

Annual Report
Al-'Aqar Healthcare REIT

2013



Pioneering A Difference



AL-'AQAR HEALTHCARE REIT



Cover Rationale



Al-'Aqar Healthcare REIT stands out amongst the REIT players, being the first Islamic REIT in the world and the first healthcare REIT in Asia

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/01

In A Nutshell

- Snapshot
- 2013 Highlights
- Corporate Profile
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- Trust Structure
- Salient Features
- Corporate Milestones
- Awards & Achievements
- Financial Calendar

KPJ Klang Specialist Hospital - premier room



Innovation distinguishes between a
leader and a follower –
Steve Jobs, Apple founder



SNAPSHOT

1st
ISLAMIC REIT
IN THE WORLD

NO. OF ASSETS

25

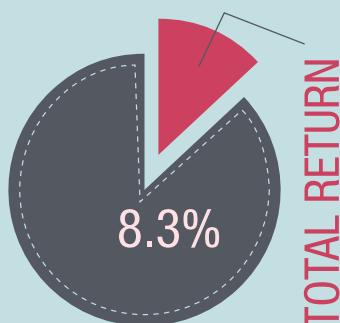
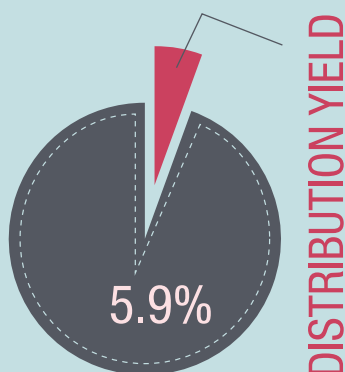


PROPERTY VALUE
RM1.48
BILLION

MARKET CAPITALISATION

RM925.98
MILLION

DPU **7.85**SEN



GROSS REVENUE

RM107
MILLION

OCCUPANCY RATE

100%

NET PROPERTY INCOME

RM101 MILLION

2013 Highlights

2013 HIGHLIGHTS

	GROUP			FUND		
	2013 (RM'000)	2012 (RM'000)	Variance %	2013 (RM'000)	2012 (RM'000)	Variance %
Gross revenue	107,419	103,398	3.9	88,763	84,603	4.9
Net property income	101,285	97,716	3.7	82,844	79,160	4.7
Income before tax	75,825	64,289	17.9	73,726	62,527	17.9
Net income after tax	73,311	62,902	16.5	73,726	62,527	17.9
Earnings per unit (sen)	10.89	9.61	13.3	10.59	9.35	13.3
Investment properties	1,483,685	1,464,010	1.3	1,268,600	1,249,710	1.5
Total asset value	1,568,909	1,548,183	1.3	1,547,170	1,531,361	1.0
Net asset value	814,894	800,129	1.8	818,612	803,369	1.9
NAV per unit - before distribution (RM)	1.1704	1.1492	1.8	1.1758	1.1539	1.9
NAV per unit - after distribution (RM)	1.1305	1.1038	2.4	1.1359	1.1085	2.5
Market capitalisation	-	-	-	925,981	898,132	3.1
Distribution per unit (sen)	-	-	-	7.85	7.80	0.6
Annualised distribution yield (%)	-	-	-	5.90	6.05	(2.5)

SEGMENTAL PERFORMANCE

	Property Value	Revenue	Net Property Income
MALAYSIA	85.5%	82.6%	81.8%
INDONESIA	4.9%	6.8%	7.1%
AUSTRALIA	9.6%	10.6%	11.1%



Corporate Profile



KPJ Johor Specialist Hospital - premier room

Al-'Aqar Healthcare REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 August 2006. Al-'Aqar Healthcare REIT has set many milestones, amongst others, the world's first listed Islamic REIT, Asia's first Islamic Healthcare REIT and a benchmark for the development of Islamic REITs in Malaysia, as well as in the region. As at 31 December 2013, Al-'Aqar Healthcare REIT asset size stood at RM1.48 billion with a market capitalisation of RM926 million.

Al-'Aqar Healthcare REIT is supported by KPJ Healthcare Berhad. KPJ Healthcare Berhad is currently a leading private healthcare providers in Malaysia with a market capitalisation of RM3.98 billion as at 31 December 2013 and ranked amongst the top

100 largest public companies listed on Bursa Malaysia Securities Berhad. Al-'Aqar Healthcare REIT is managed by Damansara REIT Managers Sdn Berhad ("DRMSB"), a wholly-owned subsidiary of Johor Corporation. Al-'Aqar Healthcare REIT was established with an initial portfolio of 6 assets and has since grown to 25 assets comprising 21 hospitals and 4 healthcare related properties spanning across Malaysia, Indonesia and Australia.

Al-'Aqar Healthcare REIT's key investment objective is to provide unitholders with stable distributions per unit with the potential for sustainable long-term growth of such distributions and the net asset value (NAV) per unit.

Corporate Information

Manager

DAMANSARA REIT MANAGERS SDN BERHAD

(717704-V)

Registered Office

Suite 12B, Level 12, Menara Ansar

No. 65 Jalan Trus

80000 Johor Bahru, Johor Darul Takzim

Tel : (+607) - 226 7692 / 226 7670 / 226 7471

Fax : (+607) - 222 3044

Principal Place of Business

Lot G 12-14, Level 5

Block G (North), Pusat Bandar Damansara

50490 Kuala Lumpur

Tel : (+603) 2095 3252 / 2095 2626

Fax : (+603) 2092 2692

Syariah Committee Member

Dato' Haji Nooh bin Gadot

Professor. Madya Dr. Ab Halim bin Muhammad

Datuk Haji Md Hashim bin Haji Yahaya
(Resigned on 10 June 2013)

Professor Dr. Mohamad @ Md. Som bin Sujimon (Appointed on 10 June 2013)

Company Secretary

Hana binti Ab Rahim
@ Ali
(MAICSA 7064336)

Rohaya binti Jaafar
(LS 0008376)

Board of Directors

Non-Independent Non-Executive Chairman

Dato' Kamaruzzaman bin Abu Kassim

Non-Independent Director / Managing Director

Yusaini bin Hj. Sidek

Non-Independent Non-Executive Directors

Datin Paduka Siti Sa'diah binti Sheikh Bakir

Lukman bin Abu Bakar

Jamaludin bin Md Ali

Mohd Yusof bin Ahmad (Appointed on
30 January 2014)

Independent Non-Executive Directors

Dr. Mohd Hafetz bin Ahmad

Zainah binti Mustafa

Dato' Mani a/l Usilappan

Maintenance Manager

HEALTHCARE TECHNICAL SERVICES

SDN BHD (342111-A)

Mezzanine Floor, PharmaCare Building

129, Jalan Pahang Barat

53000 Kuala Lumpur

Tel : (+603) 4021 2331

Fax : (+603) 4021 2337

**IM GLOBAL PROPERTY
CONSULTANTS SDN BHD**

(701223-X)

Board Registration: (VE(1)0253)

No. 47-2, Second Floor, Wisma IMG

Jalan 3/76D, Desa Pandan

55100 Kuala Lumpur

Tel : (+603) 9284 8884

Fax : (+603) 9281 1884

Email : info@img.com.my

Website: www.img.com.my

HEALTH FACILITY SERVICES PTY LTD

(AUSTRALIAN CO. NO. 115 728 384)

25, Clarendon Avenue,

Bethania Qld 4205, Australia

Tel : +61 7 3200 7188 / 3299 9256

(Direct)

Fax : +61 7 3200 7100

Auditor

ERNST & YOUNG (AF: 0039)

Level 23A, Menara Milenium,

Jalan Damanlela,

Pusat Bandar Damansara

50490 Kuala Lumpur.

Tel : (+603) 7495 8000

Fax : (+603) 2095 5332 /
9076 / 9078

Website: www.ey.com

Management Team

Yusaini bin Hj. Sidek
Managing Director &
Chief Executive Officer

Shahril Zairis bin Ramli
Deputy General Manager

Suhaimi bin Saad
Head of Operation

Muhammad Ikhwan bin Muhammad Hanapi
Accountant

Sahrin bin Munir
Senior Executive Business Development
& Investor Relations

Trustee

AMANAHRAYA TRUSTEES BERHAD

(766894-T)
Tingkat 2, Wisma TAS
No. 21 Jalan Melaka
50100 Kuala Lumpur
Tel : (+603) 2036 5003 / 2036 5129
Fax : (+603) 2072 0322
Email : art@arb.com.my
Website: www.artrustees.com.my

Solicitors

ABDUL RAMAN SAAD & ASSOCIATES

Advocates & Solicitors
Level 8, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur
Tel : (+603) 2032 2323
Fax : (+603) 2032 5775 / 5776
Email : arsakl@arsa.com.my
Website: www.arsa.com.my



Website

www.alaqar.com.my

Registrar

PRO CORPORATE MANAGEMENT SERVICES SDN BHD (349501-M)

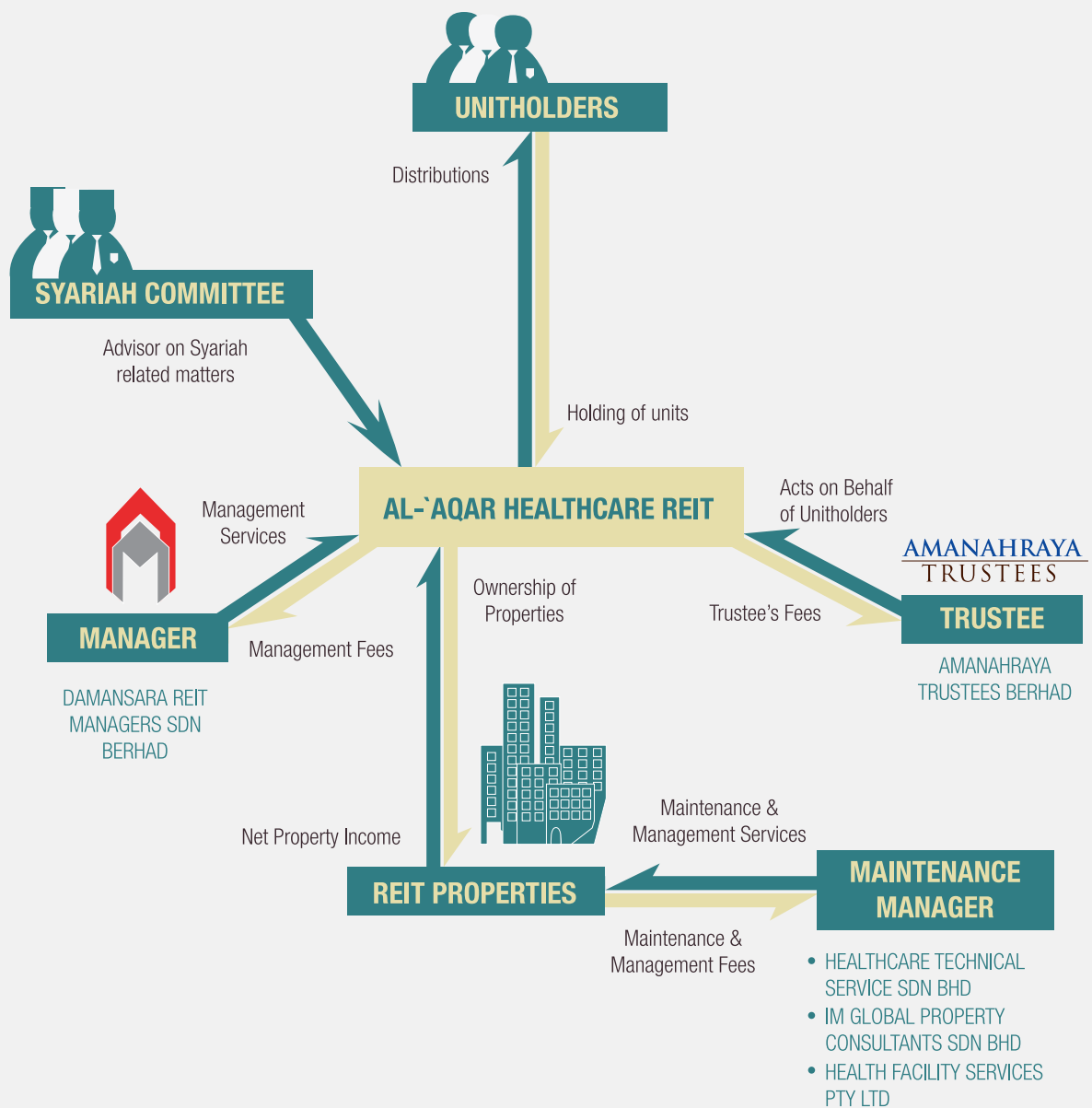
Suite 12B, Level 12, Menara Ansar
No. 65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim.
Tel : (+607) 226 7692 / 7670 / 4044 / 5044 / 6044
Fax : (+607) 222 3044
Email : infoprocorporate@jcorp.com.my

Independent Property Valuer CHESTON INTERNATIONAL (KL) SDN BHD (647245-W)

Suite 2A, 2nd Floor, Plaza Flamingo,
No. 2, Tasik Ampang, Jalan Hulu Kelang,
68000 Ampang, Selangor
Tel : (+603) 4251 2599
Fax : (+603) 4251 6599 / 4253 1393
Email : cikl@chestonint.com

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : ALAQAR
Stock Code : 5116



Structure of Al-'Aqar Healthcare REIT

Salient Features of Al-'Aqar Healthcare REIT

NAME OF FUND Al-'Aqar Healthcare REIT 	 PROPERTIES SIZE RMI, 483,684,618*
CATEGORY OF FUND Islamic healthcare real estate and healthcare related assets 	 DISTRIBUTABLE INCOME Up to 99.9% DISTRIBUTION PER UNIT Minimum 6.5 sen per annum
TYPE OF FUND Income and growth 	 RENTAL COLLECTION 100%
LISTING DATE 10 August 2006 	 OCCUPANCY RATE 100% (Tenanted by KPJ Healthcare Berhad)
LISTING Main Board of Bursa Malaysia 	 RENTAL REVIEW Every 3 years
STOCK NAME & CODE ALAQAR (5116) 	 LEASE TERM 15 years renewable for another 15 years
FUND SIZE 696,226,468 units * 	 BUSINESS OF TENANT – KPJ HEALTHCARE BERHAD Stable, resilient and almost recession proof

* As at 31 December 2013

CORPORATE MILESTONE

2006

10

August

Listing of Al-'Aqar KPJ REIT on Bursa Securities.

2007

12

March

Al-'Aqar KPJ REIT awarded "Deal of the Year Awards 2006", Islamic REITs Category by Islamic Finance News, at Shangri-la Hotel, Dubai.

28

March

Al-'Aqar KPJ REIT awarded "Deal of the Year Awards 2006", Islamic REITs Category by Islamic Finance News, at Sheraton Imperial Hotel, Kuala Lumpur.

7

January

Al-'Aqar Sukuk Ijarah Programme RM300 million awarded "Best Islamic REIT Deal in South East Asia" by Alpha Southeast Asia Magazine.

5

February

Al-'Aqar Capital Sdn Bhd, 100% subsidiary of Al-'Aqar KPJ REIT has won the award for "Most Innovative Deal" in the Euromoney Islamic Finance Awards 2008, at Royal Lancaster Hotel, London.



2009

12

February

Al-'Aqar Capital Sdn Bhd awarded the inaugural deal of the year awards in the Real Estate Deal of The Year category by the Islamic Finance News (IFN), at Mandarin Oriental Hotel, Kuala Lumpur.

13

February

Signing ceremony of the syndicated ijarah facility of up to RM250 million between Al-'Aqar KPJ REIT and AmInvestment Bank and Kuwait Finance House as joint lead arranger, at Bangunan AmBank Group, Kuala Lumpur.



26
June

Al-'Aqar Capital Sdn Bhd awarded the RAM League Awards 2009, Blueprint Awards, New Real Estate Benchmark Deal Category, at Mandarin Oriental Hotel, Kuala Lumpur.



2010

18
September

Announcement to Bursa Malaysia on intention of Al-'Aqar KPJ REIT to acquire Jeta Garden Aged Care Facility and Jeta Garden Retirement Living in Australia.

2011

19
August

Change of name from Al-'Aqar KPJ REIT to Al-'Aqar Healthcare REIT.

28
June

Al-'Aqar Healthcare REIT received "The Diamond EYE Award for Quality Commitment and Excellence" from Otherways Commitment and Consulting Association at Kempinski Hotel, Geneva, Switzerland.

2012

26
June

Announcement to Bursa Malaysia on completion of 4th acquisition exercise.

2013

26
April

1st Annual General Meeting (AGM) & Extraordinary General Meeting (EGM) of Al-'Aqar Healthcare REIT at Puteri Pacific Hotel, Johor Bahru.

6 **5**
May & Aug

Issuance of Sukuk Ijarah of RM655 million under the First Issue of the Islamic Medium Term Notes Programme Of Up To RM1.0 Billion In Nominal Value.

27
June

DRMSB granted Capital Markets Services License by Security Commission to carry on regulated activities specified under Capital Markets Services Act.

26
September

Yusaini Hj. Sidek, Managing Director of DRMSB was interviewed in BizMalaysia live programme at RTM1.



Awards & Achievements



IAIR
Awards
2014 *WINNER*
Best Company for Leadership



OTHERWAYS
INT'L RESEARCH & CONSULTANTS
BUSINESS MANAGEMENT CONSULTANTS

The Diamond Eye
Award for Quality
Commitment & Excellence
— 2011 —



RAM
League Awards
2009
BLUEPRINT AWARDS
NEW REAL ESTATE BENCHMARK DEAL



Islamic Finance news
Awards
Deals of the Year
— 2008 —
"Real Estate Deals
of the Year"



EUROMONEY
"Most Innovative Deal"
— 2007 —



Alpha
Southeast Asia
"Best Islamic REIT
Deal in South East Asia"
— 2007 —



Islamic Finance news
Awards
Deals of the Year
— 2006 —
"I-REIT Category"

FINANCIAL CALENDAR

2013

February

14

Date of entitlement to the final income distribution of 4.54 sen per unit for the financial year ended 31 December 2012

28

Date of payment of the final income distribution of 4.54 sen per unit for the financial year ended 31 December 2012

April

26

The inaugural Annual General Meeting and Extraordinary General Meeting of Al-'Aqar Healthcare REIT

May

21

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2013

August

28

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2013

October

4

Date of entitlement to the interim income distribution of 3.86 sen per unit for the financial year ended 31 December 2013

25

Date of payment of the interim income distribution of 3.86 sen per unit for the financial year ended 31 December 2013

November

27

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2013

/02 In Style

- Letter to Stakeholders
- 5 Year Financial Summary
- Trading Performance
- Unitholders' Statistics

KPJ Damansara Specialist Hospital - ward & radiotherapy





A person who never made a
mistake never tried anything new —
Albert Einstein, renowned Scientist

Letter to Stakeholders

“

On behalf of the Board of Directors, it gives us great pleasure to present the 8th Annual Report and the Audited Financial Statements of Al-'Aqar Healthcare REIT (“Al-'Aqar” or “The Fund”) and its subsidiaries (“Al-'Aqar Group” or “The Group”) for the financial year ended 31 December 2013.

”





KPJ Johor Specialist Hospital - premier room

STORMING THE WEATHER

2013 was another year of progress for Al-'Aqar, building further on the good performance in 2012. Despite a challenging economic environment, Al-'Aqar continued to show its resilience, delivering strong top and bottom line results.

Malaysian REITs ("M-REITs") has had its ups and downs in 2013, in view of the uncertainties of the political front, financial market and economic environment. The first half of 2013, in the wake of the 13th General Election, was the best period on record for M-REITs with most of them outperformed the FBM KLCI return as investors turned defensive and cautious towards the political uncertainty. The listing of Malaysia's first stapled REIT, KLCC REIT in May 2013 further supported the performance of M-REITs in the broader market as well as doubling the market capitalisation of M-REITs to approximately at RM38 billion in the year under review. However, M-REITs have been sold down in the latter

part of the year as investors shifted their preference to other sectors and investment instruments. The steady rise in yields for 10-year Malaysian Government Securities ("MGS"), which reached a high of 4.13% in August also attributed to the slight decline in performance of M-REITs in the second half of 2013.

Amidst the unfavourable environment, Al-'Aqar continued to strive by delivering another year of credible results akin to the performance in the last seven years. Since its inception in 2006, Al-'Aqar's reputation has been built on its ability to deliver good return consistently, at par with other big players in REIT industry. Al-'Aqar's commitment to provide its unitholders with continuous asset growth and better returns on investments are backed by the quality of underlying assets ranging from various spectrum of healthcare assets namely hospitals, nursing colleges and aged-care and retirement homes. The number of properties has since increased from six (6) properties to twenty-five (25)

Letter to Stakeholders



Jeta Gardens, Australia

properties in five acquisition exercises undertaken by the Manager while value of these properties has increased over 3 folds from RM486 million in 2006 to RM1.48 billion in year 2013.

Al-'Aqar is seen as the benchmark of the development of Islamic REITs in Malaysia as well as being among the pioneers of listed REIT in Malaysia. Al-'Aqar had truly made a difference by becoming the world's first listed Islamic REIT, Asia's first healthcare REIT, and a benchmark for the development of Islamic REITs in Malaysia, as well as in the region. Al-'Aqar is the only healthcare REIT in Malaysia, operates in niche area and industry that is resilient and recession proof. This year's theme for the annual report of 'Pioneering A Difference' reflected on Al-'Aqar's value proposition in offering unique healthcare deal and eventually cemented its position at the forefront of Islamic Finance.

CREDIBLE FINANCIAL PERFORMANCE

Al-'Aqar Group's total revenue for the year rose by 3.9% to RM107.4 million, compared to RM103.4 million in 2013. Net realised income of the Fund for the year stood at RM54.8 million this year, 4.2% higher compared to RM52.6 million last year. The improved performance was mainly due to full year rental received from KPJ Klang Specialist Hospital which was acquired in June 2012.

On another note, Al-'Aqar Group had recorded a fair value gain for its portfolio of investment properties amounting to RM19.7 million which demonstrated the strength of the properties that the Group invested in. With few more hospitals being acquired or developed by KPJ Healthcare Bhd, we see great opportunity to add those hospitals in the pipeline to our existing portfolio.

Over the years, the strong track record demonstrated by Al-'Aqar has garnered support from reputable institutional investors, both local and international. Institutional unitholdings stood at 96.3% of total units in issue as at 31 December 2013. In the midst of economic uncertainty, Al-'Aqar's unit price shown resilience and improved slightly, closed at RM1.33 at the end of 2013 compared to RM1.29 at the end of 2012. With a total market capitalisation of RM926 million, Al-'Aqar ranked among the top 10 REITs in Malaysia.

CONSISTENT DISTRIBUTION AND STABLE RETURNS

We are pleased to announce the final distribution of 3.99 sen per unit in respect of the financial year ended 31 December 2013, bringing the total distribution per unit ("DPU") in 2013 to 7.85 sen. This translates into

Letter to Stakeholders

a net distribution yield of 5.9% based on the unit price of RM1.33 per Al-'Aqar unit as at the end of 2013. The expected total payout of RM54.65 million represents approximately 99.7% of Al-'Aqar's distributable income for the financial year. The Manager endeavours to maintain a consistent income distribution payment policy that promotes a stable stream of return to unitholders.

In 2013, Al-'Aqar registered a total return of 8.3% which comprised of capital appreciation in unit price of 2.4% and distribution yield of 5.9%. Al-'Aqar had consistently delivered stable returns to its unitholders which clearly demonstrated its defensive qualities. For illustration, if a unitholder had bought 10,000 units of Al-'Aqar at RM1.00 per unit when it was listed in 2006 with an investment outlay of RM10,000 and held it to the end of 2013, he would have received gross distributions totalling RM15,731 and units worth RM13,300. This investment would have given the unitholder a total return of 90.3% for the 7-year period.

COMMITMENT TOWARDS ISLAMIC FINANCING

Being the first Islamic Healthcare REIT in the world, the structure and investment undertaken by Al-'Aqar has to be

implemented in accordance to Syariah principles. Al-'Aqar's commitment for the Islamic Financing is also aligned with the government's vision of bringing Malaysia to the forefront of the Islamic finance. Al-'Aqar Capital Sdn Bhd ("Al-'Aqar Capital") was setup as a special purpose vehicle to raise funds from the Islamic capital markets on behalf of Al-'Aqar by issuing Islamic securities via commercial real estate-backed transactions.

Al-'Aqar Capital had successfully completed the issuance of RM655 million in nominal value under Issue 1 of the RM1 billion Sukuk Ijarah programme. The entire RM655 million of five (5) years tenure was issued via the First Tranche of RM374 million on 6 May 2013 and the Second Tranche of RM281 million on 5 August 2013. The purpose of the new Sukuk Ijarah Programme was, amongst others, to refinance the then existing financial commitments, acquisitions of future assets as well as for the working capital. Based on the profit rates under Issue 1, the estimated blended yield is 4.77% per annum for the next 5 years as compared to the previous financing structure yield of 5.13% per annum. Given the current scenario of rising interest rates, Al-'Aqar will not be affected for the next 5 years should interest rate increase.

KPJ Damansara Specialist Hospital - children's ward



Letter to Stakeholders



KPJ Healthcare University College

POSITIVE OUTLOOK FOR AL-'AQAR HEALTHCARE REIT

Despite challenging economic environment, Al-'Aqar has consistently demonstrated its ability to succeed against this backdrop. The Manager sees exciting growth opportunities as healthcare industry is expected to remain steady and buoyant beyond the next decades. With few hospitals of KPJ Healthcare Bhd ("KPJ") in the development pipeline, the prospect of Al-'Aqar looks healthy and promising. Besides acquiring assets from KPJ, Al-'Aqar is also actively looking at yield accretive third party acquisitions either locally or abroad. The experience in cross-border deal acquisitions in Indonesia and Australia has increased the confidence of the Manager to

further explore such deals. The Manager has received a number of inquiries from abroad offering healthcare assets for acquisition by the Fund and accordingly, evaluation of the assets were carried out to ascertain the viability of the assets into the Fund's portfolio. The acquisition of the third party accretive assets would enable Al-'Aqar to be less reliant on KPJ.

On the REIT front, REITs with solid fundamentals and backed by sponsors with visible asset pipelines are expected to remain resilient. Given the scarcity of yield accretive healthcare assets, the Manager will continue searching for assets that provide attractive asset value and income growth prospects in our quest to deliver sustainable returns to the unitholders.



KPJ Healthcare University College - auditorium



Jeta Gardens by night

ACKNOWLEDGEMENTS

The success of Al-'Aqar Healthcare REIT is built around the continuous efforts of many parties. Allow me to express my gratitude to the fellow Board members for their wisdom and guidance throughout the year. I am also pleased to welcome Mohd Yusof bin Ahmad, who joined Al-'Aqar as the Non-Independent Non-Executive Director effective 30 January 2014, bringing on board deep knowledge and vast property skills and experiences.

