

AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For the Fourth Quarter Ended 31 December 2011

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-12-2011	Preceding Year Corresponding Quarter 31-12-2010	Current Year To Date 31-12-2011	Preceding Year Corresponding Period 31-12-2010
		RM	RM	RM	RM
Gross rental income		23,086,964	19,398,601	84,466,282	72,981,795
Property expenses		(434,639)	(516,282)	(5,364,381)	(4,430,508)
Net rental income	B1	22,652,325	18,882,319	79,101,901	68,551,287
Investment income		143,142	219,269	563,065	486,375
Gain in fair value adjustment		38,749,262	2,614,792	38,749,262	2,614,792
Other income		311,523	-	311,523	82,206
Total income		61,856,252	21,716,380	118,725,751	71,734,660
Managers' fees		(504,217)	(290,461)	(1,299,194)	(1,066,614)
Trustees' fees		(69,489)	(45,795)	(193,910)	(173,609)
Accretion of long term borrowings		(228,598)	-	(914,393)	-
Annual financing fees		(206,367)	(205,205)	(825,470)	(825,470)
Maintenance of properties		-	-	(101,600)	(148,440)
Administrative expenses		(3,410)	(248,422)	(890,441)	(862,144)
Professional fees		97,082	(26,675)	(60,118)	(397,610)
Withholding tax		(548,237)	-	(548,237)	-
Profit sharing expenses on financing		(8,229,010)	(6,237,104)	(27,997,866)	(22,994,697)
Total trust expenditure		(9,692,246)	(7,053,662)	(32,831,229)	(26,468,584)
Profit before taxation	B1,B2	52,164,006	14,662,718	85,894,522	45,266,076
Tax expense	B5	(417,486)	(272,199)	(779,421)	(446,371)
Profit after taxation		51,746,520	14,390,519	85,115,101	44,819,705
Other comprehensive expense					
Foreign currency translation differences for foreign operation		(4,171,664)	-	(4,124,784)	-
Total comprehensive income for the period		47,574,856	14,390,519	80,990,317	44,819,705
Profit after taxation is made up as follows:					
Realised		12,997,258	11,775,727	46,365,839	42,204,913
Unrealised		38,749,262	2,614,792	38,749,262	2,614,792
		51,746,520	14,390,519	85,115,101	44,819,705
Earnings per unit (sen) - Net	B13	8.09	2.60	13.31	8.11
Provision for income distribution		29,994,634	-	29,994,634	22,963,658
Distribution per unit (sen)		5.17	-	5.17	3.96

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 HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION as at 31 December 2011

	Note	As At End Of Current Quarter 31-12-2011	Audited 31-12-2010
		<u>RM</u>	<u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,356,758,147	1,104,935,943
Current Assets			
Trade receivables		2,731,325	3,172,708
Other receivables & prepayments		8,797,105	8,812,349
Cash and bank balances		30,320,284	24,882,042
Fixed deposits with licensed banks		22,661,789	21,686,063
		<u>64,510,503</u>	<u>58,553,162</u>
TOTAL ASSETS		<u>1,421,268,650</u>	<u>1,163,489,105</u>
LIABILITIES			
Non-current liabilities			
Long term borrowings	B9	<u>684,695,810</u>	<u>527,835,129</u>
Current Liabilities			
Other payables and accruals		17,562,375	14,632,722
Taxation		184,539	-
		<u>17,746,914</u>	<u>14,632,722</u>
TOTAL LIABILITIES		<u>702,442,724</u>	<u>542,467,851</u>
NET ASSETS VALUE		<u>718,825,926</u>	<u>621,021,254</u>
REPRESENTED BY:			
Unitholders' capital		627,174,319	561,219,819
Undistributed income		95,776,391	59,801,435
Foreign exchange translation reserve		(4,124,784)	-
TOTAL UNITHOLDERS' FUND		<u>718,825,926</u>	<u>621,021,254</u>
NUMBER OF UNITS IN CIRCULATION		<u>639,585,468</u>	<u>580,167,000</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		<u>1.12</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 HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
IN NET ASSETS VALUE
For the Fourth Quarter Ended 31 December 2011

