

AL-'AQAR KPJ REIT
CONDENSED CONSOLIDATED INCOME STATEMENT
For the Fourth Quarter Ended 31 December 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-12-2010	31-12-2009	31-12-2010	31-12-2009
	RM	RM	RM	RM
Gross rental income	19,398,601	17,763,514	72,981,795	60,579,965
Property expenses	(516,282)	(800,092)	(4,430,508)	(3,483,728)
Net rental income	18,882,319	16,963,422	68,551,287	57,096,237
Investment income	219,269	337,481	486,375	596,499
Gain in fair value adjustment	2,614,792	16,959,360	2,614,792	16,959,360
Other income	-	-	82,206	-
Total income	21,716,380	34,260,263	71,734,660	74,652,096
Managers' fees	(290,461)	(251,409)	(1,066,614)	(846,029)
Trustees' fees	(45,795)	(40,396)	(173,609)	(150,349)
Auditor's fee	(10,000)	(30,000)	(35,000)	(35,000)
Tax agent's fee	(33,448)	(27,431)	(33,448)	(33,266)
Accretion of long term borrowings	-	(228,598)	-	(606,666)
Annual financing fees	(205,205)	(206,186)	(825,470)	(908,990)
Maintenance of properties	-	-	(148,440)	(338,560)
Administrative expenses	(204,974)	(378,046)	(793,696)	(705,137)
Professional fees	(26,675)	(11,628)	(397,610)	(853,424)
Profit sharing expenses on financing	(6,237,104)	(5,455,860)	(22,994,697)	(15,926,764)
Total trust expenditure	(7,053,662)	(6,629,554)	(26,468,584)	(20,404,185)
Profit before taxation	14,662,718	27,630,709	45,266,076	54,247,911
Tax expense	(272,199)	(551,127)	(446,371)	(551,127)
Profit after taxation	14,390,519	27,079,582	44,819,705	53,696,784
Profit after taxation is made up as follows:				
Realised	11,775,727	10,120,222	42,204,913	36,737,424
Unrealised	2,614,792	16,959,360	2,614,792	16,959,360
	14,390,519	27,079,582	44,819,705	53,696,784
Earnings per unit (sen)	2.60	5.60	8.11	11.10
Provision for income distribution	-	19,697,946	22,963,658	20,201,635
Distribution per unit (sen)	-	3.80	3.96	7.65

The condensed consolidated income 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
CONDENSED CONSOLIDATED BALANCE SHEET
as at 31 December 2010

	Note	As At End Of Current Quarter 31-12-2010	Audited 31-12-2009
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,104,935,943	961,500,000
Current Assets			
Trade receivables		3,172,708	1,054,783
Other receivables & prepayments		8,812,349	1,247,486
Cash and bank balances		24,882,042	14,546,799
Fixed deposits with licensed banks		21,686,063	32,962,878
		<u>58,553,162</u>	<u>49,811,946</u>
TOTAL ASSETS		<u>1,163,489,105</u>	<u>1,011,311,946</u>
LIABILITIES			
Non-current liabilities			
Long term borrowings	B9	527,835,129	436,411,292
Current Liabilities			
Other payables and accruals		14,632,722	14,324,525
Income distribution payable		-	19,699,945
Taxation		-	420,977
		<u>14,632,722</u>	<u>34,445,447</u>
TOTAL LIABILITIES		<u>542,467,851</u>	<u>470,856,739</u>
NET ASSETS VALUE		<u>621,021,254</u>	<u>540,455,207</u>
REPRESENTED BY:			
Unitholders' capital		561,219,819	502,509,819
Undistributed income		59,801,435	37,945,388
TOTAL UNITHOLDERS' FUND		<u>621,021,254</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>1.07</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 Fourth Quarter Ended 31 December 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 31 Dec 2010			
Net income for the period	-	44,819,705	44,819,705
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	44,819,705	44,819,705
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 31 Dec 2010	561,219,819	59,801,435	621,021,254
	-	-	-

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 STATEMENT OF CASH FLOWS
for the Fourth Quarter Ended 31 December 2010

	To Date	
	31-12-2010	31-12-2009
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	45,266,076	54,247,911
Adjustment for:		
Profit sharing expenses on Islamic financing	23,820,167	16,835,754
Accretion of long term Islamic financing	-	606,666
Gain on fair value adjustment of investment properties	(2,614,792)	(16,959,360)
Investment revenue	(486,375)	(596,499)
Operating profit before working capital changes	65,985,076	54,134,472
Increase in receivables and prepayments	(9,652,485)	(1,150,581)
(Decrease)/Increase in other payables and accruals	308,197	4,130,728
Cash generated from operations	56,640,788	57,114,619
Taxes paid	(897,651)	(130,150)
Net cash generated from operating activities	55,743,137	56,984,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	486,375	596,499
Purchase of investment properties	(82,111,151)	(195,926,940)
Net cash used in investing activities	(81,624,776)	(195,330,441)
CASH FLOWS FROM FINANCING ACTIVITIES		
Units issue expenses paid	-	(468,020)
Profit sharing expenses on Islamic financing paid	(23,820,167)	(16,835,754)
Dividend paid	(42,663,603)	(37,538,173)
Proceeds from issuance of long term Islamic financing	91,423,837	201,525,199
Net cash generated from financing activities	24,940,067	146,683,252
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(941,572)	8,337,280
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	47,509,677	39,172,397
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	46,568,105	47,509,677
	-	

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 Fourth Quarter Ended 31 December 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 Al-'Aqar KPJ REIT 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 Al-'Aqar KPJ 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 KPJ 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

On 21 December 2010, the subsidiary company, Al-Aqar Capital Sdn Bhd had issued RM33.5 million in nominal value Islamic Medium Term Notes ("IMTN") under Suku Ijarah Programme facility, which comprises the following tranches:

	Amount	Profit Rate
	RM	%
Class A IMTN	10,000,000	4.20
Class B IMTN	5,000,000	4.50
Class C IMTN	18,500,000	4.00
Total	<u>33,500,000</u>	

The IMTN tranche issued on December 21, 2010 is repayable in 8 equal semi-annual installments of RM692,500 (cost of financing only) and final installment of RM33,675,027 (principal and last semi-annual cost of financing) commencing June 2011.

