

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Fourth Quarter Ended 31 December 2012

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
		31-12-2012	31-12-2011	31-12-2012	31-12-2011
		RM	RM	RM	RM
Gross rental income		26,745,177	23,086,964	103,397,729	84,466,282
Property expenses		(1,608,067)	(434,639)	(5,681,644)	(5,364,381)
Net rental income	B1	25,137,111	22,652,325	97,716,086	79,101,901
Investment income		177,195	143,142	688,073	563,065
Gain in fair value adjustment		10,751,853	38,749,262	10,751,853	38,749,262
Other income		-	311,523	-	311,523
Total income		36,066,159	61,856,252	109,156,012	118,725,751
Managers' fees		(410,972)	(504,217)	(1,587,287)	(1,299,194)
Trustees' fees		(59,166)	(69,489)	(227,478)	(193,910)
Accretion of long term borrowings		(494,454)	(228,598)	(1,684,466)	(914,393)
Annual financing fees		(256,479)	(206,367)	(1,019,915)	(825,470)
Maintenance of properties		(134,925)	-	(214,975)	(101,600)
Administrative expenses		(706,849)	(3,410)	(1,444,160)	(890,441)
Professional fees		(216,144)	97,082	(389,154)	(60,118)
Withholding tax		(950,768)	(548,237)	(2,099,724)	(548,237)
Profit sharing expenses on financing		(9,530,547)	(8,229,010)	(36,199,728)	(27,997,866)
Total trust expenditure		(12,760,303)	(9,692,246)	(44,866,886)	(32,831,229)
Profit before taxation		23,305,856	52,164,006	64,289,126	85,894,522
Tax expense		(607,347)	(417,486)	(1,386,936)	(779,421)
Profit after taxation		22,698,509	51,746,520	62,902,190	85,115,101
Other comprehensive expense					
Foreign currency translation differences for foreign operation		230,217	(4,171,664)	(139,752)	(4,124,785)
Total comprehensive income for the period		22,928,726	47,574,856	62,762,438	80,990,316
Profit after taxation is made up as follows:					
Realised	B1	11,946,656	12,997,258	52,150,337	46,365,839
Unrealised		10,751,853	38,749,262	10,751,853	38,749,262
		22,698,509	51,746,520	62,902,190	85,115,101
Earnings per unit (sen) - Net		3.30	8.09	9.40	13.31
Provision for income distribution		-	29,994,634	36,968,040	29,994,634
Distribution per unit (sen)		-	5.17	5.78	5.17

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 31 December 2012

	Note	As At End Of Current Quarter 31-12-2012	Audited 31-12-2011
		<u>RM</u>	<u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,464,010,000	1,356,758,147
Current Assets			
Trade receivables		1,880,474	2,731,325
Other receivables & prepayments		9,161,469	8,797,105
Cash and bank balances		46,576,955	30,320,284
Fixed deposits with licensed banks		26,553,914	22,661,789
		<u>84,172,811</u>	<u>64,510,503</u>
TOTAL ASSETS		<u>1,548,182,811</u>	<u>1,421,268,650</u>
LIABILITIES			
Non-current liabilities			
Deferred tax		124,511	-
Borrowing	B9	79,948,681	673,013,338
		<u>80,073,192</u>	<u>673,013,338</u>
Current Liabilities			
Other payables and accruals		19,656,401	17,562,375
Borrowings		647,902,985	11,682,472
Taxation		421,729	184,539
		<u>667,981,115</u>	<u>29,429,386</u>
TOTAL LIABILITIES		<u>748,054,308</u>	<u>702,442,724</u>
NET ASSETS VALUE		<u>800,128,504</u>	<u>718,825,926</u>
REPRESENTED BY:			
Unitholders' capital		682,682,499	627,174,319
Undistributed income		121,710,541	95,776,391
Foreign exchange translation reserve		(4,264,536)	(4,124,784)
TOTAL UNITHOLDERS' FUND		<u>800,128,504</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)			
- Before income distribution		1.1492	1.1239
- After income distribution (Note 1)		1.1038	1.0987

Note 1 - Being Net Asset Value per unit after reflecting realised income to be distributed as 2012 final income distribution of 4.54 sen per unit payable on 28 February 2013.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
IN NET ASSETS VALUE
For the Fourth Quarter Ended 31 December 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 year ended 31 Dec 2012				
Net income for the period	-	62,902,190	(139,752)	62,762,438
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	62,902,190	(139,752)	62,762,438
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 31 Dec 2012	682,682,499	121,710,541	(4,264,536)	800,128,504

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 Fourth Quarter Ended 31 December 2012

	To Date	
	31-12-2012	31-12-2011
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	64,289,126	85,894,522
Adjustment for:		
Profit sharing expenses on Islamic financing	38,904,109	29,737,729
Gain on fair value adjustment of investment properties	(10,751,853)	(38,749,262)
Investment revenue	(688,073)	(563,065)
Operating profit before working capital changes	<u>91,753,309</u>	<u>76,319,924</u>
Decrease in receivables and prepayments	486,487	426,324
Increase in other payables and accruals	<u>2,094,026</u>	<u>2,104,183</u>
Cash generated from operations	94,333,822	78,850,431
Taxes paid	<u>(1,025,235)</u>	<u>(564,577)</u>
Net cash generated from operating activities	<u>93,308,588</u>	<u>78,285,854</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	688,073	563,065
Purchase of investment properties	<u>(40,991,820)</u>	<u>(147,118,442)</u>
Net cash used in investing activities	<u>(40,303,747)</u>	<u>(146,555,377)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(36,968,040)	(49,140,145)
Profit sharing expenses on Islamic financing paid	(37,989,989)	(27,997,866)
Payment of borrowing	(11,682,472)	(11,684,866)
Proceeds from issuance of long term Islamic financing	<u>53,924,208</u>	<u>167,631,153</u>
Net cash (used in)/generated from financing activities	<u>(32,716,293)</u>	<u>78,808,276</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	20,288,548	10,538,753
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(139,752)	(4,124,785)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>52,982,073</u>	<u>46,568,105</u>
	<u>73,130,869</u>	<u>52,982,073</u>

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 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

There were no income distribution being declared or paid during the current quarter.

