

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Fourth Quarter Ended 31 December 2014

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	RM	RM	RM	RM
Gross rental income	27,148,300	26,819,725	108,644,329	107,419,217
Property expenses	(1,404,705)	(1,669,513)	(6,245,721)	(6,134,649)
Net rental income	25,743,595	25,150,212	102,398,608	101,284,568
Investment income	300,566	120,372	1,301,536	734,722
Gain in fair value adjustment	11,350,503	19,674,618	11,350,503	19,674,618
Other income	3,307,664	-	3,353,747	-
Total income	40,702,328	44,945,202	118,404,394	121,693,908
Managers' fees	(569,727)	(418,621)	(1,860,325)	(1,675,688)
Trustees' fees	(82,159)	(58,882)	(266,040)	(237,841)
Accretion of long term borrowings	(908,890)	(545,384)	(2,212,194)	(1,561,485)
Annual financing fees	(141,000)	(133,151)	(568,000)	(310,849)
Maintenance of properties	(253,405)	(49,845)	(259,405)	(140,520)
Administrative expenses	(814,865)	(770,342)	(1,612,650)	(1,574,310)
Professional fees	(212,038)	(190,115)	(977,518)	(525,923)
Withholding tax	(464,313)	(586,506)	(1,899,981)	(2,018,510)
Profit sharing expenses on financing	(8,989,651)	(9,256,493)	(35,600,418)	(37,823,558)
Total trust expenditure	(12,436,048)	(12,009,339)	(45,256,531)	(45,868,684)
Profit before taxation	28,266,280	32,935,863	73,147,863	75,825,224
Tax expense	(1,295,453)	(1,867,369)	(1,939,138)	(2,514,494)
Profit after taxation	26,970,827	31,068,494	71,208,725	73,310,730
Other comprehensive expense				
Foreign currency translation differences for foreign operation	643,081	211,683	94,100	(62,501)
Total comprehensive income for the period/year	27,613,908	31,280,177	71,302,825	73,248,229
Profit after taxation is made up as follows:				
Realised	15,620,324	11,393,876	59,858,222	53,636,112
Unrealised	11,350,503	19,674,618	11,350,503	19,674,618
	26,970,827	31,068,494	71,208,725	73,310,730
Earnings per unit (sen) - Net	3.87	4.46	10.23	10.53

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2014

	Note	Unaudited As At End Of Current Quarter 31-12-2014	Audited As at preceding year ended 31-12-2013
		<u>RM</u>	<u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,509,996,083	1,483,684,618
Current Assets			
Trade receivables		7,069,965	6,039,361
Other receivables & prepayments		7,563,983	11,355,402
Cash and bank balances		23,214,543	50,483,127
Fixed deposits with licensed banks		44,577,435	17,346,200
		<u>82,425,926</u>	<u>85,224,090</u>
TOTAL ASSETS		<u>1,592,422,009</u>	<u>1,568,908,708</u>
LIABILITIES			
Non-current liabilities			
Borrowing	B9	<u>653,198,832</u>	<u>732,414,275</u>
Current Liabilities			
Other payables and accruals		24,678,583	19,451,489
Deferred tax		3,044,013	1,279,766
Taxation		9,144	869,469
Borrowing	B9	79,948,681	-
		<u>107,680,421</u>	<u>21,600,724</u>
TOTAL LIABILITIES		<u>760,879,253</u>	<u>754,014,999</u>
NET ASSETS VALUE		<u>831,542,756</u>	<u>814,893,709</u>
REPRESENTED BY:			
Unitholders' capital		682,682,499	682,682,499
Undistributed income		153,093,194	136,538,246
Foreign exchange translation reserve		<u>(4,232,937)</u>	<u>(4,327,037)</u>
TOTAL UNITHOLDERS' FUND		<u>831,542,756</u>	<u>814,893,709</u>
NUMBER OF UNITS IN CIRCULATION		<u>696,226,468</u>	<u>696,226,468</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		1.1944	1.1704

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
IN NET ASSETS VALUE
For the Fourth Quarter Ended 31 December 2014

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
As at 1 Jan 2013	682,682,499	121,710,541	(4,264,536)	800,128,504
Operation for the year ended 31 Dec 2013				
Net income for the year	-	73,310,730	(62,501)	73,248,229
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	73,310,730	(62,501)	73,248,229
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders	-	(58,483,024)	-	(58,483,024)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(58,483,024)	-	(58,483,024)
Net assets as at 31 Dec 2013	682,682,499	136,538,247	(4,327,037)	814,893,709
As at 1 Jan 2014	682,682,499	136,538,247	(4,327,037)	814,893,709
Operation for the year ended 31 December 2014				
Net income for the period	-	71,208,725	94,100	71,302,825
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	71,208,725	94,100	71,302,825
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders#	-	(54,653,778)	-	(54,653,778)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(54,653,778)	-	(54,653,778)
Net assets as at 31 December 2014	682,682,499	153,093,194	(4,232,937)	831,542,756

Includes the payment of the final income distribution for financial year 2013 of 3.99 sen per unit which was paid on 17 April 2014 and the interim income distribution for financial year 2014 of 3.86 sen per unit which was paid on 16 October 2014.

