

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Third Quarter Ended 30 September 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
	RM	RM	RM	RM
Gross rental income	25,774,689	27,593,665	78,741,908	82,749,221
Property expenses	(1,556,050)	(1,563,193)	(4,639,393)	(4,887,796)
Net rental income	24,218,639	26,030,472	74,102,515	77,861,425
Investment income	472,814	390,933	1,160,858	1,182,721
Gain in fair value adjustment	-	-	-	700,000
Other income	12,000	(38,572)	27,233	8,757
Total income	24,703,453	26,382,833	75,290,606	79,752,903
Managers' fees	(438,900)	(433,053)	(1,304,337)	(1,294,069)
Trustees' fees	(66,158)	(62,125)	(197,824)	(185,569)
Accretion of long term borrowings	(118,685)	(280,508)	(356,054)	(1,149,377)
Annual financing fees	(173,875)	(173,875)	(521,625)	(565,458)
Maintenance of properties	(61,200)	-	(61,200)	(25,440)
Administrative expenses	(83,597)	(298,728)	(383,523)	(1,024,262)
Professional fees	(13,833)	(413,721)	(80,739)	(1,209,549)
Withholding tax	(222,377)	(451,631)	(667,130)	(1,345,873)
Profit sharing expenses on financing	(7,782,671)	(8,978,451)	(23,178,824)	(26,697,366)
Total trust expenditure	(8,961,296)	(11,092,092)	(26,751,256)	(33,496,963)
Profit before taxation	15,742,157	15,290,741	48,539,350	46,255,940
Tax expense	-	(191,045)	-	(565,619)
Profit after taxation	15,742,157	15,099,696	48,539,350	45,690,321
Other comprehensive expense				
Foreign currency translation differences for foreign operation	214,399	(1,383,666)	(37,279)	623,938
Total comprehensive income for the period/year	15,956,556	13,716,030	48,502,071	46,314,259
Profit after taxation is made up as follows:				
Realised	15,742,157	15,099,696	48,539,350	44,990,321
Unrealised	-	-	-	700,000
	15,742,157	15,099,696	48,539,350	45,690,321
Earnings per unit (sen) - Net	2.16	2.17	6.67	6.56

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 30 September 2016

	Note	Unaudited As At End Of Current Quarter 30-09-2016	Audited As at preceding year ended 31-12-2015
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,522,850,652	1,521,523,040
Current Assets			
Trade receivables		12,456,261	7,715,299
Other receivables & prepayments		3,099,976	2,072,321
Cash and bank balances		22,608,147	26,364,600
Fixed deposits with licensed banks		65,691,073	36,706,886
		103,855,457	72,859,106
TOTAL ASSETS		1,626,706,109	1,594,382,146
LIABILITIES			
Non-current liabilities			
Borrowing	B9	653,887,582	653,713,403
Deferred tax		3,172,839	3,014,620
		657,060,421	656,728,023
Current Liabilities			
Other payables and accruals		59,732,992	57,819,376
Provision for Income Distribution		28,400,832	-
Taxation		9,144	9,144
		88,142,968	57,828,520
TOTAL LIABILITIES		745,203,389	714,556,543
NET ASSETS VALUE		881,502,720	879,825,603
REPRESENTED BY:			
Unitholders' capital		722,398,126	722,398,126
Undistributed income		159,871,293	158,156,897
Foreign exchange translation reserve		(766,699)	(729,420)
TOTAL UNITHOLDERS' FUND		881,502,720	879,825,603
NUMBER OF UNITS IN CIRCULATION		728,226,468	728,226,468
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.2105	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 Third Quarter Ended 30 September 2016

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 Jan 2015	682,682,499	153,093,194	(4,232,937)	831,542,756
Operation for the year ended 31 Dec 2015				
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
Unitholders' transactions				
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)
Net assets as at 31 Dec 2015	722,398,126	158,156,897	(729,420)	879,825,603
As at 1 Jan 2016	722,398,126	158,156,897	(729,420)	879,825,603
Operation for the period ended 30 September 2016				
Net income for the period	-	48,539,350	(37,279)	48,502,071
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	48,539,350	(37,279)	48,502,071
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders#	-	(46,824,954)	-	(46,824,954)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(46,824,954)	-	(46,824,954)
Net assets as at 30 September 2016	722,398,126	159,871,293	(766,699)	881,502,720

