

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Third Quarter Ended 30 September 2023**

Note	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year Corresponding Period to Date	Changes
	30-09-2023	30-09-2022		30-09-2023	30-09-2022	
	RM	RM	%	RM	RM	%
	30,785,469	27,419,669	12.3	90,388,099	81,981,632	10.3
	(1,691,304)	(1,500,416)	12.7	(4,856,196)	(4,543,342)	6.9
<b>Net rental income</b>	<b>29,094,165</b>	<b>25,919,253</b>	<b>12.3</b>	<b>85,531,903</b>	<b>77,438,290</b>	<b>10.5</b>
Investment income	359,851	227,133	58.4	1,063,601	606,020	75.5
Realised gain on foreign exchange	-	608	(100.0)	-	-	-
Unrealised (loss)/gain on foreign exchange	(17,344)	(22,259)	(22.1)	21,670	(3,567)	(>100)
Other income	132,995	133,000	-	399,240	399,242	-
<b>Total income</b>	<b>29,569,667</b>	<b>26,257,735</b>	<b>12.6</b>	<b>87,016,414</b>	<b>78,439,985</b>	<b>10.9</b>
Managers' fees	(1,162,068)	(460,257)	>100	(2,956,646)	(1,371,131)	>100
Trustees' fees	(107,253)	(95,672)	12.1	(311,168)	(284,628)	9.3
Islamic financing costs	(9,485,364)	(7,074,223)	34.1	(29,507,720)	(19,467,166)	51.6
Maintenance of properties	(257,860)	(345,000)	(25.3)	(901,959)	(454,380)	98.5
Realised loss on foreign exchange	-	(56,000)	(100.0)	-	(56,000)	(100.0)
Administrative expenses	(436,727)	(317,082)	37.7	(1,490,232)	(1,217,318)	22.4
Professional fees	(422,988)	(179,937)	>100	(1,339,478)	(341,564)	>100
Withholding tax	(111,380)	(111,380)	-	(334,140)	(334,140)	-
<b>Total trust expenditure</b>	<b>(11,983,640)</b>	<b>(8,639,551)</b>	<b>38.7</b>	<b>(36,841,343)</b>	<b>(23,526,327)</b>	<b>56.6</b>
<b>Net income before taxation</b>	<b>17,586,027</b>	<b>17,618,184</b>	<b>(0.2)</b>	<b>50,175,071</b>	<b>54,913,658</b>	<b>(8.6)</b>
Tax	-	-	-	-	-	-
<b>Net income after taxation</b>	<b>17,586,027</b>	<b>17,618,184</b>	<b>(0.2)</b>	<b>50,175,071</b>	<b>54,913,658</b>	<b>(8.6)</b>
<b>Other comprehensive (expenses)/ income for the period</b>						
Foreign currency translation differences for foreign operation	(888,551)	(251,445)	>100	547,897	(1,486,158)	(>100)
<b>Total comprehensive income for the period</b>	<b>16,697,476</b>	<b>17,366,739</b>	<b>(3.9)</b>	<b>50,722,968</b>	<b>53,427,500</b>	<b>(5.1)</b>
Net income after taxation is made up as follows:						
Realised	17,012,161	16,929,493	0.5	48,379,772	52,784,374	(8.3)
Unrealised	573,866	688,691	(16.7)	1,795,299	2,129,284	(15.7)
	<b>17,586,027</b>	<b>17,618,184</b>	<b>(0.2)</b>	<b>50,175,071</b>	<b>54,913,658</b>	<b>(8.6)</b>
<b>Earnings per unit (sen) - Net</b>	<b>2.18</b>	<b>2.39</b>	<b>(8.8)</b>	<b>6.22</b>	<b>7.46</b>	<b>(16.6)</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 30 September 2023**