The condensed consolidated statement of changes in net assets value should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fourth Quarter Ended 31 December 2014

	To Date	
	31-12-2014	31-12-2013
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	73,147,863	75,825,224
Adjustment for:		
Profit sharing expenses on Islamic financing	38,376,612	39,695,892
Gain on fair value adjustment of investment properties	(11,350,503)	(19,674,618)
Investment revenue	(1,301,536)	(734,722)
Operating profit before working capital changes	98,872,436	95,111,776
Decrease/(Increase) in receivables and prepayments	1,023,360	(6,352,820)
Increase/(Decrease) in other payables and accruals	(695,765)	(42,470)
Cash generated from operations	99,200,031	88,716,486
Taxes paid	(1,035,217)	(1,073,942)
Net cash generated from operating activities	98,164,814	87,642,544
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	1,301,536	734,722
Purchase of investment properties	(9,364,879)	-
Net cash (used in)/generated from investing activities	(8,063,343)	734,722
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(54,653,778)	(58,483,024)
Profit sharing expenses on Islamic financing paid	(35,579,142)	(42,137,326)
Payment of borrowing	-	(928,495,957)
Proceeds from issuance of long term Islamic financing	-	935,500,000
Net cash used in financing activities	(90,232,920)	(93,616,307)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	94,100	(62,501)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	67,829,327	73,130,869
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	67,791,978	67,829,327

The condensed consolidated statement of changes in net assets value should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2014

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Malaysia Financial Reporting Standard (MFRS) 134 and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2013.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2013 was not subject to any audit qualification.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

The business operations of Al-'Aqar Healthcare REIT are not affected by any material seasonal or cyclical factors.

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

There were no unusual items affecting the financial statements of Al-'Aqar Healthcare REIT for the current quarter.

A5. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates arising from the adoption of the new and revised FRSs, that have had a material effect on the current quarter's results.

A6. ISSUANCES, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases and repayment of debt and equity securities being made in the current quarter.

A7. INCOME DISTRIBUTION

Interim income distribution for the financial year ended 31 December 2014 amounting to RM26,874,342 or 3.86 sen per unit which was paid on 16 October 2014.

A8. SEGMENTAL REPORTING

No segmental reporting is required as the Al-'Aqar Healthcare REIT's activities are predominantly in one industry segment.

A9. VALUATION OF INVESTMENT PROPERTIES

During the quarter under review, a revaluation exercise was undertaken for all twenty-five (25) properties of Al-'Aqar Group pursuant to FRS 140 and Clause 10.03 of the Securities Commission's REIT Guidelines. The revaluation has resulted in a surplus of RM11,350,503 and has been incorporated into the financial statements of Al-'Aqar Healthcare REIT as at 31 December 2014. The details of the said revaluation carried out are tabled as follows:

A9. VALUATION OF INVESTMENT PROPERTIES

Description of Property	Location	Date of Valuation	2014
			Fair Value RM
Ampang Puteri Specialist Hospital	Ampang	31-Dec-14	130,900,000
Damansara Specialist Hospital	Damansara	31-Dec-14	115,800,000
KPJ Johor Specialist Hospital	Johor Bahru	31-Dec-14	112,000,000
KPJ Ipoh Specialist Hospital	Ipoh	31-Dec-14	71,800,000
Puteri Specialist Hospital	Johor Bahru	31-Dec-14	42,000,000
KPJ Selangor Specialist Hospital	Shah Alam	31-Dec-14	64,100,000
Kedah Medical Centre	Alor Setar	31-Dec-14	51,500,000
KPJ Perdana Specialist Hospital	Kota Bharu	31-Dec-14	44,500,000
Kuantan Specialist Hospital	Kuantan	31-Dec-14	21,300,000
Sentosa Medical Centre	Kuala Lumpur	31-Dec-14	27,800,000
KPJ Kajang Specialist Hospital	Kajang	31-Dec-14	46,100,000
Taiping Medical Centre	Taiping	31-Dec-14	9,800,000
Damai Specialist Hospital	Kota Kinabalu	31-Dec-14	15,200,000
KPJ College Bukit Mertajam	Bukit Mertajam	31-Dec-14	16,200,000
Tawakal Health Centre	Kuala Lumpur	31-Dec-14	43,100,000
Selesa Tower	Johor Bahru	31-Dec-14	103,500,000
KPJ Healthcare University College, Nilai	Seremban	31-Dec-14	19,200,000
KPJ Seremban Specialist Hospital	Seremban	31-Dec-14	60,000,000
KPJ Penang Specialist Hospital	Bukit Mertajam	31-Dec-14	62,600,000
KPJ Tawakkal Specialist Hospital	Kuala Lumpur	31-Dec-14	121,000,000
KPJ Klang Specialist Hospital	Klang	31-Dec-14	99,300,000
Kluang Utama Specialist Hospital	Kluang	31-Dec-14	4,200,000
Rumah Sakit Bumi Serpong Damai	Tangerang	31-Dec-14	57,000,000
Rumah Sakit Medika Permata Hijau	Jakarta	31-Dec-14	23,000,000
Jeta Garden Aged Care Facility and Retirement Village	Queensland	31-Dec-14	142,500,000
			<hr/> <hr/> 1,504,400,000

