

## AL-`AQAR HEALTHCARE REIT (“AL-`AQAR”)

### PROPOSED DISPOSAL

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#### 1. INTRODUCTION

On behalf of the Board of Directors (“**Board**”) of Damansara REIT Managers Sdn Berhad, being the manager of Al-`Aqar (“**DRMSB**” or “**Manager**”), KAF Investment Bank Berhad (“**KAF IB**”) wishes to announce that AmanahRaya Trustees Berhad (acting solely in its capacity as a trustee for and on behalf of Al-`Aqar) (“**ART**” or “**Trustee**”) had, on 15 November 2023 entered into a sale and purchase agreement (“**SPA**”) with Sihat Damai Sdn Bhd (“**Purchaser**”) for the disposal of the Property (as defined herein) on an ‘as is where is’ basis with vacant possession (or legal possession if possession has been delivered by the Vendor to the Purchaser pursuant to terms of the SPA) and free from all encumbrances, claims, charges, liens, easements, caveats, order of court, trusts, equities and any conflicting interests and restraints (subject to the terms of the SPA) for a disposal consideration of RM13,000,000 to be settled entirely in cash (“**Disposal Consideration**”) (“**Proposed Disposal**”).

Further details on the Proposed Disposal are set out in the ensuing sections.

#### 2. DETAILS OF THE PROPOSED DISPOSAL

##### 2.1 Information on the Property

The “**Property**”, collectively means the following:

- (i) “**Land**” : a parcel of land held under Town Lease No. 017548828 [Plan No 01125531 67 JB 54 A2], in the locality of Mile 3, Jalan Tuaran, District of Kota Kinabalu, in the State of Sabah measuring approximately 3,157.6 square metres. The Land is a leasehold 99 years with expiry on 31 December 2073;
- (ii) “**Damai Wellness Centre**” : five (5) storey purpose-built hospital with a gross floor area of 4,147.13 square metres which has been converted into a wellness and care centre known as “Damai Wellness Centre” bearing postal address of Lorong Pokok Tepus 1, off Jalan Damai, 88300 Kota Kinabalu, Sabah;
- (iii) “**Immovable Assets**” : among others but not limited to, the lift passengers, air handling unit, storage tank, sprinkler, hose reel water tank, genset, suction tank, suction pump, oxygen manifold, nitrous oxide manifold, uninterruptible power supply room; and
- (iv) “**Selected Assets**” : among others but not limited to, the patient beds, clinical waste bins, recycle bins, housekeeping tools, office tables, operation theatre (OT) lights, Fire extinguishers, medical gas tanks, industrial gas cylinders, X-ray viewer.

The registered proprietor of the Land is ART. As at 31 December 2022, the net book value (“**NBV**”) of the Property is RM12,000,000.

## 2.2 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a “willing-buyer willing-seller” basis, after taking into consideration the following:

- (i) market value of the Property of RM12,000,000, as appraised by C H Williams Talhar & Wong (Sabah) Sdn Bhd, an independent firm appointed by the Manager, in its valuation certificate dated 10 November 2023 using the income approach (investment method of valuation); and
- (ii) the NBV of the Property as at 31 December 2022 of RM12,000,000.

## 2.3 Information on the Purchaser

The Purchaser is a private limited company incorporated in Malaysia under the Companies Act, 2016 on 25 November 2021, under the name “Sihat KKSC Sdn Bhd”. On 14 July 2022, it assumed its present name “Sihat Damai Sdn Bhd”. The Purchaser is principally involved in investment of real property.

As at the date of announcement, the total issued share capital of the Purchaser is RM300,000 comprising 300,000 ordinary shares. The shareholders of the Purchaser are as follows:

<b>No.</b>	<b>Name</b>	<b>No. Shares held</b>	<b>(%)</b>
(i)	John Teo Beng Ho	25,500	8.5
(ii)	Felice Huang Seat Lee	13,500	4.5
(iii)	Sarvananthar A/L Kanapathipillai Shanmugam	13,500	4.5
(iv)	Bharathan A/L Theva Rajah	19,500	6.5
(v)	Cheong Yee Tsing	21,000	7.0
(vi)	Helen Benedict Lasimbang	21,000	7.0
(vii)	Liaw Yun Haw	21,000	7.0
(viii)	Datin Mary Florence Gomez A/P N Florence Gomez	24,000	8.0
(ix)	Mohamed Hatta Bin Mohamed Tarmizi	13,500	4.5
(x)	Pan Yin Hsia	18,000	6.0
(xi)	Sergius Bin Ajik	18,000	6.0
(xii)	Sihat Kinabalu Sdn Bhd	33,000	11.0
(xiii)	Sihat Mekar Sdn Bhd	33,000	11.0
(xiv)	Wong Teck Boon	25,500	8.5
		<b>300,000</b>	<b>100.0</b>