I would also like to extend my heartiest appreciation to our unit holders, financiers, business associates, relevant authorities and all stakeholders of Al-'Aqar for their unwavering support and confidence throughout the year and special acknowledgement to KPJ Healthcare Bhd for being a supportive sponsor since the existence of Al-'Aqar in 2006. Appreciation also extends to the Management who have done an exceptional job in delivering consistent results over the years and for their hard work and dedication towards the Al-'Aqar Group.

I am also proud to announce to all stakeholders that Al-'Aqar has won the International Alternative Investment Review ("IAIR") Awards of the 4th annual edition for the Best Company for Leadership – Regional category. The prestigious award ceremony that was held on 28 February 2014 in Hong Kong is a continuous recognition and presented to Al-'Aqar for being the leader and pioneer as the first Islamic REIT in the world and the first healthcare REIT in Asia.

Finally, a special tribute to the leadership of Al-'Aqar for continuous innovation in creating and promoting this unique investment vehicle, right from its humble beginning in 2006. The audacity to explore into uncharted territory and succeed with aplomb is reminiscent of Al-'Aqar's achievement in 'Pioneering A Difference' in its league. I look forward to witnessing more milestones from Al-'Aqar in the years to come, and to continue working with the industry as it reaps further growth.

DATO' KAMARUZZAMAN ABU KASSIM
Chairman
Damansara REIT Managers Sdn Berhad

5 Year Financial Summary

	Group					
	2013	2012	2011	2010	2009	
Statement of Comprehensive Income (RM '000)						
Gross revenue	107,419	103,398	84,466	72,982	60,580	
Net property income	101,285	97,716	79,102	68,551	57,096	
Income before tax	75,825	64,289	85,894	45,266	54,248	
Net income after tax - realised	53,636	52,150	46,366	42,205	36,737	
- unrealised	19,612	10,612	34,624	2,615	16,959	
Earnings per unit (sen) - gross	10.89	9.61	14.67	8.19	11.22	
- net	10.53	9.40	14.54	8.11	11.10	
Management expense ratio (%)	0.26	0.27	0.29	0.22	0.19	
Portfolio turnover ratio (times)	-	0.13	0.32	0.24	0.55	
Statement of Financial Position (RM '000)						
Investment properties	1,483,685	1,464,010	1,356,758	1,104,936	961,500	
Total asset value	1,568,909	1,548,183	1,421,269	1,163,489	1,011,312	
Borrowings	732,414	727,852	684,696	527,835	436,411	
Net asset value (NAV)	814,894	800,129	718,826	621,021	540,455	
Units in circulation ('000)	696,226	696,226	639,586	580,167	518,367	
NAV per unit (RM)	1.17	1.15	1.12	1.07	1.04	
Gearing (%)	46.7	47.0	48.2	45.4	43.2	
Unit Information and Valuation						
Highest NAV during the year (RM)	1.18	1.16	1.12	1.07	1.05	
Lowest NAV during the year (RM)	1.09	1.08	1.02	1.04	1.03	
Highest traded price for the year (RM)	1.44	1.52	1.15	1.21	1.05	
Lowest traded price for the year (RM)	1.27	1.14	1.07	0.97	1.03	
Average total return (%)						
	1 year	8.3	3 years	12.2	5 years	16.3

KPJ Ampang Puteri Specialist Hospital - lobby



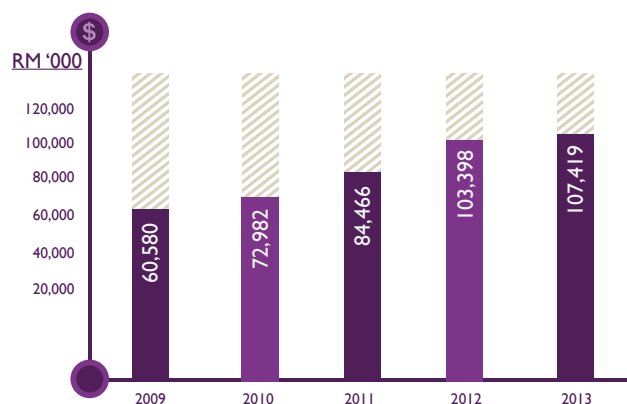
	Fund				
	2013	2012	2011	2010	2009
Statement of Comprehensive Income (RM '000)					
Gross revenue	88,763	84,603	79,589	72,982	60,580
Net property income	82,844	79,160	74,306	68,551	57,096
Income before tax	73,726	62,527	84,502	45,014	53,919
Net income after tax - realised	54,836	52,617	46,138	42,400	36,960
- unrealised	18,890	9,910	38,364	2,615	16,959
Earnings per unit (sen) - gross	10.59	9.35	14.43	8.14	11.15
- net	10.59	9.35	14.43	8.14	11.15
Management expense ratio (%)	0.26	0.27	0.29	0.22	0.19
Portfolio turnover ratio (times)	-	0.13	0.32	0.24	0.55
Statement of Financial Position (RM '000)					
Investment properties	1,268,600	1,249,710	1,143,300	1,104,936	961,500
Total asset value	1,547,170	1,531,361	1,405,900	1,145,657	994,451
Borrowings	717,428	713,882	670,827	514,530	424,646
Net asset value (NAV)	818,612	803,369	722,301	620,985	540,224
Units in circulation ('000)	696,226	696,226	639,586	580,167	518,367
NAV per unit (RM)	1.18	1.15	1.13	1.07	1.04
Gearing (%)	46.4	46.6	47.7	44.9	42.7
Unit Information and Valuation					
Opening unit price as at 2 Jan (RM)	1.30	1.15	1.12	0.98	0.87
Closing unit price as at 31 Dec (RM)	1.33	1.29	1.15	1.12	0.985
Market capitalisation (RM '000)	925,981	898,132	735,523	649,787	510,592
Distribution per unit (sen)	7.85	7.80	7.69	7.73	8.10
Annualised distribution yield (%)	5.90	6.05	6.69	6.90	8.22
Distribution payout ratio (%)	99.7	99.7	99.9	99.8	98.5
Annual total returns (%)	8.3	18.9	9.5	22.2	22.5



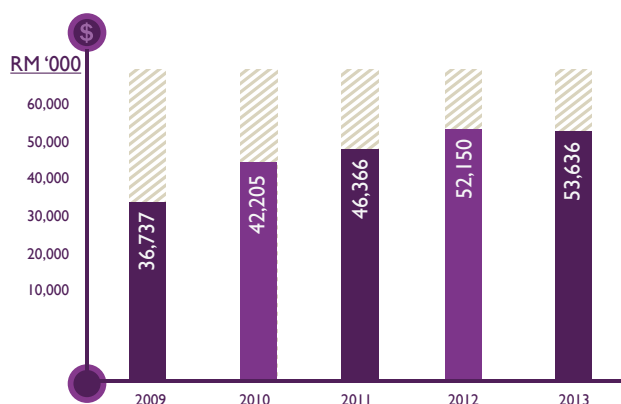
KPJ Tawakkal Specialist Hospital - lobby

5 Year Financial Summary

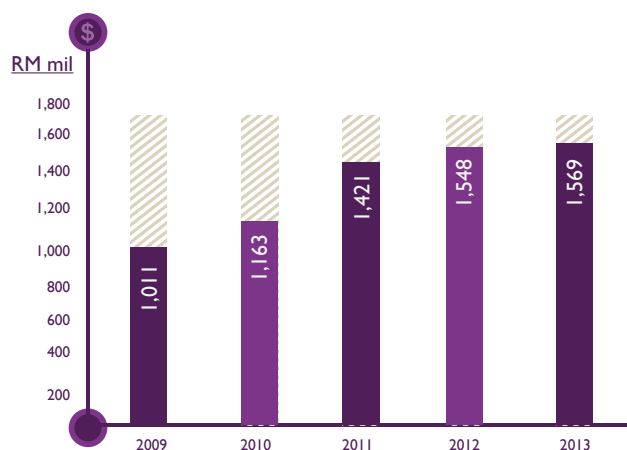
GROSS REVENUE



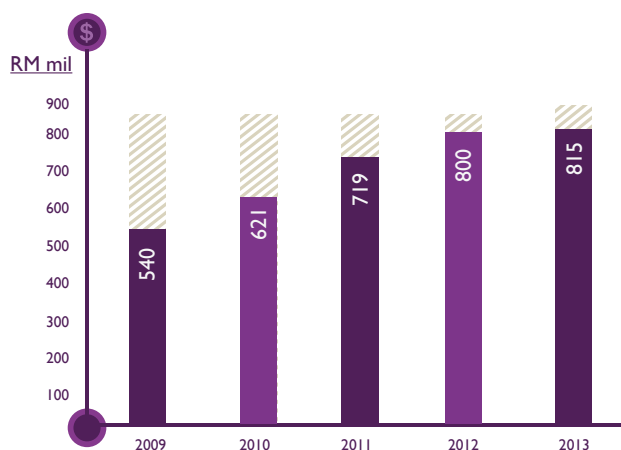
NET INCOME AFTER TAXATION (REALISED)



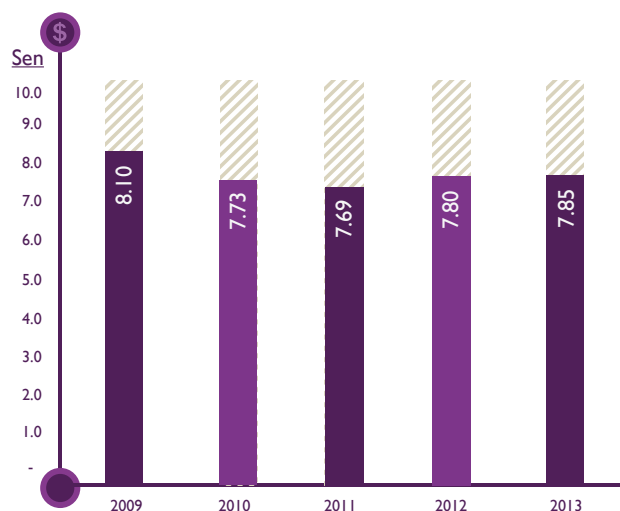
TOTAL ASSETS VALUE



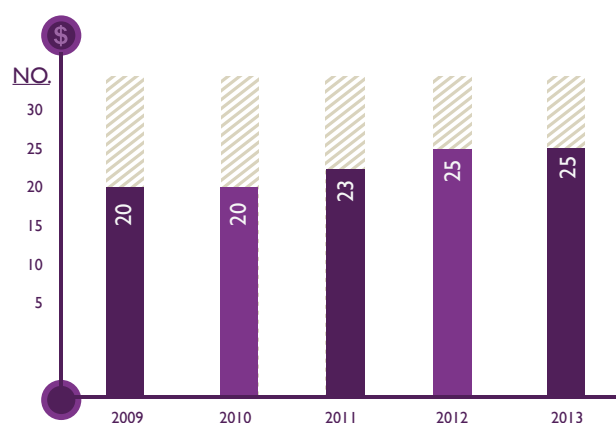
NET ASSETS VALUE



DISTRIBUTION (SEN/UNIT)



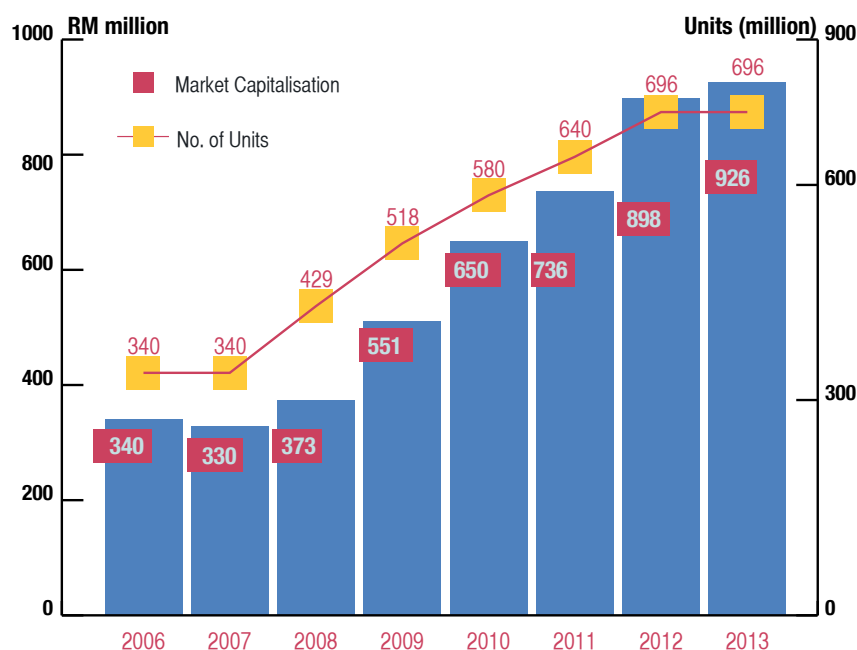
NO.OF ASSETS



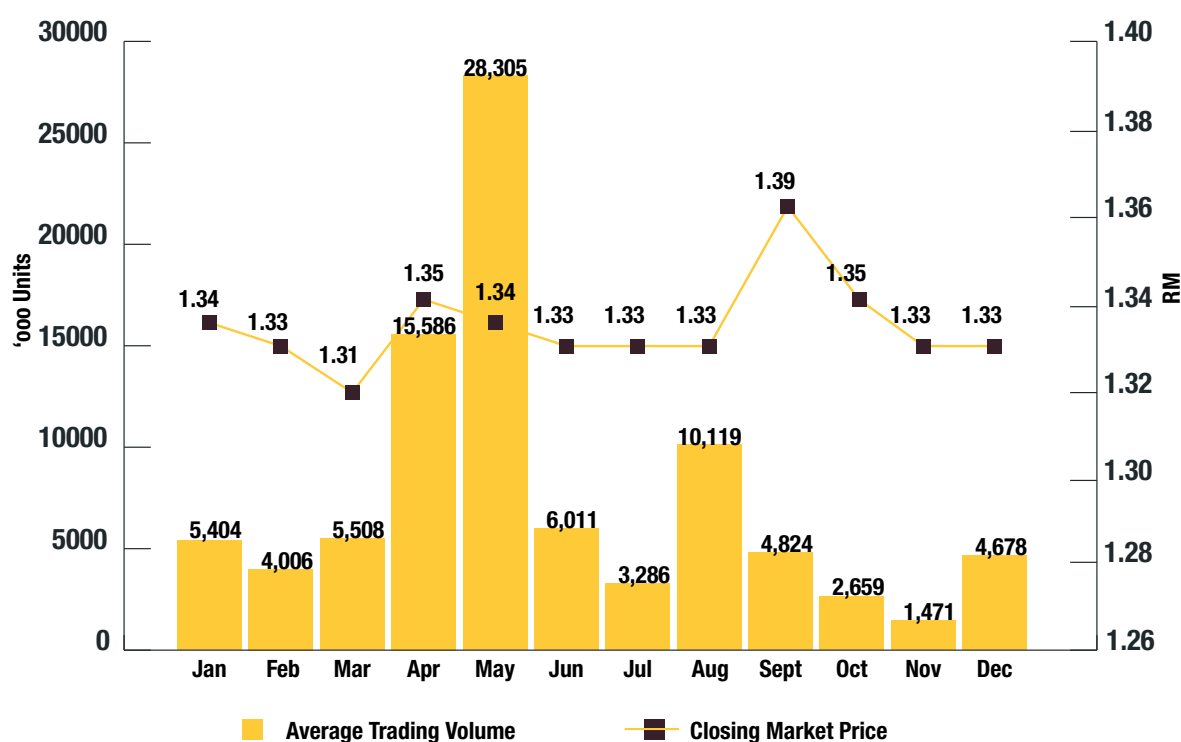


Trading Performance

MARKET CAPITALISATION AND UNITS IN CIRCULATION SINCE INCEPTION



MONTHLY TRADING PERFORMANCE

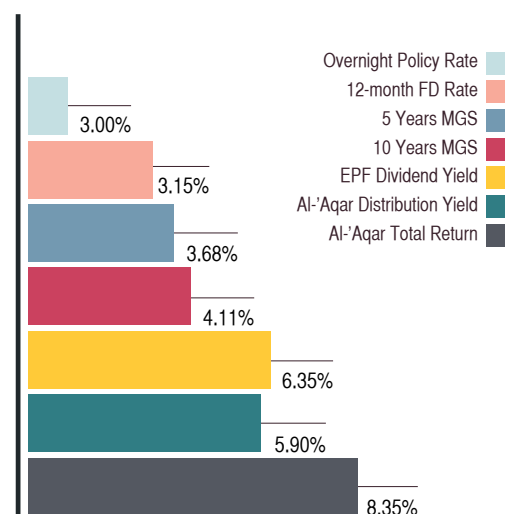
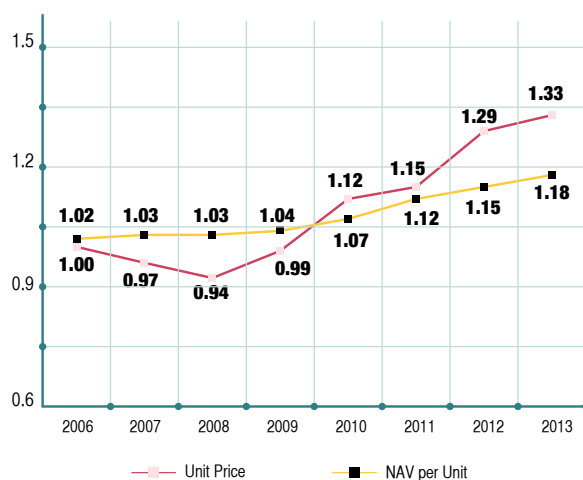


TRADING PERFORMANCE

	Lowest Traded Price (RM per unit)	Highest Traded Price (RM per unit)	Closing Market Price (RM per unit)	Average Trading Volume ('000 units)	Market Capitalisation (RM '000)
Jan	1.32	1.39	1.34	5,404	932,943
Feb	1.28	1.34	1.33	4,006	925,981
Mar	1.29	1.34	1.31	5,508	912,056
Apr	1.30	1.35	1.35	15,586	939,905
May	1.31	1.35	1.34	28,305	932,943
Jun	1.33	1.36	1.33	6,011	925,981
Jul	1.31	1.36	1.33	3,286	925,981
Aug	1.30	1.35	1.33	10,119	925,981
Sept	1.31	1.44	1.39	4,824	967,754
Oct	1.35	1.39	1.35	2,659	939,905
Nov	1.33	1.37	1.33	1,471	925,981
Dec	1.27	1.34	1.33	4,678	925,981

UNIT PRICE AND NAV PER UNIT SINCE INCEPTION

COMPARATIVE YIELD (AS AT 31 DECEMBER 2013)



Unitholders' Statistics

UNITHOLDERS' STATISTIC AS AT 31 DECEMBER 2013

Issued : 696,226,468 Units of RM1/= each
Fully Paid-Up Capital : RM 696,226,468

ANALYSIS OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
Less than 100	354	11.56	15,605	-
100 – 1000	1,089	35.55	530,704	0.08
1,001 – 10,000	1,010	32.98	4,720,830	0.68
10,001 – 100,000	428	13.97	14,549,487	2.09
100,001 to less than 5% of Issued Capital	177	5.78	423,750,086	60.86
5% and above of Issued Capital	5	0.16	252,659,756	36.29
TOTAL	3,063	100.00	696,226,468	100.00

TOP THIRTY SECURITIES ACCOUNT HOLDERS (AS PER RECORD OF DEPOSITORS)

(Without aggregating the securities from different securities accounts belonging to the same depositor)

Name	No. of Units	%
1 Kumpulan Wang Persaraan (Diperbadankan)	60,518,300	8.69
2 Pusat Pakar Tawakal Sdn Bhd	57,758,800	8.30
3 Lembaga Tabung Haji	50,241,656	7.22
4 Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141,000	7.06
5 HSBC Noms (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd	35,000,000	5.03
6 AmanahRaya Trustees Berhad - A/C Jeta Gardens (QLD) Pty Ltd	30,303,419	4.35
7 Seremban Specialist Hospital Sdn Bhd	23,731,000	3.41
8 Ampang Puteri Specialist Hospital Sdn Bhd	21,013,739	3.02
9 Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	20,492,618	2.94
10 Medical Associates Sdn Bhd	19,055,000	2.74
11 Waqaf An-Nur Corporation Berhad	18,199,870	2.61
12 AmanahRaya Trustees Berhad - A/C Amanah Saham Didik	17,723,090	2.55
13 Sentosa Medical Centre Sdn Bhd	15,653,000	2.25
14 Damansara Specialist Hospital Sdn Bhd	15,233,000	2.19
15 Kedah Medical Centre Sdn Bhd	15,000,000	2.15
16 Pusat Pakar Tawakal Sdn Bhd	13,631,000	1.96
17 Johor Specialist Hospital Sdn Bhd	12,203,000	1.75
18 Puteri Specialist Hospital (Johor) Sdn Bhd	12,000,000	1.72
19 Pusat Pakar Darul Naim Sdn Bhd	11,789,000	1.69
20 AmanahRaya Trustees Berhad - A/C Public Islamic Opportunities Fund	8,538,000	1.23
21 AmanahRaya Trustees Berhad - A/C Public Islamic Select Treasures Fund	8,414,572	1.21
22 Citigroup Noms (T) Sdn Bhd - A/C MCIS Zurich Insurance Berhad (Life Par FD)	6,170,394	0.89
23 Jeta Gardens (QLD) Pty Ltd	6,086,049	0.87
24 Maybank Noms (T) Sdn Bhd - A/C Exempt An For Maybank Asset Management Sdn Bhd (Islamic)	5,976,000	0.86
25 Maybank Noms (T) Sdn Bhd - A/C Etiqa Takaful Berhad (Family PRF EQ)	5,561,998	0.80
26 HSBC Noms (A) Sdn Bhd - A/C Exempt An for BNP Paribas Securities Services (Dublin USD)	5,538,762	0.80
27 HSBC Noms (T) Sdn Bhd - A/C HSBC (M) Trustee Bhd for MAAKL Al-Fauzan (5170)	5,500,800	0.79
28 PM Noms (Tempatan) Sdn Bhd - A/C For Bank Kerjasama Rakyat Malaysia Berhad	5,384,200	0.77
29 AmanahRaya Trustees Berhad - A/C PB Asia Real Estate Income Fund	5,329,200	0.77
30 Kuantan Specialist Hospital Sdn Bhd	5,000,000	0.72

SUBSTANTIAL UNITHOLDERS

Name	Direct		Indirect	
	No. of Units	%	No. of Units	%
Pusat Pakar Tawakal Sdn Bhd - 2 a/cs	71,389,800	10.25	-	-
Kumpulan Wang Persaraan (Diperbadankan)	60,518,300	8.69	816,800	0.12
Lembaga Tabung Haji	50,241,656	7.22	-	-
Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141,000	7.06	-	-
HSBC Noms (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd (355-300641-089)	35,000,000	5.03	-	-

ANALYSIS OF UNITHOLDERS

Name	Direct		Indirect	
	No. of Units	%	No. of Units	%
Malaysian - Bumiputra	905	29.55	541,917,868	77.84
- Others	2,071	67.61	136,191,151	19.56
Foreigners	87	2.84	18,117,449	2.60

UNIT ANALYSIS AS AT 31 DECEMBER 2013

As per record of depositors			BUMIPUTRA		NON - BUMIPUTRA		FOREIGN	
Name	Holder	Unit	Holder	Unit	Holder	Unit	Holder	Unit
Government Bodies	5	807,900	5	807,900	0	0	0	0
Finance	31	195,255,457	28	191,999,937	3	3,255,520	0	0
Investment Trust	6	192,500	5	22,500	1	170,000	0	0
Nominees	569	150,580,432	364	30,338,267	169	110,515,674	36	9,726,491
Companies	95	323,659,392	66	314,392,691	24	3,068,352	5	6,198,349
Clubs / Association	2	1,095,400	1	895,400	1	200,000	0	0
Co - Operatives	9	1,794,580	7	1,537,080	2	257,500	0	0
Individuals	2,346	22,840,807	429	1,924,093	1,871	18,724,105	46	2,192,609
Total	3,063	696,226,468	905	541,917,868	2,071	136,191,151	87	18,117,449
%	100.00%	100.00%	29.55%	77.84%	67.61%	19.56%	2.84%	2.60%

/03

In Good Hands

- Board of Directors' Profiles
- Syariah Committee's Profiles

*KPJ Damansara Specialist Hospital
- heart centre / oncology centre*

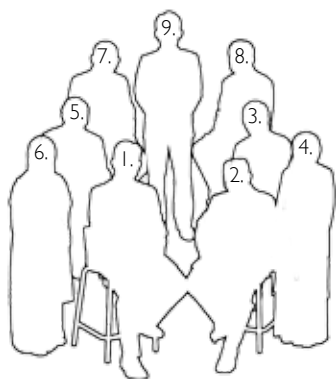




One is not born into the world to do everything but to do something –
Henry David Thoreau, American author



Board of Directors 2013



Chairman

1. DATO' KAMARUZZAMAN BIN ABU KASSIM

Board of Directors

2. YUSAINI BIN HJ. SIDEK
3. DR. MOHD HAFETZ BIN AHMAD
4. ZAINAH BINTI MUSTAFA
5. DATO' MANI A/L USILAPPAN
6. DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR
7. LUKMAN BIN HJ. ABU BAKAR
8. JAMALUDIN BIN MD ALI
9. MOHD YUSOF BIN AHMAD

Board of Director Profiles

DATO' KAMARUZZAMAN BIN ABU KASSIM

Malaysian, aged 50

Dato' Kamaruzzaman bin Abu Kassim, aged 50, is a Non Independent Non-Executive Director and the Chairman of Damansara REIT Managers Sdn Berhad ("DRMSB"). He was appointed to the Board of DRMSB as Director on 12 January 2007 and appointed as the Chairman on 12 January 2011. He graduated with a Bachelor of Commerce majoring in Accountancy from the University of Wollongong, New South Wales, Australia in 1987.

Dato' Kamaruzzaman embarked his career as an Audit Assistant with Messrs K.E Chan & Associates in May 1988 and later joined Messrs Pricewaterhouse Coopers (formerly known as Messrs Coopers & Lybrand) in 1989. In December 1992, he left the firm and joined Perbadanan Kemajuan Ekonomi Negeri Johor (currently known as Johor Corporation) as a Deputy Manager in the Corporate Finance Department and was later promoted to General Manager in 1999.

Dato' Kamaruzzaman is the President & Chief Executive of Johor Corporation with effect from 1 December 2010. Prior to that, he had served as the Chief Operating Officer of Johor Corporation beginning 1 August 2006 and later appointed as the Senior Vice President, Corporate Services & Finance of Johor Corporation beginning 1 January 2009.

