

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Third Quarter Ended 30 September 2015

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
		30-09-2015	30-09-2014	30-09-2015	30-09-2014
		RM	RM	RM	RM
Gross rental income		27,593,665	27,229,068	82,749,221	81,496,029
Property expenses		(1,563,193)	(1,578,926)	(4,887,796)	(4,841,016)
Net rental income	B1	26,030,472	25,650,142	77,861,425	76,655,013
Investment income		390,933	297,867	1,182,721	1,000,970
Gain in fair value adjustment		-	-	700,000	-
Other income		(38,572)	46,083	8,757	46,083
Total income		26,382,833	25,994,092	79,752,903	77,702,066
Managers' fees		(433,053)	(429,962)	(1,294,069)	(1,290,598)
Trustees' fees		(62,125)	(61,510)	(185,569)	(183,881)
Accretion of long term borrowings		(280,508)	(434,435)	(1,149,377)	(1,303,304)
Annual financing fees		(173,875)	(145,000)	(565,458)	(427,000)
Maintenance of properties		-	-	(25,440)	(6,000)
Administrative expenses		(298,728)	(212,099)	(1,024,262)	(797,785)
Professional fees		(413,721)	(251,662)	(1,209,549)	(765,480)
Withholding tax		(451,631)	(477,240)	(1,345,873)	(1,435,668)
Profit sharing expenses on financing		(8,978,451)	(8,981,572)	(26,697,366)	(26,610,767)
Total trust expenditure		(11,092,092)	(10,993,480)	(33,496,963)	(32,820,483)
Profit before taxation		15,290,741	15,000,612	46,255,940	44,881,583
Tax expense		(191,045)	(224,360)	(565,619)	(643,685)
Profit after taxation		15,099,696	14,776,252	45,690,321	44,237,898
Other comprehensive expense					
Foreign currency translation differences for foreign operation		(1,383,666)	(94,153)	623,938	(548,981)
Total comprehensive income for the period/year		13,716,030	14,682,099	46,314,259	43,688,917
Profit after taxation is made up as follows:					
Realised		15,099,696	14,776,252	44,990,321	44,237,898
Unrealised		-	-	700,000	-
		15,099,696	14,776,252	45,690,321	44,237,898
Earnings per unit (sen) - Net		2.17	2.12	6.56	6.35

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 September 2015

	Note	Unaudited As At End Of Current Quarter 30-09-2015	Audited As at preceding year ended 31-12-2014
		<u>RM</u>	<u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,510,969,083	1,509,996,083
Current Assets			
Trade receivables		8,993,893	7,069,965
Other receivables & prepayments		9,947,866	7,563,983
Cash and bank balances		60,172,861	23,214,543
Fixed deposits with licensed banks		23,617,275	44,577,435
		<u>102,731,895</u>	<u>82,425,926</u>
TOTAL ASSETS		<u>1,613,700,978</u>	<u>1,592,422,009</u>
LIABILITIES			
Non-current liabilities			
Borrowing	B9	653,420,844	653,198,832
Deferred tax		3,289,887	3,044,013
		<u>656,710,731</u>	<u>656,242,845</u>
Current Liabilities			
Other payables and accruals		25,562,390	24,678,583
Provision for Income Distribution		35,996,907	-
Taxation		9,144	9,144
Borrowing	B9	79,948,681	79,948,681
		<u>141,517,122</u>	<u>104,636,408</u>
TOTAL LIABILITIES		<u>798,227,853</u>	<u>760,879,253</u>
NET ASSETS VALUE		<u>815,473,125</u>	<u>831,542,756</u>
REPRESENTED BY:			
Unitholders' capital		682,682,499	682,682,499
Undistributed income		136,399,625	153,093,194
Foreign exchange translation reserve		(3,608,999)	(4,232,937)
TOTAL UNITHOLDERS' FUND		<u>815,473,125</u>	<u>831,542,756</u>
NUMBER OF UNITS IN CIRCULATION		<u>696,226,468</u>	<u>696,226,468</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.1713	1.1944

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 Jan 2014	682,682,499	136,538,247	(4,327,037)	814,893,709
Operation for the year ended 31 Dec 2014				
Net income for the year	-	71,208,725	94,100	71,302,825
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	71,208,725	94,100	71,302,825
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(54,653,778)	-	(54,653,778)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(54,653,778)	-	(54,653,778)
Net assets as at 31 Dec 2014	682,682,499	153,093,194	(4,232,937)	831,542,756
As at 1 Jan 2015	682,682,499	153,093,194	(4,232,937)	831,542,756
Operation for the year ended 30 September 2015				
Net income for the period	-	45,690,321	623,938	46,314,259
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	45,690,321	623,938	46,314,259
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders#	-	(62,383,890)	-	(62,383,890)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(62,383,890)	-	(62,383,890)
Net assets as at 30 September 2015	682,682,499	136,399,625	(3,608,999)	815,473,125

Includes the payment of the final income distribution for financial year 2014 of 3.79 sen per unit which was paid on 20 April 2015 and the provision of the interim income distribution for the financial year ended 31 December 2015 in respect of the period from 1 January to 31 August 2015 of 5.17 sen per unit which was announced on 25 August 2015.

