

AL-'AQAR HEALTHCARE REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Third Quarter Ended 30 September 2014

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	30-09-2014	30-09-2013	30-09-2014	30-09-2013
	RM	RM	RM	RM
Gross rental income	27,229,068	26,799,893	81,496,029	80,599,492
Property expenses	<u>(1,578,926)</u>	<u>(1,482,649)</u>	<u>(4,841,016)</u>	<u>(4,465,136)</u>
Net rental income	25,650,142	25,317,244	76,655,013	76,134,356
Investment income	297,867	58,435	1,000,970	614,350
Other income	46,083	-	46,083	-
Total income	25,994,092	25,375,679	77,702,066	76,748,706
Managers' fees	<u>(429,962)</u>	<u>(422,972)</u>	<u>(1,290,598)</u>	<u>(1,257,067)</u>
Trustees' fees	<u>(61,510)</u>	<u>(60,580)</u>	<u>(183,881)</u>	<u>(178,959)</u>
Accretion of long term borrowings	<u>(434,435)</u>	<u>(287,348)</u>	<u>(1,303,304)</u>	<u>(1,016,101)</u>
Annual financing fees	<u>(145,000)</u>	<u>(46,999)</u>	<u>(427,000)</u>	<u>(177,698)</u>
Maintenance of properties	-	<u>(30,225)</u>	<u>(6,000)</u>	<u>(90,675)</u>
Administrative expenses	<u>(212,099)</u>	<u>(247,671)</u>	<u>(797,785)</u>	<u>(803,968)</u>
Professional fees	<u>(251,662)</u>	<u>(110,100)</u>	<u>(765,480)</u>	<u>(335,808)</u>
Withholding tax	<u>(477,240)</u>	<u>(474,683)</u>	<u>(1,435,668)</u>	<u>(1,432,004)</u>
Profit sharing expenses on financing	<u>(8,981,572)</u>	<u>(8,962,104)</u>	<u>(26,610,767)</u>	<u>(28,567,065)</u>
Total trust expenditure	(10,993,480)	(10,642,682)	(32,820,483)	(33,859,345)
Profit before taxation	15,000,612	14,732,998	44,881,583	42,889,362
Tax expense	<u>(224,360)</u>	<u>(214,689)</u>	<u>(643,685)</u>	<u>(647,125)</u>
Profit after taxation	14,776,252	14,518,309	44,237,898	42,242,237
Other comprehensive expense				
Foreign currency translation differences for foreign operation	<u>(94,153)</u>	<u>(868,571)</u>	<u>(548,981)</u>	<u>(274,184)</u>
Total comprehensive income for the period/year	14,682,099	13,649,738	43,688,917	41,968,053
Profit after taxation is made up as follows:				
Realised	14,776,252	14,518,309	44,237,898	42,242,237
Unrealised	-	-	-	-
	<u>14,776,252</u>	<u>14,518,309</u>	<u>44,237,898</u>	<u>42,242,237</u>
Earnings per unit (sen) - Net	2.12	2.09	6.35	6.07

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 30 September 2014

	Note	Unaudited As At End Of Current Quarter 30-09-2014	Audited As at preceding year ended 31-12-2013
		<u>RM</u>	<u>RM</u>
ASSETS			
Non-current assets			
Investment properties	A9	1,491,311,947	1,483,684,618
Current Assets			
Trade receivables		7,350,731	6,039,361
Other receivables & prepayments		7,217,800	11,355,402
Cash and bank balances		41,699,001	50,483,127
Fixed deposits with licensed banks		38,863,400	17,346,200
		<u>95,130,932</u>	<u>85,224,090</u>
TOTAL ASSETS		<u>1,586,442,879</u>	<u>1,568,908,708</u>
LIABILITIES			
Non-current liabilities			
Borrowing	B9	732,887,829	732,414,275
Current Liabilities			
Other payables and accruals		21,152,829	19,451,489
Deferred tax		1,252,984	1,279,766
Provision for Income Distribution Taxation		26,874,342	-
		346,050	869,469
		<u>49,626,204</u>	<u>21,600,724</u>
TOTAL LIABILITIES		<u>782,514,032</u>	<u>754,014,999</u>
NET ASSETS VALUE		<u>803,928,847</u>	<u>814,893,709</u>
REPRESENTED BY:			
Unitholders' capital		682,682,499	682,682,499
Undistributed income		126,122,366	136,538,247
Foreign exchange translation reserve		(4,876,018)	(4,327,037)
TOTAL UNITHOLDERS' FUND		<u>803,928,847</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)		1.1547	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 Third Quarter Ended 30 September 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 30 Sept 2014				
Net income for the period	-	44,237,898	(548,981)	43,688,917
<i>Increase/(Decrease) in net assets resulting from operation</i>	-	44,237,898	(548,981)	43,688,917
Unitholders' transactions				
Placement of units	-	-	-	-
Distribution to unitholders#	-	(54,653,779)	-	(54,653,779)
Issuing expenses	-	-	-	-
<i>Increase/(Decrease) in net assets resulting from unitholders' transactions</i>	-	(54,653,779)	-	(54,653,779)
Net assets as at 30 September 2014	682,682,499	126,122,366	(4,876,018)	803,928,847