Dato' Kamaruzzaman sits as the Chairman of Kulim (Malaysia) Berhad, KPJ Healthcare Berhad and Damansara Realty Berhad, companies under Johor Corporation Group listed on the Main Market of Bursa Malaysia Securities Berhad. He is also the Chairman of Johor Land Berhad and Waqaf An-Nur Corporation Berhad, an Islamic endowment institution which spearheads Johor Corporation's Corporate Social Responsibility programmes. In addition, he also sits as Chairman and/or Director of several other companies within Johor Corporation Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all four (4) Board Meetings of the DRMSB held during the financial year ended 31 December 2013.



Board of Director Profiles



YUSAINI BIN HJ. SIDEK

Malaysian, aged 46

Yusaini bin Hj. Sidek, aged 46, graduated with a Master of Business Administration, specialisation in International Business from University of Southern Queensland, Australia in 2010. He also obtained his Bachelor in Business Administration from Universiti Kebangsaan Malaysia in 1999 and a Diploma In Valuation in 1989 from Universiti Teknologi Malaysia.

He has vast experience in the area of building management for nearly 24 years which include preparation of valuation reports for various properties such as of commercial, residential, retail property and others. He also prepares analytical reports on property market movements. He gained professional experience via attachment with a number of companies such as Colliers Jordan Lee & Jaafar, Jabatan Penilaian dan Perkhidmatan Harta, Kementerian Kewangan Malaysia, Bank Industri Malaysia Berhad, Fima Corporation Berhad, CSM Corporation Berhad and Empire Tower (M) Sdn Bhd.

Some of the buildings under his supervision were Bank Industri Building, Airtel Complex, Plaza Damansara, Jaya Shopping Centre, Menara CSM, Empire Tower and City Square Complex. He was vastly involved in the planning and operation of building management, primarily in the areas of Tenancy

Management, Marketing, Promotion and Maintenance Management. He was previously employed by Harta Consult Sdn Bhd since February 2001 as a Senior Manager, which had enabled him to capitalize his expertise in property management to ensure the smooth operation of the buildings of Damansara Assets Sdn Bhd.

He has obtained a Capital Markets Services Representative's Licence ("CMSRL") for Real Estate Investment Trust as a Licensed Director to carry on regulated activities specified under Capital Markets Services Act.

He was appointed as the CEO of the Manager in 2006 and later to the Board of the Manager in 2009. On 1 February 2013, he was appointed as the Managing Director of Damansara REIT Managers Sdn Berhad (DRMSB). He is also the Executive Director of Damansara Assets Sdn Bhd being appointed on 1 December 2012.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all four (4) Board Meetings of the DRMSB held during the financial year ended 31 December 2013.

Board of Director Profiles

DR. MOHD HAFETZ BIN AHMAD

Malaysian, aged 64

Dr. Mohd Hafetz Ahmad, aged 64, obtained his Medical Degree from University Malaya in 1975. He did his housemanship in Hospital Sultanah Aminah, Johor Bahru and continued as Medical Officer in the same hospital until 1978, when he did his specialist training in Obstetrics and Gynaecology at the University Hospital, Kuala Lumpur. He served as Trainee Lecturer and then as Lecturer at the Department of Obstetrics and Gynaecology, University Malaya until 1983.

He joined Johor Specialist Hospital (JSH) in 1983 as Consultant Obstetrician and Gynaecologist. In the mid 1980's, Dr. Mohd Hafetz was involved for several years as a member of the Visitors Board, Jubilee Home, Johor Bahru.

Besides his clinical practice, Dr. Mohd Hafetz has been involved in various aspects of Hospital Management and Clinical Governance in his capacity as Chairman, JSH Consultant's Advisory Committee (1990-1994) and Medical Director (1994 to-date). He currently sits on The Board of Directors of KPJ Specialist Hospital, Kluang Utama Specialist Hospital, KPJ University College, and member of Group Medical Advisory Committee. Previously, he acted as Independent Non-Executive Director of Johor Land Berhad, Sindora

Berhad, Wakaf An Nur Corporation, Puteri Specialist Hospital and Klinik Waqaf An-Nur.

He was the President of OGSM from 2004 to 2005 and served as a Council member of the OGSM from 2003 to 2006. Currently, he is the State Representative of the Obstetrical and Gynaecological Society of Malaysia (OGSM) and a member of the Malaysian Medical Association, Malaysian Menopause Society and Persatuan Perubatan Islam Malaysia.

Dr. Mohd Hafetz was appointed as the Independent Non-Executive Director of Damansara REIT Managers Sdn Berhad (DRMSB) on 22 June 2006. He has no directorships in other public companies in Malaysia.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all four (4) Board Meetings of the DRMSB held during the financial year ended 31 December 2013.



Board of Director Profiles



ZAINAH BINTI MUSTAFA

Malaysian, aged 59

Zainah binti Mustafa, aged 59, graduated from Institut Teknologi MARA (presently Universiti Teknologi MARA) in 1977 and started her career as an Assistant Senior Auditor in Perbadanan Nasional Berhad.

She obtained her Association of Chartered Certified Accountants (ACCA) United Kingdom in 1976. She is now a Fellow of Association of Certified Chartered Accountant (FCCA). She joined JCorp in October 1978 and rose through the ranks to the Group Chief Financial Officer before retiring on 31 October 2002.

She was appointed on 16 February 2007 as the Independent Non-Executive Director of Damansara REIT Managers Sdn Berhad (DRMSB) and the Chairman of the DRMSB Audit Committee.

She also sits on the board of other companies in the JCorp Group of Companies namely KPJ Healthcare Berhad (KPJ), Damansara Realty Berhad and Al-'Aqar Capital Sdn Bhd.

Other than as disclosed, she does not have any family relationship with any director and/or major shareholder of DRMSB. She has no personal interest in any business arrangement involving DRMSB. She has not been convicted for any offences. She attended all four (4) Board Meetings of the DRMSB held during the financial year ended 31 December 2013.

Board of Director Profiles

DATO' MANI A/L USILAPPAN

Malaysian, aged 64

Dato' Mani Usilappan, aged 64, passed the Final Examination of the Royal Institution of Chartered Surveyors in 1976. He obtained Masters in Property Development from Southbank University London with Distinction also in 1992.

He served nine (9) years as Deputy Director General and subsequently retired as Director General of the Valuation and Property Services Department, Ministry of Finance, Government of Malaysia in 2006.

Dato' Mani is an Independent Non-Executive Director of Damansara REIT Managers Sdn Berhad (DRMSB) and was appointed to the Board on 1 November 2010.

He is also a council member of the Institution of Surveyors Malaysia. His other directorship include Non-Executive Director of Damansara Realty Berhad (DRB), member of the Audit Committee DRB and Independent Non-Executive Director of Faber Development Sdn Bhd.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended three (3) Board Meetings of the DRMSB held during the financial year ended 31 December 2013.



Board of Director Profiles

DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR

Malaysian, aged 62

Datin Paduka Siti Sa'diah Sheikh Bakir, aged 62, graduated with a Bachelor of Economics from University of Malaya and holds an MBA from Henley Management College, University of Reading, London, United Kingdom.

Datin Paduka served as the Managing Director of KPJ Healthcare Berhad (KPJ) since 1 March 1993 until her retirement on 31 December 2012. She was appointed as the Corporate Advisor of KPJ Healthcare on 1 January 2013 and Pro-Chancellor of KPJ Healthcare University College (KPJUC).

Datin Paduka's career with Johor Corporation (JCorp) commenced in 1974 and had been directly involved with JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB), from 1989 until the listing of KPJ in November 1994. During her tenure as the Managing Director, Datin Paduka was directly involved in developing and implementing the transformational strategies that made KPJ the Malaysia's leading private healthcare services provider with 23 hospitals nationwide, and 5 hospitals overseas.

Datin Paduka has been a Non-Independent Non-Executive Director of Damansara REIT Managers Sdn Berhad (DRMSB) since 2006.

Datin Paduka currently sits as a Director of KPJ Healthcare Berhad and Kulim (Malaysia) Berhad. She was also a Board Member of KFC Holdings (Malaysia) Bhd and QSR Brands Bhd from 2010 until February 2013 when both companies were privatized. Datin Paduka was a Board member

of MATRADE from 1999 to 2010 and was an Independent Non-Executive Director of Bursa Malaysia from 2004 to April 2012.

Committed to promoting excellence in healthcare, Datin Paduka is the President of the Malaysian Society for Quality in Health (MSQH), the national accreditation body for healthcare facilities and services, elected since its inception in 1997 to date. Currently, she also sits on many other councils and committees at the national level.

In 2010, Datin Paduka was named the 'CEO of the Year 2009' by the New Straits Times Press and the American Express in 2010. She had also received many more awards and accolades due to her contributions to the healthcare industry in Malaysia.

Datin Paduka had also successfully launched her biography entitled "Siti Sadiyah: Driven by Vision, Mission and Passion" by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013. The biography chronicles her years with Johor Corporation (JCorp) and KPJ Healthcare Group (KPJ) from the very beginning to date.

Other than as disclosed, she does not have any family relationship with any director and/or major shareholder of DRMSB. She has no personal interest in any business arrangement involving DRMSB. She has not been convicted for any offences. She attended all four (4) Board Meetings of the DRMSB held during the financial year ended 31 December 2013.



Board of Director Profiles

LUKMAN BIN HJ. ABU BAKAR

Malaysian, aged 55

Lukman bin Haji Abu Bakar, aged 55, a Malaysian, is a Non-Independent Non-Executive Director of Damansara REIT Managers Sdn Bhd (DRMSB) on 12 January 2007 and also a member of the Audit Committee on 18 August 2010.

He graduated with a Bachelor of Urban and Regional Planning (Hons) from the University Teknologi Malaysia in 1982 before joining Johor Corporation (JCorp) as a Town Planning Officer in the same year. He also holds a Post Graduate Diploma (Housing, Building and Planning) from Institute for Housing Studies, Rotterdam, Holland in 1985.

He has held various positions in JCorp and its Group of companies. He was appointed as the Deputy General Manager of Sindora Berhad on 1 September 1993 and promoted as the General Manager of Sindora Berhad in 1995. He became the Secretary of Pasir Gudang Local Authority on 1 April 2004. He was a Deputy Manager of JCorp in 1989. Then he was promoted as a Manager in 1992 cum the Deputy Secretary of Pasir Gudang Local Authority (now known as Pasir Gudang Municipal Council).

On 1 September 1993, he was seconded to Sindora Berhad as a Deputy General Manager and later promoted to the position of General Manager in 1995. On 1 April 2004, he was appointed as the Secretary of Pasir

Gudang Local Authority. Subsequently on 1 January 2006, he was promoted to Senior General Manager of JCorp but still holding the position of Secretary of Pasir Gudang Local Authority. Upon Pasir Gudang Local Authority being upgraded as a full-fledged Pasir Gudang Municipal Council, by 1 July 2008, he was appointed as its first President until 31 August 2009 when the Council was handed over to the administration of the State Government of Johor. Then he was promoted as a Senior Vice President in JCorp.

Currently he is the Managing Director of Johor Land Berhad which he held since 1 January 2010 and the Chief Executive of Property Division of JCorp, a post he held since 1 January 2011.

He is also the Chairman of Syarikat Pengangkutan Maju Berhad as well as few other companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all four (4) Board Meetings of the DRMSB held during the financial year ended 31 December 2013.



Board of Director Profiles



JAMALUDIN BIN MD ALI

Malaysian, aged 56

Jamaludin bin Md Ali, aged 56, graduated with a Bachelor of Economics (Honours) Degree from University of Malaya in 1982 and Master of Business Administration from University of Strathclyde, Glasgow Scotland in 1987.

He started his career with Malayan Banking Berhad as a Trainee Officer in 1982 and later served as International Fund Manager in Permodalan Nasional Berhad in 1991. He joined Johor Corporation ("JCorp") in 1992 and was appointed as the Managing Director of Johor Capital Holdings Sdn Bhd in 1998. He was appointed as the Managing Director of Pelaburan Johor Berhad in 2000.

He was appointed as the Group Chief Operating of JCorp in 2001. Subsequently, he was appointed as the Director of QSR Brand Berhad (QSR) and KFC Holdings (Malaysia) Berhad (KFCH) on 8 June 2006 and was

appointed as the Managing Director for both QSR and KFCH.

He was appointed as a Non-Independent Non-Executive Director of Damansara REIT Managers Sdn Berhad (DRMSB) on 1 February 2013.

Currently, he is the Executive Director of Kulim (Malaysia) Berhad since 4 December 2012. He sits as Director of various companies within JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences. He attended all four (4) Board Meetings of the DRMSB held during the financial year ended 31 December 2013.

Board of Director Profiles

MOHD YUSOF BIN AHMAD

Malaysian, aged 46

Mohd Yusof bin Ahmad, aged 46, graduated with a Bachelor of Science Surveying (Property Management) from the University Teknologi Malaysia in 1992.

He started his career with Johor Land Berhad as an Executive in 1993 and later served as Evaluation Executive in 1995. Over the years, he rose through the ranks within the Company and currently, he is the Deputy General Manager, Business Development and Planning of Johor Land Berhad since 1 January 2013.

He was appointed as a Non-Independent Non-Executive Director of Damansara REIT Managers Sdn Berhad (DRMSB) on 4 February 2014. He also sits as the Director of various companies within JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of DRMSB. He has no personal interest in any business arrangement involving DRMSB. He has not been convicted for any offences.



Company Secretary

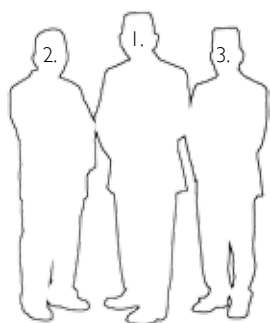


HANA BINTI AB RAHIM @ ALI
(MAICSA 7064336)



ROHAYA BINTI JAAFAR
(LS 0008376)

Syariah Committee 2013



1. DATO' HAJI NOOH BIN GADOT
2. PROFESSOR MADYA DR. .AB. HALIM BIN MUHAMMAD
3. PROFESSOR MADYA DR. MOHAMAD @ MD. SOM BIN SUJIMON

Syariah Committee Profiles



DATO' HAJI NOOH BIN GADOT

Malaysian, aged 68

Dato' Haji Nooh Gadot, aged 68, was appointed as the Chairman and Member of Syariah Committee of Al-'Aqar Healthcare REIT since 22 June 2006. Currently, Dato' is the Islamic Advisor to DYMM Sultan Johor and Advisor to Johor State Islamic Council. Dato' is the Member of the Johor Royal Council and Islamic Religious Council (Johor).

He graduated from the Al-Azhar University in Egypt with a Bachelor in Islamic Law and Syariah Islamiah. He obtains his tertiary Islamic education from Maahad Institution in Johor majoring in As-Syahadah Al-Thanawiyah, Arabic Secondary School, Segamat Madrasah Al-Khairiyah Al-Arabiyyah – AsSyahadah Al-Ibtidaiyyah, Segamat and Islamic Primary School State of Johor Special Class. On 22 April 2012, he obtained the Ijazah Kehormat Sarjana Sastera (Master of Art) from Asia e University.

In addition to his official studies, Dato' attended the course on Managing Fatwa Darul Iffa in Egypt Ministry of Justice under the supervision of State Mufti of Egypt, Al-Ustaz Al-Kabeer Dr. Syed Muhammad Tantawi and courses on Management and Administration of Wakaf organised by Egypt Wakaf Authority.

Before his appointment as Mufti of Johor from year 1999, Dato' was appointed as Vice Mufti of Johor and Chief Assistant Director, Department of Administration of Syariah Law (Chief Kadi). His vast experience in Islamic practise and jurisprudence, juristic methodology, hadith and its sciences and spirituality was gained throughout his services as Acting Kadi, Syarie Lawyer, Islamic Affair Officer Religious Department (Prime Minister Department), Acting Assistant Examination and Registrar Religious School of Johor State and Religious Teacher of Johor State. He compulsory retired as Mufti of Johor in November 2002 and continued his service until 13 November 2008 and now remains as the Advisor to the Islamic Religious Council (Johor).

Since year 2001 until now, Dato' is active in presenting his proposals and working papers in various issues related to religion that brings into effect the social and spiritual life of the communities. He was conferred the prestigious award Ma'al Hijrah for the State of Johor in year 2009 and prestigious award of Maulidur Rasul National Award for the year 1434H/2013M.

Syariah Committee Profiles



PROFESSOR MADYA DR .AB. HALIM BIN MUHAMMAD

Malaysian, aged 68

Professor Madya Dr. Ab. Halim Muhammad, aged 68, was appointed on 22 June 2006 as the Syariah Committee member of Al'Aqar Healthcare REIT.

He obtained his Bachelor in Syariah from Al-Azhar University in Egypt in 1972 and subsequently obtained his PhD in Syariah from St. Andrews, University of Scotland in 1977.

Dr. Ab. Halim began his career with University Kebangsaan Malaysia as the Head of Department of Quran and Sunnah, Faculty of Islam Studies and Lecturer at Faculty of Law Universiti Kebangsaan Malaysia.

He has served as Syariah Advisor and Syariah Committee member at several corporate organisation like Tabung Haji, Bank Negara Malaysia, Dewan Bahasa dan Pustaka, Takaful Nasional and Terengganu Trust Fund as well as financial institutions namely Bank Muamalat, Bank Rakyat, RHB Bank, and Bank Pembangunan. He also was appointed as Syariah Advisor to the Securities Commission of Malaysia.

At present, Dr. Ab. Halim is the Syariah Committee member of Bank Muamalat, ANGKASA and Terengganu Trust Fund.

Syariah Committee Profiles



PROFESSOR MADYA DR. MOHAMAD @ MD. SOM BIN SUJIMON

Malaysian, aged 59

Profesor Madya Dr. Mohamad @ Md. Som bin Sujimon, aged 59, was appointed on 20 May 2013 as the Syariah Committee member of Al'Aqar Healthcare REIT.

He graduated from University of al-Azhar, Cairo with a B.A Hons from the Faculty of Islamic Jurisprudence and Law in 1979. He obtained his Master of Arts in Teaching from Mississippi State University (MSU), USA in 1982 and completed his Ph.D in Islamic and Middle Eastern Studies at the Faculty of Arts in University of Edinburgh, Scotland, United Kingdom in 1997.

Dr. Mohamad @ Md. Som began his career as a Lecturer at the Faculty of Arts and Social Science, Universiti Malaya from 1983-1986. He was then migrated to Brunei Darussalam whereby he was part of the team who founded 3 institutions namely Universiti Brunei Darussalam (UBD), Universiti Islam Sultan Syarif Ali (UNISSA) and Kolej Universiti Perguruan Ugama Seri Begawan.

In Brunei Darussalam, he was an Associate Professor at the Faculty Shariah & Law, UNISSA as well as an Associate Professor at the UBD and Institute of Islamic Studies Sultan Haji Omar Ali Saifuddien (IPISHOAS). He also was an Associate Professor at International Islamic University Malaysia from 1999 – 2005.

He published many papers including Fikah Kekeluargaan; The Problems of the Illegitimate Child (walad zina) and Foundling (laqit) in the Sunni School of Law; Kes-Kes Kehakiman Berkaitan Jenayah Hudud, Qisas dan Kekeluargaan Di zaman Khulafa' al-Rashidin; Konsep dan Pelaksanaan Mu'amalat pada Zaman Khulafa' al-Rashidin [Concept and Implementation of Islamic Finance During the Caliphate of Islam] Translated from Arabic work by Dr. Subhi Mahmasani; Modelling Retail Sukuk in Indonesia and Manual Mazhab Hanafi Yang Dilupakan Murshid al-Hayran ila Ma'rifat Ahwal al-Insan Karya Kadri Pasha [The Forgotten Hanafite Manual of Murshid al-Hayran ila Ma'rifat Ahwal al-Insan by Kadri Pasha; Pertukaran dan Perdagangan Matawang Dalam Islam: Satu Sorotan Awal [Exchange and Money Transaction in Islam: A Preliminary Survey] and other notable intellectual writings.

He was a Senior Researcher at the International Shariah Research Academy (ISRA) and is currently the Chief Executive Officer of Kolej Pengajian Islam Johor (MARSAH) and member of the Syariah Committee for HSBC Amanah Takaful.

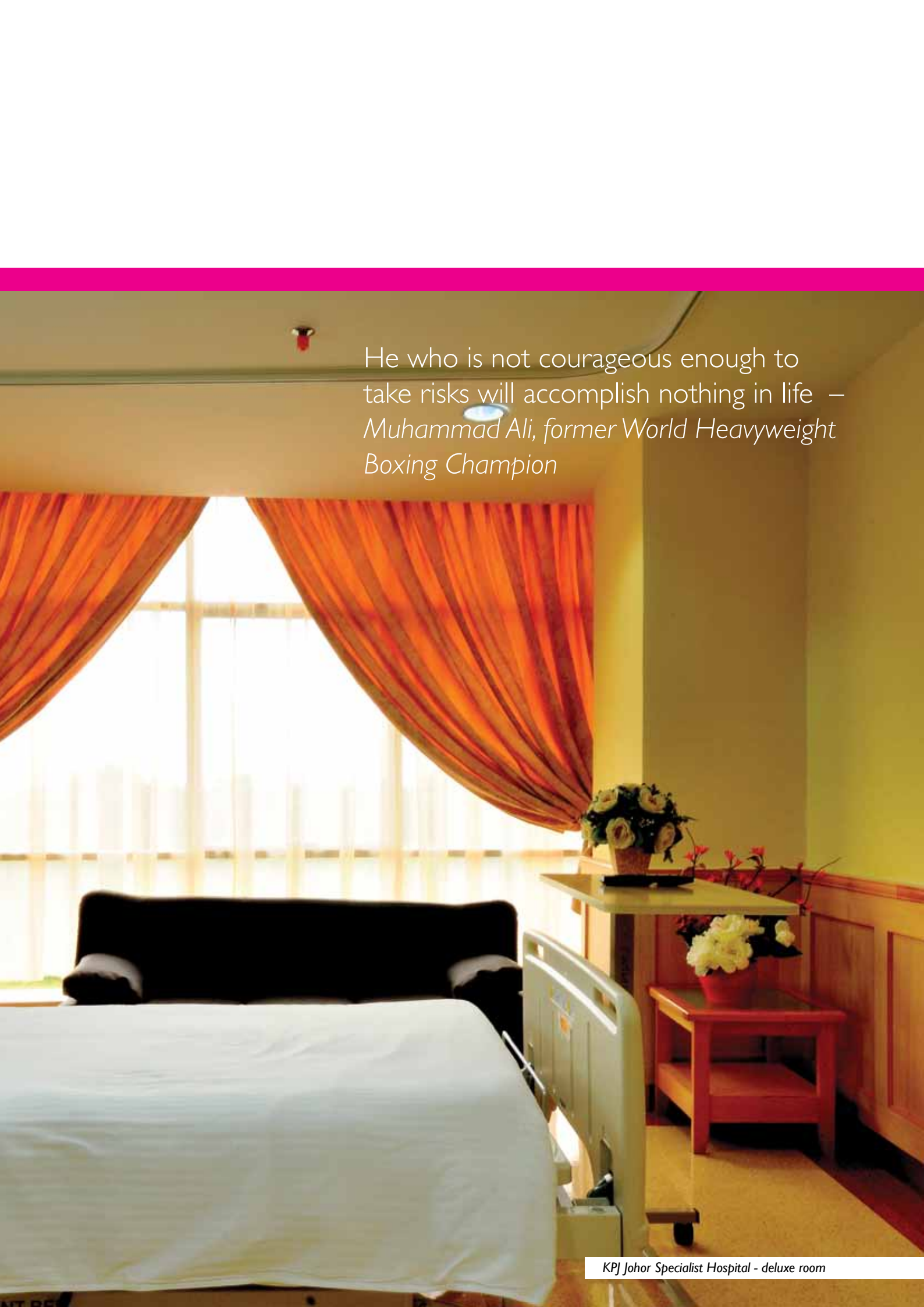
Recently in December 2013, he was appointed as the Chairman for the Shariah Board of Brisbane Islamic Investment Fund (BIIF), an Australian regulated Islamic investment fund and Islamic Finance business custodians which dealing with manufacturing and services, energy and resources, real estate, solar and clean energy and live stocks.

/04 In Operation

- Portfolio Summary
- Portfolio Details
- Operations Review
- Investor Relations
- Market Report

KPJ Johor Specialist Hospital - deluxe room



A photograph of a hospital room. In the foreground, a hospital bed with a white sheet and a black headboard is visible. To the right of the bed is a white side table with a vase of yellow and red flowers. Further right is a red wooden side table with a vase of white flowers. A large window with orange curtains is in the background, showing a city skyline. The room has yellow walls and a wooden baseboard.

He who is not courageous enough to
take risks will accomplish nothing in life —
*Muhammad Ali, former World Heavyweight
Boxing Champion*

Portfolio Summary





22 PROPERTIES (MALAYSIA)

- KPJ AMPANG PUTERI SPECIALIST HOSPITAL
- KPJ DAMANSARA SPECIALIST HOSPITAL
- KPJ IPOH SPECIALIST HOSPITAL
- KPJ JOHOR SPECIALIST HOSPITAL
- KPJ KAJANG SPECIALIST HOSPITAL
- KPJ KLANG SPECIALIST HOSPITAL
- KPJ PENANG SPECIALIST HOSPITAL
- KPJ PERDANA SPECIALIST HOSPITAL
- KPJ PUTERI SPECIALIST HOSPITAL
- KPJ SELANGOR SPECIALIST HOSPITAL
- KPJ SEREMBAN SPECIALIST HOSPITAL
- KPJ TAWAKKAL SPECIALIST HOSPITAL
- DAMAI SPECIALIST HOSPITAL
- KEDAH MEDICAL CENTRE
- KLUANG UTAMA SPECIALIST HOSPITAL
- KUANTAN SPECIALIST HOSPITAL
- SENTOSA MEDICAL CENTRE
- TAIPING MEDICAL CENTRE
- TAWAKKAL HEALTH CENTRE
- KPJ HEALTHCARE UNIVERSITY COLLEGE
- KPJ INTERNATIONAL COLLEGE, PENANG
- SELESA TOWER



2 PROPERTIES (INDONESIA)

- RUMAH SAKIT MEDIKA PERMATA HIJAU
- RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI



1 PROPERTY AUSTRALIA

JETA GARDENS

Portfolio Details

KPJ AMPANG PUTERI SPECIALIST HOSPITAL

Location

No. 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan.

Lessee/Asset Operator

Ampang Puteri Specialist Hospital Sdn Bhd

Description

A purpose built private hospital comprising a seven (7) storey main building (NCB Block), an annexed five (5) storey specialist centre (PCB Block) both are with a common lower ground floor together with a redevelopment land currently being used as open car park.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

233,245 sq.ft.

