

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Third Quarter Ended 30 September 2013

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
		30-09-2013	30-09-2012	30-09-2013	30-09-2012
		RM	RM	RM	RM
Gross rental income		26,799,893	26,623,475	80,599,492	76,652,552
Property expenses		(1,482,649)	(1,459,436)	(4,465,136)	(4,073,577)
Net rental income	B1	25,317,244	25,164,039	76,134,356	72,578,975
Investment income		58,435	174,778	614,350	510,878
Gain in fair value adjustment		-	-	-	-
Total income		25,375,679	25,338,817	76,748,706	73,089,853
Managers' fees		(422,972)	(406,730)	(1,257,067)	(1,176,315)
Trustees' fees		(60,580)	(58,203)	(178,959)	(168,312)
Accretion of long term borrowings		(287,348)	(377,223)	(1,016,101)	(1,190,012)
Annual financing fees		(46,999)	(254,479)	(177,698)	(763,436)
Maintenance of properties		(30,225)	(28,600)	(90,675)	(80,050)
Administrative expenses		(247,671)	(269,740)	(803,968)	(737,311)
Professional fees		(110,100)	(94,920)	(335,808)	(173,010)
Withholding tax		(474,683)	(239,818)	(1,432,004)	(1,148,956)
Profit sharing expenses on financing		(8,962,104)	(9,268,500)	(28,567,065)	(26,669,181)
Total trust expenditure		(10,642,682)	(10,998,213)	(33,859,345)	(32,106,583)
Profit before taxation		14,732,998	14,340,604	42,889,362	40,983,270
Tax expense		(214,689)	(74,319)	(647,125)	(779,589)
Profit after taxation		14,518,309	14,266,285	42,242,237	40,203,681
Other comprehensive expense					
Foreign currency translation differences for foreign operation		(868,571)	(853,249)	(274,184)	(369,969)
Total comprehensive income for the period		13,649,738	13,413,036	41,968,053	39,833,712
Profit after taxation is made up as follows:					
Realised		14,518,309	14,266,285	42,242,237	40,203,681
Unrealised		-	-	-	-
		14,518,309	14,266,285	42,242,237	40,203,681
Earnings per unit (sen) - Net		2.09	2.05	6.07	6.10

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

AL-'AQAR HEALTHCARE REIT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 September 2013

		Unaudited As At End Of Current Quarter 30-09-2013	Audited As at preceding year ended 31-12-2012
	Note	<u>RM</u>	<u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,464,010,000	1,464,010,000
Current Assets			
Trade receivables		7,275,521	1,880,474
Other receivables & prepayments		11,525,490	9,161,469
Cash and bank balances		71,979,776	46,576,955
Fixed deposits with licensed banks		7,753,427	26,553,914
		<u>98,534,213</u>	<u>84,172,811</u>
TOTAL ASSETS		<u>1,562,544,213</u>	<u>1,548,182,811</u>
LIABILITIES			
Non-current liabilities			
Borrowing	B9	<u>732,671,590</u>	<u>79,948,681</u>
Current Liabilities			
Other payables and accruals		18,832,449	19,656,401
Borrowings		-	647,902,985
Deferred tax		119,259	124,511
Provision for Income Distribution		26,874,341	-
Taxation		433,040	421,729
		<u>46,259,089</u>	<u>668,105,627</u>
TOTAL LIABILITIES		<u>778,930,679</u>	<u>748,054,308</u>
NET ASSETS VALUE		<u>783,613,534</u>	<u>800,128,504</u>
REPRESENTED BY:			
Unitholders' capital		682,682,499	682,682,499
Undistributed income		105,469,754	121,710,541
Foreign exchange translation reserve		<u>(4,538,720)</u>	<u>(4,264,536)</u>
TOTAL UNITHOLDERS' FUND		<u>783,613,534</u>	<u>800,128,504</u>
NUMBER OF UNITS IN CIRCULATION		<u>696,226,468</u>	<u>696,226,468</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)		<u>1.1255</u>	<u>1.1492</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim statements.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
IN NET ASSETS VALUE
For the Third Quarter Ended 30 September 2013

