THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

AL-`AQAR HEALTHCARE REIT

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

CIRCULAR TO UNIT HOLDERS IN RELATION TO

PART A

(I) **PROPOSED ACQUISITION BY AMANAHRAYA TRUSTEES BERHAD, BEING THE TRUSTEE OF AL-`AQAR HEALTHCARE REIT, OF TWO (2) PARCELS OF FREEHOLD LAND IN NILAI, NEGERI SEMBILAN TOGETHER WITH BUILDINGS ERECTED THEREON FROM PUTERI NURSING COLLEGE SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD FOR A TOTAL CONSIDERATION OF RM77,800,000, TO BE FULLY SATISFIED IN CASH OR A COMBINATION OF CASH AND AL-`AQAR UNITS (AS DETAILED HEREIN);**

(II) **PROPOSED ACQUISITION BY AMANAHRAYA TRUSTEES BERHAD, BEING THE TRUSTEE OF AL-`AQAR HEALTHCARE REIT, OF A PARCEL OF FREEHOLD LAND IN SEREMBAN, NEGERI SEMBILAN FROM SEREMBAN SPECIALIST HOSPITAL SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD FOR A TOTAL CASH CONSIDERATION OF RM4,250,000; AND**

(III) **PROPOSED DISPOSAL BY AMANAHRAYA TRUSTEES BERHAD, BEING THE TRUSTEE OF AL-`AQAR HEALTHCARE REIT, OF THE ENTIRE EQUITY INTEREST IN CROSSBORDER HALL (M) SDN BHD AND CROSSBORDER AIM (M) SDN BHD, BOTH WHOLLY-OWNED SUBSIDIARIES OF AL-`AQAR HEALTHCARE REIT, TO KUMPULAN PERUBATAN (JOHOR) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD FOR A TOTAL CASH CONSIDERATION OF RM4,718,000 (SUBJECT TO THE CROSSBORDER DISPOSAL CONSIDERATION ADJUSTMENT) (AS DEFINED HEREIN)**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED UNIT HOLDERS IN RELATION TO THE PROPOSALS

AND

NOTICE OF UNIT HOLDERS' EXTRAORDINARY GENERAL MEETING

Principal Adviser	Independent Adviser
AmInvestment Bank	Crowe Horwath
AmInvestment Bank Berhad (Company No. : 23742-V) (A Participating Organisation of Bursa Malaysia Securities Berhad)	**Crowe Horwath Advisory Sdn Bhd (807176-W)**

The Notice of the Extraordinary General Meeting of the unit holders of Al-`Aqar Healthcare REIT ("**Al-`Aqar**") ("**EGM**") to be held at Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, on Thursday, 9 July 2015 at 12.00 p.m., together with the Form of Proxy are enclosed herewith.

The Form of Proxy should be lodged at the registered office of Damansara REIT Managers Sdn Berhad, the manager of Al-`Aqar, at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than 48 hours before the time stipulated for holding the EGM. The lodgment of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Tuesday, 7 July 2015 at 12.00 p.m.
Date and time of the EGM	:	Thursday, 9 July 2015 at 12.00 p.m.

This Circular is dated 24 June 2015

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	:	Companies Act, 1965 as amended from time to time including any re-enactment thereof
Al-`Aqar or the Fund	:	Al-`Aqar Healthcare REIT, a real estate investment trust constituted by the Restated Trust Deed
Al-`Aqar Existing KPJUC Land	:	Collectively, the Lot 33002 and PT 7, being parcels of land owned by Al-`Aqar erected with the existing KPJUC buildings
Al-`Aqar Existing SSH Land	:	Several parcels of freehold and leasehold land owned by Al-`Aqar measuring approximately 16,823 sq metres, situated adjacent to the SSH Land
Al-`Aqar Existing SSH Properties	:	Collectively, the Al-`Aqar Existing SSH Land together with the existing SSH building erected thereon
Al-`Aqar Group or Group	:	Al-`Aqar and its subsidiaries
Al-`Aqar Unit(s) or Unit(s)	:	Unit(s) in Al-`Aqar
AmInvestment Bank	:	AmInvestment Bank Berhad (23742-V)), which was appointed as the principal adviser for the Proposed Acquisition of KPJUC Properties on 25 July 2014 and on 17 March 2015 for the Proposed Acquisition of SSH Land and Proposed Disposal
Board	:	The Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Business Day	:	A day on which Bursa Securities is open for trading of securities
CA Share(s)	:	Ordinary share(s) of RM1.00 each in Crossborder Aim
CCC	:	Certificate of Completion and Compliance
CH Share(s)	:	Ordinary share(s) of RM1.00 each in Crossborder Hall
Circular	:	This circular dated 24 June 2015 in relation to the Proposals
Crossborder Aim	:	Crossborder Aim (M) Sdn Bhd (880042-W), a wholly-owned subsidiary of Al-`Aqar
Crossborder Balance Disposal Consideration	:	The balance sum of RM4,618,000, being approximately 97.9% of the Crossborder Disposal Consideration
Crossborder Companies	:	Collectively, Crossborder Aim and Crossborder Hall

Crossborder Completion Date	:	The completion date of the Crossborder SSA which shall take place upon the receipt of Crossborder Disposal Consideration in full by the Trustee, repayment in full of the Crossborder Shareholder's Advances by KPJSB and/or the Crossborder Target Companies to the Trustee and the transfer of the beneficial ownership of the Crossborder Sale Shares from the Trustee to KPJSB
Crossborder Conditional Period	:	The period of six (6) months from the date of the Crossborder SSA
Crossborder Cut-Off Date	:	The last day of the month preceding the Crossborder Completion Date
Crossborder Cut-Off Date NA	:	The unaudited proforma consolidated NA of the Crossborder Companies as at Crossborder Cut-Off Date
Crossborder Cut-Off Date NA Plus 10% Premium	:	The Crossborder Cut-Off Date NA incorporating ten percent (10%) premium
Crossborder Disposal Consideration	:	Total cash consideration of RM4,718,000, in relation to the Proposed Disposal
Crossborder Disposal Consideration Adjustment	:	Adjustment to the Crossborder Disposal Consideration as set out in Section 4.3.4 of Part A of this Circular
Crossborder Hall	:	Crossborder Hall (M) Sdn Bhd (880038-X), a wholly-owned subsidiary of Al-`Aqar
Crossborder Sale Shares	:	The entire equity interest in Crossborder Hall and Crossborder Aim
Crossborder Shareholder's Advances	:	The advances given by Al-`Aqar to the Crossborder Target Companies as detailed in Section 4.3.3 of Part A of the Circular
Crossborder SPA NA	:	The unaudited proforma consolidated NA of the Crossborder Companies as at 31 December 2014 of RM4.29 million
Crossborder SPA NA Plus 10% Premium	:	The Crossborder SPA NA incorporating ten percent (10%) premium
Crossborder SSA	:	The share sale agreement dated 31 March 2015 entered into between the Trustee, the Manager and KPJSB in relation to the Proposed Disposal
Crossborder SSA Cut-Off Date	:	Last day of the month preceding the Crossborder Completion Date
Crossborder Target Companies	:	Collectively, the Crossborder Companies and the PT Al-`Aqar Companies
DRMSB or Manager	:	Damansara REIT Managers Sdn Berhad (717704-V), being the management company of Al-`Aqar
EGM	:	Extraordinary general meeting

EPS	:	Earnings per share
EPU	:	Earnings per unit
FYE(s)	:	Financial year(s) ended / ending, as the case may be
GST	:	Goods and services tax
IDR	:	Indonesian Rupiah
Independent Adviser	:	Crowe Horwath Advisory Sdn Bhd (807176-W), which was appointed as the independent adviser for the Proposed Acquisition of KPJUC Properties on 25 July 2014 and on 18 March 2015 for the Proposed Acquisition of SSH Land and Proposed Disposal
Independent Valuer	:	Cheston International (KL) Sdn Bhd (647245-W), which was appointed as the independent valuer for the Proposed Acquisition of KPJUC Properties on 5 February 2014, and on 12 November 2014 for the Proposed Acquisition of SSH Land and Proposed Disposal
Indonesian Properties	:	Collectively, the RSMPH and RSBSD
JCorp	:	Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by Enactment No. 5 1995)
KLIA	:	Kuala Lumpur International Airport
Km	:	Kilometre(s)
KPJ	:	KPJ Healthcare Berhad (247079-M)
KPJ Group	:	KPJ and its subsidiaries
KPJSB	:	Kumpulan Perubatan (Johor) Sdn Bhd (170968-A), a wholly-owned subsidiary of KPJ, being the purchaser of the Crossborder Sale Shares in relation to the Proposed Disposal
KPJUC	:	KPJ Healthcare University College
KPJUC Academic Block	:	An academic block, which is an eight (8)-storey building erected on PT 8 in relation to the Proposed Acquisition of KPJUC Properties
KPJUC Balance Purchase Consideration	:	The balance sum of RM38,900,000, being the final fifty percent (50%) of the KPJUC Purchase Consideration
KPJUC Cash Consideration	:	A sum of RM38,900,000, being the first fifty percent (50%) of the KPJUC Purchase Consideration which is to be satisfied in cash
KPJUC Completion Date	:	The completion date of the KPJUC SPA which shall take place upon the receipt of KPJUC Cash Consideration in full by PNCSB and the transfer of the legal and beneficial ownership of the KPJUC Properties from PNCSB to the Trustee
KPJUC Completion Period	:	The period of three (3) months from the KPJUC Unconditional Date

KPJUC Deferred Cash Consideration	:	The KPJUC Balance Purchase Consideration to be satisfied in cash, in full or part thereof
KPJUC Deferred Consideration Units	:	New Al-`Aqar Units to be issued to PNCSB as settlement of the KPJUC Balance Purchase Consideration, in full or part thereof
KPJUC Exchange Letter	:	The exchange letter dated 12 February 2015 between the Trustee, representing Al-`Aqar, and PNCSB to vary the terms of the KPJUC Deferred Consideration Units
KPJUC Extended Completion Period	:	An automatic extension of one (1) month from the KPJUC Completion Period or such other date as the Trustee and PNCSB may agree in writing
KPJUC Hostel Block	:	A hostel block which is an eleven and a half (11 ½) storey building erected on Lot 33003 in relation to the Proposed Acquisition of KPJUC Properties
KPJUC Market Unit Price	:	The issue price for the KPJUC Deferred Consideration Units computed based on the five (5)-day VWAP of the Al-`Aqar Units prior to the KPJUC Price Determination Date, incorporating not more than ten percent (10%) discount
KPJUC New Buildings	:	Collectively, the KPJUC Academic Block with two (2) TNB substations and the KPJUC Hostel Block with a refuse chamber
KPJUC Price Determination Date	:	A date to be mutually agreed upon by PNCSB and the Trustee which shall not be more than one (1) month prior to the issuance of the KPJUC Deferred Consideration Units
KPJUC Properties	:	Collectively, the KPJUC New Buildings and the PNCSB Land, being the two (2) parcels of freehold land in Nilai, Negeri Sembilan together with buildings erected thereon
KPJUC Purchase Consideration	:	The total purchase consideration of RM77,800,000 in relation to the Proposed Acquisition of KPJUC Properties
KPJUC Settlement Date	:	The date on which the Trustee settles the KPJUC Balance Purchase Consideration to PNCSB in full
KPJUC Settlement Period	:	The period of three (3) years from the KPJUC Completion Date or such other date as the Trustee and PNCSB may agree in writing
KPJUC SPA	:	The sale and purchase agreement dated 3 October 2014 entered into between the Trustee, representing Al-`Aqar, and PNCSB in relation to the Proposed Acquisition of KPJUC Properties
KPJUC Unconditional Date	:	The date the KPJUC SPA becomes unconditional
LATMI	:	Loss after tax and minority interests
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities

Lot 33002	:	A parcel of land in Nilai, Negeri Sembilan held under title particulars GRN 211809, Lot No. 33002, Bandar Baru Kota Sri Mas, Daerah Seremban, Negeri Sembilan
Lot 33003	:	A parcel of land in Nilai, Negeri Sembilan held under title particulars GRN 211810, Lot No. 33003, Bandar Baru Kota Sri Mas, Daerah Seremban, Negeri Sembilan
LPD	:	29 May 2015, being the latest practicable date prior to printing of this Circular
LPS	:	Loss per share
Master Expansion Plan	:	PNCSB's master expansion plan for KPJUC
MGS	:	Malaysian-Government Securities
MPN	:	Majlis Perbandaran Nilai
MPS	:	Majlis Perbandaran Seremban
NA	:	Net assets
NAV	:	Net assets value
NBV	:	Net book value
NL	:	Net liabilities
p.a.	:	Per annum
PAT	:	Profit after tax
PATMI	:	Profit after tax and minority interest
PBT	:	Profit before tax
Placement Units	:	New Al-`Aqar Units to be issued pursuant to the Proposed Private Placement
PNCSB	:	Puteri Nursing College Sdn Bhd (253703-V), an indirect wholly-owned subsidiary of KPJ, being the vendor of the KPJUC Properties, in relation to the Proposed Acquisition of KPJUC Properties
PNCSB Land	:	Collectively, the Lot 33003 and PT 8, being the parcels of land erected with the KPJUC New Buildings
Proposals	:	Collectively, the Proposed Acquisition of KPJUC Properties, the Proposed Acquisition of SSH Land and the Proposed Disposal
Proposed Acquisition of KPJUC Properties	:	Proposed acquisition by the Trustee, of two (2) parcels of freehold land in Nilai, Negeri Sembilan together with buildings erected thereon from PNCSB for a total purchase consideration of RM77,800,000
Proposed Acquisition of SSH Land	:	Proposed acquisition by the Trustee, of the SSH Land from SSHSB, for a total cash consideration of RM4,250,000

Proposed Disposal	:	Proposed disposal by the Trustee of the Crossborder Sale Shares to KPJSB for a total cash consideration of RM4,718,000
Proposed KPJUC Leaseback		Proposed leaseback of the KPJUC Properties from the Trustee to PNCSB
Proposed Private Placement	:	Proposed private placement of new Al-`Aqar Units at an issue price to be determined later to raise gross proceeds of up to RM40,000,000
Proposed SSH Leaseback		Proposed leaseback of the SSH Land from the Trustee to SSHSB
PT 7	:	A parcel of land in Nilai, Negeri Sembilan held under title particulars HS(D) 189780, PT No. 7, Bandar Baru Kota Sri Mas, Daerah Seremban, Negeri Sembilan
PT 8	:	A parcel of land in Nilai, Negeri Sembilan held under title particulars HS(D) 189781, PT No. 8, Bandar Baru Kota Sri Mas, Daerah Seremban, Negeri Sembilan
PT Al-`Aqar Companies	:	Collectively, PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai
REIT	:	Real estate investment trust
REIT Guidelines	:	Guidelines on Real Estate Investment Trusts issued by the SC, as amended from time to time
Reporting Accountants	:	Messrs Deloitte
Restated Trust Deed	:	The restated trust deed dated 31 July 2013 entered into between the Manager and the Trustee and the persons who are for the time being registered as holders of the units in Al-`Aqar, constituting Al-`Aqar
RM and sen	:	Ringgit Malaysia and sen respectively
RSBSD	:	Rumah Sakit Medika Bumi Serpong Damai building held under land certificate: Hak Guna Bangunan (Rights to Build) No.881, Desa Lengkong Wetan, Kecamatan Serpong, Kabupaten Tangerang, Propinsi Banten (formerly Jawa Barat), Indonesia
RSMPH	:	Rumah Sakit Medika Permata Hijau building held under land certificate - Hak Guna Bangunan (Right to Build) No.01036, Kelurahan Sukabumi Selatan, Kecamatan Kebon Jeruk, Kotamadya Jakarta Barat, Propinsi Daerah Khusus Ibukota Jakarta Raya, Indonesia
SC	:	Securities Commission Malaysia
Seremban Land	:	Collectively, the SSH Land and the Al-`Aqar Existing SSH Land
Sq metres	:	Square metres
SSH	:	KPJ Seremban Specialist Hospital
SSH Balance Purchase Consideration	:	A balance sum of RM4,150,000, being approximately 97.6% of the SSH Purchase Consideration

SSH Completion Date	:	Completion date of the SSH SPA which shall take place upon the receipt of SSH Purchase Consideration in full by SSHSB and the transfer of the beneficial ownership of the SSH Land from SSHSB to the Trustee
SSH Completion Period	:	The period of one (1) month from the date the SSH SPA becomes unconditional
SSH Conditional Period	:	The period of six (6) months from the date of the SSH SPA
SSH Existing Lease Agreement	:	The lease agreement dated 12 December 2012 entered into between the Trustee, representing Al-`Aqar, the Manager and SSHSB for the lease of the Existing SSH Properties to SSHSB, for the second (2nd) lease term period
SSH Facilities	:	Collectively, a car park operation building, a medical gas storage building, a TNB substation and a refuse chamber erected on the SSH Land
SSH Land	:	A parcel of land in Seremban, Negeri Sembilan held under title particulars HS(D) 218451, PT 2466, Pekan Bukit Kepayang, Daerah Seremban, Negeri Sembilan
SSH New Buildings	:	Collectively, eight (8)-storey physician consultant block and a six (6)-storey annexed block erected on the Al-`Aqar Existing SSH Land
SSH Purchase Consideration	:	The total cash consideration of RM4,250,000 in relation to the Proposed Acquisition of SSH Land
SSH SPA	:	The sale and purchase agreement dated 18 March 2015 entered into between the Trustee, representing Al-`Aqar, and SSHSB in relation to the Proposed Acquisition of SSH Land
SSH Supplemental Lease Agreement	:	The supplemental lease agreement to the SSH Existing Lease Agreement to be entered into between the Trustee, representing Al-`Aqar, the Manager and SSHSB for the lease of the SSH Land to SSHSB
SSH Supplemental SPA	:	The supplemental sale and purchase agreement dated 10 April 2015 (which is supplemental to the SSH SPA) entered into between the Trustee, representing Al-`Aqar, and SSHSB to vary the terms of the SSH SPA
SSHSB	:	Seremban Specialist Hospital Sdn Bhd (7212-T), an indirect wholly-owned subsidiary of KPJ, being the vendor of the SSH Land in relation to the Proposed Acquisition of SSH Land
Trustee	:	AmanahRaya Trustees Berhad (766894-T), being the trustee of Al-`Aqar
Unit holder(s)	:	Holder(s) of units in Al-`Aqar
VWAP	:	Volume weighted average market price

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

All references to "you" in this Circular are to the Unit Holders of Al-`Aqar.

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

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PART A

LETTER TO THE UNIT HOLDERS OF AL-`AQAR IN RELATION TO THE PROPOSALS

DAMANSARA REIT MANAGERS SDN BERHAD

(Company No. 717704-V)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office
Level 11, Menara KOMTAR
Johor Bahru City Centre
80000, Johor Bahru
Johor

24 June 2015

Board of Directors

Dato' Kamaruzzaman Abu Kassim	*(Non-Executive Chairman)*
Yusaini Bin Sidek	*(Managing Director)*
Tan Sri Siti Sa'diah Binti Sheikh Bakir	*(Independent Non-Executive Director)*
Dato' Mani a/l Usilappan	*(Independent Non-Executive Director)*
Zainah Binti Mustafa	*(Independent Non-Executive Director)*
Jamaludin Bin Md Ali	*(Non-Independent Non-Executive Director)*
Lukman Bin Abu Bakar	*(Non-Independent Non-Executive Director)*
Dr. Mohd Hafetz Bin Ahmad	*(Independent Non-Executive Director)*
Mohd Yusof Bin Ahmad	*(Non-Independent Non-Executive Director)*

To: The Unit holders of Al-`Aqar Healthcare REIT

Dear Sir/Madam,

(I) PROPOSED ACQUISITION OF KPJUC PROPERTIES;
(II) PROPOSED ACQUISITION OF SSH LAND; AND
(III) PROPOSED DISPOSAL

(COLLECTIVELY REFERRED TO AS "PROPOSALS")

1. INTRODUCTION

On behalf of the Board of the Manager, AmInvestment Bank had announced that, Al-`Aqar, as represented by the Trustee, proposes to undertake the following proposals:-

(i) proposed acquisition of two (2) parcels of freehold land in Nilai, Negeri Sembilan together with buildings erected thereon from PNCSB for a total consideration of RM77,800,000 ("**Proposed Acquisition of KPJUC Properties**"), as announced on 3 October 2014. Upon completion of the Proposed Acquisition of KPJUC Properties, PNCSB will leaseback the KPJUC Properties from the Trustee ("**Proposed KPJUC Leaseback**");

(ii) proposed acquisition of the SSH Land from SSHSB for a total cash consideration of RM4,250,000 ("**Proposed Acquisition of SSH Land**"), as announced on 19 March 2015. Upon completion of the Proposed Acquisition of SSH Land, SSHSB will leaseback the SSH Land from the Trustee ("**Proposed SSH Leaseback**"); and

(iii) proposed disposal of the entire equity interest in the Crossborder Companies to KPJSB for a total cash consideration of RM4,718,000 (subject to the Crossborder Disposal Consideration Adjustment as detailed in Section 4.3.4 below) ("**Proposed Disposal**"), as announced on 31 March 2015.