	Note	Unaudited As At End Of Current Quarter 30-09-2023 RM	Audited As At Preceding Year Ended 31-12-2022 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	A9	1,721,281,384	1,721,281,384
<b>Current Assets</b>			
Trade receivables	B11	55,044,759	49,503,412
Other receivables & prepayments		1,724,415	149,885
Cash and bank balances		42,414,123	40,774,756
Fixed deposits with licensed banks		33,001,826	55,356,398
		<u>132,185,123</u>	<u>145,784,451</u>
<b>TOTAL ASSETS</b>		<u>1,853,466,507</u>	<u>1,867,065,835</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Islamic financing	B12	757,354,127	855,616,967
Other payables		15,247,543	15,247,543
Deferred tax		1,662,541	1,662,541
		<u>774,264,211</u>	<u>872,527,051</u>
<b>Current Liabilities</b>			
Other payables and accruals		5,730,868	8,604,304
Provision for income distribution		-	14,719,701
		<u>5,730,868</u>	<u>23,324,005</u>
<b>TOTAL LIABILITIES</b>		<u>779,995,079</u>	<u>895,851,056</u>
<b>NET ASSETS VALUE</b>		<u>1,073,471,428</u>	<u>971,214,779</u>
<b>REPRESENTED BY:</b>			
Unitholders' capital		854,758,225	756,408,942
Undistributed income		227,717,481	224,358,012
Foreign exchange translation reserve		(9,004,278)	(9,552,175)
<b>TOTAL UNITHOLDERS' FUND</b>		<u>1,073,471,428</u>	<u>971,214,779</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		<u>839,597,757</u>	<u>756,485,757</u>
<b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b>			
- Before income distribution		1.2786	1.2839
- After income distribution*		1.2586	1.2629

\*after reflecting the proposed third interim income distribution for financial year ending 31 December 2023 of 2.00 sen per unit (2022: final income distribution for financial year ended 31 December 2022 of 2.10 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 2022 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 2023**

Note	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
<b>As at 1 January 2022</b>	731,398,126	221,625,961	(8,022,179)	945,001,908
<b>Operation for the period ended 30 September 2022</b>				
Net income for the period	-	54,913,658	(1,486,158)	53,427,500
<i>Increase in net assets resulting from operation</i>	-	54,913,658	(1,486,158)	53,427,500
<b>Unitholders' transactions</b>				
Placement of units	-	-	-	-
Distribution to unitholders	-	(42,687,114)	-	(42,687,114)
Issuing expenses	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(42,687,114)	-	(42,687,114)
<b>Net assets as at 30 September 2022</b>	731,398,126	233,852,505	(9,508,337)	955,742,294
<b>As at 1 January 2023</b>	756,408,942	224,358,012	(9,552,175)	971,214,779
<b>Operation for the period ended 30 September 2023</b>				
Net income for the period	-	50,175,071	547,897	50,722,968
<i>Increase in net assets resulting from operation</i>	-	50,175,071	547,897	50,722,968
<b>Unitholders' transactions</b>				
Placement of units	99,734,400	-	-	99,734,400
Distribution to unitholders #	-	(46,815,602)	-	(46,815,602)
Issuing expenses	(1,385,117)	-	-	(1,385,117)
<i>Decrease in net assets resulting from unitholders' transactions</i>	98,349,283	(46,815,602)	-	51,533,681
<b>Net assets as at 30 September 2023</b>	854,758,225	227,717,481	(9,004,278)	1,073,471,428

# Include:

- (i) Payment of the final income distribution for the financial year ended 31 December 2022 of 2.10 sen per unit (of which 1.05 sen per unit is taxable and 1.05 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 October to 31 December 2022 which was paid on 28 February 2023.
- (ii) Payment of the first interim income distribution for the financial year ending 31 December 2023 of 2.00 sen per unit (of which 0.90 sen per unit is taxable and 1.10 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 January to 31 March 2023 which was paid on 12 May 2023.
- (iii) Provision of the second interim income distribution for the financial year ending 31 December 2023 of 1.90 sen per unit (of which 0.56 sen per unit is taxable and 1.34 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 April to 30 June 2023 which was announced on 25 August 2023.

