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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused the Part B of this Circular prior to its issuance as they fall under the category of Exempt Circulars pursuant to Practice Note No. 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



AL-AQAR HEALTHCARE REIT

(established in Malaysia under the deed dated 27 June 2006 and as amended by the supplemental deed dated 14 May 2009, 27 January 2011 and 9 November 2011 and the Restated Trust Deed dated 31 July 2013, entered into between Damansara REIT Managers Sdn Berhad, a company incorporated under the Companies Act 1965 and deemed registered under the Companies Act 2016 and AmanahRaya Trustees Berhad, a trust corporation established under the Trust Companies Act 1949 and incorporated under the Companies Act 1965 and deemed registered under the Companies Act 2016 and the persons who are for the time being registered as holders of the units in Al-Aqar Healthcare REIT)

CIRCULAR TO UNITHOLDERS IN RELATION TO THE

PART A

PROPOSED UNITHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

PART B

PROPOSED ADDITIONAL AMENDMENTS (AS DEFINED HEREIN)

IN CONJUNCTION WITH THE SPECIAL BUSINESS AT THE SEVENTH ANNUAL GENERAL MEETING

Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Seventh (7th) Annual General Meeting (“**AGM**”) of Al-Aqar Healthcare REIT to be held at Permata Ballroom, Level B2, The Puteri Pacific Johor Bahru, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, on Wednesday, 17 April 2019 at 11.30 a.m. together with the Form of Proxy set out in the Notice of AGM.

A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. The Form of Proxy should be lodged at the Registered Office of the Damansara REIT Managers Sdn Berhad at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than twenty-four (24) hours before the time of the AGM. The last day and time for lodging the Form of Proxy is on Tuesday, 16 April 2019 at 11.30 a.m. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 16 April 2019 at 11.30 a.m.

Date and time of AGM : Wednesday, 17 April 2019 at 11.30 a.m.

DEFINITIONS

For the purpose of this document, except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

- Act** : The Companies Act, 2016, as amended from time to time and any re-enactment thereof
- AGM** : Annual General Meeting
- Al-`Aqar or REIT** : Al-`Aqar Healthcare REIT
- Al-`Aqar Group or Group** : Al-`Aqar and its subsidiaries
- ART or Trustee** : AmanahRaya Trustees Berhad (766894-T)
- AmlInvestment Bank** : AmlInvestment Bank Berhad (23742-V)
- Assets** : The total assets of Al-`Aqar, including all the cash (including subscription for units) and all its permitted investments for the time being held or deemed to be held upon the trust of the Deed;
- Board** : The Board of Directors of the Manager
- Bursa Securities** : Bursa Malaysia Securities Berhad (635998-W)
- Circular** : This circular to unitholders of Al-`Aqar dated 21 March 2019
- DASB** : Damansara Assets Sdn Bhd (300969-V)
- DASB Group** : DASB, its subsidiaries and associated companies
- Distribution Calculation Date** : 30 June and 31 December in each year occurring after 31 December 2005 or such other date or dates as the Manager, upon consultation with the Trustee, may determine
- Distributable Income** : Means with respect to each Distribution Period, the Gross Income after deducting or taking into account (as the case may require):
- (a) all costs, disbursements, commissions, fees, management charges (including the Manager's and Trustee's remuneration, reimbursement and indemnification, if any) and other outgoing or retention in respect of the Assets and the expenses of managing and administering Al-`Aqar, save and except where the same are:
 - (i) payable out of the capital excepting any Liabilities relating to any amount of capital in the Gross Income; or
 - (ii) payable by the Manager or the Trustee and the Manager or Trustee is not entitled to reimbursement or indemnification pursuant to the Deed;
 - (b) depreciation of Assets (if any) during the Distribution Period and any amount which the Manager determines should in respect of the Distribution Period be paid to a reserve account of Al-`Aqar on account of the costs of realisation of the Assets upon the termination of Al-`Aqar;
 - (c) any amounts transferred to Al-`Aqar's reserves and provisions or otherwise retained in accordance with the provisions of this Deed; and
 - (d) any other entries, provisions, write-offs or adjustments required by the Malaysian FRS.

DEFINITIONS (CONT'D)

- Distribution Period** : (a) for the first Distribution Period, the period from and including the date of establishment of Al-`Aqar to and including 31 December 2006;
- (b) for the last Distribution Period, the period from and including the day after the immediately preceding Distribution Calculation Date to and including the date of termination of Al-`Aqar; and
- (c) in all other circumstances, the period from and including the day after the immediately preceding Distribution Calculation Date to and including the next occurring Distribution Calculation Date;
- DRMSB or Manager** : Damansara REIT Managers Sdn Berhad (717704-V)
- Director** : Shall have the same meaning given in Section 2(1) of the Capital Market Services Act, 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive officer of the listed issuer, its subsidiary or holding company
- FYE(s)** : Financial year(s) ended / ending, as the case may be
- GAV** : Gross assets value
- Gross Income** : Means, in relation to the applicable Distribution Period:
- (a) all monies, rights and other property which constitutes Income of Al-`Aqar on an accrual basis and as determined by the Malaysian FRS; and
- (b) such amount being the whole or part of any amount standing in the accounts of Al-`Aqar to the credit of Al-`Aqar's reserves and provisions which the Manager determines to treat as Income of Al-`Aqar;
- In the Second Restated Deed the definition of Gross Income will be amended to include the following:-
- (c) both (a) and (b) must be realised income.
- Income of Al-`Aqar** : All rents, dividends, distributions, license fees, service charges and other receipts considered by the Manager to be in the nature of income according to the Malaysian FRS;
- Interested Directors** : The directors of the Manager who are deemed interested in the Proposed RRPT Mandate and Proposed Revision in Management Fee namely Dato' Kamaruzzaman Bin Abu Kassim, Wan Azman Bin Ismail, Lukman Bin Hj. Abu Bakar, Yusaini Bin Hj. Sidek, Dato' Amiruddin Bin Abdul Satar, and Mohd Yusof Bin Ahmad, as disclosed in Section 7 of Part A of this Circular and Section 6 of Part B of this Circular.
- Interested Major Unitholders** : The major unitholders of Al-`Aqar who are deemed interested in the Proposed RRPT Mandate and Proposed Revision in Management Fee namely JCorp and KPJ, as disclosed in Section 7 of Part A of this Circular and Section 6 of Part B of this Circular.