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 provision of the interim income distribution for financial year 2014 of 3.86 sen per unit which was announced on 28 August 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 Third Quarter Ended 30 September 2014

	To Date	
	30-09-2014	30-09-2013
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	44,881,583	42,889,362
Adjustment for:		
Profit sharing expenses on Islamic financing	26,610,766	28,567,065
Accretion of long term Islamic financing	1,303,304	1,016,101
Investment revenue	(514,722)	(614,350)
Operating profit before working capital changes	72,280,931	71,858,178
Decrease/(Increase) in receivables and prepayments	2,826,232	(10,239,987)
Increase/(Decrease) in other payables and accruals	330,725	(817,894)
Cash generated from operations	75,437,888	60,800,297
Taxes paid	(643,685)	(647,125)
Net cash generated from operating activities	74,794,203	60,153,172
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received from investment	514,722	614,350
Purchase of investment properties	(7,627,329)	-
Net cash (used in)/generated from investing activities	(7,112,607)	614,350
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(27,779,436)	(31,608,682)
Profit sharing expenses on Islamic financing paid	(26,620,105)	(29,286,365)
Payment of borrowing	-	(928,495,957)
Proceeds from issuance of long term Islamic financing	-	935,500,000
Net cash used in financing activities	(54,399,541)	(53,891,004)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(548,981)	(274,184)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	67,829,327	73,130,869
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	80,562,401	79,733,203

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 Third Quarter Ended 30 September 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

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	26,874,342	3.86

The interim distribution has been paid to unit holders 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

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 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 RM76.6 million for the 9 months period ended 30 September 2014 represented an increase of RM0.5 million or 0.7% from RM76.1 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 RM44.9 million, which is RM2.0 million or 4.6% higher than previous corresponding period's of RM42.9 million. The increase was mainly due to lower financing cost 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 30.09.2014 RM	Immediate Preceding Quarter ended 30.06.2014 RM
Profit before tax	15,000,612	14,863,147

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 RM1.49 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	
	30-09-2014	30-09-2013	30-09-2014	30-09-2013
	RM	RM	RM	RM
Tax expense	643,685	647,125	-	-

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

- (a) 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.

The acquisition was completed on 18 November 2014.

- (b) On 28 February 2014, Al-'Aqar Healthcare REIT represented by its trustee, AmanahRaya Trustees Berhad ("Trustee" or "Vendor"), entered into a sale and purchase agreement with Smartwheels Intelligence Sdn Bhd ("Purchaser") to sell a freehold land erected with an integrated commercial development comprising a twenty-seven (27) storey hotel ("Hotel Selesa") and a thirty-one (31) storey office block ("Metropolis Tower") (collectively, referred to as "Selesa Tower") ("SPA") for a disposal consideration of RM112.0 million ("Disposal Consideration") and had announced the proposal accordingly.

On 3 September 2014, Al-'Aqar Healthcare REIT had announced on the termination of the SPA, pursuant to failure of the Purchaser to settle the Balance Disposal Consideration.

- (c) 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 30-09-2014 RM'000	As at 31-12-2013 RM'000
<u>Non-current</u>		
Sukuk Ijarah of RM 1.0 billion - IMTN	652,939	652,465
Ijarah Muntahiah Bitamlik Financing-I Facility	79,949	79,949
	732,888	732,414

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 30-09-2014	Immediate Preceding Quarter ended 30-06-2014
Number of units in issue (units)	696,226,468	696,226,468
Earning per unit (EPU) - sen	2.12	2.10
Net income distribution to unitholders (RM'000)	26,874,342	-
Distribution per unit (DPU) - sen	3.86	-
Net Asset Value (NAV) - RM'000	803,929	816,121
NAV per unit (RM)	1.1547	1.1722
Market Value Per Unit (RM)	1.4100	1.4000

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 2014 and of its financial performance and cash flows for the period then ended.