

AL-'AQAR KPJ REIT
CONDENSED CONSOLIDATED INCOME STATEMENT
For the Second Quarter Ended 30 June 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-06-2011	Preceding Year Corresponding Quarter 30-06-2010	Current Year To Date 30-06-2011	Preceding Year Corresponding Period 30-06-2010
	RM	RM	RM	RM
Gross rental income	19,819,367	17,214,354	39,950,585	34,428,708
Property expenses	(1,159,562)	(563,926)	(2,702,540)	(2,014,434)
Net rental income	18,659,805	16,650,428	37,248,045	32,414,274
Investment income	142,272	182,029	268,537	308,261
Gain in fair value adjustment	-	-	-	-
Other income	-	-	-	82,206
Total income	18,802,077	16,832,457	37,516,582	32,804,741
Managers' fees	(296,468)	(247,362)	(585,179)	(497,287)
Trustees' fees	(46,246)	(41,488)	(93,106)	(82,238)
Accretion of long term borrowings	(228,598)	(250,717)	(457,197)	(562,979)
Annual financing fees	(206,368)	(88,268)	(412,735)	(309,908)
Maintenance of properties	(63,600)	-	(101,600)	-
Administrative expenses	(271,135)	(111,955)	(597,255)	(600,232)
Professional fees	(30,000)	-	(157,200)	-
Profit sharing expenses on financing	(6,536,078)	(5,138,539)	(12,747,050)	(10,232,985)
Total trust expenditure	(7,678,493)	(5,878,329)	(15,151,322)	(12,285,629)
Profit before taxation	11,123,584	10,954,128	22,365,260	20,519,112
Tax expense	(95,625)	(11,666)	(191,250)	(29,165)
Profit after taxation	11,027,959	10,942,462	22,174,010	20,489,947
Profit after taxation is made up as follows:				
Realised	11,027,959	10,942,462	22,174,010	20,489,947
Unrealised	-	-	-	-
	11,027,959	10,942,462	22,174,010	20,489,947
Earnings per unit (sen) - Net	1.90	1.89	3.82	3.53
Provision for income distribution	-	22,963,658	19,145,511	22,963,658
Distribution per unit (sen)	-	4.43	3.30	4.43

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year¹ ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

AL-'AQAR KPJ REIT
CONDENSED CONSOLIDATED BALANCE SHEET
as at 30 June 2011

	Note	As At End Of Current Quarter 30-06-2011	Audited 31-12-2010
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,104,935,943	1,104,935,943
Current Assets			
Trade receivables		4,778,792	3,172,708
Other receivables & prepayments		9,907,622	8,812,349
Cash and bank balances		25,285,022	24,882,042
Fixed deposits with licensed banks		22,382,818	21,686,063
		<u>62,354,254</u>	<u>58,553,162</u>
TOTAL ASSETS		<u>1,167,290,197</u>	<u>1,163,489,105</u>
LIABILITIES			
Non-current liabilities			
Long term borrowings	B9	528,528,681	527,835,129
Current Liabilities			
Other payables and accruals		14,709,765	14,632,722
Income distribution payable		1,998	-
Taxation		-	-
		<u>14,711,763</u>	<u>14,632,722</u>
TOTAL LIABILITIES		<u>543,240,444</u>	<u>542,467,851</u>
NET ASSETS VALUE		<u>624,049,753</u>	<u>621,021,254</u>
REPRESENTED BY:			
Unitholders' capital		561,219,819	561,219,819
Undistributed income		62,829,934	59,801,435
TOTAL UNITHOLDERS' FUND		<u>624,049,753</u>	<u>621,021,254</u>
NUMBER OF UNITS IN CIRCULATION		<u>580,167,000</u>	<u>580,167,000</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		<u>1.08</u>	<u>1.07</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 Second Quarter Ended 30 June 2011

	Unitholders' Capital	Undistributed Income	Total Unitholders' Fund
	RM	RM	RM
As at 1 Jan 2010	502,509,819	37,945,388	540,455,207
Operation for the year ended 31 Dec 2010			
Net income for the year	-	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
As at 1 Jan 2011	561,219,819	59,801,435	621,021,254
Operation for the period ended 30 June 2011			
Net income for the period	-	22,174,010	22,174,010
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	22,174,010	22,174,010
Unitholders' transactions			
Placement of units	-	-	-
Distribution to unitholders	-	(19,145,511)	(19,145,511)
Issuing expenses	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(19,145,511)	(19,145,511)
Net assets as at 30 June 2011	561,219,819	62,829,934	624,049,753

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

AL-'AQAR KPJ REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Second Quarter Ended 30 June 2011

