

**AL-‘AQAR KPJ REIT**

**CONDENSED INCOME STATEMENT (AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2006	Preceding Year Corresponding Quarter 31.12.2005	Current Year To date 31.12.2006	Preceding Year To Date 31.12.2005
	RM	RM	RM	RM
<b>Gross Revenue</b>	8,870,400	N/A	13,257,910	N/A
Property expenses	(460,965)	N/A	(758,791)	N/A
Net rental income	8,409,435	N/A	12,499,119	N/A
Investment revenue	75,300	N/A	888,677	N/A
Gain on fair value adjustment of investment properties	14,276,615	N/A	14,276,615	N/A
<b>Total income</b>	22,761,350	N/A	27,664,411	N/A
Manager’s fees	127,965	N/A	199,737	N/A
Trustee’s fees	25,593	N/A	39,947	N/A
Auditors’ fee	10,000	N/A	10,000	N/A
Tax agent’s fee	9,000	N/A	9,000	N/A
Annual financing fee	30,000	N/A	30,000	N/A
Accretion of long-term borrowings	67,436	N/A	67,436	N/A
Registrar fee	18,440	N/A	21,740	N/A
Administration expenses		N/A	35	N/A
Profit sharing expenses on financing	1,837,376	N/A	3,706,752	N/A
<b>Income before tax</b>	20,635,540	N/A	23,579,764	N/A
<b>Tax expense</b>	-	N/A	-	N/A
<b>Net income for the period</b>	20,635,540	N/A	23,579,764	N/A
<b>Net income for the period is made up as follows:</b>				
Realised	6,358,925	N/A	9,303,149	N/A
Unrealised	14,276,615	N/A	14,276,615	N/A
	<u>20,635,540</u>	N/A	<u>23,579,764</u>	N/A

Earnings per unit (sen)	6.07		6.94	N/A
Proposed final income distribution of 2.72 sen payable on February 23, 2007	6,358,925		9,248,000	
Distribution per unit (sen)	1.87		2.72	N/A

No comparative figures are available as it is the second quarterly report prepared by the Trust to Bursa Malaysia Securities Berhad in compliance with the listing requirement.

**AL-‘AQAR KPJ REIT****CONDENSED BALANCE SHEET (AUDITED)**

	<b>AS AT END OF CURRENT QUARTER 31.12.2006  RM</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2005  RM</b>
<b>Investment</b>		
Investment properties	481,000,000	N/A
<b>Current Asset</b>		
Fixed deposits with licensed banks	14,637,765	N/A
Cash and bank balances	389,011	N/A
	15,026,776	N/A
<b>Total Assets</b>	496,026,776	N/A
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Other payables and accrued expenses	5,237,231	N/A
Provision for income distribution	9,248,000	N/A
	14,485,231	N/A
<b>Long-Term Liability</b>		
Long-term borrowings	133,258,206	N/A
<b>TOTAL LIABILITIES</b>	147,743,437	N/A
<b>NET ASSET VALUE</b>	348,283,339	N/A
<b>UNIT HOLDERS' FUNDS</b>		
Unit holders' capital	333,951,575	N/A
Undistributed income	14,331,764	N/A
	348,283,339	N/A
<b>NUMBER OF UNITS IN CIRCULATION ('000)</b>	340,000,000	N/A
<b>NET ASSET VALUE PER UNIT (RM) (EX-DISTRIBUTION)</b>	1.02	N/A

No comparative figures are available as it is the second quarterly report prepared by the Trust to Bursa Malaysia Securities Berhad in compliance with the listing requirement.

**AL-‘AQAR KPJ REIT**

**STATEMENT OF CHANGES IN NET ASSETS VALUE  
FOR THE FINANCIAL PERIOD JUNE 27, 2006 (DATE OF ESTABLISHMENT) TO  
DECEMBER 31, 2006**

	<b>Unit Holders’ Capital RM</b>	<b>Undistributed Income RM</b>	<b>Total RM</b>
<b>Balance as of June 27, 2006 (Date of establishment)</b>	1,000	-	1,000
<b>Operations for the period:</b>			
Net income for the period	-	23,579,764	23,579,764
<b>Unit Holders’ transactions:</b>			
Issuance of Units	339,249,000	-	339,249,000
Listing expenses	(5,298,425)	-	(5,298,425)
Distribution to Unit Holders	-	(9,248,000)	(9,248,000)
Increase in net assets resulting from Unit Holders’ transactions	<u>333,950,575</u>	<u>(9,248,000)</u>	<u>324,702,575</u>
<b>Balance as of December 31, 2006</b>	<u><u>333,951,575</u></u>	<u><u>14,331,764</u></u>	<u><u>348,283,339</u></u>

No comparative figures are available as it is the second quarterly report prepared by the Trust to Bursa Malaysia Securities Berhad in compliance with the listing requirement.

