



Al-Aqar Healthcare REIT

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Selangor, Malaysia

PRESS RELEASE

Proposed Disposal of Jeta Gardens Aged Care Facility in Australia, Al-Aqar Strengthening Portfolio through Capital Recycling

- *To dispose lands and buildings of Jeta Gardens Aged Care Facility for AUD24.4 million (or RM74.9 million) cash*
- *Reallocating resources to high-yielding properties, ensuring sustained earnings and distribution growth over the long term*
- *To strategically explore and capitalise on opportunities in the ever-evolving healthcare landscape*

Petaling Jaya, Wednesday, 13th December 2023 – Al Aqar Australia Pty Ltd, a wholly-owned subsidiary of **Al-Aqar Healthcare REIT** (“**Al-Aqar**”) has entered into a land sale contract (“**LSC**”) with **Principal Healthcare Finance Pty Ltd** (“**Principal Healthcare**”) to dispose of the lands and buildings of Jeta Gardens Aged Care Facility with the disposal consideration amounted to AUD24.4 million cash (equivalent to approximately RM74.9 million) (“**Proposed Disposal**”), which will be utilised for apportionment to Jade Aged Care Facility, buildings owned by Jeta Gardens (as defined below), capital recycling and/or redemption of Al-Aqar’s financing facilities as well as expenses related to the Proposed Disposal. Barring any unforeseen circumstances and notwithstanding the longer timeframe permitted under the LSC (subject to terms and conditions of the LSC), the Proposed Disposal is anticipated to be completed in the second half of 2024.

Simultaneously, KPJ Healthcare Berhad (“**KPJ**”) through its subsidiaries, namely Jeta Gardens (QLD) Pty Ltd (“**Jeta Gardens**”) and its wholly owned subsidiary, Jeta Gardens Aged Care (QLD) Pty Ltd (“**Jeta Gardens Aged Care**”) had entered into a business sale and purchase agreement (“**BSA**”) with DPG Services Pty Ltd (“**Business Buyer**”). This agreement involves the disposal of the business conducted by KPJ, encompassing specific assets and liabilities associated with the operation of residential aged care services at Jeta Gardens Aged Care Facility. The LSC and the BSA are interdependent, and as such, the Proposed Disposal is deemed a related party transaction under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Al-Aqar made its foray into Australia’s aged care market in 2011 with a total investment cost of RM132 million. Upon completion of the LSC, the cumulative rental income will cover up to 99% of the total investment cost.

The decision to divest assets in the aged care sector is driven by the changes in the Australia aged care industry landscape. Al-`Aqar aims to eliminate risk exposure to these changes, particularly in response to the outcomes of the Royal Commission into Aged Care Quality and Safety Report in 2019, which resulted in a shift from residential aged care to home care. The home care market has experienced significant growth, mainly from an increase in government expenditure, reaching AUD4.2 billion in 2021, marking a 25% increase from 2020. This shift has significantly impacted the market value of Jeta Gardens Aged Care Facilities, reducing it from AUD42.7 million to AUD28.5 million in FYE 31 December 2022.

Through this transaction, Al-`Aqar aims to capitalise on a market driven offer and leverage the opportunity for capital recycling in higher potential assets. Damansara REIT Managers Sdn Berhad, being the manager of Al-`Aqar (“**Manager**”) anticipates the acquisition of several local matured healthcare assets in the near term. As part of its strategic vision, the Manager targets to double Al-`Aqar’s portfolio value to approximately RM3 billion by 2028, up from the current value of RM1.7 billion.

The Proposed Disposal is not expected to have any material effect on the NAV, NAV per unit and gearing of Al-`Aqar as the Jeta Gardens Aged Care Facility asset value represents only 3.76% of Al-`Aqar’s total asset value as at FYE 31 December 2022. Notwithstanding the loss on disposal, the proposed utilisation of proceeds raised from the Proposed Disposal is expected to contribute positively to the earnings of Al-`Aqar in the future via capital recycling in higher potential assets, and thus contribute to a rising trend of distribution to unitholders.

Concurrently, both the Manager and KPJ/Jeta Gardens will execute the disposal of the retirement village of Jeta Gardens via another request for proposal exercise. The Manager opines that the target audience for the disposal of the retirement village of Jeta Gardens is likely to be broader as no special business license is required to operate the retirement village business. Furthermore, the additional vacant land on the retirement village land is expected to increase the interest in the retirement village of Jeta Gardens.

Separately, on 15 November 2023, Al-`Aqar has successfully entered into a sale and purchase agreement on the disposal of Damai Wellness Centre with Sihat Damai Sdn Bhd, with target completion by March 2024 and expected gain of RM1 million. By selectively divesting underperforming or underutilised assets, Al-`Aqar aims to unlock fresh capital that can be strategically reinvested into high-yielding and future-proof healthcare assets.

“This disposal exercises are aligned with Al-`Aqar’s commitment towards proactive capital recycling, optimising the composition of its assets to drive sustained earnings and distribution growth over the long run,” remarked YM Raja Nazirin Shah Bin Raja Mohamad, Chief Executive Officer of Damansara REIT Managers Sdn Berhad.

End of press release

ABOUT AL-`AQAR HEALTHCARE REIT

Al-`Aqar Healthcare REIT (“Al-`Aqar” or “Fund”) was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 August 2006. Al-`Aqar is managed by Damansara REIT Managers Sdn Berhad, a wholly owned subsidiary of Johor Corporation and supported by KPJ Group. Al-`Aqar was established with an initial portfolio of 6 properties, and today, has grown to 24 properties, comprising 17 hospitals and 4 wellness/health centres, 2 colleges in Malaysia and 1 aged care & retirement village in Australia.

For more information, please visit <https://alaaqar.com.my/>

ABOUT PRINCIPAL HEALTHCARE FINANCE PTY LTD

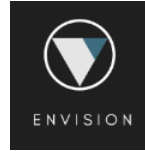
Principal Healthcare Finance Pty Ltd was incorporated in Australia on 11 July 1995 as a proprietary company. The issued share capital of the Land Buyer is AUD2 comprising 100 ordinary shares and the Directors of the Principal Healthcare Finance Trust are Thomas Teo Liang Huat, Peter Roger Shergold, Boon Nee Poh, Victoria Paige Constance Atkinson, Simon Ellis and John Edward Lucey.

Issued by: Envision Tech PLT on behalf of **Damansara REIT Managers Sdn Berhad (the REIT Manager of Al-'Aqar)**
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