

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Fourth Quarter Ended 31 December 2013**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Gross rental income</b>	26,819,725	26,745,177	107,419,217	103,397,729
Property expenses	(1,669,513)	(1,608,067)	(6,134,649)	(5,681,644)
<b>Net rental income</b>	<b>25,150,212</b>	<b>25,137,111</b>	<b>101,284,568</b>	<b>97,716,086</b>
Investment income	120,372	177,195	734,722	688,073
Gain in fair value adjustment	19,674,618	10,751,853	19,674,618	10,751,853
<b>Total income</b>	<b>44,945,202</b>	<b>36,066,159</b>	<b>121,693,908</b>	<b>109,156,012</b>
Managers' fees	(418,621)	(410,972)	(1,675,688)	(1,587,287)
Trustees' fees	(58,882)	(59,166)	(237,841)	(227,478)
Accretion of long term borrowings	(545,384)	(494,454)	(1,561,485)	(1,684,466)
Annual financing fees	(133,151)	(256,479)	(310,849)	(1,019,915)
Maintenance of properties	(49,845)	(134,925)	(140,520)	(214,975)
Administrative expenses	(770,342)	(706,849)	(1,574,310)	(1,444,160)
Professional fees	(190,115)	(216,144)	(525,923)	(389,154)
Withholding tax	(586,506)	(950,768)	(2,018,510)	(2,099,724)
Profit sharing expenses on financing	(9,256,493)	(9,530,547)	(37,823,558)	(36,199,728)
<b>Total trust expenditure</b>	<b>(12,009,339)</b>	<b>(12,760,303)</b>	<b>(45,868,684)</b>	<b>(44,866,886)</b>
<b>Profit before taxation</b>	<b>32,935,863</b>	<b>23,305,856</b>	<b>75,825,224</b>	<b>64,289,126</b>
Tax expense	(1,867,369)	(607,347)	(2,514,494)	(1,386,936)
<b>Profit after taxation</b>	<b>31,068,494</b>	<b>22,698,509</b>	<b>73,310,730</b>	<b>62,902,190</b>
<b>Other comprehensive expense</b>				
Foreign currency translation differences for foreign operation	211,683	230,217	(62,501)	(139,752)
<b>Total comprehensive income for the period/year</b>	<b>31,280,177</b>	<b>22,928,726</b>	<b>73,248,229</b>	<b>62,762,438</b>
Profit after taxation is made up as follows:				
Realised	11,393,876	11,946,656	53,636,112	52,150,337
Unrealised	19,674,618	10,751,853	19,674,618	10,751,853
	31,068,494	22,698,509	73,310,730	62,902,190
<b>Earnings per unit (sen) - Net</b>	<b>4.46</b>	<b>3.30</b>	<b>10.53</b>	<b>9.40</b>

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 financial statements.

# AL-'AQAR HEALTHCARE REIT

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2013

	Note	Unaudited As At End Of Current Quarter 31-12-2013	Audited As at preceding year ended 31-12-2012
		<u>RM</u>	<u>RM</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	A9	1,483,684,618	1,464,010,000
<b>Current Assets</b>			
Trade receivables		6,039,361	1,880,474
Other receivables & prepayments		11,355,402	9,161,469
Cash and bank balances		50,483,127	46,576,955
Fixed deposits with licensed banks		17,346,200	26,553,914
		<u>85,224,090</u>	<u>84,172,811</u>
<b>TOTAL ASSETS</b>		<u>1,568,908,708</u>	<u>1,548,182,811</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowing	B9	<u>732,414,275</u>	<u>79,948,681</u>
<b>Current Liabilities</b>			
Other payables and accruals		19,451,489	19,656,401
Borrowings		-	647,902,985
Deferred tax		1,279,766	124,511
Taxation		869,469	421,729
		<u>21,600,724</u>	<u>668,105,627</u>
<b>TOTAL LIABILITIES</b>		<u>754,014,999</u>	<u>748,054,308</u>
<b>NET ASSETS VALUE</b>		<u>814,893,709</u>	<u>800,128,504</u>
<b>REPRESENTED BY:</b>			
Unitholders' capital		682,682,499	682,682,499
Undistributed income		136,538,246	121,710,541
Foreign exchange translation reserve		<u>(4,327,037)</u>	<u>(4,264,536)</u>
<b>TOTAL UNITHOLDERS' FUND</b>		<u>814,893,709</u>	<u>800,128,504</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		<u>696,226,468</u>	<u>696,226,468</u>
<b>NET ASSETS VALUE (NAV) PER UNIT (RM)</b>			
- Before income distribution		1.1704	1.1492
- After income distribution (Note 1)		1.1305	1.1038

