

AL-'AQAR KPJ REIT

INTERIM FINANCIAL REPORTS

31 DECEMBER 2008

**AL-'AQAR KPJ REIT**  
**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER**  
**ENDED 31 DECEMBER 2008**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2008	Preceding Year Corresponding Quarter 31.12.2007	Current Year To date 31.12.2008 (Unaudited)	Preceding Year To Date 31.12.2007 (Audited)
	RM	RM	RM	RM
<b>Gross Revenue</b>	12,512,100	8,925,381	47,778,660	35,701,524
Property expenses	(586,115)	(591,499)	(2,617,061)	(2,063,606)
Net rental income	11,925,985	8,333,882	45,161,599	33,637,918
Investment revenue	286,870	67,897	719,710	174,425
Other Income	26,500	-	26,500	18,657
Gain in fair value adjustments	14,187,493	-	14,187,493	-
Total income	26,426,848	8,401,779	60,095,302	33,831,000
Manager's fees	167,613	131,827	647,584	527,814
Trustee's fees	33,523	26,366	129,517	105,563
Auditors' fee	20,000	21,500	35,000	21,500
Tax agent's fee	4,500	15,857	6,300	9,000
Annual financing fee	(53,440)	30,000	(53,440)	30,000
Accretion of long-term borrowings	43,962	40,461	738,616	161,846
Registrar fee	12,660	22,133	17,341	22,133
Administration expenses	23,752	80,604	138,573	201,578
Acquisition expenses	317,686	-	863,015	-
Profit sharing expenses on financing	2,961,538	1,853,381	11,469,055	7,413,509
<b>Income before tax</b>	22,895,054	6,179,650	46,103,741	25,338,057
<b>Tax expense</b>	-	-	-	-
<b>Net income for the period</b>	22,895,054	6,179,650	46,103,741	25,338,057
<b>Net income for the period is made up as follows:</b>				
Realised	8,707,561	6,179,650	31,916,248	25,338,057
Unrealised	14,187,493	-	14,187,493	-
	22,895,054	6,179,650	46,103,741	25,338,057
Earnings per unit (sen)	5.34	1.82	10.75	7.45
Provision for income Distribution	17,577,561	4,624,000	34,726,401	23,324,000
Distribution per unit (sen)	4.10	1.36	8.10	7.32

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)

**AL-‘AQAR KPJ REIT**  
**CONDENSED CONSOLIDATED BALANCE SHEET FOR THE QUARTER ENDED**  
**31 DECEMBER 2008**

	<b>AS AT END OF CURRENT QUARTER 31.12.2008 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2007 (Audited)</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	665,700,000	481,000,000
	<u>665,700,000</u>	<u>481,000,000</u>
<b>Current Assets</b>		
Receivables and Prepaid expenses	1,151,688	484,796
Bank balances	39,172,397	13,440,240
	<u>40,324,085</u>	<u>13,925,036</u>
<b>TOTAL ASSETS</b>	<u>706,024,085</u>	<u>494,925,036</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Other payables and accrued expenses	10,193,797	281,046
Provision for income distribution	17,579,561	12,514,000
	<u>27,773,358</u>	<u>12,795,046</u>
<b>Non-Current Liability</b>		
Long-term borrowings	234,279,427	133,420,052
<b>TOTAL LIABILITIES</b>	<u>262,052,785</u>	<u>146,215,098</u>
<b>NET ASSETS VALUE</b>	<u>443,971,300</u>	<u>348,709,938</u>
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	417,814,139	333,930,117
Undistributed income	26,157,161	14,779,821
<b>TOTAL UNITHOLDERS' FUNDS</b>	<u>443,971,300</u>	<u>348,709,938</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		
	<u>428,721,000</u>	<u>340,000,000</u>
<b>NET ASSETS VALUE PER UNIT</b>	<u>1.04</u>	<u>1.03</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007).

**AL-‘AQAR KPJ REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**VALUE FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

	<b>Unit Holders’ Capital RM</b>	<b>Undistributed Income RM</b>	<b>Total RM</b>
<b>Balance as of January 1, 2007</b>	333,951,575	14,331,764	348,283,339
<b>Operations for the year:</b>			
Net income for the year	-	25,338,057	25,338,057
Decrease in net assets resulting from Unitholders’ transactions	<u>(21,458)</u>	<u>(24,890,000)</u>	<u>(24,911,458)</u>
<b>Balance as of December 31, 2007</b>	<u>333,930,117</u>	<u>14,779,821</u>	<u>348,709,938</u>
<b>Balance as of January 1, 2008</b>	333,930,117	14,779,821	348,709,938
<b>Operations for the year:</b>			
Net income for the year	-	46,103,741	46,103,741
Proposed Dividend	-	(34,726,401)	(34,726,401)
Increase in net assets resulting From Unit holders’ transactions	<u>83,884,022</u>	<u>-</u>	<u>83,884,022</u>
<b>Balance as of December 31, 2008</b>	<u>417,814,139</u>	<u>26,157,161</u>	<u>443,971,300</u>

(The Condensed Consolidated Statement of changes in net asset value should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007).