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange Translation Reserve	Total Unitholders' Fund RM
As at 1 Jan 2010	502,509,819	37,945,388	-	540,455,207
Operation for the year ended 31 Dec 2010				
Total comprehensive 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 31 Dec 2011				
Total comprehensive income for the period	-	85,115,101	(4,124,784)	80,990,317
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	85,115,101	(4,124,784)	80,990,317
Unitholders' transactions				
Placement of units	65,954,500	-	-	65,954,500
Distribution to unitholders	-	(49,140,145)	-	(49,140,145)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	65,954,500	(49,140,145)	-	16,814,355
Net assets as at 31 Dec 2011	627,174,319	95,776,391	(4,124,784)	718,825,926

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fourth Quarter Ended 31 December 2011

	To Date	
	31-12-2011	31-12-2010
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	85,894,522	45,266,076
Adjustment for:		
Profit sharing expenses on Islamic financing	29,737,729	23,820,167
Accretion of long term Islamic financing	-	-
Gain on fair value adjustment of investment properties	(38,749,262)	(2,614,792)
Investment revenue	(563,065)	(486,375)
Operating profit before working capital changes	76,319,924	65,985,076
Increase in receivables and prepayments	441,382	(9,652,485)
Other receivables and prepayment	(15,059)	
(Decrease)/Increase in other payables and accruals	2,104,183	308,197
Cash generated from operations	78,850,431	56,640,788
Taxes paid	(564,577)	(897,651)
Net cash generated from operating activities	78,285,853	55,743,137
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	563,065	486,375
Purchase of investment properties	(147,118,442)	(82,111,151)
Net cash generated from investing activities	(146,555,377)	(81,624,776)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new units	-	-
Units issue expenses paid	-	-
Profit sharing expenses on Islamic financing paid	(27,997,866)	(23,820,167)
Dividend paid	(49,140,145)	(42,663,603)
Payment of borrowing	(11,684,866)	
Proceeds from issuance of long term Islamic financing	167,631,153	91,423,837
Net cash used in financing activities	78,808,276	24,940,067
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	10,538,752	(941,572)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,124,784)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	46,568,105	47,509,677
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	52,982,073	46,568,105

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 HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 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 Healthcare 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 Healthcare 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 Healthcare 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
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 Healthcare 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-three (23) properties of Al-'Aqar Group pursuant to FRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The revaluation has resulted in a surplus of RM38,908,186 and has been incorporated into the financial statements of Al-'Aqar Healthcare REIT as at 31 December 2011. The details of the said revaluation carried out are tabled as follows:

Description of Property	Location	Date of Valuation	2011
			Fair Value RM
Ampang Puteri Specialist Hospital Building	Ampang	31-Dec-11	130,000,000
Damansara Specialist Hospital Building	Damansara	31-Dec-11	110,600,000
Johor Specialist Hospital Building	Johor Bahru	31-Dec-11	111,300,000
Ipoh Specialist Hospital Building	Ipoh	31-Dec-11	69,500,000
Puteri Specialist Hospital Building	Johor Bahru	31-Dec-11	39,200,000
KPJ Selangor Specialist Hospital Building	Shah Alam	31-Dec-11	62,500,000
Kedah Medical Centre Building	Alor Setar	31-Dec-11	49,800,000
Perdana Specialist Hospital Building	Kota Bharu	31-Dec-11	44,400,000
Kuantan Specialist Hospital Building	Kuantan	31-Dec-11	20,400,000
Sentosa Medical Centre	Kuala Lumpur	31-Dec-11	26,900,000
KPJ Kajang Specialist Hospital Building	Kajang	31-Dec-11	44,100,000
Taiping Medical Centre	Taiping	31-Dec-11	9,550,000

