

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Second Quarter Ended 30 June 2024

Note	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year Corresponding Period to Date	Changes
	30-06-2024	30-06-2023		30-06-2024	30-06-2023	
	RM	RM	%	RM	RM	%
	29,394,780	29,391,253	-	59,237,791	59,602,630	(0.6)
	(1,621,479)	(1,563,877)	3.7	(3,243,423)	(3,164,892)	2.5
Net rental income	27,773,301	27,827,376	(0.2)	55,994,368	56,437,738	(0.8)
Investment income	421,889	373,497	13.0	782,844	703,750	11.2
Gain on disposal of investment property	1,000,000	-	100.0	1,000,000	-	100.0
Unrealised gain on foreign exchange	22,960	50,665	(54.7)	1,366	39,014	(96.5)
Other income	156,313	133,245	17.3	290,113	266,245	9.0
Total income	29,374,463	28,384,783	3.5	58,068,691	57,446,747	1.1
Managers' fees	(1,162,862)	(1,312,477)	(11.4)	(2,321,658)	(1,794,578)	29.4
Trustees' fees	(107,338)	(106,369)	0.9	(213,757)	(203,915)	4.8
Islamic financing costs	(9,590,564)	(10,097,822)	(5.0)	(19,237,668)	(20,022,356)	(3.9)
Maintenance of properties	(447,828)	(57,100)	>100	(1,112,828)	(644,099)	72.8
Administrative expenses	(378,112)	(525,677)	(28.1)	(920,722)	(1,053,505)	(12.6)
Professional fees	(1,299,923)	(851,490)	52.7	(1,428,021)	(916,490)	55.8
Withholding tax	(32,958)	(111,380)	(70.4)	(70,085)	(222,760)	(68.5)
Total trust expenditure	(13,019,585)	(13,062,315)	(0.3)	(25,304,739)	(24,857,703)	1.8
Net income before taxation	16,354,878	15,322,468	6.7	32,763,952	32,589,044	0.5
Tax	-	-	-	-	-	-
Net income after taxation	16,354,878	15,322,468	6.7	32,763,952	32,589,044	0.5
Other comprehensive income for the period						
Foreign currency translation differences for foreign operation	1,101,483	2,011,697	(45.2)	209,698	1,436,448	(85.4)
Total comprehensive income for the period	17,456,361	17,334,165	0.7	32,973,650	34,025,492	(3.09)
Net income after taxation is made up as follows:						
Realised	15,740,709	14,680,594	7.2	31,580,167	31,367,611	0.7
Unrealised	614,169	641,874	(4.3)	1,183,785	1,221,433	(3.1)
	16,354,878	15,322,468	6.7	32,763,952	32,589,044	0.5
Earnings per unit (sen) - Net	1.95	1.94	0.5	3.90	4.13	(5.6)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements. 1

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2024

	Note	Unaudited As At End Of Current Quarter 30-06-2024 <u>RM</u>	Audited As At Preceding Year Ended 31-12-2023 <u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,644,472,595	1,643,220,335
Current Assets			
Trade receivables	B11	55,708,492	51,368,069
Other receivables & prepayments		3,303,481	368,783
Cash and bank balances		40,054,508	53,264,350
Fixed deposits with licensed banks		45,214,772	31,062,276
		<u>144,281,253</u>	<u>136,063,478</u>
Assets classified as held for sale		64,700,031	76,700,031
		<u>208,981,284</u>	<u>212,763,509</u>
TOTAL ASSETS		<u>1,853,453,879</u>	<u>1,855,983,844</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	678,381,425	677,881,184
Other payables		16,373,882	16,373,882
Deferred tax		1,522,541	1,522,541
		<u>696,277,848</u>	<u>695,777,607</u>
Current Liabilities			
Islamic financing	B12	79,934,000	79,868,000
Other payables and accruals		4,496,775	7,826,884
Provision for income distribution		218,448	213,896
		<u>84,649,223</u>	<u>87,908,780</u>
TOTAL LIABILITIES		<u>780,927,071</u>	<u>783,686,387</u>
NET ASSETS VALUE		<u>1,072,526,808</u>	<u>1,072,297,457</u>
REPRESENTED BY:			
Unitholders' capital		854,758,225	854,758,225
Undistributed income		221,311,630	221,291,977
Foreign exchange translation reserve		(3,543,047)	(3,752,745)
TOTAL UNITHOLDERS' FUND		<u>1,072,526,808</u>	<u>1,072,297,457</u>
NUMBER OF UNITS IN CIRCULATION		<u>839,597,757</u>	<u>839,597,757</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)			
- Before income distribution		1.2774	1.2772
- After income distribution*		1.2584	1.2572

