

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Second Quarter Ended 30 June 2019

Note	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To Date	Preceding Year Corresponding Period To Date	Changes
	30-06-2019	30-06-2018		30-06-2019	30-06-2018	
	RM	RM	%	RM	RM	%
	26,267,181	25,584,927	2.7	52,714,149	51,129,852	3.1
	(1,482,476)	(1,536,684)	(3.5)	(2,810,816)	(2,964,761)	(5.2)
Net rental income	24,784,705	24,048,243	3.1	49,903,333	48,165,091	3.6
Investment income	443,051	496,388	(10.7)	878,972	994,313	(11.6)
Other income	133,000	73	> 100	451,057	23,077	> 100
Total income	25,360,756	24,544,704	3.3	51,233,362	49,182,481	4.2
Managers' fees	(427,001)	(419,035)	1.9	(852,996)	(835,824)	2.1
Trustees' fees	(70,807)	(68,284)	3.7	(141,761)	(136,071)	4.2
Accretion of long term borrowings	(55,044)	(453,860)	(87.9)	(110,087)	(643,701)	(82.9)
Annual financing fees	(365,408)	(224,172)	63.0	(713,992)	(301,546)	> 100
Maintenance of properties	(647,358)	-	100.0	(1,361,598)	-	100.0
Administrative expenses	(343,432)	(419,393)	(18.1)	(914,358)	(646,314)	41.5
Professional fees	(99,400)	(37,662)	> 100	(248,400)	(120,725)	> 100
Withholding tax	(222,376)	(222,376)	-	(444,753)	(444,753)	-
Profit sharing expenses on financing	(7,907,805)	(7,254,999)	9.0	(15,259,987)	(13,866,423)	10.0
Total trust expenditure	(10,138,631)	(9,099,781)	11.4	(20,047,932)	(16,995,357)	18.0
Net income before taxation	15,222,125	15,444,923	(1.4)	31,185,430	32,187,124	(3.1)
Tax expense	-	-	-	-	347	(100.0)
Net income after taxation	15,222,125	15,444,923	(1.4)	31,185,430	32,187,471	(3.1)
Other comprehensive (expenses)/income						
Foreign currency translation differences for foreign operation	(8,808)	25,269	(> 100)	(101,037)	(597,497)	(83.1)
Total comprehensive income for the period	15,213,317	15,470,192	(1.7)	31,084,393	31,589,974	(1.6)
Net income after taxation is made up as follows:						
Realised	15,222,125	15,444,923	(1.4)	31,185,430	32,187,471	(3.1)
Unrealised	-	-	-	-	-	-
	15,222,125	15,444,923	(1.4)	31,185,430	32,187,471	(3.1)
Earnings per unit (sen) - Net	2.07	2.12	(2.4)	4.24	4.42	(4.1)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Note	Unaudited As At End Of Current Quarter 30-06-2019 <u>RM</u>	Audited As at preceding year ended 31-12-2018 <u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,486,926,800	1,485,726,800
Current Assets			
Trade receivables	B9	5,750,494	2,246,142
Other receivables & prepayments		916,349	1,146,478
Cash and bank balances		43,304,380	45,680,598
Fixed deposits with licensed banks		46,512,373	45,668,396
		<u>96,483,596</u>	<u>94,741,614</u>
TOTAL ASSETS		<u>1,583,410,396</u>	<u>1,580,468,414</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B10	603,882,615	603,705,130
Deferred tax		1,949,414	1,963,268
		<u>605,832,029</u>	<u>605,668,398</u>
Current Liabilities			
Other payables and accruals		13,930,892	12,797,538
Provision for Income Distribution		14,057,315	14,204,512
		<u>27,988,207</u>	<u>27,002,050</u>
TOTAL LIABILITIES		<u>633,820,236</u>	<u>632,670,448</u>
NET ASSETS VALUE		<u>949,590,160</u>	<u>947,797,966</u>
REPRESENTED BY:			
Unitholders' capital		731,398,126	731,398,126
Undistributed income		227,789,569	225,896,338
Foreign exchange translation reserve		(9,597,535)	(9,496,498)
TOTAL UNITHOLDERS' FUND		<u>949,590,160</u>	<u>947,797,966</u>
NUMBER OF UNITS IN CIRCULATION		<u>735,985,088</u>	<u>735,985,088</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.2902	1.2878