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

Description of Property	Location	Date of Valuation	2011 Fair Value RM
Kota Kinabalu Specialist Hospital (Formerly known as Damai Specialist Hospital)	Kota Kinabalu	31-Dec-11	14,900,000
Bukit Mertajam Specialist Hospital	Bukit Mertajam	31-Dec-11	16,200,000
Tawakal Hospital	Kuala Lumpur	31-Dec-11	42,600,000
Selesa Tower	Johor Bahru	31-Dec-11	99,500,000
PNC International College of Nursing and Health Care Science (Formerly known as KPJ International College)	Seremban	31-Dec-11	18,400,000
Seremban Specialist Hospital	Seremban	31-Dec-11	57,800,000
KPJ Penang Specialist Hospital	Bukit Mertajam	31-Dec-11	59,000,000
KPJ Tawakkal Specialist Hospital	Kuala Lumpur		116,650,000
Rumah Sakit Bumi Serpong Damai	Tangerang	31-Dec-11	51,400,000
Rumah Sakit Medika Permata Hijau	Jakarta	31-Dec-11	21,700,000
Jeta Garden Aged Care Facility and Retirement Village	Queensland	31-Dec-11	140,358,147
Total			<u><u>1,356,758,147</u></u>

A10. SUBSEQUENT MATERIAL EVENTS

The Proposed Acquisitions by Al-'Aqar for Kluang Utama Specialist Hospital Building from the subsidiaries of KPJ HealthCare Berhad ("KPJ") were completed on 6 January 2012.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of Al-'Aqar Healthcare 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 HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2011

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

B1. DETAIL ANALYSIS OF PERFORMANCE

The net rental income for Al-'Aqar Healthcare REIT of RM79.3 million for the 12 months period ended 31 December 2011 represented an increase of RM10.8 million or 15.7% from RM68.5 million recorded in the previous corresponding period. The increase was mainly due to new rental income contributed by Rumah Sakit Medika Permata Hijau, Rumah Sakit Bumi Serpong Damai and Jeta Garden Age Care Facility and Retirement Village, which were acquired in July and November 2011 respectively. Both properties had contributed approximately RM 4.9 million (or 6.1%) of rental income recorded during the quarter.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM85.9 million, which is RM40.3 million or 89.8% higher than last year's of RM45.3 million. The increase was due to higher rental income as mentioned above and unrealised gain of fair value adjustment amounting to RM38.7 million.

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

Al-'Aqar Healthcare REIT's profit before taxation of RM52.2 million for the Fourth Quarter 2011 was reported higher as compared with last quarter of RM11.37 million is mainly due to recognition of gain on fair value of properties amounting to RM38.7 million in December 2011.

B3. PROSPECTS

Al-'Aqar Healthcare REIT, after considering the strength of healthcare real estate portfolio invested, will enjoy 100% rate of occupancy and collection. The Trust had completed its fifth (5th) acquisition on 29 November 2011, bringing the total number of properties to 23 units, with a total value of RM1.3 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 Healthcare 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 an issuance of 59,418,468 new units @ RM1.11 during the quarter under review which was part of Purchase Consideration for acquisition of Jeta Garden Aged Care Facility and Retirement Village.

B5. TAXATION

	The Group		The Fund	
	31-12-2011	31-12-2010	31-12-2011	31-12-2010
	RM	RM	RM	RM
Tax expense	<u>779,421</u>	<u>446,371</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 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 Healthcare 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 Healthcare 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 Healthcare 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 acquisition of 2 Indonesian properties (RSBSD and RSMPH) were completed on 26 July 2011.

Subsequent to the financial year, on 6 January 2012, the proposed acquisition of KUSH building has been completed. The proposed acquisition of BBKSH Building is expected to complete in the 2nd quarter of year 2012.

- (b) Al-'Aqar Healthcare 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 RM131,909,000.

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.

Acquisition of Jeta Gardens was completed on 29 November 2011.

B9. LONG TERM ISLAMIC FINANCING

	The Group	
	As at 31-12-2011 RM'000	As at 31-12-2010 RM'000
Sukuk Ijarah - secured	279,989	279,816
Ijarah Muntahiah Bitamlik - secured	248,758	248,019
Ijarah Murabahah-Tawarruq - secured	76,000	-
Ijarah Muntahiah Bitamlik Financing-I Facility - secured	79,949	-
	684,696	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 31-12-2011	Immediate Preceding Quarter ended 31-12-2010
Number of units in issue (units)	639,585,468	580,167,000
Earning per unit (EPU) - sen	8.09	2.60
Net Asset Value (NAV) - RM'000	718,826	621,021
NAV per unit (RM)	1.12	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 Healthcare REIT as at 31 December 2011 and of its financial performance and cash flows for the period then ended.