Gross Floor Area

384,729 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

Title

P.T. No. 25119 held under Title No. H.S. (M) 26550, Mukim Empang, District of Hulu Langat, State of Selangor.

Leasehold expiring in year 2089.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



2 KPJ DAMANSARA SPECIALIST HOSPITAL

Location

No 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor.

Lessee/Asset Operator

Damansara Specialist Hospital Sdn Bhd

Description

A six (6) storey purpose built hospital building with a basement level (inclusive of approximately one and a half (1½) levels of shell floors) together with open car park.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

179,860 sq.ft.

Gross Floor Area

445,114 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

Title

P.T. No. 1856 held under Title No. H.S. (D) 146423, Mukim Sungai Buloh, District of Petaling, State of Selangor.

Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



3 KPJ JOHOR SPECIALIST HOSPITAL

Location

No. 39-B, Jalan Abdul Samad,
80100 Johor Bahru, Johor Darul Takzim.

Lessee/Asset Operator

Johor Specialist Hospital Sdn Bhd.

Description

A six (6) level with mezzanine floor main hospital building, a four (4) level physician consulting building together with two (2) level basement car parks and open car parks.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

217,800 sq.ft.

Gross Floor Area

441,730 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

Title

PTB No. 12319 held under Title No. H.S. (D) 420217, Town and District of Johor Bahru, State of Johor.

Leasehold expiring in year 2079.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



4 KPJ PUTERI SPECIALIST HOSPITAL

Location

No. 33, Jalan Tun Abdul Razak (Susur 5)
80350 Johor Bahru, Johor Darul Takzim.

Lessee/Asset Operator

Puteri Specialist Hospital (Johor) Sdn Bhd.

Description

A six (6) storey purpose built private hospital building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

71,946 sq.ft.

Gross Floor Area

115,389 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

Title

Lot No. 46034 (formerly PTB 21513) held under Title No. PN 54954 (formerly HSD 372199), Town and District of Johor Bahru, State of Johor.

Leasehold expiring in year 2053.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



Portfolio Details

5 KPJ SELANGOR SPECIALIST HOSPITAL

Location

Lot 1, Jalan 20/1, Section 20,
40300 Shah Alam, Selangor Darul Ehsan.

Lessee/Asset Operator

Selangor Specialist Hospital Sdn Bhd.

Description

A six (6) storey main specialist centre building together with a basement and a six storey carpark block together with a basement.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

204,342 sq.ft.

Gross Floor Area

212,612 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

Title

P.T. No. 2 Section 20 held under Title No. H.S. (D) 112884, Town of Shah Alam, District of Petaling, State of Selangor.

Leasehold expiring in year 2096.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



6 KPJ IPOH SPECIALIST HOSPITAL

Location

No.26, Jalan Raja Di Hilir,
Ipoh, Perak Darul Ridzuan.

Lessee/Asset Operator

Ipoh Specialist Hospital Sdn Bhd.

Description

A 200 medical centre annex with an extension (66 bed, five (5) storey building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

143,877 sq.ft.

Gross Floor Area

354,909 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 31 December 2015 and renewal on 1 January 2016.

Title

Lot Nos. 9826N, 10259 and 9306N held under Title Nos. PN 257171,6451 and 346406 respectively, Town of Ipoh (U) and Lot No. 34494 held under Title No. PN 154468, Town of Ipoh (S), all in District of Kinta, State of Perak.

Leasehold expiring in year 2894.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



Portfolio Details

2nd Acquisition

7 KPJ PERDANA SPECIALIST HOSPITAL

Location

No. PT 37 and PT 600,
Jalan Bayam, Section 14,
15200 Kota Bharu, Kelantan.

Lessee/Asset Operator

Perdana Specialist Hospital Sdn Bhd

Description

A five (5) storey purpose built private specialist hospital with a sub-basement.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

87,802 sq.ft.

Gross Floor Area

147,542 sq. ft.

Tenancy/Lease expiry & renewal

Expiry on 28 February 2014 and renewal on 1 March 2014.

Title

Lot No. 657 Seksyen 14 held under Title No. PN 4133, Bandar and Jajahan of Kota Bharu, State of Kelantan.
Leasehold expiring in year 2064.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



8 KUANTAN SPECIALIST HOSPITAL

Location

No. 51 Jalan Alor Akar,
Taman Kuantan,
25250 Kuantan, Pahang.

Lessee/Asset Operator

Kuantan Specialist Hospital Sdn Bhd.

Description

A purpose built private specialist hospital [comprising three (3) storey Block A and a five (5) storey annexe Block B] and an open car park.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

72,101 sq.ft.

Gross Floor Area

72,201.55 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 28 February 2014 and renewal on 1 March 2014.

Title

Title Nos. GM 3441, GM 3442, GM 3466, GM 2827, GM 2823, GM 3443, GM 1575, GM 6875, Lot Nos. 5885, 5886, 5888, 5889, 5890, 5891, 10747 and 10748 respectively, Mukim of Kuala Kuantan, District of Kuantan in Pahang Darul Makmur.
Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



9 SENTOSA MEDICAL CENTRE

Location

No. 36, Jalan Chemur Damai Complex,
50400 Kuala Lumpur.

Lessee/Asset Operator

Sentosa Medical Centre Sdn Bhd.

Description

A seven (7) storey purpose private specialist hospital.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar
Healthcare REIT

Land Area

23,659 sq.ft.

Gross Floor Area

106,899.74 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 28 February 2014 and renewal on 1 March
2014.

Title

Lot No. 671, Section 47 held under Title No. GRN
43923, Town of Kuala Lumpur, District of Kuala Lumpur.
Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank
Trustees Berhad.



10 KPJ KAJANG SPECIALIST HOSPITAL

Location

Jalan Cheras, 43000 Kajang,
Selangor Darul Ehsan.

Lessee/Asset Operator

Kajang Specialist Hospital Sdn Bhd.

Description

A seven (7) storey purpose built private specialist
hospital.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar
Healthcare REIT

Land Area

68,932 sq.ft.

Gross Floor Area

191,144 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 28 February 2014 and renewal on 1 March
2014.

Title

Lot No. 42997, Section 9 held under Title No. GM 2494,
Mukim of Kajang, District of Hulu Langat, Selangor.
Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank
Trustees Berhad.



Portfolio Details

3rd Acquisition

KEDAH MEDICAL CENTRE

Location

Pumpong, 05250 Alor Setar,
Kedah Darul Aman.

Lessee/Asset Operator

Kedah Medical Centre Sdn Bhd

Description

A ten (10) storey purpose built private specialist hospital (inclusive of one (1) shell floor) with a three (3) storey annexe block.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

83,195 sq.ft.

Gross Floor Area

215,881 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 28 February 2014 and renewal on 1 March 2014.

Title

P.T. No. 35 held under Title No. H.S. (D) 21030, Bandar Alor Merah and P.T. No. 1280 held under Title No. H.S. (M) 10923, Bandar Alor Setar; all in District of Kota Setar, State of Kedah.

Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



12 DAMAI SPECIALIST HOSPITAL

Location

Lorong Tepus 1,
Off Jalan Damai,
88300 Kota Kinabalu, Sabah.

Lessee/Asset Operator

Kota Kinabalu Specialist Hospital Sdn Bhd.

Description

A five (5) storey purpose built private specialist hospital building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

33,988 sq.ft.

Gross Floor Area

39,966 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 11 June 2015 and renewal on 12 June 2015.

Title

Town Lease 017548828 situated at District of Kota Kinabalu, State of Sabah.

Leasehold expiring in year 2073.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



13 KPJ PENANG SPECIALIST HOSPITAL

Location

No. 570, Jalan Perda Utama,
Bandar Perda,
14000 Bukit Mertajam, Pulau Pinang.

Lessee/Asset Operator

Penang Specialist Hospital Sdn Bhd.

Description

A five (5) storey main hospital building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

217,802 sq.ft.

Gross Floor Area

182,824.00 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 13 October 2015 and renewal on 14 October 2015.

Title

P.T. No. 799 held under Title No. H.S. (M) 375, Mukim 07, District of Seberang Perai Tengah, State of Pulau Pinang.

Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



14 TAWAKKAL HEALTH CENTRE

Location

No. 202A, Jalan Pahang,
53200 Kuala Lumpur.

Lessee/Asset Operator

Pusat Pakar Tawakal Sdn Bhd.

Description

Renovated four (4) storey shop office building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

30,445.32 sq.ft.

Gross Floor Area

119,925 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 14 May 2015 and renewal on 15 May 2015.

Title

Lot Nos. 78 to 91, 98 to 102 and 124 to 125 held under Title Nos. GRN 4412 to GRN 4425, GRN 4432 to GRN 4436 and PN 6271 to PN 6272 respectively, all in Section 85A, Town and District of Kuala Lumpur, Wilayah Persekutan Kuala Lumpur.

Interest In Perpetuity, in respect of all the title with the exception of Lots 124 and 125 conveying 99-years leasehold interest expiring on 25 July 2077 (unexpired term of about 63.6 years).

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



Portfolio Details

15 KPJ TAWAKKAL SPECIALIST HOSPITAL

Location

Jalan Pahang Barat/ Jalan Sarikei,
53000 Kuala Lumpur.

Lessee/Asset Operator

Pusat Pakar Tawakal Sdn Bhd.

Description

A seven (7) storey purpose built specialist hospital with a single storey podium as the main lobby and a three (3) level elevated car park.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

89,168 sq.ft.

Gross Floor Area

333,514 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 5 July 2016 and renewal on 6 July 2016.

Title

Lot No. 552 Section 85A held under Title No. GRN 68175, Town and District of Kuala Lumpur; Wilayah Persekutuan KL.

Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



16 KPJ SEREMBAN SPECIALIST HOSPITAL

Location

Lot 6219 & 6220, Jalan Toman I,
Kemayan Square,
70200 Seremban, Negeri Sembilan.

Lessee/Asset Operator

Seremban Specialist Hospital Sdn Bhd.

Description

A purpose-built private specialist hospital building known as "Seremban Specialist Hospital".

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

181,082 sq.ft.

Gross Floor Area

182,012 sq.ft

Tenancy/Lease expiry & renewal

Expiry on 13 October 2015 and renewal on 14 October 2015.

Title

Lot Nos. 17522, 17523 and 24007 held under Titles Nos. GRN 51612, 51630 and PN 25974 respectively, Pekan Bukit Kepayang, District of Seremban, State of Negeri Sembilan.

Lot 17522 & Lot 17523 - Freehold.

Lot 24007 – Leasehold expiring in year 2103.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



17 TAIPING MEDICAL CENTRE

Location

No. 39, 41, 43, 45, 47 & 49,
Jalan Medan Taiping 2, Medan Taiping,
34000 Taiping, Perak.

Lessee/Asset Operator

Taiping Medical Centre Sdn Bhd

Description

A purpose-built private specialist hospital building comprising a four (4) storey main hospital building.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

47,843 sq.ft.

Gross Floor Area

39,516 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 30 April 2015 and renewal on 1 May 2015.

Title

Lot Nos. 3102 to 3107 and P.T. No. 1106 held under Title Nos. PN 235465 to PN 235468 PN, 235470, PN 235471 and H.S. (D) 2094/89 respectively all in Bandar Taiping, District of Larut & Matang, State of Perak.

Leasehold expiring in year 2088.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



18 KPJ HEALTHCARE UNIVERSITY COLLEGE

Location

PT 17010, Persiaran Seriemas, Kota Seriemas,
71800 Nilai, Negeri Sembilan.

Lessee/Asset Operator

Puteri Nursing College Sdn Bhd.

Description

A private nursing and health sciences college comprising an administrative and academic blocks, a block of students' hostel block and car parks.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

206,905 sq.ft.

Gross Floor Area

124,436 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 30 April 2015 and renewal on 1 May 2015.

Title

Lot No. 33002 and P.T. No. 7 held under Title Nos. GRN 211809 and H.S. (D) 189780 respectively, Bandar Baru Kota Sri Mas, District of Seremban, State of Negeri Sembilan.

Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



Portfolio Details

19 SELESA TOWER

Location

Hotel Selesa and Metropolis Tower
(Selesa Tower), Jalan Dato' Abdullah Tahir/ Jalan Tebrau,
80300 Johor Bahru. Johor Darul Takzim.

Lessee/Asset Operator

Hotel Selesa (JB) Sdn Bhd

Description

A four (4)-star rating hotel known as Hotel Selesa and office block known as Metropolis Tower (Selesa Hotel) together with basement/elevated car parks.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

55,542 sq.ft.

Gross Floor Area

736,796 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 14 May 2015 and renewal on 15 May 2015.

Title

PTB No. 19109 held under Title No. H.S. (D) 180798,
Town and District of Johor Bahru, State of Johor.
Freehold.

Encumbrances

-NIL-



20 KPJ INTERNATIONAL COLLEGE, PENANG

Location

No. 565, Jalan Sungai Rambai,
14000 Bukit Mertajam, Pulau Pinang.

Lessee/Asset Operator

Puteri Nursing College Sdn Bhd.

Description

A six (6) storey purpose built private specialist hospital building known as "Bukit Mertajam Specialist Hospital" and two (2) parcels of development land.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

129,995 sq.ft.

Gross Floor Area

42,989 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 13 October 2015 and renewal on 14 October 2015.

Title

Lot No.10038, (Amalgamation of former Lots 1417, 54 and 1529) and Lot 55, respectively, all in Seksyen 5, Bandar Bukit Mertajam, District of Seberang Perai Tengah, State of Pulau Pinang.

Freehold.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



4th Acquisition

21 KLUANG UTAMA SPECIALIST HOSPITAL

Location

No. 1, Susur 1, Jalan Besar,
86000 Kluang, Johor Darul Takzim.

Lessee/Asset Operator

Pusat Pakar Kluang Utama Sdn Bhd.

Description

The building is improved with 6 units of 3-storey renovated shophouses which have been amalgamated, remodelled and converted into a medical specialist hospital.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT

Land Area

10,607 sq.ft.

Gross Floor Area

31,837 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 5 January 2015 and renewal on 6 January 2015.

Title

PTB No. 9468 – PTB No. 9473 held under Title Nos. H.S. (D) 44911 – H.S. (D) 44916, all in Town and District of Kluang, State of Johor.

Leasehold expiring in year 2100.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



22 RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI

Location

Rumah Sakit Medika Bumi Serpong Damai, Jalan Letkol III – IV/ 07, Serpong District, Tangerang, Banten Province, Jakarta, Indonesia.

Lessee/Asset Operator

PT KPJ Medica

Description

A parcel of commercial land erected with a six(6) storey purpose built private hospital building with a basement level.

Registered Proprietor

PT. Al-Aqar Bumi Serpong Damai

Land Area

129,169 sq.ft.

Gross Floor Area

238,616 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 25 July 2014 and renewal on 26 July 2014.

Title

Hak Guna Bangunan (Right to Build) No.881, Desa Lengkong Wetan, Kecamatan Serpong, Kabupaten Tangerang, Propinsi Banten (previously Propinsi Jawa Barat)

Encumbrances

-NIL-



Portfolio Details

23 RUMAH SAKIT MEDIKA PERMATA HIJAU

Location

Rumah Sakit Medika Permata Hijau, Jalan Raya Kebayoran Lama No. 64, Sukabumi Selatan, Kebon Jeruk, Jakarta Barat, Indonesia.

Lessee/Asset Operator

PT Khidmat Perawatan Jasa Medika

Description

A five (5) storey purpose built private hospital building.

Registered Proprietor

PT Al-Aqar Permata Hijau

Land Area

45,220 sq.ft.

Gross Floor Area

54,098 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 25 July 2014 and renewal on 26 July 2014.

Title

Hak Guna Bangunan (Right to Build) No 01036/ Sukabumi Selatan as described in Surat Ukur (Measuring Letter) No. 00022/2005 dated 17 June 2005, located at Kelurahan Sukabumi Selatan, Kecamatan Kebon Jeruk, Kotamadya Jakarta Barat, Propinsi Daerah Khusus Ibukota Jakarta, known as Jalan Kebayoran Lama RT 006/08 No. 64 which right will be expired on 6 February 2026.

Encumbrances

-NIL-

24 KPJ KLANG SPECIALIST HOSPITAL

Location

No. 102, Persiaran Rajawati / KU 1, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan.

Lessee/Asset Operator

Bandar Baru Klang Specialist Hospital Sdn Bhd.

Description

A commercial land erected with a six(6) storey purpose built hospital building with two(2) basement level.

Registered Proprietor

AmanahRaya Trustees Berhad as trustee for Al-'Aqar Healthcare REIT.

Land Area

117,391 sq.ft.

Gross Floor Area

391,358 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 25 June 2015 and renewal on 26 June 2015.

Title

Lot No. 31870 held under Title No. PM 648, Mukim of Kapar, District of Klang, State of Selangor.

Leasehold expiring in year 2093.

Encumbrances

Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad.



5th Acquisition

25 JETA GARDENS AGED CARE & RETIREMENT VILLAGE

Location

Jeta Gardens, Aged Care and Retirement Village, 27 Clarendon Avenue, Bethania and 86 Albelt Street, Waterford, Queensland, 4205 Australia.

Lessee/Asset Operator

Jeta Gardens (QLD) Pty Ltd.

Description

A three (3) contiguous parcels of commercial land erected with aged care facility, 23 villas, 32 apartments.

Registered Proprietor

Al-Aqar Australia Pty Ltd.

Land Area

1,287,148 sq.ft.

Gross Floor Area

60,601.32 sq.ft.

Tenancy/Lease expiry & renewal

Expiry on 1 November 2014 and renewal on 2 November 2014.

Title

Lots 2, 3 and 4 held under Title References 50855908, 50855909 and 50855910 respectively, all within Parish of Moffatt, Country of Ward, Local Government of Logan.

Encumbrances

Charged to Amlslamic Bank Berhad





Operations Review

FINANCIAL REVIEW

Al-'Aqar Healthcare REIT registered gross revenue of RM107.4 million in FY2013 compared to RM103.4 million in FY2012, representing an increase of 3.9%. Net Property Income rose by 3.7% from RM97.7 million in FY2012 to RM101.3 million in FY2013. Net realised income for the Fund grew 4.2% to RM54.8 million in FY2013 from RM52.6 million in FY2012. The improved performance was mainly attributable to full year rental received from KPJ Klang Specialist Hospital which was acquired in June 2012.

The Fund's Management Expense Ratio ("MER") of 0.26% (FY2012: 0.27%) is among the lowest in the M-REITs in the market. Distribution yield has compressed slightly from 6.05% to 5.90% with the increase in price from RM1.29 as at 31 December 2012 to RM1.33 as at 31 December 2013. NAV per unit was RM1.18, an increase of 2.6% from FY2012 arising from revaluation of the assets.

In FY2013, Al-'Aqar's investment properties had recorded a fair value gain amounting to RM19.7 million from FY2012. As shown in the table in page 71, the current market value of Al-'Aqar's properties have increased considerably from its acquisition costs over the past years.

KPJ Seremban Specialist Hospital



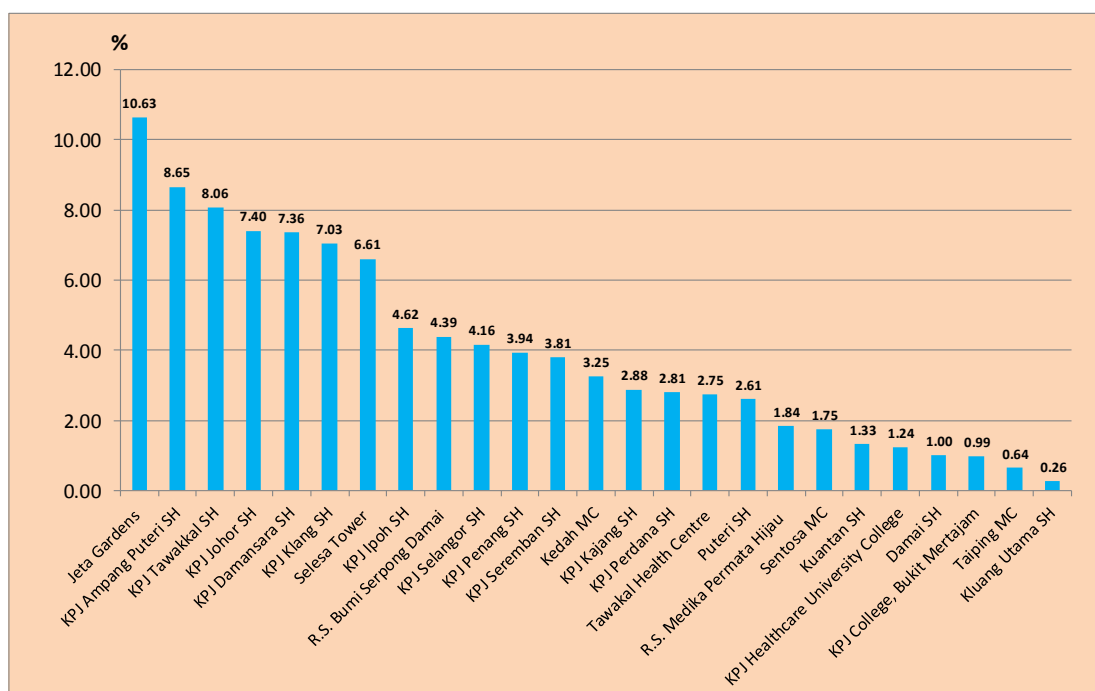
Assets as at 31 December 2013

	Purchase Consideration (RM '000)	2013 Market Value (RM '000)
KPJ Ampang Puteri Specialist Hospital	120,000	130,000
KPJ Damansara Specialist Hospital	105,000	115,000
KPJ Johor Specialist Hospital	*106,986	111,300
KPJ Selangor Specialist Hospital	58,000	63,400
Puteri Specialist Hospital	37,000	39,300
KPJ Ipoh Specialist Hospital	66,000	70,200
KPJ Perdana Specialist Hospital	40,700	44,500
Kuantan Specialist Hospital	19,250	21,300
KPJ Kajang Specialist Hospital	39,060	45,700
Kedah Medical Centre	45,654	51,500
Sentosa Medical Centre	24,180	27,700
KPJ Seremban Specialist Hospital	50,100	59,700
Taiping Medical Centre	8,800	9,800
KPJ Healthcare University College, Nilai	16,500	19,200
KPJ Tawakkal Specialist Hospital	*109,085	120,000
Damai Specialist Hospital	13,300	15,200
Tawakkal Health Centre	37,000	43,100
KPJ College, Bukit Mertajam	14,100	15,900
KPJ Penang Specialist Hospital	53,600	62,300
Selesa Tower	87,000	101,700
Kluang Utama Specialist Hospital	3,500	4,200
KPJ Klang Specialist Hospital	93,000	97,400
Rumah Sakit Bumi Serpong Damai	50,270	51,600
Rumah Sakit Medika Permata Hijau	21,140	21,700
Jeta Gardens Aged Care Facility and Retirement Village	131,909	141,785
Total	1,351,134	1,483,685

* including additional block and enhancement

Al-'Aqar's investment properties comprises of 21 hospitals and 4 healthcare related properties spanning over Malaysia, Indonesia and Australia. Properties with high market value are also the major contributors in terms of lease contributions as depicted in the following chart.

2013 lease contribution to AI-'Aqar by properties



PROPERTY REVIEW

Asset Enhancement Initiatives

During the financial year, AI-'Aqar undertook asset enhancement initiatives worth RM3.7 million which comprised total replacement of water cooled chiller; cooling tower; transformer; lifts, fire alarm and repainting of the building. The total replacement and repainting works are still ongoing in FY2014.

Lease Expiry Profile

The percentage of properties due for renewal is at a manageable level. AI-'Aqar has a well-spread lease expiry profile as shown in the following table.

Year	No. of Properties	% of Total Properties
FY 2014	6	24.0%
FY 2015	16	64.0%
FY 2016	3	12.0%

The tenancies are three-year tenancies with renewal option for another three-year term. Though the lease payments are exposed to fluctuations in interest rates, AI-'Aqar can also benefit from the potential upside in the lease payments due to the capital appreciation in the properties' market value. Despite most of the properties are set for renewal for the next 2 years, the Manager does not foresee any interruption in lease payments as the leases will keep the existing rental structure until a new rental rate has been agreed upon by both AI-'Aqar and KPJ Healthcare.

Operations Review

CAPITAL MANAGEMENT INITIATIVE

During the financial year, the Manager via its special purpose vehicle, Al-'Aqar Capital Sdn Bhd established a 15-year Islamic Medium Term Notes Sukuk Ijarah Programme of up to RM1.0 billion in nominal value. The successful issuance of RM655 million 5-year Sukuk under Issue 1 was issued via the First Tranche of RM374 million on 6 May 2013 and the Second Tranche of RM281 million on 5 August 2013. The Issue 1 was backed by 19 hospitals and 2 nursing colleges ("the Secured Properties") with a combined market value of RM1.15 billion. The proceeds from the issuance were to refinance the then existing financial commitments, acquisitions of future assets as well as for the working capital requirements. This capital management initiative will enable Al-'Aqar to enjoy a lower blended yield of 4.77% per annum for the next 5 years as compared to the previous financing structure yield of 5.13% per annum.

AL-'AQAR CAPITAL SDN BHD
(COMPANY NO: 736493-U)

A SUBSIDIARY OF

AL-'AQAR HEALTHCARE REIT



**ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO
RM1.0 BILLION IN NOMINAL VALUE**

PRINCIPAL ADVISER & LEAD ARRANGER



**JOINT LEAD MANAGERS FOR THE ISLAMIC MEDIUM TERM NOTES
PROGRAMME**



6 MAY 2013

Investor Relations

At Al-'Aqar Healthcare REIT, investor relations activities are focused on increasing awareness in the investment community via an open dialogue with shareholders, analysts, potential investors and the general public. Our aim is to enable market participants to form a realistic opinion of the company's profitability, strategic positioning and the associated opportunities and risks.

Annual General Meeting

The Manager convened the inaugural Annual General Meeting (AGM) & Extraordinary General Meeting (EGM) of Al-'Aqar Healthcare REIT on 26 April 2013 to seek the unitholders' approval amongst others, for the following resolutions:

- Proposed To Allot And Issue New Units
- Proposed Increase In The Existing Approved Fund Size
- Proposed Establishment of Disposal Fee
- Proposed Amendments to the Trust Deed

1st Annual General Meeting (AGM) & Extraordinary General Meeting (EGM) of Al-'Aqar Healthcare REIT on 26 April 2013 at Puteri Pacific Hotel, Johor Bahru

The Manager also took the opportunity in the meetings to provide the Unitholders with latest information of the Fund's activities and performance.



Analysts & Investors Briefing

The Manager has always received request from local and foreign analysts and fund managers for a briefing on the latest development of Al-'Aqar. The briefings were organised periodically either thru one-on-one meetings or conference calls.