A9. VALUATION OF INVESTMENT PROPERTIES

The fair value of the investment properties as determined by external valuer, differs from the net book value presented in the statement of financial position due to presenting deferred lease income separately. The following reconciles the net book value of the investment properties to the fair value:-

	2014
	RM
Net book value as at 31 December	1,509,996,083
Less: Deferred lease income	<u>(5,596,083)</u>
Fair value as at 31 December	<u><u>1,504,400,000</u></u>

A10. SUBSEQUENT MATERIAL EVENTS

The Manager is proposing a final income distribution of 4.04 sen per unit totaling RM28,127,549 for financial year ended 31 December 2014. The final distribution is subject to the approval of the Trustee and has not been included as a liability in the financial statements.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of Al-'Aqar Healthcare REIT for the current quarter under review.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Fourth Quarter Ended 31 December 2014

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

B1. REVIEW OF PERFORMANCE

The net rental income for Al-'Aqar Healthcare REIT of RM102.3 million for the 12 months period ended 31 December 2014 represented an increase of RM1.1 million or 1.1% from RM101.3 million recorded in the previous corresponding period. The increase was mainly due to yearly increment on rental income.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM73.1 million, which is RM2.6 million or 3.5% lower than previous corresponding period's of RM75.8 million. The decrease was mainly due to lower in fair value adjustment as compared to the previous corresponding period.

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

	Current Quarter ended 31.12.2014 RM	Immediate Preceding Quarter ended 30.09.2014 RM
Profit before tax	28,266,280	15,000,612

There was increase in profit before tax recorded in the current quarter as compared with the immediate preceding quarter due to gain on valuation of properties.

B3. PROSPECTS

Al-'Aqar Healthcare REIT, after considering the strength of healthcare real estate portfolio invested, will enjoy 100% rate of occupancy and collection. The Trust had completed acquisition of Kluang Utama Specialist Hospital and Bandar Baru Klang Specialist Hospital, bringing the total number of properties to 25 units, with a total value of RM1.50 billion. These properties are having similar leasing arrangement as per current properties. The arrangement will enhance rental income in future years, and subsequently will provide favorable returns to the unitholders.

The performance of the Al-'Aqar Healthcare REIT is expected to be satisfactory for the next quarter, with the existing investment portfolio and consistent acquisition in order to maintain its performance.

B4. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There was no issuance of new units during the quarter under review.

B5. TAXATION

	The Group		The Fund	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	RM	RM	RM	RM
Tax expense	1,939,138	2,514,494	-	-

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the trust is distributed to unitholder, the total income of the trust for that year of assessment shall be exempted from tax.

In accordance with the Deed, the Fund is required to distribute at least 95% of its net income. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable or deferred tax is required to be provided in the financial statements.

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

B6. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposal of unquoted securities or investment properties during the current quarter.

B7. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There were no purchase or disposal of quoted securities during the current quarter.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

On 3 October 2014, Al-'Aqar Healthcare REIT had announced its proposal to acquire two parcels of freehold lands together with buildings erected thereon from Puteri Nursing College Sdn. Bhd., a wholly owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM77,800,000 ("Proposed Acquisition").

B9. BORROWINGS

	The Group	
	As at 31-12-2014 RM'000	As at 31-12-2013 RM'000
<u>Non-current</u>		
Sukuk Ijarah of RM 1.0 billion - IMTN	653,198	652,465
Ijarah Muntahiah Bitamlik Financing-I Facility	-	79,949
	<u>653,198</u>	<u>732,414</u>
<u>Current</u>		
Ijarah Muntahiah Bitamlik Financing	79,949	-
	<u>79,949</u>	<u>-</u>

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

For the current quarter, the Group does not have any off balance sheet financial instruments.

B11. MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

B12. SOFT COMMISSION RECEIVED

There was no soft commission received by the Manager during the quarter under review.

B13. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-12-2014	Immediate Preceding Quarter ended 30-09-2014
Number of units in issue (units)	696,226,468	696,226,468
Earning per unit (EPU) - sen	3.87	2.12
Net income distribution to unitholders (RM'000)	-	26,874,342
Distribution per unit (DPU) - sen	-	3.86
Net Asset Value (NAV) - RM'000	831,543	803,929
NAV per unit (RM)	1.1944	1.1547
Market Value Per Unit (RM)	1.4100	1.4100

B14. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with FRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-'Aqar Healthcare REIT as at 31 December 2014 and of its financial performance and cash flows for the period then ended.