On 12 May 2015, on behalf of the Board of the Manager, AmInvestment Bank had announced that in relation to the Proposed Acquisition of KPJUC Properties, the SC had vide its letter dated 11 May 2015, granted its approval for the following:-

(i) increase in approved fund size of Al-`Aqar by up to 176,649,139 units, in relation to the following:-

    (a) issuance of up to 37,403,846 KPJUC Deferred Consideration Units pursuant to the Proposed Acquisition of KPJUC Properties, based on minimum issue price of RM1.04 per unit and the KPJUC Balance Purchase Consideration of RM38,900,000; and

    (b) issuance of up to 139,245,293 Al-`Aqar Units, representing approximately 20% of the approved fund size of Al-`Aqar, being the maximum number of units that can be issued pursuant to Clause 14.03 of the REIT Guidelines, pursuant to the Proposed Private Placement.

    The abovementioned approval from the SC is subject to the following conditions:-

    (aa) the SC is to be informed of the date of issuance of the new Al-`Aqar Units on the Main Market of Bursa Securities;

    (bb) issuance of up to 37,403,846 KPJUC Deferred Consideration Units pursuant to the Proposed Acquisition of KPJUC Properties, must be completed on the expiry of the three (3) years from the KPJUC Completion Date or such other date as the parties may agree in writing, subject to the approval of the SC; and

    (cc) issuance of up to 139,245,293 Al-`Aqar Units pursuant to the Proposed Private Placement must be completed within six (6) months from the date of the SC KPJUC Approval;

(ii) listing and quotation of the new Al-`Aqar Units on the Main Market of Bursa Securities;

(iii) valuation of the KPJUC Properties at RM77,800,000; and

(iv) exemption from compliance with Clause 14.04(a)(ii) of the REIT Guidelines in relation to obtaining unit holders' approval on the precise terms and conditions of an issue of units.

The SC's approval is subject to, amongst others, the following:-

(i) issuance of up to 37,403,846 KPJUC Deferred Consideration Units pursuant to the Proposed Acquisition of KPJUC Properties, must be completed on the expiry of the three (3) years from the KPJUC Completion Date or such other date as the parties may agree in writing, subject to the approval of the SC; and

(ii) issuance of up to 139,245,293 Al-`Aqar Units pursuant to the Proposed Private Placement, must be completed within six (6) months from the date of the SC's approval.

On 14 May 2015, on behalf of the Board of the Manager, AmInvestment Bank had announced that, the SC had granted its approval on the waiver for the proposed acquisition of a vacant land pursuant to the Proposed Acquisition of SSH Land, vide its letter dated 13 May 2015.

On 28 May 2015, on behalf of the Board of the Manager, AmInvestment Bank had announced that Bursa Securities had, vide its letter dated 25 May 2015 (received on 27 May 2015), approved the listing of and quotation for up to 37,403,846 new Al-`Aqar Units pursuant to the Proposed Acquisition of KPJUC Properties.

The Bursa Securities' approval is subject to, among others, the following conditions:-

(i) Al-`Aqar and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Acquisition of KPJUC Properties;

(ii) Al-`Aqar and AmInvestment Bank are to inform Bursa Securities upon the completion of the Proposed Acquisition of KPJUC Properties;

(iii) Al-`Aqar and AmInvestment Bank are to furnish a certified true copy of the resolution passed by unit holders at the extraordinary general meeting for the Proposed Acquisition of KPJUC Properties; and

(iv) Al-`Aqar to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition of KPJUC Properties is completed.

In view of the interests of the Interested Directors and Interested Major Unit holders (as defined herein) as disclosed in Section 8 of below, the Proposals are deemed related party transactions. As AmInvestment Bank is the Principal Adviser to both Al-`Aqar and KPJ in relation to the Proposals, the Board of the Manager and the Board of the Trustee had appointed Crowe Horwath Advisory Sdn Bhd as the Independent Adviser to advise the non-interested directors and non-interested unit holders of Al-`Aqar on the fairness and reasonableness of the Proposals and whether the Proposals are detrimental to the non-interested unit holders of Al-`Aqar. The Independent Adviser also advises the non-interested unit holders of Al-`Aqar on whether they should vote in favour of the Proposals. The independent advice letter from the Independent Adviser in relation to the Proposals is set out in Part B of this Circular.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE INDEPENDENT ADVICE LETTER AND APPENDICES BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED ACQUISITION OF KPJUC PROPERTIES

AmInvestment Bank had on 3 October 2014, on behalf of the Board of the Manager, announced that the Trustee, representing Al-`Aqar, had on 3 October 2014 entered into the KPJUC SPA with PNCSB, an indirect wholly-owned subsidiary of KPJ, to acquire two (2) parcels of freehold land in Nilai, Negeri Sembilan, together with buildings erected thereon (i.e the KPJUC Properties) for the KPJUC Purchase Consideration of RM77,800,000, of which the first fifty percent (50%) shall be satisfied in cash and the final fifty percent (50%) shall be satisfied via cash and/or issuance of new Al-`Aqar Units. Upon completion of the Proposed Acquisition of KPJUC Properties, the Trustee will leaseback the KPJUC Properties to PNCSB.

In addition, PNCSB and the Trustee had on 12 February 2015 ("**KPJUC Exchange Letter**") (as announced on 13 February 2015) and 18 March 2015, exchanged letters to vary the terms of the KPJUC Deferred Consideration Units, which included, *inter-alia,* setting the minimum issue price of the KPJUC Deferred Consideration Units at RM1.04 each, and that the KPJUC Deferred Consideration Units shall not be issued during abnormal market conditions.

Details on the salient terms of the KPJUC SPA including the exchange letters are as set out in Section 2.3 below.

PNCSB is the owner of the KPJUC Properties and operator of KPJUC.

The Proposed Acquisition of KPJUC Properties entails the Trustee acquiring from PNCSB the new extension of KPJUC consisting of the KPJUC Academic Block with two (2) TNB substations and the KPJUC Hostel Block with a refuse chamber (collectively referred to as "**KPJUC New Buildings**") erected on two (2) parcels of land in Nilai, Negeri Sembilan, namely PT 8 and Lot 33003 (collectively referred to as the "**PNCSB Land**") respectively. PNCSB Land and KPJUC New Buildings are collectively referred to as "**KPJUC Properties**".

In 2009, the Trustee had acquired two (2) parcels of land, namely, Lot 33002 and PT 7 (collectively referred to as "**Al-`Aqar Existing KPJUC Land**") together with the existing KPJUC buildings erected thereon, which are adjacent to the PNCSB Land.

PNCSB is required to amalgamate the PNCSB Land with the Al-`Aqar Existing KPJUC Land as part of MPN's condition for approving the Master Expansion Plan. Please refer to Section 2.11 below for further details on the Master Expansion Plan.

The amalgamation process is expected to commence after the ownership and land title of the KPJUC Properties have been transferred to the Trustee upon completion of the Proposed Acquisition of KPJUC Properties.

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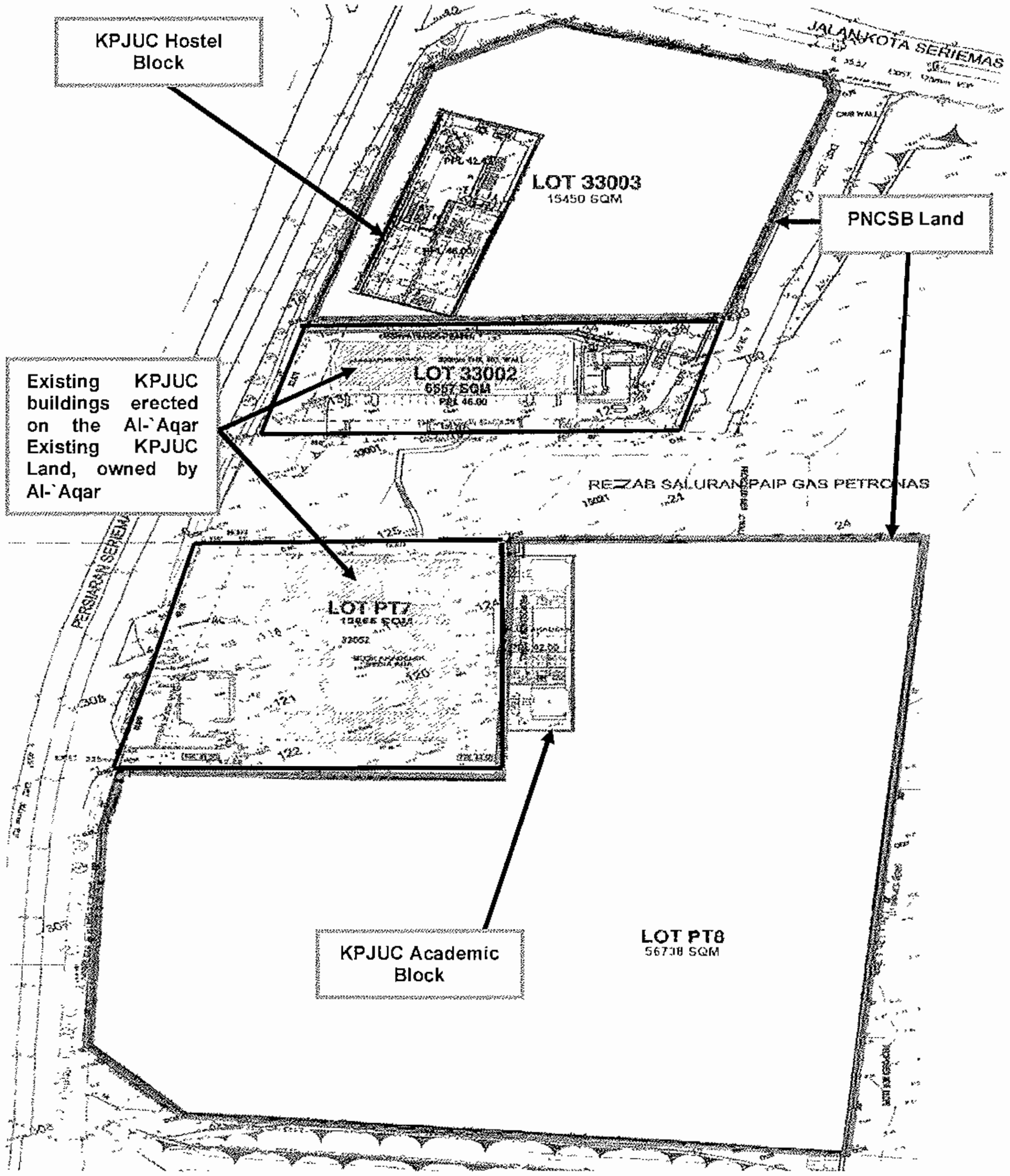
The diagram below depicts the location of the PNCSB Land as well as the Al-`Aqar Existing KPJUC Land. The KPJUC Academic Block is built on PT 8, whilst the KPJUC Hostel Block is built on Lot 33003.



(Source : Extracted from KPJUC Properties valuation report dated 25 August 2014 prepared by the Independent Valuer)

2.1 Information on the KPJUC Properties

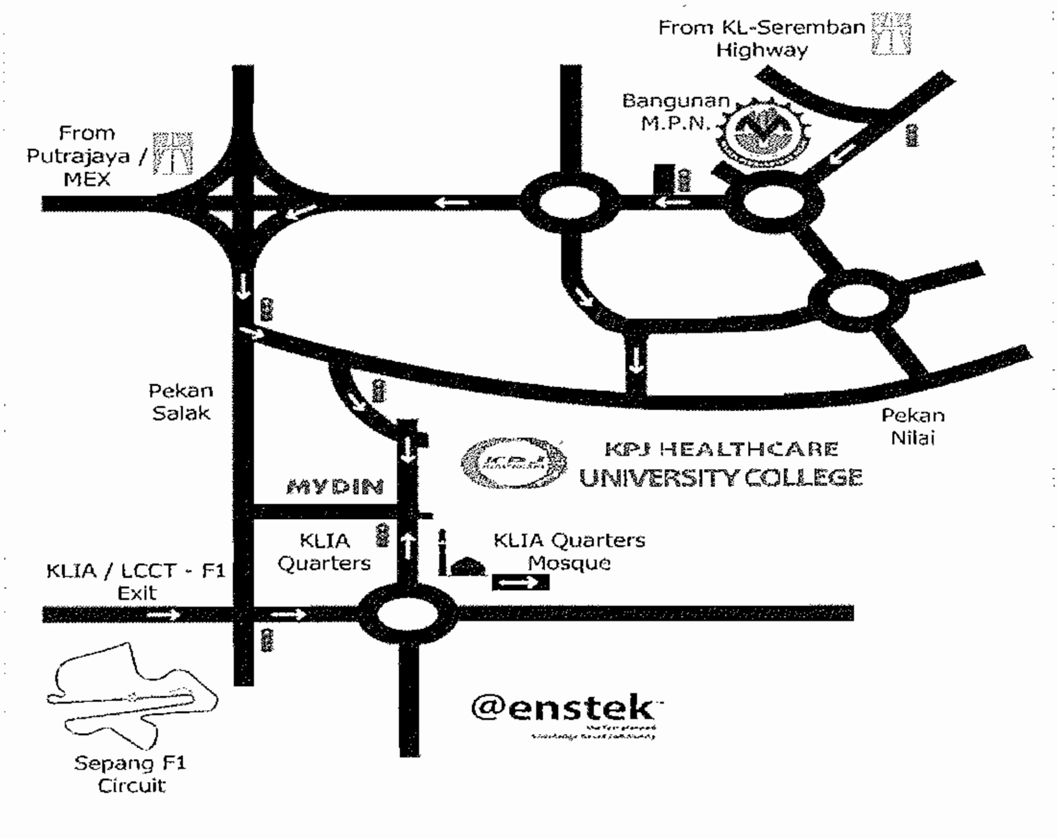
The KPJUC Properties are an extension of KPJUC.

KPJUC is established on 1 April 1991 and was known as KPJ International College until it obtained the University College status in May 2011. Since then KPJUC has been offering diverse homegrown academic programmes for professionals in the healthcare industry ranging from PhD programmes, masters programmes, degree programmes as well as certificate programmes. At present, KPJUC offers a total of 34 programmes with a total number of 1,962 students at its main campus in Nilai.

KPJUC is located within Kota Seriemas, Nilai, Negeri Sembilan which is sited off the western side of the North-South Expressway, travelling from Bangi towards Seremban. Kota Seriemas is a 2,400-acre township situated in Nilai, Negeri Sembilan and is surrounded by self-contained townships such as Bandar Baru Enstek, Bandar Baru Nilai and Bandar Baru Salak Tinggi. Kota Seriemas is easily accessible via Kuala Lumpur – Seremban Highway (exit at Nilai) and ELITE Highway (exit at KLIA).

Nilai town is located about 10km to the north-east of the KPJUC Properties. The Sepang International F1 Circuit is located about 7 km to the south-west of the KPJUC Properties. The KLIA and the newly completed KLIA2 are located about 18km due west of the KPJUC Properties. The KPJUC Properties are located about 60 km to the south-east of Kuala Lumpur City Centre and 32km to the north-west of Seremban town centre.

The map below depicts the location of the KPJUC Properties which is located in Kota Seriemas, Nilai, Negeri Sembilan:-



(Source : PNCSB)

2.1.1 PNCSB Land

Lot 33003 is a regular shaped parcel of land, having a title land area of approximately 15,450 sq metres. Lot 33003 is generally flat in terrain and lies slightly above the level of the frontage metalled road, Persiaran Seriemas. PT 8 is a "L" shaped parcel of land, having a provisional title land area of 56,738 sq metres. Similar to Lot 33003, PT 8 is also generally flat in terrain and lies slightly above the level of the frontage metalled road, Persiaran Seriemas.

The audited NBV of the PNCSB Land as at 31 December 2014 is RM9.87 million.

Other pertinent information in respect of the PNCSB Land is set out as below:-

Description	**Lot 33003**	**PT 8**
Title number:	GRN 211810	HS(D) 189781
Property address:	Part of KPJ Healthcare University College (Nilai Campus), Persiaran Seriemas, Kota Seriemas, 71800, Nilai, Negeri Sembilan Darul Khusus	Part of KPJ Healthcare University College (Nilai Campus), Persiaran Seriemas, Kota Seriemas, 71800, Nilai, Negeri Sembilan Darul Khusus
Tenure:	Freehold	Freehold
Land area:	15,450 sq metres	56,738 sq metres
Category of land use:	Building	Building
Express condition:	This land is to be used for residential buildings only	This land is to be used for commercial buildings only
Date of investment	6 August 2009	6 August 2009
Charges:	Nil	Nil
Encumbrances:	Nil	Nil
Restriction in interest	This land cannot be transferred, leased, mortgaged, except with the prior written permission/ approval from the state authority	Nil

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2.1.2 KPJUC New Buildings

The KPJUC New Buildings consist of the KPJUC Academic Block and two TNB substations as well as the KPJUC Hostel Block and a refuse chamber. The KPJUC Academic Block is erected on PT 8 whilst the KPJUC Hostel Block is erected on Lot 33003.

The KPJUC Academic Block is an eight (8) – storey building with a gross floor area of approximately 11,020 sq metres. The KPJUC Academic Block has a maximum capacity of 2,500 students and is equipped with, amongst others, auditoriums, lecture halls, a library, computer labs, a multipurpose room, a student lounge, a waiting room, offices, a pantry, physio labs and classrooms.

The KPJUC Hostel Block is an eleven and a half (11 ½) – storey building with a gross floor area of approximately 19,328 sq metres. The KPJUC Hostel Block can accommodate up to a maximum of 1,020 students. The KPJUC Hostel Block has student rooms, warden/guest rooms, a surau, a multipurpose hall and a store room.

The KPJUC New Buildings were completed on 20 February 2014. The audited NBV of the New Buildings as at 31 December 2014 is RM48.01 million.

Description	**KPJUC Hostel Block**	**KPJUC Academic Block[i]**
Tenure:	Freehold	Freehold
Gross Floor Area:	19,328 sq metres	11,020 sq metres
Lettable space[ii]:	19,328 sq metres	11,020 sq metres
Occupancy rate	100%	100%
Age of building:	One year	One year
Charges:	Nil	Nil
Encumbrances:	Nil	Nil

Notes: -

(i) Part of the KPJUC Academic Block measuring approximately 10 feet (i.e 3.05 metres), was erected on one of the Al-`Aqar Existing KPJUC Land, namely PT 7.

(ii) In view that the KPJUC New Buildings will be wholly rented out to PNCSB, being the lessee, the net lettable space is the same per the gross floor area.

2.2 Liabilities to be assumed by Al-`Aqar

There are no liabilities to be assumed by Al-`Aqar pursuant to the Proposed Acquisition of KPJUC Properties.

2.3 Salient terms of the KPJUC SPA

2.3.1 Encumbrances

PNCSB agrees to sell and the Trustee agrees to purchase the KPJUC Properties which are sold upon the basis that a separate title deed has been issued for the KPJUC Properties, free from any claims, charges, liens, encumbrances and equities whatsoever, with legal ownership and legal possession of the KPJUC Properties being transferred from PNCSB to the Trustee upon full payment of the KPJUC Cash Consideration to PNCSB or to its order as at KPJUC Completion Date, subject to all express conditions and restrictions expressed or implied on the title, registered or to be registered on the title to the KPJUC Properties at the relevant land registry, subject to the category of land use of the KPJUC Properties, which is "building" and upon the basis that each of the representation and warranties as set out in the KPJUC SPA are true and accurate.

2.3.2 Settlement of the KPJUC Purchase Consideration

The KPJUC Purchase Consideration of RM77,800,000 shall be satisfied in the following manner:-

(i) The first fifty percent (50%) of the KPJUC Cash Consideration of RM38,900,000 shall be paid in cash to PNCSB as follows:-

   (a) A sum of RM100,000 (approximately 0.1% of the KPJUC Purchase Consideration), being a deposit and part payment of the KPJUC Purchase Consideration, has been paid upon execution of the KPJUC SPA.