Date	Audience	Mode of communication
22 January 2013	Analysts and Fund Managers Briefing with Etiqa Investment Management, Kenanga Research, UOB-OSK Asset Management, AmInvestment Bank, AmResearch Sdn Bhd, Lembaga Tabung Haji and Great Eastern Asset Management	Group Presentation
12 March 2013	CIMB Research and RHB Research Institute	Group Presentation
18 March 2013	Equinox Partners Ltd., USA	Group Presentation
20 May 2013	Kenanga Investment Bank and Permodalan Nasional Berhad	Group Presentation
21 May 2013	Matthews International, USA	Group Presentation
27 May 2013	SEB Asset Management, Germany	Teleconferencing
6 June 2013	Oasis Group Holdings Pty. Ltd, South Africa	Teleconferencing
18 June 2013	OSK Ventures International Berhad	Group Presentation
19 September 2013	KAF Seagroatt & Campbell Bhd and Eastspring Al-Wara' Investments Berhad	Group Presentation
24 September 2013	Analysts and Fund Managers Briefing with Blackrock Investment, Newton Investment Management Ltd., Neuberger Berman Management LLC, Jefferies & Company, Inc. and OrbiMed	Group Presentation
2 October 2013	MyLand Capital Partners, New Zealand	Group Presentation
7 October 2013	M3 Property and BakerTilly Pitcher, Australia	Group Presentation



Analysts and Fund Managers Briefing with Blackrock Investment, Newton Investment Management Ltd., Neuberger Berman Management LLC, Jefferies & Company, Inc. and OrbiMed from USA

Investor Relations

Media Relations

As the pioneer of Islamic REIT in Malaysia, Al-'Aqar continues to attract coverage by the mainstream media such as newspapers, radio and tv. On 26 September 2013, the Manager's Managing Director was invited for a live interview session in Biz Malaysia programme on RTM1. The Managing Director, acted under the capacity of Malaysia REIT Managers Association (MRMA), spoke about the general overview of REIT industry and Islamic REIT.



The Manager's Managing Director in a live interview session in Biz Malaysia programme on RTM1



Research Coverage

During the financial year, the Manager is pleased to report that Al-'Aqar is covered by the following research houses:

Research House	Recommendation	Target Price
AmResearch Sdn Bhd	Hold	RM1.45
Kenanga Research & Investment	Outperform	RM1.41
KAF-Seagroatt & Campbell Securities Sdn Bhd	Buy	RM1.95

Investor Relations

Malaysian REIT Managers Association (MRMA)

Al-Aqar is an active member of the Malaysian REIT Managers Association (MRMA) since 2009. The Manager took the opportunity attending the quarterly meetings and the annual general meeting to exchange views with other members and planning a concerted efforts to promote M-REITs industry to both domestic and foreign investors.

Al-Aqar in the News

Damansara REIT proposes to charge disposable fee

By WONG WEI-SHEN
wse@the-star.com.my

PETALING JAYA: Damansara REIT Managers Sdn Bhd, the managers company of Al-Aqar Healthcare REIT, has proposed to establish disposal fee payable to the firm and also as an addendum to the deed between Damansara REIT Managers and Al-Aqar's parent investor Anasrah Rupa Sdn Bhd and Aqar unit-holders.

In an announcement to its Malaysia, Al-Aqar said Damansara REIT Managers had proposed charge a disposal fee of up to 0.5% the disposal price of the real estate and/or special purpose companies to be disposed of by Al-Aqar's trust Anasrah Rupa Trustees Ltd on behalf of Al-Aqar.

"The disposal fee shall be payable to the manager (Damansara REIT Managers) upon completion of disposal," it said in a statement.

If approved, the establishment of the disposal fee would be subject to the retention deed, and would be effective from the date of registration of the retention deed with the Registrar of Companies.

Al-Aqar Capital fully redeems RM300m Sukuk programme

Feb 26, 2013

KUALA LUMPUR, Feb 26 -- Malaysia's RAM Ratings has received confirmation from the facility agent that Al-Aqar Capital Sdn Bhd (Al-Aqar Capital) fully redeemed all the outstanding Class A Islamic Medium-Term Notes (IMTN), Class B IMTN, Class C IMTN and Islamic Commercial Papers (ICP) under its RM300 million Sukuk (jarah Programme) (2008/2013).

Relatively attractive yields for Al-Aqar

Following the ab of Al-Aqar Capital any rating oblige

Al-Aqar Capital hospitals leased Healthcare Berh

Unit prices for Islamic real estate investment trust, Al-Aqar Healthcare REIT have coded off since hitting a year high of RM1.74 in September 2012 at currently hovering around RM1.30. The recent price correction makes it more attractive.

The trust reported RM102.4 million in turnover last year, up 22% while available for distribution grew 12% to RM52.2 million.

The increase was attributed, primarily, to full-year contributions from prop acquired over 2011 (two hospitals in Indonesia and Jela Garden retirement village in Australia) as well as maiden contributions from Kluang Ulu-Sungai Special Hospital acquired in the first quarter (H2) of 2012 and Bandar 8 Klang Special Hospital acquired in 2Q.

With the latest acquisitions, Al-Aqar's portfolio now consists of 25 properties with a combined RM1.454 billion, including fair value gains totaling RM1.6 million in 2012.

Assuming no new acquisitions in the current year, we estimate income distribution at roughly 7.9 sen per unit, which would give unit-holders a fair attractive net yield of roughly 5.5% at the prevailing price.

RAM assigns final ratings to Al-Aqar Capital's proposed sukuk, sees stable outlook

February 26, 2013

KUALA LUMPUR, RAM Rating Services Bhd has assigned final ratings to Al-Aqar Capital Sdn Bhd's proposed sukuk 1 to be issued under its RM100 million (jarah) programme.

In a statement, RAM Ratings said it had assigned AAA rating with a stable outlook for the RM100 million Class A Sukuk (jarah) and A2 rating with a stable outlook for the RM100 million Class B Sukuk (jarah). The RM100 million Class C Sukuk (jarah), however, was not rated, it said.

Al-Aqar Cap is a wholly owned special-purpose vehicle of Al-Aqar Healthcare REIT, which, in turn, is majority-held by KPJ Healthcare Bhd via a 49% indirect stake.

RAM Ratings said while KPJ had injected most of its properties into the REIT, it still managed and generated operating income from these assets. "In return, the group is obligated to pay lease rental to the REIT," it said.

Al-Aqar Healthcare REIT sees growth through new acquisitions

Printed on: June 10, 2013 (Wednesday)

KUALA LUMPUR: Al-Aqar Healthcare Real Estate Investment Trust (REIT), the only Islamic REIT in Malaysia, is set to have another positive return to its unit-holders as well as asset acquisitions in Australia while being predicted by limited new acquisitions.

The research arm of RHB Research (RHB Research) stated that the REIT's past aggressive asset acquisition in Australia of about 0.2 per cent unit while rental revenues were stable and led to a maximum reduction of two per cent.

It added that the group was keen on acquiring assets for financial year 2014. Healthcare REIT has the former two rights for the first option to acquire KPJ property retirement homes in Australia while acquisition may not be as soon as the first option.

"Management appears extremely interested in third-party acquisitions for financial year 2014, as a long-term strategy for the first option to acquire KPJ property retirement homes in Australia while acquisition may not be as soon as the first option."

"However, the REIT has limited capacity to pay its current dividend level to its unit-holders (a yield of 5.5 times).

"If the group places up to 20 per cent (RM1.2 million new units) of the fund size, based on the per unit discount to the five-year volume-weighted average price of RM1.05 (RM1.14 is 0.05).

"If the entire placement proceeds are used for acquisitions, we expect pricing to be around 0.05 per unit."

The REIT was initially formed to own and invest in an asset-acceptable property healthcare services, the group wants to do the same. This company also has a track record of 100 per cent return on capital, and a track record of 100 per cent return on capital.

Al-Aqar Healthcare REIT

Good growth potential

Al-Aqar REIT remains one of our top picks within the sector as we see pipeline of asset injections over the coming years. We expect earnings to be a CAGR of 15% over FY13-15. In addition, Al-Aqar offers good exceeding 6%. We maintain our Buy recommendation with a higher TP 1.

Financial Highlights	2011	2012	2013F	2014F
Revenue (RMm)	54.5	103.4	108.2	111
Normalized net profit	47.1	93.8	98.8	101
Normalized EBITDA growth (%)	0.0	4.0	4.0	-
EPS (sen)	7.4	14.6	15.4	15.8
Net DPS (sen)	7.2	14.6	15.4	15.8
Dividend Yield (%)	1.0	1.0	1.0	1.0

AL-AQAR HEALTHCARE REIT

AmResearch
Company report

Within expectations

HOLD

Price: RM1.35
Fair Value: RM1.45

Return to report Company Asset	FY12	FY13F	FY14F	FY15F
15 to 20	11	12	13	14
DivDPS (%)	11	12	13	14
DivYield (%)	11	12	13	14

AL-AQAR HEALTHCARE REIT

AmResearch
Company report

Results in-line, positive outlook remains with potential asset injections

HOLD (Maintained)

Price: RM1.35
Fair Value: RM1.45

Financial Highlights	2011	2012	2013F	2014F
Revenue (RMm)	54.5	103.4	108.2	111
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AL-AQAR HEALTHCARE REIT

AmResearch
Company report

Within expectations

HOLD (Maintained)

Price: RM1.35
Fair Value: RM1.45

Financial Highlights	2011	2012	2013F	2014F
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AL-AQAR HEALTHCARE REIT

AmResearch
Company report

Results in-line, positive outlook remains with potential asset injections

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Net DPS (sen)	7.2	14.6	15.4	15.8
Dividend Yield (%)	1.0	1.0	1.0	1.0

Market Report

“The 10-year MGS yield has surged to 4.0% (+98bps) while average gross yields of the M-REITs have risen to 6.6% (+67ppt) since 22 May 2013. The yield spread between M-REITs and MGS is now 258bps, below the average of 355bps since 2006 and 314bps between 2012-May 2013 (peak), suggesting that there could be further downside for M-REITs”

1. ECONOMIC OVERVIEW

The global economy continues to improve at a moderate pace. In the major advanced economies, recovery remains gradual and uneven. In Asia, growth has been sustained by improvements in export performance amid moderating domestic economic activity. Although volatility in the global financial markets has receded, markets remain vulnerable to setbacks and changes in sentiment. Looking ahead, there remain considerable risks that could affect the pace of the global recovery.

In the Malaysian economy, the expansion in domestic activity was supported by improvements in exports. Private consumption and investment activity also continued to sustain domestic demand amid a slower pace in public sector spending. Going forward, the growth momentum will benefit from the expected improvement in the external sector amid some moderation in domestic demand. Domestic investment activity will however continue, led by private sector capital spending and the ongoing implementation of infrastructure projects. Domestic demand is expected to moderate, reflecting the public sector consolidation and some moderation in private consumption.

(Source: Official website of Bank Negara Malaysia, Monetary Policy Statement)

2. MALAYSIAN REIT

M-REITs have done extremely well over the past two years amid a low interest rate and “risk-off” environment. Low interest rates and strong demand for stable, income-producing investments have made it much easier for REITs to acquire new assets due to cheaper cost of funds/equity. The first half of 2013 was the best year on record for M-REITs with the listing of Malaysia’s first ever stapled REIT, KLCCP (largest by market value and asset size) in May, further supported by yield-seeking/risk-averse investors accumulating the M-REITs pre 13th General Election in May 2013 as they turned defensive and shunned political ambiguity. However, the M-REIT sector has been severely sold down since the Fed hinted at Quantitative Easing (QE) tapering on 22 May 2013.

The 10-year MGS yield has surged to 4.0% (+98bps) while average gross yields of the M-REITs have risen to 6.6% (+67ppt) since 22 May 2013. The yield spread between M-REITs and MGS is now 258bps, below the average of 355bps since 2006 and 314bps between 2012-May 2013 (peak), suggesting that there could be further downside for M-REITs. Rising rates and weaker demand for yield stocks would dampen acquisition activities and could discourage asset owners from REIT-ing their assets due to unfavourable pricing.

Electricity tariff and potential assessment rate hikes in 2014 are negative for M-REITs. While many commercial leases include rent escalation clauses and cost pass-through to the tenants, tenant retention remains a top priority and REITs may have to

absorb part of the additional costs. Higher rentals on KL properties due to assessment fee hikes could encourage decentralisation.

(Source: Research report 2014: Outlook & lookouts by Maybank IB Research 23 Dec 2013)

3. HEALTHCARE IN MALAYSIA

The healthcare sector has seen robust growth over the past decade and this sector has one of the highest multipliers in the economy in Malaysia. Changing demographics, a more affluent society and more health-conscious lifestyles have led to the creation of a robust domestic industry.

While the local industry has been dominated by the public healthcare sector, over the past decade, there has been tremendous growth of private healthcare services. As such, the Government aims to further grow this sector by encouraging more private investments in areas such as manufacturing of pharmaceutical products, medical devices, clinical research, aged-care services and supporting collaborative efforts between public and private healthcare providers.

By 2020, the Healthcare NKEA targets the sector to generate RM35.5 billion in Gross National Income (GNI) and create 181,000 new jobs.

In the announcement of 2014 Budget, the government would continue to provide quality health care and medical services for the people and was allocating RM22.1 billion for the health sector. The allocation would be channelled for various programmes and projects, including the construction of Tanjung Karang Hospital and additional blocks for Jeli Hospital, as well as upgrading of the Kuala Lipis Hospital and 30 rural clinics. Until 2013, the government had set up 234 I Malaysia

clinics and another 50 to be set up in 2014.

Malaysia, as one of Asia's most recognised developing countries, has immense potential in an increasingly important sector - medical tourism. As such, with top-notch medical services providing reliable, safe and effective treatments in comfortable surroundings with ease of access and affordable prices, Malaysia is positioning itself to become the region's healthcare destination of choice. The Malaysia Healthcare Travel Council (MHTC) has been established to develop and promote this sector and to function as a one-stop centre for all matters related to healthcare travel.

The Healthcare NKEA has identified seniors living as a long-term business opportunity that could deliver significant economic benefit. While still a new concept in Malaysia, the seniors living sector offers great growth potential and can help address the outpatient and community-based care needs of the elderly. Some possible projects to transform the industry into a recognised part of the healthcare sector include retirement villages, mobile healthcare services, and institutional care. The Government expects this business potential to create 11,400 new jobs and RM1 billion in incremental GNI by 2020.

As part of the transformation of old folks homes and nursing homes as well as to develop new skills requirements for caregivers, work is in progress for the development of a new Act and regulations for Integrated Residential Care Centres (IRCC). Engagements are also in progress to encourage banks to develop reverse mortgage products and insurance companies to introduce products that cover care at home and long-term care.

(Source: Official website of PEMANDU at www.pemandu.gov.my)

“Until 2013, the government had set up 234 I Malaysia clinics and another 50 to be set up in 2014.”

4. INDONESIA

With Indonesia's new universal health care programme expected to put pressure on the public hospital system, investors are looking to develop private sector medical facilities as an alternative for the growing middle class.

Under the government scheme, all Indonesians will have some form of health coverage by 2019, up from around 50% at present. The system will provide insurance to millions who lack access to employer-sponsored plans and cannot afford private coverage, but it is also likely to stretch capacity at state hospitals and clinics. Initial trials of the comprehensive scheme in Jakarta saw sharp increases in the numbers of patients attending government facilities, many of whom were visiting the hospital for the first time.

Indonesia has bed-to-population ratio of 6.3 per 10,000, a figure that was "extremely low". The government would like to see this raised to 10 by 2014, although this would still leave Indonesia well short of the global average of 30.

The rise in demand for public services is expected to push more affluent Indonesians toward private sector medical care, seeking either faster or higher quality service. This business opportunity has not gone unnoticed. At the end of last year, Lippo Karawaci, one of Indonesia's largest real estate developers, announced it was planning new hospitals in a number of regional centres, such as Surabaya, Semarang and Kalimantan.

It is not just local health service providers looking to bridge the investment gap. In mid-May, Lippo announced it had sold one of its existing facilities, the Siloam Hospital Bali in Badung, to the First Real Estate Investment Trust of Singapore. Analysts have said the \$77.1m generated by the sale could be used by Lippo to fund

some of its other proposed hospital developments elsewhere.

The Bali acquisition was the second by the Singaporean concern in a matter of weeks, with First Real Estate having also been given approval to buy Siloam Hospital TB Simatupang for \$73.8m, a deal it announced in March. The twin sales suggest there is growing overseas interest in the local health care industry, with investors looking to cash in on a rising demand for specialised medical services. They may also be eyeing the 1.5m Indonesians who travel outside the country each year for treatment, spending an estimated \$11.5bn, according to data from the government and industry groups.

Regional players that offer services to Indonesians abroad have accordingly turned their attention to investment opportunities in the local market.

With Indonesia's private health care market growing and services likely to be in greater demand as pressure on the public sector increases, earning potential and investments are set to rise, with private care providers positioning themselves to tap into an increasingly affluent and quality-oriented market.

(Source: Oxford Business Group Report 15 Aug 2013-Investing in Indonesia's private sector health care)

5. AUSTRALIA

The aged care sector is anticipating a period of substantial growth due to the increased demand for services from the cohort of people born in the decades following the end of the Second World War. Because of the large size of this cohort of citizens compared to the previous generation there will need to be an increase in the capacity of the system over the next few decades to meet the demand.

Market Report

The Aged Care Financing Authority in their inaugural report estimates that the residential aged care sector will require investment of \$25 billion in the coming decade to cater for demand for aged care from Australia's ageing population. The viability of individual providers - whether they be for-profit providers (37% of all providers) or community benefit organisations (CBOs) (62% of all providers) - and the ability of the sector as a whole to meet growing demand for aged care at a price, quality, and proximity that is acceptable to the community, requires providers to be able to achieve sufficient profit or surplus such that they can draw that level of investment into the sector.

The Productivity Commission (2011) has predicted that by 2027 there will be a need for 287,000 residential aged care beds (up from 184,570 in 2012) and about 976,000 HACC individual client services (up from 518,000 in 2007). Similarly the Aged Care Financing Authority (ACFA) (2013)⁵ estimates that the residential aged care sector will need to build 74,000 additional beds over the next ten years. A proportion of these new beds will be needed outside of densely populated parts of Australia. The ACFA also predicts that the total number of home aged care packages will be 144,000 by 2021-22; an increase of approximately 9,000 packages per year.

(Source: Aged and Community Services Australia (ACSA) 2013 reports)



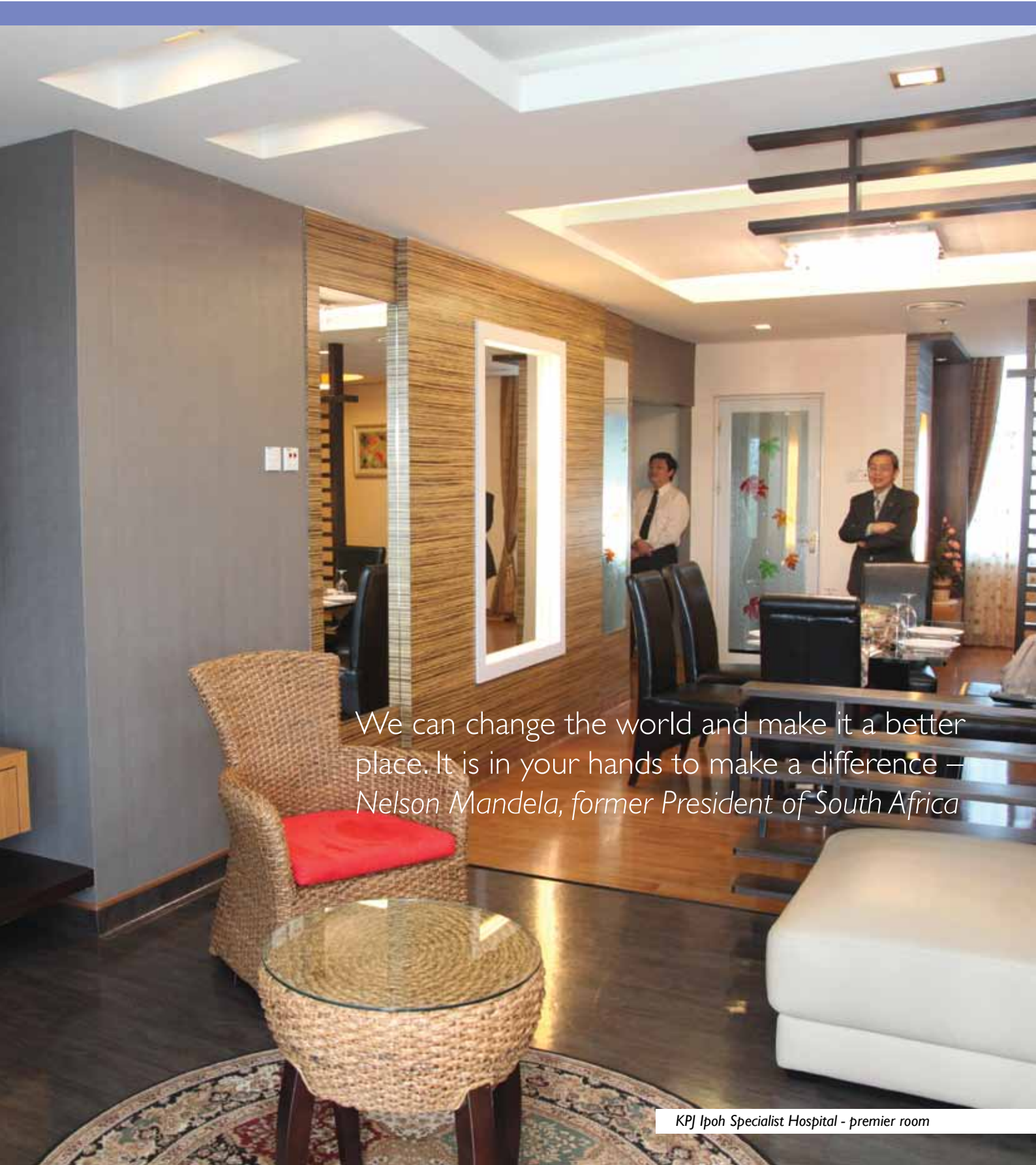
Tawakkal Health Centre - gymnasium

/05 In Order

- Corporate Governance Statement
- Audit Committee Report
- Risk Management Report

KPJ Ipoh Specialist Hospital - premier room





We can change the world and make it a better place. It is in your hands to make a difference –
Nelson Mandela, former President of South Africa

Corporate Governance Statement

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of the Manager ("the Board") recognizes the value of good corporate governance and prioritizes in ensuring that high standards of corporate governance is upheld and practised with the ultimate objective of protecting and enhancing unitholders' value and protecting the interests of all stakeholders. The Board is committed to ensure the continuity of good corporate governance practice that will add value to the business and affairs of the Manager.

The Manager has been guided by the measures set out in the Guidelines on Real Estate Investment Trust issued by the Securities Commission ("REIT Guidelines"), the Listing Requirements of Bursa Malaysia ("Listing Requirements") and the principles and recommendations of the Malaysian Code on Corporate Governance 2012.

THE MANAGERS'S ROLE

In accordance with the Deed, the Manager is appointed to manage the assets and administer the funds of Al-'Aqar Healthcare REIT ("Al-'Aqar"). Its primary objective is to provide the unitholders with long term and stable income distributions with the potential of sustainable growth as well as to enhance the net asset value of Al-'Aqar's units.

The objective is sought to be achieved by optimizing the performance and enhancing the overall quality for a large and geographically diversified portfolio of Syariah-compliant real estate assets through various permissible investment and business strategies.

The Manager is required to ensure that the business and operations of Al-'Aqar are carried and conducted in a proper, diligent and efficient manner, and in accordance with the acceptable business practices in the real estate investment trust industry in Malaysia. Subject to the provisions of the Deed, the Manager has full and complete control in managing the Fund (including all assets and liabilities of Al-'Aqar) for the benefits of the Unitholders.

The Manager's main functions, amongst others, are as follows:-

- Investment Strategy
Formulate and implement Al-'Aqar's investment strategy.

- **Acquisition and Divestment**
Make recommendations and coordinate with the Trustee and implement the acquisition of new assets and divestment of Al-'Aqar's existing investments.
- **Asset Management**
Supervise and oversee the management of Al-'Aqar's properties including procurement of service providers to carry out specified activities, including but not limited to onsite property management, property maintenance, rent collection and arrear control. The Manager is also responsible for developing a business plan in the short, medium and long term with a view to maximising the income of Al-'Aqar.
- **Financing**
Formulate plans for equity and debt financing for Al-'Aqar's funding requirements.
- **Accounting Records**
Keep books and prepare or cause to be prepared accounts and annual reports, including annual budget for Al-'Aqar.
- **Investor Relations**
Developing and maintaining investor relations including information coordination and distribution as well as customer service to investors.
- **Compliance Management**
Supervise all regulatory filings on behalf of Al-'Aqar, and ensure that Al-'Aqar is in compliance with the applicable provisions of the Securities Commission Act, SC REIT Guidelines, Bursa Securities Listing Requirements, Trust Deed and all relevant contracts.

PRINCIPLES OF THE CORPORATE GOVERNANCE CODE

I. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Structure, Composition and Balance

The composition of the Board of Directors is as follows:

1. 1 Non-Independent Non-Executive Chairman
2. 4 Non-Independent Non-Executive Directors
3. 3 Independent Non-Executive Directors
4. 1 Managing Director/Non-Independent Director

Recommendation 3.5 of the MCCG 2012 states that where the Chairman of the Board is not an Independent Director, the Board must comprise of a majority of Independent Directors. Although the Manager is yet to be in line with Recommendation 3.5, the Board believes that the interests of Unitholders would be better served by a Chairman and a team of Board members who act collectively in the best overall interests of Unitholders. As the Chairman is representing JCorp which ultimately has substantial interest in the Fund, he is well placed to act on behalf of Unitholders and in their best interests.

Corporate Governance Statement

Board Duties and Responsibilities

In discharging their duties and responsibilities, the Board ensures that all decisions made are in the best interests of the Fund and stakeholders. As prescribed by the MCCG 2012, the Board assumes the following responsibilities:

- **Reviewing and adopting a strategic plan for the Fund**

The strategic and business plan for the period 2014 – 2018 was tabled, discussed and approved by the Board at its meeting on 22 August 2013. Additionally, on an ongoing basis as need arises, the Board will assess whether strategic consideration being proposed at Board meetings during the year are in line with the objectives and broad outline of the adopted strategic plans.

- **Overseeing the conduct and overall management of the Manager and management of the assets of Al-'Aqar**

The Board is responsible to oversee and review the Fund's annual budget, operational and financial performance on a periodic basis against the budget. At Board meetings, all operational matters will be discussed and appropriate consultation will be sought if necessary. Where and when available, the performance of the Fund will be benchmarked and compared against the performance of its competitors.