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 2022 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 2023**

	To Date	
	30-09-2023	30-09-2022
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	50,175,071	54,913,658
Adjustment for:		
Islamic financing costs	29,507,720	19,467,166
Unrealised (gain)/loss on foreign exchange	(21,670)	3,567
Unbilled rental income	(1,773,629)	(2,132,851)
Loss on disposal of investment property	-	93,800
Investment revenue	(1,063,601)	(606,020)
Operating profit before working capital changes	76,823,891	71,739,320
Changes in working capital:		
Increase in receivables and prepayments	(5,342,248)	(18,841,012)
Decrease in other payables and accruals	(16,997,776)	(13,595,537)
Cash generated from operations	54,483,867	39,302,771
Taxes	-	-
Net cash generated from operating activities	54,483,867	39,302,771
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Income received on investment	1,063,601	606,020
Proceeds from disposal of investment property	-	200,700
Net cash generated from investing activities	1,063,601	806,720
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution paid	(46,815,602)	(27,967,412)
Repayment of Islamic financing	(100,000,000)	-
Proceeds from issuance of units	98,349,283	-
Islamic financing costs paid	(27,692,508)	(18,239,167)
Net cash used in financing activities	(76,158,827)	(46,206,579)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(20,611,359)	(6,097,088)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	(103,846)	(1,489,725)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	96,092,012	89,803,086
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	75,376,807	82,216,273
<b>DEPOSITS, CASH AND BANK BALANCES</b>		
Cash and bank balances	42,414,123	49,108,936
Fixed deposits with licensed banks	33,001,826	33,145,768
	75,415,949	82,254,704
Less: Islamic fixed deposits with licensed banks with maturity period of more than 3 months	(39,142)	(38,431)
<b>CASH AND CASH EQUIVALENTS</b>	75,376,807	82,216,273

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2023

---

### 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 2022.

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 2022.

The Group has applied the following standards and amendments for the first time for the financial period beginning 1 January 2023:

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates

The standards and interpretations that are issued but not yet effective are disclosed below:

- Amendment to MFRS 16 : Lease Liability in a Sale and Leaseback (effective 1 January 2024)
- Amendment to MFRS 101 : Non-current Liabilities with Covenants (effective 1 January 2024)
- Amendment to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Deferred)

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 2022 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, repurchase 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 2023 of 1.90 sen per unit (of which 0.56 sen per unit is taxable and 1.34 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 April to 30 June 2023, which was announced on 25 August 2023 has been paid on 2 October 2023.

## 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
<b>Period Ended 30 September 2023</b>			
Gross rental income	86,106	4,282	90,388
Property expenses	(4,808)	(48)	(4,856)
Net rental income	81,298	4,234	85,532
Investment income	1,064	-	1,064
Unrealised gain on foreign exchange	21	-	21
Other income	399	-	399
Total income	82,782	4,234	87,016
Trust expenditure	(36,088)	(753)	(36,841)
Net income before taxation	46,694	3,481	50,175
Tax	-	-	-
Net income after taxation	46,694	3,481	50,175
Total assets	1,718,185	135,282	1,853,467
Total liabilities	779,991	4	779,995
	Malaysia RM'000	Australia RM'000	Total RM'000
<b>Period Ended 30 September 2022</b>			
Gross rental income	77,680	4,302	81,982
Property expenses	(4,496)	(47)	(4,543)
Net rental income	73,184	4,255	77,439
Investment income	606	-	606
Unrealised loss on foreign exchange	(4)	-	(4)
Other income	399	-	399
Total income	74,185	4,255	78,440
Trust expenditure	(23,192)	(334)	(23,526)
Net income before taxation	50,993	3,921	54,914
Tax	-	-	-
Net income after taxation	50,993	3,921	54,914
Total assets	1,548,617	129,209	1,677,826
Total liabilities	721,501	582	722,083