The directors of the Purchaser are as follows:

- (i) Datin Mary Florence Gomez A/P N Florence Gomez;
- (ii) Felice Huang Seat Lee;
- (iii) Sarvananthar A/L Kanapathipillai Shanmugam;
- (iv) John Teo Beng Ho;
- (v) Sergius Bin Ajik;
- (vi) Wong Teck Boon;
- (vii) Helen Benedict Lasimbang;
- (viii) Cheong Yee Tsing;
- (ix) Mohamed Hatta Bin Mohamed Tarmizi;
- (x) Liaw Yun Haw;
- (xi) Bharathan A/L Theva Rajah; and
- (xii) Pan Yin Hsia.

## 2.4 Salient terms of the SPA

### 2.4.1 Agreement to sell and to purchase

ART, acting solely in the capacity as trustee for and on behalf of Al-'Aqar, as "Vendor", has agreed to sell and the Purchaser has agreed to purchase, the Property on 'as is' basis together with the Selected Assets with legal possession and free from all encumbrances, claims, charges, liens, easements, caveats, order of court, trusts, equities and any conflicting interests and restraints save and except for that disclosed in the SPA at the Disposal Consideration but subject to all conditions of title, restrictions in interest whether expressed or implied reflecting the same and upon the terms and conditions contained of the SPA for the Proposed Disposal.

### 2.4.2 Conditions Precedent

The SPA is conditional upon the following conditions ("**Conditions Precedent**") to be obtained within four (4) months from the date of the SPA ("**Conditional Period**"):

- (i) the approval of the board of directors of the Manager and the Trustee being obtained for the disposal of the Property to the Purchaser;
- (ii) the approval of the board of directors and members (if necessary) of the Purchaser being obtained for the purchase of the Property; and
- (iii) all such other consents and approvals of the appropriate authorities required to be obtained by the Manager, the Trustee and Purchaser in order to effect the completion of the sale and purchase transaction of the Property have been obtained (if applicable) ("**Approvals**").

In the event the Conditions Precedent cannot be obtained within the Conditional Period, an extension period of one (1) month from the expiry of the Conditional Period may be granted upon the affected party's written request to the other to obtain the unfulfilled Conditions Precedent ("**Extended Conditional Period**").

The date of receipt by the Purchaser's solicitors of the last documents required under the Conditions Precedent or the date of any such waiver given in accordance with the provisions of the SPA, as the case may be, shall become the unconditional date ("**Unconditional Date**").

### 2.4.3 Payment of the Disposal Consideration:

- (i) The Disposal Consideration is payable in the following manner:
  - (a) vide a Public Islamic Bank Berhad cheque no. 270711 dated 9 September 2022 payable to Al-'Aqar, the Purchaser has paid to the Vendor a non-refundable deposit which is the sum equivalent to two per centum (2%) of the Disposal Consideration amounting to RM260,000 only ("**Earnest Deposit**") (the receipt of which the Vendor hereby expressly acknowledges as payment towards the account of the Purchase Price);
  - (b) upon execution of the SPA, the Purchaser or through the Purchaser's solicitors shall pay to the Vendor's solicitors (as stakeholders) the sum equivalent to five per centum (5%) of the Disposal Consideration amounting to RM650,000 only ("**Initial Balance Deposit**").

- (c) the Purchaser shall pay to the Purchaser's solicitors the sum equivalent to three percent (3%) of the Disposal Consideration amounting to **RM390,000** ("**RPGT Retention Sum**") being payment of the real property gains tax ("**RPGT**") retention sum to the Director General of Inland Revenue ("**DGIR**") and hereby authorises the Purchaser's solicitors to remit the RPGT Retention Sum to the DGIR as well as the relevant CKHT forms in accordance with the provisions of the Real Property Gains Tax Act, 1976 and the provisions on RPGT as set out in the SPA ("**Final Balance Deposit**");

(For clarification, the Initial Balance Deposit is not inclusive of the RPGT Retention Sum)

(Collectively, the "**Earnest Deposit**", "**Initial Balance Deposit**" and "**Final Balance Deposit**" shall amount to a total of ten percent (10%) of the Disposal Consideration and shall be referred to as the "**Deposit**")

(The Deposit shall be treated as part payment of the Disposal Consideration upon payment of the Balance Disposal Consideration but not otherwise and shall not be refundable except as provided in accordance with the terms of the SPA)

- (d) Balance Disposal Consideration

The balance of the Disposal Consideration in the sum of RM11,700,000 only ("Balance Disposal Consideration") which is equivalent to ninety percent (90%) of the Disposal Consideration shall be paid by the Purchaser to the Vendor through the Vendor's Solicitors as stakeholders within the period of four (4) months from the Unconditional Date ("**Completion Period**").