DEFINITIONS (CONT'D)

JCorp	:	Johor Corporation
JCorp Group	:	JCorp, its subsidiaries and associated companies
KPJ	:	KPJ Healthcare Berhad (247079-M)
KPJ Group	:	KPJ, its subsidiaries and associated companies
Liabilities	:	All the liabilities of Al-`Aqar (including liabilities accrued but not yet paid) and any provision which the Manager decides should be taken into account in determining the liabilities of Al-`Aqar
Listed REIT Guidelines	:	Guidelines on Listed Real Estate Investment Trusts issued by SC on 15 March 2018
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	28 February 2019, being the latest practicable date prior to the printing of the Circular
Malaysian FRS	:	The Financial Reporting Standards issued by the Malaysian Accounting Standards Board
NAV	:	Net assets value
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Proposed Additional Amendments	:	Collectively, the Proposed Revision in Management Fee, Proposed Revision in Trustee Fee, Proposed Revision in Distribution of Income and Proposed Clause Amendments
Proposed Clause Amendments	:	Proposed modification in certain clauses of the Restated Deed into the Second Restated Deed
Proposed Revision in Distribution of Income	in	Proposed revision in the minimum distribution rate from at least ninety-five percent (95.0%) to at least ninety percent (90.0%) of Al-`Aqar's Distributable Income
Proposed Revision in Management Fee	in	<p>The existing Management Fee is as follows:-</p> <ul style="list-style-type: none">(i) up to zero point one zero percent (0.100%) of the GAV of Al-`Aqar for the first RM1.0 billion of the value of the total assets of Al-`Aqar; and(ii) up to zero point one two five percent (0.125%) of the GAV above RM1.0 billion of the value of the total assets of Al-`Aqar. <p>The Management Fee proposed to be revised to up to one percent (1.000%) of the total asset value (excluding cash and bank balances) of Al-`Aqar.</p>
Proposed Revision in Trustee Fee	:	Proposed revision in the annual trustee rate from up to zero point zero three percent (0.030%) per annum of the NAV of Al-`Aqar to up to zero point zero four percent (0.040%) per annum of the NAV of Al-`Aqar.
Proposed RRPT Mandate	:	Proposed unitholders' mandate for RRPT

DEFINITIONS (CONT'D)

Related Party / (ies)	: A director, major unitholder and/or person(s) connected with such director or major unitholder as defined under the Listing Requirements
RM and sen	: Ringgit Malaysia and sen respectively
RRPT	: Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to day operations of the REIT and which are in the ordinary course of business of the REIT
SC	: Securities Commission of Malaysia
Second Restated Deed	: The restated trust deed after incorporating the proposed amendments to the Deed
TAV	: Total assets value
Trust Deed or Deed	: The restated trust deed dated 31 July 2013 entered into between DRMSB and ART

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted or guidelines. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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EXTRACT OF NOTICE OF AGM	ENCLOSED
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PART A

**LETTER TO THE UNITHOLDERS OF AL-`AQAR IN RELATION TO
THE PROPOSED RRPT MANDATE**



**DAMANSARA REIT MANAGERS SDN BERHAD
(MANAGER OF AL-`AQAR HEALTHCARE REIT)**

(Company No. 717704-V)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under Companies Act, 2016)

Registered Office:

Level 16
Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor

21 March 2019

Board of Directors of the Manager:

Dato' Kamaruzzaman Bin Abu Kassim (*Non-Independent Non-Executive Chairman*)
Wan Azman Bin Ismail (*Chief Executive Officer & Non-Independent Executive Director*)
Zainah Binti Mustafa (*Independent Non-Executive Director*)
Dr Mohd Hafetz Bin Ahmad (*Independent Non-Executive Director*)
Dato' Dr Rahah Binti Ismail (*Independent Non-Executive Director*)
Lukman Bin Hj. Abu Bakar (*Non-Independent Non-Executive Director*)
Yusaini Bin Hj. Sidek (*Non-Independent Non-Executive Director*)
Dato' Amiruddin Bin Abdul Satar (*Non-Independent Non-Executive Director*)
Mohd Yusof Bin Ahmad (*Non-Independent Non-Executive Director*)

To: The Unitholders of Al-`Aqar

Dear Sir/Madam,

PROPOSED RRPT MANDATE

1. INTRODUCTION

On 20 February 2019, the Board had announced that Al-`Aqar will be seeking its unitholders' approval for a general mandate in relation to RRPT in line with Paragraph 10.09 of the Listing Requirements at its forthcoming seventh (7th) AGM.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED RRPT MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AT A SPECIAL BUSINESS AT THE FORTHCOMING AGM.

UNITHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RRPT MANDATE TO BE TABLED AT THE FORTHCOMING AGM.

2. PROPOSED RRPT MANDATE

2.1 Details of the Proposed RRPT Mandate

Pursuant to Paragraph 10.09(2) of Listing Requirements, DRMSB proposes to seek a general mandate from the unitholders of Al-`Aqar for Al-`Aqar and/or its subsidiaries to enter into arrangements or transactions with the Related Parties

Under Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its unitholders for RRPT subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) the Proposed RRPT Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed RRPT Mandate during the financial year where the aggregate value is equal to or more than the following threshold:
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,whichever is the higher;
- (iii) the circular for the Proposed RRPT Mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain unitholder mandate, the relevant related party must comply with the requirements set out below:-
 - (i) related party with any interest, direct or indirect ("**Interested Related Party**"), must not vote on the resolution in respect of the Proposed RRPT Mandate;
 - (ii) an Interested Related Party who is:-
 - (aa) in the case of a corporation, a director or major shareholder;
 - (bb) in the case of a business trust, a trustee-manager, a director or major shareholder of the trustee-manager or major unit holder of the business trust;
 - (cc) in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the managers or a director or major shareholder of the managers; or
 - (dd) in the case of a real estate investment trust, a management company, a trustee, a director or major shareholder of the management company or major unitholder of the real estate investment trust,

must ensure that persons connected with it abstain from voting on the resolution in respect of the Proposed RRPT Mandate; and

- (iii) where the Interested Related Party is a person connected with:-
- (aa) in the case of a corporation, a director or major shareholder;
 - (bb) in the case of a business trust, a trustee-manager, a director or major shareholder of the trustee-manager or major unit holder of the business trust;
 - (cc) in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the managers or a director or major shareholder of the managers; or
 - (dd) in the case of a real estate investment trust, a management company, a trustee, a director or major shareholder of the management company or major unit holder of the real estate investment trust,

such persons stated in subparagraphs (aa), (bb), (cc) or (dd) above, as the case may be, must not vote on the resolution in respect of the related party transaction.

- (v) the Manager shall immediately announces to Bursa Securities when the actual value of a RRPT entered into by Al-`Aqar, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 Key investment objective of Al-`Aqar and principal activities of the subsidiaries

The key objective of Al-`Aqar is to provide unitholders with stable distributions per unit and the potential for sustainable long-term growth of such distributions and net assets value per unit. The objective is sought to be achieved by optimising the performance and enhancing the overall quality for a large and geographically diversified portfolio of Shariah-compliant real estate assets through various permissible investment and business strategies.