   The deposit shall be refundable to the Trustee in the event all or any of the conditions precedents (as detailed in Section 2.3.3) below) have not been obtained or waived by the end of the nine (9) months period (or any extension thereof) from the date of the KPJUC SPA. Thereafter, the KPJUC SPA shall be automatically terminated.

   (b) The balance sum of RM38,800,000 (approximately 49.9% of the KPJUC Purchase Consideration), shall be paid on or before the expiry of the KPJUC Completion Period with an automatic extension of one (1) month from the KPJUC Completion Period or such other date as the parties may agree in writing; and

(ii) The remaining fifty percent (50%) of the KPJUC Balance Purchase Consideration of RM38,900,000 shall be paid by the Trustee either by KPJUC Deferred Cash Consideration or by issuance of KPJUC Deferred Consideration Units or by a combination of KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units in the amount equivalent to the KPJUC Balance Purchase Consideration on or before the expiry of the period of three (3) years from the KPJUC Completion Date or such other date as the Trustee and PNCSB may agree in writing.

The completion of the KPJUC SPA shall take place on the date PNCSB receives the KPJUC Cash Consideration in full and the legal and beneficial ownership of the KPJUC Properties has been transferred from PNCSB to the Trustee ("**KPJUC Completion Date**").

The lease agreement for the KPJUC Properties shall be executed on the KPJUC Completion Date.

The date on which the Trustee settles the KPJUC Balance Purchase Consideration to PNCSB shall be the settlement date ("**KPJUC Settlement Date**").

2.3.2.1 KPJUC Balance Purchase Consideration

PNCSB shall at least six (6) months prior to the KPJUC Settlement Date, provide a written notification to the Trustee, on the preferred mode of settlement for the KPJUC Balance Purchase Consideration. The final mode of settlement shall be agreed by both parties.

The KPJUC Balance Purchase Consideration shall be satisfied by the Trustee during the KPJUC Settlement Period, either by payment of the KPJUC Deferred Cash Consideration or by the issuance of the KPJUC Deferred Consideration Units or by a combination of both KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units in the amount equivalent to the KPJUC Balance Purchase Consideration.

(i) KPJUC Deferred Cash Consideration

In the event that the parties have agreed that the KPJUC Balance Purchase Consideration is to be settled by the Trustee by payment of the KPJUC Deferred Cash Consideration, the Trustee shall ensure that the KPJUC Deferred Cash Consideration is released to PNCSB during the KPJUC Settlement Period.

(ii) KPJUC Deferred Consideration Units

(a) <u>Issue Price & Fractional Units</u>

(aa) In the event the parties have agreed that the KPJUC Balance Purchase Consideration is to be settled by the Trustee via issuance of the KPJUC Deferred Consideration Units, the KPJUC Deferred Consideration Units will be issued within the KPJUC Settlement Period at an issue price computed based on the five (5)-day VWAP of the Al-`Aqar Units prior to the KPJUC Price Determination Date, incorporating not more than ten (10%) percent discount ("**KPJUC Market Unit Price**").

(bb) Notwithstanding the above, the issue price of the KPJUC Deferred Consideration Units shall not be below RM1.04, based on the NAV per unit of Al-`Aqar of RM1.15 as at 30 September 2014, being the latest available quarterly report on the consolidated results of Al-`Aqar prior to the date of the KPJUC Exchange Letter, incorporating ten percent (10%) discount.

(cc) In the event the KPJUC Market Unit Price of Al-`Aqar is below RM1.04, the KPJUC Balance Purchase Consideration shall be settled in cash as a full and final settlement of the KPJUC Balance Purchase Consideration. In such event, the KPJUC Settlement Date shall be extended to another six-(6) months from the KPJUC Price Determination Date.

(dd) However, if the KPJUC Market Unit Price is below RM1.04, and if PNCSB intends to receive the KPJUC Deferred Consideration Units at the issue price which is equivalent to the KPJUC Market Unit Price as settlement for the KPJUC Balance Purchase Consideration, the Trustee shall, at the request of PNCSB, seek prior approval from the SC, if required, for the issuance of the KPJUC Deferred Consideration Units. In the event such SC's approval for the issuance of KPJUC Deferred Consideration Units is not obtained, the Trustee shall settle the KPJUC Balance Purchase Consideration in cash as a full and final settlement of the KPJUC Balance Purchase Consideration and the KPJUC Settlement Date of which shall be extended to another six-(6) months from the date of SC's decision.

(ee) Any fractional units arising from the settlement of the KPJUC Balance Purchase Consideration shall be disregarded.

(b) <u>Abnormal Market Conditions</u>

(aa) The KPJUC Deferred Consideration Units shall not be issued during Abnormal Market Conditions (as defined herein).

(bb) In the event the Abnormal Market Condition occurs, the Trustee or PNCSB shall provide a written notice to inform the other party that the Abnormal Market Condition has occurred and hence, the KPJUC Balance Purchase Consideration shall be settled in cash. In such event, the KPJUC Settlement Date shall be extended to another six-(6) months from the date of the said notice.

"**Abnormal Market Conditions"** is defined as abnormal market condition resulting from the occurrence of any one or more of the following conditions:-

(A) any material and adverse change in the business or financial condition, prospects, results of operations, properties or assets of Al-`Aqar or Al-'Aqar Group which would result in Al-`Aqar or Al-`Aqar Group to cease or threatens to cease to carry on the whole or any substantial part of its business;

(B) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing which would have a significant adverse impact on both the FTSE Bursa Malaysia KLCI and the Al-`Aqar units price;

(C) any situation resulting from the implementation of any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority or any event or series of events beyond the reasonable control of Al-`Aqar (including without limitation, acts of God, national disorder, declaration of a state of national emergency, acts of terrorism, declaration of pandemic, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents) which would prohibit or impede the obligations of Al-`Aqar to issue the KPJUC Deferred Consideration Units; or

(D) the imposition of any material restriction on trading of units or securities of Al-`Aqar by Bursa Securities for more than ten (10) consecutive Business Days. For clarification, this does not include request by Al-`Aqar for the suspension of trading of units or securities of Al-`Aqar in relation to the release of material announcement.

(iii) Combination of KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units

In the event the parties have agreed that the KPJUC Balance Purchase Consideration is to be paid in a combination of KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units in the amount equivalent to the KPJUC Balance Purchase Consideration, the procedures as set out in (i) and (ii) above shall apply.

2.3.3 Conditions precedent

The KPJUC SPA is conditional upon and subject to the fulfilment of the following conditions precedent:-

(i) the approval of the shareholders and Board of PNCSB and the Board of KPJ for the proposed disposal of the KPJUC Properties and Proposed KPJUC Leaseback, which have been obtained prior to the date of the KPJUC SPA;

(ii) the approval of the Board of the Manager and the Trustee in respect of the Proposed Acquisition of KPJUC Properties and Proposed KPJUC Leaseback, which have been obtained prior to the date of the KPJUC SPA;

(iii) the approval of the shareholders of KPJ at an EGM being obtained for the proposed disposal of the KPJUC Properties and the Proposed KPJUC Leaseback, which shall be obtained at the upcoming EGM;

(iv) the approval of the SC in respect of the issuance of the KPJUC Deferred Consideration Units which has been obtained by Al-`Aqar vide SC's letter dated 11 May 2015, as detailed in Sections 1 and 9 below;

(v) the approval of the Unit holders at an EGM approving the Proposed Acquisition of KPJUC Properties (including the issuance of the KPJUC Deferred Consideration Units), which shall be obtained at the upcoming EGM;

(vi) the approval of Bursa Securities for the quotation and listing of the KPJUC Deferred Consideration Units on the Main Market of Bursa Securities, which has been obtained by Al-`Aqar vide Bursa Securities' letter dated 25 May 2015 as detailed in Sections 1 and 9 below;

(vii) the relevant state authorities' consent to transfer the KPJUC Properties, if applicable, to the Trustee having been obtained by PNCSB. PNCSB shall be deemed to have obtained the relevant state authorities' consent when all conditions imposed by the relevant state authorities, if any, have been duly complied with and consent becomes unconditional. The approval of the state authority has been obtained vide a letter dated 21 January 2015;

(viii) receipt of irrevocable and unconditional written undertaking from PNCSB in favour of the Trustee or the Trustee's financier, wherein PNCSB undertakes to refund all monies paid in accordance to the KPJUC SPA in the event the transfer of the KPJUC Properties in favour of the Trustee cannot be effected or is invalid for any reason whatsoever and as a result of which, the charge in favour of the Trustee's financier cannot be registered with the land registry. As at the date of this Circular, the undertaking has yet to be obtained;

(ix) receipt of a registrable Memorandum of Transfer with the relevant stamp duty office endorsement on the same as being exempted from the payment of stamp duty pursuant to Stamp Duty (Exemption) (No. 4) Order 2004, which has yet to be obtained as at the date of this Circular;

(x) all such other consents and regulatory and/or governmental approvals required to be obtained by PNCSB, the Trustee and/or KPJ in order to effect the completion of the Proposed Acquisition of KPJUC Properties;

(xi) the issuance of the licence by the Ministry of Education for PNCSB to commence operations at the KPJUC New Buildings, which has been obtained on 17 February 2015; and

(xii) the Trustee to issue a letter of undertaking in favour of PNCSB, wherein the Trustee undertakes to ensure that the settlement of the KPJUC Balance Purchase Consideration by way of the KPJUC Deferred Cash Consideration or KPJUC Deferred Consideration Units or a combination of both KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units, shall be paid and/or issued in favour of PNCSB on or before the expiry of the KPJUC Settlement Period provided that the KPJUC SPA remains valid on such date of settlement, which has been obtained vide a letter dated 26 May 2015.

Items (i), (ii), (iii), (iv), (v) (vi), (vii), (x) and (xi) are collectively referred to as "**Approvals**".

Upon the execution of the KPJUC SPA, the relevant parties shall procure to obtain the Approvals within nine (9) months from the date of the KPJUC SPA or such later date as the parties may agree in writing.

2.3.4 Representations and Warranties

(i) PNCSB

PNCSB undertakes, covenants and agrees with the Trustee that it shall at all times keep the Trustee fully and effectively indemnified against any loss, damage, claims, cost and expense which the Trustee may directly or indirectly suffer as a result of or in connection with any breach of any of the warranties, representations, covenants, undertakings and obligations set out in the KPJUC SPA.

PNCSB warrants and represents to the Trustee, among others, the following:-

(a) <u>Status:</u> PNCSB is a company duly incorporated with limited liability and validly existing under the laws of Malaysia;

(b) <u>Litigation and default:</u> PNCSB is not in default under any agreement to which it is a party or by which it may be bound and no litigation, arbitration, administrative or liquidation or winding up proceedings are presently current or pending or threatened which default, litigation, arbitration or liquidation or winding up proceedings, as the case may be, might adversely affect its ability to perform its obligations under the KPJUC SPA;

(c) <u>Compliance</u>: PNCSB has complied with all undertakings, covenants and other obligations under the KPJUC SPA to which it is a party or affecting it and is in compliance and will comply with any applicable laws and regulations;

(d) <u>Information</u>: No information or documents have been withheld from the Trustee which may materially and adversely affect the Trustee's decision to enter into the KPJUC SPA; and

(e) <u>Certificate of Completion and Compliance</u>: PNCSB has obtained the permanent Certificate of Completion and Compliance in respect of the KPJUC New Buildings erected on the PNCSB Land.

(ii) Trustee

The Trustee undertakes, covenants and agrees with PNCSB that it shall at all times hereafter keep PNCSB fully and effectively indemnified against any loss, damage, claims, cost and expense which PNCSB may directly or indirectly suffer as a result of or in connection with any breach of any of the warranties, representations, covenants, undertakings and obligations set out in the KPJUC SPA.

The Trustee warrants and represents to PNCSB, among others, the following:-

(a) <u>Status</u>: The Trustee is a company duly incorporated with limited liability and validly existing under the laws of Malaysia and that the shareholders of the Trustee are Malaysian and not foreigners within the meaning of the National Land Code 1965.

(b) <u>Litigation and default</u>: The Trustee is not in default under any agreement to which it is a party or by which it may be bound and no litigation, arbitration, administrative or liquidation or winding up proceedings are presently current or pending or threatened which default, litigation, arbitration or liquidation or winding up proceedings, as the case may be, might adversely affect its ability to perform its obligations under the KPJUC SPA;

(c) <u>Compliance</u>: The Trustee has complied with all undertakings, covenants and other obligations under the KPJUC SPA to which it is a party or affecting it and is in compliance and will comply with any applicable laws and regulations;

(d) <u>Information</u>: No information or documents have been withheld from the Trustee which may materially and adversely affect the Trustee's decision to enter into the KPJUC SPA;

(e) <u>Binding obligations</u>: The KPJUC SPA constitutes legal, binding and enforceable obligations of the Trustee in accordance with its terms.

2.3.5 Termination

In the event that the KPJUC SPA is terminated, rescinded and/or determined for any reason whatsoever, the Trustee's solicitors shall return all the relevant documents to PNCSB.

Pursuant to the provisions of the KPJUC SPA, the KPJUC SPA may be terminated in the event of, among others, the following events:-

(i) Non-fulfillment of the conditions precedent:

In the event that all or any of the conditions precedent have not been obtained or waived, as the case may be, the KPJUC SPA shall automatically terminate and be of no further force and effect and the Trustee shall return or procure the return of all documents received by the Trustee and/or the Trustee's solicitors to PNCSB. PNCSB shall return the deposit to the Trustee and thereafter, the parties shall not have any further rights and obligations under the KPJUC SPA save and except for any antecedent breaches.

(ii) Default by the Trustee:

In the event that the Trustee:-

(a) fails to pay the KPJUC Purchase Consideration or any part thereof in accordance with the provisions of the KPJUC SPA; or

(b) fails, neglects or refuses to observe or perform or comply with any of its undertakings and covenants on its part to be performed or otherwise be in breach of any of the provisions of the KPJUC SPA (other than the failure to pay the KPJUC Purchase Consideration or any part thereof in accordance with the provisions of the KPJUC SPA);

and PNCSB is not in breach of any of the provisions of the KPJUC SPA, PNCSB shall be entitled at the cost and expense of the Trustee and at PNCSB's sole discretion to the following remedies:

(aa) to the remedy of specific performance of the KPJUC SPA against the Trustee and to all relief flowing therefrom; or

(bb) to terminate the KPJUC SPA at any time thereafter by notice in writing to the Trustee whereupon:-

(A) the Trustee shall at its own cost and expense re-deliver legal possession of the KPJUC Properties to PNCSB (if it has already been delivered to the Trustee) in its original state and condition without any rental or compensation being payable; and

(B) the Trustee shall at its own cost and expense return or cause to be returned to PNCSB any relevant documents (in the event that the same shall have been delivered to the Trustee and/or the Trustee's solicitors);

in exchange for the refund by PNCSB to the Trustee of all monies paid towards the account of the KPJUC Purchase Consideration free of interest whereupon the KPJUC SPA shall terminate and cease to be of any further effect.

(iii) Default by PNCSB

In the event that PNCSB defaults, fails or refuses to transfer or cause the transfer of the KPJUC Properties in favour of the Trustee in the manner provided in the KPJUC SPA or in the event PNCSB shall fail to observe or perform or otherwise be in breach of any of the provisions of the KPJUC SPA, the Trustee shall be entitled at the cost and expense of PNCSB and at the Trustee's sole discretion to the following remedies:-

(a) to the remedy of specific performance of the KPJUC SPA against PNCSB and to all relief flowing therefrom; or

(b) to terminate the KPJUC SPA by notice in writing to the PNCSB whereupon PNCSB shall refund and pay to the Trustee, all monies paid or caused to be paid by the Trustee towards the KPJUC Purchase Consideration free of interest in exchange for:-

(aa) the re-delivery of legal possession of the KPJUC Properties to PNCSB (if it has already been delivered to the Trustee) with its original state and condition without any rental or compensation being payable; and

(bb) the return to PNCSB of the relevant documents (in the event that the same shall have been delivered to the Trustee and/or the Trustee's solicitors);

whereupon the KPJUC SPA shall terminate and cease to be of any further effect.

2.3.6 Lease arrangement

On the KPJUC Completion Date, PNCSB will enter into a lease agreement with the Trustee and the Manager wherein the Trustee will grant to PNCSB the lease of the KPJUC Properties upon the terms and conditions of the lease agreement to be agreed upon and to be entered into between the aforesaid parties.

The tentative salient terms of the lease agreement are as set out in Section 2.11 below.

2.4 Basis and justification of arriving at the KPJUC Purchase Consideration

The KPJUC Purchase Consideration was arrived at on a "willing buyer-willing seller" basis after taking into consideration the market value of the KPJUC Properties amounting to RM77,800,000, as valued by the Independent Valuer vide the valuation report dated 25 August 2014 and an updated valuation dated 27 February 2015.

Based on the abovementioned valuation report and updated valuation prepared by the Independent Valuer, the valuation for the KPJUC Properties has been carried out using the cost method. This method entails the summation of the market value of the PNCSB Land using the comparison method (whereby the PNCSB Land is compared to other similar properties and if dissimilarities exist, adjustments are made) and the market value of the KPJUC New Buildings based on the depreciated replacement cost method (whereby the market value is derived from gross current replacement cost after deducting accrued depreciation). As stated in the valuation report, the cost method is the sole valuation method used as this method is suitable to value properties like the KPJUC Properties, which are rarely transacted or leased in the open market and where only part of PT 8 and Lot 33003 are erected with the KPJUC Academic Block and KPJUC Hostel Block respectively. Please refer to the valuation certificate for the KPJUC Properties, appended herein as Appendix II, for further details.

As mentioned in Section 2.3.2 above, the KPJUC Balance Purchase Consideration may be satisfied via KPJUC Deferred Cash Consideration or KPJUC Deferred Consideration Units or a combination of both. This option is made available to provide flexibility in view that the settlement of the KPJUC Balance Purchase Consideration is in the future, of which the economic conditions and market sentiment at that point in time is unknown.

As mentioned in Section 2.1 above, the KPJUC New Buildings are an extension of the existing KPJUC campus. The KPJUC New Buildings are used to house new programmes offered by KPJUC which include, among others, Bachelor of Nursing, Bachelor of Pharmacy, Bachelor of Pharmaceutical, Masters level programmes as well as PhD level programmes. As represented by PNCSB, normally the number of student enrolment during the infancy period of the new programmes would be low as there is little awareness by the general public of the new programmes. On average, the gestation period for PNCSB's new programmes should be three (3) years.

The deferred consideration structure has been proposed to facilitate the gestation period to normalise the operation of KPJUC after the completion of the Proposed Acquisition of KPJUC Properties. The deferred consideration structure would allow the lease rental payable be based on the amount of KPJUC Purchase Consideration paid. Upon completion of the Proposed Acquisition of KPJUC Properties and until settlement of the remaining 50% KPJUC Balance Purchase Consideration, PNCSB will only pay 50% of the full lease rental (in view that only 50% of the KPJUC Purchase Consideration has been paid). Upon settlement of the KPJUC Balance Purchase Consideration (i.e on or before the expiry of 3 years from the KPJUC Completion Date or such other date as agreed by the parties), only then PNCSB is required to pay 100% of the lease rental for the KPJUC Properties. This will allow PNCSB to manage its cashflows during the three (3) years gestation period whilst Al-`Aqar will be able to own the KPJUC Properties albeit only paying 50% of the KPJUC Purchase Consideration. The proportion of the KPJUC Cash Consideration and the KPJUC Balance Purchase Consideration has been agreed to be 50% of the total KPJUC Purchase Consideration respectively after taking into consideration PNCSB's cashflow to meet the lease rental payment during the gestation period. For the salient terms of the lease arrangement, please refer to Section 2.11 below.

2.5 Basis and justification of determining the issue price of the KPJUC Deferred Consideration Units

The KPJUC Deferred Consideration Units shall be issued at an issue price computed based on the five (5)-day VWAP of the Al-`Aqar Units prior to the KPJUC Price Determination Date, incorporating not more than ten percent (10%) discount (i.e 0% - 10%). Notwithstanding the above, pursuant to the KPJUC Exchange Letter, the parties had mutually agreed that the issue price of the KPJUC Deferred Consideration Units shall not be below RM1.04. The minimum issue price of RM1.04 is computed based on Al-`Aqar's NAV per Al-`Aqar Unit of RM1.15 as at 30 September 2014, being the latest available quarterly report on the consolidated results of Al-`Aqar prior to the date of the KPJUC Exchange Letter, incorporating ten percent (10%) discount. The minimum issue price of RM1.04 per unit is set so as to mitigate the dilutive impact to, inter-alia, earnings per unit, dividend per unit as well as the existing unit holders' equity interest in Al-'Aqar.