### 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 were no subsequent material events to the current quarter under review up to the date of this Interim Financial 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:

	<b>The Group</b>		<b>The Fund</b>	
	<b>30-09-2023</b>	<b>30-09-2022</b>	<b>30-09-2023</b>	<b>30-09-2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Manager's fee	2,956,646	1,371,131	2,956,646	1,371,131
Maintenance fee	901,840	834,360	901,840	834,360
Miscellaneous expenses	43,976	34,592	43,976	34,592
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 2023

### 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 30.09.2023 RM'000	Preceding Year Corresponding Quarter 30.09.2022 RM'000	Changes %	Current Year To Date 30.09.2023 RM'000	Preceding Year Corresponding Period To Date 30.09.2022 RM'000	Changes %
<b>Net rental income</b>						
Malaysia	27,690	24,497	13.0	81,298	73,184	11.1
Australia	1,404	1,423	(1.3)	4,234	4,255	(0.5)
<b>Total</b>	<u>29,094</u>	<u>25,920</u>	12.2	<u>85,532</u>	<u>77,439</u>	10.5
<b>Net income before taxation</b>						
Malaysia	16,270	16,200	0.4	46,694	50,993	(8.4)
Australia	1,316	1,419	(7.3)	3,481	3,921	(11.2)
<b>Total</b>	<u>17,586</u>	<u>17,619</u>	(0.2)	<u>50,175</u>	<u>54,914</u>	(8.6)

#### (a) Review of Individual Quarter Results

##### Malaysia segment

The Malaysia segment contributed RM27.7 million of net rental income for the current quarter ended 30 September 2023, represented an increase of RM3.2 million or 13.0% from RM24.5 million, recorded in the preceding year's corresponding quarter. The increase was mainly contributed by income from TMC Health (New Building), KPJ Seremban Specialist Hospital (New Building) and KPJ Pasir Gudang Specialist Hospital, which was acquired in December 2022.

The Malaysia segment recorded net income before taxation of RM16.3 million for the current quarter, which is slightly higher of RM0.1 million or 0.4% than preceding year corresponding quarter of RM16.2 million due to higher rental income.

##### Australia segment

The net rental income of the Australia segment for the current quarter ended 30 September 2023 was largely unchanged at RM1.4 million, as compared to preceding year's corresponding quarter.

The Australia segment recorded net income before taxation of RM1.3 million for the current quarter, which is lower of RM0.1 million than preceding year corresponding quarter of RM1.4 million due to higher professional fees incurred during the current quarter.



## **(b) Review of Cumulative Quarter Results**

### Malaysia segment

The Malaysia segment contributed RM81.3 million of net rental income for the period ended 30 September 2023, represented an increase of RM8.1 million or 11.1% from RM73.2 million, recorded in the preceding period. The increase was mainly contributed by income from TMC Health (New Building), KPJ Seremban Specialist Hospital (New Building) and KPJ Pasir Gudang Specialist Hospital, which was acquired in December 2022 as mentioned earlier.

The Malaysia segment recorded net income before taxation of RM46.7 million for the period ended 30 September 2023, which is RM4.3 million or 8.4% lower than the preceding period of RM51.0 million. The decrease was mainly due to higher financing cost of RM5.3 million related to an increase of 50 basis point in OPR from 2.50% to 3.00% as well as RM4.7 million in relation drawdown of additional Islamic financing in December 2022. The decrease was also due to a revision in management fees of RM1.6 million, higher professional fees of RM0.5 million, as well as higher replacement and repainting costs of RM0.4 million incurred during the current quarter.

### Australia segment

The net rental income of the Australia segment for the period ended 30 September 2023 was largely unchanged at RM4.2 million, as compared to preceding year's corresponding period.

