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**VALUATION CERTIFICATE OF THE PROPERTIES**


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**VALUATION METHODOLOGY**

We have adopted the "**Income Approach by Profits Method (DCF)**" as the primary valuation methodology and counter check with the "**Cost Approach**" in formulating our opinion of the **Market Value** of the Subject Property.

**Income Approach by Profits Method (DCF)**

The Income Approach by Profits Method is by applying a DCF technique to determine the Market Value of property with special licensing requirement, whose value is driven by the profitability of the business that occupy the building to be valued.

The past records of total net operating revenue are adjusted to cover for total operating expenses to arrive at gross operating profit, which will then add on with rental income before deducting hospital management fee and total fixed charges to arrive at net operating profit. Subsequently, an allowance for tenant's share to recognise the operator's risk is allocated to arrive at net rent of the Subject Property. A projection of future revenues and expenses will then be forecasted using reasonable and calculated data and to be capitalized at an acceptable market rate to arrive at the present capital value of the Subject Property.

From the historical financial data provided by the Vendor, we have made analysis based on three years financial performance from Year 2017 to 2019, whilst financial data from Year 2020 to 2021 was merely used as a reference due to impact of coronavirus disease 2019 ("**Covid-19**") pandemic, which has resulted in distortion to the Subject Property performance as compared to pre-pandemic period.

**Taking into account the ongoing Covid-19 pandemic situation, we have allocated the first year of our six years DCF projection as the "Recovery Year". The only dissimilarity of Recovery Year as compared to subsequent years in the DCF projection is on the bed occupancy rate, in which we have adopted a lower rate to reflect the ongoing impact of the pandemic. Other than the bed occupancy rate, other rates and ratios adopted in the Recovery Year are consistent with subsequent years in our DCF.**

The historical financial performance summary of the Subject Property as provided is as follows:

	2017 (RM)	2018 (RM)	2019 (RM)	2020 (RM)	2021 (RM)	YTD March 2022 (RM)
Total Net Operating Revenue	48,721,882	67,287,419	75,854,851	67,982,720	71,548,324	20,509,120
Total Operating Expenses	38,532,872	46,369,861	50,932,711	48,566,719	53,321,137	14,721,436
Rental Income	48,750	52,400	64,400	78,227	70,480	18,234
Hospital Management Fee	290,934	1,057,005	1,632,519	1,366,399	1,387,594	447,935
Total Fixed Charges	469,960	532,169	566,637	546,213	524,108	130,897

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The following are the parameters adopted in arriving at the Market Value of the Subject Property by using Income Approach by Profits Method (DCF). Each item has been analysed based on the historical data as provided, with fair and reasonable annual average and ratios being adopted in the DCF projection.

The parameters adopted in our DCF projection is summarized shown as follow: -

a) **Hospital Beds Occupancy Rate**

Year	2017	2018	2019	2020	2021	YTD March 2022
Licensed Beds	81 beds	96 beds	101 beds	101 beds	137 beds	137 beds
Beds In Operation	81 beds	96 beds	101 beds	101 beds	137 beds*	137 beds
Annual Beds Available	29,565	35,040	36,865	36,966	46,385*	12,330
Total Beds Occupied	20,991	26,630	28,755	22,549	20,394	6,415
<b>Occupancy Rate</b>	<b>71.0%</b>	<b>76.0%</b>	<b>78.0%</b>	<b>61.0%</b>	<b>44.0%</b>	<b>52.0%</b>

\* No of beds was increased from 117 beds (Jan 2021 – Jun 2021) to 137 beds (July 2021 onwards).

We observed the historical annual bed occupancy rate of the Subject Property was stable in the region of about 71% to 78% from Year 2017 to 2019, before a significant drop in Year 2020 and 2021 due to Covid-19 pandemic and subsequent travel restrictions imposed.

Based on extracted data of selected hospitals below, we noted that the historical occupancy from 2017 to 2020 are as shown below:

Hospital	Annual Average Occupancy Rate (%)				
	2017	2018	2019	Average 3 Years (2017 – 2019)	2020
KPJ Ampang Puteri	80.21	73.24	71.29	74.91	44.74
KPJ Damansara Specialist	56.63	56.48	61.47	58.19	39.44
KPJ Johor Specialist	75.14	69.95	72.62	72.57	48.73
KPJ Puteri Specialist	72.07	73.88	82.19	76.05	59.71
KPJ Selangor Specialist	66.19	64.21	75.16	68.52	46.27
KPJ Ipoh Specialist	91.37	84.84	79.29	85.17	73.74
<b>Subject Property – KPJ Pasir Gudang</b>	<b>71.0</b>	<b>76.0</b>	<b>78.0</b>	<b>75.0</b>	<b>61.0</b>

Source: KPJ Healthcare Berhad's circular dated May 21, 2021

It is noted that during the pre-pandemic era, before 2020, the three years average (2017 – 2019) range from 58.19% to 85.17% before dipped drastically in 2020 due to the pandemic. Another external data that has been considered is extracted from the 2020 Annual Report released by IHH Healthcare Bhd, where the general annual average occupancy rate recorded across all 15 hospitals under the group were 67% in 2017 and 2018, 70% in 2019 before affected by the pandemic and dipped to 49%. As for the Subject Property, the witnessed occupancy rate floated around 71.0% to 78.0% before dropped to 61.0% in 2020 and subsequently to 44% in 2021.

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Year 1	Year 2	Year 3	Year 4	Year 5	Terminal
50.0%	55.0%	57.8%	60.6%	63.7%	66.9%

We have therefore, allocated Year 1 in our DCF as the 'Recovery Year' to allow for lower bed occupancy rate with **50.0% in Year 1** to reflect the anticipated low bed occupancy rate followed by an increase of 5% to arrive at **55.0% in Year 2**, which is when normalcy is expected to return gradually as a result of herd immunity achieved via successful Covid-19 vaccination program nationwide. We then allowed for an increment of 5% per annum from the previous year bed occupancy rate to arrive at the terminal bed occupancy rate of **66.9%** which is and within the range of analysed hospital data as shown above before the pandemic strike.

In view of the above, we opine that the adoption of the 5% annual increment is fair and reasonable as it has gradually increased the annual occupancy of the Subject Property to pre-pandemic level.

b)	<b>Average Inpatient Admission Duration</b> The number of inpatients admission days in a year is derived from the total occupied beds divided by the number of inpatients admitted. We have adopted the average rate (year 2017, 2018 & 2019) in formulating number of inpatients per annum in our DCF projection.	2.19
c)	<b>Ratio of No. of Outpatient/ No of Inpatient</b> The ratio of number of outpatient and number of inpatients is to assist in forecasting the total number of outpatients in the DCF. we have adopted the three years average rate (year 2017, 2018 & 2019) in DCF projection.	3.80

Summary of Revenue Projection are as shown below: -

<b>Operating Revenue:</b>		
a)	<b>Hospital Inpatient Revenue (Per Occupied Bed)</b> We have adopted the three years average rate (year 2017, 2018 & 2019) hospital inpatient revenue divided by the occupied bed in a year as fair representation.	RM2,100
b)	<b>Hospital Outpatient Revenue (Per Person)</b> Analysis on hospital outpatient revenue is performed by using the historical outpatient revenue against the total outpatient recorded in the respective historical years. We have adopted the three years average rate (year 2017, 2018 & 2019) in our analysis.	RM220
c)	<b>Consultant Inpatient Revenue (Per Occupied Bed)</b> This revenue is derived by dividing the total occupied beds in a year. We have adopted the three years average rate (year 2017, 2018 & 2019) in our analysis.	RM740
d)	<b>Consultant Outpatient Revenue (Per Person)</b> It is derived by dividing the total number of patients in a year. We have adopted the three years average rate (year 2017, 2018 & 2019) in our analysis.	RM116
e)	<b>Apportionment to Consultant</b> It is an allocation allowed for apportionment to consultant which is deducted from the total consultant revenue.	90% (of total consultant revenue)
<b>Non-Operating Revenue:</b>		
f)	<b>Rental Income</b> It is rental income received from the retail area located within the main building. We have analysed this rental income and pegged against total net operating revenue in the respective years to arrive at annual ratio.	0.10% (of total net operating revenue)

