

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Fourth Quarter Ended 31 December 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Gross rental income</b>	25,097,225	28,196,170	103,839,133	110,945,391
Property expenses	(1,604,947)	(1,492,127)	(6,244,340)	(6,379,923)
<b>Net rental income</b>	<b>23,492,278</b>	<b>26,704,043</b>	<b>97,594,793</b>	<b>104,565,468</b>
Investment income	381,741	340,174	1,542,599	1,522,895
Gain in fair value adjustment	1,899,958	10,921,672	1,899,958	11,621,672
Gain in disposal of subsidiaries	-	969,380	-	969,380
Other income	-	(6,386)	27,233	2,371
<b>Total income</b>	<b>25,773,977</b>	<b>38,928,883</b>	<b>101,064,583</b>	<b>118,681,786</b>
Managers' fees	(434,328)	(832,030)	(1,738,665)	(2,126,099)
Trustees' fees	(66,486)	(63,838)	(264,310)	(249,407)
Accretion of long term borrowings	(118,684)	(707,484)	(474,738)	(1,856,861)
Annual financing fees	(189,875)	(173,875)	(711,500)	(739,333)
Maintenance of properties	(538,610)	-	(599,810)	(25,440)
Administrative expenses	(777,266)	(1,436,054)	(1,160,789)	(2,460,316)
Professional fees	(196,895)	(990,197)	(277,634)	(2,199,746)
Realised foreign exchange differences from disposal of subsidiaries	-	(3,512,464)	-	(3,512,464)
Withholding tax	(222,376)	(446,361)	(889,506)	(1,792,234)
Profit sharing expenses on financing	(7,782,670)	(9,110,859)	(30,961,494)	(35,808,225)
<b>Total trust expenditure</b>	<b>(10,327,190)</b>	<b>(17,273,162)</b>	<b>(37,078,446)</b>	<b>(50,770,125)</b>
<b>Profit before taxation</b>	<b>15,446,787</b>	<b>21,655,721</b>	<b>63,986,137</b>	<b>67,911,661</b>
Tax expense	(545,831)	99,546	(545,831)	(466,073)
<b>Profit after taxation</b>	<b>14,900,956</b>	<b>21,755,267</b>	<b>63,440,306</b>	<b>67,445,588</b>
<b>Other comprehensive income/(expenses)</b>				
Foreign currency translation differences for foreign operation	(335,307)	2,879,579	(372,586)	3,503,517
<b>Total comprehensive income for the year</b>	<b>14,565,649</b>	<b>24,634,846</b>	<b>63,067,720</b>	<b>70,949,105</b>
Profit after taxation is made up as follows:				
Realised	13,000,998	10,833,595	61,540,348	55,823,916
Unrealised	1,899,958	10,921,672	1,899,958	11,621,672
	<b>14,900,956</b>	<b>21,755,267</b>	<b>63,440,306</b>	<b>67,445,588</b>
<b>Earnings per unit (sen) - Net</b>	<b>2.04</b>	<b>3.07</b>	<b>8.71</b>	<b>9.63</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

# AL-'AQAR HEALTHCARE REIT

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2016

	Note	Unaudited As At End Of Current Quarter 31-12-2016	Audited As at preceding year ended 31-12-2015
		RM	RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	A9	1,424,360,000	1,521,523,040
<b>Current Assets</b>			
Trade receivables		11,249,567	7,715,299
Other receivables & prepayments		1,801,529	2,072,321
Cash and bank balances		26,451,032	26,364,600
Fixed deposits with licensed banks		47,350,853	36,706,886
		86,852,981	72,859,106
Asset classified as held for sale	A9	100,000,000	-
<b>TOTAL ASSETS</b>		1,611,212,981	1,594,382,146
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowing	B9	653,802,142	653,713,403
Deferred tax		3,750,228	3,014,620
		657,552,370	656,728,023
<b>Current Liabilities</b>			
Other payables and accruals		57,583,091	57,819,376
Taxation		9,144	9,144
		57,592,235	57,828,520
<b>TOTAL LIABILITIES</b>		715,144,605	714,556,543
<b>NET ASSETS VALUE</b>		896,068,376	879,825,603
<b>REPRESENTED BY:</b>			
Unitholders' capital		722,398,126	722,398,126
Undistributed income		174,772,256	158,156,897
Foreign exchange translation reserve		(1,102,006)	(729,420)
<b>TOTAL UNITHOLDERS' FUND</b>		896,068,376	879,825,603
<b>NUMBER OF UNITS IN CIRCULATION</b>		728,226,468	728,226,468
<b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b>		1.2305	1.2082

