

AL-'AQAR KPJ REIT
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the Third Quarter Ended 30 September 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-09-2010	Preceding Year Corresponding Quarter 30-09-2009	Current Year To Date 30-09-2010	Preceding Year Corresponding Period 30-09-2009
	RM	RM	RM	RM
Gross rental income	19,154,486	15,817,914	53,583,194	42,816,451
Property expenses	(1,878,567)	(1,172,933)	(3,893,001)	(2,683,635)
Net rental income	17,275,919	14,644,981	49,690,193	40,132,816
Investment income	45,971	64,740	354,232	259,018
Other income	-	-	82,206	-
Total income	17,321,890	14,709,721	50,126,631	40,391,834
Managers' fees	(308,961)	(217,573)	(806,248)	(594,620)
Trustees' fees	(15,481)	(37,881)	(97,719)	(109,953)
Accretion of long term borrowings	(743,081)	(167,053)	(1,306,060)	(378,068)
Administrative expenses	(270,284)	(85,565)	(870,516)	(806,637)
Acquisition expenses	(61,027)	(94,500)	(370,935)	(841,796)
Profit sharing expenses on financing	(5,838,814)	(3,947,149)	(16,071,799)	(11,173,708)
Total trust expenditure	(7,237,648)	(4,549,721)	(19,523,277)	(13,904,782)
Profit before taxation	10,084,242	10,160,000	30,603,354	26,487,052
Tax expense	(145,007)	-	(174,172)	-
Profit after taxation	9,939,235	10,160,000	30,429,182	26,487,052
Profit after taxation is made up as follows:				
Realised	9,939,235	10,160,000	30,429,182	26,487,052
Unrealised	-	-	-	-
	9,939,235	10,160,000	30,429,182	26,487,052
Earnings per unit (sen)	1.71	1.96	5.24	5.11
Provision for income distribution	-	13,770,820	22,963,658	20,201,635
Distribution per unit (sen)	-	2.80	4.43	4.30

AL-'AQAR KPJ REIT
CONDENSED CONSOLIDATED BALANCE SHEET
as at 30 September 2010

	As At End Of Current Quarter 30-09-2010 (Unaudited)	As At Preceding Financial Year Ended 31-12-2009 (Audited)
Note	RM	RM
ASSETS		
Non-current assets		
Investment properties	1,070,585,208	961,500,000
Current Assets		
Trade receivables	3,627,306	1,054,783
Prepayments	4,023,510	1,247,486
Cash and bank balances	16,314,166	14,546,799
Fixed deposits with licensed banks	19,847,511	32,962,878
	<u>43,812,493</u>	<u>49,811,946</u>
TOTAL ASSETS	<u>1,114,397,701</u>	<u>1,011,311,946</u>
LIABILITIES		
Non-current liabilities		
Long term borrowings	<u>498,006,820</u>	<u>436,411,292</u>
Current Liabilities		
Other payables and accruals	9,758,151	14,324,525
Income distribution payable	1,999	19,699,945
Taxation	-	420,977
	<u>9,760,150</u>	<u>34,445,447</u>
TOTAL LIABILITIES	<u>507,766,970</u>	<u>470,856,739</u>
NET ASSETS VALUE	<u>606,630,731</u>	<u>540,455,207</u>
REPRESENTED BY:		
Unitholders' capital	561,219,819	502,509,819
Undistributed income	<u>45,410,912</u>	<u>37,945,388</u>
TOTAL UNITHOLDERS' FUND	<u>606,630,731</u>	<u>540,455,207</u>
NUMBER OF UNITS IN CIRCULATION	<u>580,167,000</u>	<u>518,367,000</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)	<u>1.05</u>	<u>1.04</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim statements.

AL-'AQAR KPJ REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
IN NET ASSETS VALUE
For the Third Quarter Ended 30 September 2010

	Unitholders' Capital RM	Undistributed Income RM	Total Unitholders' Fund RM
As at 1 Jan 2009	417,814,139	23,907,161	441,721,300
Operation for the year ended 31 Dec 2009			
Net income for the year	-	53,696,784	53,696,784
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	53,696,784	53,696,784
Unitholders' transactions			
Placement of units	85,163,700	-	85,163,700
Distribution to unitholders	-	(39,658,557)	(39,658,557)
Issuing expenses	(468,020)	-	(468,020)
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	84,695,680	(39,658,557)	45,037,123
Net assets as at 31 Dec 2009	502,509,819	37,945,388	540,455,207
As at 1 Jan 2010	502,509,819	37,945,388	540,455,207
Operation for the period ended 30 Sept 2010			
Net income for the period	-	30,429,182	30,429,182
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	30,429,182	30,429,182
Unitholders' transactions			
Placement of units	58,710,000	-	58,710,000
Distribution to unitholders	-	(22,963,658)	(22,963,658)
Issuing expenses	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	58,710,000	(22,963,658)	35,746,342
Net assets as at 30 Sept 2010	561,219,819	45,410,912	606,630,731
	-	-	-