*after reflecting the proposed second interim income distribution for financial year ending 31 December 2024 of 1.90 sen per unit (2023: final income distribution for financial year ended 31 December 2023 of 2.00 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 2023 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 2024

Note	Unitholders' Capital RM	Realised RM	Unrealised RM	Total Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 January 2023	756,408,942	73,168,953	151,189,059	224,358,012	(9,552,175)	971,214,779
Operation for the period ended 30 June 2023						
Net income for the period	-	31,367,611	1,221,433	32,589,044	1,436,448	34,025,492
<i>Increase in net assets resulting from operation</i>	-	31,367,611	1,221,433	32,589,044	1,436,448	34,025,492
Unitholders' transactions						
Placement of units	99,734,400	-	-	-	-	99,734,400
Distribution to unitholders	-	(31,015,902)	-	(31,015,902)	-	(31,015,902)
Issuing expenses	(1,375,117)	-	-	-	-	(1,375,117)
<i>Decrease in net assets resulting from unitholders' transactions</i>	98,359,283	(31,015,902)	-	(31,015,902)	-	67,343,381
Net assets as at 30 June 2023	854,768,225	73,520,662	152,410,492	225,931,154	(8,115,727)	1,072,583,652
As at 1 January 2024	854,758,225	72,655,095	148,636,882	221,291,977	(3,752,745)	1,072,297,457
Operation for the period ended 30 June 2024						
Net income for the period	-	31,580,167	1,183,785	32,763,952	209,698	32,973,650
Realisation of loss from disposal of investment property	-	(1,471,410)	1,471,410	-	-	-
<i>Increase in net assets resulting from operation</i>	-	30,108,757	2,655,195	32,763,952	209,698	32,973,650
Unitholders' transactions						
Placement of units	-	-	-	-	-	-
Distribution to unitholders #	-	(32,744,299)	-	(32,744,299)	-	(32,744,299)
Issuing expenses	-	-	-	-	-	-
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(32,744,299)	-	(32,744,299)	-	(32,744,299)
Net assets as at 30 June 2024	854,758,225	70,019,553	151,292,077	221,311,630	(3,543,047)	1,072,526,808

Include :

- (i) Payment of the final income distribution for the financial year ended 31 December 2023 of 2.00 sen per unit (of which 0.87 sen per unit is taxable and 1.13 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 October to 31 December 2023 which was paid on 29 February 2024.
- (ii) Payment of the first interim income distribution for the financial year ending 31 December 2024 of 1.90 sen per unit (of which 0.86 sen per unit is taxable and 1.04 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 January to 31 March 2024 which was paid on 28 June 2024.

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 2023 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 2024