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-five (25) 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 RM10,751,853 and has been incorporated into the financial statements of Al-Aqar Healthcare REIT as at 31 December 2012. The details of the said revaluation carried out are tabled as follows:

Description of Property	Location	Date of Valuation	2012
			Fair Value RM
KPJ Ampang Puteri Specialist Hospital	Ampang	31-Dec-12	130,000,000
Damansara Specialist Hospital	Damansara	31-Dec-12	113,100,000
KPJ Johor Specialist Hospital	Johor Bahru	31-Dec-12	111,300,000
KPJ Ipoh Specialist Hospital	Ipoh	31-Dec-12	70,200,000
Puteri Specialist Hospital	Johor Bahru	31-Dec-12	39,300,000
KPJ Selangor Specialist Hospital	Shah Alam	31-Dec-12	62,600,000
Kedah Medical Centre	Alor Setar	31-Dec-12	50,000,000
KPJ Perdana Specialist Hospital	Kota Bharu	31-Dec-12	44,400,000
Kuantan Specialist Hospital	Kuantan	31-Dec-12	20,600,000
Sentosa Medical Centre	Kuala Lumpur	31-Dec-12	27,000,000
KPJ Kajang Specialist Hospital	Kajang	31-Dec-12	44,300,000
Taiping Medical Centre	Taiping	31-Dec-12	9,560,000
Damai Specialist Hospital	Kota Kinabalu	31-Dec-12	14,900,000
KPJ College Bukit Mertajam	Bukit Mertajam	31-Dec-12	15,900,000
Tawakal Health Centre	Kuala Lumpur	31-Dec-12	42,800,000
Selesa Tower	Johor Bahru	31-Dec-12	99,850,000
KPJ Healthcare Universiti College, Nilai	Seremban	31-Dec-12	18,700,000
KPJ Seremban Specialist Hospital	Seremban	31-Dec-12	58,400,000
KPJ Penang Specialist Hospital	Bukit Mertajam	31-Dec-12	61,500,000
KPJ Tawakkal Specialist Hospital	Kuala Lumpur	31-Dec-12	117,500,000
KPJ Klang Specialist Hospital	Klang	31-Dec-12	93,800,000
Kluang Utama Specialist Hospital	Kluang	31-Dec-12	4,000,000
Rumah Sakit Bumi Serpong Damai	Tangerang	31-Dec-12	51,600,000
Rumah Sakit Medika Permata Hijau	Jakarta	31-Dec-12	21,700,000
Jeta Garden Aged Care Facility and Retirement Village	Queensland	31-Dec-12	141,000,000
Total			<u>1,464,010,000</u>

A10. SUBSEQUENT MATERIAL EVENTS

- (a) Al-'Aqar has declared a final distribution of 4.54 sen per unit for the financial year ended 31 December 2012 on 23 January 2013. This distribution will be paid on 28 February 2013.
- (b) Subsequent to the financial year, the Group has redeemed its RM300 million Sukuk Programme, issued by its Special-Purpose Vehicle company, Al-'Aqar Capital Sdn Bhd, which comprise of RM268 million Islamic Medium Term Note ("IMTN") and RM12 million Islamic Commercial Paper ("ICP") on 6 February 2013 and 22 February 2013 respectively.

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 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 RM97.7 million for the 12 months period ended 31 December 2012 represented an increase of RM18.6 million or 23.5% from RM79.1 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 19.0 million (or 19.5%) of rental income recorded for the period under review.

Al-'Aqar Healthcare REIT's realised profit after taxation for the same period stood at RM52.1 million, which is RM5.8 million or 12.52% higher than previous corresponding period's of RM46.3 million. The increase was due to additional rental income as mentioned above.

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

	Current Quarter ended 31.12.2012 RM	Immediate Preceding Quarter ended 30.9.2012 RM
Profit before tax	23,305,856	14,340,605

Al-'Aqar Group recorded higher profit before tax of RM23.3 million for the current quarter as compared to the immediate preceding quarter of RM14.3 million mainly due to RM10.7 million gain on fair value adjustment recognised in the current quarter.

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.

Performance of the Al-'Aqar Healthcare REIT is expected to be satisfactory in 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	
	31-12-2012	31-12-2011	31-12-2012	31-12-2011
	RM	RM	RM	RM
Tax expense	1,386,936	779,421	-	-

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 has been approved by the shareholders of KPJ at the EGM on 29 November 2012.

B9. BORROWINGS

	The Group	
	As at 31-12-2012 RM'000	As at 31-12-2011 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	11,924	11,682
Sukuk Ijarah - IMTN	268,483	-
Ijarah Muntahiah Bitamlik	249,496	-
Ijarah Muntahiah Tawarruq	110,000	-
Bai Bitamin Ajil	8,000	-
	<u>647,903</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 31-12-2012	Immediate Preceding Quarter ended 30-09-2012
Number of units in issue (units)	696,226,468	696,226,468
Earning per unit (EPU) - sen	3.30	2.05
Net income distribution to unitholders (RM'000)	-	-
Distribution per unit (DPU) - sen	-	-
Net Asset Value (NAV) - RM'000	800,129	777,200
NAV per unit (RM)	1.15	1.12
Market Value Per Unit (RM)	1.29	1.45

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