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

AL-'AQAR KPJ REIT
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
for the Third Quarter Ended 30 September 2010

	← To Date →	
	30-09-2010	30-09-2009
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,603,354	26,487,052
Adjustment for:		
Profit sharing expenses on Islamic financing	16,071,799	11,173,708
Accretion of long term Islamic financing	1,306,060	378,068
Investment revenue	(354,232)	(259,018)
Operating profit before working capital changes	47,626,981	37,779,810
Increase in receivables and prepayments	(5,348,547)	(5,737,812)
(Decrease)/Increase in other payables and accruals	(4,566,374)	28,424,229
Cash generated from operations	37,712,060	60,466,227
Taxes paid	(595,149)	-
Net cash generated from operating activities	37,116,911	60,466,227
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	354,232	259,018
Purchase of investment properties	(109,085,208)	(280,400,000)
Net cash used in investing activities	(108,730,976)	(280,140,982)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new units	58,710,000	85,163,700
Units issue expenses paid	-	(468,020)
Profit sharing expenses on Islamic financing paid	(16,071,799)	(11,173,708)
Dividend paid	(42,661,604)	(37,779,196)
Proceeds from long term Islamic financing	60,289,468	176,161,784
Net cash generated from/(used in) financing activities	60,266,065	211,904,560
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,348,000)	(7,770,195)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	47,509,677	39,172,397
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	36,161,677	31,402,202
	-	-

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

AL-'AQAR KPJ REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2010

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

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 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 2009.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of the Trust for the financial year ended 31 December 2009 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

The business operations of the Trust 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 the Trust 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

On 27 August 2010, Al-'Aqar Capital Sdn Bhd, a wholly owned subsidiary of Al-'Aqar KPJ REIT had issued an Islamic Commercial Papers ("ICP") of RM 12.0 million under Sukuk Ijarah Programme facility. The details of ICP are as follows:

	Amount RM	Profit Rate %
Islamic Commercial Papers	12,000,000	3.95

A7. INCOME DISTRIBUTION

For the financial year ending 31 December 2010, the Manager, with the approval of the Trustee, has declared the following distributions:

	Total RM	Distribution Per Unit (Sen)
Interim distribution	22,963,658	4.43

The interim distribution has been paid to unit holders on 22 July 2010.

A8. SEGMENTAL REPORTING

No segmental reporting is required as the Trust's activities are predominantly in one industry segment.

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

For the quarter under review, there were no valuation exercises undertaken for investment properties held by the Trust.

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 the Trust 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 KPJ REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2010

B. ADDITIONAL INFORMATION PURSUANT TO BURSA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The revenue for the Trust of RM49.7 million for the 9 months period ended 30 September 2010 represented an increase of RM9.6 million or 24% from RM40.1 million recorded in the previous corresponding period. The increase was mainly due to higher rental income contributed by 8 new properties (3rd injection properties) which was acquired in second half period of 2009. To date, total rental income received from these properties are approximately RM16.4 million, as compared to RM4.9 million in the same period last year.

The Trust's profit before taxation for the same period stood at RM30.6 million, which is RM4.1 million higher than last year's of RM26.5 million. The increase was also due to the abovementioned acquisition made in 2009.

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

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

B3. PROSPECTS

Al-'Aqar KPJ REIT, after considering the strength of healthcare real estate portfolio invested, will enjoy 100% rate of occupancy and collection. The Trust had completed its third (3rd) acquisition on 7 July 2010, bringing the total number of properties to 20 units, with a total value of RM1.07 billion. These properties are having similar leasing arrangement as per current properties. The arrangement will enhance rental income in future years, and subsequently will provide favorable returns to the unitholders.

The performance of the Trust is expected to be satisfactory for the remainder of the year, 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	
	30-09-2010	30-09-2009	30-09-2010	30-09-2009
	RM	RM	RM	RM
Tax expense	174,172	-	-	-

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 unitholder, 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.