The Australia segment recorded net income before taxation of RM3.5 million for the period ended 30 September 2023, which is RM0.4 million lower than preceding period of RM3.9 million. The decrease was mainly due to higher professional fees incurred as mentioned earlier.

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

	<b>Current Quarter ended 30.09.2023 RM'000</b>	<b>Immediate Preceding Quarter ended 30.06.2023 RM'000</b>	<b>Changes %</b>
Net rental income	29,094	27,828	4.55
Net income before taxation	17,586	15,322	14.77

Al-'Aqar Healthcare REIT recorded a net income before taxation of RM17.6 million as compared to RM15.3 million in the preceding quarter. This was mainly due to lower trust expenditure recorded during the current quarter.

## **B3. CHANGES IN NET ASSET VALUE**

	<b>As at 30-09-2023 RM'000</b>	<b>As at 30-06-2023 RM'000</b>
Net asset value ("NAV")	1,073,471	1,072,584
NAV per unit (RM)	1.2786	1.2775

The NAV as at 30 September 2023 was higher by RM0.8 million as compared to the immediate preceding quarter, as a result of total comprehensive income of RM16.7 million and income distribution of RM15.9 million recognised during the current quarter.

#### B4. PROSPECTS

The global economy continues to expand, driven by domestic demand amid strong labour market conditions. Some signs of recovery are emerging in the electrical and electronics (E&E) sector, but global trade remains soft partly due to the shift in spending from goods to services, and ongoing trade restrictions. Global growth remains weighed down by persistently elevated inflation and higher interest rates, with several major economies experiencing slowing growth momentum. Global headline inflation edged up partly due to higher commodity prices, while core inflation continued to moderate. For most central banks, the monetary policy stance is likely to remain tight. The growth outlook remains subject to downside risks, mainly from higher-than-anticipated inflation outturns, an escalation of geopolitical tensions, and a sharp tightening in financial market conditions.

For the Malaysian economy, the advance GDP estimate points to an improvement in economic activity in the third quarter. Growth in 2024 will be driven mainly by resilient domestic expenditure, with some support emanating from the expected recovery in E&E exports. Continued employment and wage growth remain supportive of household spending. Tourist arrivals and spending are expected to improve further. Investment activity would be supported by continued progress of multi-year infrastructure projects, and implementation of catalytic initiatives under the national master plans. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming from weaker-than-expected external demand and larger and protracted declines in commodity production. Meanwhile, upside risks to growth mainly emanate from stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new projects.

KPJ Group, being the sponsor of Al-'Aqar is optimistic to maintain their momentum for the upcoming quarters. The current increasing revenue trend, coupled with their ongoing efforts in increasing the beds, recruiting more consultants and expanding their range of services, are expected to maintain their encouraging results and contribute positively to KPJ Group performance.

Hence, the Manager does not expect any disruption to the earning of Al-'Aqar as the Fund earning is underpinned by the long-term lease arrangements with KPJ Group. In ensuring a positive growth of distribution to the unitholder, while maintaining ongoing long-term lease arrangements with KPJ Group, the Fund has and will continue engage in various corporate exercises. Following the acquisition of KPJ properties worth RM192 million in late 2022, the Fund has maintained a positive trend. It has successfully renewed five KPJ properties, which have been revalued at 17 percent higher than their book value. These properties are generating rental yields ranging from 6 to 6.25 percent. As part of capital recycling exercise, on 15 November 2023, the Fund has entered into agreement with Sihat Damai Sdn Bhd to dispose Damai Care & Wellness Centre, with target completion in Quarter 1, 2024. The proceeds from the sale will be used to acquire local healthcare properties that will enhance the Fund's yield. Furthermore, the renewal of the five existing KPJ properties is anticipated to be completed by the end of 2024.

