

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Third Quarter Ended 30 September 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	30-09-2012	30-09-2011	30-09-2012	30-09-2011
	RM	RM	RM	RM
Gross rental income	26,623,475	21,428,733	76,652,552	61,379,318
Property expenses	<u>(1,459,436)</u>	<u>(2,227,202)</u>	<u>(4,073,577)</u>	<u>(4,929,742)</u>
Net rental income	25,164,039	19,201,531	72,578,975	56,449,576
Investment income	174,778	151,386	510,878	419,923
Gain in fair value adjustment	-	-	-	-
Other income	-	-	-	-
Total income	25,338,817	19,352,917	73,089,853	56,869,499
Managers' fees	<u>(406,730)</u>	<u>(209,798)</u>	<u>(1,176,315)</u>	<u>(794,977)</u>
Trustees' fees	<u>(58,203)</u>	<u>(31,315)</u>	<u>(168,312)</u>	<u>(124,421)</u>
Accretion of long term borrowings	<u>(377,223)</u>	<u>(228,598)</u>	<u>(1,190,012)</u>	<u>(685,795)</u>
Annual financing fees	<u>(254,479)</u>	<u>(206,368)</u>	<u>(763,436)</u>	<u>(619,103)</u>
Maintenance of properties	<u>(28,600)</u>	-	<u>(80,050)</u>	<u>(101,600)</u>
Administrative expenses	<u>(269,740)</u>	<u>(289,776)</u>	<u>(737,311)</u>	<u>(887,031)</u>
Professional fees	<u>(94,920)</u>	-	<u>(173,010)</u>	<u>(157,200)</u>
Withholding tax	<u>(239,818)</u>	-	<u>(1,148,956)</u>	-
Profit sharing expenses on financing	<u>(9,268,500)</u>	<u>(7,021,806)</u>	<u>(26,669,181)</u>	<u>(19,768,856)</u>
Total trust expenditure	(10,998,213)	(7,987,661)	(32,106,583)	(23,138,983)
Profit before taxation	14,340,605	11,365,256	40,983,271	33,730,516
Tax expense	<u>(74,319)</u>	<u>(170,685)</u>	<u>(779,589)</u>	<u>(361,935)</u>
Profit after taxation	14,266,285	11,194,571	40,203,681	33,368,581
Other comprehensive expense				
Foreign currency translation differences for foreign operation	<u>(853,249)</u>	46,879	<u>(369,969)</u>	46,879
Total comprehensive income for the period	13,413,037	11,241,450	39,833,713	33,415,460
Profit after taxation is made up as follows:				
Realised	14,266,285	11,194,571	40,203,681	33,368,581
Unrealised	-	-	-	-
	<u>14,266,285</u>	<u>11,194,571</u>	<u>40,203,681</u>	<u>33,368,581</u>
Earnings per unit (sen) - Net	2.05	1.93	6.10	5.75
Provision for income distribution	-	-	36,968,040	19,145,511
Distribution per unit (sen)	-	-	5.78	3.30

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 September 2012

	Note	As At End Of Current Quarter 30-09-2012	Audited 31-12-2011
		<u>RM</u>	<u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,453,258,147	1,356,758,147
Current Assets			
Trade receivables		4,439,170	2,731,325
Other receivables & prepayments		10,217,701	8,797,105
Cash and bank balances		31,174,598	30,320,284
Fixed deposits with licensed banks		22,025,585	22,661,789
		<u>67,857,053</u>	<u>64,510,503</u>
TOTAL ASSETS		<u>1,521,115,200</u>	<u>1,421,268,650</u>
LIABILITIES			
Non-current liabilities			
Borrowing	B9	79,948,681	673,013,338
Current Liabilities			
Other payables and accruals		16,364,804	17,562,375
Income distribution payable		-	-
Borrowings		647,560,700	11,682,472
Taxation		41,236	184,539
		<u>663,966,740</u>	<u>29,429,386</u>
TOTAL LIABILITIES		<u>743,915,421</u>	<u>702,442,724</u>
NET ASSETS VALUE		<u>777,199,779</u>	<u>718,825,926</u>
REPRESENTED BY:			
Unitholders' capital		682,682,499	627,174,319
Undistributed income		99,012,032	95,776,391
Foreign exchange translation reserve		(4,494,753)	(4,124,784)
TOTAL UNITHOLDERS' FUND		<u>777,199,779</u>	<u>718,825,926</u>
NUMBER OF UNITS IN CIRCULATION		<u>696,226,468</u>	<u>639,585,468</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		<u>1.12</u>	<u>1.12</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 Third Quarter Ended 30 September 2012

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange Reserve	Total Unitholders' Fund RM
As at 1 Jan 2011	561,219,819	59,801,435	-	621,021,254
Operation for the year ended 31 Dec 2011				
Net income for the year	-	85,115,101	(4,124,784)	80,990,317
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	85,115,101	-	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
As at 1 Jan 2012	627,174,319	95,776,391	(4,124,784)	718,825,926
Operation for the period ended 30 Sept 2012				
Net income for the period	-	40,203,681	(369,969)	39,833,713
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	40,203,681	(369,969)	39,833,713
Unitholders' transactions				
Placement of units	55,508,180	-	-	55,508,180
Distribution to unitholders	-	(36,968,040)	-	(36,968,040)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	55,508,180	(36,968,040)	-	18,540,140
Net assets as at 30 Sept 2012	682,682,499	99,012,032	(4,494,753)	777,199,779