- (ii) In the event the Purchaser fails to pay the Balance Disposal Consideration within the **Completion Period**, the Vendor shall grant the Purchaser an extension period of one (1) month or such other further extension at the Vendor's absolute discretion to grant from the expiry of the Completion Period upon receipt of the Purchaser's advance written request ("**Extended Completion Period**") for payment of the Balance Disposal Consideration subject to late payment charges at the prescribed rate of five per cent (5%) per annum calculated on a daily basis ("**Late Payment Charges**") on the outstanding amount from the first day of the Extended Completion Period until actual payment which shall be paid together with the payment of Balance Disposal Consideration upon the expiry of fourteen (14) days from the date of the presentation of the memorandum of transfer or the date of which the memorandum of transfer is deemed to have been presented for registration pursuant to the SPA, whichever is earlier, in respect of the Property provided always that vacant possession and/or legal possession of the Property shall have first been delivered by Vendor to the Purchaser in accordance with the terms of the SPA.

## 2.5 Assumption of liabilities

There are no liabilities, including contingent liabilities and guarantees, to be assumed by the Manager pursuant to the Proposed Disposal.

## 2.6 Utilisation of proceeds

The net proceeds of the Proposed Disposal, after deducting all fees and expenses relating to the Proposed Disposal, will be utilised for capital recycling for yield-accretive acquisitions and/or to repay existing financing purposes.

The net proceeds are expected to be utilised within 12 months from the date of completion of the Proposed Disposal.

## **2.7 Expected gains on Proposed Disposal**

The Proposed Disposal will result in a gain on disposal of RM1,000,000.

## **3. RATIONALE FOR THE PROPOSED DISPOSAL**

The Proposed Disposal will enable Al-`Aqar to realise its investment in the Property and strengthening its asset profile via capital recycling.

## **4. EFFECTS OF THE PROPOSED DISPOSAL**

### **4.1 Unitholders' Capital and Substantial Unitholders' Unitholding**

The Proposed Disposal will not have any effects on the total units of Al-`Aqar and substantial unitholders' unitholding in Al-`Aqar, as the Disposal Consideration will be satisfied entirely in cash.

### **4.2 Net Asset Value ("NAV") and gearing**

The Proposed Disposal is not expected to have any immediate material effect on the NA, NA per unit and gearing of Al-`Aqar.

### **4.3 Earnings per unit ("EPU")**

The Proposed Disposal will have no material impact to the earnings of Al-`Aqar for the financial year ending 31 December 2022 other than gain on disposal of RM1,000,000.

## **5. APPROVALS REQUIRED**

The Proposed Disposal is not subject to the approval of the unitholders of Al-`Aqar.

## **6. INTER-CONDITIONALITY**

The Proposed Disposal is not conditional upon any other corporate proposals undertaken or to be undertaken by Al-`Aqar.

## **7. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the MMLR based on audited financial statements FYE 31 December 2022 is 0.70%.

## **8. RELATED-PARTY TRANSACTION**

The Proposed Disposal is not a related party transaction.

## **9. INTERESTS OF DIRECTORS, MAJOR UNITHOLDERS AND PERSONS CONNECTED TO THEM**

None of the directors and/or major unitholders of Al-`Aqar and/or persons connected to them have any interest, either direct or indirect, in the Proposed Disposal.

**10. STATEMENT BY THE BOARD OF DIRECTORS**

The Board, having considered all aspects including, but not limited to, the rationale and effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of Al- Aqar.

**11. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the first quarter of 2024.

**12. DOCUMENTS FOR INSPECTION**

A copy of the SPA is available for inspection at the registered office of DRMSB at Level 14, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, during normal working hours from Sunday to Thursday (except Public Holidays) for a period of three (3) months from the date of this announcement.

**This announcement is dated 15 November 2023.**