**AL-‘AQAR KPJ REIT****CONDENSED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED 31 DECEMBER 2006 (AUDITED)**

	<b>31.12.2006</b>	<b>31.12.2005</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flow From/(Used In) Operating Activities</b>		
Net profit for the period	23,579,764	N/A
Adjustments for:		
Profit sharing expenses on financing	3,706,752	N/A
Accretion of long-term borrowings	67,436	N/A
Investment revenue	(888,677)	N/A
Gain on fair value adjustment of investment properties	(14,276,615)	N/A
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	12,188,660	N/A
	<hr/>	<hr/>
Increase in other payables and accrued expenses	5,237,231	N/A
	<hr/>	<hr/>
Net Cash From Operating Activities	17,425,891	N/A
	<hr/>	<hr/>
<b>Cash Flow From/(Used In) Investing Activities</b>		
Purchase of investment properties	(466,723,385)	N/A
Profit sharing income on investment received	888,677	N/A
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(465,834,708)	N/A
	<hr/>	<hr/>
<b>Cash Flow From/(Used In) Financing Activities</b>		
Proceeds from issue of Units	339,250,000	N/A
Proceeds from long-term borrowings (net of direct issue costs of RM809,230)	133,190,770	N/A
Profit sharing expenses on financing paid	(3,706,752)	N/A
Listing expenses paid	(5,298,425)	N/A
	<hr/>	<hr/>
Net Cash From Financing Activities	463,435,593	N/A
	<hr/>	<hr/>
<b>Net Increase In Cash And Cash Equivalent</b>	15,026,776	N/A
	<hr/>	<hr/>
<b>Cash And Cash Equivalent At Date Of Establishment</b>	-	N/A
	<hr/>	<hr/>
<b>Cash And Cash Equivalent At End Of Period</b>	15,026,776	N/A
	<hr/>	<hr/>

No comparative figures are available as it is the second quarterly report prepared by the Trust to Bursa Malaysia Securities Berhad in compliance with the listing requirement.

**AL-'AQAR KPJ REIT**

**Quarterly Audited Financial Results for the 2<sup>nd</sup> Quarter ended 31 December 2006**

**NOTES TO THE QUARTELY REPORT**

**A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARDS (“FRS”) 134 (FORMERLY KNOWN AS MALAYSIAN ACCOUNTING STANDARDS BOARD (“MASB”) 26)**

**A1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of Al-'Aqar KPJ REIT have been prepared in accordance with the provisions of the Deed and the applicable Malaysian Accounting Standards Board approved accounting standards for entities other than private entities in Malaysia modified by the Securities Commission's Guidelines on Real Estate Investment Trust.

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in preparation of the proforma financial information presented in the Prospectus of Al-'Aqar KPJ REIT dated 24 July 2006.

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

There was no preceding year annual financial statements as Al-'Aqar KPJ REIT was established on 27 June 2006 and commenced operations 17 August 2006.

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of the Trust are not affected by any material seasonal or cyclical factors.

**A4. UNUSUAL ITEMS DUE TO NATURE, SIZE OF INCIDENCE**

There were no unusual items to be disclosed for the quarter under review.

**A5. CHANGES IN ACCOUNTING ESTIMATES**

This is not applicable as no estimates were previously reported.

**A6. DEBT AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equities security for the current quarter and year to date.

#### A7. INCOME DISTRIBUTION

No income distribution was been paid during the quarter under review but the Board has proposed to distribute 99.4% of the income before tax (Audited) for the period 31 December 2006 to be distributed by the end of February 2007. This amounted to RM 9,248,000.00.

#### A8. SEGMENTAL REPORTING

No segment information is prepared as the Trust's activities are predominantly in one industry segment.

#### A9. VALUATIONS OF PROPERTY

<b>Description of Property</b>	<b>Tenure of Land</b>	<b>Date of Valuation*</b>	<b>Acquisition Cost RM</b>	<b>Fair Value adjustment RM</b>	<b>Fair Value RM</b>
Ampang Puteri Specialist Hospital Building	Leasehold	September 21, 2005	121,800,000	7,000,000	128,800,000
Damansara Specialist Hospital Building	Freehold	October 4, 2005	105,000,000	2,500,000	107,500,000
Johor Specialist Hospital Building	Leasehold	September 28, 2005	78,715,710	(3,415,710)	75,300,000
Ipoh Specialist Hospital Building	Leasehold	May 15, 2006	66,132,295	2,867,705	69,000,000
Puteri Specialist Hospital Building	Leasehold	May 15, 2006	37,075,380	1,924,620	39,000,000
Selangor Medical Centre Building	Leasehold	May 15, 2006	58,000,000	3,400,000	61,400,000
Total			<u>466,723,385</u>	<u>14,276,615</u>	<u>481,000,000</u>

\* The properties were valued at the respective dates by C H Williams Talhar & Wong Sdn Bhd, an independent firm of professional valuers using the profit methods of valuation.