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 2014 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 2015

	To Date	
	30-09-2015	30-09-2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	46,255,940	44,881,583
Adjustment for:		
Profit sharing expenses on Islamic financing	27,262,824	26,610,766
Accretion of long term Islamic financing	1,149,377	1,303,304
Gain on fair value adjustment of investment properties	(700,000)	-
Investment revenue	(1,182,721)	(514,722)
Operating profit before working capital changes	72,785,420	72,280,931
(Increase)/Decrease in receivables and prepayments	(5,101,134)	2,826,232
Increase in other payables and accruals	(1,465,681)	330,725
Cash generated from operations	66,218,605	75,437,888
Taxes paid	(319,745)	(643,685)
Net cash generated from operating activities	65,898,860	74,794,203
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	1,182,721	514,722
Purchase of investment properties	(273,000)	(7,627,329)
Net cash generated from/(used in) investing activities	909,721	(7,112,607)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(26,386,983)	(27,779,436)
Profit sharing expenses on Islamic financing paid	(25,047,378)	(26,620,105)
Net cash used in financing activities	(51,434,361)	(54,399,541)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	15,374,220	13,282,055
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	623,938	(548,981)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	67,791,978	67,829,327
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	83,790,136	80,562,401

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 2014 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 2015

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 2014.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2014 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 RM	Distribution Per Unit (Sen)
Interim income distribution	35,996,907	5.17

The interim income distribution has been paid to unit holders on 9 October 2015.

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 Third Quarter Ended 30 September 2015

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 RM77.9 million for the 9 months period ended 30 September 2015 represented an increase of RM1.2 million or 1.6% from RM76.7 million recorded in the previous corresponding period. The increase was mainly due to yearly increment on rental income.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM46.3 million, which is RM1.4 million or 3.1% higher than previous corresponding period's of RM44.9 million. The increase was due to fair value adjustment and higher rental income as mentioned above.

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

	Current Quarter ended 30.09.2015 RM	Immediate Preceding Quarter ended 30.06.2015 RM
Profit before tax	15,290,741	15,455,283

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

B3. PROSPECTS

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

The performance of Al-'Aqar Healthcare REIT is expected to be satisfactory for the next quarter, with the existing investment portfolio and consistent acquisition in order to maintain its performance.

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	
	30-09-2015	30-09-2014	30-09-2015	30-09-2014
	RM	RM	RM	RM
Tax expense	565,619	643,685	-	-

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

(a) On 3 October 2014, Al-'Aqar Healthcare REIT had announced its proposal to acquire two (2) parcels of freehold land in Nilai, Negeri Sembilan together with buildings erected thereon from Puteri Nursing College Sdn. Bhd., a wholly owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM77,800,000 ("Proposed Acquisition of KPJUC Properties").

(b) On 19 March 2015, Al-'Aqar Healthcare REIT had announced its proposal to acquire a parcel of freehold land in Seremban, Negeri Sembilan from Seremban Specialist Hospital Sdn. Bhd., a wholly owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM4.25 million. On 13 May 2015, the Securities Commission Malaysia (SC) had approved the waiver for the proposed acquisition of a vacant land pursuant to the proposal ("Proposed Acquisition of SSH Land").

(c) On 31 March 2015, Al-'Aqar Healthcare REIT had announced its proposal to dispose the entire equity interests in Crossborder Hall (M) Sdn. Bhd. and Crossborder Aim (M) Sdn. Bhd., wholly owned subsidiaries of Al-'Aqar, to Kumpulan Perubatan (Johor) Sdn. Bhd., a wholly-owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM4.718 million ("Proposed Disposal").

On 9 July 2015, the Unitholders of Al-'Aqar had approved all the above proposals at the Unitholders' meeting of Al-'Aqar Healthcare REIT convened and held on the same date. On 11 November 2015, Al-'Aqar Healthcare REIT had announced the completion of the Proposed Acquisition of SSH Land.

B9. BORROWINGS

	The Group	
	As at	As at
	30-09-2015	31-12-2014
	RM'000	RM'000
<u>Non-current</u>		
Sukuk Ijarah of RM 1.0 billion - IMTN	653,421	653,198
<u>Current</u>		
Ijarah Muntahiah Bitamlik Financing	79,949	79,949

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 30-09-2015	Immediate Preceding Quarter ended 30-06-2015
Number of units in issue (units)	696,226,468	696,226,468
Earning per unit (EPU) - sen	2.17	2.19
Net income distribution to unitholders (RM'000)	35,996,907	-
Distribution per unit (DPU) - sen	5.17	-
Net Asset Value (NAV) - RM'000	815,473	837,754
NAV per unit (RM)	1.1713	1.2033
Market Value Per Unit (RM)	1.3200	1.2900

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 30 September 2015 and of its financial performance and cash flows for the period then ended.