A7. INCOME DISTRIBUTION

For the financial year ended 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 Al-'Aqar KPJ REIT's activities are predominantly in one industry segment.

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

During the quarter under review, a revaluation exercise was undertaken for all twenty (20) properties of Al-'Aqar KPJ REIT pursuant to FRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The revaluation has resulted in a surplus of RM2,614,792 and has been incorporated into the financial statements of Al-'Aqar KPJ REIT as at 31 December 2010. The details of the said revaluation carried out are tabled as follows:

Description of Property	Location	Date of Valuation	2010
			Fair Value RM
Ampang Puteri Specialist Hospital Building	Ampang	9-Dec-10	129,000,000
Damansara Specialist Hospital Building	Damansara	3-Dec-10	110,500,000
Johor Specialist Hospital Building	Johor Bahru	29-Dec-10	109,335,943
Ipoh Specialist Hospital Building	Ipoh	14-Dec-10	69,000,000
Puteri Specialist Hospital Building	Johor Bahru	29-Dec-10	39,000,000
KPJ Selangor Specialist Hospital Building	Shah Alam	2-Dec-10	62,100,000
Kedah Medical Centre Building	Alor Setar	24-Dec-10	49,100,000
Perdana Specialist Hospital Building	Kota Bharu	24-Dec-10	42,400,000
Kuantan Specialist Hospital Building	Kuantan	24-Dec-10	20,100,000
Sentosa Medical Centre	Kuala Lumpur	24-Dec-10	26,500,000
KPJ Kajang Specialist Hospital Building	Kajang	24-Dec-10	43,500,000
Taiping Medical Centre	Taiping	31-Dec-10	9,300,000

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Description of Property	Location	Date of Valuation	2010 Fair Value RM
Kota Kinabalu Specialist Hospital (Formerly known as Damai Specialist Hospital)	Kota Kinabalu	30-Nov-10	14,100,000
Bukit Mertajam Specialist Hospital	Bukit Mertajam	30-Nov-10	14,100,000
Tawakal Hospital	Kuala Lumpur	24-Dec-10	37,000,000
Selesa Tower	Johor Bahru	30-Dec-10	91,800,000
PNC International College of Nursing and Health Care Science (Formerly known as KPJ International College)	Seremban	1-Dec-10	17,000,000
Seremban Specialist Hospital	Seremban	2-Dec-10	54,000,000
KPJ Penang Specialist Hospital	Bukit Mertajam	30-Nov-10	57,100,000
KPJ Tawakkal Specialist Hospital	Kuala Lumpur	23-Dec-10	110,000,000
Total			<u><u>1,104,935,943</u></u>

A10. SUBSEQUENT MATERIAL EVENTS

The 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 KPJ 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 KPJ REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2010

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 KPJ REIT of RM68.6 million for the year ended 31 December 2010 represented an increase of RM11.5 million or 20.1% from RM57.1 million recorded in the previous corresponding period. The increase was mainly due to higher rental income contributed by 9 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 RM25.9 million, as compared to RM10.2 million in the same period last year.

Al-'Aqar KPJ REIT's profit before taxation for the same period stood at RM45.3 million, which is RM8.9 million or 16.6% lower than last year's of RM54.2 million. The decrease was due to lower gain on fair value of properties recorded of RM2.6 million (2009: RM17.0 million) and higher profit sharing on expenses incurred of RM22.1 million (2009: RM15.9 million).

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

Al-'Aqar KPJ REIT's profit before taxation of RM14.7 million for the Fourth Quarter 2010 was reported higher as compared with last quarter due to gain on fair value of properties amounting to RM2.6 million, as well as higher net rental income received.

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 RM1.1 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 Al-'Aqar KPJ REIT is expected to be satisfactory for the next 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	
	31-12-2010	31-12-2009	31-12-2010	31-12-2009
	RM	RM	RM	RM
Tax expense	446,371	551,127	-	-

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.

The acquisition has been approved by unitholders at a General Meeting held on 17 December 2010, and currently pending completion.

- (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.

The proposal is pending approval the approval Securities Commission and unitholders of Al-'Aqar KPJ REIT.

B9. LONG TERM ISLAMIC FINANCING

	The Group	
	As at 31-12-2010 RM'000	As at 31-12-2009 RM'000
Sukuk Ijarah	279,816	234,455
Ijarah Muntahiah Bitamlik	248,019	201,956
	527,835	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 31-12-2010	Immediate Preceding Quarter ended 30-09-2010
Number of units in issue (units)	580,167,000	580,167,000
Earning per unit (EPU)* - sen	2.60	1.71
Net Asset Value (NAV) - RM'000	621,021	606,631
NAV per unit (RM)	1.07	1.05

**calculated based on weighted average unit of 552,738,000.*

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 31 December 2010 and of its financial performance and cash flows for the period then ended.