Sources:

- 1 Bank Negara Monetary Policy Statement, 2 November 2023
- 2 KPJ Healthcare Berhad Quarter 2, 2023 Performance Review & Prospect, 29 August 2023

#### 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	
	30-09-2023	30-09-2022	30-09-2023	30-09-2022
	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.

Deferred tax liability has been provided for the investment properties at 10% which reflects the expected manner of recovery of the investment properties i.e. recovered through sale.

**B7. INCOME DISTRIBUTION**

Income distributions to unitholders is derived from the following sources:

	<b>Current Year Quarter 30-09-2023 RM'000</b>	<b>Preceding Year Corresponding Quarter 30-09-2022 RM'000</b>	<b>Current Year To Date 30-09-2023 RM'000</b>	<b>Preceding Year Corresponding Year To Date 30-09-2022 RM'000</b>
Net rental income	29,094	25,919	85,532	77,438
Investment income	360	227	1,064	606
Other income	133	133	399	399
Less: Unbilled rental income	(592)	(711)	(1,774)	(2,133)
	28,995	25,568	85,221	76,310
Less: Expenses	(11,983)	(8,640)	(36,841)	(23,526)
Realised/Distributable income for the period	17,012	16,928	48,380	52,784
Previous year's undistributed realised income	57,567	55,977	57,281	49,562
Total realised income available for distribution	74,579	72,905	105,661	102,346
Less: Income to be distributed for the quarter/period	(16,792)	(14,720)	(47,874)	(44,160)
Balance undistributed income realised income	57,787	58,185	57,787	58,186
Distribution per unit (sen)	2.00	2.00	5.90	6.00

**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 COMPLETED**

On 15 November 2023, on behalf of the Manager, KAF Investment Bank Berhad announced that Al-Aqar entered into a sale and purchase agreement with Sihat Damai Sdn Bhd for the disposal of Damai Care & Wellness Centre for a disposal consideration of RM13.0 million to be fully satisfied in cash ("Proposed Disposal").

**B11. TRADE RECEIVABLES**

	<b>The Group</b>	
	<b>As at 30-09-2023 RM'000</b>	<b>As at 30-09-2022 RM'000</b>
<b>Current</b>		
Trade receivables	44,086	37,924
Unbilled rental income	10,959	7,820
	55,045	45,744

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

**B11. TRADE RECEIVABLES (CONT'D)**

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 30-09-2023 RM'000	As at 30-09-2022 RM'000
0-30 days	3,226	3,180
31-60 days	2,876	2,902
61-90 days	2,806	1,443
More than 90 days	35,178	30,399
	44,086	37,924

Out of the total trade receivables of RM44.1 million, RM30.8 million is related to an Australian property and both parties are in the process of finalising on the settlement of the outstanding rental.

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 30-09-2023 RM'000	As at 30-09-2022 RM'000
<b><u>Non-current</u></b>		
<b><u>Secured</u></b>		
Commodity Murabahah Term Financing ("CMTF 1")	79,835	79,703
Commodity Murabahah Term Financing ("CMTF 2")	29,819	29,739
Commodity Murabahah Term Financing ("CMTF 3 Tranche 1")	278,451	277,872
Commodity Murabahah Term Financing ("CMTF 3 Tranche 2")	297,896	297,448
Commodity Murabahah Term Financing ("CMTF 4 - Term Financing-i")	71,353	-
	757,354	684,762

**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**

	<b>Current Quarter ended 30-09-2023</b>	<b>Immediate Preceding Quarter ended 30-06-2023</b>
Number of units in issue - units	839,597,757	839,597,757
Earning per unit (EPU) - sen	2.18	1.94
Net income distribution to unitholders - RM'000	16,792	15,952
Distribution per unit (DPU) - sen	2.00	1.90
Net Asset Value (NAV) - RM'000	1,073,471	1,072,584
NAV per unit - RM	1.2786	1.2775
Market Value Per Unit - RM	1.2500	1.2700

**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 2023 and of its financial performance and cash flows for the period then ended.