	To Date	
	30-06-2011	30-06-2010
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,365,260	20,519,112
Adjustment for:		
Profit sharing expenses on Islamic financing	12,747,050	5,094,446
Accretion of long term Islamic financing	457,197	562,979
Gain on fair value adjustment of investment properties	-	-
Investment revenue	<u>(268,537)</u>	<u>(308,261)</u>
Operating profit before working capital changes	35,300,970	25,868,276
Increase in receivables and prepayments	<u>(2,465,002)</u>	<u>(4,578,436)</u>
(Decrease)/Increase in other payables and accruals	79,042	349,286
Cash generated from operations	32,915,010	21,639,126
Taxes paid	<u>(191,250)</u>	<u>(17,499)</u>
Net cash generated from operating activities	<u>32,723,760</u>	<u>21,621,627</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	268,537	308,261
Purchase of investment properties	-	-
Net cash generated from investing activities	<u>268,537</u>	<u>308,261</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Units issue expenses paid	-	-
Profit sharing expenses on Islamic financing paid	<u>(12,747,050)</u>	<u>(5,094,446)</u>
Dividend paid	<u>(19,145,512)</u>	<u>(19,697,945)</u>
Proceeds from issuance of long term Islamic financing	-	-
Net cash used in financing activities	<u>(31,892,562)</u>	<u>(24,792,391)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,099,735	<u>(2,862,503)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	46,568,105	47,509,677
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>47,667,840</u>	<u>44,647,174</u>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 Second Quarter Ended 30 June 2011

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 2010.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar KPJ REIT for the financial year ended 31 December 2010 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

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)
Final distribution - FYE 31 December 2010	19,145,511	3.30

The final distribution has been paid to unit holders on 15 April 2011.

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

There were no valuation of property being made in the current quarter.

A10. SUBSEQUENT MATERIAL EVENTS

The Proposed Acquisitions by Al-'Aqar for Rumah Sakit Bumi Serpong Damai Building from the subsidiaries of KPJ HealthCare Berhad ("KPJ") and Rumah Sakit Medika Permata Hijau Building from PT Khidmat Perawatan Jasa Medika, a subsidiary of Johor Corporation ("JCORP") were completed on 26 July 2011.

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 Second Quarter Ended 30 June 2011

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 RM37.2 million for the 6 months period ended 30 June 2011 represented an increase of RM4.8 million or 14.9% from RM32.4 million recorded in the previous corresponding period. The increase was mainly due to new rental income contributed by KPJ Tawakkal Specialist Hospital and additional building of Johor Specialist Hospital, which were acquired in July and December 2010 respectively. Both properties had contributed approximately RM 2.8 million (or 15%) of rental income recorded during the quarter.

Al-'Aqar KPJ REIT's profit before taxation for the same period stood at RM22.4 million, which is RM1.8 million or 9.3% higher than last year's of RM20.5 million. The increase was due to higher rental income as mentioned above.

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 RM11.1 million for the Second Quarter 2011 was reported lower as compared with last quarter of RM11.2 million is mainly due to increase in trust expenditure.

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 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	
	30-06-2011	30-06-2010	30-06-2011	30-06-2010
	RM	RM	RM	RM
Tax expense	<u>191,250</u>	<u>29,165</u>	<u>-</u>	<u>-</u>

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 apply 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 of the Securities Commission and unitholders of Al-'Aqar KPJ REIT.

B9. LONG TERM ISLAMIC FINANCING

	The Group	
	As at 30-06-2011 RM'000	As at 31-12-2010 RM'000
Sukuk Ijarah	280,140	279,816
Ijarah Muntahiah Bitamlik	248,388	248,019
	528,528	527,835

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 30-06-2011	Immediate Preceding Quarter ended 31-12-2010
Number of units in issue (units)	580,167,000	580,167,000
Earning per unit (EPU) - sen	1.90	2.60
Net Asset Value (NAV) - RM'000	624,050	621,021
NAV per unit (RM)	1.08	1.07

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 June 2011 and of its financial performance and cash flows for the period then ended.

AL-'AQAR KPJ REIT

Summary of Key Financial Information for the financial period ended 30 June 2011

Part A2 : Summary of Key Financial Information

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-06-2011 RM 000	Preceding year Corresponding Quarter 30-06-2010 RM 000	Current Year To date 30-06-2011 RM 000	Preceding year Corresponding Period 30-06-2010 RM 000
Revenue	19,819	17,214	39,951	34,429
Profit before taxation	11,124	10,954	22,365	20,519
Profit after taxation	11,028	10,942	22,174	20,490
Profit attributable to ordinary equity holders of the parent.	11,028	10,942	22,174	20,490
Net earnings per share (sen)	1.90	1.89	3.82	3.53
Proposed/declared dividend per share (sen)	-	4.43	3.30	4.43
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR	
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.08		1.07	

Part A3 : Additional Information

Gross interest income	142	182	269	308
Gross interest expense	6,742	5,227	13,160	10,543