January 2023 until 31 December 2023	11.4	5.7	5.7
1 January 2024 until 31 December 2024	11.4	5.7	5.7
1 January 2025 until 31 December 2025	11.4	5.7	5.7
1 January 2026 until 1 November 2026	9.6	4.8	4.8
Total	<u>58.0</u>	<u>29.0</u>	<u>29.0</u>

Notes:

- Computed based on the base rental rate of 8.5% per annum multiplied by the market value of the JG Properties of AUD45.5 million (or RM131.9 million) as at 7 March 2011.
- Computed based on the base rental rate of 6.5% per annum multiplied by the market value of the JG Properties as at 30 June 2021 of AUD28.5 million (or RM88.1 million based on the exchange rate of AUD1.00:RM3.0921 as agreed between the parties to the Amendment to Lease) as appraised by CBRE. For illustrative purposes, the market value of the JG Properties for the period 2 November 2023 to 1 November 2026 is also assumed to be AUD28.5 million.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

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

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A13. SIGNIFICANT RELATED PARTY TRANSACTION

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

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

Significant related party transactions are as follows:

	The Group		The Fund	
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM	RM	RM	RM
Manager's fee	1,381,677	1,376,810	1,381,677	1,376,810
Maintenance fee	757,632	759,300	757,632	759,300
Miscellaneous expenses	18,895	59,982	18,895	59,982
Other income	(399,000)	(399,000)	(399,000)	(399,000)

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

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

AL-'AQAR HEALTHCARE REIT
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Third Quarter Ended 30 September 2021

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

B1. REVIEW OF PERFORMANCE

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30.09.2021 RM'000	Preceding Year Corresponding Quarter 30.09.2020 RM'000	Changes %	Current Year To Date 30.09.2021 RM'000	Preceding Year Corresponding Period To Date 30.09.2020 RM'000	Changes %
Net rental income						
Malaysia	24,324	23,687	2.6	74,163	71,248	4.1
Australia	2,853	2,895	(1.5)	8,533	8,548	(0.2)
Total	27,177	26,582	2.2	82,696	79,796	3.6
Net income before taxation						
Malaysia	12,725	11,181	13.8	43,834	32,924	33.1
Australia	2,560	2,454	4.3	6,833	6,772	0.9
Total	15,285	13,635	12.1	50,667	39,696	27.6

(a) Review of Individual Quarter Results

Malaysia segment

The Malaysia segment contributed RM24.3 million of net rental income for the current quarter ended 30 September 2021, represented an increase of RM0.6 million or 2.6% from RM23.7 million, recorded in the preceding year's corresponding quarter. The increase was mainly due to unbilled rental income related to KPJ Batu Pahat Specialist Hospital.

Correspondingly, the Malaysia segment recorded net income before taxation of RM12.7 million for the current quarter, which is RM1.5 million or 13.8% higher than preceding year corresponding quarter of RM11.2 million. The increase was mainly due to saving from refinancing exercise of RM2.8 million as well as lower maintenance of properties of RM0.6 million set-off against higher provision for Covid-19 rental support of RM1.9 million during the current quarter.

Australia segment

Net rental income of the Australia segment for the current quarter ended 30 September 2021 was largely unchanged at RM2.8 million, as compared to preceding year's corresponding quarter.

The Australia segment recorded net income before taxation of RM2.6 million for the current quarter, which is RM0.1 million or 4.3% marginally higher than preceding year corresponding quarter of RM2.5 million.

B1. REVIEW OF PERFORMANCE (CONT'D)

(b) Review of Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM74.2 million of net rental income for the period ended 30 September 2021, represented an increase of RM3.0 million or 4.1% from RM71.2 million, recorded in the preceding period. The increase was mainly due to the unbilled rental income of RM2.2 million related to KPJ Batu Pahat Specialist Hospital as well as annual increment on rental income.

The Malaysia segment recorded net income before taxation of RM43.8 million for the period ended 30 September 2021, represented an increase of RM10.9 million or 33.1% mainly due to lower Islamic financing costs of RM4.8 million as well as lower provision for Covid-19 rental support of RM4.0 million as mentioned earlier.

Australia segment

Net rental income of the Australia segment for the period ended 30 September 2021 was largely unchanged at RM8.5 million, as compared to the preceding period.