	To Date	
	30-06-2024	30-06-2023
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	32,763,952	32,589,044
Adjustment for:		
Islamic financing costs	19,237,668	20,022,356
Unrealised gain on foreign exchange	(1,366)	(39,014)
Unbilled rental income	(1,182,419)	(1,182,419)
Gain on disposal of investment property	(1,000,000)	-
Investment revenue	(782,844)	(703,750)
Operating profit before working capital changes	49,034,991	50,686,217
Changes in working capital:		
Increase in receivables and prepayments	(6,092,702)	(570,590)
Decrease in other payables and accruals	(3,760,083)	(15,451,758)
Cash generated from operations	39,182,206	34,663,869
Taxes	-	-
Net cash generated from operating activities	39,182,206	34,663,869
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received on investment	782,844	703,750
Proceeds from disposal of investment property	13,000,000	-
Enhancement to investment properties	(1,252,260)	-
Net cash generated from investing activities	12,530,584	703,750
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(32,525,852)	(31,015,902)
Repayment of Islamic financing	-	(100,000,000)
Net proceeds from issuance of units	-	98,359,283
Islamic financing costs paid	(18,455,348)	(18,780,061)
Net cash used in financing activities	(50,981,200)	(51,436,680)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	731,590	(16,069,061)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	211,064	1,475,465
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	84,286,760	96,092,012
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	85,229,414	81,498,416
DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	40,054,508	45,591,029
Fixed deposits with licensed banks	45,214,772	35,946,529
	85,269,280	81,537,558
Less: Islamic fixed deposits with licensed banks with maturity period of more than 3 months	(39,866)	(39,142)
CASH AND CASH EQUIVALENTS	85,229,414	81,498,416

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 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 2024

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 2023.

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 2023.

The Group has applied the following standards and amendments for the first time for the financial period beginning 1 January 2024 :

- Amendments to MFRS 101 : Classification of Liabilities as Current or Non Current
- Amendments to MFRS 16 : Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 : Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7 : Supplier Finance Arrangements

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

- Amendments to MFRS 121 : Lack of Exchangeability (effective 1 January 2025)
- Amendments to MFRS 9 and MFRS 7: Classification and Measurement of Financial Instruments (effective 1 January 2026)
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate 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 2023 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 first interim income distribution for the financial year ending 31 December 2024 of 1.90 sen per unit (of which 0.86 sen per unit is taxable and 1.04 sen per unit is non-taxable in the hands of unit holders) in respect of the period from 1 January to 31 March 2024, which was announced on 24 May 2024 has been paid on 28 June 2024.

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 2024			
Gross rental income	58,331	906	59,237
Property expenses	(3,209)	(34)	(3,243)
Net rental income	<u>55,122</u>	<u>872</u>	<u>55,994</u>
Investment income	783	-	783
Gain on disposal of investment property	1,000	-	1,000
Unrealised gain on foreign exchange	1	-	1
Other income	290	-	290
Total income	<u>57,196</u>	<u>872</u>	<u>58,068</u>
Trust expenditure	<u>(24,046)</u>	<u>(1,258)</u>	<u>(25,304)</u>
Net income/(loss) before taxation	<u>33,150</u>	<u>(386)</u>	<u>32,764</u>
Tax	-	-	-
Net income/(loss) after taxation	<u>33,150</u>	<u>(386)</u>	<u>32,764</u>
Total assets	<u>1,729,879</u>	<u>123,575</u>	<u>1,853,454</u>
Total liabilities	<u>780,879</u>	<u>48</u>	<u>780,927</u>
	Malaysia RM'000	Australia RM'000	Total RM'000
Period Ended 30 June 2023			
Gross rental income	56,741	2,862	59,603
Property expenses	(3,133)	(32)	(3,165)
Net rental income	<u>53,608</u>	<u>2,830</u>	<u>56,438</u>
Investment income	704	-	704
Unrealised gain on foreign exchange	39	-	39
Other income	266	-	266
Total income	<u>54,617</u>	<u>2,830</u>	<u>57,447</u>
Trust expenditure	<u>(24,193)</u>	<u>(665)</u>	<u>(24,858)</u>
Net income before taxation	<u>30,424</u>	<u>2,165</u>	<u>32,589</u>
Tax	-	-	-
Net income after taxation	<u>30,424</u>	<u>2,165</u>	<u>32,589</u>
Total assets	<u>1,722,186</u>	<u>132,039</u>	<u>1,854,225</u>
Total liabilities	<u>781,433</u>	<u>209</u>	<u>781,642</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

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:

	The Group		The Fund	
	30-06-2024 RM	30-06-2023 RM	30-06-2024 RM	30-06-2023 RM
Manager's fee	2,321,658	1,794,578	2,321,658	1,794,578
Maintenance fee	601,280	601,520	601,280	601,520
Miscellaneous expenses	82,857	43,976	82,857	43,976
Other income	266,000	266,000	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 2024

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 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Changes %	Current Year To Date 30.06.2024 RM'000	Preceding Year Corresponding Period To Date 30.06.2023 RM'000	Changes %
Net rental income						
Malaysia	27,529	26,414	4.2	55,122	53,608	2.8
Australia	244	1,414	(82.7)	872	2,830	(69.2)
Total	27,773	27,828	(0.2)	55,994	56,438	(0.8)
Net income before taxation						
Malaysia	17,167	14,416	19.1	33,150	30,424	9.0
Australia	(812)	906	(>100)	(386)	2,165	(>100)
Total	16,355	15,322	6.7	32,764	32,589	0.5

Review of Individual/Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM27.5 million of net rental income for the current quarter ended 30 June 2024, represented an increase of RM1.1 million or 4.2% from RM26.4 million, recorded in the preceding year's corresponding quarter. The increase was mainly due to annual increment on rental income.

The Malaysia segment recorded net income before taxation of RM17.2 million for the current quarter, which is RM2.8 million or 19.1% higher than preceding year's corresponding quarter of RM14.4 million. The increase was mainly due to higher net rental income of RM1.1 million, gain on disposal of Damai Care & Wellness Centre of RM1.0 million (excluding incidental costs) as well as lower financing cost of RM0.5 million recorded during the current quarter due to redemption of RM100.0 million of Revolving Credit-i in April 2023.

Australia segment

The net rental income of the Australia segment for the current quarter ended 30 June 2024, represented a decrease of RM1.2 million from RM1.4 million, recorded in the preceding year's corresponding quarter due to rental adjustment following the completion of the Business Sale Agreement (BSA) by the lessee.

The Australia segment recorded net loss before taxation of RM0.8 million for the current quarter, which is lower of RM1.7 million than preceding year's corresponding quarter of RM0.9 million. The decrease was mainly due to reduction in net rental income of RM1.2 million as well as higher professional fees of RM0.5 million incurred during the current quarter.

(b) Review of Cumulative Quarter Results

Malaysia segment

The Malaysia segment contributed RM55.1 million of net rental income for the period ended 30 June 2024, represented an increase of RM1.5 million or 2.8% from RM53.6 million, recorded in the preceding period. The increase was mainly contributed by annual increment on rental income.

The Malaysia segment recorded net income before taxation of RM33.1 million for the period ended 30 June 2024, which is RM2.7 million or 9.0% higher than preceding period of RM30.4 million. The increase was mainly due to higher net rental income of RM1.5 million, gain on disposal of Damai Care & Wellness Centre of RM1.0 million (excluding incidental costs) as well as lower financing cost of RM0.8 million incurred during the current period.

Australia segment

The net rental income of the Australia segment for the period ended 30 June 2024 represented lower of RM1.9 million from RM2.8 million, recorded in the preceding year's corresponding period due to rental adjustment following the completion of the BSA by the lessee as mentioned earlier.

The Australia segment recorded net loss before taxation of RM0.4 million for the period ended 30 June 2024, which is RM2.6 million lower than preceding period of RM2.2 million. The decrease was mainly due to reduction in net rental income of RM1.9 million as well as higher professional fees of RM0.6 million incurred as mentioned earlier.

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

	Current Quarter ended 30.06.2024 RM'000	Immediate Preceding Quarter ended 31.03.2024 RM'000	Changes %
Net rental income	27,773	28,221	(1.59)
Net income before taxation	16,355	16,409	(0.33)

The net income before taxation for the current quarter ended 30 June 2024 was largely unchanged at RM16.4 million, as compared to preceding quarter.