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 2019

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 January 2018	722,398,126	204,435,702	(3,544,006)	923,289,822
Operation for the period ended 30 June 2018				
Net income for the period	-	32,187,471	(597,497)	31,589,974
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	32,187,471	(597,497)	31,589,974
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(41,508,905)	-	(41,508,905)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(41,508,905)	-	(41,508,905)
Net assets as at 30 June 2018	722,398,126	195,114,268	(4,141,503)	913,370,891
As at 1 January 2019	731,398,126	225,896,338	(9,496,498)	947,797,966
Operation for the period ended 30 June 2019				
Net income for the period	-	31,185,430	(101,037)	31,084,393
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	31,185,430	(101,037)	31,084,393
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders #	-	(29,292,199)	-	(29,292,199)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(29,292,199)	-	(29,292,199)
Net assets as at 30 June 2019	731,398,126	227,789,569	(9,597,535)	949,590,160

Include :

- i) Payment of the final income distribution for financial year 2018 of 2.07 sen per unit (non-taxable in the hands of unitholders) in respect of the period from 1 October to 31 December 2018 which was paid on 28 February 2019.
- ii) Provision of the first interim income distribution for the financial year ending 31 December 2019 of 1.91 sen per unit (of which 0.71 sen per unit is taxable and 1.20 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 January to 31 March 2019 which was announced on 29 May 2019.

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 2018 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 2019

	To Date	
	30-06-2019	30-06-2018
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	31,185,430	32,187,124
Adjustment for:		
Profit sharing expenses on Islamic financing	15,973,979	14,167,969
Accretion of long term Islamic financing	110,087	643,701
Investment revenue	(878,972)	(994,313)
Operating profit before working capital changes	<u>46,390,524</u>	<u>46,004,481</u>
Changes in working capital:		
Increase in receivables and prepayments	(3,274,223)	(100,204)
Decrease in other payables and accruals	<u>(14,372,979)</u>	<u>(6,807,144)</u>
Cash generated from operations	28,743,322	39,097,133
Taxes refund	-	2,391,525
Net cash generated from operating activities	<u>28,743,322</u>	<u>41,488,658</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	(1,200,000)	-
Income received from investment	878,972	994,313
Net cash (used in)/generated from investing activities	<u>(321,028)</u>	<u>994,313</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(15,234,884)	(28,764,942)
Increase in restricted cash	(357,541)	(319,920)
Profit sharing expenses on Islamic financing	(14,618,614)	(12,939,506)
Net cash used in financing activities	<u>(30,211,039)</u>	<u>(42,024,368)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,788,745)	458,603
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(101,037)	(597,497)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	72,733,063	68,999,400
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>70,843,281</u>	<u>68,860,506</u>
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	43,304,380	36,801,137
Fixed deposits with licensed banks	46,512,373	50,329,438
	89,816,753	87,130,575
Less: Restricted cash	(18,973,472)	(18,270,069)
CASH AND CASH EQUIVALENTS	<u>70,843,281</u>	<u>68,860,506</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 2019

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 2018.

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 2018.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the financial year beginning on 1 January 2019:

- MFRS 16 'Leases'.
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'.
- Amendments to MFRSs 'Annual Improvements to MFRSs 2015 - 2017 Cycle'.
- IC Interpretation 23 'Uncertainty over Income Tax Payments'.

The adoption of these new standards and amendments did not have any material impact on the current financial year or prior year and is not likely to affect future years.

Standards that have been issued but not yet effective

- MFRS 17 'Insurance Contracts' (effective 1 January 2021)
- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material' (effective 1 January 2020)
- 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)
- MFRSs 'Amendments to References to the Conceptual Framework in MFRS Standards' (effective 1 January 2020)

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 2018 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 first interim income distribution for the financial year ending 31 December 2019 of 1.91 sen per unit (of which 0.71 sen per unit is taxable and 1.20 sen per unit is non-taxable in the hands of unitholders) in respect of the period from 1 January to 31 March 2019, which was announced on 29 May 2019 has been paid on 12 July 2019.