Details of the subsidiaries of Al-`Aqar as of LPD are set out below:-

Name of company	Country of Incorporation	Group effective equity interest %	Principal activities
Al-`Aqar Capital Sdn Bhd	Malaysia	100.0	Special purpose company for the purpose of raising Islamic Financing for Al-`Aqar
Al-Aqar Australia Pty Ltd	Australia	100.0	Special purpose company for the purpose of acquisition of Australian property for Al-`Aqar

2.3 Classes of RRPT for the Proposed RRPT Mandate

The Proposed RRPT Mandate applies to the following classes of Related Parties:-

Nature of RRPT	Transacting Party	Classes of Related Party and Nature of Interest
Rental income for renting of, inter-alia, specialist hospitals, medical centres, aged care centre and college buildings ⁽ⁱ⁾	KPJ Group	<p>KPJ is a 45.5% owned company of JCorp. KPJ and JCorp are also the major unitholders of Al-`Aqar. The Manager is also indirectly wholly-owned by JCorp.</p> <p>The Interested Directors are deemed persons connected to JCorp by virtue of them being the Directors of the DRMSB nominated by JCorp and being part of senior management of JCorp Group.</p>
Registrar fees Secretarial fees for Al-`Aqar Group	JCorp Group	<p>JCorp is the major unitholder of Al-`Aqar. The Manager is also indirectly wholly-owned by JCorp.</p> <p>The Interested Directors are deemed persons connected to JCorp by virtue of them being the Directors of DRMSB nominated by JCorp and being part of senior management of JCorp Group.</p>
Advisory for, inter-alia, renovation and/or upgrade of any refurbishment work to be undertaken at the hospitals; and property management fee	DASB Group	<p>DASB is 100% owned by JCorp. JCorp is a major unitholder of Al-`Aqar and the Manager is wholly-owned by DASB.</p> <p>The Interested Directors are deemed as persons connected to JCorp by virtue of them being the Directors of DRMSB nominated by JCorp and being part of senior management of JCorp Group.</p>
Takaful coverage	Premier Revenue Sdn Bhd (" PRSB ")	<p>Premier Revenue Sdn Bhd ("PRSB"), is a wholly-owned subsidiary of the Manager. PRSB is the takaful agent for the takaful operator which insures properties managed by DRMSB.</p> <p>The Directors of Premier Revenue Sdn Bhd are Wan Azman Ismail, the Director of the Manager; and Shahril Zairis bin Ramli and Roziah binti Abu Bakar, who are both part of the management team of the Manager.</p>

Notes:-

- (i) The rental income from KPJ Group is payable on a monthly basis.

The details of the location of the properties are as follows:-

Properties	Location	Year of expiry of the contractual lease term
(a) KPJ Ampang Puteri Specialist Hospital	No. 1, Jalan Memanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan	2021
(b) KPJ Damansara Specialist Hospital	No 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor	2021
(c) KPJ Johor Specialist Hospital	No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru. Johor Darul Takzim	2021
(d) KPJ Puteri Specialist Hospital	No. 33, Jalan Tun Abdul Razak (Susur 5), 80350 Johor Bahru, Johor Darul Takzim	2021
(e) KPJ Selangor Specialist Hospital	Lot 1, Jalan 20/1, Section 20, 40300 Shah Alam, Selangor Darul Ehsan	2021
(f) KPJ Ipoh Specialist Hospital	No.26, Jalan Raja Di Hilir, 30350 Ipoh, Perak Darul Ridzuan	2021
(g) KPJ Perdana Specialist Hospital	No. PT 37 and PT 600, Jalan Bayam, Section 14, 15200 Kota Bharu, Kelantan	2023
(h) Kuantan Wellness Center	No. 51 Jalan Alor Akar, Taman Kuantan, 25250 Kuantan, Pahang	2023
(i) KPJ Sentosa KL Specialist Hospital	No. 36, Jalan Chemur Damai Complex, 50400 Kuala Lumpur	2023
(j) KPJ Kajang Specialist Hospital	Jalan Cheras, 43000 Kajang, Selangor Darul Ehsan	2023
(k) Kedah Medical Centre	Nos . 175 & 175A, Jalan Pumpong, 05250 Alor Setar, Kedah Darul Aman	2023
(l) Damai Wellness Centre (previously known as KPJ Damai Specialist Hospital)	Lorong Pokok Tepus 1, Off Jalan Damai, 88300 Kota Kinabalu, Sabah	2024
(m) KPJ Penang Specialist Hospital	No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang	2024
(n) Tawakkal Health Centre	No. 202A, Jalan Pahang, 53000 Kuala Lumpur	2024
(o) KPJ Tawakkal Specialist Hospital	No-1, Jalan Pahang Barat / Jalan Sarikei, 53000 Kuala Lumpur	2025

Properties	Location	Year of expiry of the contractual lease term
(p) KPJ Seremban Specialist Hospital	Lot 6219 & 6220, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan	2024
(q) Taiping Centre	Medical No. 39, 41, 43, 45, 47 & 49, Jalan Medan Taiping 2, Medan Taiping, 34000 Taiping, Perak	2024
(r) KPJ University Nilai (Existing Building)	Healthcare College, PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan	2024
(s) KPJ University Nilai (New Building)	Healthcare College, PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan	2030
(t) KPJ International College, Penang	International No. 565, Jalan Sungai Rambai, 14000 Bukit Mertajam, Pulau Pinang	2024
(u) Kluang Specialist Hospital	Utama No. 1,3,5,7,9,11 Susur 1, Jalan Besar, 86000 Kluang, Johor Darul Takzim	2027
(v) KPJ Klang Specialist Hospital	Klang No. 102, Persiaran Rajawali / KU 1, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan	2027
(w) Jeta Gardens Aged Care & Retirement Village	Jeta Gardens, Aged Care and Retirement Village, 27 Clarendon Avenue, Bethania and 86 Albelt Street, Waterford, Queensland, 4205 Australia	Lease of 99 years commencing in year 2011 with options to terminate every 15 years

2.4 Nature of RRPT for the Proposed RRPT Mandate

Transacting Party	Nature of RRPT	Estimated value from the date of the forthcoming AGM to the date of next AGM (RM'000)
KPJ Group	Rental income for renting of, inter-alia, specialist hospitals, medical centres and college buildings	117,000
JCorp Group	Registrar fees	95
JCorp Group	Secretarial fees	8
DASB Group	Advisory for, inter-alia, renovation and/or upgrade of any refurbishment work to be undertaken at the hospitals; and property management fee.	1,100

<u>Transacting Party</u>	<u>Nature of RRPT</u>	<u>Estimated value from the date of the forthcoming AGM to the date of next AGM (RM'000)</u>
Premier Revenue Sdn Bhd	Takaful coverage	1,500

2.5 Details of the sums due and owing to Al-`Aqar by its Related Parties pursuant to a RRPT which exceeded the credit terms as at FYE 2018

As at 31 December 2018, the outstanding amount due to Al-`Aqar by the Related Parties pursuant to the RRPT, which exceeded the credit term for the following periods, are as follows:-

Principal Sum	Late Payment Interest	Total Outstanding Amount	<u>Ageing Analysis</u>			
			1 year or less	More than 1 year but less than 3 years	More than 3 years but less than 5 years	More than 5 years
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2,246.1	-	2,246.1	2,246.1	-	-	-

No late payment charges were imposed on the outstanding amounts due as a matter of goodwill gesture in view of the active on-going transactions between the parties. The Board is of the opinion that the outstanding amounts are part of normal business operations of the Group and the amounts are considered recoverable as the Group hold tenants deposits as credit enhancement.

As at 15 March 2019, all of the amount due from the Related Parties has been collected.