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Summary of Operating Expenses Projection are as tabulated below: -

Operating Expenses:			
a)	<b>Cost of Sale</b>		
i)	Material Cost	25.0%	<i>(of total hospital revenue)</i>
ii)	Direct Staff Cost	18.6%	<i>(of total net operating revenue)</i>
iii)	Operating Overhead	9.5%	
<p>From our analysis, we have pegged material cost to total hospital revenue for inpatient and outpatient as these two items move in tandem. For direct staff cost and operating overhead, we pegged against total net operating revenue to arrive at analysed ratio. As the occupancy of the hospital increases, so does the cost of sale will follow as they have a direct relationship.</p>			
b)	<b>Undistributed Operating Expenses</b>		
i)	Admin and General	11.8%	<i>(of total net operating revenue)</i>
ii)	Sales and Marketing	0.4%	
iii)	POMEC	7.1%	
<p>From our analysis, we analysed these expenses against total net operating revenue as these expenses have a direct relationship. As the occupancy of the hospital increases, so does the cost of sale will follow as they have a direct relationship.</p>			
c)	<b>Hospital Management Fee</b>		<i>1.5% (of total gross operating revenue)</i>
<p>We have referred to the management agreement and adopted the agreed rate as the rate is in line with the management fees adopted by similar type of property i.e. private hospitals, we have therefore adopted the same rate of 1.5% in our DCF projection as it is deemed as fair and reasonable.</p>			
d)	<b>Fixed Charges/ Property Expenses</b>		
i)	Quit Rent and Assessment	RM224,544	<i>(actual charges recorded in Year 2020)</i>
ii)	Insurance/ Quality Related Expenses	RM321,669	
iii)	CAPEX	4.75%	<i>(of total net operating revenue)</i>
<p>We have adopted the actual quit rent, assessment charges, insurance / quality related expenses recorded in Year 2020 in the DCF projection as these expenses are unlikely to fluctuate greatly in the short term.</p> <p>For CAPEX, we have studied the historical record from Year 2016 to 2020 and we noted there were renovation occurred in Year 2017 and (major renovation in Year 2020). We decided to include Year 2016 record and adopted the average of (year 2016 to 2019) to broaden the analysed scope to reflect a more accurate picture. The annual total capex is then pegged against net operating revenue to derive the ratio on net revenue.</p> <p>We have adopted 4.75% from total net operating revenue as Capex expenditure projection in our DCF, slightly higher than analysed average of 4.61% due to increase in number of warded beds operating in the Subject Property.</p> <p>It should be noted that the revenue and expenses adopted in our projection relies on the projected growth of the hospital. We have analysed the revenue rate of the subject property from year 2017-2019. The revenue of each individual hospital may vary depending on factors such as location, hospital facilities and consultants. Therefore we opined that the analysis of the hospital internal revenue data is more reflective of the hospital revenue performance.</p> <p>This also applies to the hospital expenses in which we have analysed the said expenses of the Subject Property from year 2017-2019. The expenses of each hospital are related to the revenue, so when the revenue increases, the expenses will increase in accordance to the analysed ratio.</p>			

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e)	<b>Tenant's Share</b> We have adopted 40% as tenant's share to reflect the operator's risk, management advisory and skill to operate the various income generating resources of the Subject Property.	40% <i>(of net operating profit before CAPEX)</i>
f)	<b>Terminal Capitalization Rate</b> The capitalization rate is the rate which reflects the investor's expected rate of return on the investment property. We have referred and analysed to the transactions (KPJ Batu Pahat Specialist Hospital and Sunway Medical Centre, both in year 2019 and 2012) and arrived at transacted yield of 6.14% and 6.13%. Necessary adjustments in arriving at the adjusted yield have been made to the factors i.e. tenure, location and catchment area as well as secured lease agreement factors which bring us to total adjustment by 175 basis points ("bps") and 275 bps, which translate to adjustment by 1.75% and 2.75% respectively. These adjustments resulted in adjusted yield ranging from 7.89% to 8.88%. We have therefore adopted 8.5% as our terminal capitalisation rate.	8.5%
g)	<b>Discount Rate</b> We have then allowed an additional 2% to arrive at our discount rate of 10.5% to reflect all short-term risks and expectations.	10.5%

From our DCF projections and implementations of appropriate analysed rates in our Income Approach by Profits Method (DCF) computation, we have arrived at the Market Value of **RM93,000,000 or RM679,000 per bed (rounded)**.

#### Cost Approach

In the Cost Approach, the Market Value of the Subject Property is determined by the summation of analysed land value and DRC of the building.

In determining the land value, we have adopted the Comparison Approach which is by comparing vacant land that were either transacted recently within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, time element and other relevant factors to arrive at our opinion of value.

As for DRC, the current costs estimate to construct a similar building, taking into consideration on factors such as building size, construction finishes, professional fees and developer's profit is to be determined. We have made reference to the construction costs estimate made by professional quantity surveyor along with other recorded construction costs of similar buildings extracted from public domain and our internal records. Adjustments were then made to reflect the age of the buildings and current condition of the Subject Property.

For the purpose of this valuation, we have considered the following vacant land transactions:-

Comparable	1	2	3
Title No.	GRN 427805	HSD 591621	HSD 499883
Lot No.	Lot 63136	PTD 238752	PTD 210466
Mukim	Plentong		
District	Johor Bahru		
State	Johor Darul Takzim		
Source	Jabatan Penilaian dan Perkhidmatan Harta		
Tenure	Freehold		
Category of Land Use	Building		

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Express Condition	Commercial		
Land Area	61,214 sq. ft. (1.405 acres)	140,154 sq. ft. (3.217 acres)	52,011 sq. ft. (1.194 acres)
Vendor	Chevron Sdn. Bhd.	Seri Alam Properties Sdn. Bhd.	Seri Alam Properties Sdn. Bhd.
Purchaser	Sim Teong Huat Sdn. Bhd.	Consomac Sdn. Bhd.	Regency Specialist Hospital Sdn. Bhd.
Date of Transaction	January 8, 2020	October 31, 2018	June 7, 2017
Consideration (RM)	4,460,000	11,212,344	4,441,344
Analysed Land Value Per Sq. Ft. (RM)	72.86	80.00	85.39
Adjustment Made	Location and surrounding, tenure and improvement on land.		
Adjusted Value per sq. ft. (RM)	80.14	84.00	89.66
<b>Adopted Land Value Per Sq. Ft. (RM)</b>	<b>84.00</b>		

After all necessary adjustments, we have arrived at a range of adjusted land value between RM80.14 per sq. ft. to RM89.66 per sq. ft. Having taken all relevant factors into consideration, we placed a greater emphasis on Comparable 2 as it is more recently transacted and is almost similar in the land area as the Subject Property. Therefore, it is in our opinion that **RM84.00 per sq. ft.** reflects the fair and reasonable Market Value for the land of the Subject Property.

For the building construction costs, it is computed by applying the DRC method which is derived from Gross Current Reproduction/ Replacement Cost New (“GRCRN”) and subsequently allow for accrued depreciation comprising physical, functional and economical obsolescence.

In arriving at the adopted GRCRN of the Subject Property, we have relied on the input by professional quantity surveyor through their annual publication comprising general construction costs as well as reviewed other estimated building costs of medical centres as published on public domain together with records from our previous valuation works.