However as mentioned in Section 2.3.2.1(ii)(a) above, if the issue price computed based on the five (5)-day VWAP of the Al-`Aqar Units prior to the KPJUC Price Determination Date, incorporating not more than ten percent (10%) discount is below RM1.04 and if PNCSB intends to receive the KPJUC Deferred Consideration Units as settlement of the KPJUC Balance Purchase Consideration, the Trustee shall, at the request of PNCSB, seek prior approval from the SC, if required, for the issuance of the KPJUC Deferred Consideration Units. In the event such SC's approval for the issuance of KPJUC Deferred Consideration Units is not obtained, the Trustee shall settle the KPJUC Balance Purchase Consideration in cash as a full and final settlement of the KPJUC Balance Purchase Consideration and the KPJUC Settlement Date of which shall be extended to another six-(6) months from the date of SC's decision.

The parties have mutually agreed that the discount rate should not be more than ten percent (10%) discount to the five (5)-day VWAP. It is a normal market practice that the issue price of units to be based on five (5)-day VWAP (incorporating not more than a ten percent (10%) discount rate). This is in line with provisions in the Listing Requirements for, inter-alia, issuance of shares under the general mandate, share issuance scheme and dividend reinvestment scheme as well as the provisions in the REIT Guidelines for issuance of units under a general mandate, whereby the issue price/conversion price of securities/convertible securities are to be priced at not more than ten percent (10%) discount to the five (5)-day VWAP immediately prior to price-fixing date. The final discount rate would be a mutually agreed rate between the parties (subject to a maximum of ten percent (10%) discount rate) depending on, inter-alia, the market conditions then.

The range of the traded unit price to the respective NAV per unit of the listed Malaysian REITs as at LPD are as detailed in the table below:-

Listed Malaysian REITs	Market Capitalisation as at LPD[ii]	Price as at LPD[i]	NAV per unit[ii]	Price to NAV per unit[iii]	Price to NAV per unit Discount /(premium)
	RM'mil	RM	RM	RM/unit	%
Sunway REIT	4,729.58	1.61	1.26	1.28	(27.8)
IGB REIT	4,704.72	1.36	1.08	1.26	(25.9)
Pavilion REIT	4,644.53	1.54	1.24	1.24	(24.2)
Capitamalls Malaysia Trust	2,490.57	1.40	1.24	1.13	(12.9)
Axis REIT	1,933.59	3.53	2.41	1.46	(46.5)
YTL Hospitality REIT	1,377.36	1.04	1.21	0.86	14.0
MRCB-Quill REIT	780.43	1.18	1.32	0.89	10.6
UOA REIT	676.59	1.60	1.51	1.06	(6.0)
AmFirst REIT	624.63	0.91	1.23	0.74	26.0
Hektar REIT	608.96	1.52	1.55	0.98	1.9
AmanahRaya REIT	524.50	0.92	1.14	0.81	19.3
Tower REIT	356.24	1.27	1.89	0.67	32.8
Atrium REIT	141.29	1.16	1.37	0.85	15.3
Amanah Harta Tanah PNB	105.00	1.05	1.52	0.69	30.9
Al-`Aqar	925.98	1.33	1.18	1.13	(12.7)
Premium					46.5
Discount					32.8

Notes:-

(i) Information as extracted from Bloomberg as at LPD.

(ii) Information as extracted from the respective companies' latest publicly available financial results.

(iii) Computed by dividing the price as at LPD with the NAV per unit.

Based on the above table, the ten percent (10%) discount to the NAV per unit of Al-Aqar incorporated to determine the minimum issue price of RM1.04 is within the range of the of the traded unit price as compared to the NAV per unit of the listed Malaysian REITs.

For illustration, based on the minimum issue price of RM1.04 and assuming the KPJUC Balance Disposal Consideration is satisfied fully via issuance of KPJUC Deferred Consideration Units, a total of 37,403,846 units shall be issued to PNCSB. This represents approximately 4.88% equity interest in Al-`Aqar (based on Al-`Aqar's enlarged unit capital, after taking into consideration the Proposed Private Placement, of which the issue price is assumed to be RM1.20, representing approximately ten percent (10%) discount to the five (5)-day VWAP of the Al-`Aqar Units as at LPD, of RM1.33) of 766.96 million Al-`Aqar Units.

2.6 Ranking of the KPJUC Deferred Consideration Units

The KPJUC Deferred Consideration Units shall, upon allotment and issue, rank *pari passu* in all respects with the existing units in Al-`Aqar except that they will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared, the entitlement date of which is prior to the date of allotment of the KPJUC Deferred Consideration Units.

2.7 Source of funding

The Proposed Acquisition of KPJUC Properties is expected to be funded from the following:-

(i) the first 50% of the KPJUC Purchase Consideration shall be funded from the proceeds to be raised from the Proposed Private Placement and/or Islamic financing facility. For further details on the Proposed Private Placement, please refer Section 2.7.1 below.

(ii) the KPJUC Balance Purchase Consideration shall be funded from the issuance of the KPJUC Deferred Consideration Units to PNCSB (if applicable) and/or Islamic financing facility.

The issuance of the KPJUC Deferred Consideration Units is offered as one of the method of settlement of the KPJUC Balance Purchase Consideration as it will increase Al-`Aqar's capital base and hence improve Al-`Aqar's gearing ratio for a more optimal capital structure.

2.7.1 Details on the Proposed Private Placement

On 10 November 2014, on behalf of the Board of the Manager, AmInvestment Bank had announced that Al-`Aqar proposes to undertake the Proposed Private Placement, at an issue price to be determined later, to raise gross proceeds of up to RM40,000,000. The actual number of Placement Units to be issued will depend on the actual placement size and issue price, which will be determined at a later date.

The Proposed Private Placement will be undertaken in accordance with the general mandate obtained by Al-`Aqar, pursuant to Clause 14.03 of the REIT Guidelines. On 9 April 2015, the Unit holders had approved the authority to the Board of the Manager, to allot and issue new Al-`Aqar Units not exceeding 139.245 million Al-`Aqar Units representing 20% of the existing approved fund size of Al-`Aqar at its Annual General Meeting ("**General Mandate**"). As mentioned in Section 1 above, the SC had vide its letter dated 11 May 2015, approved the Proposed Private Placement.

The Placement Units will be placed to third (3^{rd}) party investors to be identified at a later stage.

The issue price of the Placement Units shall be determined by the Board of the Manager at a later date after the receipt of all relevant approvals for the Proposed Private Placement. Nevertheless, the Placement Units will not be priced at more than 10% discount to the five (5)-day VWAP of Al-`Aqar Units immediately before the price fixing date.

The Placement Units shall, upon allotment and issue, rank *pari passu* in all respects with the existing Al-`Aqar Units save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the Placement Units.

The gross proceeds to be raised from the Proposed Private Placement of up to RM40,000,000 shall be utilised to finance the first 50% of the KPJUC Purchase Consideration (i.e KPJUC Cash Consideration) and to defray expenses in relation to the Proposed Private Placement and the Proposed Acquisition of KPJUC Properties of approximately RM0.275 million and RM0.825 million respectively. The total estimated expense in relation to the Proposed Acquisition of KPJUC Properties is approximately RM1.35 million. The shortfall of approximately RM0.525 million will be funded via Al-`Aqar's internally generated funds.

2.8 Listing and quotation of the KPJUC Deferred Consideration Units

The approval from the SC for the issuance of the KPJUC Deferred Consideration Units on the Main Market of Bursa Securities had been obtained vide SC's letter dated 11 May 2015.

The approval of Bursa Securities for the listing of and quotation for the KPJUC Deferred Consideration Units on the Main Market of Bursa Securities has also been obtained vide Bursa Securities' letter dated 25 May 2015.

As at LPD, Al-`Aqar has in issue 696,226,468 Al-`Aqar Units. Kindly refer to Section 7.1 below for the illustration of the increase in Al-`Aqar's approved fund size arising from the Proposed Private Placement and Proposed Acquisition of KPJUC Properties.

2.9 Information on the parties involved in the Proposed Acquisition of KPJUC Properties

(i) Information on PNCSB

PNCSB was incorporated in Malaysia under the Act on 9 December 1992 as a private limited company. The principal activity of PNCSB is operating a private university college of nursing and allied health. PNCSB is the owner of the KPJUC Properties and operator of KPJUC.

As at LPD, PNCSB has an authorised share capital of 20,000,000 shares of RM1.00 each, of which 15,000,000 shares have been issued and fully paid-up. PNCSB is a wholly-owned subsidiary of KPJSB, which in turn is a wholly-owned subsidiary of KPJ.

The Directors of PNCSB are Tan Sri Siti Sa'diah Binti Sheikh Bakir, Jasimah Binti Hassan, Ahmad Nasirruddin Bin Harun, Prof (C) Dr Wan Hazmy Bin Che Hon, Prof Dato' Dr Azizi Bin Omar, Dato' Dr Shahrudin Bin Mohd Dun, Dr Ab Razak Bin Samsudin, Dr Mohd Hafetz Bin Ahmad, Dr Mohd Harris Lu @ Lu Ping Neng and Azizah Binti Ahmad.

(ii) Information on KPJ

KPJ was incorporated in Malaysia under the Act on 18 August 1992 as a private limited company under the name of KPJ Management Sdn Bhd and subsequently changed its name to KPJ Healthcare Sdn Bhd on 14 September 1993. On 4 November 1993, it was converted into a public company and since then assumed its present name. KPJ was listed on the Main Board (now known as Main Market) of Bursa Securities on 29 November 1994.

The principal activities of KPJ are investment holding and provision of management services to its subsidiaries. The subsidiary and associate companies of KPJ are principally involved in the operating and managing of specialist hospitals, trading of pharmaceutical and consumer healthcare products, provision of pathology and laboratory services and the running of a private nursing and health sciences college.

2.10 Other information

As at LPD, the KPJ and its subsidiaries hold 331.11 million Al-`Aqar Units, representing approximately 47.6% equity interest in Al-`Aqar.

In the event the KPJ Group's unit holdings in Al-`Aqar increase by more than two percent (2%) within a six-month period upon the issuance of the KPJUC Deferred Consideration Units, pursuant to the provisions of the Malaysian Code on Take-overs and Mergers 2010, KPJ will incur an obligation to undertake a mandatory takeover offer for all the remaining Al-`Aqar Units not already held by them.

It is not the intention of KPJ to trigger the mandatory takeover offer obligation for all the remaining Al-`Aqar Units not already held by them. As such, KPJ will procure PNCSB to opt for the KPJUC Balance Purchase Consideration to be received in the form of KPJUC Deferred Cash Consideration or a combination of KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units (in a quantity that will not trigger the mandatory takeover offer) instead of entirely by way of KPJUC Deferred Consideration Units.

2.11 Proposed KPJUC Leaseback

On the KPJUC Completion Date, the Trustee and the Manager shall enter into a lease agreement with PNCSB, wherein Al-`Aqar shall grant the lease of the KPJUC Properties to PNCSB.

As mentioned in Section 2.4 above, the Proposed Acquisition of KPJUC Properties is undertaken vide a deferred consideration structure which would allow the lease rental payable to be based on the amount of KPJUC Purchase Consideration paid so as to facilitate the gestation period of KPJUC. The proportion of the KPJUC Cash Consideration and the KPJUC Balance Purchase Consideration was set at 50% of the total KPJUC Purchase Consideration respectively (which would result in the corresponding lease rental of 50% upon payment of the KPJUC Cash Consideration and 100% upon payment of the KPJUC Balance Purchase Consideration) after taking into consideration PNCSB's cashflow to meet the lease rental payment of the KPJUC Properties during the gestation period.

The tentative salient terms of the lease agreement are as follows:-

Term		Details
Lessor	:	Al-`Aqar
Lessee	:	PNCSB
Commencement Date	:	Shall commence from the KPJUC Completion Date
Contractual Term	:	A period of fifteen (15) years, commencing from the Commencement Date and the rental term (as stated below) is renewable every three (3) years up to expiry of the Contractual Term
Option to renew	:	Upon expiry of the Contractual Term, the parties have the option to renew the lease term for another fifteen (15) years subject to the terms and conditions to be agreed upon by the parties

Term		Details
Rental	:	The lease rental receivable shall be as follows:-

Payment of KPJUC Purchase Consideration	**Rental per annum**
Upon payment of the KPJUC Cash Consideration	50% of the lease rental receivable per the table below
Upon payment of the KPJUC Balance Purchase Consideration	100% of the lease rental receivable per the table below

The Rental shall be reviewed after every three (3) year period throughout the Contractual Term based on the lease rental formula below and subject to the payment of the KPJUC Purchase Consideration as disclosed above:-

Rental Term(i)	**Rental**
Initial Term (ii) Year 1 – 3	Rental shall be fixed at 7.1% p.a x KPJUC Purchase Consideration
Subsequent Term (Year 4 onwards) (i) 1st year of every review (i.e. Year 4,7,10 and 13)	(10-years MGS + 238 basis points) x market value of the KPJUC Properties at the point or review, subject to:- (i) a minimum gross lease rental of 7.1% p.a at the prevailing market value or KPJUC Purchase Consideration of the KPJUC Properties, whichever is higher; and (ii) any lease rental adjustment shall not be more than 2% incremental over preceding year's lease rental
(ii) 2nd and 3rd year of review	2% incremental over the preceding year's lease rental amount

Term		Details
Rental (cont'd)	:	***Notes:-*** *(i) The Rental shall be:-* *(a) 50% of the lease rental receivable computed per the formula above upon payment of the KPJUC Cash Consideration (first 50% of the KPJUC Purchase Consideration); and* *(b) 100% of the lease rental receivable computed per the formula above upon payment of the KPJUC Balance Purchase Consideration (final 50% of the KPJUC Purchase Consideration).* *(ii) For clarification, the rental for the initial term shall be fixed at 7.1% p.a on the KPJUC Purchase Consideration of RM77.8 million amounting to approximately RM5.5 million.*
Security deposit	:	Equivalent to one (1) month rent which is to be /has been mutually agreed upon the parties and such amount shall be deposited with and/or retained by the Trustee on trust for Al-`Aqar.
Right of First Refusal	:	If the Lessor shall at any time intend to sell any/all of the KPJUC Properties acquired under the KPJUC SPA, the Lessee shall be given the first right of refusal to purchase any/all of the KPJUC Properties by way of a written notice from the Lessor to the Lessee offering to sell any/all of the KPJUC Properties to the Lessee on such terms and at the prevailing market value in respect of and in accordance with the REIT Guidelines, Asset Valuation Guidelines and relevant laws and regulations, to which notice the Lessee shall reply within sixty (60) days thereof. The right of first refusal granted shall be valid but shall not be applicable and shall not extend beyond the Contractual Term.
GST, if applicable	:	If GST is imposed on the rent or is applicable to the services rendered in connection with the lease arrangement, the Lessor is entitled to charge the Lessee the GST on the amount payable for the provision of the relevant services in the following manner:- GST = (Amount of consideration payable for supply of services) x (Applicable rate of GST)
Future Expansion	:	The Lessor grants to the Lessee the right to undertake future expansion on the PNCSB Land for the Lessee's business operations, subject to the following:- (i) the Lessee shall provide a written notification to the Manager providing the details of the proposed or future expansion on the PNCSB Land; and (ii) the Lessee shall obtain prior written approval from the Lessor before commencing with the proposed or future expansion on the PNCSB Land.

Term	Details
	Any proposed or future expansion on the PNCSB Land will be acquired by Al-`Aqar upon completion of its construction and at a price to be mutually agreed by the parties based on the valuation to be conducted by an independent valuer or an independent quantity surveyor appointed by the parties, subject to relevant authorities' approval, approval of unit holders of Al-`Aqar and/or shareholders of PNCSB and/or its holding company, KPJ (if required) and the terms and conditions of the agreement, to be entered into between Al-`Aqar, represented by the Trustee, and PNCSB. For information, as part of the Master Expansion Plan, as approved by the MPN vide its letter dated 17 May 2010, in addition to the KPJUC New Buildings, the PNCSB Land is proposed to be expanded with, *inter-alia*, two (2) hostel blocks, three (3) academic blocks, one (1) student centre, one (1) library and information and communication technology (ICT) centre, one (1) surau, one (1) multipurpose hall and one (1) administration block (collectively referred to as "**KPJUC Proposed Additional Buildings**") ("**Proposed Future Expansion**"). The aforesaid KPJUC Proposed Additional Buildings has not been built and does not form part of the Proposed Acquisition of KPJUC Properties. The relevant approvals will be sought upon such injection into Al-`Aqar, where required.

2.12 Basis of determining the lease rental rate of the KPJUC Properties

The lease rental rate and lease rental formula for the KPJUC Properties as per Section 2.11 above have been mutually agreed by the parties entering into the lease agreement for the KPJUC Properties.

(i) Initial Term

The lease rental rate of 7.1% per annum for the initial term of the lease arrangement for the KPJUC Properties as disclosed in the table above are arrived at after taking into consideration the following:-

(a) the existing lease rental charged for the Al-`Aqar Existing KPJUC Land and the existing KPJUC building erected thereon of approximately 7.1% per annum;

(b) the lease rental yield for all Al-`Aqar's existing properties in Malaysia, which range from 6.66% to 7.66% per annum computed based on the rental income and fair value of the Malaysian properties as disclosed in Al-'Aqar's audited financial statements for the FYE 31 December 2014;

(c) the investment returns expected to be received by Al-`Aqar; and

(d) the cash flows from the existing business operations of PNCSB which is dependent on, inter-alia, the education business prospects and the operational costs of KPJUC.

The lease rental rate of 7.1% per annum is within the range of the rental yield received for university / college buildings in Malaysia as follows:-

No.	Property	Rental Yield
(i)	Segi University Kota Damansara	7.93%[(a)]
(ii)	Segi College Subang Jaya	5.66%[(a)]
(iii)	Masterskill Campus	2.8%[(b)]
Range		**2.8% - 7.93%**

Notes:-

(a) Computed based on the rental income and fair value of the properties as disclosed in the AmanahRaya Real Estate Investment Trust's annual report for the FYE 31 December 2014; and

(b) Based on the rental rate as disclosed in the Masterskill Education Group Berhad's circular dated 28 May 2015

(ii) Subsequent Terms

The lease rental review formula for subsequent terms was derived after taking into consideration the following:-

(a) The formula is similar to the formula adopted by the Al-`Aqar Existing KPJUC Land and the existing KPJUC building;

(b) The rental review formula are segregated into four (4) components as follows:-

(aa) 10-years MGS + 238 basis points x market value of the KPJUC Properties

The formula was adopted so as to reflect the return on investment expected by the unit holders of Al-'Aqar. The 10-year MGS reflects the risk free investment return, whilst the 238 basis points reflect the premium to the unit holders.

As at LPD, the yield of the listed Malaysian REITs ranges between 5.17% to 8.14% whilst the 10-years MGS yield is at 3.91% which resulted in the premium of between 1.26% to 4.23% as depicted in the table below. The 238 basis point premium over the 10-year MGS yield (or 2.38%) is within the aforesaid range.

Malaysian REIT	Yield[(a)]	Premium over ten (10)-year MGS[(b)] of 3.91% as at LPD
	%	%
Pavillion REIT	5.17	1.26
Sunway REIT	5.19	1.28
Tower REIT	5.54	1.63
Axis REIT	5.59	1.68
IGB REIT	5.73	1.82
Al-'Aqar Healthcare REIT	5.75	1.84
AmFirst REIT	6.08	2.17
Capitamalls Malaysia Trust	6.36	2.45
UOA REIT	6.88	2.97
Hektar REIT	6.91	3.00
Amanah Harta Tanah PNB	7.05	3.14
MRCB-Quill REIT	7.10	3.19
Amanahraya REIT	7.10	3.19
Atrium REIT	7.24	3.33
YTL Hospitality REIT	8.14	4.23

Notes:-

(a) *Based on latest full financial year dividend distribution as extracted from the respective announcements and annual reports; and*

(b) *As extracted from BNM*

The market value of the KPJUC Properties is used in the formula to reflect the prevailing market value of the KPJUC Properties at each renewal of the lease rental term.

(bb) a minimum gross lease rental of 7.1% p.a. at the prevailing market value or KPJUC Disposal Consideration of the KPJUC Properties, whichever is higher

The minimum gross lease rental rate is set so as to allow Al-Aqar to charge a minimum rental for it to meet the costs of holding the KPJUC Properties as well as for it to meet the expected distribution to its unit holders.