- **Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures**

The Risk Management Report will be tabled on a periodic basis in the Board meeting to review the Fund's risks.

- **Succession planning**

The Board will deliberate on the latest plans and actions taken in respect of the succession planning to ensure that all candidates appointed to senior management positions are of sufficient calibre.

- **Overseeing the development and implementation of a Unitholder communications policy for the Fund**

The Manager has introduced many activities with regards to engagement and communication with investors to ensure that they are well informed about the Fund affairs and developments. Details of investors' activities are disclosed on page 74 of this Annual Report.

- **Reviewing the adequacy and the integrity of the management information and internal controls system of the Fund**

The Board's function as regard to fulfilling these responsibilities effectively are supported and reinforced through the various Committees established at both the Board and Manager's level. The active functioning of these Committees through their regular meetings and discussions would provide a strong check and balance and reasonable assurance on the adequacy of the Fund's internal controls.

Corporate Governance Statement

Committees

In carrying its functions, the Board is supported by the Audit Committee and Executive Committee, all of which operate within defined terms of reference. These committees provide the appropriate checks and balances.

Audit Committee

The Audit Committee is chaired by Zainah Mustafa and comprises of 2 other members, Datin Paduka Siti Sa'diah Sheikh Bakir and Lukman Abu Bakar. The Committee meets on a scheduled basis at least 4 times a year. The composition of the Audit Committee, its terms of reference, attendance of meetings and duties and responsibilities are set out on page 92 of the Annual Report. The minutes of the Audit Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

Executive Committee

The Executive Committee is chaired by Zainah Mustafa and comprises of 2 other members, Datin Paduka Siti Sa'diah Sheikh Bakir and Lukman Abu Bakar. The Committee meets on a scheduled basis at least 4 times a year. The minutes of the Executive Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

Access to Information and Advice

Prior to each board meeting, the Board Report will be circulated to all Directors so that each Director has ample time to peruse and review it for further deliberation at the Board meeting. The Board Report includes among others, the following details:

- Minutes of meeting of all Committees of the Board
- Any matters arising from previous meetings
- Business strategies and corporate proposals
- Review of operational matters and financial report of the Group
- Progress report on risk management
- Executive Committee and Audit Committee report

The Board is fully aware of its duties and responsibilities with regards to the above and decisions and deliberation at the Board meetings are recorded and minuted by the Company Secretary. All minutes will be confirmed prior to the meetings.

2. STRENGTHEN COMPOSITION

Establishment of a Nomination and Remuneration Committee

Eventhough there is no specific requirement or regulation to establish the Nomination and Remuneration Committee (NRC), it is a corporate best practice as stated in the Malaysian Code on Corporate Governance 2012. Being the manager of a listed fund, the Board of Directors of the Manager has taken initiative to setup the NRC in the financial year under review. In its 30th meeting, the Board of Directors has approved to establish the NRC of which the members of the committee shall be appointed among the Board of Directors. The terms of reference of the NRC which include the purpose, membership, meetings and scope of activities also be adopted in accordance with the objectives and principles of the corporate governance.

Corporate Governance Statement

Remuneration policies

The remuneration of the Directors is paid by the Manager and not by the Fund. The remuneration of the Managing Director is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, they receive a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the committee meetings.

3. REINFORCE INDEPENDENCE

The Manager is led and overseen by experienced Board of Directors with a wide and varied range of expertise. This broad spectrum of skills and experience gives added strength to the leadership, thus ensuring the Manager is under the guidance of an accountable and competent Board. The Board currently has nine Directors comprising of five (5) non-independent members, three (3) independent members and one (1) Managing Director. This is in compliance with the requirements of Para 3.06 of REIT Guidelines which stated that at least one-third of the Board to be independent.

There is a clear segregation of roles and responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. This also provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberation on the business activities of Al-'Aqar.

The Chairman ensures that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues. The Managing Director has full executive responsibilities over the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing Al-'Aqar.

4. FOSTER COMMITMENT

During the year ended 31 December 2013, the Board convened four meetings and all Directors have complied with the minimum 50% attendance as required by Para 15.05 of the Listing Requirements. The members of the Board and their attendances at Board meetings in 2013 are set out below:

	28th BOD 22.2.2013	29th BOD 26.4.2013	30th BOD 22.8.2013	31st BOD 19.11.2013
Dato' Kamaruzzaman Abu Kassim	/	/	/	/
Datin Paduka Siti Sa'diah Sheikh Bakir	/	/	/	/
Dato' Mani a/l Usilappan	/	X	/	/
Zainah Mustafa	/	/	/	/
Dr. Hafetz Ahmad	/	/	/	/
Lukman Abu Bakar	/	/	/	/
Jamaludin Md Ali	/	/	/	/
Yusaini Hj. Sidek	/	/	/	/

Corporate Governance Statement

Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis. Throughout the financial year under review, the Directors attended various conferences, seminars and training programmes covering areas that included corporate governance, leadership, updates on REIT industry and global business developments.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements, annual report and quarterly announcements to Unitholders, the Board aims to present a balanced and understandable assessment of Al-'Aqar's financial position, performance and prospects.

The Directors have taken the necessary steps to ensure that Al-'Aqar had complied with all applicable Financial Reporting Standards, provisions of the Companies Act 1965 and relevant provision of laws and regulations in Malaysia and the respective countries in which the subsidiaries operate, consistently and that the policies are supported by reasonable and prudent judgement and estimates.

The Audit Committee assists the Board in ensuring both annual financial statements and quarterly announcements are accurate and the preparation is consistent with the accounting policies adopted by Al-'Aqar.

Relationship with the External Auditors

The Board through the Audit Committee has maintained a formal procedure of carrying out an independent review of quarterly reports, annual audited financial statements, External Auditor's audit plan, report, internal control issues and procedures.

The appointment of external auditors, who may be nominated by the Manager, is approved by the Trustee. The auditors appointed must be independent of the Manager and the Trustee. The remuneration of the auditors must be approved by the Trustee.

6. RECOGNISE AND MANAGE RISKS

Internal Control

The Board is responsible for maintaining a system of internal control that covers financial and operational controls and risk management. The system provides reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

Conflict of Interest

Save for the Directors' interests in Al-'Aqar (as disclosed under Statement of Interest of Directors of the Manager) and the transactions with companies related to the Manager (as disclosed in the notes to the financial statements), no conflict of interest has arisen during the financial year under review.

Corporate Governance Statement

The Manager will establish procedures that will ensure that related party transactions and conflicts of interest are undertaken in full compliance with the SC REIT Guidelines, the Trust Deed and the Listing Requirements.

Material Contracts

There were no material contracts entered by Al-'Aqar that involved the Directors of the Manager or substantial Unitholders of Al-'Aqar during the financial year under review.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

Al-'Aqar has in place procedures for compliance with the Listing Requirements of Bursa Securities and ensures that all material information must be announced immediately to Bursa Securities.

Leverage on Information Technology

A website: <http://www.alaqar.com.my> is maintained to create greater awareness of Al-'Aqar activities, performance and other relevant information among the stakeholders and general public. The website has all information with reference to material information of quarterly and annual result announcements, changes to shareholding and press releases are published concurrently with Bursa Malaysia website.

8. STRENGTHEN RELATIONSHIP WITH THE UNITHOLDERS

Communication and Investor Relations

The Board recognises the importance of timely dissemination of information to the Unitholders and accordingly ensures that they are well informed of any major developments of Al-'Aqar. Such information is communicated through the annual report, the Trust's various disclosures and announcements to Bursa Securities, including quarterly and annual results, and the corporate website.

As part of Al-'Aqar's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, unitholders and the media to convey information about Al-'Aqar's performance, corporate strategy and other matters affecting Unitholders' interests.

Details of the investor and public relations programs undertaken by the Manager are set out on page 74 of this Annual Report.

Corporate Governance Statement

Annual General Meeting

The Annual General Meeting is a vital platform for dialogue and interaction with the Unitholders. Pursuant to the amendments to the SC REIT Guidelines effective 28 December 2012, an annual general meeting will be held once every calendar year from FY 2013. The Manager had on 26 April 2013 convened its inaugural Annual General Meeting to seek the Unitholders' approval for amongst others:-

- Proposed to allot and issue new units
- Proposed increase in the existing approved fund size

At the Annual General Meeting, the Chairman presented the progress and performance of the business and encouraged Unitholders to participate in the question-and-answer session.



Luncheon with Maybank's Top Management

Audit Committee Report

I. COMPOSITION AND ATTENDANCE

For the financial year ended 31 December 2013, the Audit Committee comprised of 3 Directors, all of whom are also members of the Board of the Manager.

The composition of the Audit Committee was as follows:

Members/Directorship	No. of meetings attended
Zainah Mustafa Chairman/Independent Non-Executive Director	4 out of 4
Datin Paduka Siti Sa'diah Sheikh Bakir Member/Non-Independent Non-Executive Director	4 out of 4
Lukman Abu Bakar Member/Non-Independent Non-Executive Director	4 out of 4

2. TERMS OF REFERENCE

Purpose

- To ensure transparency, integrity and accountability in the Fund's activities so as to safeguard the rights and interests of the Unitholders;
- To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- To improve the Fund's business efficiency, the quality of the accounting and audit function and strengthen public confidence in the Fund's reported financial results; and
- To maintain open lines of communication between the Board and the External Auditors.

Membership

- The members of the Committee shall be appointed by the Board and shall consist of not less than 3 members.
- All members must be Non-Executive Directors.
- All members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants ("MIA") or have the relevant qualifications and experience as specified in the Bursa Malaysia Securities Main Market Listing Requirements.
- The Chairman of the Committee, elected from amongst the Audit Committee members shall be an Independent Director.
- No alternate Director of the Board shall be appointed as a member of the Committee.

Meetings

A minimum of 4 meetings shall be planned during the financial year and the quorum for the meeting shall be 2 members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present. Reports of the Committee meeting shall be tabled by the Audit Committee Chairman at the Board of Directors meeting. A total of four meetings were held on 14 February 2013, 13 May 2013, 20 August 2013 and 14 November 2013 respectively.

3. DUTIES AND RESPONSIBILITIES

The objective of the Audit Committee is to assist the Board of Directors of the Manager in fulfilling its fiduciary responsibilities relating to corporate governance, internal controls, financial and accounting records and policies as well as financial reporting practices of Al-'Aqar.

The Audit Committee's responsibilities include:

- To review the quarterly and year-end financial statements of the Fund prior to the approval by the Board of Directors of the Manager
- To provide an independent assessment of the adequacy and effectiveness of risk management functions
- To review the internal audit programme, the results of the internal audit process or investigation undertaken and ensure that appropriate action is taken on the recommendations of the internal audit function
- To review with external auditors the audit plan, scope of audit and audit reports
- To review any related party transactions and conflict of interest situation that may arise

Jeta Gardens, Australia





AGM & EGM on 26 April 2013

Risk Management Report

The Manager adopts a risk management framework that enables it to continuously identify, evaluate, mitigate and monitor risks that affect Al-'Aqar in achieving its objectives in a timely and effective manner. The risk management process is integrated with the business processes, enabling proper risk management at operation level of each property as well as the fund level.

Business/Environment risk

Al-'Aqar has properties in Indonesia and Australia that are exposed to the real estate market in these countries. The political situation, economy, natural disasters and government policies can affect the operations and financial of Al-'Aqar. The Manager takes a pro-active approach by ensuring overseas properties covered by comprehensive takaful coverage.

Interest rate and Bank's Cost of Funds risk

Rising interest rate and adverse movements in floating interest rates as well as bank's cost of funds will affect financial performance and subsequently may affect dividend return to the Unitholders. As at 31 December 2013, about 90% of Al-'Aqar's debt is on fixed rate and secured for the next 5 years.

Future valuation risk

Properties owned by the Al-'Aqar will likely face impairment in value and there is no guarantee for Al-'Aqar to sell the property at a price equal or above the purchase price. Since the inception of Al-'Aqar, the value of the properties has increased considerably at average of 5%. Further, the Manager has engaged professional property managers that can help maximizing the properties performance as well as reducing operating costs.

Third party acquisitions risk

The acquisition of third party assets must be considered carefully to ensure the identifiable assets are in good quality and have a good financial position. Overseas assets also are subject to real estate law and policy of the particular country. The Manager remains very selective and manages such risk by evaluating potential acquisitions against an approved investment criteria. Due diligence will also be performed prior to acquisition. In order to minimize the hassle of day-to-day operations of the assets, for third party acquisitions, the Manager prefers uses the "triple net lease" concept of which tenants are obliged to pay all operations and statutory expenses.

Tax discrepancy risk

Investment in overseas property is subject to a variety of taxes such as income tax and withholding tax. Taxes are subject to change in that country's legislation and may result in higher taxes and could affect the return on real estate income and subsequently the distribution of dividends to the Unitholders. The Manager will appoint a qualified tax advisor to consolidate the withholding tax imposed as well as review the rental rates every three years to accommodate any changes in tax rates. In addition, the Manager will revise the rental every 3 years and any variable on tax will be addressed during the rental revision.

Foreign exchange risk

Money transfer for rental collection from overseas properties may affect the company in terms of foreign currency exchange rates. However, the Manager has instructed tenants for the overseas properties to remit the rental income in Ringgit Malaysia as stated in the invoices.



Analysts and Fund Managers Briefing

/06

In Good Financial Health

- Manager's Report
- Statement by the Manager
- Statutory Declaration
- Trustee's Report
- Syariah Committee Report
- Independent Auditor's Report
- Financial Statements

Jeta Gardens, Australia





One person can make a difference and
every person should try –
*John F. Kennedy, former President of the
United States of America*

MANAGER'S REPORT FOR THE YEAR ENDED 31 December 2013

The Directors of Damansara REIT Managers Sdn Berhad (the "Manager"), the Manager of Al-'Aqar Healthcare REIT (the "Fund"), are pleased to present their report to the unitholders of the Fund together with the audited financial statements of the Fund and of the Group for the financial year ended 31 December 2013.

The Fund and its Investment Objective

The Fund is a Malaysian-based real estate and investment trust, established on 28 June 2006 pursuant to the execution of a Trust Deed dated 27 June 2006 between the Manager, and AmanahRaya Trustees Bhd (the "Trustee"). It was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 August 2006.

Our key objective of the Fund is to provide unitholders with stable distributions per unit and the potential for sustainable long-term growth of such distributions and net asset value per unit.

The objective is sought to be achieved by optimizing the performance and enhancing the overall quality for a large and geographically diversified portfolio of Syariah-compliant real estate assets through various permissible investment and business strategies.

For the year ended 31 December 2013, the Fund is expected to declare a total income distribution of 7.85 sen per unit, which is in line with the objective of providing the unitholders with a steady stream of income.

The Manager and its Principal Activity

The Manager, incorporated in Malaysia, is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, a subsidiary of Johor Corporation. The principal activity of the Manager is management of real estate investment trusts. There has been no significant change in the nature of the activity during the year.

Manager's Investment Strategies and Policies

To achieve the Fund's primary objective, the Manager has real estate and real estate-related assets with income and growth type of fund.

(i) Portfolio composition

The Fund's investments may be allocated in the following manner, as prescribed by the Guidelines on Real Estate Investment Trust ("Guidelines on REITs") and the Guidelines for Islamic Real Estate Investment Trust ("Guidelines on Islamic REITs"):

- (a) at least 75% of the Fund's total assets shall be invested in Syariah-compliant real estate, single-purpose companies which are Syariah-compliant, Syariah-compliant real estate-related assets or liquid assets;
- (b) at least 50% of the Fund's total assets must be invested in Syariah-compliant real estate or single-purpose companies which are Syariah-compliant; and
- (c) the remaining 25% of the Fund's total assets may be invested in other Syariah compliant assets (such as Syariah-compliant real estate-related assets, Syariah compliant non-real estate-related assets or Islamic asset-backed securities).

MANAGER'S REPORT FOR THE YEAR ENDED 31 December 2013 (cont'd.)

Manager's Investment Strategies and Policies (cont'd.)

(ii) Diversification

The Fund will seek to diversify its Syariah-compliant real estate portfolio by property and location type. The Fund will primarily be focused on investing in real estates which are primarily used for healthcare purposes and will continue to look for opportunities that will provide attractive returns.

(iii) Leverage

The Fund will be able to leverage on its financing to make the permitted investments. Leveraging on its financing will enable the returns to unitholders to increase.

Directors of the Manager

The Directors who served on the Board of Damansara REIT Managers Sdn Berhad (the "Manager"), since the date of the last report and at the date of this report are:

Dato' Kamaruzzaman bin Abu Kassim
Yusaini bin Sidek
Dr Mohd Hafetz bin Ahmad
Zainah binti Mustafa
Dato' Mani a/l Usilappan
Datin Paduka Siti Sa'diah Sheikh Bakir
Lukman bin Abu Bakar
Jamaludin bin Md Ali
Mohd Yusof bin Ahmad (appointed on 30 January 2014)

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager of the Fund is a party, with the object or objects of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of the Fund or any other body corporate.

Since the end of the previous financial year, no Director of the Manager has received or become entitled to receive any benefit (other than benefits which accrue from the fee paid to the Manager or from transactions made with companies related to the Manager) by reason of a contract made by the Manager or the Fund or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

MANAGER'S REPORT FOR THE YEAR ENDED 31 December 2013 (cont'd.)

Directors' Interests

According to the register of Directors' unitholdings of the Fund, the interests of Directors of the Manager in office at the end of the year ended 31 December 2013 are as follows:

The Manager's Directors and shareholders:	NUMBER OF UNITS IN THE FUND			
	AT 1.1.2013	ACQUIRED	SOLD	AT 31.12.2013
Dato' Kamaruzzaman bin Abu Kassim				
- Direct	10,000	-	-	10,000
Dr Mohd Hafetz bin Ahmad				
- Direct	2,400	-	-	2,400
- Indirect	230	-	-	230
Datin Paduka Siti Sa'diah Sheikh Bakir				
- Direct	99,035	-	-	99,035
- Indirect	2,500	-	-	2,500

Manager's Remuneration

Pursuant to the Restated Trust Deed dated 31 July 2013, the Manager is entitled to receive from the Fund:

- Management fee of 0.1% per annum of the gross assets value of the Fund that is below RM1,000,000,000 and 0.125% of the gross assets value of the Fund that exceeds RM1,000,000,000 calculated based on monthly accrual basis and payable monthly in arrears;
- An acquisition fee of 1% of the acquisition price of any investment property purchased directly or indirectly by the Fund which is payable after the completion of the acquisition; and
- A disposal fee of 0.5% of the disposal price of any investment property to be disposed direct or indirectly by the Fund which is payable upon completion of the disposal.

Soft Commission

During the year, the Manager did not receive any soft commission from its broker, by virtue of transactions conducted by the Fund.

Reserves and Provisions

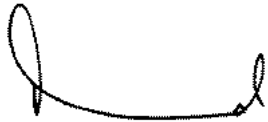
There were no material transfers to and from reserves or provisions during the financial year ended 31 December 2013 other than as disclosed in the statements of changes in net asset value.

Significant Events

The details of significant events are disclosed in Note 20 to the financial statements.

**MANAGER'S REPORT FOR THE YEAR ENDED
31 December 2013 (cont'd.)**

Signed on behalf of the Board in accordance with a resolution of the Directors of the Manager:



Dato' Kamaruzzaman bin Abu Kassim



Yusaini bin Sidek

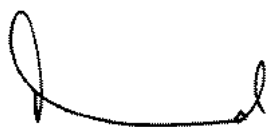
Kuala Lumpur, Malaysia
19 February 2014

STATEMENT BY THE MANAGERS TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT

We, Dato' Kamaruzzaman bin Abu Kassim and Yusaini bin Sidek, being two of the Directors of Damansara REIT Managers Sdn Berhad (the "Manager"), do hereby state that, in the opinion of the Manager, the financial statements of Al-'Aqar Healthcare REIT (the "Fund") and its subsidiaries (the "Group") as set out on pages 108 to 162 are drawn up in accordance with applicable provisions of the Restated Trust Deed dated 31 July 2013, Malaysian Financial Reporting Standards modified by the Securities Commission's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts and applicable securities laws in Malaysia so as to give a true and fair view of the financial position of Al-'Aqar Healthcare REIT as at 31 December 2013 and of the results and the cash flows for the year then ended. The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The supplementary information set out in Note 25 on page 162, which is not part of the financial statements, is prepared in all material respect, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements", as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors of the Manager:



Dato' Kamaruzzaman bin Abu Kassim



Yusaini bin Sidek

Kuala Lumpur, Malaysia
19 February 2014

STATUTORY DECLARATION

I, Yusaini bin Sidek, being the Managing Director of Damansara REIT Managers Sdn Berhad (the "Manager") primarily responsible for the financial management of Al-'Aqar Healthcare REIT (the "Fund"), do solemnly and sincerely declare that the financial statements set out on pages 108 to 162 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 19 February 2014.

Before me,



Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

Jasni bin Yusoff
Commissioner for Oaths

Yusaini bin Sidek

TRUSTEE'S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

To the Unit Holders of AL-'AQAR HEALTHCARE REIT

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AL-'AQAR HEALTHCARE REIT for the financial year ended 31 December 2013. In our opinion, DAMANSARA REIT MANAGERS SDN BERHAD, the Manager, has managed AL-'AQAR HEALTHCARE REIT in accordance with the limitations imposed on the investment powers of the management company and the Trustee under the Deed, other provisions of the Deed, the applicable Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year then ended.

We are of the opinion that:

- (a) The procedures and processes employed by the Manager to value and/or price the units of AL-'AQAR HEALTHCARE REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements; and
- (b) The distribution of returns made by AL-'AQAR HEALTHCARE REIT as declared by the Manager is in accordance with the investment objective of AL-'AQAR HEALTHCARE REIT.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD



Habsah binti Bakar
Chief Executive Officer

Kuala Lumpur, Malaysia
20 February 2014

SYARIAH COMMITTEE REPORT TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT

We have acted as the Syariah Adviser of Al-'Aqar Healthcare REIT (the "Fund"). Our responsibility is to ensure that the procedures and processes employed by Damansara REIT Managers Sdn Berhad (the "Manager") and that the provisions of the Trust Deed are in accordance with Syariah principles.

In our opinion, the Manager has managed and administered the Fund in accordance with Syariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Syariah matters for the year ended 31 December 2013.

In addition, we also confirm that the investment portfolio of the Fund is Syariah-compliant, which comprises:

- (a) Rental income from investment properties which complied with the Guidelines for Islamic Real Estate Investment Trust;
- (b) Cash placement and liquid assets, which are placed in Syariah-compliant investments and/or instruments.

For the Member of Syariah Committee



Dato' Haji Nooh bin Gadot
Chairman - Syariah Committee

19 February 2014

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AL-'AQAR HEALTHCARE REIT

(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Al-'Aqar Healthcare REIT (the "Fund"), which comprise the statements of financial position as at 31 December 2013 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 108 to 162.

Manager's and Trustee's responsibility for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable fair presentation of these financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Managers, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AL-'AQAR HEALTHCARE REIT (cont'd.)**
(Incorporated in Malaysia)

Other reporting responsibilities

The supplementary information set out in Note 25 on page 162 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

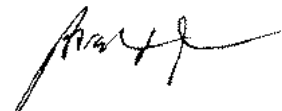
Other matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
19 February 2014



Abraham Verghese A/L T.V. Abraham
No. 1664/10/14(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	The Group		The Fund	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	4	107,419,217	103,397,729	88,762,569	84,603,151
Property expenses	5	(6,134,649)	(5,681,644)	(5,918,949)	(5,442,900)
Net rental income		101,284,568	97,716,085	82,843,620	79,160,251
Investment revenue	6	514,722	688,073	16,354,820	16,853,783
Other income		220,000	-	220,000	-
Gain on fair value adjustment of investment properties	10	19,674,618	10,751,853	18,890,000	9,910,000
Total income		121,693,908	109,156,011	118,308,440	105,924,034
Expenditure:					
Finance costs:					
Islamic financing		39,695,892	38,904,109	20,953,435	24,640,027
Amounts due to subsidiaries		-	-	18,710,856	14,262,082
Manager's fees		1,675,688	1,587,287	1,675,688	1,587,287
Professional fees		525,923	389,154	525,923	389,154
Stamp duties		301,505	212,382	301,268	211,537
Valuation fees		467,149	454,506	467,149	454,506
Trustee's fees		237,841	227,478	237,841	227,478
Maintenance of property		140,520	214,975	140,520	80,050
Printing expenses		211,993	155,121	198,050	142,561
Secretarial fee		36,685	44,818	35,295	44,055
Securities commission's fees		2,700	1,500	2,700	1,500
Registrar's fee		61,036	37,687	60,586	36,857
Audit fees		136,484	129,086	50,000	57,000
Tax agent's fee		48,617	64,537	9,647	11,107
Administration expenses		300,082	337,721	115,718	143,223
Annual listing fees		5,059	5,000	5,059	5,000
Withholding tax		2,018,510	2,099,724	1,089,285	1,101,696
Syariah adviser's fee		3,000	1,800	3,000	1,800
Total expenditure		(45,868,684)	(44,866,885)	(44,582,020)	(43,396,920)

Financial Statement

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (cont'd.)

	Note	The Group		The Fund	
		2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax		75,825,224	64,289,126	73,726,420	62,527,114
Income tax expense	7	(2,514,494)	(1,386,936)	-	-
Profit for the year		73,310,730	62,902,190	73,726,420	62,527,114
Other comprehensive expense, net of tax					
Foreign currency translation		(62,501)	(139,752)	-	-
Total comprehensive income for the year		73,248,229	62,762,438	73,726,420	62,527,114
Profit for the year attributable to:					
Owners of the Fund		73,310,730	62,902,190	73,726,420	62,527,114
Total comprehensive income for the year attributable to:					
Owners of the Fund		73,248,229	62,762,438	73,726,420	62,527,114
Total comprehensive income for the year is made up as follows:					
Realised		53,636,112	52,150,337	54,836,420	52,617,114
Unrealised		19,612,117	10,612,101	18,890,000	9,910,000
		73,248,229	62,762,438	73,726,420	62,527,114

Financial Statement

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (cont'd.)

