

**AL-'AQAR KPJ REIT**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the Third Quarter Ended 30 September 2011**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-09-2011	Preceding Year Corresponding Quarter 30-09-2010	Current Year To Date 30-09-2011	Preceding Year Corresponding Period 30-09-2010
	RM	RM	RM	RM
<b>Gross rental income</b>	21,428,733	19,154,486	61,379,318	53,583,194
Property expenses	(2,227,202)	(1,878,567)	(4,929,742)	(3,893,001)
<b>Net rental income</b>	<b>19,201,531</b>	<b>17,275,919</b>	<b>56,449,576</b>	<b>49,690,193</b>
Investment income	151,386	45,971	419,923	354,232
Gain in fair value adjustment	-	-	-	-
Other income	-	-	-	82,206
<b>Total income</b>	<b>19,352,917</b>	<b>17,321,890</b>	<b>56,869,499</b>	<b>50,126,631</b>
Managers' fees	(209,798)	(308,961)	(794,977)	(806,248)
Trustees' fees	(31,315)	(15,481)	(124,421)	(97,719)
Accretion of long term borrowings	(228,598)	(743,081)	(685,795)	(1,306,060)
Annual financing fees	(206,368)	(61,027)	(619,103)	(370,935)
Maintenance of properties	-	-	(101,600)	-
Administrative expenses	(289,776)	(270,284)	(887,031)	(870,516)
Professional fees	-	-	(157,200)	-
Profit sharing expenses on financing	(7,021,806)	(5,838,814)	(19,768,856)	(16,071,799)
<b>Total trust expenditure</b>	<b>(7,987,661)</b>	<b>(7,237,648)</b>	<b>(23,138,983)</b>	<b>(19,523,277)</b>
<b>Profit before taxation</b>	<b>11,365,256</b>	<b>10,084,242</b>	<b>33,730,516</b>	<b>30,603,354</b>
Tax expense	(170,685)	(145,007)	(361,935)	(174,172)
<b>Profit after taxation</b>	<b>11,194,571</b>	<b>9,939,235</b>	<b>33,368,581</b>	<b>30,429,182</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operation	46,879	-	46,879	-
<b>Total comprehensive income for the period</b>	<b>11,241,450</b>	<b>9,939,235</b>	<b>33,415,460</b>	<b>30,429,182</b>
Profit after taxation is made up as follows:				
Realised	11,194,571	9,939,235	33,368,581	30,429,182
Unrealised	-	-	-	-
	<b>11,194,571</b>	<b>9,939,235</b>	<b>33,368,581</b>	<b>30,429,182</b>
<b>Earnings per unit (sen) - Net</b>	<b>1.93</b>	<b>1.71</b>	<b>5.75</b>	<b>5.24</b>
<b>Provision for income distribution</b>	<b>-</b>	<b>-</b>	<b>19,145,511</b>	<b>22,963,658</b>
<b>Distribution per unit (sen)</b>	<b>-</b>	<b>-</b>	<b>3.30</b>	<b>4.43</b>

The condensed consolidated income 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**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**as at 30 September 2011**

	Note	As At End Of Current Quarter 30-09-2011	Audited 31-12-2010
		RM	RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	A9	1,180,614,318	1,104,935,943
<b>Current Assets</b>			
Trade receivables		3,340,146	3,172,708
Other receivables & prepayments		11,284,548	8,812,349
Cash and bank balances		39,288,003	24,882,042
Fixed deposits with licensed banks		19,560,545	21,686,063
		<u>73,473,241</u>	<u>58,553,162</u>
<b>TOTAL ASSETS</b>		<u>1,254,087,559</u>	<u>1,163,489,105</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings	B9	<u>604,399,463</u>	<u>527,835,129</u>
<b>Current Liabilities</b>			
Other payables and accruals		14,246,719	14,632,722
Income distribution payable		1,998	-
Taxation		150,385	-
		<u>14,399,102</u>	<u>14,632,722</u>
<b>TOTAL LIABILITIES</b>		<u>618,798,565</u>	<u>542,467,851</u>
<b>NET ASSETS VALUE</b>		<u>635,288,994</u>	<u>621,021,254</u>
<b>REPRESENTED BY:</b>			
Unitholders' capital		561,219,819	561,219,819
Undistributed income		74,022,296	59,801,435
Reserve		46,879	-
		<u>635,288,994</u>	<u>621,021,254</u>
<b>TOTAL UNITHOLDERS' FUND</b>		<u>635,288,994</u>	<u>621,021,254</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		<u>580,167,000</u>	<u>580,167,000</u>
<b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b>		<u>1.10</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 Third Quarter Ended 30 September 2011**

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange Reserve	Total Unitholders' Fund RM
<b>As at 1 Jan 2010</b>	502,509,819	37,945,388	-	540,455,207
<b>Operation for the year ended 31 Dec 2010</b>				
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
<b>Unitholders' transactions</b>				
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
<b>Net assets as at 31 Dec 2010</b>	561,219,819	59,801,435	-	621,021,254
<b>As at 1 Jan 2011</b>	561,219,819	59,801,435	-	621,021,254
Effect of last year non-consolidated subsidiaries		(2,209)		(2,209)
<b>Operation for the period ended 30 Sept 2011</b>				
Total comprehensive income for the period	-	33,368,581	46,879	33,415,460
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	33,368,581	46,879	33,415,460
<b>Unitholders' transactions</b>				
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)
<b>Net assets as at 30 Sept 2011</b>	561,219,819	74,022,296	46,879	635,288,994