**AL-‘AQAR KPJ REIT**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 31 DECEMBER 2008**

	<b>31.12.2008</b>	<b>31.12.2007</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flow From/(Used In) Operating Activities</b>		
Net profit for the period	46,103,741	25,338,057
Adjustments for:		
Profit sharing expenses on financing	10,724,972	7,413,509
Accretion of long-term borrowings	738,616	161,846
Investment revenue	(719,710)	(193,082)
Gain on fair value adjustment of investment properties	(14,187,493)	-
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	42,660,126	32,720,330
Increase in other receivables and prepaid expenses	(666,892)	(484,796)
Increase/(Decrease) in other payables and accrued Expenses	9,912,751	(4,956,185)
	<hr/>	<hr/>
Net Cash From Operating Activities	51,905,985	27,279,349
<b>Cash Flow From/(Used In) Investing Activities</b>		
Profit sharing income on investment received	719,710	193,082
Purchase of investment properties	(170,512,507)	-
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(169,792,797)	193,082
<b>Cash Flow From/(Used In) Financing Activities</b>		
Proceeds from issue of Units	84,284,950	-
Dividend Paid	(29,660,840)	(21,624,000)
Proceeds from issuance of Sukuk	234,120,759	-
Repayment of Term loan	(134,000,000)	-
Profit sharing expenses on financing paid	(10,724,972)	(7,413,509)
Listing expenses paid	(400,928)	(21,458)
	<hr/>	<hr/>
Net Cash From Financing Activities	143,618,969	(29,058,967)
<b>Net Decrease In Cash And Cash Equivalent</b>	25,732,157	(1,586,536)
<b>Cash And Cash Equivalent At Beginning Of Period</b>	<hr/>	<hr/>
	13,440,240	15,026,776
<b>Cash And Cash Equivalent At End Of Period</b>	<hr/>	<hr/>
	39,172,397	13,440,240

(The Condensed Consolidated Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007).

A6. DEBT AND EQUITY SECURITIES

There was an issuance of Sukuk Ijarah (Islamic Commercial Paper) amounting RM 235,000,000 and repayment of Bai' Bithamin Ajil Financing facility amounting RM134,000,000 in the current quarter.

A7. INCOME DISTRIBUTION

Income distribution being declared during the 2<sup>nd</sup> quarter ended June 30, 2008 amounting RM 17,148,840 to all 428,721,000 of units which provide dividend per unit of 4.00 sen each. Final dividend 2008 declared at 4.10 sen per unit amounting to RM17,577,561 and was announced on 13 February 2009.

A8. SEGMENTAL REPORTING

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

A9. VALUATIONS OF PROPERTY

For the quarter under review, there were no changes in the values of the investment Properties held.

A10. MATERIAL EVENTS

The acquisition of 5 properties, namely, Perdana Specialist Hospital Building, Kuantan Specialist Hospital Building, Sentosa Medical Centre Building, KPJ Kajang Specialist Hospital Building and Kedah Medical Centre Building were successfully completed on 5 March 2008.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were changes in the composition of the Trust during the current quarter and the fund size increased from 340,000,000 units to 428,721,000 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

For the current period ended December 31, 2008, Al-'Aqar KPJ REIT recorded a total revenue of RM60,095,302 inclusive of income from placement in Islamic money market of RM719,710. In addition, there is gain on fair value adjustment of investment properties of RM14,187,493 in the current period.

Total expenditure for the current period ended December 31, 2008 was RM16,608,622 of which RM2,617,061 was attributable to property expenses. For the period under review, income before taxation available for distribution amounted to RM46,103,741.

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

For the current period December 31, 2008, AL-'Aqar KPJ REIT has recorded a total net income of RM22,895,054 which is mainly due to fair value adjustment of investment properties of RM14,187,493.

**B3. PROSPECTS**

Al-'Aqar KPJ REIT, after considering the strength of the Healthcare real estate portfolio invested, will enjoy 100% rate of occupancy and collections. The Fund has completed the second (2<sup>nd</sup>) acquisition of 5 new hospitals bringing the total number of hospitals to 11 with a total value of RM651,512,507 on 5<sup>th</sup> March 2008. These new hospitals are having similar leasing arrangement as per the current hospitals. The arrangement will enhance rental income in future years which will provide favorable returns to the unitholders.

On 19<sup>th</sup> August 2008 we have announced to acquire additional 9 assets with total value of RM383,400,000. The proposed assets are Seremban Specialist Hospital Building, Taiping Medical Centre Building, Kota Kinabalu Specialist Hospital Building, Bukit Mertajam Specialist Hospital, KPJ Tawakal Hospital Building, KPJ Penang Specialist Hospital Building, International College of Nursing and Health Sciences (PNC), Tawakal Hospital existing Building and Hotel Selesa (JB) and Metropolis Building. These new hospitals will have similar leasing arrangement and will increase the value of the Al-'Aqar KPJ REIT value.

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

This is not applicable as no profit guarantee was issued for this financial quarter.



B5. TAXATION

The breakdown of the tax components is as follows:-

	<b>Current Quarter</b>	<b>Preceding Quarter</b>
	<b>RM</b>	<b>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</b>
	<b>RM</b>
Income before tax	<u>46,103,741</u>
Tax at statutory tax rate of 26%	
Tax effects of:	11,986,973
Income distributed exempted from tax at trust level	<u>(11,986,973)</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

On 19<sup>th</sup> August 2008 we have announced to acquire additional 9 assets with total value of RM383,400,000. The proposed assets are Seremban Specialist Hospital Building, Taiping Medical Centre Building, Kota Kinabalu Specialist Hospital Building, Bukit Mertajam Specialist Hospital, KPJ Tawakal Hospital Building, KPJ Penang Specialist Hospital Building, International College of Nursing and Health Sciences (PNC), Tawakal Hospital existing Building and Hotel Selesa (JB) and Metropolis Building. These new hospitals will have similar leasing arrangement and will increase the value of the Al-'Aqar KPJ REIT value. This proposal is yet to be completed.



B9. LONG –TERM BORROWINGS

	<b>Current Quarter</b>	<b>Preceding Financial Year End RM</b>
Bai' Bithamin Ajil financing facility	-	133,420,052
Sukuk Al-Ijarah (Islamic Commercial Paper)	<u>234,279,427</u>	<u>-</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.