

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the First Quarter Ended 31 March 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
	RM	RM	RM	RM
Gross rental income	26,415,247	27,566,222	26,415,247	27,566,222
Property expenses	(1,543,632)	(1,572,376)	(1,543,632)	(1,572,376)
Net rental income	24,871,615	25,993,846	24,871,615	25,993,846
Investment income	311,933	432,738	311,933	432,738
Gain in fair value adjustment	-	-	-	-
Other income	15,223	41,178	15,223	41,178
Total income	25,198,771	26,467,762	25,198,771	26,467,762
Managers' fees	(431,279)	(432,593)	(431,279)	(432,593)
Trustees' fees	(65,244)	(61,545)	(65,244)	(61,545)
Accretion of long term borrowings	(118,685)	(434,435)	(118,685)	(434,435)
Annual financing fees	(173,875)	(217,708)	(173,875)	(217,708)
Maintenance of properties	-	(25,123)	-	(25,123)
Administrative expenses	(125,098)	(270,624)	(125,098)	(270,624)
Professional fees	(28,333)	(170,103)	(28,333)	(170,103)
Withholding tax	(222,377)	(446,967)	(222,377)	(446,967)
Profit sharing expenses on financing	(7,698,076)	(8,898,748)	(7,698,076)	(8,898,748)
Total trust expenditure	(8,862,967)	(10,957,846)	(8,862,967)	(10,957,846)
Profit before taxation	16,335,804	15,509,916	16,335,804	15,509,916
Tax expense	-	(187,159)	-	(187,159)
Profit after taxation	16,335,804	15,322,757	16,335,804	15,322,757
Other comprehensive expense				
Foreign currency translation differences for foreign operation	(475,828)	858,097	(475,828)	858,097
Total comprehensive income for the period/year	15,859,976	16,180,854	15,859,976	16,180,854
Profit after taxation is made up as follows:				
Realised	16,335,804	15,322,757	16,335,804	15,322,757
Unrealised	-	-	-	-
	16,335,804	15,322,757	16,335,804	15,322,757
Earnings per unit (sen) - Net	2.24	2.20	2.24	2.20

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 March 2016

	Note	Unaudited As At End Of Current Quarter 31-03-2016	Audited As at preceding year ended 31-12-2015
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,522,147,190	1,521,523,040
Current Assets			
Trade receivables		10,979,099	7,715,299
Other receivables & prepayments		2,796,467	2,072,321
Cash and bank balances		24,833,885	26,364,600
Fixed deposits with licensed banks		31,706,886	36,706,886
		70,316,337	72,859,106
TOTAL ASSETS		1,592,463,527	1,594,382,146
LIABILITIES			
Non-current liabilities			
Borrowing	B9	653,611,963	653,713,403
Deferred tax		3,184,984	3,014,620
		656,796,947	656,728,023
Current Liabilities			
Other payables and accruals		58,395,979	57,819,376
Taxation		9,144	9,144
		58,405,123	57,828,520
TOTAL LIABILITIES		715,202,070	714,556,543
NET ASSETS VALUE		877,261,457	879,825,603
REPRESENTED BY:			
Unitholders' capital		722,398,126	722,398,126
Undistributed income		156,068,579	158,156,897
Foreign exchange translation reserve		(1,205,248)	(729,420)
TOTAL UNITHOLDERS' FUND		877,261,457	879,825,603
NUMBER OF UNITS IN CIRCULATION		728,226,468	728,226,468
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.2047	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 First Quarter Ended 31 March 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 31 March 2016				
Net income for the period	-	16,335,804	(475,828)	15,859,976
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	16,335,804	(475,828)	15,859,976
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders#	-	(18,424,122)	-	(18,424,122)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(18,424,122)	-	(18,424,122)
Net assets as at 31 March 2016	722,398,126	156,068,579	(1,205,248)	877,261,457

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.

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 First Quarter Ended 31 March 2016

	To Date	
	31-03-2016	31-03-2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,335,804	15,509,916
Adjustment for:		
Profit sharing expenses on Islamic financing	7,871,951	9,116,456
Accretion of long term Islamic financing	118,685	434,435
Investment revenue	(311,933)	(432,738)
Operating profit before working capital changes	24,014,507	24,628,069
(Increase)/Decrease in receivables and prepayments	(3,987,947)	1,423,699
Decrease in other payables and accruals	(833,020)	(2,098,888)
Cash generated from operations	19,193,540	23,952,880
Taxes paid	-	(217,162)
Net cash generated from operating activities	19,193,540	23,735,718
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment properties	(624,150)	-
Income received from investment	311,933	432,738
Net cash generated (used in)/from investing activities	(312,217)	432,738
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(18,424,122)	-
Profit sharing expenses on Islamic financing paid	(6,512,088)	(7,323,999)
Net cash used in financing activities	(24,936,210)	(7,323,999)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(6,054,887)	16,844,457
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(475,828)	858,097
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	63,071,486	67,791,978
	56,540,771	85,494,532

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 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

Final income distribution for the financial year ended 31 December 2015 of 2.53 sen per unit which was announced on 28 January 2016 has been paid on 29 February 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

There were no material events from the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of Al-'Aqar Healthcare REIT for the current quarter 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 First Quarter Ended 31 March 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 RM24.9 million for the 3 months period ended 31 March 2016 represented decrease of RM1.1 million or 4.2% from RM26 million recorded in the previous corresponding period. The decrease was mainly due to disposal of Crossborder companies which own two (2) properties in Indonesia.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM16.3 million, which is RM0.8 million or 5.2% higher than previous corresponding period's of RM15.5 million. The increase was due to lower financing costs as the Fund had fully settled its RM80 million Ijarah Loan facility in December last year by using proceeds from the abovementioned disposal and annual incremental on the rental income.

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

	Current Quarter ended 31.03.2016 RM	Immediate Preceding Quarter ended 31.12.2015 RM
Profit before tax	16,335,804	21,655,721

There was decrease in profit before tax recorded in the current quarter as compared with the immediate preceding quarter due to gain on valuation of properties.

B3. PROSPECTS

The Malaysian healthcare industry is expected to perform well in 2016, however with a moderate growth given the higher cost of living and external economic uncertainties. The industry is expected to remain resilient, underpinned by growing demand and awareness for proper healthcare, rising of middle income group and medical insurance coverage, rapid ageing population and medical tourism.

Al-'Aqar Healthcare REIT, after considering the strength of healthcare real estate portfolio invested, will enjoy 100% rate of occupancy and collection, being KPJ Group as the sole tenant.

The performance of Al-'Aqar Healthcare REIT is expected to be satisfactory for the next quarter, with the existing investment portfolio.

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	
	31-03-2016 RM	31-03-2015 RM	31-03-2016 RM	31-03-2015 RM
Tax expense	-	187,159	-	-

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

B7. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There were 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 31-03-2016 RM'000	As at 31-12-2015 RM'000
<u>Non-current</u>		
Sukuk Ijarah of RM 1.0 billion - IMTN	653,612	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 latest practicable date from the date of issuance of this 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 31-03-2016	Immediate Preceding Quarter ended 31-12-2015
Number of units in issue - units	728,226,468	728,226,468
Earning per unit (EPU) - sen	2.24	3.07
Net income distribution to unitholders - RM'000	18,424	-
Distribution per unit (DPU) - sen	2.53	-
Net Asset Value (NAV) - RM'000	877,261	879,826
NAV per unit - RM	1.2047	1.2082
Market Value Per Unit - RM	1.5200	1.4000

B14. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with FRS 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 March 2016 and of its financial performance and cash flows for the period then ended.