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 Fourth Quarter Ended 31 December 2016**

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
<b>As at 1 January 2015</b>	682,682,499	153,093,194	(4,232,937)	831,542,756
<b>Operation for the year ended 31 December 2015</b>				
Net income for the year	-	67,445,588	3,503,517	70,949,105
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	67,445,588	3,503,517	70,949,105
<b>Unitholders' transactions</b>				
Placement of units	40,000,000	-	-	40,000,000
Distribution to unitholders	-	(62,381,885)	-	(62,381,885)
Issuing expenses	(284,373)	-	-	(284,373)
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	39,715,627	(62,381,885)	-	(22,666,258)
<b>Net assets as at 31 December 2015</b>	722,398,126	158,156,897	(729,420)	879,825,603
<b>As at 1 January 2016</b>	722,398,126	158,156,897	(729,420)	879,825,603
<b>Operation for the year ended 31 December 2016</b>				
Net income for the year	-	63,440,306	(372,586)	63,067,720
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	63,440,306	(372,586)	63,067,720
<b>Unitholders' transactions</b>				
Placement of units	-	-	-	-
Distribution to unitholders #	-	(46,824,947)	-	(46,824,947)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(46,824,947)	-	(46,824,947)
<b>Net assets as at 31 December 2016</b>	722,398,126	174,772,256	(1,102,006)	896,068,376

# Includes the payment of the final income distribution for financial year 2015 in respect of the period from 1 September to 31 December 2015 of 2.53 sen per unit which was paid on 29 February 2016 and an interim income distribution for the financial year ended 31 December 2016 in respect of the period from 1 January to 30 June 2016 of 3.90 sen per unit which was paid on 13 October 2016.

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 2015 and the accompanying explanatory notes attached to the financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Fourth Quarter Ended 31 December 2016**

	To Date	
	31-12-2016	31-12-2015
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	63,986,137	67,911,661
Adjustment for:		
Profit sharing expenses on Islamic financing	31,672,994	36,547,558
Accreation of long term Islamic financing	474,738	1,856,861
Gain on disposal of subsidiaries	-	(969,380)
Gain on fair value adjustment of investment properties	(1,899,958)	(11,621,672)
Reclassification adjustment relating to disposal of subsidiaries	-	3,512,464
Investment revenue	(1,542,599)	(1,522,895)
Operating profit before working capital changes	92,691,312	95,714,597
(Increase)/Decrease in receivables and prepayments	(3,263,476)	5,140,098
Decrease in other payables and accruals	(1,284,581)	(486,446)
Cash generated from operations	88,143,255	100,368,249
Taxes paid	-	(466,073)
Net cash generated from operating activities	88,143,255	99,902,176
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to investment properties	(937,002)	(46,601,368)
Income received from investment	1,542,599	1,522,895
Net Proceeds from disposal of subsidiaries	-	80,675,610
Net cash generated from investing activities	605,597	35,597,137
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution paid	(46,824,947)	(62,381,885)
Profit sharing expenses on Islamic financing paid	(31,010,697)	(37,595,919)
Net proceed from issuance of new units	-	39,715,627
Payment of borrowing	-	(79,948,681)
Net cash used in financing activities	(77,835,644)	(140,210,858)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	10,913,208	(4,711,545)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	(182,809)	(8,947)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	63,071,486	67,791,978
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	73,801,885	63,071,486

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

## **AL-'AQAR HEALTHCARE REIT**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the Fourth Quarter Ended 31 December 2016**

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#### **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 Malaysian Financial Reporting Standard (MFRS) 134 and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2015.