B3. CHANGES IN NET ASSET VALUE

	As at 30-06-2024 RM'000	As at 31-03-2024 RM'000
Net asset value ("NAV")	<u>1,072,527</u>	<u>1,071,023</u>
NAV per unit (RM)	<u>1.2774</u>	<u>1.2756</u>

The NAV as at 30 June 2024 was higher by RM1.5 million as compared to the immediate preceding quarter, as a result of total comprehensive income of RM17.4 million and income distribution of RM15.9 million recognised during the current quarter.

B4. PROSPECTS

The global economy continues to expand amid resilient labour markets in some countries and continued recovery in global trade. Looking ahead, global growth is expected to be sustained, as headwinds from tight monetary policy and reduced fiscal support will be cushioned by positive labour market conditions and moderating inflation. Global trade is expected to strengthen further as the global tech upcycle gains momentum. While global headline and core inflation continued to edge downwards in recent months, the pace for disinflation has slowed in some advanced economies. This increases the prospect of interest rates to remain high for longer, particularly in the US. The growth outlook remains subject to downside risks, mainly from further escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and volatility in global financial markets.

For the Malaysian economy, the latest indicators point towards higher economic activity in the first quarter of 2024, driven by resilient domestic expenditure and a positive turnaround in exports. Going forward, the recovery in exports is expected to gather momentum supported by the global tech upcycle and continued strength in non-electrical and electronics goods. Tourist arrivals and spending are also poised to rise further. Continued employment and wage growth remain supportive of household spending. Investment activity would be supported by the ongoing progress of multi-year projects in both the private and public sectors, the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. The growth outlook is subject to downside risks from weaker-than-expected external demand, and larger declines in commodity production. Meanwhile, upside risks to growth mainly emanate from greater spillover from the tech upcycle, more robust tourism activity, and faster implementation of existing and new projects.

As health care costs continue to escalate globally, the affordability of care remains a critical concern. Governments, payers, and providers are taking measures to control costs while maintaining the quality and accessibility of health care. From value-based care models to innovative pricing structures, these evolving strategies are designed to help ensure cost-effective health care delivery. At the same time, the health care workforce is undergoing a significant transformation, driven by evolving patient demographics, technological advancements, and changing care delivery models. Providers worldwide face deep shortages of clinicians, and are taking innovative approaches to improve pay, reduce burnout, and build trust in the health care workplace. As providers work to attract, train, and retain a skilled and more adaptable talent pool, the role of telehealth, remote monitoring, and the gig economy are all reshaping health care workforce dynamics.

KPJ Healthcare Berhad demonstrated strong financial performance in Q1 FY2024, marked by significant increases in revenue, profitability, and operational efficiency. The Group's revenue saw a notable rise, driven by strategic measures that improved asset utilization and cost management. This robust performance is further reflected in enhanced profit margins and increased inpatient visits, underscoring KPJ's effective operational strategies. KPJ's revenue saw a notable rise, driven by strategic measures that improved asset utilization and cost management. This robust performance is further reflected in enhanced profit margins and increased inpatient visits, underscoring KPJ's effective operational strategies.

Looking ahead, KPJ is focusing on several key initiatives, including a comprehensive rebranding effort aimed at strengthening its market presence and brand recognition. Additionally, KPJ is expanding its footprint in the health tourism sector, which has shown strong growth potential, and is investing in advanced medical technologies, such as robotics for minimally invasive surgery.

Hence, the Manager does not anticipate any disruption to Al-Aqar's earnings, as the Fund's income is secured by long-term lease arrangements with the KPJ Group. To ensure continued positive distribution growth for unitholders, the Fund is actively engaging in various corporate exercises as well as exploring potential third-party acquisitions. The proceeds from the sale of Damai Care & Wellness Centre and Jeta Gardens Aged Care Facilities will be allocated either to unitholder distributions, the acquisition of local healthcare properties that enhance the Fund's yield, or a strategic combination of both. Additionally, the renewal of five existing KPJ properties and the acquisition of new KPJ properties valued at approximately RM300 million are expected to be finalized by year-end.