Please refer to Section 2.12(i) above for further details on the basis and justification of the lease rental rate of 7.1% per annum.

(cc) any lease rental adjustment shall not be more than 2% incremental over preceding year's lease rental

The aforesaid formula is set to cap the increase in the lease rental and for the lease rental to increase at a reasonable level.

(dd) incremental rate of 2% over the preceding year's rental amount for the second (2^{nd}) and third (3^{rd}) year of review

The aforesaid formula is set in order for the lease rental amount for the 2^{nd} and 3^{rd} year of review to increase at a reasonable level.

For (iii) and (iv) above, the incremental rate of 2% is within the range of the year-on-year change in the Consumer Price Index of 0.1% to 3.5% for the past three (3) years from May 2012 to May 2015 *(Source: Bloomberg)*.

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3. PROPOSED ACQUISITION OF SSH LAND

On 19 March 2015, on behalf of the Board of the Manager, AmInvestment Bank had announced that the Trustee, representing Al-`Aqar, had on 18 March 2015 entered into the SSH SPA with the SSHSB, an indirect wholly-owned subsidiary of KPJ, to acquire the SSH Land for the SSH Purchase Consideration of RM4,250,000. Upon completion of the Proposed Acquisition of SSH Land, SSHSB will leaseback the SSH Land from the Trustee.

On 10 April 2015, the Trustee and SSHSB had entered into the SSH Supplemental SPA to vary the terms of the Proposed Acquisition of SSH Land, whereby the Proposed Acquisition of SSH Land shall entail the Trustee acquiring the SSH Land from SSHSB excluding any other structures that exists or are erected on the SSH Land including the SSH Facilities, which shall remain as the property of SSHSB. All other terms remains unchanged.

Details on the salient terms of the SSH SPA including the SSH Supplemental SPA are as set out in Section 3.3 below.

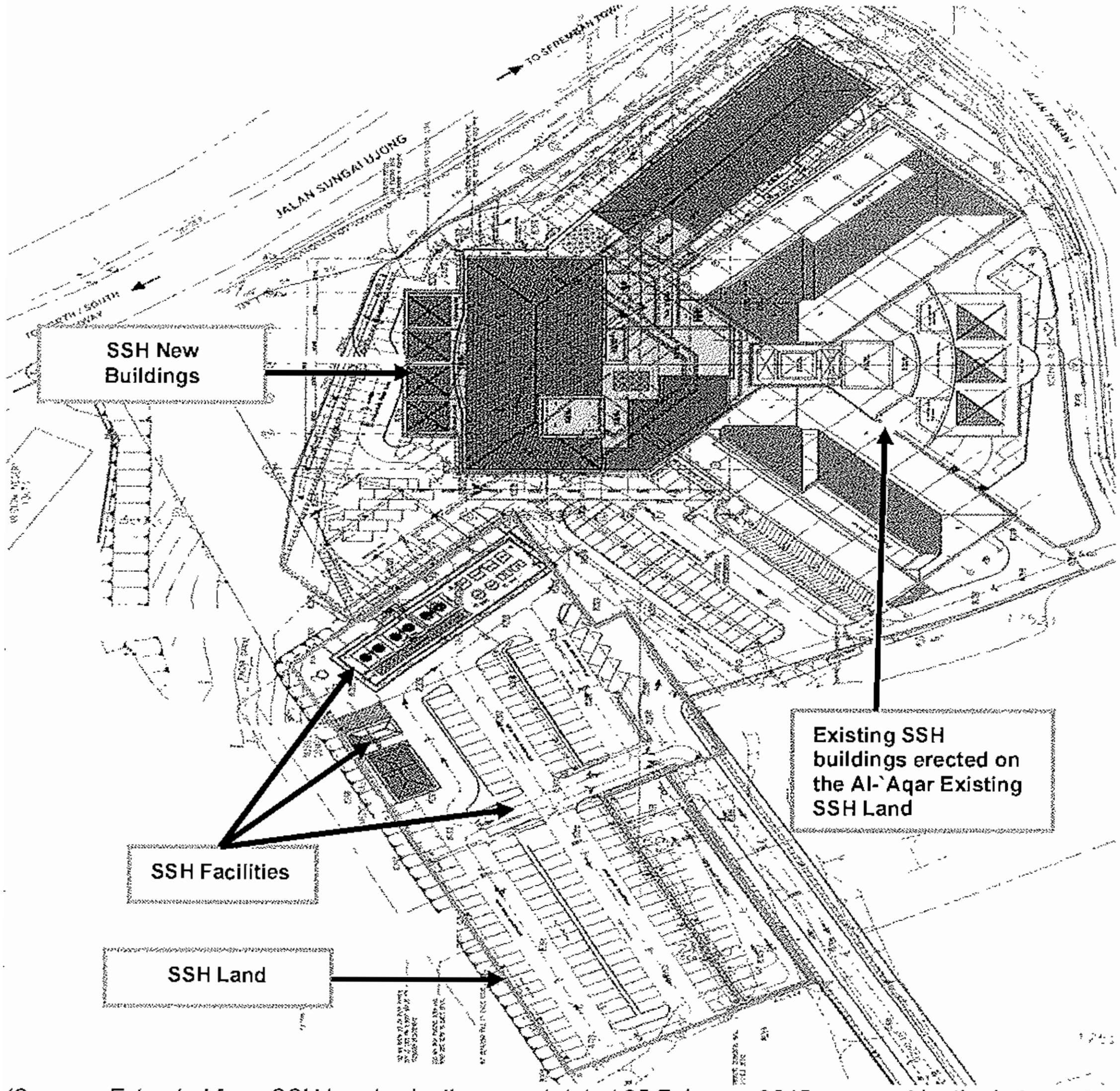
SSHSB is the owner of the SSH Land and operator of the SSH. The SSH Land is held under land title HS(D) 218451, PT 2466, Pekan Bukit Kepayang, Daerah Seremban, Negeri Sembilan and is situated adjacent to several parcels of freehold and leasehold land owned by Al-`Aqar measuring approximately 16,823 sq metres ("**Al-`Aqar Existing SSH Land**"). The Al-`Aqar Existing SSH Land together with the existing SSH building erected thereon ("**Al-`Aqar Existing SSH Properties**") were acquired by Al-`Aqar on 19 August 2008. The Al-`Aqar Existing SSH Properties are currently being leased by Al-`Aqar to SSHSB and is in its second (2^{nd}) lease term period.

At present, the SSH Land is being used as a temporary open space parking lot for the SSH and is erected with the SSH Facilities namely, a car park operation building, medical gas storage building, a TNB substation and a refuse chamber. As stated above, the SSH Facilities are not part of the Proposed Acquisition of SSH Land. As stated above, the SSH Facilities are not part of the Proposed Disposal of SSH Land.

SSHSB had in 2012 obtained the approval from MPS in relation to the building plans for the proposed expansion of the SSH, which includes construction of an additional eight (8)-storey physician consultant block and a six (6)-storey annexed block on the Al-`Aqar Existing SSH Land (collectively referred to as "**SSH New Buildings**") together with the SSH Facilities. The construction of the SSH New Buildings, which is undertaken by SSHSB, is expected to be completed by the end of 2015. For clarification, SSHSB is the owner of the SSH New Buildings.

The SSH Land and the Al-`Aqar Existing SSH Land will need to be amalgamated before the Certificate of Completion and Compliance ("**CCC**") for the SSH New Buildings can be issued. The amalgamation process is expected to commence upon completion of the Proposed Acquisition of SSH Land.

The diagram below shows the location of the SSH Land as well as the Al-`Aqar Existing SSH Land. As mentioned above, the existing SSH buildings and the SSH New Buildings are erected on the Al-`Aqar Existing SSH Land whilst the SSH Facilities are erected on the SSH Land:-



(Source : Extracted from SSH Land valuation report dated 25 February 2015 prepared by the Independent Valuer)

3.1 Information on the SSH Land

The SSH Land, generally flat in terrain, is a regular shaped parcel of land having a land area of approximately 5,645 sq metres.

The audited NBV of the SSH Land as at 31 December 2014 is RM3.43 million.

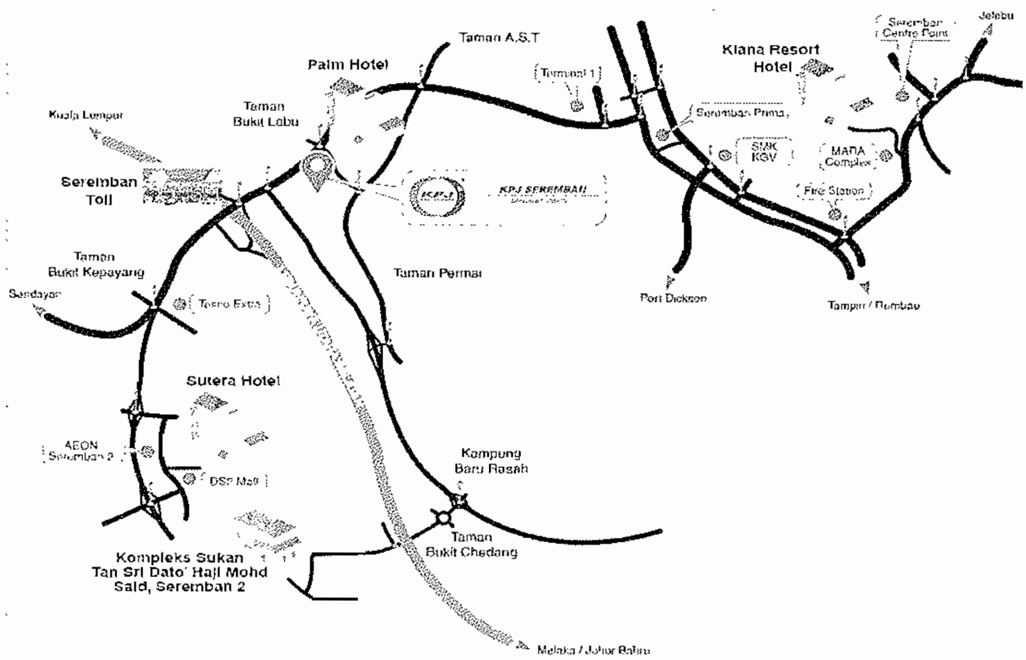
Other pertinent information in respect of the SSH Land is set out as below:-

Description	SSH Land
Title number:	HS(D) 218451
Property address:	PT No. 2466 (New Lot 50459), Kemayan Square, 70200 Seremban, Negeri Sembilan
Lot No. :	PT 2466
Tenure:	Interest in perpetuity
Title land area:	5,645 sq metres
Category of land use:	Building
Express condition:	This land is to be used for private hospital buildings only
Market value(i):	RM4.25 million
Original cost of investment:	RM3.43 million
Date of investment:	9 December 2009
Charges:	Nil
Encumbrances:	Nil
Restriction in interest	Nil

Note:-

(i) *The market value of the SSH Land is ascribed by the Independent Valuer vide its valuation report dated 12 February 2015 using the comparison method.*

The map below depicts the location of the SSH Land which is located in Seremban, Negeri Sembilan:-



(Source : SSHSB)

3.2 Liabilities to be assumed by Al-`Aqar

There are no liabilities to be assumed by Al-`Aqar pursuant to the Proposed Acquisition of SSH Land.

3.3 Salient Terms of the SSH SPA

3.3.1 Encumbrances

SSHSB agrees to sell and the Trustee agrees to purchase the SSH Land upon the basis that a title deed has been issued for the SSH Land in accordance with the law; free from any claims, charges, liens, other encumbrances and equities whatsoever; with legal and beneficial ownership and vacant possession of the SSH Land being transferred from SSHSB to the Trustee; subject to all express conditions and restrictions expressed or implied of the title deed, registered or to be registered on the title deed to the SSH Land at the land registry; subject to the category of land use on the SSH Land, which is "Building"; and upon the basis that each of the representations and warranties set out in the SSH SPA are true and accurate in all respects.

3.3.2 Settlement of the SSH Purchase Consideration

The SSH Purchase Consideration shall be satisfied as follows:-

(i) a sum of RM100,000 (approximately 2.4% of the SSH Purchase Consideration), being the deposit and part payment of the SSH Purchase Consideration has been paid to SSHSB upon execution of the SSH SPA. The deposit shall be refundable to the Trustee in circumstances set out in the SSH SPA, which includes but not limited to, non-fulfilment of the conditions precedents and default by the Trustee and/or SSHSB; and

(ii) the SSH Balance Purchase Consideration of RM4,150,000 (approximately 97.6% of the SSH Purchase Consideration), shall be payable by the Trustee to the Trustee's solicitor at least one (1) Business Day prior to the presentation of the transfer of the SSH Land, within one (1) month from the date the SSH SPA turns unconditional ("**SSH Completion Period**"). In the event the Trustee is unable to pay the SSH Purchase Consideration or any part thereof on or before the expiry of the SSH Completion Period, SSHSB shall grant an automatic extension of one (1) month from the expiry of the SSH Completion Period, or such other period as the parties may agree in writing. The Trustee's solicitor shall then release the SSH Balance Purchase Consideration to SSHSB within two (2) Business Days after the Trustee's solicitor had received confirmation that presentation of the transfer of the SSH Land for registration at the relevant land office is successful.

The completion of the SSH SPA shall take place on the date SSHSB receives the SSH Purchase Consideration in full and the beneficial ownership of the SSH Land has been transferred from SSHSB to the Trustee ("**SSH Completion Date**").

3.3.3 Conditions precedent

The SSH SPA is conditional upon and subject to the fulfilment of the following conditions precedent:-

(i) the approval of the shareholders and Board of SSHSB being obtained for the proposed disposal of the SSH Land and the Proposed SSH Leaseback, which have been obtained prior to the date of the SSH SPA;

(ii) the approval of the Board of the Manager and the Trustee for the Proposed Acquisition of SSH Land and Proposed SSH Leaseback. The approval of the Board of Directors of the Manager was obtained prior to the date of the SSH SPA whilst the approval of the Board of Directors of the Trustee was obtained on 30 March 2015;

(iii) the approval of the shareholders of KPJ at an EGM to be obtained for the proposed disposal of the SSH Land and the Proposed SSH Leaseback, which shall be obtained at the upcoming EGM;

(iv) the approval of the Unit holders at an EGM to be obtained for the Proposed Acquisition of SSH Land, which shall be obtained at the upcoming EGM;

(v) all such other consents and regulatory and/or governmental approvals required to be obtained by SSHSB, the Trustee and/or KPJ in order to effect the completion of the Proposed Acquisition of SSH Land;

(vi) the SC's approval for a waiver for the proposed acquisition of a vacant land, which has been obtained vide SC's letter dated 13 May 2015; and

(vii) the SSH Supplemental Lease Agreement has been duly executed by the parties in escrow and kept in the Trustee's solicitor's custody, and will be dated the same date as the SSH Completion Date. As at the date of this Circular, the SSH Supplemental Lease Agreement has yet to be executed.

The parties to the SSH SPA shall fulfill and complete the conditions precedent within six (6) months from the date of the SSH SPA ("**SSH Conditional Period**"). In the event that the conditions precedent cannot be obtained within the said period, an extension of three (3) months from the last day of the SSH Conditional Period may be granted by the affected party to the other party.

3.3.4 Lease arrangement

As stated in Section 3.3.3 above, the SSH Supplemental Lease Agreement shall be executed by the parties in escrow and kept in the Trustee's solicitor's custody, and will be dated the same date as the SSH Completion Date. The Trustee and SSHSB agree that the SSH Supplemental Lease Agreement shall only take effect from the SSH Completion Date.

The tentative salient terms of SSH Supplemental Lease Agreement are as set out in Section 3.7 below.

3.3.5 Representation and warranties

(i) SSHSB

SSHSB undertakes, covenants and agrees with the Trustee that it shall at all times keep the Trustee fully and effectively indemnified against any loss, damage, claims, cost and expense which the Trustee may directly or indirectly suffer as a result of or in connection with any breach of any of the warranties, representations, covenants, undertakings and obligations set out in the SSH SPA.

SSHSB warrants and represents to the Trustee, among others, the following:-

(a) Status: SSHSB is a company duly incorporated with limited liability and validly existing under the laws of Malaysia;

(b) Litigation and Default: SSHSB is not in default under any agreement to which it is a party or by which it may be bound and no litigation, arbitration, administrative or liquidation or winding up proceedings are presently current or pending or threatened which default, litigation, arbitration or liquidation or winding up proceedings, as the case may be, might adversely affect its ability to perform its obligations under the SSH SPA;

(c) Compliance: SSHSB has complied with all undertakings, covenants and other obligations under the SSH SPA to which it is a party or affecting it and is in compliance and will comply with any applicable laws and regulations;

(d) Information: No information or documents have been withheld from the Trustee which may materially and adversely affect the Trustee's decision to enter into the SSH SPA; and

(e) Certificate of Completion and Compliance: SSHSB has obtained the permanent Certificate of Completion and Compliance in respect of the structures erected on the SSH Land (including the SSH Facilities, if applicable).

(ii) Trustee

The Trustee undertakes, covenants and agrees with SSHSB that it shall at all times keep SSHSB fully and effectively indemnified against any loss, damage, claims, cost and expense which SSHSB may directly or indirectly suffer as a result of or in connection with any breach of any of the warranties, representations, covenants, undertakings and obligations set out in the SSH SPA.

The Trustee warrants and represents to SSHSB, among others, the following:-

(a) Status: The Trustee is a company duly incorporated with limited liability and validly existing under the laws of Malaysia.

(b) Litigation and default: The Trustee is not in default under any agreement to which it is a party or by which it may be bound and no litigation, arbitration, administrative or liquidation or winding up proceedings are presently current or pending or threatened which default, litigation, arbitration or liquidation or winding up proceedings, as the case may be, might adversely affect its ability to perform its obligations under the SSH SPA;

(c) Disclosure: The Trustee has fully and accurately disclosed in writing to SSHSB facts relating to the Trustee which the Trustee knows or should reasonably know and which are material (both actual and contingent) in the context of the SSH SPA.

(d) Compliance: The Trustee has complied with all undertakings, covenants and other obligations under the SSH SPA to which it is a party or affecting it and is in compliance and will comply with any applicable laws and regulations.

(e) Binding obligations: The SSH SPA constitutes legal, binding and enforceable obligations of the Trustee in accordance with its terms.

3.3.6 Termination

Pursuant to the provisions of the SSH SPA, the SSH SPA may be terminated in the event of, among others, the following events:-

(i) Non-fulfillment of the conditions precedent

In the event that any of the conditions precedent is not fulfilled or waived within the SSH Conditional Period and the parties do not agree to extend the SSH Conditional Period, or if the parties agree to extend the SSH Conditional Period but the conditions precedent are not fulfilled or waived by the relevant party, on or before the expiry of the extended SSH Conditional Period:-

(a) the SSH SPA shall lapse and be null and void and of no effect whatsoever and neither party shall have any rights or claims against the other save and except for any antecedent breach; and

(b) the Trustee and SSHSB shall return all documents to the respective party, not later than five (5) days from the date of notification of the non-fulfilment of the condition(s) precedent or the expiry of the SSH Conditional Period or the extended SSH Conditional Period, as the case may be, whichever is the earlier. SSHSB shall return the deposit to the Trustee and thereafter, the parties shall not have any further rights and obligations under the SSH SPA save and except for any antecedent breaches.

(ii) Default by SSHSB and/or the Trustee

If any of the events of default by SSHSB and/or the Trustee occur, the SSH SPA shall be null and void and of no further force and effect with neither party having any rights and obligations against the other save and except for any antecedent breaches and in such event all monies paid to the SSHSB towards the SSH Purchase Consideration shall be returned to the Trustee.

Default by the Trustee

In the event that the Trustee:-

(a) fail to pay the SSH Purchase Consideration or any part thereof in accordance with the provisions of the SSH SPA; or

(b) fail, neglect or refuse to observe or perform or comply with any of its undertakings and covenants as provided in the SSH SPA (other than item (a) above);

and SSHSB is not in breach of any of the provisions of the SSH SPA, SSHSB shall be entitled to terminate the SSH SPA at any time thereafter by notice in writing to the Trustee whereupon:-

(a) the Trustee shall at its own cost and expense re-deliver legal possession of the SSH Land to SSHSB (if it has already been delivered to the Trustee); and

(b) the Trustee shall at its own cost and expense return to SSHSB any relevant documents (in the event that the same shall have been delivered to the Trustee);

in exchange for the refund by SSHSB to the Trustee of all monies paid towards the SSH Purchase Consideration, free of interest, whereupon the SSH SPA shall be terminated and cease to be of any further effect save and except for any antecedent breaches by SSHSB.