Note 1 - Being Net Asset Value per unit after reflecting the 2013 proposed final income distribution of 3.99 sen per unit.

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 financial statements.

**AL-'AQAR HEALTHCARE REIT**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES**  
**IN NET ASSETS VALUE**  
**For the Fourth Quarter Ended 31 December 2013**

	Unitholders' Capital RM	Undistributed Income RM	Foreign Exchange RM	Total Unitholders' Fund RM
<b>As at 1 Jan 2012</b>	627,174,319	95,776,391	(4,124,784)	718,825,926
<b>Operation for the year ended 31 Dec 2012</b>				
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
<b>Unitholders' transactions</b>				
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
<b>Net assets as at 31 Dec 2012</b>	682,682,499	121,710,541	(4,264,536)	800,128,504
<b>As at 1 Jan 2013</b>	682,682,499	121,710,541	(4,264,536)	800,128,504
<b>Operation for the year ended 31 Dec 2013</b>				
Net income for the period	-	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
<b>Unitholders' transactions</b>				
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)
<b>Net assets as at 31 December 2013</b>	682,682,499	136,538,246	(4,327,037)	814,893,709

# 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 interim income distribution for financial year 2013 of 3.86 sen per unit which was paid on 25 October 2013.

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 2012 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 2013**

	To Date	
	31-12-2013	31-12-2012
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	75,825,224	64,289,126
Adjustment for:		
Profit sharing expenses on Islamic financing	39,695,892	38,904,109
Gain on fair value adjustment of investment properties	(19,674,618)	(10,751,853)
Investment revenue	(734,722)	(688,073)
Operating profit before working capital changes	95,111,776	91,753,309
Increase in receivables and prepayments	(6,352,820)	486,487
(Decrease)/Increase in other payables and accruals	(42,470)	2,094,026
Cash generated from operations	88,716,486	94,333,822
Taxes paid	(1,073,942)	(1,025,235)
Net cash generated from operating activities	87,642,544	93,308,588
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Income received from investment	734,722	688,073
Purchase of investment properties	-	(40,991,820)
Net cash generated from/(used in) investing activities	734,722	(40,303,747)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(58,483,024)	(36,968,040)
Profit sharing expenses on Islamic financing paid	(42,137,326)	(37,989,989)
Payment of borrowing	(928,495,957)	(11,682,472)
Proceeds from issuance of long term Islamic financing	935,500,000	53,924,208
Net cash used in financing activities	(93,616,307)	(32,716,293)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	(5,239,041)	20,288,548
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	(62,501)	(139,752)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	73,130,869	52,982,073
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	67,829,327	73,130,869

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 2012 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 2013

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### 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 SECURITIES

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:

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

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

Interim income distribution for the financial year ended 31 December 2013 amounting to RM28,674,341 or 3.86 sen per unit which was announced on 11 September 2013 has been paid 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**

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 RM19,674,618 and has been incorporated into the financial statements of Al-'Aqar Healthcare REIT as at 31 December 2013. The details of the said revaluation carried out are tabled as follows:

Description of Property	Location	Date of Revaluation	<b>2013</b>
			<b>Fair Value RM</b>
Ampang Puteri Specialist Hospital	Ampang	31-Dec-13	130,000,000
Damansara Specialist Hospital	Damansara	31-Dec-13	115,000,000
KPJ Johor Specialist Hospital	Johor Bahru	31-Dec-13	111,300,000
KPJ Ipoh Specialist Hospital	Ipoh	31-Dec-13	70,200,000
Puteri Specialist Hospital	Johor Bahru	31-Dec-13	39,300,000
KPJ Selangor Specialist Hospital	Shah Alam	31-Dec-13	63,400,000
Kedah Medical Centre	Alor Setar	31-Dec-13	51,500,000
KPJ Perdana Specialist Hospital	Kota Bharu	31-Dec-13	44,500,000
Kuantan Specialist Hospital	Kuantan	31-Dec-13	21,300,000
Sentosa Medical Centre	Kuala Lumpur	31-Dec-13	27,700,000
KPJ Kajang Specialist Hospital	Kajang	31-Dec-13	45,700,000
Taiping Medical Centre	Taiping	31-Dec-13	9,800,000

**A9. VALUATION OF INVESTMENT PROPERTIES (Cont'd)**

Description of Property	Location	Date of Revaluation	2013
			Fair Value RM
Damai Specialist Hospital	Kota Kinabalu	31-Dec-13	15,200,000
KPJ College Bukit Mertajam	Bukit Mertajam	31-Dec-13	15,900,000
Tawakal Health Centre	Kuala Lumpur	31-Dec-13	43,100,000
Selesa Tower	Johor Bahru	31-Dec-13	101,700,000
KPJ Healthcare University College, Nilai	Seremban	31-Dec-13	19,200,000
KPJ Seremban Specialist Hospital	Seremban	31-Dec-13	59,700,000
KPJ Penang Specialist Hospital	Bukit Mertajam	31-Dec-13	62,300,000
KPJ Tawakkal Specialist Hospital	Kuala Lumpur	31-Dec-13	120,200,000
KPJ Klang Specialist Hospital	Klang	31-Dec-13	97,400,000
Kluang Utama Specialist Hospital	Kluang	31-Dec-13	4,200,000
Rumah Sakit Bumi Serpong Damai	Tangerang	31-Dec-13	51,600,000
Rumah Sakit Medika Permata Hijau	Jakarta	31-Dec-13	21,700,000
Jeta Garden Aged Care Facility and Retirement Village	Queensland	31-Dec-13	141,784,618
Total			<u><u>1,483,684,618</u></u>

**A10. SUBSEQUENT MATERIAL EVENTS**

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.

**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 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 RM101.3 million for the 12 months year ended 31 December 2013 represented an increase of RM3.6 million or 3.65% from RM97.7 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 7.4 million (or 7%) of rental income recorded for the period under review.

Al-'Aqar Healthcare REIT's profit before taxation for the same period stood at RM75.82 million, which is RM11.54 million or 17.9% higher than previous corresponding period's of RM64.29 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**

	<b>Current Quarter ended 31.12.2013 RM</b>	<b>Immediate Preceding Quarter ended 30.09.2013 RM</b>
Profit before tax	32,935,863	14,732,998

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 RM1.48 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	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
	RM	RM	RM	RM
Tax expense	2,514,494	1,386,936	-	-

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 31-12-2013 RM'000	As at 31-12-2012 RM'000
<b><u>Non-current</u></b>		
Sukuk Ijarah of RM 1.0 billion - IMTN	652,465	-
Ijarah Muntahiah Bitamlik Financing-I Facility	79,949	79,949
	<u>732,414</u>	<u>79,949</u>
<b><u>Current</u></b>		
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
	<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**

	<b>Current Quarter ended 31-12-2013</b>	<b>Immediate Preceding Quarter ended 30-09-2013</b>
Number of units in issue (units)	696,226,468	696,226,468
Earning per unit (EPU) - sen	4.46	2.09
Net income distribution to unitholders (RM'000)	-	26,874
Distribution per unit (DPU) - sen	-	3.86
Net Asset Value (NAV) - RM'000	814,894	783,614
NAV per unit (RM)	1.1704	1.1255
Market Value Per Unit (RM)	1.3300	1.3900

**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 2013 and of its financial performance and cash flows for the period then ended.