2.6 Review procedures in relation to RRPT

The Manager has established the following internal control systems to ensure that the RRPT are undertaken on an arm's length basis and on normal commercial terms consistent with Al-`Aqar's usual business practices and policies, which are not more favourable to the Related Parties than those extended to third parties/public and are not to the detriment of the minority unitholders:

- (i) in determining the pricing for the RRPT of a revenue or trading nature, the Al-`Aqar Group transacts at the prevailing market rates/prices for services or products, on the service or product providers' usual commercial terms, and otherwise in accordance with applicable industry norms. Other than pricing, the level of service, quality of products and other factors are also considered;
- (ii) at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third party cannot be obtained, the transaction price will be determined by the Al-`Aqar Group based on that offered by/to other unrelated third parties for the same or substantially similar type of transaction to ensure that the RRPT of a revenue or trading nature is not detrimental to the Al-`Aqar Group;

- (iii) for the award of contracts and any other services, the Manager will prepare internal RRPT budget that will be evaluated and approved by the Audit Committee. The projects will be evaluated based on pricing as well as technical and financial capabilities of the tenderers by a person/a party appointed by Audit Committee. The whole process of project budgeting, tendering, evaluation and selection of tenderer is reviewed and approved by an appointed person as approved by the Audit Committee;
- (iv) proper records will be maintained by Al-`Aqar to capture all RRPT entered into pursuant to the Proposed RRPT Mandate to ensure that relevant approvals have been obtained and review procedures for such transactions are adhered to;
- (v) in the case where the mandated RRPT of a revenue or trading nature is of a value below RM500,000, the RRPT of a revenue or trading nature must be reviewed and approved by the Senior Accountant, General Manager and Executive Director. In the case where the Senior Accountant, General Manager and/or Executive Director has an interest in the transaction, recommendation/approval from the Audit Committee and Trustee will be sought;
- (vi) where the value exceeds RM500,000, the RRPT of a revenue or trading nature must be reviewed and recommended by the Audit Committee and subsequently, approved by the Board and Trustee;
- (vii) In the event of any new RRPT of revenue or trading nature, the recommendation of the Audit Committee will be sought and approval from the Board and Trustee will be obtained and to ensure compliance with Listing Requirements;
- (viii) if any Director has a direct or indirect interest in any particular transaction, he or she will have to abstain from any deliberation and also voting in respect of the said transaction. If a member of the Audit Committee is interested in any transactions, that member shall abstain from voting in any matter relating to any decision to be taken by the Audit Committee with respect to such transactions;
- (ix) proper records shall be maintained to capture all RRPT of a revenue or trading nature entered into pursuant to the unitholders' mandate to ensure accurate disclosure thereof;
- (x) the Audit Committee shall have overall responsibility for the determination of the review procedures;
- (xi) the Audit Committee shall review the relevant RRPT of a revenue or trading nature and the existing procedures to ascertain that they have been complied with; and
- (xii) if during the review, the Audit Committee is of the view that the abovementioned procedures are no longer sufficient to ensure that the RRPT of a revenue or trading nature are undertaken on an arm's length basis and on normal commercial terms that are not more favourable to the Related Party than those normally available to the public, the Audit Committee shall have the discretion to request for additional procedures to be imposed on all the RRPT of a revenue or trading nature.

2.7 Audit Committee Statement

The Audit Committee has seen and reviewed the procedures set out in Section 2.6 above and is of the view that the procedures are sufficient to ensure that the RRPT are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority unitholders of Al-`Aqar.

The Manager has in place adequate procedures and processes to monitor, track and identify RRPT of Al-`Aqar in a timely and orderly manner. The Audit Committee reviews these procedures on an annual basis.

3. RATIONALE FOR THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate will eliminate the need to make announcement and convene separate general meetings on each occasion to seek unitholders' prior approval for the entry by Al-`Aqar Group into such transactions. This will reduce the associated expenses, improve administrative efficiency and allow manpower, resources and time to be better channelled towards achieving other corporate objectives.

The RRPT entered into by Al-`Aqar and/or its subsidiaries are intended to meet business needs at the best possible terms. It also enhances the ability of Al-`Aqar Group to explore beneficial business opportunities and promote cross-selling between the Al-`Aqar Group and its related parties.

4. VALIDITY PERIOD FOR THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate, if approved at the forthcoming AGM, will continue to be in force until:-

- (i) the conclusion of the next AGM of Al-`Aqar, at which time it will lapse, unless renewed by a resolution passed at the meeting;
- (ii) the expiration of the period within which the next AGM of Al-`Aqar is required to be held pursuant to the law; or
- (iii) revoked or varied by resolution passed by the unitholders in a general meeting,

whichever is earlier.

5. EFFECTS OF THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate will not have any effects on the issued unitholders' capital of Al-`Aqar, substantial unitholders' unitholdings in Al-`Aqar, NAV, NAV per unit, gearing, earnings per unit and income distribution of Al-`Aqar.

Nevertheless, the Proposed RRPT Mandate is in relation to transactions which relate to Al-`Aqar's day to day operation and have impact on the Al-`Aqar Group's financial performance.

6. APPROVAL REQUIRED

The Proposed RRPT Mandate is subject to and conditional upon approval being obtained from the unitholders of Al-`Aqar at the forthcoming AGM.

7. DIRECTORS' AND MAJOR UNITHOLDERS' INTERESTS

Save and except as disclosed below, none of the Directors, major unitholders and persons connected to them, have any interests, direct or indirect in the Proposed RRPT Mandate:-

7.1 Major Unitholders' Interest

JCorp and KPJ, being the Interested Major Unitholders, will abstain from voting in respect of their direct and indirect interests in Al-`Aqar on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming AGM. JCorp and KPJ have undertaken to ensure that persons connected with it shall abstain from voting on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming AGM in respect of their direct or indirect interests in Al-`Aqar.

7.2 Directors' Interests

Dato' Kamaruzzaman Bin Abu Kassim, Wan Azman Bin Ismail, Lukman Bin Hj. Abu Bakar, Yusaini Bin Hj. Sidek, Dato' Amiruddin Bin Abdul Satar, and Mohd Yusof Bin Ahmad, are deemed interested in the Proposed RRPT Mandate by virtue of them being Directors of the Manager nominated by JCorp and persons being part of the senior management of JCorp Group.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberations and voting on the Proposed RRPT Mandate at all Board meetings. They will also abstain from voting in respect of their direct and indirect interests, if any, on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming AGM.

In addition, the Interested Directors have undertaken to ensure that persons connected with them shall abstain from voting on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming AGM in respect of their direct and indirect interests in Al-'Aqar.

The direct and indirect unitholdings of the Interested Directors and Interested Major Unitholders in Al-'Aqar as at LPD are as follows:-

	←-----Direct-----→		←-----Indirect-----→	
	No. of Units	% ^(a)	No. of Units	% ^(a)
<u>Interested Major Unitholder</u>				
JCorp	-	-	^(b) 305,406,616	41.5
KPJ	-	-	^(c) 287,033,527	39.0
<u>Interested Directors</u>				
Dato' Kamaruzzaman Bin Abu Kassim	50,000	0.01	-	-
Wan Azman Bin Ismail	-	-	-	-
Lukman Bin Hj. Abu Bakar	-	-	-	-
Yusaini Bin Hj. Sidek	-	-	-	-
Dato' Amiruddin Bin Abdul Satar	910	*	-	-
Mohd Yusof Bin Ahmad	-	-	-	-

Notes:-

* Negligible

(a) Based on the total number of issued units of Al-'Aqar.