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange Reserve	Total Unitholders' Fund RM
As at 1 Jan 2012	627,174,319	95,776,391	(4,124,784)	718,825,926
Operation for the period ended 31 Dec 2012				
Net income for the year	-	62,902,190	(139,752)	62,762,438
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	62,902,190	(139,752)	62,762,438
Unitholders' transactions				
Placement of units	55,508,180	-	-	55,508,180
Distribution to unitholders	-	(36,968,040)	-	(36,968,040)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	55,508,180	(36,968,040)	-	18,540,140
Net assets as at 31 Dec 2012	682,682,499	121,710,541	(4,264,536)	800,128,504
As at 1 Jan 2013	682,682,499	121,710,541	(4,264,536)	800,128,504
Operation for the period ended 30 Sept 2013				
Net income for the period	-	42,242,237	(274,184)	41,968,053
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	42,242,237	(274,184)	41,968,053
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders#	-	(58,483,023)	-	(58,483,023)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(58,483,023)	-	(58,483,023)
Net assets as at 30 September 2013	682,682,499	105,469,754	(4,538,720)	783,613,534

Includes the payment of the final income distribution for financial year 2012 of 4.54 sen per unit which was paid on 28 February 2013 and the provision of the interim income distribution for financial year 2013 of 3.86 sen per unit which was announced on 11 September 2013.

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Third Quarter Ended 30 September 2013

	To Date	
	30-09-2013	30-09-2012
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	42,889,362	40,983,271
Adjustment for:		
Profit sharing expenses on Islamic financing	28,567,065	26,669,181
Accretion of long term Islamic financing	1,016,101	1,190,012
Investment revenue	(614,350)	(510,878)
Operating profit before working capital changes	71,858,178	68,331,586
Increase in receivables and prepayments	(10,239,987)	(4,318,452)
(Decrease)/Increase in other payables and accruals	(817,894)	(384,000)
Cash generated from operations	60,800,297	63,629,133
Taxes paid	(647,125)	(922,892)
Net cash generated from operating activities	60,153,172	62,706,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	614,350	510,878
Purchase of investment properties	-	(32,991,820)
Net cash generated from/(used in) investing activities	614,350	(32,480,942)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(31,608,682)	(36,968,040)
Profit sharing expenses on Islamic financing paid	(29,286,365)	(26,669,181)
Payment of borrowing	(928,495,957)	-
Proceeds from issuance of long term Islamic financing	935,500,000	34,000,000
Net cash (used in)/generated from financing activities	(53,891,004)	(29,637,221)
NET INCREASE IN CASH AND CASH		
EQUIVALENTS	6,876,518	588,078
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(274,184)	(369,969)
CASH AND CASH EQUIVALENTS AT BEGINNING OF		
FINANCIAL PERIOD	73,130,869	52,982,073
CASH AND CASH EQUIVALENTS AT END OF		
FINANCIAL PERIOD	79,733,203	53,200,182

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2013

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

A1. BASIS OF PREPARATION

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

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2012.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements of Al-'Aqar Healthcare REIT for the financial year ended 31 December 2012 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

On 6 May 2013, Al-'Aqar, through its subsidiary company, Al-'Aqar Capital Sdn Bhd issued RM374 million in nominal value 5 years Islamic Medium Term Notes ("IMTN") being 1st Tranche of Issue 1 under its Sukuk Ijarah Programme of up to RM1.0 billion, which comprises the following:

	Amount
	RM
Class A IMTN	104,000,000
Class B IMTN	21,000,000
Class C IMTN	<u>249,000,000</u>
Total	<u><u>374,000,000</u></u>

Proceeds from the above issuance were used towards the redemption of the Ijarah Muntahiah Bitamlik of RM249,803,957, Ijarah Murabahah Tawarruq of RM110 million, Bai Bithamin Ajil of RM8 million and for working capital purposes.