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 the provision of the 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 announced on 22 August 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 Third Quarter Ended 30 September 2016

	To Date	
	30-09-2016	30-09-2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	48,539,350	46,255,940
Adjustment for:		
Profit sharing expenses on Islamic financing	23,700,449	27,262,824
Accretion of long term Islamic financing	356,054	1,149,377
Gain on fair value adjustment of investment properties	-	(700,000)
Investment revenue	<u>(1,160,858)</u>	<u>(1,182,721)</u>
Operating profit before working capital changes	71,434,995	72,785,420
Increase in receivables and prepayments	(5,768,618)	(5,101,134)
Increase/(Decrease) in other payables and accruals	<u>407,253</u>	<u>(1,465,681)</u>
Cash generated from operations	66,073,630	66,218,605
Taxes paid	-	(319,745)
Net cash generated from operating activities	<u>66,073,630</u>	<u>65,898,860</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	(1,327,612)	(273,000)
Income received from investment	<u>1,160,858</u>	<u>1,182,721</u>
Net cash generated (used in)/from investing activities	<u>(166,754)</u>	<u>909,721</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(18,424,122)	(26,386,983)
Profit sharing expenses on Islamic financing paid	<u>(22,217,741)</u>	<u>(25,047,378)</u>
Net cash used in financing activities	<u>(40,641,863)</u>	<u>(51,434,361)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	25,265,013	15,374,220
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(37,279)	623,938
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	63,071,486	67,791,978
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>88,299,220</u>	<u>83,790,136</u>

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 Third Quarter Ended 30 September 2016

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

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Malaysia 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

During the quarter under review, the Manager, with the approval of the Trustee, has declared the following distributions:

	Total	Distribution
	RM	Per Unit
		(Sen)
Interim income distribution	28,400,832	3.90

The interim income distribution has been paid to unit holders 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

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

A10. SUBSEQUENT MATERIAL EVENTS

On 11 November 2016, Al-'Aqar Healthcare REIT had entered into a sale and purchase agreement with Optimum Impress Sdn Bhd to sell Selesa Tower for a disposal consideration of RM100.0 million to be satisfied in cash ("Proposed Disposal").

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 Third Quarter Ended 30 September 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 RM74.1 million for the third cumulative quarter ended 30 September 2016 represented a decrease of RM3.8 million or 4.9% from RM77.9 million, recorded in the previous corresponding period. The decrease was mainly due to disposal of Crossborder companies 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 RM48.5 million, which is RM2.2 million or 4.8% higher than previous corresponding period of RM46.3 million. The increase was due to lower financing costs as the Fund had made full settlement on its RM80 million Ijarah Loan facility in December last year by using proceeds from the disposal of Crossborder companies and annual incremental of the rental income.

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

	Current Quarter ended 30.09.2016 RM	Immediate Preceding Quarter ended 30.06.2016 RM
Profit before tax	15,742,157	16,461,389

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 resilient, 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 stellar 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	
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
	RM	RM	RM	RM
Tax expense	-	565,619	-	-

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

There was no corporate proposal announced during the current quarter.

B9. BORROWINGS

	The Group	
	As at 30-09-2016	As at 31-12-2015
	RM'000	RM'000
<u>Non-current</u>		
Sukuk Ijarah of RM 1.0 billion - IMTN	653,888	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 pending 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

	Current Quarter ended 30-09-2016	Immediate Preceding Quarter ended 30-06-2016
Number of units in issue - units	728,226,468	728,226,468
Earning per unit (EPU) - sen	2.16	2.26
Net income distribution to unitholders - RM'000	28,401	-
Distribution per unit (DPU) - sen	3.90	-
Net Asset Value (NAV) - RM'000	881,503	893,947
NAV per unit - RM	1.2105	1.2276
Market Value Per Unit - RM	1.5100	1.5600

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 30 September 2016 and of its financial performance and cash flows for the period then ended.