##### **A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2015 was not subject to any audit qualification.

##### **A3. SEASONALITY AND CYCLICALITY OF OPERATIONS**

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

##### **A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS**

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

##### **A5. CHANGES IN ACCOUNTING ESTIMATES**

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

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

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

##### **A7. INCOME DISTRIBUTION**

An interim income distribution for the financial year ended 31 December 2016 amounting to RM28,400,832 or 3.90 sen per unit which was paid on 13 October 2016.

##### **A8. SEGMENTAL REPORTING**

No segmental reporting is required as the Al-'Aqar Healthcare REIT's activities are predominantly in one industry segment.

##### **A9. VALUATION OF INVESTMENT PROPERTIES**

During the quarter under review, a valuation exercise was undertaken for all twenty-three (23) properties of Al-'Aqar Group pursuant to FRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The valuation has resulted in a surplus of RM1,899,958 and has been incorporated into the financial statements of Al-'Aqar Healthcare REIT as at 31 December 2016. The details of the said valuation carried out are tabled as follows:

**A9. VALUATION OF INVESTMENT PROPERTIES**

	<b>Description of Property</b>	<b>Location</b>	<b>Date of Valuation</b>	<b>2016 Fair Value RM</b>
1	Ampang Puteri Specialist Hospital	Ampang	19-Sep-16	132,000,000
2	Damansara Specialist Hospital	Damansara	27-Sep-16	117,000,000
3	KPJ Johor Specialist Hospital	Johor Bahru	26-Sep-16	114,000,000
4	KPJ Ipoh Specialist Hospital	Ipoh	19-Sep-16	72,900,000
5	Puteri Specialist Hospital	Johor Bahru	28-Sep-16	43,000,000
6	KPJ Selangor Specialist Hospital	Shah Alam	21-Sep-16	65,500,000
7	Kedah Medical Centre	Alor Setar	19-Sep-16	51,700,000
8	KPJ Perdana Specialist Hospital	Kota Bharu	30-Sep-16	45,000,000
9	Kuantan Specialist Hospital	Kuantan	29-Sep-16	21,700,000
10	Sentosa Medical Centre	Kuala Lumpur	22-Sep-16	28,700,000
11	KPJ Kajang Specialist Hospital	Kajang	29-Sep-16	46,200,000
12	Taiping Medical Centre	Taiping	22-Sep-16	10,000,000
13	Damai Specialist Hospital	Kota Kinabalu	27-Sep-16	15,200,000
14	KPJ College Bukit Mertajam	Bukit Mertajam	23-Sep-16	16,200,000
15	Tawakal Health Centre	Kuala Lumpur	21-Sep-16	44,700,000
16	Selesa Tower*	Johor Bahru	11-Oct-16	100,000,000
17	KPJ Healthcare University College, Nilai	Seremban	27-Sep-16	99,400,000
18	KPJ Seremban Specialist Hospital	Seremban	13-Oct-16	66,300,000
19	KPJ Penang Specialist Hospital	Bukit Mertajam	23-Sep-16	63,500,000
20	KPJ Tawakkal Specialist Hospital	Kuala Lumpur	21-Sep-16	123,000,000
21	KPJ Klang Specialist Hospital	Klang	21-Sep-16	101,500,000
22	Kluang Utama Specialist Hospital	Kluang	26-Sep-16	4,300,000
23	Jeta Garden Aged Care Facility and Retirement Village	Queensland	25-Oct-16	142,560,000
				1,524,360,000
	*Investment property classified as asset held for sale			(100,000,000)
				1,424,360,000

**A10. SUBSEQUENT MATERIAL EVENTS**

On 27 January 2017, the Manager, after consultation with the Trustee had announced a final income distribution of 3.80 sen per unit totaling RM27,672,606 for financial year ended 31 December 2016. The final income distribution will be paid on 28 February 2017 and has not been included as a liability in the financial statements.