Defaults by SSHSB

In the event that SSHSB defaults, fails or refuses to transfer the SSH Land to the Trustee or in the event that SSHSB fail to observe or perform or otherwise in breach of any of the provisions of the SSH SPA, the Trustee shall be entitled at the cost and expense of SSHSB to the following remedies:-

(a) to the remedy of specific performance of the SSH SPA against SSHSB and to all relief flowing therefrom; or

(b) to terminate the SSH SPA by notice in writing to SSHSB whereupon SSHSB shall refund and pay to the Trustee, all monies paid by the Trustee towards the SSH Purchase Consideration, free of interest, in exchange for:-

    (aa) the re-delivery of legal possession of the SSH Land to SSHSB (if it has already been delivered to the Trustee) with its original state and condition without any rental or compensation being payable; and (bb) the return to SSHSB all relevant documents (in the event that the same shall have been delivered to the Trustee);

whereupon the SSH SPA shall be terminated and cease to be of any further effect.

3.4 Basis and justification of arriving at the SSH Purchase Consideration

The SSH Purchase Consideration was arrived at on a "willing buyer-willing seller" basis after taking into consideration the market value of the SSH Land amounting to RM4,250,000, as valued by the Independent Valuer, vide the valuation report dated 12 February 2015.

Based on the abovementioned valuation report prepared by the Independent Valuer, the valuation for the SSH Land has been carried out by using the comparison method. As stated in the valuation report, the comparison method is the commonly adopted sole valuation methodology in the industry for valuing a commercial land without any development order or planning approval, of which other valuation methods are deemed unsuitable. Additionally, the Independent Valuer also notes that there are adequate sale evidences of similar type of commercial land in the vicinity of the SSH Land, which can be relied upon to arrive at an accurate market value for the SSH Land, using the comparison method.

3.5 Source of funding

The SSH Purchase Consideration shall be funded from Al-`Aqar's internally generated funds.

3.6 Information on SSHSB

SSHSB was incorporated in Malaysia under the Act on 1 June 1967 as a private limited company. The principal activity of SSHSB is operating a specialist medical centre. SSHSB is the owner of the SSH Land and operator of SSH.

As at LPD, SSHSB has an authorised share capital of 25,000,000 shares of RM1 each, of which 25,000,000 shares have been issued and fully paid-up. SSHSB is an indirect wholly-owned subsidiary of KPJSB, which in turn is a wholly-owned subsidiary of KPJ.

The Directors of SSHSB are Mohd Johar Bin Ismail, Roslan Bin Ahmad, Prof (C) Dr Wan Hazmy Bin Che Hon, Dr Shah Budin @ Shahruddin Bin Mohammad Amin, Dr Munirah Binti Khudri, Mohd Farid Bin Salim and Onn Bin Ismail.

For information on KPJ, being the holding company of SSHSB, please refer to Section 2.9(ii) above.

3.7 Proposed SSH Leaseback

Upon completion of the Proposed Acquisition of SSH Land, the Trustee and the Manager shall enter into the SSH Supplemental Lease Agreement with SSHSB, wherein Al-`Aqar shall grant the lease of the SSH Land to SSHSB. The SSH Supplemental Lease Agreement shall supplement a lease agreement dated 12 December 2012 entered into between SSHSB, the Trustee, and the Manager for the lease of the Al-`Aqar Existing SSH Properties for the second (2^{nd}) lease term period to SSHSB.

The tentative salient terms of the SSH Supplemental Lease Agreement is as follows:-

Term		Details
SSH Lessor	:	Al-`Aqar
SSH Lessee	:	SSHSB
Commencement Date	:	Shall commence from the SSH Completion Date
SSH Contractual Term	:	From the SSH Completion Date up to 13 October 2015 (the expiry of the SSH Contractual Term shall coincide with the expiry of the SSH Existing Lease Agreement between Al-`Aqar and SSHSB for the Al-`Aqar Existing SSH Properties for the second (2^{nd}) lease rental term, which is on 13 October 2015)[i] Upon expiry of both the SSH Supplemental Lease Agreement and the SSH Existing Lease Agreement, the parties shall renew the lease arrangement for the third (3^{rd}) lease rental term, which will encompass the Al-`Aqar Existing SSH Properties and the SSH Land, of which the lease rental rate for the SSH Land shall be the same as the lease rental rate for the Al-`Aqar Existing SSH Properties.
Rental	:	**Term**: SSH Contractual Term — **Rental Formula**: 7.1% per annum x SSH Purchase Consideration
GST, if applicable	:	If GST is imposed on the rent or is applicable to the services rendered in connection with the lease arrangement, the SSH Lessor is entitled to charge the SSH Lessee the GST on the amount payable for the provision of the relevant services in the following manner:- GST = (Amount of consideration payable for supply of services) x (Applicable rate of GST)
Future Expansion	:	The SSH Lessor grants to the SSH Lessee the right to undertake future expansion on the Seremban Land for the expansion of the SSH Lessee's business operations, subject to the following:- (i) the SSH Lessee shall provide a written notification to the Manager, providing the details of the proposed or future expansion on the Seremban Land; and

Term	Details
	(ii) the SSH Lessee shall obtain prior written approval from the SSH Lessor before commencing with the proposed or future expansion on the Seremban Land.
	Any proposed or future expansion on the Seremban Land may be acquired by Al-`Aqar upon completion of its construction, subject to mutual agreement by both parties on the sale/purchase of the proposed or future expansion, at a price to be mutually agreed by the parties based on the valuation to be conducted by an independent valuer or an independent quantity surveyor appointed by the parties, subject to the relevant authorities' approvals, approval of the unit holders of Al-`Aqar and/or shareholders of the SSH Lessee and/or its holding company, KPJ (if required) and the terms and conditions of the agreement for the sale/purchase of the proposed or future expansion, to be entered into between Al-`Aqar, represented by its Trustee and the SSH Lessee.

Note:-

(i) Based on the SSH Existing Lease Agreement, the lease rental review formula for the Al-`Aqar Existing SSH Properties are as follows:-

1st year of every review	*(10-years MGS + 238 basis points) x market value of the Al-`Aqar Existing SSH Properties at the point or review, and subject to:-* *(i) a minimum gross lease rental of 7.1% p.a of the market value of the Al-`Aqar Existing SSH Properties; and* *(ii) a maximum of 2% incremental over preceding year's lease rental amount*
2nd and 3rd year of review	*2% incremental over the preceding year's lease rental amount*

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3.7.1 Basis of determining the lease rental rate of the SSH Land

The lease rental rate of 7.1% per annum for the SSH Land as per Section 3.7 above have been mutually agreed by the parties entering into the lease agreement for the SSH Land. The lease rental rate of 7.1% per annum for the SSH Land is arrived at after taking into consideration the following:-

(i) the existing lease rental charged for the Al-`Aqar Existing SSH Properties of approximately 7.28% per annum;

(ii) the lease rental yield for all Al-`Aqar's existing properties in Malaysia, which range from 6.66% to 7.66% per annum computed based on the rental income and fair value of the Malaysian properties as disclosed in Al-`Aqar's audited financial statements for the FYE 31 December 2014;

(iii) The investment returns expected to be received by Al-`Aqar; and

(iii) the cash flows from the existing business operations of SSHSB which is dependent on, inter-alia, the healthcare business prospects and the operational costs of SSH.

The SSH is a specific-purpose built hospital, whereby the hospital buildings are built in accordance with the requirements of SSHSB. As such, there is no directly comparable property in the market. Rental rate would differ depending on, inter-alia, the location as well as the lease rental renewal formula.

Based on the publicly available information, it was noted that the lease rental rate of 7.1% per annum is higher than the range of rental yield received for other hospital buildings in Malaysia of 6.1% per annum to 6.5% per annum for Sunway Medical Centre and Gleneagles Kuala Lumpur, respectively for the FYE 2014, as extracted from the Sunway REIT Annual Report for the FYE 30 June 2014 and Parkway Life REIT Annual Report for the FYE 31 December 2014. Nevertheless, such rental range may not be directly comparable as the Sunway Medical Centre has a higher annual incremental lease rental rate of 3.5% throughout the whole tenure of the lease whereas Gleneagles rental rate is based on a rental formula basis. In the ASEAN countries (based on the hospitals that have been injected into a REIT) the range of rental yield for hospital buildings ranges from 5.96% to 9.57%, as extracted from the respective latest available annual reports.

4. PROPOSED DISPOSAL

On 31 March 2015, on behalf of the Board of the Manager, AmInvestment Bank Berhad had announced that the Trustee, representing Al-`Aqar, and the Manager had on 31 March 2015 entered into the Crossborder SSA with KPJSB, a wholly-owned subsidiary of KPJ, to dispose 100% equity interest in the Crossborder Companies for the Crossborder Disposal Consideration of RM4,718,000 (subject to the Crossborder Disposal Consideration Adjustment, as detailed in Section 4.3.4 below). Pursuant to the Crossborder SSA, the Crossborder Disposal Consideration is based on lock-stock-barrel basis and as such the disposal consideration for Crossborder Hall and Crossborder Aim has not been separated.

4.1 Information on the Crossborder Companies

The Crossborder Companies were incorporated in Malaysia on 20 November 2009 under the Act as private companies limited by shares under its present name. The principal activity of both the Crossborder Companies is investment holding. The Crossborder Companies are special purpose vehicles set up by Al-`Aqar for the purpose of equally holding shares in the PT Al-`Aqar Companies, which in turn own the Indonesian Properties.

As at LPD, the authorised share capital of Crossborder Hall is RM100,000 comprising 100,000 ordinary shares of RM1.00 each in Crossborder Hall (**"CH Shares"**) of which RM2 comprising two (2) CH Shares have been issued and credited as fully paid-up, whilst the authorised share capital of Crossborder Aim is RM100,000 comprising 100,000 ordinary shares of RM1.00 each in Crossborder Aim ("**CA Shares**") of which RM2 comprising two (2) CA Shares have been issued and credited as fully paid-up. The directors of the Crossborder Companies are Zainah Binti Mustafa and Yusaini Bin Sidek. The original cost and date of investment of the Crossborder Companies is RM2 each on 20 November 2009.

Crossborder Hall owns 50% equity interest each in PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai, both incorporated in Indonesia on 28 September 2010. The principal activity of both PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai is as a special purpose vehicle for the purpose of holding the Indonesian Properties.

Crossborder Aim owns the remaining 50% equity interest in PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai.

PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai shall collectively be referred to as the "**PT Al-`Aqar Companies**". The Crossborder Companies and the PT Al-`Aqar Companies shall collectively be referred to as "**Crossborder Target Companies**".

PT Al-`Aqar Permata Hijau's principal asset is the Rumah Sakit Medika Permata Hijau building, an investment property located in Jakarta, Indonesia. The RSMPH is held under land certificate: Hak Guna Bangunan (Rights to Build) No.01036, Kelurahan Sukabumi Selatan, Kecamatan Kebon Jeruk, Kotamadya Jakarta Barat, Propinsi Daerah Khusus Ibukota Jakarta Raya, Indonesia. The RSMPH was built in the year 1992. PT Al-`Aqar Permata Hijau became the registered owner of RSMPH on 2011. RSMPH is a five (5)-storey hospital building (including all fixtures and fittings and ancillary buildings such as a single-storey office building, a utility building, a guard house and a surau) with the capacity of 92 beds and provides a wide range of hospital services and specialties such as Cardiology, Radiology, general surgery, Gastroenterology, Physiotherapy, Ophthalmology, Urology, Nutrition and Nephrology.

PT Al-`Aqar Bumi Serpong Damai's principal asset is the Rumah Sakit Medika Bumi Serpong Damai building, an investment property located in Tangerang, Indonesia. The RSBSD is held under land certificate: Hak Guna Bangunan (Rights to Build) No.881, Desa Lengkong Wetan, Kecamatan Serpong, Kabupaten Tangerang, Propinsi Banten (formerly Jawa Barat), Indonesia. The RSBSD was completed in the year 2005. PT Al-`Aqar Bumi Serpong Damai became the registered owner of RSBSD on 2011. The RSBSD is a six (6)-storey hospital building with a basement (including all fixtures and fittings and ancillary buildings such as utility building, guard houses and a surau) with a capacity of 200 beds and provides a wide range of hospital services and specialties such as Cardiology, Gastroenterology, general surgery, Haemodialysis, heart and lung specialist, Ophthalmology, Orthopaedics, Radiology, Urology, and Physiotherapy.

RSMPH and RSBSD shall collectively be referred to as the "**Indonesian Properties**".

The Indonesian Properties are currently being rented out to PT Khidmat Perawatan Jasa Medika and PT Khasanah Putera Jakarta Medica, both indirect wholly-owned subsidiaries of KPJ. The gross lease rental receivable by Al-`Aqar for RSMPH and RSBSD is approximately RM2.2 million per annum and RM5.3 million per annum respectively.

Other pertinent information of the RSMPH and RSBSD are as set out below:-

		RSMPH	RSBSD
Property address	:	Rumah Sakit Medika Permata Hijau, Jalan Raya Kebayoran Lama, No. 64, Sukabumi Selatan, Kebon Jeruk, West Jakarta, Indonesia	Rumah Sakit Medika Bumi Serpong Damai, Jalan Letkol, Sutopo III – IA/07, Serpong District, Tangerang, Banten Province, Indonesia
Tenure	:	Leasehold of 20 years – rights to build expiring on 6 February 2026	Leasehold of 20 years – rights to build expiring on 15 July 2027
Land area	:	Approximately 4,201 sq metres	Approximately 12,000 sq metres
Gross floor area	:	5,026 sq metres	Approximately 22,168 sq metres
Market value[(i)]	:	RM23.0 million	RM57.0 million
Lettable space[(ii)]	:	5,026 sq metres	Approximately 22,168 sq metres
Occupancy rate[(ii)]	:	100%	100%
Age of building	:	23 years	10 years
NBV as at 31 December 2014 (audited)[(iii)]	:	RM23.0 million	RM57.0 million
Original cost of investment[(iv)]	:	RM22.4 million	RM53.0 million
Date of investment	:	26 July 2011	26 July 2011
Charges	:	Nil	Nil
Encumbrances	:	Nil	Nil

Notes:-

(i) The market value of the Indonesian Properties are as ascribed by the Independent Valuer vide its valuation reports for the Indonesian Properties, both dated 23 February 2015 using the investment method and cost method.

(ii) The lettable space for the Indonesian Properties is equivalent to the gross floor area and the occupancy rate is 100% in view that the Indonesian Properties are wholly leased out.

(iii) The NBV of the Indonesian Properties are the same as the market value as ascribed by the Independent Valuer based on its valuation report dated 23 February 2015, as Al-`Aqar adopts fair value measurement accounting policy.

(iv) Inclusive of expenses incurred in relation to the acquisition of RSMPH and RSBSD amounting to RM1.26 million and RM2.73 million respectively which were capitalised. These expenses include, inter-alia, payment of duty on transfer of land and building.

Please refer to **Appendix I** of this Circular for further details on the Crossborder Companies.

4.2 Information on KPJSB

KPJSB was incorporated in Malaysia on 8 June 1988 under the Act as a private company limited by shares under its present name. The principal activities of KPJSB are investment holding, provision of management services to subsidiaries and provision of health screening services. The principal activities of subsidiaries of KPJSB are mainly the operation of specialist hospitals.

As at LPD, the authorised share capital of KPJSB is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each in KPJSB (**"KPJSB Shares"**) of which RM90,000,000 comprising 90,000,000 KPJSB Shares have been issued and credited as fully paid-up. KPJSB is a wholly-owned subsidiary of KPJ.

4.3 Salient terms of the Crossborder SSA

4.3.1 Encumbrances

The Trustee hereby agrees to sell to KPJSB and KPJSB hereby agrees to purchase the Crossborder Sale Shares from the Trustee for the Crossborder Disposal Consideration, free from all liens, charges, mortgages, claims and other encumbrances together with all rights attached thereto including all retained profits and all dividends and distributions declared, paid or made in respect of the Crossborder Sale Shares, subject to the terms and conditions of the Crossborder SSA.

4.3.2 Settlement of the Crossborder Disposal Consideration

The Crossborder Disposal Consideration of RM4,718,000 shall be satisfied in the following manner:-

(i) a sum of RM100,000 (approximately 2.1% of the Crossborder Disposal Consideration), being the deposit and part payment of the Crossborder Disposal Consideration has been paid by KPJSB to the Trustee upon execution of the Crossborder SSA. The deposit shall be refundable to KPJSB in circumstances set out in the Crossborder SSA, which includes but not limited to, non-fulfilment of conditions precedents, default by the Trustee and/or KPJSB and early termination; and

(ii) the Crossborder Balance Disposal Consideration of RM4,618,000 (approximately 97.9% of the Crossborder Disposal Consideration) shall be paid by KPJSB on or before the Crossborder Completion Date.

The Crossborder Disposal Consideration shall be subject to adjustments, if any, pursuant to the Crossborder Disposal Consideration Adjustments as detailed out in Section 4.3.4 below.

4.3.3 Crossborder Shareholder's Advances

As at 31 December 2014, based on the audited financial statements of the Crossborder Target Companies for the FYE 31 December 2014, Al-`Aqar had given Crossborder Shareholder's Advances in the following amount:-

Crossborder Shareholder's Advances to		RM'mil
(i)	Crossborder Companies	24.43
(ii)	PT Al-`Aqar Companies	53.92
Total		**78.35**

The Crossborder Shareholder's Advances were given by Al-`Aqar to the Crossborder Target Companies for the purpose of, among others, to acquire the Indonesian Properties (approximately RM71.41 million), to defray expenses in relation to the acquisition of the Indonesian Properties (approximately RM4.13 million) and thereon includes profit payable (i.e interest) on the Crossborder Shareholder's Advances (as at 31 December 2014 amounting to approximately RM2.75 million), where applicable. The Crossborder Shareholder's Advances shall also include any other amount payable by the Crossborder Target Companies to Al-`Aqar (i.e payment of expenses by Al-`Aqar on behalf of the Crossborder Target Companies (as at 31 December 2014 amounting to approximately RM0.06 million)).

KPJSB agrees to settle and/or procure the respective Crossborder Target Companies to settle the outstanding amount of the Crossborder Shareholder's Advances as at the last day of the month preceding the Crossborder Completion Date ("**Crossborder Cut-Off Date**") on the Crossborder Completion Date, concurrent with the settlement of the Crossborder Balance Disposal Consideration.

If the Crossborder Shareholder's Advances are settled by KPJSB on behalf of any of the Crossborder Target Companies, the said Crossborder Target Company(ies) shall be liable to KPJSB for the payments made on their behalf. In the event that KPJSB procures the Crossborder Target Companies to settle the Crossborder Shareholder's Advances, any costs and/or expenses incurred in relation to the settlement of the Crossborder Shareholder's Advances shall be borne /reimbursed by KPJSB ("**Loan Expenses**"). Such costs shall include but not limited to, expenses incurred to procure bank borrowings in relation to the settlement of the Crossborder Shareholder's Advances.

4.3.4 Crossborder Disposal Consideration Adjustment

The unaudited proforma consolidated NA of the Crossborder Companies as at 31 December 2014 (amounting to RM4,288,223) ("**Crossborder SPA NA**") incorporating ten percent (10%) premium over the Crossborder SPA NA is RM4,718,000 (rounded up to the nearest thousand) ("**Crossborder SPA NA Plus 10% Premium**").

Should there be any movement in the Crossborder SPA NA Plus 10% Premium and the unaudited proforma consolidated NA of the Crossborder Companies as at the Crossborder Cut-Off Date ("**Crossborder Cut-Off Date NA**") incorporating ten percent (10%) premium over the Crossborder Cut-Off Date NA ("**Crossborder Cut-Off Date NA Plus 10% Premium**") (save and except for the value of the Indonesian Properties, of which is crystalised as at the date of the Crossborder SSA and the exclusion of the Loan Expenses), the Crossborder Disposal Consideration shall be adjusted accordingly.

If the Crossborder Cut-Off Date NA Plus 10% Premium is more than the Crossborder SPA NA Plus 10% Premium, the Crossborder Disposal Consideration shall be adjusted upwards by the difference between the NA. If the Crossborder Cut-Off Date NA Plus 10% Premium is less than the Crossborder SPA NA Plus 10% Premium, the Crossborder Disposal Consideration shall be adjusted downwards by the difference between the NA.

In computing the Crossborder Cut-Off Date NA, the following shall apply:-

(i) the value of the Indonesian Properties shall remain unchanged and fixed at RM80,000,000, being the market value as ascribed by the Independent Valuer; and

(ii) The Loan Expenses, if any, shall be excluded.

