

AL-HADHARAH BOUSTEAD REIT
UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

For the quarter ended 30 September 2013	Current period		Cumulative period	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Rental income				
- fixed	16,825	17,300	50,477	51,899
- performance-based (unrealised)	108	7,500	1,092	21,700
	16,933	24,800	51,569	73,599
Plantation operating expenses	(498)	(455)	(1,452)	(1,330)
Net rental income	16,435	24,345	50,117	72,269
Dividend income	21	57	185	151
Profit earned from deposits	92	103	187	213
Net realised gain on disposal of investment in quoted Shariah-compliant securities	786	172	1,165	294
	17,334	24,677	51,654	72,927
Fees to:				
Manager	(571)	(764)	(1,714)	(2,231)
Trustee	(57)	(58)	(169)	(169)
Auditors	(5)	(6)	(15)	(19)
Tax agent	(1)	(2)	(5)	(5)
Shariah adviser	(3)	(3)	(11)	(11)
Profit sharing expenses on financing	(2,436)	(2,449)	(7,309)	(7,225)
Other expenses	(117)	(78)	(314)	(248)
	14,144	21,317	42,117	63,019
Unrealised gain/(loss) on valuation of investment in quoted Shariah-compliant securities	(664)	(1,005)	-	718
Unrealised fair value gain on investment properties	6,148	-	6,148	-
Profit before taxation	19,628	20,312	48,265	63,737
Taxation	-	-	-	-
Net profit, representing total comprehensive income for the period	19,628	20,312	48,265	63,737
Total comprehensive income for the period is made up as follows:				
- realised	14,036	13,817	41,025	41,319
- unrealised	5,592	6,495	7,240	22,418
	19,628	20,312	48,265	63,737
Earnings per unit (sen):				
- realised	2.24	2.20	6.54	6.59
- unrealised	0.89	1.04	1.16	3.58
	3.13	3.24	7.70	10.17
Earnings per unit (sen):				
- after Manager's fee	3.13	3.24	7.70	10.17
- before Manager's fee	3.22	3.36	7.97	10.52
Distribution per unit (sen)	-	-	4.00	4.50

The Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the period ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

AL-HADHARAH BOUSTEAD REIT
UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013	Audited 31 December	
	2013 RM'000	2012 RM'000
ASSETS		
Non-current assets		
Investment properties	1,320,545	1,305,897
Current assets		
Investment in quoted Shariah-compliant securities	-	10,637
Receivables	7,326	20,339
Cash and bank balances	7,164	11,137
	14,490	42,113
TOTAL ASSETS	1,335,035	1,348,010
LIABILITIES		
Current liabilities		
Payables	10,653	12,325
Islamic financing facility	100,000	100,012
	110,653	112,337
Non Current liabilities		
Islamic financing facility	90,000	90,000
TOTAL LIABILITIES	200,653	202,337
NET ASSET VALUE	1,134,382	1,145,673
UNITHOLDERS' FUND		
Unitholders' capital	658,635	658,635
Undistributed profit	475,747	487,038
TOTAL UNITHOLDERS' FUND	1,134,382	1,145,673
UNITS IN CIRCULATION ('000)	626,905	626,905
NET ASSET VALUE (NAV) PER UNIT (RM)	1.8095	1.8275

The Unaudited Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the period ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

AL-HADHARAH BOUSTEAD REIT
UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

For the quarter ended 30 September 2013	Unitholders' capital	Undistributed profit		Unitholders' fund
	Realised	Unrealised		
	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	658,635	103,201	383,837	1,145,673
Total comprehensive income	-	41,025	7,240	48,265
Transfer from unrealised to realised	-	901	(901)	-
Distribution to unitholders	-	(59,556)	-	(59,556)
At 30 September 2013	658,635	85,571	390,176	1,134,382
At 1 January 2012	658,635	105,637	368,144	1,132,416
Total comprehensive income	-	41,319	22,418	63,737
Transfer from unrealised to realised	-	113	(113)	-
Distribution to unitholders	-	(78,363)	-	(78,363)
At 30 September 2012	658,635	68,706	390,449	1,117,790

The Unaudited Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the period ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