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 June 2019			
Gross rental income	46,977	5,737	52,714
Property expenses	(2,731)	(80)	(2,811)
Net rental income	44,246	5,657	49,903
Investment income	879	-	879
Other income	451	-	451
Total income	45,576	5,657	51,233
Trust expenditure	(20,010)	(38)	(20,048)
Profit before taxation	25,566	5,619	31,185
Tax expense	-	-	-
Profit after taxation	25,566	5,619	31,185
Total assets	1,433,938	149,472	1,583,410
Total liabilities	631,580	2,240	633,820
	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 30 June 2018			
Gross rental income	45,402	5,728	51,130
Property expenses	(2,907)	(58)	(2,965)
Net rental income	42,495	5,670	48,165
Investment income	994	-	994
Other income	23	-	23
Total income	43,512	5,670	49,182
Trust expenditure	(16,931)	(64)	(16,995)
Profit before taxation	26,581	5,606	32,187
Tax expense	1	-	1
Profit after taxation	26,582	5,606	32,188
Total assets	1,397,387	156,928	1,554,315
Total liabilities	327,807	313,137	640,944

b. Secondary reporting segment - Business segments

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

A9. VALUATION OF INVESTMENT PROPERTIES

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

A10. SUBSEQUENT MATERIAL EVENTS

There was 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.

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	
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
	RM	RM	RM	RM
Manager's fee	852,996	835,824	852,996	835,824
Maintenance fee	499,225	-	499,225	-
Registrar fee	56,049	33,653	56,049	33,653
Secretarial fee	1,320	3,821	-	-
Other income	(266,000)	-	(266,000)	-

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 Second Quarter Ended 30 June 2019

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

B1. REVIEW OF PERFORMANCE

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30.06.2019 RM'000	Preceding Year Corresponding Quarter 30.06.2018 RM'000	Changes %	Current Year To Date 30.06.2019 RM'000	Preceding Year Corresponding Period To Date 30.06.2018 RM'000	Changes %
Net rental income						
Malaysia	21,973	21,218	3.6	44,246	42,495	4.1
Australia	2,811	2,830	(0.7)	5,657	5,670	(0.2)
Total net rental income	24,784	24,048	3.1	49,903	48,165	3.6
Net income before taxation						
Malaysia	12,411	12,630	(1.7)	25,566	26,581	(3.8)
Australia	2,811	2,815	(0.1)	5,619	5,606	0.2
Total net income before taxation	15,222	15,445	(1.4)	31,185	32,187	(3.1)
Net income after taxation						
Malaysia	12,411	12,630	(1.7)	25,566	26,582	(3.8)
Australia	2,811	2,815	(0.1)	5,619	5,606	0.2
Total net income after taxation	15,222	15,445	(1.4)	31,185	32,188	(3.1)

(a) Review of Individual Quarter Results

Malaysia segment

The Malaysia segment contributed RM22.0 million of net rental income for the current quarter ended 30 June 2019, represented an increase of RM0.8 million or 3.6% from RM21.2 million, recorded in preceding year's corresponding quarter. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai, where full rental income was received upon settlement of the KPJUC Balance Purchase Consideration in November 2018 as well as annual increment on rental income.

Australia segment

The Australia segment contributed RM2.8 million of net rental income for the current quarter ended 30 June 2019, represented a slightly decrease of RM0.02 million or 0.7% from RM2.8 million, recorded in preceding year's corresponding quarter. The net rental income was slightly lower due to lower exchange rate, whereby from April to June 2019, the average exchange rate for Malaysian Ringgit against Australian Dollar was MYR/AUD 2.8925 (2018: 2.9924).

Net income before taxation

Al-'Aqar Healthcare REIT's net rental income for the current quarter ended 30 June 2019, represented an increase of RM0.7 million or 3.1% recorded in preceding year's corresponding quarter. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai as mentioned above.