**AL-'AQAR KPJ REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Third Quarter Ended 30 September 2011**

	To Date	
	30-09-2011	30-09-2010
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	33,730,516	30,603,354
Adjustment for:		
Profit sharing expenses on Islamic financing	19,768,856	16,071,799
Accretion of long term Islamic financing	685,795	1,306,060
Investment revenue	<u>(419,923)</u>	<u>(354,232)</u>
Operating profit before working capital changes	53,765,244	47,626,981
Increase in receivables and prepayments	<u>(3,355,735)</u>	<u>(5,348,547)</u>
(Decrease)/Increase in other payables and accruals	<u>178,121</u>	<u>(4,566,374)</u>
Cash generated from operations	50,587,630	37,712,060
Taxes paid	<u>(181,247)</u>	<u>(595,149)</u>
Net cash generated from operating activities	<u>50,406,383</u>	<u>37,116,911</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Income received from investment	419,923	354,232
Purchase of investment properties	<u>(75,678,375)</u>	<u>(109,085,208)</u>
Net cash generated from investing activities	<u>(75,258,452)</u>	<u>(108,730,976)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of new units	-	58,710,000
Units issue expenses paid	-	-
Profit sharing expenses on Islamic financing paid	<u>(19,768,856)</u>	<u>(16,071,799)</u>
Dividend paid	<u>(19,145,511)</u>	<u>(42,661,604)</u>
Proceeds from issuance of long term Islamic financing	<u>76,000,000</u>	<u>60,289,468</u>
Net cash used in financing activities	<u>37,085,633</u>	<u>60,266,065</u>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	12,233,564	<u>(11,348,000)</u>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	46,879	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	46,568,105	47,509,677
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u>58,848,548</u>	<u>36,161,677</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 Third Quarter Ended 30 September 2011**

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#### **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:

	<b>Total RM</b>	<b>Distribution Per Unit (Sen)</b>
Final distribution - FYE 31 December 2010	19,145,511	3.30
Interim distribution-Financial Period Ended 31 August 2011	29,994,634	5.17

The final distribution has been paid to unit holders on 15 April 2011. The interim distribution was paid to unit holders on 11 November 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 Jeta Garden Aged Care Facility and Jeta Gardens Retirement Village from Jeta Gardens Waterford Trust ("JGWT") is expected to complete by 30 November 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 Third Quarter Ended 30 September 2011**

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#### **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 RM56.4 million for the 9 months period ended 30 September 2011 represented an increase of RM6.8 million or 13.6% from RM49.7 million recorded in the previous corresponding period. The increase was mainly due to new rental income contributed by additional building of Johor Specialist Hospital, Rumah Sakit Medika Permata Hijau and Rumah Sakit Bumi Serpong Damai, which were acquired in December 2010 and July 2011 respectively. Both properties had contributed approximately RM 2.8 million (or 4.9%) of rental income recorded during the quarter.

Al-'Aqar KPJ REIT's profit before taxation for the same period stood at RM33.7 million, which is RM3.1 million or 10.2% higher than last year's of RM30.6 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 RM11.3 million for the Third Quarter 2011 was reported higher as compared with last quarter of RM11.1 million is mainly due to increase in rental income.

##### **B3. PROSPECTS**

Al-'Aqar KPJ REIT, after considering the strength of KPJ real estate portfolio invested, will enjoy 100% rate of occupancy and collection. The Trust had completed its fourth (4th) acquisition on 26 July 2011, bringing the total number of properties to 22 units, with a total value of RM1.18 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	
	30-09-2011	30-09-2010	30-09-2011	30-09-2010
	RM	RM	RM	RM
Tax expense	361,935	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 Tanjung Tuan Hotel Sdn Bhd ("TTHSB"), Kulim (Malaysia) Berhad and the subsidiaries of KPJ 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:

<b>Properties</b>	<b>Registered Proprietors</b>
Bandar Baru Klang Specialist Hospital ("BBKSH") Building	BBKSHSB
Kluang Utama Specialist Hospital ("KUSH") Building	PPKUSB
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 acquisition has been approved by unitholders at a General Meeting held on 19 August 2011, and currently pending completion

**B9. LONG TERM ISLAMIC FINANCING**

	The Group	
	As at 30-09-2011 RM'000	As at 31-12-2010 RM'000
Sukuk Ijarah	279,826	279,816
Ijarah Muntahiah Bitamlik	248,573	248,019
Ijarah Tawarruq	76,000	-
	604,399	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 30-09-2011	Immediate Preceding Quarter ended 30-06-2011
Number of units in issue (units)	580,167,000	580,167,000
Earning per unit (EPU) - sen	1.93	1.90
Net Asset Value (NAV) - RM'000	635,289	624,050
NAV per unit (RM)	1.10	1.08

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