AL-HADHARAH BOUSTEAD REIT
UNAUDITED STATEMENT OF CASH FLOWS

For the quarter ended 30 September 2013

	2013	2012
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	65,110	78,715
Cash paid to suppliers	(4,542)	(2,784)
Net cash from operating activities	60,568	75,931
INVESTING ACTIVITIES		
Purchase and enhancement of investment properties	(9,821)	(11,945)
Purchase of quoted Shariah-compliant securities	-	(2,860)
Proceeds from disposal of quoted Shariah-compliant securities	11,769	3,426
Profit earned from Shariah-based deposits	173	199
Net dividends received	187	152
Net cash used in investing activities	2,308	(11,028)
FINANCING ACTIVITIES		
Drawdown of Shariah-compliant financing facility	-	5,000
Profit sharing expenses on financing paid	(7,281)	(7,200)
Distributions paid	(59,556)	(78,363)
Net cash used in financing activities	(66,837)	(80,563)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,961)	(15,660)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,125	14,532
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,164	(1,128)
Cash and cash equivalents at end of year comprise:		
Cash and bank balances	17	41
Shariah-based deposits with financial institution	7,147	3,135
Islamic financing - Cash line-i	-	(4,304)
Cash and cash equivalents at end of year	7,164	(1,128)

The Unaudited Condensed Statement of Cash Flow should be read in conjunction with the audited financial statements for the period ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

AL-HADHARAH BOUSTEAD REIT

Notes to the Interim Financial Report for the Quarter Ended 30 September 2013

Part A - Explanation Notes Pursuant to Malaysian Financial Reporting Standards (MFRS) 134

A1 Basis of Preparation

The condensed interim financial statements have been prepared in accordance with MFRS134: Interim Financial Reporting and paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Condensed interim financial statements also comply with IAS34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The accounting policies and methods of computation used in the preparation of the quarterly financial statements are consistent with those adopted in the preparation of the audited financial statements of the Fund for the year ended 31 December 2012.

A2 Audit Report of Preceding Financial Year Ended 31 December 2012

The audit report of the preceding audited financial statements was not qualified.

A3 Seasonality or Cyclicity of Operations

The business operations of the Fund are not materially affected by any seasonal or cyclical factors.

A4 Unusual Items

There were no unusual items to be disclosed for the current quarter.

A5 Changes in Estimates

There were no material changes in estimates of amounts previously reported.

A6 Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the quarter under review.

A7 Income Distributed

- (i) Final distribution for the financial year ended 31 December 2012 amounting to RM34,479,748 or 5.5 sen per unit was paid on 28 February 2013.
- (ii) Interim distribution for the first half of the financial year ending 31 December 2013 of 4.0 sen per unit, amounting to RM25,076,180 was paid on 30 August 2013.

A8 Segmental Information

This is not applicable.

A9 Valuation of Investment Properties

The revaluation of investment properties in compliance with FRS 140 contributed a fair value gain of RM6.1 million. The fair value gain recognised in the Income Statement in the period under review is unrealised and not available for distribution.

A10 Material Events

There were no material events as at the latest practicable date from the date of this report.

A11 Changes in Composition of The Fund

There was no change in the composition of the fund size for the period under review.

AL-HADHARAH BOUSTEAD REIT

Notes to the Interim Financial Report for the Quarter Ended 30 September 2013

A13 Contingent Liabilities and Contingent Assets

No contingent liabilities or contingent assets have arisen since the financial year-end.

A14 Financial Risk Management

All aspects of the Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2012.

Part B - Additional Information Pursuant to Paragraph 9.44 of of the Listing Requirements of Bursa Malaysia Securities Berhad

B1 Performance Review

Al-Hadharah Boustead REIT posted an unaudited profit after tax (PAT) of RM19.6 million for the current quarter, comparable with the same period of last year. However, the PAT was inclusive of an unrealised fair value gain on investment properties amounting to RM6.1 million which was nil in the corresponding period of last year.

For the 9 months period ended 30 September 2013, the Fund recorded a revenue of RM51.6 million (2012: RM73.6 million). Fixed rental income was slightly lower under the new Ijarah agreements effective from 1 January 2013. Performance-based profit sharing however was significantly lower at RM1.1 million (2012: RM21.7 million) given the drop in CPO prices during the period. As a result, realised profit for the period was RM42.1 million, 33% lower than RM63.0 million recorded last year. The inclusion of unrealised fair value gain on valuation of investment properties of RM6.1 million helped to mitigate the decline in PAT to RM48.3 million (2012: RM63.7 million).

The unit price closed at RM2.04 per unit on 30 September 2013 while NAV at the end of the period stood at RM1.81 per unit.