(b) Deemed interested by virtue of its interest in Waqaf An-Nur Corporation Berhad and Johor Ventures Sdn Bhd and by virtue of its interest KPJ under Section 8 of the Act.

(c) Deemed interested by virtue of its interest as several unitholders of Al-'Aqar are part of the KPJ Group.

8. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors mentioned above), having considered all aspects of the Proposed RRPT Mandate, is of the opinion that the Proposed RRPT Mandate is in the best interests of Al-`Aqar Group and its unitholders.

Accordingly, the Board (save for the Interested Directors), recommends that you vote in favour of the ordinary resolution pertaining to the Proposed RRPT Mandate to be tabled at the forthcoming AGM.

9. AGM

The AGM, (the notice of which circulated on 21 March 2019 and an extract of which is also enclosed in this Circular), will be held at Permata Ballroom, Level B2, The Puteri Pacific Johor Bahru, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, on Wednesday, 17 April 2019 at 11.30 a.m. for the purpose of considering, and if thought fit, passing the resolution to give effect to the Proposed RRPT Mandate.

If you are unable to attend and vote in person at the AGM, you may complete and return the Form of Proxy in the notice of AGM accordance with the instructions therein as soon as possible and in any event so as to arrive at the Registered Office of DRMSB at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor at least twenty-four (24) hours before the time set for the AGM. The lodging of a Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Unitholders are advised to refer to the attached Appendix I for further information.

Yours faithfully,

For and on behalf of the Board of Directors

DAMANSARA REIT MANAGERS SDN BERHAD

(as the Manager of Al-`Aqar)

DATO' DR RAHAH BINTI ISMAIL

Independent Non-Executive Director

PART B

**LETTER TO THE UNITHOLDERS OF AL-`AQAR IN RELATION TO
THE PROPOSED ADDITIONAL AMENDMENTS**



**DAMANSARA REIT MANAGERS SDN BERHAD
(MANAGER OF AL-`AQAR HEALTHCARE REIT)**

(Company No. 717704-V)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under Companies Act, 2016)

Registered Office:

Level 16
Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor

21 March 2019

Board of Directors:

Dato' Kamaruzzaman Bin Abu Kassim (*Non-Independent Non-Executive Chairman*)
Wan Azman Bin Ismail (*Chief Executive Officer & Non-Independent Executive Director*)
Zainah Binti Mustafa (*Independent Non-Executive Director*)
Dr Mohd Hafetz Bin Ahmad (*Independent Non-Executive Director*)
Dato' Dr Rahah Binti Ismail (*Independent Non-Executive Director*)
Lukman Bin Hj. Abu Bakar (*Non-Independent Non-Executive Director*)
Yusaini Bin Hj. Sidek (*Non-Independent Non-Executive Director*)
Dato' Amiruddin Bin Abdul Satar (*Non-Independent Non-Executive Director*)
Mohd Yusof Bin Ahmad (*Non-Independent Non-Executive Director*)

To: The Unitholders of Al-`Aqar

Dear Sir/Madam,

PROPOSED ADDITIONAL AMENDMENTS

1. INTRODUCTION

On behalf of the Board, AmInvestment Bank had on 20 February 2019, announced that the Manager proposes to undertake the Proposed Additional Amendments. On 19 March 2019, AmInvestment Bank on behalf of the Board had also announced that the Manager proposes to undertake the Proposed Clause Amendments.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED ADDITIONAL AMENDMENTS AND TO SEEK YOUR APPROVAL FOR THE SPECIAL RESOLUTIONS PERTAINING THERETO TO BE TABLED AT A SPECIAL BUSINESS AT THE FORTHCOMING AGM.

UNITHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE SPECIAL RESOLUTIONS PERTAINING TO THE PROPOSED ADDITIONAL AMENDMENTS TO BE TABLED AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED ADDITIONAL AMENDMENTS

The Manager proposes to amend the Deed by way of Second Restated Deed, which entails amendments to enhance the provisions under the Deed and to align the Deed with the Listed REIT Guidelines and Listing Requirements.

Concurrent with the amendments to align the Deed with the Listed REIT Guidelines and the Listing Requirements, DRMSB also proposes to incorporate the Proposed Additional Amendments into the Second Restated Deed as follows:-

2.1 Proposed Revision in Management Fee

The management fee is proposed to be revised from the existing rate to the revised rate as follows:-

Existing	Revised
(i) up to zero point one zero percent (0.100%) of the GAV of Al-`Aqar for the first RM1.0 billion of the value of the total assets of Al-`Aqar; and	up to one percent (1.000%) of the total asset value (excluding cash and bank balances) of Al-`Aqar
(ii) up to zero point one two five percent (0.125%) of the GAV above RM1.0 billion of the value of the total assets of Al-`Aqar	

The Manager must demonstrate, and the Trustee must agree, that the Management Fee is reasonable, considering:-

- (i) the roles, duties and responsibilities of the Manager;
- (ii) the interest of the unitholders of Al-`Aqar;
- (iii) the nature, quality and extent of the services provided by the Manager;
- (iv) the size and composition of the Assets of Al-`Aqar;
- (v) the Manager's success in meeting the investment objectives of Al-`Aqar;
- (vi) the need to maximise returns to the unitholders of Al-`Aqar; and
- (vii) the maximum rate stipulated in the trust deed.

2.2 Proposed Revision in Trustee Fee

The trustee fee is proposed to be revised from the existing rate to the revised rate as follows:-

Existing	Revised
up to zero point zero three percent (0.030%) of the NAV of Al-`Aqar per annum	up to zero point zero four percent (0.040%) of the NAV of Al-`Aqar per annum

2.3 Proposed Revision in Distribution of Income

The minimum distribution rate for the distribution of income is proposed to be revised from the existing rate to revised rate as follows:-

Existing	Revised
at least ninety-five percent (95.0%) of Al-`Aqar's Distributable Income	at least ninety percent (90.0%) of Al-`Aqar's Distributable Income.