The Australia segment recorded net income before taxation of RM6.8 million for the period ended 30 September 2021, which is RM0.1 million or 0.9% marginally higher than preceding period of RM6.7 million.

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

	Current Quarter ended 30.09.2021 RM'000	Immediate Preceding Quarter ended 30.06.2021 RM'000	Changes %
Net rental income	27,177	27,771	(2.14)
Net income before taxation	15,285	17,931	(14.76)

Al-Aqar Healthcare REIT recorded a lower net income before taxation of RM15.3 million as compared to RM17.9 million in the preceding quarter. This was mainly due to higher provision for Covid-19 rental support during the current quarter.

B3. CHANGES IN NET ASSET VALUE

	As at 30-09-2021 RM'000	As at 30-06-2021 RM'000
Net asset value ("NAV")	938,431	938,919
NAV per unit (RM)	1.2751	1.2757

The NAV as at 30 September 2021 was lower by RM0.5 million as compared to the immediate preceding quarter, as a result of total comprehensive income of RM14.2 million and income distribution of RM14.7 million recognised during the current quarter.

B4. PROSPECTS

The global economy continues to recover, supported by improvements in manufacturing and services activity. The strength of the recovery remains varied across countries mainly corresponding to their vaccination coverage, relaxation of containment measures and degree of policy support. Economies with better progress in their vaccination programmes have eased containment measures, enabling a continued recovery in domestic activity. Sizeable fiscal and monetary stimulus in several major economies continue to support the recovery momentum. Financial conditions also remain supportive of growth.

For the Malaysian economy, the re-imposition of nation-wide containment measures to curb the resurgence in COVID-19 cases had dampened the growth momentum. However, the recent gradual relaxations for more economic sectors to operate, along with higher adaptability of firms to the new operating environment and continued policy support, would partly mitigate the impact and allow the economy to resume its recovery path. Moving forward, the further easing of containment measures, rapid progress of the domestic vaccination programme and continued expansion in global demand will support the growth momentum going into 2022.

During the lockdown (MCO 3.0), the KPJ Group has reported a decline in their financial performance and the allocation of more than 10% of its workforce and clinical expertise for Government's vaccination programme throughout Malaysia has contributed to the higher fixed cost to the Group. As a long-term business partner, Al-Aqar has granted the rental support initiative. However, it is expected not to be common in the long term and will be compensated by the borrowing cost savings initiative. It is also expected that KPJ to return to pre-COVID-19 level by financial year 2022 as domestic travel habits normalize.

The 2022 budget presented on 29 October 2021 has done well in addressing immediate concerns of the nation. As the battle against the COVID-19 pandemic has yet to end, a sum of RM4 billion has been allocated specifically to address the COVID-19 situation by funding the vaccination programme and enhancing the capacity of public health services. In giving priority to the public health aspect to build the country's resilience in preparation for the endemic phase of the disease, Budget 2022 has further allocated RM32.4 billion to the Health Ministry for operating and development expenditure.

The government is projecting that Malaysia's economy will stage better growth next year, with a gross domestic product growth of 5.5% to 6.5% in 2022, versus the 3% to 4% estimated for this year. That being said, it is expected that the budget will help the country recover from the effects of the pandemic and set it on the right path towards long-term growth. The Manager also does not expect any significant disruption to the earning of Al-Aqar as the Fund earning is underpinned by the long-term lease arrangements with the KPJ Group.

Sources:

- 1 KPJ Healthcare Berhad News, 7 June 2021
- 2 KPJ Healthcare Results Review by J.P.Morgan, 25 August 2021
- 3 Bank Negara Monetary Policy Statement, 9 September 2021
- 4 Budget 2022 sets the stage for Malaysia's recovery and long-term growth, MIDF, 29 October 2021
- 5 Press citations by the Ministry of Finance Malaysia, 30 October 2021

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

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

B6. TAX

	The Group		The Fund	
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM	RM	RM	RM
Tax expense				
- Income Tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

B7. INCOME DISTRIBUTION

Income distributions to unitholders is derived from the following sources:

	Current Year Quarter 30-09-2021 RM'000	Preceding Year Corresponding Quarter 30-09-2020 RM'000	Current Year To Date 30-09-2021 RM'000	Preceding Year Corresponding Period To Date 30-09-2020 RM'000
Net rental income	27,178	26,582	82,697	79,796
Investment income	148	251	404	813
Other income	133	133	423	447
Less: Unbilled rental income	(735)	-	(2,206)	-
	26,724	26,966	81,318	81,056
Less: Expenses	(11,951)	(13,415)	(32,682)	(41,646)
Realised/Distributable income for the period	14,773	13,551	48,636	39,410
Previous year's undistributed realised income	46,173	36,017	41,751	34,887
Total realised income available for distribution	60,946	49,568	90,387	74,297
Less: Income to be distributed for the quarter/period	(14,720)	-	(44,160)	(24,729)
Balance undistributed income realised income	46,226	49,568	46,227	49,568
Distribution per unit (sen)	2.00	-	6.00	3.36

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

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

B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETEDProposed Placement of up to RM50.0 million new units ("Proposed Private Placement")

On 27 October 2020, Al-'Aqar Healthcare REIT had announced its proposal to undertake a private placement to raise gross proceeds of up to RM50 million.

On 5 November 2020, on behalf of the Manager, Aminvestment Bank Berhad announced that Bursa Securities has granted its approval for the listing of and quotation for 43,859,649 new units to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities via its letter dated 4 November 2020.

On 22 April 2021, Al-'Aqar had obtained approval from Bursa Securities for an extension of time to 3 November 2021 to complete the implementation of the Proposed Private Placement. Subsequently, Al-'Aqar had obtain approval from the unitholders at the 9th annual general meeting (fully virtual) of Al-'Aqar convened and held on 28 April 2021.

Al-'Aqar has decided not to proceed with the Proposed Private Placement and accordingly, the proposal has lapsed on 3 November 2021.

B11. TRADE RECEIVABLES

	The Group	
	As at 30-09-2021 RM'000	As at 30-09-2020 RM'000
<u>Non-current</u>		
Trade receivables	1,319	-
<u>Current</u>		
Trade receivables	25,234	27,490
Unbilled rental income	5,050	-
	30,284	27,490

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

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

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

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

	The Group	
	As at 30-09-2021 RM'000	As at 30-09-2020 RM'000
0-30 days	2,639	4,061
31-60 days	1,030	1,707
61-90 days	641	1,757
More than 90 days	22,243	19,965
	26,553	27,490

Out of the total trade receivables of RM26.5 million, RM18.2 million is related to an Australian property. Previously, the Group had entered into a settlement arrangement of RM20.9 mil with the debtor, which to be paid by an advance sum of RM10.2 million and the remaining RM10.7 million through 24 months instalment. The advance sum has been paid and reflected in the current year.

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

B12. ISLAMIC FINANCING

	The Group	
	As at 30-09-2021 RM'000	As at 30-09-2020 RM'000
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah Term Financing ("CMTF 1")	79,664	79,439
Commodity Murabahah Term Financing ("CMTF 2")	29,565	-
Commodity Murabahah Term Financing ("CMTF 3 Tranche 1")	277,375	-
Commodity Murabahah Term Financing ("CMTF 3 Tranche 2")	297,082	-
	683,686	79,439
<u>Current</u>		
<u>Secured</u>		
Sukuk Ijarah Issue 2	-	574,745
<u>Non-Secured</u>		
Murabahah Tawarruq Term Financing - i ("Murabahah Tawarruq")	-	29,881
	-	604,626

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B14. MATERIAL LITIGATION

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

B15. SOFT COMMISSION RECEIVED

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

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 30-09-2021	Immediate Preceding Quarter ended 30-06-2021
Number of units in issue - units	735,985,088	735,985,088
Earning per unit (EPU) - sen	2.07	2.44
Net income distribution to unitholders - RM'000	14,720	14,720
Distribution per unit (DPU) - sen	2.00	2.00
Net Asset Value (NAV) - RM'000	938,431	938,919
NAV per unit - RM	1.2751	1.2757
Market Value Per Unit - RM	1.1700	1.2800

B17. RESPONSIBILITY STATEMENT

This quarterly report was prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-'Aqar Healthcare REIT as at 30 September 2021 and of its financial performance and cash flows for the period then ended.