#### A10. MATERIAL EVENTS

There is no material event subsequent to the end of the interim period.

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

There was no change in the composition of the Trust during the current quarter and the fund size stands at 340,000,000 units.

#### A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

## **B ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.22 OF BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

### **B1. REVIEW OF PERFORMANCE OF THE TRUST**

#### Quarter Results

For the quarter 31 December 2006, Al-'Aqar KPJ REIT recorded a total revenue of RM 23,222,315 inclusive of income from placement in Islamic money market of RM 75,300 and gain on fair value adjustment of investment properties of RM 14,276,615.

Total expenditure for the quarter was RM 2,586,775 of which RM 460,965 was attributable to property expenses. For the quarter under review, income before taxation available for distribution amounted to RM 6,358,925.

#### Results for the period

The manager is pleased to report that for the period, commencing from 17 August 2006 to 31 December 2006, the total revenue was RM 28,423,202 of which RM 888,677 was attributable to investment in Islamic money market and gain on fair value adjustment of investment properties of RM 14,276,615. The total expenditure was RM 4,843,438 and income before taxation and available for distribution is RM 9,303,149.

Pursuant to the Distribution Policy as disclosed in the Al-'Aqar KPJ REIT Prospectus dated 24 June 2006, an amount of RM 9,248,000 has been proposed to be distributed to Unitholders. This is equivalent to 99.4% of the earnings before tax.

### **B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO IMMEDIATE PRECEDING QUARTER**

There were no material changes in the income before taxation for the quarter under review.

### **B3. PROSPECTS**

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



**B4. VARIANCES OF ACTUAL PROFIT FROM FORECASTED/GUARANTEED PROFIT**

In the Prospectus dated 24 July, 2006, we forecasted an amount of RM 10,331,000 of distributable income for the period ending 31 December 2006 whereas the results were RM 9,303,149 resulting in a variance of RM 1,027,851. This is due to the commencements of the business which started on 17 August 2006 as opposed to the full 5 months i.e. beginning of August 2006 as forecasted in the Prospectus.

**B5. TAXATION**

The breakdown of the tax components is as follows:-

	<b>Current Quarter RM</b>	<b>Year to date RM</b>
Estimated tax payable	-	-

A numerical reconciliation of income tax expense at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<b>Year to date RM</b>
Income before tax	<u>23,579,764</u>
Tax at statutory tax rate of 28%	6,602,334
Tax effects of:	
Income not taxable	(3,997,452)
Income distributed exempted from tax	(2,589,440)
Tax exempt income	<u>(15,442)</u>
	<u>-</u>

**B6. GAIN/(LOSS) ON SALE OF UNQUOTED INVESTMENT AND OR/ PROPERTIES**

There was no disposal of investment in unquoted securities during the current quarter and financial year to date.

**B7. QUOTED SECURITIES**

There was no purchase or disposal of investment in quoted securities during the current quarter and financial year to date.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There was no corporate proposal announced during the current quarter.

B9. LONG –TERM BORROWINGS

	<b>Current Quarter</b>	<b>Preceding Quarter RM</b>
Bai' Bithamin Ajil financing facility	134,000,000	134,000,000
Less: Direct issue costs	<u>(741,794)</u>	<u>(741,794)</u>
Net	<u>133,258,206</u>	<u>133,258,206</u>

B10. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

No off balance sheet financial instruments were utilized for the current quarter.

B11. MATERIAL LITIGATION

There was no material litigation as at the end of the current quarter.

B12. INCOME DISTRIBUTION

A provisional of income distributions for the quarter have been provided in this quarter results and there is none for previous corresponding period.

Distribution to Unit Holders is from the following sources:

	<b>17 August to 31 December 2006 RM</b>
Net rental income	12,499,119
Investment revenue	<u>833,528</u>
Less:	13,332,649
Expenses	<u>(4,084,647)</u>
Income distribution (Tax exempt at trust level)	<u>9,248,000</u>
Gross distribution per unit (sen)	<u>2.72</u>
Net distribution per unit (sen)	<u>2.72</u>