2.4 Proposed Clause Amendments

DRMSB proposes to modify certain clauses as follows:-

Existing	Revised
<p><u>Definition of ‘Special Resolution’ – Clause 1(a) of the Deed</u></p> <p>“Special Resolution”</p> <p>Means a resolution of Unit Holders proposed and passed by a majority consisting of seventy five percent (75%) or more of the votes of those present and entitled to vote.</p>	<p>The definition of Special Resolution in the Deed will be deleted and replaced with the following:-</p> <p>“Special Resolution”</p> <p>Means a resolution that is passed by a majority of not less than three fourth (3/4) or seventy-five percent (75%) of the total voting rights of the Unit Holders who are present and entitled to vote on the resolution at the meeting duly convened and held in accordance with the provisions in Schedule 1 of this Deed.</p>
<p><u>Amendments to this Deed – Clause 20 of the Deed.</u></p> <p>Save where an amendment to this Deed has been approved by a Special Resolution (or approved by a resolution based on such other threshold as may be approved and stated in the relevant guidelines issued by the SC) at a Unit Holders’ meeting, no amendment may be made to the provisions of this Deed unless:</p> <p>(a) the Trustee and the Manager reasonably considers that such amendment does not materially prejudice the interests of Unit Holders taken as a whole and will not operate to release the Trustee or the Manager from any responsibility to the Unit Holders;</p> <p>(b) all modifications to this Deed must be made through a deed supplementary to this Deed and will take effect only upon registration of the supplementary deed with the SC. The Manager must submit any such supplementary deed to the SC for such registration pursuant to the SCA and/or the CMSA;</p> <p>(c) the amendment or replacement:</p> <p>(i) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law);</p> <p>(ii) is necessary to correct a manifest error or a proven error;</p>	<p>The Clause 20 of the Deed will be deleted and replaced with the following:-</p> <p>Subject to the Applicable Laws and Requirements, the Manager and the Trustee may by way of a supplementary deed or restated deed make any modification, alteration or addition to this Deed in such manner and to such extent as they may consider expedient for any purpose PROVIDED THAT:</p> <ol style="list-style-type: none"> 1. the sanction of Unit Holders by way of a Special Resolution of all Unit Holders at a Unit Holders’ meeting duly convened and held in accordance with the provisions in Schedule 1 of this Deed have been obtained; or 2. the Manager and the Trustee certifies that such modification, alteration or addition to this Deed does not materially prejudice the interests of the Unit Holders and does not operate to release the Trustee or the Manager from any responsibility to the Unit Holders.

Existing	Revised
<p>(iii) removes or amends a provision or covenant required by the SCA and/or the CMSA, the Guidelines on REIT or the Guidelines on Islamic REIT or the Guidelines on Unit Trust where that provision or covenant is altered or deleted by the SC or if the SCA and/or the CMSA, the Guidelines on REIT or the Guidelines on Islamic REIT or the Guidelines on Unit Trust is amended; or</p> <p>(iv) removes or amends a provision required by statute or any relevant authority where such a provision is no longer required by statute or the relevant authority, including without limitation any provision specified in the Guidelines on REIT</p>	

The Proposed Additional Amendments shall be reflected accordingly in the Second Restated Deed, if approved on the forthcoming AGM.

3. RATIONALE FOR THE PROPOSED ADDITIONAL AMENDMENTS

The Proposed Revision in Management Fee and the Proposed Revision in Trustee Fee were proposed after taking into consideration the growing size and value of Al-`Aqar's assets managed by the Manager. The Proposed Revision in Management Fee and the Proposed Revision in Trustee Fee are also to align with the industry. The trustee fee has not increased since the establishment of Al-`Aqar in 2006 and the management fee has not increased since 2009.

The Proposed Revision in Distribution of Income is to facilitate the expansion of the Al-`Aqar portfolio and maintenance of the properties of Al-`Aqar. This will enable Al-`Aqar to conserve funds for its future acquisition and capital expenditure for the maintenance of the properties. Nevertheless, the Manager is cognisance of the need to maximise the return to the unitholders of Al-`Aqar.

The Proposed Clause Amendments is to allow the Manager and the Trustee to make modification, alteration or addition to the trust deed in such manner and to such extent as they may consider fit subject to compliance with applicable laws, regulations and guidelines and as long as it does not materially prejudice the interests of the Unit Holders and does not operate to release the Trustee or the Manager from any responsibility to the Unit Holders.

4. EFFECTS OF THE PROPOSED ADDITIONAL AMENDMENTS

4.1 Issued unitholders' capital and substantial unitholders' unitholdings

The Proposed Additional Amendments will not have any effect on the issued unitholders' capital and substantial unitholders' unitholdings in Al-`Aqar as the Proposed Additional Amendments does not involve new issuance of units.

4.2 NAV, NAV per unit and gearing

The Proposed Additional Amendments will not have any effect on gearing of Al-`Aqar as it does not involve drawdown of new borrowings.

The impact of the Proposed Revision in Management Fee and Proposed Revision in Trustee Fee on the NAV are dependent on the rates charged. The NAV would reduce proportionately by the increase in the management fee and trustee fee.

The impact of the Proposed Revision in Distribution of Income on the NAV is dependent on distribution rate for the particular year. The NAV would increase proportionately by the decrease of the distribution rate.

The Proposed Clause Amendments will not have any effect on the NAV and NAV per unit.

4.3 Earnings and earnings per unit

The Proposed Revision in Distribution of Income and Proposed Clause Amendments will not have any effects on the PAT for the year.

The impact of the Proposed Revision in Management Fee and Proposed Revision in Trustee Fee on the PAT are dependent on the rates charged. The PAT would reduce proportionately by the increase in the management fee and trustee fee.

As stated in Section 2.1 above, the Manager must demonstrate, and the Trustee must agree, that the Management Fee is reasonable, considering:-

- (i) the roles, duties and responsibilities of the Manager;
- (ii) the interest of the unitholders of Al-`Aqar;
- (iii) the nature, quality and extent of the services provided by the Manager;
- (iv) the size and composition of the Assets of Al-`Aqar;
- (v) the Manager's success in meeting the investment objectives of Al-`Aqar;
- (vi) to maximise returns to the unitholders of Al-`Aqar; and
- (vii) the maximum rate stipulated in the trust deed.

5. APPROVALS REQUIRED

The Proposed Additional Amendments is conditional upon the approvals of the unitholders of Al-`Aqar at the AGM.

The Second Restated Deed will then be effective upon its registration with the SC. The Second Restated Deed will also be lodged with the SC upon its registration with the SC.

The proposals under the Proposed Additional Amendments are not inter-conditional upon each other and not conditional upon any other proposal undertaken or to be undertaken by Al-`Aqar.

6. DIRECTORS' AND MAJOR UNITHOLDERS' INTERESTS

None of the Directors, major unitholders and person connected to them, have any interests, direct or indirect in the Proposed Revision in Trustee Fee and Proposed Revision in Distribution of Income.

Save and except disclosed below, none of the Directors, major unitholders and person connected to them, have any interests, direct or indirect in the Proposed Revision in Management Fee:-

6.1 Major Unitholders' Interest

JCorp and KPJ, being the Interested Major Unitholders, will abstain from voting in respect of their direct and indirect interests in Al-`Aqar on the resolution pertaining to the Proposed Revision in Management Fee at the forthcoming AGM. JCorp and KPJ have undertaken to ensure that persons connected with it shall abstain from voting on the resolution pertaining to the Proposed Revision in Management Fee at the forthcoming AGM in respect of their direct or indirect interests in Al-`Aqar.