	Note	The Group		The Fund	
		2013 RM	2012 RM	2013 RM	2012 RM
Earnings per unit (sen):	8				
Gross		10.89	9.61	10.59	9.35
Net		10.53	9.40	10.59	9.35
Net income distribution	9	58,483,024	36,968,040	58,483,024	36,968,040
Income distribution per unit (sen):					
Gross		8.40	5.78	8.40	5.78
Net		8.40	5.78	8.40	5.78

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Financial Statement

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		The Group		The Fund	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
ASSETS					
Non-current assets					
Investment properties	10	1,483,684,618	1,464,010,000	1,268,600,000	1,249,710,000
Investment in subsidiaries	11	-	-	42,492,190	42,492,190
Amounts due from subsidiaries	11	-	-	177,244,940	178,507,631
		1,483,684,618	1,464,010,000	1,488,337,130	1,470,709,821
Current assets					
Trade receivables	12	6,039,361	1,880,474	5,510,217	1,573,923
Other receivables and prepaid	12	11,355,402	9,161,469	11,316,113	8,990,474
Fixed deposits with licensed banks		17,346,200	26,553,914	-	6,547,326
Cash and bank balances		50,483,127	46,576,955	42,006,357	43,539,926
		85,224,090	84,172,812	58,832,687	60,651,649
Total assets		1,568,908,708	1,548,182,812	1,547,169,817	1,531,361,470
Liabilities					
Current liabilities					
Other payables and accrued expenses	13	11,362,369	11,567,282	3,040,597	6,021,264
Amount due to a subsidiary	11	-	-	-	266,437,824
Islamic financing	14	-	647,902,985	-	367,495,957
Tax liabilities		869,469	421,729	-	-
		12,231,838	659,891,996	3,040,597	639,955,045

Financial Statement

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (cont'd.)

	Note	The Group		The Fund	
		2013 RM	2012 RM	2013 RM	2012 RM
Non-current liabilities					
Deferred tax liabilities		1,279,766	124,511	-	-
Other payables	13	8,089,120	8,089,120	8,089,118	8,089,118
Amount due to a subsidiary	11	-	-	637,479,399	-
Islamic financing	14	732,414,275	79,948,681	79,948,681	79,948,681
		741,783,161	88,162,312	725,517,198	88,037,799
Total liabilities		754,014,999	748,054,308	728,557,795	727,992,844
Net asset value		814,893,709	800,128,504	818,612,022	803,368,626
Unitholders' fund					
Unitholders' capital	15	682,682,499	682,682,499	682,682,499	682,682,499
Undistributed income		136,538,247	121,710,541	135,929,523	120,686,127
Foreign exchange reserve		(4,327,037)	(4,264,536)	-	-
Total Unitholders' fund	15	814,893,709	800,128,504	818,612,022	803,368,626
Number of units in circulation		696,226,468	696,226,468	696,226,468	696,226,468
Net asset value per unit (ex-distribution)		1.17	1.15	1.18	1.15

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Financial Statement

STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Group	Unitholders' Capital Total RM	Undistributed Income RM	Foreign Exchange Reserve RM	Total RM
Balance as of January 1, 2012	627,174,319	95,776,391	(4,124,784)	718,825,926
Total comprehensive income for the year	-	6 2,902,190	(139,752)	62,762,438
Unitholders' transactions:				
Issues of units	55,508,180	-	-	55,508,180
Distribution to unitholders (Note 9)	-	(36,968,040)	-	(36,968,040)
Increase/(decrease) in net assets resulting from unitholders' transactions	55,508,180	(36,968,040)	-	18,540,140
Balance as of December 31, 2012	682,682,499	121,710,541	(4,264,536)	8 00,128,504
Balance as of January 1, 2013	682,682,499	121,710,541	(4,264,536)	8 00,128,504
Total comprehensive income for the year	-	73,310,730	(62,501)	73,248,229
Unitholders' transactions:				
Distribution to unitholders (Note 9)	-	(58,483,024)	-	(58,483,024)
Balance as of December 31, 2013	682,682,499	136,538,247	(4,327,037)	814,893,709

Financial Statement

STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (cont'd.)

The Fund	Unitholders' Capital Total RM	Undistributed Income RM	Total RM
Balance as of January 1, 2012	627,174,319	95,127,053	722,301,372
Total comprehensive income for the year	-	62,527,114	62,527,114
Unitholders' transactions:			
Issues of units	55,508,180	-	55,508,180
Distribution to unitholders (Note 9)	-	(36,968,040)	(36,968,040)
Increase/(decrease) in net assets resulting from unitholders' transactions	55,508,180	(36,968,040)	18,540,140
Balance as of December 31, 2012	682,682,499	120,686,127	803,368,626
Balance as of January 1, 2013	682,682,499	120,686,127	803,368,626
Total comprehensive income for the year	-	73,726,420	73,726,420
Unitholders' transactions:			
Distribution to unitholders (Note 9)	-	(58,483,024)	(58,483,024)
Balance as of December 31, 2013	682,682,499	135,929,523	818,612,022

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Financial Statement

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Note	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash flows from operating activities				
Profit before tax	75,825,224	64,289,126	73,726,420	62,527,114
Adjustments for:				
Finance costs	39,695,892	38,904,109	39,664,291	38,902,109
Investment revenue	(514,722)	(688,073)	(16,354,820)	(16,853,783)
Gain on fair value adjustment of investment properties	(19,674,618)	(10,751,853)	(18,890,000)	(9,910,000)
Operating income before working capital changes	95,331,776	91,753,309	78,145,891	74,665,440
Changes in working capital:				
Trade receivables	(4,158,887)	850,851	(3,936,294)	(146,977)
Other receivables and prepaid expenses	(2,193,933)	(364,364)	(2,362,748)	(321,414)
Other payables and accrued expenses	(42,470)	2,094,027	1,336,892	728,457
Net changes in working capital	(6,395,290)	2,580,514	(4,962,150)	260,066
Cash flows from operating activities carried forward	88,936,486	94,333,823	73,183,741	74,925,506
Taxes paid	(1,073,942)	(1,025,235)	-	-
Net cash generated from operating activities	87,862,544	93,308,588	73,183,741	74,925,506

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (cont'd.)

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash flows from investing activities				
Income received on investment	514,722	688,073	149,224	688,028
Advances to subsidiaries	-	-	(20,912)	(1,931,040)
Profit sharing on loan from subsidiaries	-	-	16,145,317	15,216,255
Dividend income received	-	-	866,755	949,500
Additions to investment properties - Note i	-	(40,991,820)	-	(40,991,820)
Net cash generated from/ (used in) investing activities	514,722	(40,303,747)	17,140,384	(26,069,077)
Cash flows from financing activities				
Finance costs paid	(42,137,326)	(37,989,989)	(42,596,440)	(36,789,525)
Dividends paid	(58,483,024)	(36,968,040)	(58,483,024)	(36,968,040)
Increase in advances from a subsidiary	-	-	370,170,401	(197,096)
Payment of borrowings	(928,495,957)	(11,682,472)	(367,495,957)	-
Proceeds from long-term Islamic financing (net of direct issue costs)	935,500,000	53,924,208	-	41,235,703
Net cash used in financing activities	(93,616,307)	(32,716,293)	(98,405,020)	(32,718,958)

Financial Statement

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (cont'd.)

Note	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Net (decrease)/increase in cash and cash equivalents	(5,239,041)	20,288,548	(8,080,895)	16,137,470
Effects of changes in exchange rates	(62,501)	(139,752)	-	-
Cash and cash equivalents at beginning of year	73,130,869	52,982,073	50,087,252	33,949,782
Cash and cash equivalents at end of year	67,829,327	73,130,869	42,006,357	50,087,252

Note i

Additions to investment properties during the year amounted to nil (2012: RM96,500,000), of which nil (2012: RM40,991,820) was paid for in cash and the balance by way of issuance of new units.

For the purpose of cash flow statements, cash and cash equivalents comprise the following as at the reporting date:

Note	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed deposits with licensed banks	17,346,200	26,553,914	-	6,547,326
Cash and bank balances	50,483,127	46,576,955	42,006,357	43,539,926
	67,829,327	73,130,869	42,006,357	50,087,252

Fixed deposits with licensed banks earn interest at between 3.3% to 8.0% (2012: 3.0% to 4.75%) per annum and have maturity periods of between 30 to 90 days (2012: 30 to 90 days).

Included in fixed deposits with licensed banks are deposits amounting RM15,560,000 (2012: RM13,813,205) which are placed as reserve for repayment of finance costs on long-term Islamic financing and hence, are not available for general use.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

I. Corporate information

Al-'Aqar Healthcare REIT (the "Fund") is a Malaysian domiciled Islamic Real Estate Investment Trust constituted pursuant to a Trust Deed ("Principal Trust Deed") dated 27 June 2006 between Damansara REIT Managers Sdn Berhad ("the Manager") and Amanah Raya Bhd. Pursuant to the Principal Trust Deed, the Fund entered into a Supplemental Trust Deed dated 14 May 2010 with Amanah Raya Bhd and Amanahraya Trustees Bhd ("the Trustee") for the retirement of Amanah Raya Bhd from acting as a Trustee and for the appointment of Amanahraya Trustees Bhd as the new Trustee for the Fund. On 31 July 2013, the Manager and the Trustee entered into a Restated Trust Deed ("the Deed"). The Fund is regulated by the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts, the Main Market Listing Requirements of Bursa Malaysia Securities Bhd ("Bursa Malaysia"), the Rules of the Depository, and taxation laws and rulings of Malaysia. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Deed.

The Fund was listed on the Main Board of Bursa Malaysia on 10 August 2006 and commenced its business operations on 17 August 2006. Consequent to the new board structure implemented by Bursa Malaysia on 3 August 2010, the Fund is now listed on the Main Market of Bursa Malaysia.

On 26 April 2013, at the Extraordinary General Meeting, the unitholders of The Fund has approved the proposed amendments and consolidation of the Trust Deed and Supplemental Trust Deed into a Restated Trust Deed. The Restated Trust Deed was executed on 31 July 2013 and was lodged with the Securities Commission on 11 November 2013. The Fund will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of the Restated Trust Deed.

The principal activity of the Fund is to invest in syariah-compliant properties with the primary objective of providing unitholders with stable distribution and potential for sustainable long term growth of such distribution and capital appreciation.

The registered office of the Manager is located at Suite 12B, Level 12, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor.

The Fund has entered into several service agreements in relation to the management of the Fund and its property operations. The fees structure of these services is as follows:

(i) Maintenance and management fee

The maintenance manager, Healthcare Technical Services Sdn Bhd, is entitled to an annual maintenance and management fee of up to 0.08% of the gross value of the investment properties in respect of the management of the investment properties owned by the Fund in accordance with the Property Maintenance Agreement. The fee is calculated on a monthly accrual basis.

I. Corporate information (cont'd.)

(ii) Manager's fee

Pursuant to the Restated Trust Deed dated 31 July 2013, the Manager is entitled to receive from the Fund:

- (a) Management fee of 0.1% per annum of the gross assets value of the Fund that is below RM1,000,000,000 and 0.125% of the gross assets value of the Fund that exceeds RM1,000,000,000 calculated based on monthly accrual basis and payable monthly in arrears;

The Manager's fees for the current financial year is RM 1,675,688 (2012: RM1,587,287).

- (b) An acquisition fee of 1% of the acquisition price of any investment property purchased directly or indirectly by the Fund which is payable after the completion of the acquisition; and

The acquisition fee to the Manager during the current financial year is nil (2012: RM35,900).

- (c) A disposal fee of 0.5% of the disposal price of any investment property to be disposed direct or indirectly by the Fund which is payable upon completion of the disposal.

The disposal fee to the Manager during the current financial year is nil (2012: nil).

(iii) Trustee's fee

Pursuant to the Restated Trust Deed dated 31 July 2013, the Trustee is entitled to receive a fee of up to 0.03% per annum of the net asset value of the Fund, calculated based on the monthly accrual basis and payable monthly in arrears. The Trustee's fees for the financial year ended 31 December 2013 of RM237,842 (2012: RM227,478) is determined based on 0.03% (2012: 0.03%) of the monthly net asset value.

The financial statements of the Group and of the Fund were authorised by the Board of Directors of the Manager for issuance on 19 February 2014.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of Al-'Aqar Healthcare REIT have been prepared in accordance with the provisions of the Restated Trust Deed dated 31 July 2013, Malaysian Financial Reporting Standards ("MFRS") modified by the Securities Commission's Guidelines on Real Estate Investment Trust and Islamic Real Estate Investment Trust, and the applicable securities laws in Malaysia. The financial statements comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2013, the Group and the Fund adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Description	Effective for annual periods beginning on or after
Amendment to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures (IAS 27 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Fund except for those discussed below:

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation - Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor that own less than 50 per cent of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

The application of MFRS 10 did not affect the accounting for the Group's equity interest in Al-'Aqar Capital Sdn Bhd, Crossborder Aim (M) Sdn Bhd, Crossborder Hall (M) Sdn Bhd, Al-'Aqar Australia Pty Ltd, PT Al-'Aqar Bumi Serpong Damai and PT Al-'Aqar Permata Hijau, which are currently treated as subsidiaries of the Group and are consolidated.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. Net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Fund's financial statements are disclosed below. The Group and the Fund intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application except as discussed below :

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, deferred the mandatory effective date to a date yet to be announced.

The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Fund. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Fund controls an investee if and only if the Fund has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Fund has less than a majority of the voting rights of an investee, the Fund considers the following in assessing whether or not the Fund's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Fund's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Fund, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Fund has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Fund obtains control over the subsidiary and ceases when the Fund loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Fund.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee;
- (iii) The ability to use its power over the investee to affect its returns.

In the Fund's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.5 Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Fund's functional currency.

(ii) Foreign currency translations

Transactions in foreign currencies are measured in the respective functional currencies of the Fund and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

2.5 Foreign currencies (cont'd.)

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

2.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.7 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Fund principal financial assets are trade and other receivables, cash and bank balances and fixed deposits with licensed banks all of which are designated as loan and receivables.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial assets (cont'd.)

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group and the Fund commit to purchase or sell the asset.

2.8 Impairment of financial assets

The Group and the Fund assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Fund consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Fund's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

2.8 Impairment of financial assets (cont'd.)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

2.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd.)

2.12 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Fund have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's principal financial liabilities include other payables and long-term Islamic financing. The Fund's principal financial liabilities also include amount due to a subsidiary, all of which are designated as other financial liabilities.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

2.13 Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.14 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Rental income

Revenue from rental of investment properties are recognised on an accrual basis.

(ii) Investment revenue

Investment revenue, which comprise income earned from Islamic fixed deposit placements, are recognised on an accrual basis.

2. Summary of significant accounting policies (cont'd.)

2.15 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

2. Summary of significant accounting policies (cont'd.)

2.15 Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

In accordance with Section 61A(1) of the Income Tax Act 1967, the total income of the Fund will be exempted from income tax provided that at least 90% of the total taxable income of the Fund is distributed to unit holders within two months from the end of the financial year.

2.16 Segmental reporting

For management purposes, the Group is organised into operating segments based on their geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Fund who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 23, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.17 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Fund after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgements made in applying accounting policies

In the process of applying the Group's and the Fund's accounting policies, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements and consolidated financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group and of the Fund within the next financial year except for the valuation of investment properties.

The fair values of investment properties as disclosed in Note 10 are based on valuations performed by Cheston International (KL) Sdn Bhd and Peterson Valuation Services Pty Ltd, both independent firm of professional valuers using the investment method of valuation.

The investment method involves the capitalisation of the net rental which is derived from the gross rental less the outgoings and other operating expenses.

The valuers have considered the results of the above methods in their valuation and applied professional judgement in the determination of the fair value of these investment properties.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

4. Revenue

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Rental income from:				
KPJ Ampang Puteri Specialist Hospital	9,230,000	9,116,885	9,230,000	9,116,885
KPJ Damansara Specialist Hospital	7,852,600	7,774,088	7,852,600	7,774,088
Selesa Tower	7,052,624	6,966,373	7,052,624	6,966,373
KPJ Johor Specialist Hospital	7,902,300	7,969,771	7,902,300	7,969,771
KPJ Ipoh Specialist Hospital	4,934,500	4,876,473	4,934,500	4,876,473
KPJ Selangor Specialist Hospital	4,437,500	4,381,759	4,437,500	4,381,759
KPJ Penang Specialist Hospital	4,207,017	4,270,917	4,207,017	4,270,917
KPJ Tawakkal Specialist Hospital	8,607,039	8,737,728	8,607,039	8,737,728
KPJ Seremban Specialist Hospital	4,063,402	4,020,109	4,063,402	4,020,109
Kedah Medical Centre	3,471,494	3,403,425	3,471,494	3,403,425
KPJ Perdana Specialist Hospital	2,997,787	2,939,007	2,997,787	2,939,007
KPJ Kajang Specialist Hospital	3,075,559	3,015,254	3,075,559	3,015,254
Tawakal Health Centre	2,933,244	2,921,618	2,933,244	2,921,618
Puteri Specialist Hospital	2,783,200	2,756,268	2,783,200	2,756,268
Sentosa Medical Centre	1,873,617	1,836,879	1,873,617	1,836,879
Kuantan Specialist Hospital	1,421,121	1,393,256	1,421,121	1,393,256
KPJ Healthcare University College, Nilai	1,323,819	1,311,485	1,323,819	1,311,485
KPJ College, Bukit Mertajam	1,057,529	1,112,982	1,057,529	1,112,982
Damai Specialist Hospital	1,069,596	1,061,226	1,069,596	1,061,226
Taiping Medical Centre	687,091	686,993	687,091	686,993
Kluang Utama Specialist Hospital	280,350	272,784	280,350	272,784
KPJ Klang Specialist Hospital	7,501,181	3,777,871	7,501,181	3,777,871
Rumah Sakit Bumi Serpong Damai	5,148,325	5,308,338	-	-
Rumah Sakit Medika Permata Hijau	2,165,018	2,232,308	-	-
Jeta Gardens Aged Care Facility and Retirement Village	11,343,305	11,253,932	-	-
	<u>107,419,217</u>	<u>103,397,729</u>	<u>88,762,569</u>	<u>84,603,151</u>

Financial Statement

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

5. Property expenses

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Assessment	2,997,613	2,441,803	2,877,012	2,441,803
Takaful coverage	1,530,079	1,526,939	1,530,079	1,526,939
Maintenance fee	1,224,619	1,084,031	1,129,520	1,084,031
Quit rent	382,338	628,871	382,338	390,127
	<u>6,134,649</u>	<u>5,681,644</u>	<u>5,918,949</u>	<u>5,442,900</u>

6. Investment revenue

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Income from Syariah based deposits	514,722	688,073	496,752	688,028
Dividend income	-	-	866,755	949,500
Profit sharing on loan:				
Indonesia	-	-	5,398,600	5,623,542
Australia	-	-	9,592,713	9,592,713
	<u>514,722</u>	<u>688,073</u>	<u>16,354,820</u>	<u>16,853,783</u>

7. Tax expense

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Income tax:				
Current year	1,288,921	1,588,843	-	-
Under/(over) provision in prior years	37	(201,907)	-	-
Deferred tax				
(Origination and reversal of temporary differences)	1,225,536	-	-	-
	<u>2,514,494</u>	<u>1,386,936</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

7. Tax expense (cont'd.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Fund is as follows:

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	75,825,224	64,289,126	73,726,420	62,527,114
Tax at statutory tax rate of 25% (2012: 25%)	18,956,306	16,072,282	18,431,605	15,631,779
Different tax rates in other countries	626,611	114,106	-	-
Tax effects of: Non-deductible expenses	3,705,042	3,886,112	2,341,897	3,162,737
Income not subject to tax	(8,811,205)	(6,690,946)	(8,811,205)	(6,690,946)
Income exempted from tax	(11,962,297)	(11,792,711)	(11,962,297)	(12,103,570)
Under/(Over) provision in prior years	37	(201,907)	-	-
	2,514,494	1,386,936	-	-

In accordance with the Restated Trust 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.

8. Earnings per unit

The gross and net earnings per unit are calculated based on the net income before tax and net income for the year of the Group and of the Fund, respectively, divided by the weighted average number of units in circulation as of 31 December 2013 as follows:

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Earnings attributable to unitholders: Profit before tax	75,825,224	64,289,126	73,726,420	62,527,114
Profit for the year	73,310,730	62,902,190	73,726,420	62,527,114
Weighted average number of units	696,226,468	668,914,643	696,226,468	668,914,643
Gross earnings per unit (sen)	10.89	9.61	10.59	9.35
Net earnings per unit (sen)	10.53	9.40	10.59	9.35

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9. Distributions

For the financial year ended 31 December 2013, the Manager, with the approval of the Trustee, has declared the following distributions:

	The Group and The Fund	
	2013 RM	2012 RM
Final distribution 2012 - 4.54 sen per unit (2011 : 2.52 sen)	31,608,682	16,117,554
First interim distribution 2013 - 3.86 sen per unit (2012 : 3.26 sen)	26,874,342	20,850,486
	<u>58,483,024</u>	<u>36,968,040</u>

The Manager is proposing a final income distribution of 3.99 sen per unit totalling RM27,779,436 for financial year ended 31 December 2013. The final distribution is subject to the approval of the Trustee and has not been included as a liability in the financial statements.

The total distributions (including proposed final distribution) for the financial year ended 31 December 2013, which amount to RM54,653,778 (2012: RM52,459,168), represent approximately 99.7% (2012: 99.7%) of the realised net income of the Fund.

Distribution to unitholders is derived from the following sources:

	The Fund	
	2013 RM	2012 RM
Net rental income	82,843,620	79,160,251
Investment revenue	16,354,820	16,853,783
Other income	220,000	-
	<u>99,418,440</u>	<u>96,014,034</u>
Less: Expenses	(44,582,020)	(43,396,920)
	<u>54,836,420</u>	<u>52,617,114</u>
Less: Undistributed income	(27,962,078)	(31,766,628)
	<u>26,874,342</u>	<u>20,850,486</u>

10. Investment properties

The Group and the Fund

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease
KPJ Ampang Puteri Specialist Hospital	Leasehold	99	76
KPJ Damansara Specialist Hospital	Freehold	-	-
KPJ Johor Specialist Johor Hospital	Leasehold	99	66
KPJ Ipoh Specialist Hospital	Leasehold	999	881
Puteri Specialist Hospital	Leasehold	99	40
KPJ Selangor Specialist Hospital	Leasehold	99	83
Kedah Medical Centre	Freehold	-	-
KPJ Perdana Specialist Hospital	Leasehold	66	51
Kuantan Specialist Hospital	Freehold	-	-
Sentosa Medical Centre	Freehold	-	-
KPJ Kajang Specialist Hospital	Freehold	-	-
Taiping Medical Centre	Leasehold	99	75

Financial Statement

Location	Date of Valuation*	2012 Fair Value RM	Fair Value Adjustments RM	2013 Fair Value RM
Ampang	31 December 2013	130,000,000	-	130,000,000
Damansara	31 December 2013	113,100,000	1,900,000	115,000,000
Johor Bahru	31 December 2013	111,300,000	-	111,300,000
Ipoh	31 December 2013	70,200,000	-	70,200,000
Johor Bahru	31 December 2013	39,300,000	-	39,300,000
Shah Alam	31 December 2013	62,600,000	800,000	63,400,000
Alor Setar	31 December 2013	50,000,000	1,500,000	51,500,000
Kota Bharu	31 December 2013	44,400,000	100,000	44,500,000
Kuantan	31 December 2013	20,600,000	700,000	21,300,000
Kuala Lumpur	31 December 2013	27,000,000	700,000	27,700,000
Kajang	31 December 2013	44,300,000	1,400,000	45,700,000
Taiping	31 December 2013	9,560,000	240,000	9,800,000

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2013 (cont'd.)**
10. Investment properties (cont'd.)

The Group and the Fund (cont'd.)

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease
Damai Specialist Hospital	Leasehold	99	60
KPJ College, Bukit Mertajam	Freehold	-	-
Tawakal Health Centre	Leasehold	99	64
Selesa Tower	Freehold	-	-
KPJ Healthcare University College, Nilai	Freehold	-	-
KPJ Seremban Specialist Hospital	Leasehold	99	90
KPJ Penang Specialist Hospital	Freehold	-	-
KPJ Tawakkal Specialist Hospital	Leasehold	99	65
Kluang Utama Specialist Hospital	Leasehold	99	87
KPJ Klang Specialist Hospital	Leasehold	99	80
Total for the Fund			

Financial Statement

Location	Date of Valuation*	2012 Fair Value RM	Fair Value Adjustments RM	2013 Fair Value RM
Kota Kinabalu	31 December 2013	14,900,000	300,000	15,200,000
Bukit Mertajam	31 December 2013	15,900,000	-	15,900,000
Kuala Lumpur	31 December 2013	42,800,000	300,000	43,100,000
Johor Bahru	31 December 2013	99,850,000	1,850,000	101,700,000
Seremban	31 December 2013	18,700,000	500,000	19,200,000
Seremban	31 December 2013	58,400,000	1,300,000	59,700,000
Bukit Mertajam	31 December 2013	61,500,000	800,000	62,300,000
Kuala Lumpur	31 December 2013	117,500,000	2,700,000	120,200,000
Kluang	31 December 2013	4,000,000	200,000	4,200,000
Klang	31 December 2013	93,800,000	3,600,000	97,400,000
		1,249,710,000	18,890,000	1,268,600,000

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

10. Investment properties (cont'd.)

The Group and the Fund (cont'd.)

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease
Rumah Sakit Bumi Serpong Damai	Leasehold	20	14
Rumah Sakit Medika Permata Hijau	Leasehold	20	13
Jeta Garden Aged Care Facility and Retirement Village	Freehold	-	-
Total for the Group			

The investment properties are used to secure credit facilities granted by financial institutions to the Fund as mentioned in Note 14.

* The properties were valued at the respective dates by Cheston International (KL) Sdn Bhd, an independent firm of professional valuers using the investment method of valuation.

^^ This property was valued on 31 December 2013 by Peterson Valuation Services Pty Ltd, an independent firm of professional valuers using the investment method of valuation.

Financial Statement

Location	Date of Valuation*	2012 Fair Value RM	Fair Value Adjustments RM	2013 Fair Value RM
Jakarta	31 December 2013	51,600,000	-	51,600,000
Jakarta	31 December 2013	21,700,000	-	21,700,000
Queensland	31 December^^ 2013	141,000,000	784,618	141,784,618
		1,464,010,000	19,674,618	1,483,684,618

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2013 (cont'd.)**
11. Investment in subsidiaries

	The Fund	
	2013 RM	2012 RM
Unquoted shares, at costs	42,492,190	42,492,190

The details of subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective Equity Interest		Principal Activity
		2013	2012	
		%	%	
Al-'Aqar Capital Sdn Bhd <i>i</i>	Malaysia	100	100	Special-purpose company for the purpose of raising Islamic financing for the Fund.
Crossborder Aim (M) Sdn Bhd <i>i</i>	Malaysia	100	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund. Currently dormant.
Crossborder Hall (M) Sdn Bhd <i>i</i>	Malaysia	100	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund. Currently dormant.
Al-'Aqar Australia Pty Ltd <i>ii</i>	Australia	100	100	Special-purpose company for the purpose of acquisition of Australian property for the Fund.
Held through subsidiaries				
PT Al-Aqar Bumi Serpong Damai <i>ii</i>	Indonesia	100	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund. Currently dormant.
PT Al-Aqar Permata Hijau <i>ii</i>	Indonesia	100	100	Special-purpose company for the purpose of acquisition of Indonesian property for the Fund. Currently dormant.

i Audited by Ernst & Young, Malaysia

ii Audited by a firm other than Ernst & Young

Amounts due from subsidiaries represents unsecured advances given from the proceeds raised from Islamic financing to subsidiaries and issuance of new units. The finance costs and repayment terms of the unsecured advances mirror the finance costs and repayment terms of the Islamic financing of Sukuk Ijarah raised by the Fund as disclosed in Note 14.