Despite increase in net rental income, Al-'Aqar Healthcare REIT's net income before taxation for the current year quarter ended 30 June 2019 stood at RM15.2 million, which is RM0.2 million or 1.4% lower than preceding year's corresponding quarter of RM15.4 million. The decrease were mainly due to maintenance of properties expenses incurred during the current quarter totalling RM0.6 million as well as higher Islamic financing cost by RM0.3 million due to drawdown of additional Islamic financing to part finance the outstanding balance in relation to an investment property purchased in prior years.

B1. REVIEW OF PERFORMANCE (CONT'D)

(b) Review of Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM44.2 million of net rental income for the 6 months period ended 30 June 2019 represented an increase of RM1.7 million or 4.1% from RM42.5 million, recorded in the preceding year corresponding period. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai, where full rental income was received upon settlement of the KPJUC Balance Purchase Consideration in November 2018 as well as annual increment on rental income as mentioned in Note B1 (a) above.

Australia segment

The Australia segment contributed RM5.6 million of net rental income for the 6 months period ended 30 June 2019. This represented a slightly decrease of RM0.01 million or 0.2% from RM5.7 million, recorded in the preceding year corresponding period. The net rental income was slightly lower due to lower exchange rate, whereby from January to June 2019, the average exchange rate for Malaysian Ringgit against Australian Dollar was MYR/AUD 2.8994 (2018: 3.0335).

Net income before taxation

Al-'Aqar Healthcare REIT's net rental income for the 6 months period ended 30 June 2019, represented an increase of RM1.7 million or 3.6% recorded in the preceding year corresponding period. The increase was mainly contributed by income from KPJ Healthcare University College, Nilai as mentioned above.

Despite increase in net rental income, Al-'Aqar Healthcare REIT's net income before taxation for the period ended 30 June 2019 stood at RM31.2 million, which is RM1.0 million or 3.1% lower than preceding year corresponding period of RM32.2 million. The decrease were mainly due to maintenance of properties expenses incurred during the period totalling RM1.4 million as well as higher Islamic financing cost by RM1.3 million due to drawdown of additional Islamic financing to part finance the outstanding balance in relation to an investment property purchased in prior years.

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

	Current Quarter ended 30.06.2019 RM'000	Immediate Preceding Quarter ended 31.03.2019 RM'000	Changes %
Net rental income	24,784	25,119	(1.33)
Net income before taxation	15,222	15,963	(4.64)
Net income after taxation	15,222	15,963	(4.64)

Al-'Aqar Healthcare REIT recorded a lower net income before taxation of RM15.2 million as compared to RM16.0 million in the preceding quarter. This was mainly due to rental adjustment to the several properties and realised foreign exchange gain on remittances recorded in the immediate preceding quarter.

B3. PROSPECTS

The Manager expects Al-'Aqar Healthcare REIT ("Al-'Aqar") shall be able to maintain its performance for FY2019 compared to FY2018, primarily supported with the existing investment portfolio.

According to Knight Frank Malaysia (April, 2019), the healthcare sub-sector in quarter 2019 is expected to continue its relatively good performance last year, supported by growing demand and fundamentals. Unlike conventional assets, healthcare real estate are alternative specialised asset class that is less reliant on the economy. The market is driven by an increase of demand from both local and oversea. By 2040, roughly 14.5% of Malaysians will be aged 65 and older, as compared to only 5.0% in 2010. The perfect storm caused by an increase in the ageing population has created tremendous opportunities for healthcare and its related sub-sectors. Whereas the demand from the oversea is proven as Malaysia, with a score of 95 out of 100, has been ranked first in the Best Healthcare in the World category of the 2019 International Living Annual Global Retirement Index.