A6. ISSUANCES, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY (CONT'D)

On 5 August 2013, the subsidiary further issued RM281 million in nominal value 5 years Islamic Medium Term Notes ("IMTN") being 2nd Tranche of Issue 1 under its Sukuk Ijarah Programme of up to RM1.0 billion, which comprises the following:

	Amount RM
Class A IMTN	168,000,000
Class B IMTN	34,000,000
Class C IMTN	<u>79,000,000</u>
Total	<u><u>281,000,000</u></u>

Proceeds from the above issuance were used towards the redemption of the Short Term Revolving Credit ("STRC-i") of RM 280.5 million and for working capital purposes.

A7. INCOME DISTRIBUTION

During the quarter under review, the Manager, with the approval of the Trustee, has declared the following distributions:

	Total RM	Distribution Per Unit (Sen)
Interim distribution-Financial Year Ended 31 December 2013	<u>26,874,341</u>	<u>3.86</u>

The interim distribution has been paid to unit holders on 25 October 2013.

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

There were no valuation of property being made in the current quarter.

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events from the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

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

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

AL-'AQAR HEALTHCARE REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Third Quarter Ended 30 September 2013

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 RM76.1 million for the 9 months period ended 30 September 2013 represented an increase of RM3.5 million or 4.9% from RM72.6 million recorded in the previous corresponding period. The increase was mainly due to new rental income contributed by Bandar Baru Klang Specialist Hospital, which was acquired end of June 2012. This property had contributed approximately RM 5.6 million (or 7.4%) of rental income recorded for the period under review.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM42.89 million, which is RM1.91 million or 4.7% higher than previous corresponding period's of RM40.98 million. The increase was due to higher rental income as mentioned above.

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

	Current Quarter ended 30.09.2013 RM	Immediate Preceding Quarter ended 30.06.2013 RM
Profit before tax	14,732,998	14,169,094

There was no material changes in profit before tax recorded in the current quarter as compared with the immediate preceding quarter.

B3. PROSPECTS

Al-'Aqar Healthcare REIT, after considering the strength of healthcare real estate portfolio invested, will enjoy 100% rate of occupancy and collection. The Trust had completed acquisition of Kluang Utama Specialist Hospital and Bandar Baru Klang Specialist Hospital, bringing the total number of properties to 25 units, with a total value of RM1.46 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	
	30-09-2013	30-09-2012	30-09-2013	30-09-2012
	RM	RM	RM	RM
Tax expense	647,125	779,589	-	-

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

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

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

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

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

B7. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

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

B9. BORROWINGS

	The Group	
	As at 30-09-2013 RM'000	As at 31-12-2012 RM'000
<u>Non-current</u>		
Sukuk Ijarah of RM 1.0 billion - IMTN	652,723	-
Ijarah Muntahiah Bitamlik	-	-
Ijarah Muntahiah Tawarruq	-	-
Ijarah Muntahiah Bitamlik Financing-I Facility	79,949	79,949
	<u>732,672</u>	<u>79,949</u>
<u>Current</u>		
Sukuk Ijarah of RM 300 million - ICP	-	11,924
Sukuk Ijarah of RM 300 million - IMTN	-	268,483
Ijarah Muntahiah Bitamlik	-	249,496
Ijarah Muntahiah Tawarruq	-	110,000
Bai Bitamin Ajil	-	8,000
Short Term Revolving Credit -i	-	-
	<u>-</u>	<u>647,903</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 30-09-2013	Immediate Preceding Quarter ended 30-06-2013
Number of units in issue (units)	696,226,468	696,226,468
Earning per unit (EPU) - sen	2.09	1.97
Net income distribution to unitholders (RM'000)	26,874	-
Distribution per unit (DPU) - sen	3.86	-
Net Asset Value (NAV) - RM'000	783,614	796,838
NAV per unit (RM)	1.1255	1.1445
Market Value Per Unit (RM)	1.3900	1.3400

B14. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with FRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Aqar Healthcare REIT as at 30 September 2013 and of its financial performance and cash flows for the period then ended.