As a result, we have adopted the cost to construct the building at RM400.00 per sq. ft. or RM4,305 per sq. m. on gross floor area (includes construction cost, professional fee, project management fee, authority’s charges, statutory contributions fee but exclude all medical fittings and equipment) in our computation.

After detailed consideration, we have adopted RM400.00 per sq. ft. or RM4,305 per sq. m. We have also allocated a depreciation factor based on 60 years building life span. With the Subject Property being approximately 9 years in age, the total depreciation allocated is 15%.

Based on KPJ Healthcare construction cost analysis, the actual construction of the building was at RM45,547,472 or RM 234 per sq. ft. in year 2012. The construction was started in September 2009 and completed with CCC in November 2012. We have referred the actual construction costs in our valuation, however the age of the building is already about 9 years old and therefore the costs are no longer relevant or deemed as historical due to the building age.

We opine these historical construction costs do not necessary mirror the current market condition and therefore we have only relied on the annual construction costing publications issued by professional quantity surveyor.

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Our Cost Approach computation summary is as illustrated below: -

<b>Components</b>	<b>Sub Total (RM)</b>	<b>Total (RM)</b>
Land		11,884,404
Total Building Costs (including TNB substation, fire pump house and bin centre) with Developer Profit @ 5%	86,157,288	
Less Depreciation @ 15%	12,923,593	
Total Depreciated Building Cost		73,233,695
<b>Total Cost for Land and Building</b>		<b>85,118,099</b>
<b>Say</b>		<b>85,000,000</b>

### RECONCILIATION OF VALUE

Based on the two approaches adopted, the findings of Market Values of the Subject Property are as follow: -

**Income Approach by Profits Method (DCF)** **RM93,000,000**

Counter-checked with

**Cost Approach** **RM85,000,000**

**Adopt** **RM93,000,000**

We have adopted the Income Approach by Profits Method (DCF) as the main method in arriving at our opinion of the current Market Value. We are of the opinion that this is the preferred method in this instance as the Subject Property is a specialist medical centre in healthcare industry, with the Cost Approach suitable as a cross check method.

It is our opinion the Market Value of the leasehold unencumbered interest in the Subject Property in its existing physical condition, is **RM93,000,000 (Ringgit Malaysia: Ninety-Three Million Only)**.

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2) SUBJECT PROPERTY - KPJSSH	
Property Type / Interest to be Valued	<p>The Subject Property comprises two (2) blocks of hospital building comprises eight (8) storey PCB block and six (6) storey annexe block together with medical gas, electric substation and rubbish compartment (including 27 car parks located at the Level 1 of annexe block) which forms part of a private hospital known as KPJ Seremban Specialist Hospital.</p> <p>It is located approximately 3 kilometers due south of Seremban Town Centre, within a locality known as Kemayan Square.</p> <p>As per approved building plan, the Subject Property is planned as a comprehensive international standard healthcare facility with the accommodation of up to 99 beds including a Dialysis Centre, 50 Consultant Clinics, a Pharmacy and a Central Sterile Supply Department. It has a total GFA of about 215,846.94 sq. ft. (20,052.85 sq. m.). However, as per latest hospital license provided to us, the Subject Property is permitted to operate with 61 beds and 41 Consultant Clinics.</p> <p>The Subject Property is currently being operated and managed by KPJ Seremban Specialist Hospital Sdn. Bhd. (<b>“the Vendor”</b>)</p>
Address of Subject Property	<p>Lot 6219 &amp; 6220, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan Darul Khusus.</p>
Location & Surrounding Locality	<p>The subject property is located within a commercial precinct known as Kemayan Square, approximately 3 kilometres due south of Seremban town centre. It is easily accessible from Seremban town centre via Jalan Sungai Ujong and thereafter through an unnamed access road leading towards Kemayan Square and finally through the internal road network within Kemayan Square which eventually leads to the subject property. It lies approximately 1 kilometre to the northeast of Seremban Interchange of the North-South Expressway.</p> <p>Developments within the immediate vicinity of the Subject Property comprise commercial properties mainly three storey terraced shopoffices. Other prominent landmarks within the locality are Palm Mall, a shopping complex, Dataran Sentral and Muzium Seni Budaya.</p> <p>Residential developments within the vicinity are Taman Permai, Taman Bukit Kelisa, Taman Duyung, Taman Oakland, Taman Labu Jaya, Taman Permai Impian and the relatively new Taman Permai Jaya.</p>
Site Description	<p>The site is regular in shape encompassing a surveyed land area of approximately 22,470 sq. m. (241,865 sq. ft. or 5.55 acres). It has a direct frontage of about 158.43 metres (519.8 feet) to Jalan Toman 1.</p> <p>The compound is partly delineated with plastered wall topped with metal railing. The land is generally flat and lies above the level of the frontage road. The site commands a good view to the surrounding area due to its elevated terrain.</p>
Building Description	<p>The main building is generally constructed of reinforced concrete framework with rendered, plastered and painted brick infill walls with reinforced concrete floor slab and reinforced concrete flat roof and concrete roof tiles. Other ancillary buildings that complement the main building are a double storey utility building as well as medical gas and rubbish compartment structures. The Subject Property has a GFA of 215,846.94 sq. ft.</p>