In prior years, no provision for tax payable has been made by the subsidiary company as the said subsidiary company is a special purpose vehicle ("SPV") company established solely for the purpose of complying with Syariah requirements in the issuance of Islamic securities. "Islamic securities" are defined as securities which adopt the principles of mudharabah, Musyarakah, Ijarah or Istina and under the Malaysia Income Tax (Exemption) (No. 14) Order 2007, the statutory income of the subsidiary company was exempted from tax.

The said order was, however, revoked on April 24, 2008 and replaced by a new Section 601 of the Malaysia Income Tax Act which had similar exemption for a SPV company established to issue Islamic Securities. The revocation and new amendment is deemed to have come into operation from the year of assessment 2007.

However, the new Section 601 appears to applies to SPV company established by another company. As the holding entity of the subsidiary company is not a company, the said subsidiary company has not excluded its statutory income derived from the issuance of Islamic Securities from tax.

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 9 March 2010, Al-'Aqar KPJ REIT had announced its proposal to acquire the six properties from the subsidiaries of Johor Corporation, namely PT. Khidmat Perawatan Jasa Medika ("PT. Khidmat") and Tanjung Tuan Hotel Sdn Bhd ("TTHSB"), Kulim (Malaysia) Berhad and the subsidiaries of KPJ Healthcare Berhad, namely Bandar Baru Klang Specialist Hospital Sdn Bhd ("BBKSHSB"), Pusat Pakar Kluang Utama Sdn. Bhd. ("PPKUSB") and PT. KPJ Medica.

The list of the registered proprietors of the properties, collectively known as the "vendors", is set out below:

Properties	Registered Proprietors
Bandar Baru Klang Specialist Hospital ("BBKSH") Building	BBKSHSB
Kluang Utama Specialist Hospital ("KUSH") Building	PPKUSB
Rumah Sakit Bumi Serpong Damai ("RSBSD") Building	PT KPJ Medica
Rumah Sakit Medika Permata Hijau ("RSMPH") Building	PT Khidmat
Selesa Beach Resort Port Dickson ("Selesa Resort") Building	Tanjung Tuan Resort Development Sdn Bhd ("TTRDSB")
Menara Ansar ("Menara Ansar") Building	Kulim (Malaysia) Berhad

On 22 September 2010, Al-'Aqar KPJ REIT had announced that due to unforeseen circumstances, it was not able to proceed with the acquisition of the Selesa Resort Building and the lease over Menara Ansar Building. As such, the parties involved have mutually agreed not to pursue with the said acquisitions.

Subsequently, Al-'Aqar KPJ REIT will acquire the properties (except for Selesa Resort and Menara Ansar) from the vendors for a total purchase consideration of approximately RM159,910,000.

- (b) Al-'Aqar KPJ REIT on 22 September 2010 had announced its proposal to acquire two properties from Jeta Gardens Waterford Trust ("JGWT") for a total purchase consideration of AUD equivalent of RM134,909,500.

The Properties with a land area of 14.753 hectares consist of the integrated gated premium residential estate for older people which includes an aged care complex with care facilities known as "Jeta Gardens Aged Care Facility", 23 units of independent living villas and 32 units of independent living apartments known as "Jeta Gardens Retirement Village". Jeta Gardens Aged Care Facility includes 108 aged care bed places with all ancillary improvements, dining areas, kitchen, bathrooms, nurses stations, lounge area, etc.

JGWT represented by its trustee, Jeta Gardens Pty Ltd ("JGPL"), had accepted the letter of offer dated 22 September 2010. The Properties are sold free from all encumbrances, charges, liens and with legal possession subject to the conditions and restrictions expressed or implied in the Certificates of Title.

B9. LONG TERM ISLAMIC FINANCING

	The Group	
	As at 30-9-2010 RM'000	As at 31-12-2009 RM'000
Sukuk Ijarah	248,203	234,455
Ijarah Muntahiah Bitamlik	249,804	201,956
	498,007	436,411

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

	Quarter ended 30-09-2010	Immediate Preceding Quarter ended 30-06-2010
Number of units in issue (units)	580,167,000	580,167,000
Earning per unit (EPU) - sen	1.71	1.89
Net income distribution to unitholders (RM'000)	-	22,964
Distribution per unit (DPU) - sen	-	4.43
Net Asset Value (NAV) - RM'000	606,631	596,691
NAV per unit (RM)	1.05	1.03

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 KPJ REIT as at 30 September 2010 and of its financial performance and cash flows for the period then ended.