B2 Material Changes in Profit After Taxation for the Quarter Compared With the Immediate Preceding Quarter

	Current Quarter 30.9.2013 RM'000	Preceding Quarter 30.6.2013 RM'000
Revenue	16,933	17,384
Profit after taxation	19,628	14,769

Revenue recorded in the current quarter was lower than the preceding quarter, with lower accrual of performance-based profit sharing. However, profit after taxation was higher, due to the inclusion of unrealised fair value gain on investment properties in the current quarter.

B3 Prospects

The performance of the Fund in the fourth quarter of 2013 is expected to be flat, as CPO price continues to succumb to high palm oil production and the overall weak sentiment in the economies of major importing countries.

B4 Variance of Profit Forecast or Profit Guarantee

This is not applicable.

B5 Taxation

Pursuant to S.61A of the Income Tax Act 1967, the Fund is expected to be exempted from income tax on all its income as the Fund intends to distribute at least 90% of its taxable profit to unitholders within 2 months from the end of the financial year.

AL-HADHARAH BOUSTEAD REIT**Notes to the Interim Financial Report for the Quarter Ended 30 September 2013****B6 Unquoted Investments in Securities or Properties**

The Fund does not have any unquoted investments in securities or properties.

B7 Quoted Investment in Securities

	Current Period 2013 RM'000	Cumulative Period 2013 RM'000
<u>Purchases and disposals:</u>		
Total purchase consideration	-	-
Total sale proceeds	9,423	11,803
Total profit on disposal	786	1,165
<u>Investments as at 30 September 2013:</u>		
At cost		RM'000 Nil
At carrying value/book value		Nil
At market value		Nil

B8 Corporate Developments

On 16 July 2013, the Board of Directors of Boustead REIT Managers Sdn Bhd ("Manager") received a letter ("SUR Proposal Letter") from Boustead Plantations Berhad ("BPB"), a major unitholder of the Fund, requesting the Manager to undertake the proposed conversion of the Fund to a private property trust by way of the following:

- (i) Proposed amendments to the Trust Deed dated 11 December 2006, which was amended and restated on 3 September 2009;
 - (ii) Proposed selective unit redemption exercise; and
 - (iii) Proposed special dividend;
- (collectively referred to as the "Proposals").

Following the receipt of the SUR Proposal Letter, the Board of Directors of the Manager, save for the Interested Directors, had on 30 July 2013 deliberated on the contents of the SUR Proposal Letter and had resolved to present the Proposals to the Fund's unitholders for their consideration.

The Proposals are subject to inter-alia the approvals being obtained from the unitholders of the Fund, shareholders of Boustead Holdings Berhad, being the holding company of BPB, the Securities Commission Malaysia ("SC") and Bursa Malaysia Securities Berhad ("Bursa Securities"). The relevant applications in relation to the Proposals have been submitted to the SC and Bursa Securities on 13 September 2013. If the Proposals are undertaken and implemented, the Fund will become a private property trust with BPB being its sole beneficiary upon completion of the Proposals.

B9 Financing/Borrowings and Debt Securities

	30.09.2013 RM'000	30.09.2012 RM'000
<u>Non-current:</u>		
Term financing-i	<u>90,000</u>	<u>90,000</u>
<u>Current:</u>		
Revolving credit-i	<u>100,000</u>	<u>95,000</u>
	<u>100,000</u>	<u>95,000</u>

AL-HADHARAH BOUSTEAD REIT

Notes to the Interim Financial Report for the Quarter Ended 30 September 2013

B10 Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 4 November 2013.

B11 Material Litigation

There was no litigation as at 4 November 2013.

B12 Income Distribution

No distribution has been declared for the quarter under review.

B13 Earnings per unit

	Current Period		Cumulative Period	
	2013	2012	2013	2012
Net profit for the period (RM'000)	19,628	20,312	48,265	63,737
Weighted average number of units in issue ('000)	626,905	626,905	626,905	626,905
Basic earnings per unit (sen)	3.13	3.24	7.70	10.17
Distributions per unit (sen)	-	-	4.00	4.50

By Order of the Board

SUZANA BINTI AHMAD (BAR COUNCIL NO. BC/S/356)

CHAN YOKE PENG (MAICSA NO. 7053966)

Company Secretaries

Boustead REIT Managers Sdn Bhd (90953-K)

As the Manager of Al-Hadharah Boustead REIT

Kuala Lumpur

4 November 2013