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	<p>In term of building finishes, the internal floor finishes are generally made of paving bricks to main entrance and drop off area, internal floor finishes are generally made of tiles, vinyl tiles, carpet flooring and cement rendering, whilst internal doors are mainly timber panel and timber flush types, fire-rated timber door to all staircases exit and timber framed with glass panel door. The windows are all generally aluminium coated framed with tempered clear glass panels as well as top-hung types. The internal ceiling is made of plaster boards with air-conditioning ducting, plaster board with cornices incorporating downlights and air-conditioning ducting, mineral fibrous board with fluorescent lights, aluminium ceiling and cement plaster.</p> <p>Vertical access within the Subject Property is via five (5) lifts and three (3) reinforced concrete staircases strategically located throughout the building.</p> <table border="1" data-bbox="512 752 1342 1648"> <thead> <tr> <th>Level</th> <th>Accommodations</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td>Main entrance and drop off area, main lobby, lift lobbies, shops, cafeteria, information counter, waiting area, pharmacy, switch room, male and female toilets, Private Automated Branch Exchange (PABX) and AHU room.</td> </tr> <tr> <td>Level 2</td> <td>Lift lobbies, administration and registration, waiting area, hemodialysis center, nurse counter, single bedded room with attached toilets, isolation room, staff room, discussion room, male and female toilets, linen room and AHU room.</td> </tr> <tr> <td>Level 3</td> <td>Lift lobbies, consultant clinics with reception area, CSSD, haemodialysis, single bedded room with attached toilets, male and female toilets and AHU room.</td> </tr> <tr> <td>Level 4 (Maternity Ward)</td> <td>Lift lobbies, consultant clinics with reception area, nurse station, pediatric ward with attached toilets, nursery, family lounge, lactation room, satellite pharmacy, male and female toilets, waiting area and AHU room.</td> </tr> <tr> <td>Level 5</td> <td>Lift lobbies, consultant clinics with reception area, nurse station, single bedded room with attached toilets, satellite pharmacy, male and female toilets and AHU room.</td> </tr> <tr> <td>Level 6</td> <td>Lift lobbies, consultant clinics with reception area, nurse station, single bedded room with attached toilets, satellite pharmacy, male and female toilets and AHU room.</td> </tr> <tr> <td>Level 7</td> <td>Lift lobbies, hall, male and female toilets and AHU room.</td> </tr> <tr> <td>Level 8</td> <td>Lift lobbies, waiting area, general office, office rooms, board room, meeting room, conference room, nurse education, file room, clerk room, consultant lounge, utility room, data centre room, male and female toilet, motor room and AHU room.</td> </tr> <tr> <td>Roof Floor</td> <td>Water tank and lift motor room.</td> </tr> </tbody> </table>	Level	Accommodations	Level 1	Main entrance and drop off area, main lobby, lift lobbies, shops, cafeteria, information counter, waiting area, pharmacy, switch room, male and female toilets, Private Automated Branch Exchange (PABX) and AHU room.	Level 2	Lift lobbies, administration and registration, waiting area, hemodialysis center, nurse counter, single bedded room with attached toilets, isolation room, staff room, discussion room, male and female toilets, linen room and AHU room.	Level 3	Lift lobbies, consultant clinics with reception area, CSSD, haemodialysis, single bedded room with attached toilets, male and female toilets and AHU room.	Level 4 (Maternity Ward)	Lift lobbies, consultant clinics with reception area, nurse station, pediatric ward with attached toilets, nursery, family lounge, lactation room, satellite pharmacy, male and female toilets, waiting area and AHU room.	Level 5	Lift lobbies, consultant clinics with reception area, nurse station, single bedded room with attached toilets, satellite pharmacy, male and female toilets and AHU room.	Level 6	Lift lobbies, consultant clinics with reception area, nurse station, single bedded room with attached toilets, satellite pharmacy, male and female toilets and AHU room.	Level 7	Lift lobbies, hall, male and female toilets and AHU room.	Level 8	Lift lobbies, waiting area, general office, office rooms, board room, meeting room, conference room, nurse education, file room, clerk room, consultant lounge, utility room, data centre room, male and female toilet, motor room and AHU room.	Roof Floor	Water tank and lift motor room.																
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Occupancy Rate	<p>: The historical occupancy rate, room type and board rate for the whole of KPJ Seremban Specialist Hospital (old and new blocks) is as follows: -</p> <table border="1" data-bbox="512 1738 1359 1962"> <thead> <tr> <th>Year</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Beds in operation</td> <td>140</td> <td>140</td> <td>188</td> <td>188</td> <td>195</td> </tr> <tr> <td>Beds Available</td> <td>140</td> <td>140</td> <td>188</td> <td>188</td> <td>195</td> </tr> <tr> <td>No. of Inpatient Admitted</td> <td>14,270</td> <td>14,486</td> <td>15,196</td> <td>11,822</td> <td>11,852</td> </tr> <tr> <td>Total Occupied Beds</td> <td>100</td> <td>99</td> <td>101</td> <td>81</td> <td>80</td> </tr> <tr> <td>Occupancy Rate (%)</td> <td>71%</td> <td>70%</td> <td>54%</td> <td>43%</td> <td>41%</td> </tr> </tbody> </table>	Year	2017	2018	2019	2020	2021	Beds in operation	140	140	188	188	195	Beds Available	140	140	188	188	195	No. of Inpatient Admitted	14,270	14,486	15,196	11,822	11,852	Total Occupied Beds	100	99	101	81	80	Occupancy Rate (%)	71%	70%	54%	43%	41%
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## VALUATION CERTIFICATE OF THE PROPERTIES

		<b>Care Unit</b>	<b>Published Rate (RM)</b>
		Incentive Care Unit (ICU) / Cardiac Incentive Unit (CICU)	350.00
		High Dependency Unit (HDU)	350.00
		<b>VIP Room</b>	
		VIP Suite - Zamrud	600.00
		VIP Suite – Nilam	500.00
		VIP Suite – Mutiara	350.00
		<b>Single Room</b>	
		Single Room – Anggerik	200.00
		Single Room – Sakura	200.00
		Single Room	200.00
		Single Room 311 & 312	250.00
		Single Room 335	300.00
		<b>Pediatric Ward</b>	
		Single Room – Pediatric	220.00
		<b>Others</b>	
		Two Bedded	130.00
		Four Bedded	100.00
		Day Care	80.00
		Isolation Room	250.00
Age of Building	:	Approximately 3 years in age from the time when CCC was issued on November 26, 2018.	
Existing Use of Subject Property	:	Private hospital.	
Town Planning	:	Zoned commercial.	
Certificate of Fitness	:	The Subject Property was issued with CCC bearing Ref. No. LAM/NS/No. 3982 dated November 26, 2018.	
Title Particulars	:	GRN 277698, Lot No. 50604, Seksyen 2, Pekan Bukit Kepayang, District of Seremban, State of Negeri Sembilan	
Category of Land Use	:	Bangunan ( <i>building</i> )	
Surveyed Land Area	:	2.247 hectares (about 22,470 sq. m. or 241,864.83 sq. ft.)	
Registered Owner	:	Amanahraya Trustees Berhad	
Tenure	:	Term in perpetuity	
Express Conditions	:	Tanah in hendaklah digunakan untuk bangunan hospital swasta sahaja.	
Restriction In Interest	:	Tanah yang diberimilik ini tidak boleh dipindahmilik, dipajak, digadai melainkan dengan kebenaran bertulis daripada Pihak Berkuasa Negeri.	
Encumbrance	:	Nil.	
Endorsement	:	Nil.	

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**VALUATION CERTIFICATE OF THE PROPERTIES**


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**VALUATION METHODOLOGY**

We have adopted the **DRC** as the only valuation methodology in formulating our opinion of the **Market Value** of the Subject Property.

In this valuation, we have only adopted the above method as the valuation involves only building component. The DRC method is therefore the only suitable method to be adopted as there are no reported comparables of similar rental / capital value transactions currently available to us.

For this approach, the building construction costs is computed by applying the DRC method which is derived from GCRCN and subsequently allow for accrued depreciation comprising physical, functional and economical obsolescence.

In arriving at the adopted GCRCN of the Subject Property, we have relied on the input by professional quantity surveyor through their annual publication comprising general construction 8 costs as well as reviewed other estimated building costs of medical centres as published on public domain together with records from our previous valuation works.

As a result, we have adopted the cost to construct the building at RM399.48 per sq. ft. or RM4,300 per sq. m. on GFA (includes construction cost, professional fee, project management fee, authority's charges, statutory contributions fee but exclude all medical fittings and equipment) in our computation.

After detailed consideration, we have adopted RM399.48 per sq. ft. or RM4,300 per sq. m. with 2% depreciation rate per annum. With the Subject Property being approximately 3 years in age, the total depreciation allocated is 6% thus adopted construction rate after depreciation is RM375.51 per sq. ft. or RM4,042 per sq. m.

Based on information provided by KPJ Healthcare, the construction cost of the building total to RM98,121,566.35 (RM454.59 per sq. ft.) inclusive of interest of RM5,652,195.35, incurred since construction started in 2012. The project was finally completed six years later with the issuance of CCC in July 2018. In this valuation, we have referred to the historical costs but at the same time, relied on the annual construction costing publications issued by professional quantity surveyor.

Our Cost Approach computation summary is as illustrated below: -

<b>Components</b>	<b>Total (RM)</b>
Total Building Costs (including utility building, medical gas and rubbish compartment) with Developer Profit @ 5%	90,104,420
Less Depreciation @ 6%	5,406,265
Total Depreciated Building Cost	84,698,155
<b>Say</b>	<b>84,700,000</b>

**RECONCILIATION OF VALUE**

We have adopted the DRC Approach as the only method in arriving at our opinion of the current Market Value. We are of the opinion that this is the most suitable method in this instance as the Subject Property comprise only the building component.

It is our opinion the Market Value of the freehold unencumbered interest in the Subject Property in its existing physical condition, is **RM84,700,000/- (Ringgit Malaysia: Eighty-Four Million and Seven Hundred Thousand Only)**.