B3. PROSPECTS (CONT'D)

Al-'Aqar business has mainly been supported by KPJ Healthcare Berhad ("KPJ") as a sponsor and substantial shareholder, where the stable distribution of Al-'Aqar is premised on the underlying properties' stable rental income given the long-term lease arrangements with KPJ. Accordingly, we believe that the prospects of KPJ would be vital to the prospects of Al-'Aqar. Kenanga Research in its report dated 3 June 2019 noted that "The group is confident that start-up costs from new openings will be absorbed by: (i) incremental ramp-ups from earlier openings, and (ii) steady contributions from matured hospitals. As indication, startup losses are only seen in KPJ Perlis and Bandar Dato Onn."

HLIB Research had the following comments in its 9 August 2019 report "KPJ BDO is the 4th last in the line of its BOO model (build, own and operate) greenfield hospitals followed by KPJ UTM, KPJ Melaka and KPJ Kota Bayuemas before moving onto operate and lease model which should lessen the balance sheet burden for the group. "They also stated that "We like KPJ as it offers investors exposure to a pure Malaysian hospital play. We feel that the valuation gulf between KPJ and its global market exposed peers warrants a reassessment. The risk to reward has skewed more towards KPJ's favour, in view of its lacking presence internationally and thus lack off exposure to external volatility."

The Manager is positive on Al-'Aqar's outlook as it has growth strategy to expand its portfolio via strategic acquisitions as well as exploring other segments of the industry to capture assets within growth areas and with proven yield performance.

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

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

B5. TAXATION

	The Group		The Fund	
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
	RM	RM	RM	RM
Tax expense				
- Income Tax	-	-	-	-
- Over Provision In Previous Year	-	(347)	-	(347)
	<u>-</u>	<u>(347)</u>	<u>-</u>	<u>(347)</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 or deferred tax is required to be provided in the financial statements.

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

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

B7. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

On 26 August 2019, Al-'Aqar Healthcare REIT had announced its proposal to acquire KPJ Batu Pahat Specialist Hospital from Johor Land Berhad, a wholly owned subsidiary of Johor Corporation for a total consideration of RM78.0 million to be fully satisfied in cash ("Proposed Acquisition").

B9. TRADE RECEIVABLES

	The Group	
	As at	As at
	30-06-2019	30-06-2018
	RM'000	RM'000
Trade receivables	5,750	6,405

Trade receivables comprise rental receivable from lessees. The credit period granted by the Group on rental receivable from lessees ranges from 30 to 60 days (2018: 30 to 60 days).

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

	The Group	
	As at	As at
	30-06-2019	30-06-2018
	RM'000	RM'000
0-30 days	3,219	3,347
31-60 days	1,822	2,016
61-90 days	709	1,042
More than 90 days	-	-
	5,750	6,405

The Group estimate the loss allowance on trade receivables at the end of the reporting period at an amount equal to lifetime expected credit losses. No late payment charges were imposed on the rental receivable exceeded the credit term as a matter of goodwill gesture. This was undertaken in view of the active on-going transactions between parties, and taking into account the historical default experience. The future prospects of the industries in which the trade receivables operate, together with the value of collateral held over these trade receivables, the Group considers that no trade receivables is impaired.

B10. ISLAMIC FINANCING

	The Group	
	As at	As at
	30-06-2019	30-06-2018
	RM'000	RM'000
<u>Non-current</u>		
<u>Secured</u>		
Sukuk Ijarah - Islamic Medium Term Notes ('IMTN')	574,143	572,767
<u>Non-Secured</u>		
Murabahah Tawarruq Term Financing - i ("Murabahah Tawarruq")	29,740	-
	603,883	572,767

B11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B12. MATERIAL LITIGATION

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

B13. SOFT COMMISSION RECEIVED

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

B14. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 30-06-2019	Immediate Preceding Quarter ended 31-03-2019
Number of units in issue - units	735,985,088	735,985,088
Earning per unit (EPU) - sen	2.07	2.17
Net income distribution to unitholders - RM'000	14,057	15,235
Distribution per unit (DPU) - sen	1.91	2.07
Net Asset Value (NAV) - RM'000	949,590	948,434
NAV per unit - RM	1.2902	1.2887
Market Value Per Unit - RM	1.5000	1.3700

B15. 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 June 2019 and of its financial performance and cash flows for the period then ended.