The condensed consolidated statement changes in net assets value should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Third Quarter Ended 30 September 2012

	To Date	
	30-09-2012	30-09-2011
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	40,983,271	33,730,516
Adjustment for:		
Profit sharing expenses on Islamic financing	26,669,181	19,768,856
Accretion of long term Islamic financing	1,190,012	685,795
Investment revenue	(510,878)	(419,923)
Operating profit before working capital changes	68,331,586	53,765,244
Increase in receivables and prepayments	(4,318,452)	(3,355,735)
Increase/(Decrease) in other payables and accruals	(384,000)	178,121
Cash generated from operations	63,629,133	50,587,630
Taxes paid	(922,892)	(181,247)
Net cash generated from operating activities	62,706,241	50,406,383
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	510,878	419,923
Purchase of investment properties	(32,991,820)	(75,678,375)
Net cash generated from investing activities	(32,480,942)	(75,258,452)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(36,968,040)	(19,145,511)
Profit sharing expenses on Islamic financing paid	(26,669,181)	(19,768,856)
Proceeds from issuance of long term Islamic financing	34,000,000	76,000,000
Net cash used in financing activities	(29,637,221)	37,085,633
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		
	588,078	12,233,564
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(369,969)	46,879
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	52,982,073	46,568,105
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	53,200,182	58,848,548

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Third Quarter Ended 30 September 2012

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 2011.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2011 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

Interim distribution for the financial year ended 31 December 2012 amounting to RM 20,850,486 or 3.26 sen per unit was paid on 20 July 2012.

A8. SEGMENTAL REPORTING

No segmental reporting is required as Al-'Aqar Healthcare 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

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 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 Third Quarter Ended 30 September 2012

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 Healthcare REIT of RM72.6 million for the 9 months period ended 30 September 2012 represented an increase of RM16.1 million or 28.6% from RM56.4 million recorded in the previous corresponding period. The increase was mainly due to new rental income contributed by Jeta Garden Age Care Facility and Retirement Village, Kluang Utama Specialist Hospital and Bandar baru Klang Specialist Hospital, which were acquired in November 2011, January 2012 and June 2012 respectively. These properties had contributed approximately RM 13.1 million (or 18.0%) of rental income recorded for the period under review.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM40.9 million, which is RM7.2 million or 21% higher than previous corresponding period's of RM33.7 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 Healthcare REIT's profit before taxation of RM14.3 million for the Third Quarter 2012 was reported higher as compared with last quarter of RM13.7 million is mainly due to increase in rental income as per mention above.

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 acquisition of Kluang Utama Specialist Hospital and Bandar Baru Klang Specialist Hospital, bringing the total number of properties to 25 units, with a total value of RM1.45 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 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 no issuance of new units during the quarterly under review.

B5. TAXATION

	The Group		The Fund	
	30-09-2012	30-09-2011	30-09-2012	30-09-2011
	RM	RM	RM	RM
Tax expense	779,589	361,935	-	-

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.

The Group tax expense relates to the tax expense of foreign subsidiaries of the Fund.

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

On 8 August 2012, Al-'Aqar Healthcare REIT had announced its proposal to acquire two pieces of lands, both situated in the Town of Johor Bahru, from Puteri Specialist Hospital (Johor) Sdn Bhd ("PSHSB"), a subsidiary of KPJ Healthcare Berhad ("KPJ"). The PSHSB lands are situated next to Al-'Aqar's land, on which PSHSB's hospital is erected on. The proposal is pending approval of shareholders of KPJ at KPJ's Extraordinary General Meeting scheduled on 29 November 2012.

B9. BORROWINGS

	The Group	
	As at	As at
	30-09-2012	31-12-2011
	RM'000	RM'000
<u>Non-current</u>		
Sukuk Ijarah - IMTN	-	268,306
Ijarah Muntahiah Bitamlik	-	248,758
Ijarah Muntahiah Tawarruq	-	76,000
Ijarah Muntahiah Bitamlik Financing-I Facility	79,949	79,949
	<u>79,949</u>	<u>673,013</u>
<u>Current</u>		
Sukuk Ijarah - ICP	11,811	11,682
Sukuk Ijarah - IMTN	268,439	-
Ijarah Muntahiah Bitamlik	249,311	-
Ijarah Muntahiah Tawarruq	110,000	-
Bai Bitamin Ajil	8,000	-
	<u>647,561</u>	<u>11,682</u>

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 30-09-2012	Immediate Preceding Quarter ended 30-06-2012
Number of units in issue (units)	696,226,468	696,226,468
Earning per unit (EPU) - sen	2.05	1.93
Net income distribution to unitholders (RM'000)	-	20,850
Distribution per unit (DPU) - sen	-	3.26
Net Asset Value (NAV) - RM'000	777,200	763,787
NAV per unit (RM)	1.12	1.10
Market Value Per Unit (RM)	1.45	1.13

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 30 September 2012 and of its financial performance and cash flows for the period then ended.