Sources:

- 1 KPJ Healthcare Berhad Quarter 1, 2024 Performance Review & Prospect, 27 May 2024
- 2 Bank Negara Monetary Policy Statement, 9 May 2024
- 3 Deloitte 2024 Global Health Care Sector Outlook

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	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
	RM	RM	RM	RM
Tax expense	-	-	-	-
- Income Tax	-	-	-	-

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:

	Current Year Quarter 30-06-2024 RM'000	Preceding Year Corresponding Quarter 30-06-2023 RM'000	Current Year To Date 30-06-2024 RM'000	Preceding Year Corresponding Period To Date 30-06-2023 RM'000
Net rental income	27,773	27,828	55,994	56,438
Investment income	422	374	783	704
Gain on disposal of investment property	1,000	-	1,000	-
Other income	156	133	290	266
Less: Unbilled rental income	(591)	(591)	(1,182)	(1,182)
	28,760	27,744	56,885	56,226
Less: Expenses	(13,020)	(13,063)	(25,305)	(24,858)
Realised/Distributable income for the period	15,740	14,681	31,580	31,368
Previous year's undistributed realised income	55,748	58,838	55,861	57,281
Total realised income available for distribution	71,488	73,519	87,441	88,649
Less: Income to be distributed for the quarter/period	(15,952)	(15,952)	(31,905)	(31,082)
Balance undistributed income realised income	55,536	57,567	55,536	57,567
Distribution per unit (sen)	1.90	1.90	3.80	3.90

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

The disposal of Damai Care & Wellness Centre was completed on 6 June 2024 with a disposal consideration of RM13.0 million. The market value of the investment property at the point of disposal was RM12.0 million, resulting in a gain on disposal of RM1.0 million.

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 13 December 2023, on behalf of the Manager, KAF Investment Bank Berhad announced that Al-'Aqar entered into a land sale contract with Principal Healthcare Finance Pty Ltd to dispose of the lands and buildings of Jeta Gardens Aged Care Facility with the disposal consideration amounted to AUD24.4 million cash (equivalent to approximately RM74.9 million). The Proposed Disposal is expected to be completed in the second half of 2024 ("Proposed Disposal").

B11. TRADE RECEIVABLES

	The Group	
	As at 30-06-2024 RM'000	As at 30-06-2023 RM'000
<u>Current</u>		
Trade receivables	42,976	39,760
Unbilled rental income	12,732	10,367
	<u>55,708</u>	<u>50,127</u>

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 30-06-2024 RM'000	As at 30-06-2023 RM'000
0-30 days	1,968	2,845
31-60 days	1,952	2,759
61-90 days	402	2,631
More than 90 days	38,654	31,525
	<u>42,976</u>	<u>39,760</u>

Out of the total trade receivables of RM43.0 million, RM34.6 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 30-06-2024 RM'000	As at 30-06-2023 RM'000
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah Term Financing ("CMTF 1")	-	79,802
Commodity Murabahah Term Financing ("CMTF 2")	29,880	29,799
Commodity Murabahah Term Financing ("CMTF 3 Tranche 1")	278,863	278,284
Commodity Murabahah Term Financing ("CMTF 3 Tranche 2")	298,209	297,761
Commodity Murabahah Term Financing ("CMTF 4 - Term Financing-i")	71,429	71,315
	<u>678,381</u>	<u>756,961</u>
<u>Current</u>		
<u>Secured</u>		
Commodity Murabahah Term Financing ("CMTF 1")	79,934	-

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 30-06-2024	Immediate Preceding Quarter ended 31-03-2024
Number of units in issue - units	839,597,757	839,597,757
Earning per unit (EPU) - sen	1.95	1.95
Net income distribution to unitholders - RM'000	15,952	15,952
Distribution per unit (DPU) - sen	1.90	1.90
Net Asset Value (NAV) - RM'000	1,072,527	1,071,023
NAV per unit - RM	1.2774	1.2756
Market Value Per Unit - RM	1.2900	1.2600

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 June 2024 and of its financial performance and cash flows for the period then ended.