The Crossborder SPA NA Plus 10% Premium, the Crossborder Cut-Off Date NA Plus 10% Premium and any revision to the Crossborder Disposal Consideration shall be agreed by the Trustee, the Manager and KPJSB, being the parties to the Crossborder SSA.

For the purpose of the Crossborder Disposal Consideration Adjustment, the Crossborder SPA NA Plus 10% Premium and the Crossborder Cut-Off Date NA Plus 10% Premium shall be rounded up to the nearest thousand and shall be in RM.

For clarification, the audited consolidated financial statements is not required to be prepared at the Crossborder Companies' level as the Malaysian Financial Reporting Standards 10 Consolidated Financial Statements stipulates that a parent need not present consolidated financial statements if, inter-alia, its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with the International Financial Reporting Standards.

As such, the consolidated balance sheets of the Crossborder Companies is prepared by the management of DRMSB only for purposes of the Proposed Disposal, to derive at the Crossborder SPA NA and Crossborder Cut-off Date NA and as such has not been audited.

Nevertheless, the Crossborder SPA NA was prepared based on the audited financial statements as at 31 December 2014 of the Crossborder Target Companies. The Crossborder Cut-Off Date NA will have to be prepared based on the financial statements as at the Cut-Off Date, which may or may not be audited depending on the Cut-Off Date.

The unaudited financial statements may have to be used to compute the Crossborder Cut-Off Date NA to facilitate the completion of the Proposed Disposal. However, the Crossborder Cut-Off Date NA prepared by the management of DRMSB will have to be verified and agreed by KPJSB. Any party to the Crossborder SSA may engage an audit firm to verify the numbers, if they so require.

4.3.5 Conditions precedent

The Crossborder SSA is conditional upon and subject to the fulfilment of the following conditions precedent:-

(i) the approval of the Board of KPJSB and the shareholders of KPJSB for the acquisition of the Crossborder Sale Shares, which have been obtained prior to the date of the Crossborder SSA;

(ii) the approval of the shareholders of KPJ the holding company of KPJSB, KPJ, obtaining the approval of its shareholders at an EGM to be convened for the acquisition of Crossborder Sale Shares, which shall be obtained at the upcoming EGM;

(iii) the approval of the Board of the Manager for the Proposed Disposal, which has been obtained prior to the date of the Crossborder SSA;

(iv) the approval of the Board of Trustee for the Proposed Disposal, which has been obtained on 20 April 2015;

(v) the approval of the Unit holders of Al-`Aqar for the Proposed Disposal at an EGM to be convened, which shall be obtained at the upcoming EGM;

(vi) the relevant parties obtaining the required approvals including regulatory and/or governmental approvals in Malaysia and/or Indonesia (if required) and consents from and providing notification to the relevant authorities, bodies, financiers, lenders and/or creditors for the Proposed Disposal;

(vii) the Trustee providing KPJSB an irrevocable undertaking to refund all monies paid by KPJSB to the Trustee in the event the Proposed Disposal is unable to be completed for any reason whatsoever. As at the date of this Circular, the undertaking letter has yet to be issued;

(viii) the receipt by the Trustee of a written undertaking from KPJSB and the Crossborder Target Companies to settle all Crossborder Shareholder's Advances on the Crossborder Completion Date. As at the date of this Circular, the undertaking letter has yet to be obtained; and

(ix) the completion of a due diligence audit conducted by KPJSB on the audited financial statements of the Crossborder Target Companies for the FYE 31 December 2014 and the tax submission (if any) of the Crossborder Target Companies and the outcome of the due diligence audit is to the satisfaction of KPJSB. As at the date of the Circular, the due diligence audit is still ongoing.

The conditions precedent shall be fulfilled within six (6) months from the date of the Crossborder SSA ("**Crossborder Conditional Period**"). In the event the conditions precedent are not fulfilled within the Crossborder Conditional Period, an extension of one (1) month (or such other duration as may be agreed by parties) shall be automatically granted.

The Crossborder SSA shall be unconditional upon the fulfilment/waiver by KPJSB or the Trustee, as the case may be, of the last conditions precedent.

In the event that the authorities impose conditions and/or require variation to the terms and conditions of the Crossborder SSA, the Crossborder SSA shall be terminated unless the conditions and/or variations imposed are acceptable to the affected party(ies).

4.3.6 Completion

The parties agree that the Crossborder SSA and the Proposed Disposal shall be deemed completed upon the occurrence of the following events:-

(i) the Trustee's receipt of the Crossborder Disposal Consideration in full;

(ii) the repayment of the Crossborder Shareholder's Advances by KPJSB and/or the Crossborder Target Companies to Al-`Aqar in full; and

(iii) the transfer of the beneficial ownership of the Crossborder Sale Shares from the Trustee to KPJSB;

hereinafter referred to as "**Crossborder Completion**".

The date on which Crossborder Completion takes place shall be referred to as "**Crossborder Completion Date**".

4.3.7 Termination

Pursuant to the provisions of the Crossborder SSA, the Crossborder SSA may be terminated in the event of, among others, the following events:-

(i) Non- fulfilment of conditions precedent

In the event that any of the conditions precedent is not fulfilled or waived within the Crossborder Conditional Period and the parties do not agree to extend the Crossborder Conditional Period, or if the parties agree to extend the Crossborder Conditional Period but the conditions precedent are not fulfilled or waived on or before the expiry of the extended Crossborder Conditional Period:-

(a) the Crossborder SSA shall lapse and be null and void and of no effect whatsoever and neither Party shall have any rights or claims against the other save and except for any antecedent breach; and

(b) the Trustee and KPJSB shall return all documents to the respective party, not later than seven (7) Business Days from the date of notification of the non-fulfillment of the condition(s) precedent or the expiry of the Crossborder Conditional Period or the extended Crossborder Conditional Period, as the case may be, whichever is the earlier. The Trustee shall return the deposit to KPJSB and thereafter, the parties hereto shall not have any further rights and obligations under the Crossborder SSA save and except for any antecedent breaches.

(ii) Default by KPJSB

In the event that KPJSB fail to complete the sale and purchase of the Crossborder Sale Shares in accordance with the Crossborder SSA, the Trustee shall be entitled to specific performance, without prejudice to the rights of the Trustee, to claim for damages or in the alternative the Trustee may terminate the Crossborder SSA by giving fourteen (14) Business Days notice in writing to KPJSB and forfeit an actual sum from the deposit, for the cost incurred by the Trustee in relation to the Crossborder SSA; and the Trustee to refund to KPJSB all monies paid by KPJSB to the Trustee (including the deposit less the sum forfeited) and the Crossborder SSA shall, at the expiry of the said notice, be terminated and be null and void.

The Trustee shall be entitled to claim for any expenses incurred and for the damages and losses suffered by the Trustee arising out of the termination of the Crossborder SSA, provided always that the Trustee shall not be entitled to terminate the Crossborder SSA if KPJSB shall make good and remedy such breach within the period of the said notice.

(iii) Default by the Trustee

In the event that any of the representations, warranties or covenants of the Trustee contained in the Crossborder SSA are false, incorrect or misrepresented or the Trustee failed to complete the sale and purchase of the Crossborder Sale Shares in accordance with the Crossborder SSA, save and except due to default by KPJSB, KPJSB shall be entitled to seek specific performance to claim for damages, or in the alternative KPJSB may terminate the Crossborder SSA by giving fourteen (14) Business Days notice in writing to the Trustee and require the Trustee to refund all monies paid by the KPJSB to the Trustee (including the deposit) and the Crossborder SSA shall at the expiry of the said notice be terminated and be null and void. KPJSB shall be entitled to claim for any expenses incurred by KPJSB and for the damages and losses suffered by KPJSB arising out of the termination of the Crossborder SSA provided always that KPJSB shall not be entitled to terminate the Crossborder SSA if the Trustee shall make good and remedy such breach within the period of the said notice.

(iv) Early termination

Subject to mutual agreement by both parties, the Crossborder SSA may be terminated (due to circumstances or events other than the default by the Trustee or KPJSB), prior to the occurrence of the Crossborder Completion Date by giving a fourteen (14) Business Days prior written notice from one party to the other party.

In the event of early termination of the Crossborder SSA, the respective Parties shall return or shall cause to be returned the Deposit and all monies paid towards the Purchase Consideration as well as return all documents received by them from the other Party within fourteen (14) Business Days from the date of the notice receipt by the other party and thereafter the Crossborder SSA shall be null and void and of no further force and effect with neither party having any rights and obligations against the other save and except for any antecedent breaches.

In event the termination is initiated by KPJSB, KPJSB shall return all documents received from the Trustee in particular documents pertaining to the Crossborder Sale Shares, the Crossborder Target Companies and the Indonesian Properties with the Trustee's interest still intact.

The party seeking the early termination of the Crossborder SSA shall be required to reimburse the other party any sunken costs already incurred by the other party in connection with the execution or performance of its obligations under the Crossborder SSA, provided always that such sunken cost shall be supported by the relevant documentary evidence mutually agreed upon by both parties.

4.4 Basis and justification of arriving at the Crossborder Disposal Consideration

The Crossborder Disposal Consideration was arrived at on a "willing buyer-willing seller" basis after taking into consideration the unaudited proforma consolidated NA of the Crossborder Companies as at 31 December 2014 (amounting to RM 4.29 million), incorporating a ten percent (10%) premium (amounting to RM4,718,000 (rounded up to the nearest thousand)), which incorporates the market value of RSMPH and RSBSD of RM23,000,000 (IDR 81,560,283,688) and RM57,000,000 (IDR 202,127,659,574) (both translated at IDR1: RM0.000282, being the exchange rate quoted by Bank Sentral Republik Indonesia on 5 February 2015, which is the inspection date of the Indonesian Properties) respectively, as ascribed by the Independent Valuer, vide the valuation reports dated 23 February 2015.

Based on the abovementioned valuation reports prepared by the Independent Valuer, in arriving at the market value of the Indonesian Properties, the investment method and cost method are adopted. The investment method is the primary method of valuation, whilst the cost method is the secondary method.

As stated in the valuation report, the investment method entails ascertaining the market rent of the Indonesian Properties, deducting all reasonable annual operating expenses and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of income stream. The cost method entails the summation of the market value of the land using the comparison method (whereby the land is compared to other similar properties and if dissimilarities exist, adjustments are made) and the market value of the buildings are based on the depreciated replacement cost method (whereby the market value is derived from gross current replacement cost after deducting accrued depreciation).

For information, the Crossborder SPA NA of approximately RM4.29 million and the Crossborder Disposal Consideration of RM4.718 million are computed as follows:-

	RM
NA of PT Al-`Aqar Companies	28,793,292[i]
NA of Crossborder Companies	(80,081)
	28,713,211
Consolidation adjustments	(24,424,988)
Total NA of the Crossborder Target Companies / Crossborder SPA NA	**4,288,223**
Add: 10% premium to the Crossborder SPA NA	428,822
Subtotal	4,717,045
Crossborder SPA Plus 10% Premium (rounded up to the nearest thousand)	**4,718,000**

Note:-

(i) *The NA of PT Al-`Aqar Companies amounting to RM28.79 million above is arrived at after incorporating the market value of the Indonesian Properties of RM80.0 million (i.e RM57.0 million for RSBSD and RM23.0 million for RSMPH) which was translated at the rate of IDR1: RM0.000282, being the exchange rate quoted by Bank Sentral Republik Indonesia on 5 February 2015, being the inspection date. Meanwhile, for disclosure purposes, the aggregated NA of PT Al-`Aqar Companies as disclosed in Sections 9(iii) and 9(iv) of Appendix I of RM28.42 million is derived after translating the NA of respective PT Al-`Aqar Companies (including the Indonesian Properties) from IDR into RM at the rate of IDR1: RM0.0002807, being the exchange rate adopted in Al-`Aqar's audited financial statements as at 31 December 2014. As such, the difference of RM0.37 million between the NA amounts disclosed is due to exchange rates differences.*

In arriving at the Crossborder SPA NA Plus 10% Premium of RM4.718 million, the parties to the Crossborder SSA had mutually agreed to include a 10% premium to the Crossborder SPA NA of RM4.29 million after taking into consideration the long-term prospects as well as the strategic location of the Indonesian Properties.

The range of the traded unit price to the respective NAV per unit of the listed Malaysian REITs as at LPD are as detailed in the table below:-

Listed Malaysian REITs	Market Capitalisation as at LPD(ii)	Price as at LPD(i)	NAV per unit(ii)	Price to NAV per unit(iii)	Price to NAV per unit Discount /(premium)
	RM'mil	RM	RM	RM/unit	%
Sunway REIT	4,729.58	1.61	1.26	1.28	(27.8)
IGB REIT	4,704.72	1.36	1.08	1.26	(25.9)
Pavilion REIT	4,644.53	1.54	1.24	1.24	(24.2)
Capitamalls Malaysia Trust	2,490.57	1.40	1.24	1.13	(12.9)
Axis REIT	1,933.59	3.53	2.41	1.46	(46.5)
YTL Hospitality REIT	1,377.36	1.04	1.21	0.86	14.0
MRCB-Quill REIT	780.43	1.18	1.32	0.89	10.6
UOA REIT	676.59	1.60	1.51	1.06	(6.0)
AmFirst REIT	624.63	0.91	1.23	0.74	26.0
Hektar REIT	608.96	1.52	1.55	0.98	1.9
AmanahRaya REIT	524.50	0.92	1.14	0.81	19.3
Tower REIT	356.24	1.27	1.89	0.67	32.8
Atrium REIT	141.29	1.16	1.37	0.85	15.3
Amanah Harta Tanah PNB	105.00	1.05	1.52	0.69	30.9
Al-`Aqar	925.98	1.33	1.18	1.13	(12.7)
Premium					46.5
Discount					32.8

Notes:-

(i) Information as extracted from Bloomberg as at LPD.

(ii) Information as extracted from the respective companies' latest publicly available financial results.

(iii) Computed by dividing the price as at LPD with the NAV per unit.

Based on the above table, the ten percent (10%) premium is within the range of the of the traded unit price as compared to the NAV per unit of the listed Malaysian REITs.

4.5 Liabilities to be assumed by KPJSB

Save for the Crossborder Shareholder's Advances as stated in Section 4.3.3 above, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by KPJSB pursuant to the Proposed Disposal.

4.6 Estimated gain on disposal and utilisation of proceeds

4.6.1 Estimated gain on disposal

The Crossborder Disposal Consideration for the Crossborder Sale Shares is based on the Crossborder SPA NA Plus 10% Premium of RM4,718,000 . Al-`Aqar adopts the fair value measurement accounting policy, as such the net assets of the Crossborder Companies has already reflected the market value of the Indonesian Properties. As a result, the Proposed Disposal shall result in an estimated gain on disposal of only approximately RM0.43 million at the Al-`Aqar Group level. For illustration purposes, if the Indonesian Properties are carried at the original cost of investment of RM72.9 million, the gain on disposal from the Proposed Disposal shall be approximately RM7.47 million.

At the Fund level, based on the FYE 31 December 2014, Al-`Aqar is expected to make an estimated gain on disposal of approximately RM4.7 million.

Please refer to Section 7 below for further details on the effects of the Proposals.

4.6.2 Utilisation of proceeds

The Crossborder Disposal Consideration and the repayment of the Crossborder Shareholder's Advances (based on 31 December 2014 amount) are proposed to be utilised as follows:-

	Details of Utilisation	Estimated timeframe for utilisation from the receipt of the Crossborder Disposal Consideration and the repayment of Crossborder Shareholder's Advances	Estimated Amount	
			RM' mil	%
(i)	Repayment of borrowings[(a)]	Within 6 months	79.95	96.2
(ii)	Working capital and/or distribution to unit holders[(b)]	Within 6 months	2.37	2.9
(ii)	Estimated expenses[(c)]	Within 6 months	0.75	0.9
			83.07	**100**

Notes:-

(a) As at LPD, the total borrowings of the Al-`Aqar Group stood at approximately RM733.1 million. Based on the Crossborder Disposal Consideration received and the repayment of the Crossborder Shareholder's Advances, Al-`Aqar proposes to utilise RM79.95 million to repay part of the Al-`Aqar Group's existing borrowings that are due for repayment. The repayment of borrowings will result in interest savings of approximately RM4.84 million per annum based on the average prevailing interest rate incurred by the Al-`Aqar Group of approximately 6.05% p.a. Any excess or shortfall from the repayment of borrowings will be adjusted to or from the working capital

(b) *To be utilised for working capital, which includes but not limited to payment of trade creditors and operating/administration expenses and/or for distribution to its Unit holders. The operating / administration expenses include but not limited to quit rent and assessment, property manager fee, insurance, manager fee and professional fees.*

(c) *Includes disposal fee to the Manager, professional fees, fees to the authorities, printing cost, and other incidental expenses in connection with the Proposed Disposal. Any excess or shortfall of the estimated expenses will be adjusted to/from the working capital.*

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Acquisition of KPJUC Properties

(i) To facilitate the amalgamation and future expansion of KPJUC

As stated in Section 2 above, PNCSB is required by MPN to amalgamate the PNCSB Land with the Al-`Aqar Existing KPJUC Land as a condition for approving the Master Expansion Plan. As such, the Proposed Acquisition of KPJUC Properties will facilitate the KPJUC amalgamation process.

Furthermore, the Proposed Acquisition of KPJUC Properties will also facilitate KPJUC's future expansion plans and thereon will provide continuous rental stream to Al-`Aqar.

(ii) Stable rental income from PNCSB

The Proposed Acquisition of KPJUC Properties will provide Al-`Aqar with a long-term lease agreement with an option for renewal to ensure stable revenue streams to Al-`Aqar. PNCSB, an indirect wholly-owned subsidiary of KPJ, is a reputable lessee and has been running KPJUC since its inception in 1991. Additionally, Al-`Aqar has been receiving steady rental income from PNCSB for the existing properties and this is expected to continue with the KPJUC Properties.

(iii) Strategic location

The KPJUC Properties are located at a strategic location surrounded by residential areas and are easily accessible. The Nilai town is located about 10km to the north-east of the KPJUC Properties. The Sepang International F1 Circuit is located about 7 km to the south-west of the KPJUC Properties. The KLIA and the newly completed KLIA2 are located about 18km due west of the KPJUC Properties. The KPJUC Properties are located about 60 km to the south-east of Kuala Lumpur City Centre and 32km to the north-west of Seremban town centre.

In view of the location of the KPJUC Properties, barring unforeseen circumstances, the Board of the Manager believes that the KPJUC Properties should yield positive benefits to Al-`Aqar over time.

5.2 Proposed Acquisition of SSH Land

(i) To facilitate the amalgamation

SSHSB is currently constructing the SSH New Buildings on the Al-`Aqar Existing SSH Land, whilst the SSH Facilities for the SSH New Buildings are built on the SSH Land. As mentioned in Section 3 above, for the CCC of the SSH New Buildings to be issued, the Al-`Aqar Existing SSH Land and the SSH Land will need to be amalgamated.

In view thereof, Al-`Aqar proposes to acquire the SSH Land as Al-`Aqar already owns the Al-`Aqar Existing SSH Properties, which is currently being leased to SSHSB. Al-`Aqar will also negotiate with SSHSB for the future injection of the SSH New Buildings (including the SSH Facilities) into Al-`Aqar.

(ii) Enhance future earnings of Al-`Aqar

The Proposed Acquisition of SSH Land will enhance the future earnings of Al-`Aqar as it will enable Al-`Aqar to charge rental on the SSH Land commencing from the SSH Completion Date based on the terms as stated in Section 3.7 above. Upon expiry of the SSH Contractual Term, the lease rental rate for the SSH Land shall be the same with that of the Al-`Aqar Existing SSH Properties upon renewal of the third (3^{rd}) lease term.

Furthermore, SSHSB, an indirect wholly-owned subsidiary of KPJ, is a reputable lessee and has been running the SSH since its inception in 2004. Al-`Aqar has also been receiving steady rental income from SSHSB for the Al-`Aqar Existing SSH Properties and this is expected to continue for the SSH Land.

In view of the above, Al-`Aqar's future earnings shall be enhanced through the increase in total lease rental received.

(iii) Strategic location

The SSH Land is located at a strategic location surrounded by residential areas and is easily accessible. The SSH Land is located about 2.5 kilometres to the south-west of Seremban town centre. Seremban is one of the well established locations at the southern part of Klang Valley due to its close proximity to the Kuala Lumpur city, Putrajaya and the KLIA. The development of Seremban is also on a fast pace due to its strategic location close to the country's well publicised multimedia super corridor.

In view of the location of the SSH Land, barring unforeseen circumstances, the Board of the Manager believes that the SSH Land should yield positive benefits to Al-`Aqar over time.