## VALUATION CERTIFICATE OF THE PROPERTIES

3) SUBJECT PROPERTY - TMCHC	
Property Type/ Interests Valued	: A four (4) storey purpose-built hospital building
Address of the Subject Property	: T/K PT 1106, Medan Taiping, 34000 Taiping, Perak Darul Ridzuan.
Location	: The subject property is located at Jalan Medan Taiping 1 within Medan Taiping. It is located approximately two (2) kilometres due southwest of Taiping town centre. It is accessible from Taiping Town Centre via Jalan Kota, Jalan Taming Sari, then a right turn onto Jalan Stesen, turning left onto Jalan Medan Taiping 3, then another right turn onto Jalan Raja Sulong, thereafter onto Jalan Medan Taiping 5 and finally onto Jalan Medan Taiping 1 leading to the subject property.
Site	: The land is near triangular in shape encompassing a surveyed land area of 3,554 square metres (38,255 square feet or 0.8784 acres). The north-western boundary has a frontage of about 46.74 metres (153 feet) onto Jalan Medan Taiping 5. It has dual return frontages of approximately 99.26 metres (326 feet) onto Jalan Medan Taiping 2 along the north-eastern boundary and about 118.59 metres (389 feet) onto Jalan Medan Taiping 1 along the south-western boundary. The physical terrain of the land is generally flat and lies about the level of the surrounding roads.
Age of Building	: About 3 years
Building Description	: <p>The subject property (Building Only) is a four (4) storey purpose-built private hospital building with a GFA of approximately 2,927.68 sq. m. (31,513.28 sq. ft.).</p> <p>The subject property is licensed to operate as a private ambulatory care centre with 5 day ward beds, 3 treatment rooms, 3 specialist consultation rooms, 1 minor operation theatre with 2 recovery beds, 1 endoscopy room with 2 observation beds, a pharmacy and a satellite laboratory by The Ministry of Health, Malaysia under the Private Healthcare Facilities &amp; Services Act 1998 bearing License No.930806-00182-03/2021 dated June 16, 2021 for the period from May 27, 2021 to January 3, 2023.</p> <p>The subject building is generally constructed of reinforced concrete framework with rendered, plastered and painted brick infill walls with reinforced concrete floor slab and reinforced concrete flat roof / steel framework and trusses with metal deck roofing sheets. Other ancillary structures that complement the main building is the car parking shed.</p> <p>The age of the building is about 3 years old and its condition is in a fair state of repair.</p> <p>The ancillary buildings consist of a car parking shed. The open sided parking shed is located nearby the entrance of the subject site. It is constructed of steel structure and covered corrugated metal cladding sheets and tarmacate. The structure has an estimated gross floor area of about 266.62 square metres (2,870 square feet).</p>
Existing Use of the Subject Property	: Hospital (private ambulatory care centre)

## VALUATION CERTIFICATE OF THE PROPERTIES

Town Planning	:	Zoned commercial
Certificate of Fitness	:	<p>The Subject Property was originally issued with a CCC or Borang F bearing Ref. No. LAM/Pk/No.11581 dated September 13, 2018 issued by Ar. Ou Yang Chow Min according to the approval building plans bearing reference no. M.P.T G4/C/6/2015 dated May 28, 2018. (known as Phase 1)</p> <p>Subsequently, the Subject Property was issued with a letter bearing Ref. No. OYA/147/KPJ.T-H/BP/2020/06/01 dated June 1, 2020 issued by Ar. Ou Yang Chow Min according to the approved extension and renovation building plans bearing reference no. Bil. (3) dlm. M.P.T G5/C/12/2019 dated May 13, 2019 (known as Phase 2) and the Architect has further confirmed that the above mentioned letter is in order and accepted by Majlis Perbandaran Taiping and is construed as equivalent with CCC for the above extension and renovation.</p>
Title Particulars	:	Pajakan Negeri 361304, Lot 3140, Town of Bandar Taiping, District of Larut Matang, State of Perak
Category of land use	:	“Bangunan”
Surveyed Land Area	:	3,554 square metres
Registered Owner	:	AMANAHRAYA TRUSTEES BERHAD
Tenure	:	Leasehold 99 years, expiring on July 25, 2088. (The remaining unexpired term is about 66 years.)
Express condition(s)	:	“Perniagaan – Bangunan Kedai”
Restriction(s)-in-interest	:	“Tanah ini tidak boleh dipindahmilik tanpa kebenaran Menteri Besar Perak.”
Encumbrance(s)	:	Nil (as per title dated April 20, 2022 provided to us)
Endorsement(s)	:	Nil.

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**VALUATION CERTIFICATE OF THE PROPERTIES**


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**VALUATION METHODOLOGY**

We have adopted the DRC as the only valuation methodology in formulating our opinion of the **Market Value** of the Subject Property.

In this valuation, we have only adopted the above method as the valuation involves only building component. The DRC method is therefore the only suitable method to be adopted as there are no reported comparables of similar rental / capital value transactions currently available to us.

For this approach, the current costs estimate to construct a similar building, taking into consideration on factors such as building size, construction finishes, professional fees and developer's profit is to be determined. We have made reference to the construction costs estimate made by professional quantity surveyor, in this instance by using Juru Ukur Bahan Malaysia ("JUBM") and Arcadis Construction Cost Handbook 2021 on the construction cost for hospital buildings along with other recorded construction costs of similar buildings extracted from the public domain and our internal records. Adjustments were then made to reflect the age and size of the buildings and current condition of the Subject Property.

For the building construction costs, it is computed by applying the DRC method which is derived from GCRCN and subsequently allow for accrued depreciation comprising physical, functional and economical obsolescence.

In arriving at the adopted GCRCN of the Subject Property, we have relied on the input by professional quantity surveyor through their annual publication comprising general construction costs covering most type of buildings. In this context, we refer to the annual guideline published by JUBM and Arcadis Construction Handbook 2021, as well as previous years publications with the extracted data as presented below: -

<b>Year</b>	<b>Minimum Rate</b>	<b>Maximum Rate</b>
2017	RM 330 per sq. ft. or RM 3,550 per sq. m.	RM 410 per sq. ft. or RM4,413 per sq. m.
2018	RM 332 per sq. ft. or RM 3,570 per sq. m.	RM 419 per sq. ft. or RM 4,510 per sq. m.
2019	RM 332 per sq. ft. or RM 3,570 per sq. m.	RM 449 per sq. ft. or RM 4,833 per sq. m.
2020	RM 324 per sq. ft. or RM 3,488 per sq. m.	RM 448 per sq. ft. or RM 4,822 per sq. m.
2021	RM 325 per sq. ft. or RM 3,498 per sq. m.	RM 447 per sq. ft. or RM 4,811 per sq. m.

As stated in the JUBM and Arcadis Construction Handbook 2021, the selected project to compute the costs estimate are Women Children Hospital, Kuala Lumpur, Sunway Medical Centre, Selangor, Pantai Hospital (Extension), Kuala Lumpur and UCSI Hospital, Negeri Sembilan. All estimated construction costs for hospital buildings are excluding medical and operating equipment.

Aside from the above, we have also reviewed other estimated building costs of medical centres as published on public domain as well as from our previous works, construction contract, inquiry with contractor and internal records. As a result, we have adopted the average cost to construct the building at RM4,947.21 per sq. m. on gross floor area (includes construction cost, professional fee, project management fee, authority's charges, statutory contributions fee but exclude all medical fittings and equipment) in our computation. These adopted rates are consistent with our previous valuation works and are slightly above market range, as the built up area of Subject Property is relatively smaller as compared to KPJ Seremban Specialist Hospital and KPJ Pasir Gudang Specialist Hospital.

## VALUATION CERTIFICATE OF THE PROPERTIES

To complete the computation, we have allocated a nominal 5% developer profit on building cost to reflect risk and reward for the construction works. In addition, we have also allocated a depreciation factor based on 60 years building life span. With the Subject Property being approximately 3 years in age, the total depreciation allocated is 6%.

Based on information provided by KPJ Healthcare, the construction cost of the building total to RM13,951,764 (RM442.7psf). The project was finally completed three years later with the issuance of CCC in September 2018. In this valuation, we have referred to the historical costs but at the same time, relied on the annual construction costing publications issued by professional quantity surveyor.