Amount due to a subsidiary represents unsecured advances received from the proceeds raised from Islamic financing by the subsidiary. The finance costs and repayment terms of the unsecured advances mirror the finance costs and repayment terms of the Islamic financing of Sukuk Ijarah raised by the said subsidiary as disclosed in Note 14.

Financial Statement

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

12. Trade receivables, other receivables and prepaid expenses

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables	6,039,361	1,880,474	5,510,217	1,573,923

Trade receivables comprise rental receivable from lessees.

The credit period granted by the Group and the Fund on rental receivable from lessees ranges from 30 to 60 days (2012: 30 to 60 days).

The ageing analysis of the Group and of the Fund's trade receivables is as follows:

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
0-30 days	4,234,295	1,880,474	3,705,151	1,573,923
31-60 days	1,221,325	-	1,221,325	-
61-90 days	583,741	-	583,741	-
	6,039,361	1,880,474	5,510,217	1,573,923

The Group and the Fund have not recognised any allowance for doubtful debts as the Group and the Fund hold tenant deposits as credit enhancement and the amounts are considered recoverable.

Other receivables and prepaid expenses consist of:

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	261,005	409,891	221,716	258,825
Prepaid expenses	11,094,397	8,751,578	11,094,397	8,731,649
	11,355,402	9,161,469	11,316,113	8,990,474
Less: Prepaid expenses	(11,094,397)	(8,751,578)	(11,094,397)	(8,731,649)
Add: Trade receivables	6,039,361	1,880,474	5,510,217	1,573,923
Add: Amounts due from subsidiaries	-	-	177,244,940	178,507,631
Add: Cash and cash equivalents	67,829,327	73,130,869	42,006,357	50,087,252
Total loans and receivables	74,129,693	75,421,234	224,983,230	230,427,631

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2013 (cont'd.)**
13. Other payables and accrued expenses

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-current:				
Other payables - Tenant deposits received	8,089,120	8,089,120	8,089,118	8,089,118
Current:				
Amount owing to the Trustee	19,991	19,908	19,991	19,908
Amount owing to the Manager	175,991	173,556	175,991	173,556
Amount owing to related companies	1,498,922	-	1,498,922	-
Other payables	459,528	644,635	106,398	642,948
Accrued expenses	9,207,937	10,729,183	1,239,295	5,184,852
	<u>11,362,369</u>	<u>11,567,282</u>	<u>3,040,597</u>	<u>6,021,264</u>

14. Islamic financing

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Current:				
Sukuk Ijarah - Islamic Medium Term Notes	-	268,482,820	-	-
Ijarah Muntahiah Bitamlik	-	249,495,957	-	249,495,957
Ijarah Murabahah Tawarruq	-	110,000,000	-	110,000,000
Sukuk Ijarah - Islamic Commercial Paper	-	11,924,208	-	-
Bai Bithamin Ajil	-	8,000,000	-	8,000,000
	<u>-</u>	<u>647,902,985</u>	<u>-</u>	<u>367,495,957</u>
Non-current:				
Sukuk Ijarah - Islamic Medium Term Notes	652,465,594	-	-	-
Ijarah Muntahiah Bitamlik - Jeta Gardens	79,948,681	79,948,681	79,948,681	79,948,681
	<u>732,414,275</u>	<u>79,948,681</u>	<u>79,948,681</u>	<u>79,948,681</u>
	<u>732,414,275</u>	<u>727,851,666</u>	<u>79,948,681</u>	<u>447,444,638</u>

14. Islamic financing (cont'd.)

Sukuk Ijarah

In the prior year, the Sukuk Ijarah Programme represents an Islamic financing facility of a subsidiary comprising Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs") of up to the maximum aggregate nominal value of RM300,000,000. This financing facility was fully redeemed by the subsidiary during the financial year.

During the financial year, the subsidiary had undertaken a new Islamic financing facility comprising IMTNs of up to RM1.0 billion in nominal value. As of 31 December 2013, the subsidiary had issued RM655,000,000 in nominal value of IMTNs.

As of the reporting date, the new facility, which is secured against the investment properties totaling RM1,166,900,000 (2012: RM712,800,000) as mentioned in Note 10, comprises the following tranches at nominal value:

Tranche	The Group Nominal Value		Profit rate (%)
	2013 RM	2012 RM	
Current			
<u>Issued on 22 August 2012</u>			
ICP ⁽ⁱ⁾	-	12,000,000	3.80
Non-current			
<u>Issued on 6 February 2008</u>			
Class A IMTN	-	155,000,000	4.78
Class B IMTN	-	25,000,000	5.05
Class C IMTN	-	55,000,000	4.28
Total ⁽ⁱⁱ⁾	-	235,000,000	
<u>Issued on 21 December 2010</u>			
Class A IMTN	-	10,000,000	4.20
Class B IMTN	-	5,000,000	4.50
Class C IMTN	-	18,500,000	4.00
Total ⁽ⁱⁱⁱ⁾	-	33,500,000	
	-	268,500,000	

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

14. Islamic financing (cont'd.)

Tranche	The Group Nominal Value		Profit rate (%)
	2013 RM	2012 RM	
Non-current			
<u>Issued on 6 May 2013</u>			
Class A IMTN	104,000,000	-	4.19
Class B IMTN	21,000,000	-	4.53
Class C IMTN	249,000,000	-	5.00 - 5.20
Total ^(iv)	374,000,000	-	
<u>Issued on 5 August 2013</u>			
Class A IMTN	168,000,000	-	4.35
Class B IMTN	34,000,000	-	4.70
Class C IMTN	79,000,000	-	5.00 - 5.20
Total ^(v)	281,000,000	-	
	655,000,000	-	

- (i) The face amount of the ICP is RM12,000,000 and has a tenor of 6 months and maturity date on 22 February 2013. The facility was fully redeemed on 22 February 2013.
- (ii) The IMTN tranche issued on 6 February 2008 is repayable in 10 equal semi-annual instalments of RM5,512,750 (cost of financing only) and final installment of RM240,512,750 (principal and last semi-annual cost of financing) commencing in August 2008. The facility was fully redeemed on 6 February 2013.
- (iii) The IMTN tranche issued on 21 December 2010 is repayable in 4 equal semi-annual installments of RM692,500 (cost of financing only) and final installment of RM33,675,027 (principal and last semi-annual cost of financing) commencing in June 2011. The facility was fully redeemed on 6 February 2013.
- (iv) On 6 May 2013, the Company issued RM374,000,000 in nominal value of Islamic Medium Term Notes under a Sukuk Ijarah Programme. The facility is repayable in 9 equal semiannual instalments of RM8,979,450 (cost of financing only) and final installment of RM382,979,450 (principal and last semi-annual cost of financing) commencing in November 2013.
- (v) On 5 Aug 2013, the Company issued RM281,000,000 in nominal value of Islamic Medium Term Notes under a Sukuk Ijarah Programme. The facility is repayable in 9 equal semiannual installments of RM6,459,000 (cost of financing only) and final installment of RM284,238,348 (principal and last semi-annual cost of financing) commencing in February 2014.

14. Islamic financing (cont'd.)

Ijarah Muntahiah Bitamlik

On 19 February 2009, the Fund obtained a syndicated Ijarah Muntahiah Bitamlik financing facility of up to RM250,000,000. The said facility was fully redeemed on 6 May 2013. The facility drawdown as of 31 December 2012 comprises the following tranches:

Tranche	The Group and The Fund			Profit Rate (%)
	2013 RM	2012 RM		2012 RM
1	-	102,000,000	Floating	5.15
2	-	21,154,822	Floating	5.15
3	-	584,033	Floating	5.15
4	-	1,261,145	Floating	5.15
5	-	79,479,378	Floating	5.15
6	-	16,965,405	Floating	5.15
7	-	28,359,174	Floating	5.15
Total	-	249,803,957		

Ijarah Murabahah Tawarruq

On 11 May 2011, the Fund obtained a syndicated Ijarah Murabahah Tawarruq financing facility of up to RM110,000,000, of which RM55,000,000 is at fixed profit rate and RM55,000,000 at floating profit rate. The said facility was fully redeemed on 6 May 2013. The facility drawdown as of 31 December 2012 comprises the following tranches:

Tranche	The Group and The Fund			Profit Rate (%)
	2013 RM	2012 RM		2012 RM
1	-	55,000,000	Fixed	6.00
1	-	21,000,000	Floating	5.40
2	-	3,600,000	Floating	5.40
3	-	30,400,000	Floating	5.40
Total	-	110,000,000		

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

14. Islamic financing (cont'd.)

Bai Bithamin Ajil

On 25 July 2012, the Fund obtained a Bai Bithamin Ajil financing facility of up to RM8,500,000, of which RM8,000,000 is at fixed profit rate. The said facility was fully redeemed on 6 May 2013. The facility drawdown as of 31 December 2012 comprises the following tranche:

Tranche	The Group and the Fund			Profit Rate (%)
	2013 RM	2012 RM		2012 RM
I	-	8,000,000	Fixed	5.65

Ijarah Muntahiah Bitamlik - Jeta Gardens

On 31 October 2011, the Fund obtained a syndicated Ijarah Muntahiah Bitamlik financing facility of up to RM80,000,000, of which RM40,000,000 is at fixed profit rate and RM40,000,000 at floating profit rate. The facility drawdown as of 31 December 2013 comprises the following tranches:

Tranche	The Group and the Fund			Profit Rate (%)	
	2013 RM	2012 RM		2013 RM	2012 RM
I	34,047,025	34,047,025	Fixed	6.35	6.35
I	34,047,025	34,047,025	Floating	5.30	5.25
2	5,927,315	5,927,315	Fixed	6.35	6.35
2	5,927,316	5,927,316	Floating	5.30	5.35
Total	79,948,681	79,948,681			

The said facility is secured against investment properties totalling RM141,784,618 (2012: RM141,000,000) as mentioned in Note 10 and is for a tenure of up to 48 months from the date of the first disbursement.

15. Unitholders' capital

	2013		2012	
	No. of Units	RM	No. of Units	RM
The Group and the Fund				
Balance at beginning of year	696,226,468	682,682,499	639,585,468	627,174,319
Issue of new units	-	-	56,641,000	55,508,180
Balance at end of year	696,226,468	682,682,499	696,226,468	682,682,499

In the previous financial year, the Fund issued 56,641,000 new units at an issue price of RM0.98 as part purchase consideration for the purchase of investment properties. The Fund did not issue any new units in the current financial year.

Details of units held by the Manager's directors and shareholders, and related parties which comprises companies related to Johor Corporation and KPJ Healthcare Berhad, substantial unitholders of the Fund, and their market value as of 31 December 2013 based on the Record of Depositors are as follows:

Financial Statement

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

15. Unitholders' capital (cont'd.)

	2013		2012	
	No. of Units	RM	No. of Units	RM
Related parties:				
Pusat Pakar Tawakal Sdn Bhd	71,389,800	94,948,434	74,889,800	96,607,842
Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141,000	65,357,530	51,641,000	66,616,890
Selangor Medical Centre Sdn Bhd	35,000,000	46,550,000	35,000,000	45,150,000
Jeta Gardens (Qld) Pty Ltd	36,389,468	48,397,992	44,768,468	57,751,324
Seremban Specialist Hospital Sdn Bhd	23,731,000	31,562,230	23,731,000	30,612,990
Ampang Puteri Specialist Hospital Sdn Bhd	21,013,739	27,948,273	21,013,739	27,107,723
Medical Associates Sdn Bhd	19,055,000	25,343,150	19,055,000	24,580,950
Sentosa Medical Centre Sdn Bhd	15,653,000	20,818,490	15,653,000	20,192,370
Damansara Specialist Hospital Sdn Bhd	15,233,000	20,259,890	15,233,000	19,650,570
Kedah Medical Centre Sdn Bhd	15,000,000	19,950,000	15,000,000	19,350,000
Johor Specialist Hospital Sdn Bhd	12,203,000	16,229,990	12,203,000	15,741,870
Puteri Specialist Hospital Sdn Bhd	12,000,000	15,960,000	12,000,000	15,480,000
Pusat Pakar Darul Naim Sdn Bhd	11,789,000	15,679,370	11,789,000	15,207,810
Kulim (Malaysia) Berhad	-	-	11,244,900	14,505,921
Kuantan Specialist Hospital Sdn Bhd	5,000,000	6,650,000	5,000,000	6,450,000
Kajang Specialist Hospital Sdn Bhd	4,487,000	5,967,710	4,487,000	5,788,230
Kota Kinabalu Specialist Hospital Sdn Bhd	3,500,000	4,655,000	3,500,000	4,515,000
Taiping Medical Centre Sdn Bhd	3,334,000	4,434,220	3,334,000	4,300,860
Johor Ventures Sdn Bhd	173,219	230,381	173,219	223,453

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2013 (cont'd.)**

16. Management expense ratio ("MER")

	The Fund	
	2013 %	2012 %
MER	0.26	0.27

The calculation of MER is based on the total fees of the Fund incurred for the year, including the Manager's fees, Trustee's fees, audit fee, tax agent's fee and administrative expenses, to the average net asset value during the year calculated on a monthly basis. Since the average net asset value is calculated on a monthly basis, comparison of the MER of the Fund with other real estate investment trust which use a different basis of calculation may not be an accurate comparison.

17. Portfolio turnover ratio ("PTR")

	The Fund	
	2013 %	2012 %
PTR (times)	-	0.13

The calculation of PTR is based on the average of total acquisitions and total disposals of investments in the Fund for the year to the average net asset value during the year calculated on a monthly basis.

18. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Fund if the Fund has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Fund derives all its rental income as disclosed in Note 4 from related parties.

The investment properties acquired during the current financial year as disclosed in Note 10 were acquired from related parties.

Significant related party transaction other than those disclosed in Note 4 is as follows:

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Maintenance fee paid/ payable to Maintenance Manager	1,224,619	1,084,031	1,129,520	1,084,031

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

19. Commitments

(i) Capital commitments

Capital commitment as at the reporting date is as follows:

	The Group and the Fund	
	2013 RM	2012 RM
Approved, contracted but not provided for: Commitments for the acquisition of investment properties	3,590,000	3,590,000

19. Commitments (cont'd.)

(ii) Operating leases - as lessor

The Group and the Fund lease out their investment properties under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	The Group and the Fund	
	2013 RM	2012 RM
Less than one year	109,692,056	108,081,118
Between one and five years	437,297,889	436,699,875
More than five years	550,750,438	660,077,250
	1,097,740,383	1,204,858,243

20. Significant events

Significant corporate events during the current financial year are as follows:

- (i) The Sukuk Ijarah - Islamic Medium Term Notes of RM268,500,000, which was first issued in 2008 by the Fund's special purpose vehicle, Al-'Aqar Capital Sdn Bhd, was successfully redeemed on 6 February 2013. Subsequently on 22 February 2013, Al-'Aqar Capital Sdn Bhd redeemed the Sukuk Ijarah - Islamic Commercial Paper of RM12,000,000. The redemption was made by a bridging loan of RM280,500,000 which was procured from a financial institution.
- (ii) On 26 April 2013, at an Extraordinary General Meeting, the unitholders of the Fund have approved the followings:
 - (a) Proposed establishment of disposal fee of 0.5% of the disposal price of any investment property to be disposed direct or indirectly by the Fund which is payable upon completion of the disposal; and
 - (b) Proposed amendments and consolidation of the Trust Deed and Supplemental Trust Deeds into a Restated Trust Deed. The Restated Trust Deed was executed on 31 July 2013 and was lodged with the Securities Commission on 11 November 2013.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

20. Significant events (cont'd.)

- (iii) On 6 May 2013 and 5 August 2013, the Group through its subsidiary, Al-'Aqar Capital Sdn Bhd, issued RM374,000,000 and RM281,000,000 respectively in nominal value of Islamic Medium Term Notes under a new Sukuk Ijarah Programme of up to RM1,000,000,000. The said facility is secured by way of a third party legal charge against the investment properties of the Fund.

21. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced liquidation or sale.

Except as detailed in the following table, the Manager consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

	Note	2013		2012	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
The Group					
Financial Liability					
Islamic financing - non-current	14	732,414,275	616,274,587	79,948,681	67,504,337
The Fund					
Financial Liability					
Amount due to a subsidiary - non-current	11	637,479,399	544,855,640	-	-
Islamic financing - non-current	14	79,948,681	71,418,947	79,948,681	67,504,337

The fair values of non-current Islamic financing are estimated using discounted cash flow analysis based on current equivalent profit rate of 4.84% (2012: 5.81%) per annum for similar type of instruments.

22. Financial risk management objectives and policies

The Group and the Fund are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and financing rate risk.

The Group and the Fund has taken measures to minimise its exposure to risks associated with its financing, investing and operating activities and operates within clearly defined guidelines as set out in the Securities Commission's Guidelines on Real Estate Investment Trusts.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks:

22. Financial risk management objectives and policies (cont'd.)

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Fund's exposure to credit risk arises primarily from trade and other receivables. The receivables are monitored on an ongoing basis through the Group's and the Fund's management reporting procedures.

Exposure to credit risk

At the reporting date, the Group's and the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 12.

Credit risk concentration profile

The Group and the Fund determine concentrations of credit risk by monitoring individual profile of its trade receivables on an ongoing basis. At the reporting date, the Group and the Fund do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument.

Financial assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 12. Deposits with banks and other financial institutions are placed with reputable financial institutions.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements.

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2013 (cont'd.)**

22. Financial risk management objectives and policies (cont'd.)

(ii) Liquidity risk (cont'd.)

Financial assets

The following details the Group's and the Fund's expected maturity for its non-derivative financial assets:

	Weighted average effective profit rate %	Less than 1 year RM	Total RM
2013			
The Group			
Non-profit bearing			
Trade receivables		6,039,361	6,039,361
Other receivables		11,355,402	11,355,402
Fixed profit rate instruments	3.50	17,346,200	17,346,200
Total undiscounted financial assets		34,740,963	34,740,963
The Fund			
Non-profit bearing			
Trade receivables		5,510,217	5,510,217
Other receivables		11,316,113	11,316,113
Total undiscounted financial assets		16,826,330	16,826,330
2012			
The Group			
Non-profit bearing			
Trade receivables	-	1,880,474	1,880,474
Other receivables		9,161,469	9,161,469
Fixed profit rate instruments	2.99	26,553,914	26,553,914
Total undiscounted financial assets		37,595,857	37,595,857
The Fund			
Non-profit bearing			
Trade receivables	-	1,573,923	1,573,923
Other receivables		8,990,474	8,990,474
Fixed profit rate instruments	2.99	6,547,326	6,547,326
Total undiscounted financial assets		17,111,723	17,111,723

22. Financial risk management objectives and policies (cont'd.)

(ii) Liquidity risk (cont'd.)

Financial liabilities

The following details the Group's and the Fund's remaining contractual maturity for its non derivative financial liabilities with agreed repayments periods:

	Weighted average effective profit rate %	Less than 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
2013					
The Group					
Non-profit bearing	-	11,362,369	-	8,089,120	19,451,489
Variable profit rate instruments	5.30	2,104,580	46,288,082	-	48,392,662
Fixed profit rate instruments	5.35	25,471,160	777,143,262	-	802,614,421
Total undiscounted financial liabilities		38,938,109	823,431,343	8,089,120	870,458,572
The Fund					
Non-profit bearing					
Other payables and accrued expenses	-	3,040,597	-	8,089,118	11,129,715
Amount due to a subsidiary	-	-	637,479,399	-	637,479,399
Variable profit rate instruments	5.30	2,104,580	46,288,082	-	48,392,662
Fixed profit rate instruments	6.35	2,538,371	47,589,452	-	50,127,822
Total undiscounted financial liabilities		7,683,548	731,356,932	8,089,118	747,129,598

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2013 (cont'd.)**

22. Financial risk management objectives and policies (cont'd.)

(ii) Liquidity risk (cont'd.)

Financial liabilities (cont'd.)

The following details the Group's and the Fund's remaining contractual maturity for its non derivative financial liabilities with agreed repayments periods:

	Weighted average effective profit rate %	Less than 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
2012					
The Group					
Non-profit bearing	-	11,567,282	-	8,089,120	19,656,402
Variable profit rate instruments	5.20	306,600,537	44,183,501	-	344,778,298
Fixed profit rate instruments	5.05	345,945,399	45,051,081	-	371,474,340
Total undiscounted financial liabilities		664,113,218	89,234,583	8,089,120	735,909,040
The Fund					
Non-profit bearing					
Other payables and accrued expenses	-	6,021,264	-	8,089,118	14,110,382
Amount due to a subsidiary	-	266,437,824	-	-	14,110,382
Variable profit rate instruments	5.20	306,600,537	44,183,501	-	344,778,298
Fixed profit rate instruments	5.05	65,538,371	45,051,081	-	102,974,340
Total undiscounted financial liabilities		644,597,996	89,234,583	8,089,118	475,973,402

22. Financial risk management objectives and policies (cont'd.)

(iii) Financing rate risk

Financing rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in the market financing rates.

The Group and the Fund manage their financing rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. As of 31 December 2013, approximately 46.6% (2012: 47%) of the Group's financial liabilities are variable financing rate instruments. The Group and the Fund place cash deposits on short-term basis and therefore allows the Group and the Fund to respond to significant changes of financing rate promptly.

Financing rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to financing rates on the Group's and the Fund's variable rate borrowings. The analysis is prepared assuming the amount of variable rate borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used for the analysis and this represents management's assessment of reasonable possible change in financing rate.

If financing rates had been 25 basis point higher/lower and all other variables were held constant, the Group's and the Fund's net profit/total comprehensive income for the year would decrease/increase by RM99,936. The assumed movement in basis points for financing rate sensitivity analysis is based on the currently observable market environment.

23. Segmental reporting

The Group has a single operating segment. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has three reportable segments as follows:

- (i) Malaysia
- (ii) Indonesia
- (iii) Australia

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

23. Segmental reporting (cont'd.)

The Group's segmental information is as follows:

	Investment properties			Total RM
	Malaysia RM	Indonesia RM	Australia RM	
31 December 2013				
Rental	88,762,569	7,313,343	11,343,305	107,419,217
Property expense	(5,918,848)	(120,602)	(95,099)	(6,134,649)
Net rental income	82,843,721	7,192,741	11,248,206	101,284,668
Investment income	501,921	12,801	-	514,722
Other income	220,000	-	-	220,000
Gain on fair value	18,890,000	-	784,618	19,674,618
Total income	102,455,642	7,205,542	12,032,824	121,693,908
Expenditure	(4,945,132)	(1,062,215)	(165,445)	(6,172,792)
Operating profit	97,510,510	6,143,327	11,867,379	115,521,116
Finance costs	(39,695,892)	-	-	(39,695,892)
Profit before tax	57,814,618	6,143,327	11,867,379	75,825,324
Income tax expense	(124,186)	(737,162)	(1,653,146)	(2,514,494)
Profit after tax	57,690,432	5,406,165	10,214,233	73,310,830
Total assets	1,350,051,527	75,554,572	143,302,609	1,568,908,708
Total liabilities	751,475,807	168,590	2,370,602	754,014,999

Financial Statement

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013 (cont'd.)

23. Segmental reporting (cont'd.)

The Group's segmental information is as follows (cont'd.):

	Investment properties			
	Malaysia RM	Indonesia RM	Australia RM	Total RM
31 December 2012				
Rental	84,603,151	7,540,647	11,253,931	103,397,729
Property expense	(5,442,900)	(238,744)	-	(5,681,644)
Net rental income	79,160,251	7,301,903	11,253,931	97,716,085
Investment income				
Other income	688,073	-	-	688,073
Gain on fair value	9,910,000	200,000	641,853	10,751,853
Total income	89,758,324	7,501,903	11,895,784	109,156,011
Expenditure	(5,570,284)	(164,439)	(228,053)	(5,962,776)
Operating profit	84,188,040	7,337,464	11,667,731	103,193,235
Finance costs	(38,904,109)	-	-	(38,904,109)
Profit before tax	45,283,931	7,337,464	11,667,731	64,289,126
Income tax expense	(33,795)	(762,381)	(590,760)	(1,386,936)
Profit after tax	45,250,136	6,575,083	11,076,971	62,902,190
Total assets	1,329,111,935	76,421,405	142,649,472	1,548,182,812
Total liabilities	746,350,044	141,525	1,562,739	748,054,308

24. Capital management

The Group and the Fund manage their capital to ensure that entities in the Group and the Fund will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Fund's overall strategy remain unchanged from 2011.

The capital structure of the Group and of the Fund consists of net debt (borrowings as detailed in Note 14 offset by cash and cash equivalents and unitholders' fund of the Group and of the Fund (comprising unitholders' capital and undistributed income).

The Group and the Fund is not subject to any externally imposed capital requirements. However, the Group and the Fund are required to comply with the Securities Commission's Guidelines on Real Estate Investment Trusts ("SC Guidelines") on borrowings.

**NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2013 (cont'd.)**

24. Capital management (cont'd.)

The SC Guidelines requires that the total borrowings of a fund (including borrowings through issuance of debt securities) should not exceed 50% of the total asset value of the Fund at the time the borrowings are incurred. Notwithstanding, the Fund's total borrowings may exceed this limit with the sanction of the unit holders by way of an ordinary resolution.

The Manager's risk management committee reviews the capital structure of the Group and of the Fund on a regular basis to ensure that the SC Guidelines are complied with.

(i) Gearing ratios

The Group's and the Fund's gearing ratios are calculated based on the proportion of total borrowings to the total asset value in accordance with the SC Guidelines. The gearing ratios at the end of the reporting period is as follows.

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Total borrowings	732,414,275	727,851,666	717,428,080	713,882,462
Total assets value	1,568,908,708	1,548,182,812	1,547,169,817	1,531,361,470
Total borrowings to total asset value ratio	46.7%	47.0%	46.4%	46.6%

25. Supplementary information - disclosure on realised and unrealised profits/losses

The breakdown of the undistributed income of the Group and of the Fund as at 31 December 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with the Guideline on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	The Group		The Fund	
	2013 RM	2012 RM	2013 RM	2012 RM
Total undistributed income of the Fund and its subsidiaries				
Realised	21,574,254	26,421,166	22,977,206	26,623,810
Unrealised	114,963,993	95,289,375	112,952,317	94,062,317
Total undistributed income	136,538,247	121,710,541	135,929,523	120,686,127



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