6.2 Directors' Interests

Dato' Kamaruzzaman Bin Abu Kassim, Wan Azman Bin Ismail, Lukman Bin Hj. Abu Bakar, Yusaini Bin Hj. Sidek, Dato' Amiruddin Bin Abdul Satar, and Mohd Yusof Bin Ahmad, are deemed interested in the Proposed Revision in Management Fee by virtue of them being Directors of the Manager nominated by JCorp and persons being part of the senior management of JCorp Group.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberations and voting on the Proposed Revision in Management Fee at all Board meetings. They will also abstain from voting in respect of their direct and indirect interests, if any, on the resolution pertaining to the Proposed Revision in Management Fee at the forthcoming AGM.

In addition, the Interested Directors have undertaken to ensure that persons connected with them shall abstain from voting on the resolution pertaining to the Proposed Revision in Management Fee at the forthcoming AGM in respect of their direct and indirect interests in Al-`Aqar.

The direct and indirect unitholdings of the Interested Directors and Interested Major Unitholders in Al-`Aqar as at LPD are as follows:-

	←-----Direct-----→		←-----Indirect-----→	
	No. of Units	% (a)	No. of Units	% (a)
<u>Interested Major Unitholder</u>				
JCorp	-	-	(b) 305,406,616	41.5
KPJ	-	-	(c) 287,033,527	39.0
<u>Interested Directors</u>				
Dato' Kamaruzzaman Bin Abu Kassim	50,000	0.01	-	-
Wan Azman Bin Ismail	-	-	-	-
Lukman Bin Hj. Abu Bakar	-	-	-	-
Dato' Amiruddin Bin Abdul Satar	910	*	-	-
Yusaini Bin Hj. Sidek	-	-	-	-
Mohd Yusof Bin Ahmad	-	-	-	-

Notes:-

* Negligible

(a) Based on the total number of issued units of Al-`Aqar.

(b) Deemed interested by virtue of its interest in Waqaf An-Nur Corporation Berhad and Johor Ventures Sdn Bhd and by virtue of its interest KPJ under Section 8 of the Act.

(c) Deemed interested by virtue of its interest as several unitholders of Al-`Aqar are part of the KPJ Group.

7. AUDIT COMMITTEE' RECOMMENDATION

The Audit Committee of the Manager (save for Lukman Bin Hj. Abu Bakar), having considered the rationale and all aspects of the Proposed Revision in Management Fee and after careful deliberation, is of the opinion that the Proposed Revision in Management Fee is:-

- (i) in the best interest of Al-`Aqar;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the non-interested unitholders of Al-`Aqar.

8. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors for the Proposed Revision in Management Fee), having considered all aspects of the Proposed Additional Amendments, is of the opinion that the Proposed Additional Amendments is in the best interests of Al-`Aqar Group and its unitholders.

Accordingly, the Board (save for the Interested Directors for the Proposed Revision in Management Fee), recommends that you vote in favour of the special resolutions pertaining to the Proposed Additional Amendments to be tabled at the forthcoming AGM.

9. AGM

The AGM, (the notice of which circulated on 21 March 2019 and an extract of which is also enclosed in this Circular), will be held at Permata Ballroom, Level B2, The Puteri Pacific Johor Bahru, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, on Wednesday, 17 April 2019 at 11.30 a.m. for the purpose of considering, and if thought fit, passing the resolutions to give effect to the Proposed Additional Amendments.

If you are unable to attend and vote in person at the AGM, you may complete and return the Form of Proxy in the notice of AGM accordance with the instructions therein as soon as possible and in any event so as to arrive at the Registered Office of DRMSB at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor at least twenty-four (24) hours before the time set for the AGM. The lodging of a Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Unitholders are advised to refer to the attached Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of Directors
DAMANSARA REIT MANAGERS SDN BERHAD
(as the Manager of Al-`Aqar)

DATO' DR RAHAH BINTI ISMAIL
Independent Non-Executive Director

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board which individually and collectively accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and, to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would, make any statement in this Circular misleading.

2. CONSENT

The written consent of AmInvestment Bank for the inclusion in this Circular of its name and all references thereto in the form and context in which it appears has been given and has not been subsequently withdrawn.

AmInvestment Bank is not aware of any circumstances that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Principal Adviser to Al-`Aqar for the Proposed RRPT Mandate and Proposed Additional Amendments.

AmInvestment Bank, its related and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of its holding company ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses.

The AmBank Group has engaged and/or may in the future, engage in transactions with and perform services for Al-`Aqar Group and/or their connected parties, in addition to the roles involved in the Proposed RRPT Mandate and Proposed Additional Amendments. In the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transactions (on its account or otherwise) with Al-`Aqar Group and/or their connected parties, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of Al-`Aqar Group and/or their connected parties. This is a result of the businesses of AmBank Group generally acting independently of each other and accordingly there may be situations where parts of AmBank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of the Al-`Aqar Group and/or their connected parties.

3. MATERIAL CONTRACTS

Save as disclosed below, Al-`Aqar Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business), during the two (2) years preceding the LPD:-

- (i) A sale and purchase agreement dated 8 December 2017 between the Trustee as the purchaser (solely in its capacity as trustee for and on behalf of Al-`Aqar) and Selangor Specialist Hospital Sdn Bhd, as the vendor for the acquisition of a five (5)-storey car park block together with a half basement level and an open room level (building only) located within the KPJ Selangor Specialist Hospital premises and erected on part of all that piece of leasehold land owned by the Trustee (solely in its capacity as trustee for and on behalf of Al-`Aqar) held under title particulars H.S.(D) 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, State of Selangor and having its postal address at Lot 1 Jalan Singa 20/1, Section 20, 40300 Shah Alam, Selangor and includes the fixtures and fittings, for a total purchase consideration of RM13.0 million which satisfied entirely in cash. This transaction was completed on 27 December 2017; and

APPENDIX I – FURTHER INFORMATION (CONT'D)

- (ii) A Memorandum of Understanding dated 27 February 2018 (“**MOU**”) entered by the Trustee (solely in its capacity as trustee for and on behalf of Al-`Aqar) with Johor Land Berhad (“**JLB**”) in relation to the proposed acquisition by the former, of a new hospital to be constructed by JLB and known as KPJ Batu Pahat Specialist Hospital on part of approximately five (5) acres of land held under HSD 69760, PTD 63523, Mukim Simpang Kanan, Daerah Batu Pahat, Negeri Johor.

For the avoidance of doubt, the MOU is non-binding in nature and will only be legally binding upon negotiations and the execution of a definitive agreement in respect of this transaction by the parties.

The MOU is valid for a period of twelve (12) months from the date of the MOU unless mutually agreed to be extended in writing by the parties. The parties are in the midst of extending the validity of the MOU.

4. MATERIAL LITIGATION

As at LPD, there are no material litigations, claims or arbitration, either as a plaintiff or a defendant, which will have a material and/or adverse effect on the financial position or business of Al-`Aqar Group and the Board is not aware of any proceedings pending or threatened against Al-`Aqar Group or of any fact which is likely to give rise to any proceedings which may materially and/or adversely affect the position or business of Al-`Aqar.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of DRMSB following the date of this Circular from Sundays to Fridays (except public holidays) during business hours up to the date of the AGM:-

- (i) the Deed of Al-`Aqar;
- (ii) the draft Second Restated Deed of Al-`Aqar;
- (iii) the audited consolidated financial statements of the Al-`Aqar Group for the past two (2) FYE 2017 and FYE 2018;
- (iv) the letter of consent referred to in Section 2 above; and
- (v) the material contracts referred to in Section 3 above.