Having regards to the above explanatory notes, we have concluded our Cost Approach computation as follows: -

	GFA (sq. m.)	Rate Adopted (RM per sq. m.)	Total (RM)
Main Building	2,927.68	4,947.21	14,483,845
Add Developer's Profit (5% on building cost)			724,192
Total Building Cost			15,208,037
Less Depreciation @ 6%			912,482
Total Depreciated Building Cost			14,295,555
		Say	<b>14,300,000</b>

### RECONCILIATION OF VALUE

We have adopted the DRC as the only method in arriving at our opinion of the current Market Value. We are of the opinion that this is the most suitable method in this instance as the Subject Property comprises only the building component.

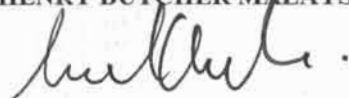
It is our opinion the Market Value of the leasehold unencumbered interest in the Subject Property in its existing physical condition, is **RM14,300,000 (Ringgit Malaysia: Fourteen Million and Three Hundred Thousand Only)**

### SUMMARY OF MARKET VALUE

Based on the aforementioned, the summary of Market Value for the Subject Properties is illustrated as below:

SUBJECT PROPERTIES	MARKET VALUE (RM)
1) KPJPG	93,000,000
2) KPJSSH	84,700,000
3) TMCHC	14,300,000
<b>TOTAL</b>	<b>192,000,000</b>

**HENRY BUTCHER MALAYSIA SDN BHD**



**Sr. LOW KHEE WAH**  
B. (Hons) Estate Mgmt., MRISM, MRICS  
Registered Valuer (V-724)



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**FURTHER INFORMATION**

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**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. CONSENTS AND CONFLICTS OF INTEREST****2.1 KAF IB**

KAF IB, being the Principal Adviser for the Proposals, the Proposed Amendments and the Joint Placement Agent for the Proposed Private Placement, has given and has not been subsequently withdrawn its written consent for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular. KAF IB has confirmed that as at the LPD, it is not aware of any possible conflict of interest which exists or is likely to give rise to a possible conflict of interest situation by virtue of KAF IB's appointment as the Principal Adviser for the Proposals, the Proposed Amendments and the Joint Placement Agent for the Proposed Private Placement.

**2.2 CIMB IB**

CIMB, being the Joint Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn their written consent for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

CIMB, its related and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company ("**CIMB Group**") for 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. CIMB Group has engaged and may in the future, engage in transactions with and perform services for Al-'Aqar and/or its affiliates, in addition to the role as the Joint Placement Agent for the Proposed Private Placement. In addition, in the ordinary course of business, any member of CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with Al-'Aqar and/or its affiliates or any other person(s), hold positions in securities issued by Al-'Aqar and/or its affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its other customers in debt or equity securities or senior loans of Al-'Aqar and/or its affiliates.

This is a result of the businesses of CIMB Group generally acting independently of each other and accordingly, there may be situations where parts of CIMB Group and/or its customers now have or in the future, may have interest in or take actions that may conflict with the interests of Al-'Aqar and/or its affiliates.

In view of the above, CIMB has confirmed that as at the LPD, it is not aware of any conflict of interest situation which exists or is likely to exist in its capacity as the Joint Placement Agent for the Proposed Private Placement.



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**FURTHER INFORMATION**

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**2.3 Kenanga IB**

Kenanga IB, being the Joint Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

Kenanga IB has confirmed that as at the LPD, it is not aware of any conflict of interest situation which exists or is likely to exist in its capacity as the Joint Placement Agent for the Proposed Private Placement.

**2.4 Independent Adviser**

DWA Advisory, being the Independent Adviser for the Proposed Acquisitions and Leases, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of their names, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular.

The Independent Adviser has given a written confirmation that it is not aware of any possible conflict of interest which exists or is likely to exist in its capacity as the independent adviser in respect of the Proposed Acquisitions and Leases.

**2.5 Valuer**

Henry Butcher Malaysia Sdn Bhd, being the Valuer for the Proposed Acquisitions and Leases, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of their names, the valuation certificates in respect of the Properties as set out in Appendix III of this Circular and all references thereto in the form and context in which they appear in this Circular.

Henry Butcher Malaysia Sdn Bhd has given its written confirmation that it is not aware of any possible conflict of interest which exists or is likely to exist in its capacity as the Valuer in respect of the Proposed Acquisitions and Leases.

**3. MATERIAL CONTRACTS**

Save as disclosed below, Al-'Aqar and its subsidiaries have not entered into any material contract (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the LPD:

- (i) Lease Agreement dated 22 June 2021 entered into between the Trustee, Ampang Puteri Specialist Hospital Sdn Bhd and the Manager for the lease of KPJ Ampang Puteri Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (ii) Lease Agreement dated 22 June 2021 entered into between the Trustee, Rawang Specialist Hospital Sdn Bhd and the Manager for the lease of KPJ Damansara Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (iii) Lease Agreement dated 22 June 2021 entered into between the Trustee, Ipoh Specialist Hospital Sdn Bhd and the Manager for the lease of KPJ Ipoh Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (iv) Lease Agreement dated 22 June 2021 entered into between the Trustee, Johor Specialist Hospital Sdn Bhd and the Manager for the lease of KPJ Johor Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;

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**FURTHER INFORMATION**


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- (v) Lease Agreement dated 22 June 2021 entered into between the Trustee, Pasir Gudang Specialist Hospital Sdn Bhd and the Manager for the lease of KPJ Puteri Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (vi) Lease Agreement dated 22 June 2021 entered into between the Trustee, Selangor Specialist Hospital Sdn Bhd and the Manager for the lease of KPJ Selangor Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement; and
- (vii) Amendment to Lease dated 15 October 2021 between Al-'Aqar Australia Pty Ltd and Jeta Gardens (Qld) Pty Ltd to vary the existing lease agreement dated 25 October 2011 to reflect among others, the terms of the rental rate revision in respect of the Jeta Garden Aged Care Facility, Jeta Gardens Retirement Village and the development land where the rental has been revised from 8.5% per annum to 6.5% per annum to be applied on the market value of the said properties. The said revised rental rate took effect from 2 October 2021 and ends on 1 November 2026.

**4. MATERIAL COMMITMENTS**

There are no other material commitments incurred or known to be incurred by Al-'Aqar as at LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of Al- 'Aqar.

**5. CONTINGENT LIABILITIES**

There are no contingent liabilities incurred or known to be incurred by Al- 'Aqar Group as at LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of Al- 'Aqar.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the registered office of DRMSB at Level 14, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia during normal business hours from Sundays to Thursdays (except public holidays) for a period of 3 months from the date of this Circular: -

- (i) The Deed of Al-'Aqar;
- (ii) The draft Supplemental Deed to the Second Restated Trust Deed;
- (iii) The audited financial statements of Al-'Aqar for the past two FYEs 31 December 2020 and 2021;
- (iv) The latest unaudited financial statements of Al-'Aqar for the period ended 30 June 2022;
- (v) Transaction Documents;
- (vi) The Valuation Reports;
- (vii) The Valuation Certificates as set out in **Appendix III** of this Circular; and
- (viii) The letters of consent and declaration of conflict of interests referred to in Section 2 of the **Appendix VI** of this Circular.