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

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

**A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets to be disclosed.

# AL-'AQAR HEALTHCARE REIT

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2016

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

#### B1. REVIEW OF PERFORMANCE

The net rental income for Al-'Aqar Healthcare REIT of RM97.6 million for the year ended 31 December 2016 represented a decrease of RM7 million or 6.7% from RM104.6 million, recorded in the previous corresponding period. The decrease was mainly due to disposal of Crossborder Hall (M) Sdn Bhd and Crossborder Aim (M) Sdn Bhd which own two (2) properties in Indonesia which was completed on 15 December 2015.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM64.0 million, which is RM3.9 million or 5.7% lower than previous corresponding period of RM67.9 million. The decrease was due to lower unrealised gain in fair value of RM1.9 million (2015: RM11.6 million).

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

	Current Quarter ended 31.12.2016 RM	Immediate Preceding Quarter ended 30.09.2016 RM
Profit before tax	15,446,787	15,742,157

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

#### B3. PROSPECTS

The Malaysian healthcare industry has thus far performed well, amidst a moderate growth given the higher cost of living and external economic uncertainties. Moving on to 2017, the industry is expected to remain challenging, underpinned by growing demand and awareness for proper healthcare, rising size of middle income group and medical insurance coverage, rapid ageing population and medical tourism.

Al-'Aqar Healthcare REIT has always enjoy 100% rate of occupancy and collection, having KPJ Group as the sole tenant.

The performance of Al-'Aqar Healthcare REIT is expected to remain reasonable for the next quarter, with a positive outlook in the coming year 2017.

The strength of Al-'Aqar Healthcare REIT lies in the fact that its portfolio of assets has 100% rate of occupancy and the rental collection, thus minimising business risks.

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

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

**B5. TAXATION**

	The Group		The Fund	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
	RM	RM	RM	RM
Tax expense	545,831	466,073	-	-

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 net income. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable or deferred tax is required to be provided in the financial statements.

The Group tax expense relates to the tax expense of foreign subsidiaries of the Fund.

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

There 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 11 November 2016, Al-Aqar Healthcare REIT represented by its trustee, AmanahRaya Trustees Berhad ("Trustee" or "Vendor"), entered into a sale and purchase agreement with Optimum Impress Sdn Bhd ("OISB" or "Purchaser") to sell a freehold land erected with an integrated commercial development comprising a twenty-seven (27) storey hotel ("Hotel Selesa") and a thirty-one (31) storey office block ("Metropolis Tower") with basement and elevated car parks erected thereon (collectively, referred to as "Selesa Tower") ("SPA") for a disposal consideration of RM100.0 million and had announced the proposal accordingly ("Disposal Consideration").

**B9. BORROWINGS**

	The Group	
	As at	As at
	31-12-2016	31-12-2015
	RM'000	RM'000
<b><u>Non-current</u></b>		
Sukuk Ijarah of RM 1.0 billion - IMTN	653,802	653,713

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**B11. MATERIAL LITIGATION**

There was no material litigation as at the date of the Interim Financial Report.

**B12. SOFT COMMISSION RECEIVED**

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

**B13. SUMMARY OF DPU, EPU AND NAV**

	<b>Current Quarter ended 31-12-2016</b>	<b>Immediate Preceding Quarter ended 30-09-2016</b>
Number of units in issue - units	728,226,468	728,226,468
Earning per unit (EPU) - sen	2.04	2.16
Net income distribution to unitholders - RM'000	-	28,401
Distribution per unit (DPU) - sen	-	3.90
Net Asset Value (NAV) - RM'000	896,068	881,503
NAV per unit - RM	1.2305	1.2105
Market Value Per Unit - RM	1.5700	1.5100

**B14. 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 31 December 2016 and of its financial performance and cash flows for the period then ended.