AL-`AQAR HEALTHCARE REIT

(established in Malaysia under the deed dated 27 June 2006 and as amended by the supplemental deed dated 14 May 2009, 27 January 2011 and 9 November 2011 and the Restated Trust Deed dated 31 July 2013, entered into between Damansara REIT Managers Sdn Berhad, a company incorporated under the Companies Act 1965 and deemed registered under the Companies Act 2016 and AmanahRaya Trustees Berhad, a trust corporation established under the Trust Companies Act 1949 and incorporated under the Companies Act 1965 and deemed registered under the Companies Act 2016 and the persons who are for the time being registered as holders of the units in Al-`Aqar Healthcare REIT)

EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh (7th) Annual General Meeting (“**AGM**”) of the holders of units of Al-`Aqar Healthcare REIT (“**Al-`Aqar**”) (“**Unitholders**”) will be held at Permata Ballroom, Level B2, The Puteri Pacific Johor Bahru, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, on Wednesday, 17 April 2019, at 11.30 a.m. to transact the following businesses:

AGENDA

Special Business

ORDINARY RESOLUTION 3

PROPOSED UNITHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED RRPT MANDATE”)

“**THAT** subject always to the provisions of the Listing Requirements or other regulatory authorities, approval be and is hereby given to Al-`Aqar, to enter into and give effect to the Recurrent Related Party Transactions of a Revenue or Trading nature, all with the particulars of which are set out in the Circular to Unitholders dated 21 March 2019 (“**Circular**”) with the Related Parties as described in the Circular, provided that such transactions are:-

- (a) recurrent transactions of a revenue or trading nature;
- (b) necessary for the day-to-day operations of Al-`Aqar;
- (c) carried out in the ordinary course of business of Al-`Aqar, made on an arm’s length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public; and
- (d) not detrimental to the minority unitholders of Al-`Aqar;

AND THAT such authority shall continue to be in force until:-

- (a) the conclusion of the next AGM of Al-`Aqar following this AGM, at which time the authority will lapse unless by a resolution passed at the AGM, such authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date that is required to be held pursuant to the law; or
- (c) revoked or varied by a resolution passed by the unitholders of Al-`Aqar at a general meeting;

whichever is earlier;

AND THAT the Directors of the Manager and the Trustee be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of Al-`Aqar with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed RRPT Mandate contemplated and/or authorised by this ordinary resolution.” (Note (i))

SPECIAL RESOLUTION 4

PROPOSED REVISION IN MANAGEMENT FEE

“**THAT** approval be and is hereby granted to Al-`Aqar to revise the management fee from the existing rate to the revised rate as follows:-

Existing	Revised
(i) up to zero point one zero percent (0.100%) of the gross asset value (“ GAV ”) of Al-`Aqar for the first RM1.0 billion of the value of the total assets of Al-`Aqar; and	up to one point zero percent (1.000%) of the total asset value (excluding cash and bank balances) of Al-`Aqar.
(ii) up to zero point one two five percent (0.125%) of the GAV above RM1.0 billion of the value of the total assets of Al-`Aqar.	

AND THAT the Proposed Revision in Management Fee will be effective from the date of registration of the second restated trust deed with the Securities Commission of Malaysia;

AND THAT the Directors of the Manager and the Trustee be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of Al-`Aqar with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Revision in Management Fee contemplated and/or authorised by this special resolution.”

SPECIAL RESOLUTION 5

PROPOSED REVISION IN TRUSTEE FEE

“**THAT** approval be and is hereby granted to Al-`Aqar to revise the trustee fee from the existing rate to the revised rate as follows:-

Existing	Revised
up to zero point zero three percent (0.030%) of the net assets value (“ NAV ”) of Al-`Aqar per annum.	up to zero point zero four percent (0.040%) of the NAV of Al-`Aqar per annum .

AND THAT the Proposed Revision in Trustee Fee will be effective from the date of registration of the second restated trust deed with the Securities Commission of Malaysia;

AND THAT the Directors of the Manager and the Trustee be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of Al-`Aqar with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Revision in Trustee Fee contemplated and/or authorised by this special resolution.”

SPECIAL RESOLUTION 6

PROPOSED REVISION IN DISTRIBUTION OF INCOME

“**THAT** approval be and is hereby granted to Al-`Aqar to revise the minimum distribution rate from the existing rate to the revised rate as follows:-

Existing	Revised
at least ninety-five percent (95.0%) of Al-`Aqar's distributable income	at least ninety percent (90.0%) of Al-`Aqar's distributable income

AND THAT the Proposed Revision in Distribution of Income will be effective from the date of registration of the second restated trust deed with the Securities Commission of Malaysia;

AND THAT the Directors of the Manager and the Trustee be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of Al-`Aqar with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Revision in Distribution of Income contemplated and/or authorised by this special resolution.”

SPECIAL RESOLUTION 7

PROPOSED CLAUSE AMENDMENTS

“**THAT** approval be and is hereby granted to Al-`Aqar to modify the clause in the Restated Trust Deed dated 31 July 2013 as per stated in Section 2.4, Part B of the Circular.

AND THAT the Proposed Clause Amendments will be effective from the date of registration of the second restated trust deed with the Securities Commission of Malaysia;

AND THAT the Directors of the Manager and the Trustee be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of Al-`Aqar with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Clause Amendments contemplated and/or authorised by this special resolution.”

**By Order of the Board,
DAMANSARA REIT MANAGERS SDN BERHAD
(as Manager of Al-Aqar Healthcare REIT)**

**JAMALLUDIN BIN KALAM (LS 0002710)
ROHAYA BINTI JAAFAR (LS 0008376)
Company Secretaries**

Johor Bahru
21 March 2019

Notes:-

1. A Unitholder shall be entitled to attend and vote at this AGM, and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote.
2. Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote at the AGM, and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote.
3. Where the Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with units standing to the credit of the said securities account. Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy. Such proxy shall have the same rights as the member to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
5. The instrument appointing a proxy must be deposited at the registered office of the Manager at: Level 16, Menara KOMTAR, Johor Bahru City Centre 80000 Johor Bahru, Johor at least twenty-four (24) hours before the time appointed for holding the AGM or any adjournment thereof.
6. Only Unitholders registered in the Record of Depositors as at 10 April 2019 shall be entitled to attend and speak at the AGM or appoint proxy(ies) to attend on his/her behalf.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

i. Proposed RRPT Mandate

The proposed Ordinary Resolution 3 if passed, is primarily to authorise Al-`Aqar to enter into arrangements or transactions with Related Parties, particulars of which are set out in the Circular to Unitholders dated 21 March 2019 ("**Circular**"), which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made to the public.

The procurement of the Proposed RRPT Mandate would reduce substantially administrative time, effort and expenses associated with the convening of separate general meetings to seek unitholders' approval as and when potential Recurrent Related Party Transactions arise.