## AL-'AQAR HEALTHCARE REIT

(established in Malaysia under the trust deed dated 27 June 2006 and as amended by the supplemental trust deed dated 14 May 2009, 27 January 2011 and 9 November 2011, amended and restated by the restated trust deed dated 31 July 2013 and further amended and restated by the second restated trust deed dated 25 November 2019, entered into between Damansara REIT Managers Sdn Berhad and AmanahRaya Trustees Berhad, both companies incorporated in Malaysia under the laws of Malaysia and the persons who are for the time being registered as holders of the units in Al-'Aqar Healthcare REIT)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting (“**EGM**”) of the holders of units of Al-'Aqar Healthcare REIT (“**Al-'Aqar**”) (“**Unitholders**”) will be held on a virtual basis at the Broadcast Venue: Anugerah Hall, Level 14, West Wing, KPJ Ampang Puteri Specialist Hospital, No. 1, Jalan Mamanda 9, Taman Dato Ahmad Razali, 68000 Ampang, Selangor on 13 December 2022 at 3:30 p.m. for the purpose of considering and if thought fit to pass the following resolutions, with or without any amendments:

#### ORDINARY RESOLUTION 1

**PROPOSED ACQUISITIONS BY AMANAHRAYA TRUSTEES BERHAD (“TRUSTEE”) (ACTING SOLELY IN ITS CAPACITY AS TRUSTEE FOR AND ON BEHALF OF AL-'AQAR) OF THE FOLLOWING: -**

- (A) **A BUILDING KNOWN AS TMC HEALTH CENTRE (“TMC NEW BUILDING”) FROM PENANG SPECIALIST HOSPITAL SDN BHD (“PNG”), A WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BHD (“KPJ”), FOR A TOTAL CASH CONSIDERATION OF RM14,300,000 (“PROPOSED ACQUISITION OF TMC NEW BUILDING”);**
- (B) **A BUILDING FORMING PART OF KPJ SEREMBAN SPECIALIST HOSPITAL (“SEREMBAN NEW BUILDING”) FROM MAHARANI SPECIALIST HOSPITAL SDN BHD (“MSH”), A WHOLLY-OWNED SUBSIDIARY OF KPJ, FOR A TOTAL CASH CONSIDERATION OF RM84,700,000 (“PROPOSED ACQUISITION OF SEREMBAN NEW BUILDING”); AND**
- (C) **KPJ PASIR GUDANG SPECIALIST HOSPITAL (“PASIR GUDANG PROPERTY”) FROM PASIR GUDANG SPECIALIST HOSPITAL SDN BHD (“PGSH”), A WHOLLY-OWNED SUBSIDIARY OF KPJ, FOR A TOTAL CONSIDERATION OF RM93,000,000 TO BE SATISFIED VIA COMBINATION OF CASH OF RM RM67,989,183 AND ISSUANCE OF 20,500,669 NEW ORDINARY UNITS IN AL-'AQAR (“AL-'AQAR UNIT(S)”) AT AN ISSUE PRICE OF RM1.22 PER UNIT (“PROPOSED ACQUISITION OF PASIR GUDANG PROPERTY”);**

**THE TMC NEW BUILDING, THE SEREMBAN NEW BUILDING AND THE PASIR GUDANG PROPERTY ARE COLLECTIVELY REFERRED TO AS THE PROPERTIES;**

**THE PROPOSED ACQUISITION OF TMC NEW BUILDING, THE PROPOSED ACQUISITION OF SEREMBAN NEW BUILDING, AND THE PROPOSED ACQUISITION OF PASIR GUDANG PROPERTY ARE COLLECTIVELY REFERRED TO AS THE “PROPOSED ACQUISITIONS”;**

**“THAT** subject to the passing of Ordinary Resolution 2, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Trustee, on behalf of Al-'Aqar, to acquire the Properties upon the terms and conditions contained in the conditional sale and purchase agreements dated 2 September 2022 entered into between the Trustee (acting solely in its capacity as the trustee for and on behalf of Al-'Aqar) and the respective PNG, MSH and PGSH (“**SPAs**”);

**AND THAT** the Board of Directors ("**Board**") of Damansara REIT Managers Sdn Berhad ("**Manager**") and the Trustee, (acting solely in its capacity as trustee for and on behalf of the Al-'Aqar), be and are authorised to: -

- (i) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of Al-'Aqar, all such agreements, instruments, documents and/or deed as the Board of the Manager may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Acquisitions;
- (ii) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Acquisitions (including but not limited to SPAs) and/or any provision, term and condition thereof as may be required and/or as the Board of the Manager may in its discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and
- (iii) take all such steps and do all such acts, deeds and things in any manner as the Board of the Manager may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Acquisitions."

## **ORDINARY RESOLUTION 2**

**PROPOSED LEASE BY THE TRUSTEE (ACTING SOLELY IN ITS CAPACITY AS TRUSTEE FOR AND ON BEHALF OF AL-'AQAR) OF THE FOLLOWING: -**

- (I) TMC NEW BUILDING TO PNG UPON COMPLETION OF THE PROPOSED ACQUISITION OF TMC NEW BUILDING ("PROPOSED LEASE OF TMC NEW BUILDING");**
- (II) SEREMBAN NEW BUILDING TO MSH UPON COMPLETION OF THE PROPOSED ACQUISITION OF SEREMBAN NEW BUILDING ("PROPOSED LEASE OF SEREMBAN NEW BUILDING"); AND**
- (III) PASIR GUDANG PROPERTY TO PGSH UPON COMPLETION OF THE PROPOSED ACQUISITION OF PASIR GUDANG PROPERTY ("PROPOSED LEASE OF PASIR GUDANG PROPERTY");**

**THE PROPOSED LEASE OF TMC NEW BUILDING, THE PROPOSED LEASE OF SEREMBAN NEW BUILDING AND THE PROPOSED LEASE OF PASIR GUDANG PROPERTY ARE COLLECTIVELY REFERRED TO AS THE "PROPOSED LEASES";**

**"THAT** subject to the passing of Ordinary Resolution 1, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Trustee (acting solely in its capacity as trustee for and on behalf of Al-'Aqar), to enter into a lease agreement with PNG, MSH and PGSH, respectively, in relation to and for the lease of the Properties upon the terms of the respective lease agreements from the completion of Proposed Acquisitions ("**Lease Agreements**");

**AND THAT** the Board of the Manager and the Trustee (acting solely in its capacity as trustee for and on behalf of the Al-'Aqar), be and are authorised to: -

- (i) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of Al-'Aqar, all such agreements, instruments, documents and/or deed as the Board of the Manager may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Leases;
- (ii) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Leases (including but not limited to the Lease Agreements) and/or any provision, term and condition thereof as may be required and/or as the Board of the Manager may in its discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and

- (iii) take all such steps and do all such acts, deeds and things in any manner as the Board of the Manager may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Leases.”

### **ORDINARY RESOLUTION 3**

**PROPOSED ALLOTMENT OF UP TO 73,598,509 NEW UNITS IN AI-'AQAR (“PLACEMENT UNITS”) TO BE ISSUED, BEING UP TO 10% OF THE TOTAL NUMBER OF UNITS ISSUED, PURSUANT TO THE PROPOSED PRIVATE PLACEMENT OF UP TO 118,965,517 NEW UNITS REPRESENTING UP TO 16.16% OF THE TOTAL NUMBER OF UNITS ISSUED AS AT 31 OCTOBER 2022 (“PROPOSED PRIVATE PLACEMENT”) TO LEMBAGA TABUNG HAJI (“LTH”) AND/OR PERSONS CONNECTED WITH LTH (“PROPOSED ALLOTMENT TO LTH”)**

“**THAT** subject to the approvals of all relevant authorities and/or parties (if required) being obtained for the Proposed Allotment to LTH: -

- (i) approval be and is hereby given to the Manager to place, and pursuant thereto for the Board to allot and issue up to 73,598,509 Placement Units, representing up to 10% of the total number of Units issued of 735,985,088 as at 31 October 2022, to LTH and/or persons connected with LTH at an issue price to be determined and fixed by the Board. The actual allotment of the Placement Units pursuant to the Proposed Allotment to LTH shall be at the Manager’s absolute discretion provided that the aggregate number of Units to be issued pursuant to the Proposed Placement shall not exceed 118,965,517 Units (including the Proposed Allotment to LTH) and the allotment to any single placee must not exceed 73,598,509 Units or equivalent to 10% of the total number of Units issued;
- (ii) the Placement Units shall, upon allotment and issue, rank equally in all respects with the existing Units except that the Placement Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared, made or paid on the existing Units before the date of allotment and issue of such Placement Units; and
- (iii) approval and authority be and are hereby given to the Board and the Trustee (acting solely in its capacity as trustee for and on behalf of Al-'Aqar) to do all such acts and things as they may consider necessary or expedient in the best interests of Al-'Aqar with full power to assent to any condition, modification, variation and/or amendment that may be required, or that may be imposed by any regulatory authority, and to issue and execute all declarations, confirmations, agreements, instruments and such other documents and arrangements as may be necessary or expedient to give full effect to, implement and complete the Proposed Allotment to LTH.”

### **ORDINARY RESOLUTION 4**

**PROPOSED ALLOTMENT OF UP TO 73,598,509 PLACEMENT UNITS TO BE ISSUED, BEING UP TO 10% OF THE TOTAL NUMBER OF UNITS ISSUED, PURSUANT TO THE PROPOSED PRIVATE PLACEMENT TO EMPLOYEES PROVIDENT FUND BOARD (“EPF”) AND/OR PERSONS CONNECTED WITH EPF (“PROPOSED ALLOTMENT TO EPF”)**

“**THAT** subject to the approvals of all relevant authorities and/or parties (if required) being obtained for the Proposed Allotment to EPF:

- (i) approval be and is hereby given to the Manager to place, and pursuant thereto for the Board to allot and issue up to 73,598,509 Placement Units, representing up to 10% of the total number of Units issued of 735,985,088 as at 31 October 2022, to EPF and/or persons connected with EPF at an issue price to be determined and fixed by the Board. The actual allotment of the Placement Units pursuant to the Proposed Allotment to EPF shall be at the Manager’s absolute discretion provided that the aggregate number of Units to be issued pursuant to the Proposed Placement shall not exceed 118,965,517 Units (including the Proposed Allotment to EPF) and the allotment to any single placee must not exceed 73,598,509 Units or equivalent to 10% of the total number of Units issued;

- (ii) the Placement Units shall, upon allotment and issue, rank equally in all respects with the existing Units except that the Placement Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared, made or paid on the existing Units before the date of allotment and issue of such Placement Units; and
- (iii) approval and authority be and are hereby given to the Board and the Trustee (acting solely in its capacity as trustee for and on behalf of Al-'Aqar) to do all such acts and things as they may consider necessary or expedient in the best interests of Al-'Aqar with full power to assent to any condition, modification, variation and/or amendment that may be required, or that may be imposed by any regulatory authority, and to issue and execute all declarations, confirmations, agreements, instruments and such other documents and arrangements as may be necessary or expedient to give full effect to, implement and complete the Proposed Allotment to EPF."

## **SPECIAL RESOLUTION 1**

### **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: -

<u>Existing Provision</u>	<u>Revised Provision</u>
<p>The Manager shall be entitled to receive for its own account out of the total assets of Al-'Aqar, a management fee (exclusive of service tax, if any), of up to: -</p> <ul style="list-style-type: none"> <li>(a) zero point one zero percent (0.10%) of the gross asset value ("GAV") for the first RM1.0 billion of the value of the total assets of Al-'Aqar; and</li> <li>(b) 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.</li> </ul>	<p>The Manager shall be entitled to receive for its own account out of the total assets of Al-'Aqar a Management Fee of up to zero point three percent (0.30%) per annum of the total asset value of Al-'Aqar (exclusive of service tax, if any).</p>

**AND THAT** the Proposed Revision in Management Fee will be effective from the date of registration of the Supplemental Deed to the Second Restated Trust Deed with the Securities Commission Malaysia;

**AND THAT** the Board 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."

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

**NURALIZA BINTI A. RAHMAN (MAICSA 7067934)  
ROHAYA BINTI JAAFAR (LS 0008376)**

Johor Bahru

Dated: **21 November 2022**

**Notes:**

1. The EGM will be conducted on a virtual basis through live streaming session and remote voting. Unitholder(s) or proxy(ies) or corporate representative(s) or attorney(s) WILL NOT BE ALLOWED to attend the EGM in person at the broadcast venue on the day of the EGM. The Unitholders can register online to participate in the EGM via <https://vps.megacorp.com.my/joVY9p>.
2. A Unitholder who is entitled to attend and vote remotely at the EGM is entitled to appoint not more than 2 proxies (whether a Unitholder or not) to participate instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote remotely at the EGM, and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote remotely at the EGM.
4. 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.
5. 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.
6. The instrument appointing a proxy must be deposited at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or e-mail to [EGM-support.AIAqar@megacorp.com.my](mailto:EGM-support.AIAqar@megacorp.com.my), not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.
7. Unitholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are to attend the EGM and may use the *Questions' Pane* facility to submit questions in real time during the EGM via the Live-Streaming solution. Unitholder(s) or proxy(ies) or corporate representative(s) or attorney(s), may also submit their questions prior to the EGM via email to [EGM-support.AIAqar@megacorp.com.my](mailto:EGM-support.AIAqar@megacorp.com.my).
8. 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. The Unitholder(s) or proxy(ies) or corporate representative(s) or attorney(s) shall vote remotely via the digital ballot form. Please refer to the Administrative Guide via <http://www.alaqar.com.my> for further information on the EGM.
9. If during the convened EGM and where the discussion pertaining to the resolution of the EGM has concluded, the chairman of the EGM decides to hold the poll voting of the resolution at a later date, the instrument appointing a proxy must be deposited at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or e-mail to [EGM-support.AIAqar@megacorp.com.my](mailto:EGM-support.AIAqar@megacorp.com.my), not less than twenty-four (24) hours before the time appointed for the taking of the poll.
10. Only Unitholders registered in the Record of Depositors as at 6 December 2022 shall be entitled to attend and speak at the EGM or appoint proxy(ies) to attend on his/her behalf.

FORM OF PROXY



Al-'Aqar Healthcare REIT

CDS Account No.	No. of Units held

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
 [Full name in block and as per NRIC/passport, NRIC/Passport/Company No.]

of \_\_\_\_\_  
 [Full address]

\_\_\_\_\_ being member(s) of Al-'Aqar Healthcare REIT, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of unitholdings represented	
		No. of Units	%
Address			

and / or\* (\*delete as appropriate)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of unitholdings represented	
		No. of Units	%
Address			

or failing him/her, the Chairperson of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at Extraordinary General Meeting of Al-'Aqar to be held on a virtual basis at the Broadcast Venue: Anugerah Hall, Level 14, West Wing, KPJ Ampang Puteri Specialist Hospital , No. 1, Jalan Mamanda 9, Taman Dato Ahmad Razali, 68000 Ampang, Selangor on 13 December 2022 at 3:30 p.m. or any adjournment thereof, and to vote as indicated below: -

Description	Resolution	For	Against
The Proposed Acquisitions	Ordinary Resolution 1		
The Proposed Leases	Ordinary Resolution 2		
The Proposed Allotment to LTH	Ordinary Resolution 3		
The Proposed Allotment to EPF	Ordinary Resolution 4		
The Proposed Revision in Management Fee	Special Resolution 1		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
 Signature of Unitholder/ Common Seal

**Notes: -**

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- 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.
- The instrument appointing a proxy must be deposited at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or e-mail to [EGM-support.AIAqar@megacorp.com.my](mailto:EGM-support.AIAqar@megacorp.com.my), not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.
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AFFIX  
STAMP

**MEGA CORPORATE SERVICES SDN BHD**  
**(as the Poll Administrator of AI-'Aqar Healthcare REIT)**  
Level 15-2, Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

2nd Fold Here

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Fold This Flap For Sealing

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