5.3 Proposed Disposal

The Proposed Disposal will enable Al-`Aqar to unlock the value of its assets in Indonesia and to provide an opportunity for Al-`Aqar to realise its capital investment in the Crossborder Target Companies.

Furthermore, Al-`Aqar intends to utilise the proceeds from the Proposed Disposal to settle its borrowings which are due in October 2015. Al-`Aqar's total gearing (based on the Base Case scenario as detailed in Section 7 below) is expected to reduce from 45.1% (after the proforma effect of the Proposed Acquisition of SSH Land) to 42.3%. Hence, this will enable Al-`Aqar to have additional capacity to borrow for new investment opportunities.

6. PROSPECTS AND RISK FACTORS

6.1 Prospects

6.1.1 Outlook of the Malaysian Economy

The Malaysian economy registered a growth of 5.6% in the first quarter of 2015 (4Q 2014: 5.7%), underpinned mainly by the private sector demand. On the supply side, growth was supported by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.2% (4Q 2014: 1.8%).

Private sector activity remained the key driver of growth during the quarter. Private consumption expanded at a stronger pace of 8.8% (4Q 2014: 7.6%), supported by stable labour market conditions and higher wage growth. The strong private consumption growth was also contributed by the flood relief efforts early in the year, and the frontloading of household spending prior to the implementation of GST. Private investment recorded a growth of 11.7% (4Q 2014: 11.1%), underpinned by capital expenditure in the manufacturing and services sectors. Growth in public consumption improved in the first quarter (4.1%; 4Q 2014: 2.5%), due to higher growth in supplies and services amid moderate growth in emoluments. Public investment turned around to register a positive growth of 0.5% (4Q 2014: -1.9%) following higher capital spending by the Federal Government.

On the supply side, growth in the first quarter was supported by the major economic sectors. The services sector was underpinned by growth in all sub-sectors, particularly consumption-related sub-sectors. Growth in the manufacturing sector was supported by stronger performance in the export-oriented industries, particularly the electronics and electrical (E&E) cluster. The construction sector was supported mainly by the non-residential and residential sub-sectors, while the mining sector continued to record stronger growth amid higher crude oil production. Meanwhile, the agriculture sector contracted as a result of lower palm oil production, arising from flood-related disruptions.

The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the Goods and Services Tax (GST), the steady rise in income and stable labour market conditions would support household spending. The recovery in global growth while remaining moderate, will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

*(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2015, Bank Negara Malaysia ("**BNM**"))*

6.1.2 Outlook of the Real Estate Industry in Malaysia

The services sector grew by 6.4% in the fi rst quarter (4Q 2014: 6.6%) benefi tting from the higher growth in domestic demand. The wholesale and retail trade sub-sector recorded a stronger growth of 9.8% (4Q 2014: 9.4%), in line with higher household spending ahead of the implementation of GST. Growth in the information and communication sub-sector remained robust (9.6%; 4Q 2014: 9.7%), driven mainly by strong demand for data communication services, amid higher usage of mobile devices, particularly smartphones. The real estate and business services sub-sector expanded by 7.6% (4Q 2014: 8.3%), supported mainly by the business services segment. The transport and storage sub-sector registered a more moderate growth of 5.7% (4Q 2014: 6.0%) in line with the slower trade-related activity. The fi nance and insurance sub-sector expanded by 1.9% (4Q 2014: 2.4%), supported by continued demand for fi nancial services products.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2015, BNM)

Growth in the services sector was sustained at 6.4% during the first quarter of 2015 (Q4 2014: 6.6%), with all subsectors remaining strong led by wholesale and retail trade. The final services group increased by 7.8% (Q4 2014: 7.7%) mainly supported by wholesale and retail trade. Likewise, the intermediate services group grew by 5.7% (Q4 2014: 6.1%) supported by the information and communication as well as real estate and business services subsectors. The real estate and business services subsector expanded by 7.6% (Q4 2014: 8.3%), with the real estate segment increasing by 5.8% (Q4 2014: 5.7%) driven by non-residential building activities.

(Source: Ministry of Finance Malaysia, Economic Report, First Quarter 2015)

The real estate and business services subsector expanded 8% during the first six months of 2014 (January – June 2013: 6.7%). The real estate segment grew 5.5% (January – June 2013: 4%) following higher real estate transactions which rebounded by 3.3% to 193,430 (January – June 2013: -13.8%; 187,164) with transaction value recording a double-digit growth of 19% to RM82 billion (January – June 2013: -0.3%; RM69 billion). Despite property prices hovering at a high level, the various cooling measures introduced to curb rising property prices and speculative activities have started to gain traction. This was reflected in the slower increase in residential property prices at 8.1% while transactions fell 2.7% during the first half of 2014 (January – June 2013: 11%; 5.1%). Growth of the real estate and business services subsector is projected to sustain at 7.5% in 2014 (2013: 7.5%).

(Source: Ministry of Finance Malaysia, Economic Report 2014/2015)

6.1.3 Prospects on Malaysian healthcare industry

2014 was a significant year for healthcare in Malaysia with the rise of pharmaceutical exports, the completion of major initiatives to develop the aged care industry, five new projects awarded EPP status and more pharmaceutical MNCs planning to localise manufacturing of some of their products with the local manufacturers. At the outset, the NKEA aimed at generating RM35.5 billion in GNI and 181,000 new jobs by 2020. There are currently 41 projects providing 25,633 jobs with total investments expected to reach RM4.96 billion by 2020. Healthcare has also attained 28.8 per cent of the RM17.2 billion investment targeted according to the 2020 roadmap.

Pharmaceutical & medical device exports are expected to increase in 2015 with the inclusion of two pharmaceutical & medical device manufacturers – Biocon and Fresenius – setting up new manufacturing facilities in Johor and Bandar Enstek respectively. They are expected to create 889 jobs and will commence operations on 2015.

Efforts will also be taken to shed the perception that local products are substandard, with emphasis placed on branding. The Government will also actively encourage procurement from local manufacturers as opposed to imported products and greater coordination with various agencies in its effort to facilitate local manufacturers in their export activities.

(Source: Economic Transformation Programme Annual Report 2014)

During the first half of 2014, the other services subsector grew 4.6% (January – June 2013: 5.2%) supported by higher private education and health activities. As at end-July 2014, there were 535 private higher education institutions nationwide (end-July 2013:517), comprising nine foreign university branch campuses, 92 private universities and university colleges as well as 434 private colleges. Meanwhile, the number of foreign patients in private hospitals is expected to increase to 800,000 generating revenue of RM794 million in 2014 (2013: 770,134; RM690 million). The other services subsector is expected to grow 4.8% in 2014 (2013: 5.1%) mainly driven by high-quality and affordable healthcare as well as an increase in foreign Muslim patients seeking halal health treatment in Malaysia.

(Source:- Ministry of Finance Malaysia, Economic Report 2014/2015)

6.1.4 Prospects on the KPJUC Properties and SSH Land

(i) Quality tenant

In respect of the KPJUC Properties, Al-`Aqar will enter into a long-term lease agreement with PNCSB, which is an indirect wholly-owned subsidiary of KPJ. PNCSB is the operator of KPJUC and has been actively expanding KPJUC through new healthcare and allied science programmes offered at all levels and collaborations with local and foreign partners. KPJUC is well equipped with strong and reliable programmes as well as advanced healthcare teaching facilities. PNCSB also intends to attract foreign students to enrol into KPJUC's programmes which would propel well for the prospects of KPJUC.

In respect of the SSH Land, Al-`Aqar will enter into a long-term lease agreement with SSHSB, the operator of SSH for the lease of the Al-`Aqar Existing SSH Properties as well as the SSH Land upon expiry of the SSH Supplemental Lease Agreement in October 2015. Additionally, SSHSB is currently expanding SSH through the construction of the SSH New Buildings to cater to a bigger number of patients which is expected to contribute positively to KPJ Group's earnings moving forward.

KPJ, being the holding company of PNCSB and SSHSB, owns and/or manages 25 private specialist hospitals throughout Malaysia, 2 private specialist hospitals in Indonesia and 1 private retirement village and aged care service in Australia. In addition, KPJ also has presence in Thailand and Bangladesh. With over 10,000 employees, KPJ has a pool of expert professionals and experienced managers giving it a firm foundation within the healthcare industry. With more than 33 years experience in the healthcare industry, KPJ is well positioned to become a major player in the healthcare services sector both nationally and internationally.

(ii) Quality real estate portfolio

The KPJUC Properties and the SSH Land are located in a strategic location surrounded by residential areas and are easily accessible. Further information on the location of the KPJUC Properties and SSH Land is as follows:-

(a) KPJUC Properties

The KPJUC Properties are situated within Kota Seriemas, Nilai, Negeri Sembilan, which is sited off the western side of the North-South Expressway, travelling from Bangi towards Seremban. Kota Seriemas is a 2,400-acre township situated in Nilai, Negeri Sembilan and is surrounded by self-contained townships such as Bandar Baru Enstek, Bandar Baru Nilai and Bandar Baru Salak Tinggi. Kota Seriemas is easily accessible via Kuala Lumpur – Seremban Highway (exit at Nilai) and ELITE Highway (exit at KLIA).

Furthermore, the Nilai town is located about 10km to the north-east of the KPJUC Properties. The Sepang International F1 Circuit is located about 7 km to the south-west of the KPJUC Properties. The KLIA and the newly completed KLIA2 are located about 18km due west of the KPJUC Properties. The KPJUC Properties are located about 60 km to the south-east of Kuala Lumpur City Centre and 32km to the north-west of Seremban town centre.

(b) **SSH Land**

The Seremban town centre is located approximately 2.5 kilometres from the SSH Land and is comprised mainly of two (2) to five (5)-storey shop houses, terrace houses and offices. Seremban also serves as the main shopping destination of Negeri Sembilan, with multiple shopping complexes and prominent hotel developments which include, among others, Kemayan Park Inn, Hotel Seri Malaysia, Hotel Allson Klana. Additionally, Seremban is also the government administrative centre of the state.

Furthermore, Seremban is one of the well established locations at the southern part of Klang Valley due to its close proximity to the Kuala Lumpur city, Putrajaya and the KLIA. The development of Seremban is also on a fast pace due to its strategic location close to the country's well publicised multimedia super corridor. Seremban also has been the beneficiary of spill over effects from major government development concentrated at the southern corridor as it is closely-located to the KLIA.

(Source : Management of DRMSB)

In view of the above, barring unforeseen circumstances, the Board of the Manager believes that the long-term prospects of the KPJUC Properties as well as the SSH Land should be positive after taking into consideration, inter-alia, the strategic locations of the properties as well as the prospects of the Malaysian economy and the Malaysian healthcare industry.

6.2 Risk factors

The risk factor pertaining to the Proposals includes but not limited to, the following:-

6.2.1 Proposed Acquisition of KPJUC Properties and Proposed Acquisition of SSH Land

The acquisition of the KPJUC Properties and SSH Land are both to facilitate the expansion of the existing properties already owned by Al-'Aqar namely KPJUC and SSH. As such, the Proposed Acquisition of KPJUC Properties and the Proposed Acquisition of SSH Land exposes Al-`Aqar to risks in relation to the real estate industry and the healthcare industry of which Al-`Aqar is already involved in. Pursuant to the Proposed Acquisition of KPJUC Properties and the Proposed Acquisition of SSH Land, Al-`Aqar will be further exposed to the following risks:-

(i) **Completion risk**

The completion of the respective KPJUC SPA and SSH SPA is subject to the fulfillment of the conditions precedent as stated in Sections 2.3.3 and 3.3.3 above which include, inter-alia, the KPJ Shareholders' and Al-`Aqar unit holders' approval.

Whilst Al-`Aqar endeavours to take reasonable steps that are within its control to fulfil the terms and conditions of the KPJUC SPA and SSH SPA (including the SSH Supplemental SPA) as well as to obtain the necessary approvals within the stipulated timeframe, there can be no assurance that all terms and conditions of the KPJUC SPA and SSH SPA (including the SSH Supplemental SPA) can be fulfilled within the stipulated timeframe, failing which the KPJUC SPA and SSH SPA (including the SSH Supplemental SPA) may be terminated.

(ii) **Dependence on a single lessee**

Pursuant to the Proposed KPJUC Leaseback and the Proposed SSH Leaseback, the KPJUC Properties and the SSH Land shall be leased to a single lessee i.e PNCSB and SSHSB respectively.

As such the rental income from the KPJUC Properties and SSH Land is highly dependent on the performance and operations of KPJUC and SSH respectively. PNCSB and SSHSB are reputable lessees and have been the operators of KPJUC and SSH since its inception i.e from 1991 and 2004 respectively. PNCSB and SSHSB, both experienced operators, are instrumental to the success of the operations of KPJUC and SSH. Nevertheless, there can be no assurance that any default or delay in paying the rental by the lessees will not adversely affect Al-`Aqar's cash flow and resultantly its distribution to the Unit holders.

(iii) **Future market value of the KPJUC Properties and SSH Land**

The valuation of the KPJUC Properties and the SSH Land by the Independent Valuer is not an indication of, and does not guarantee, a sale price either at the present time or at any time in the future. There can be no assurance that Al-`Aqar would be able to sell the KPJUC Properties and the SSH Land, or that the price realisable on such sale would not be lower than the present valuation of the KPJUC Properties and SSH Land respectively or the price paid by Al-`Aqar to purchase the said properties.

(iv) **Compulsory acquisition**

Pursuant to the Land Acquisition Act, 1960, the Malaysian government has the power to compulsorily acquire any land in Malaysia in accordance with the aforesaid act. In the event of any compulsory acquisition of land, the amount of compensation to be awarded shall be computed on the basis prescribed in the First Schedule of the Land Acquisition Act, 1960.

In the event of any compulsory acquisition on all or any portion of the KPJUC Properties and/or the SSH Land, Al-`Aqar shall seek all legal recourse available to them. Nevertheless, there can be no assurance that the amount of such compensation awarded is equivalent to the market price of the KPJUC Properties and SSH Land or the KPJUC Purchase Consideration and SSH Purchase Consideration respectively.

(v) **Financing risk**

As stated in Section 2.7 above, Al-Aqar proposes to finance the Proposed Acquisition of KPJUC via combination of proceeds from the Proposed Private Placement, issuance of the KPJUC Deferred Consideration Units as well as via Islamic financing facility. As disclosed in Section 7.4 below, in the event that the entire KPJUC Purchase Consideration (i.e RM77.8 million) including the estimated expenses in relation to the Proposed Acquisition of KPJUC Properties (approximately RM1.35 million) is funded via Islamic financing facility, Al-`Aqar's borrowings will increase from RM733.15 million to RM812.30 million and Al-`Aqar's total borrowings to total asset value ratio will increase from 46.04% to 48.59%.

Accordingly, Al-`Aqar shall be exposed to higher financing risk including but not limited to fluctuation in interest rate. Al-'Aqar will also be required to adhere to the covenants, fixed assets charges, pledges and liens imposed in relation to the borrowings. Whilst Al-'Aqar endeavours to comply with the financing terms and conditions, there is no assurance that Al-'Aqar will be able to do so; and that any failure to comply and/or increase in interest rate would not have an adverse material impact on the financial performance and thereon the distribution to the unit holders of Al-'Aqar.

6.2.2 Proposed Disposal

The risks in relation to the Proposed Disposal include but not limited to the following:-

(i) Completion risk

The completion of the Crossborder SSA are subject to, inter-alia, the fulfilment of various conditions precedent as stated in Section 4.3.5 above which include, inter-alia, the Al-`Aqar Unit holders' and KPJ shareholders' approval.

Whilst Al-`Aqar endeavours to take reasonable steps that are within its control to fulfil the terms and conditions of the Crossborder SSA as well as to obtain the necessary approvals within the stipulated timeframe, there can be no assurance that all terms and conditions of the Crossborder SSA can be fulfilled within the stipulated timeframe, failing which the Crossborder SSA may be terminated.

(ii) Movement in Crossborder Disposal Consideration amount

The Crossborder Disposal Consideration is subject to movement as detailed in Section 4.3.4 above.

Whilst the value of the Indonesian Properties (which makes up the Crossboder Cut-Off Date NA) is fixed in Ringgit Malaysia at RM80.0 million, there can be no assurance that the Crossborder Cut-Off Date NA Plus 10% Premium shall be higher than the Crossborder SPA NA Plus 10% Premium, as the final value of the Crossborder SPA NA Plus 10% Premium is dependent on, inter-alia, the exchange rate of IDR to RM and the performance of the Crossborder Target Companies up to the Cut-Off Date.

(iii) Loss of rental income

As mentioned in Section 4 above, the Indonesian Properties are currently rented out to PT Khidmat Perawatan Jasa Medika and PT Khasanah Putera Jakarta Medica, both indirect wholly-owned subsidiaries of KPJ. Upon completion of the Proposed Disposal, Al-`Aqar will cease to receive the lease rental income. There can be no assurance that Al-`Aqar can acquire other properties which give a similar of higher rental yield.

Nevertheless, Al-`Aqar shall utilise the proceeds from the Proposed Disposal together with the repayment of the Crossborder Shareholder's Advances to repay Al-`Aqar's bank borrowings which will allow Al-`Aqar to enjoy interest savings.

7. EFFECTS OF THE PROPOSALS

The proforma effects of the Proposals in this section are presented purely for illustration purposes based on the following assumptions ("**Assumptions**"):-

(i) As at LPD, Al-`Aqar has 696.226 million Al-`Aqar Units in issue;

(ii) The issue price for the Placement Units is assumed to be RM1.20, representing approximately ten percent (10%) discount to the five (5)-day VWAP of the Al-`Aqar Units as at 29 May 2015, being the LPD, of RM1.33;

(iii) The exchange rate assumed are as follows:-

(a) IDR 1 : RM0.0002754, being the average exchange rate used for Al-`Aqar's audited financial statements for the FYE 31 December 2014 for the income statement items; and

(b) IDR 1 : RM0.0002807, being the exchange rate used for Al-`Aqar's audited financial statements as at 31 December 2014 for the balance sheet items.

(iv) The KPJUC Purchase Consideration is assumed to be funded as follows:-

(a) The KPJUC Cash Consideration (first fifty percent (50%) of the KPJUC Purchase Consideration) will be funded from the proceeds of the Proposed Private Placement; and

(b) The KPJUC Balance Purchase Consideration (final fifty percent (50%) of the KPJUC Purchase Consideration) shall be payable in the manner as described in Scenarios 1 and 2 below.

Scenario 1 - Base Case

(i) The KPJUC Balance Purchase Consideration (final fifty percent (50%) of the KPJUC Purchase Consideration) shall be payable in the following manner:-

(a) RM19.45 million (i.e. 50% of the KPJUC Balance Purchase Consideration) via the issuance of approximately new 16.21 million KPJUC Deferred Consideration Units; and

(b) RM19.45 million (i.e. 50% of the KPJUC Balance Purchase Consideration) in cash by way of bank borrowings.

(ii) The issue price for the KPJUC Deferred Consideration Units is assumed to be RM1.20, representing approximately ten percent (10%) discount to the five (5)-day VWAP of the Al-`Aqar Units as at LPD, of RM1.33.

Scenario 2 - Maximum Scenario[(a)]

(i) The entire KPJUC Balance Purchase Consideration (final fifty percent (50%) of the KPJUC Purchase Consideration) is assumed to be payable via issuance of the KPJUC Deferred Consideration Units at the minimum issue price of RM1.04, computed based on Al-`Aqar's NAV per unit of RM1.15 as at 30 September 2014, based on the latest available quarterly results of Al-`Aqar prior to the date of the KPJUC Exchange Letter.

Note:-

(a) Based on the minimum issue price of RM1.04 above, 37,403,846 KPJUC Deferred Consideration Units shall be issued to satisfy the KPJUC Balance Purchase Consideration. This represents an increase 2.66% in KPJ and its subsidiaries' unit holdings in Al-`Aqar which would have triggered the mandatory take-over obligation.

As stated in Section 2.10 above, it is not the intention of KPJ to trigger the mandatory take-over offer for all the remaining Al-`Aqar Units not already held by it. As such, this scenario has been prepared purely for illustration purposes only.

The proforma effects under this section are presented purely for illustration purposes based on the aforesaid Assumptions and should not be regarded as an indication or reference to the final issue price of the Placement Units and/or the KPJUC Deferred Consideration Units, the mode of payment of the KPJUC Balance Purchase Consideration or the final disposal consideration for the Proposed Disposal.

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7.1 Unit Capital

The Proposed Acquisition of SSH Land and the Proposed Disposal will not have any effect on the unit capital of Al-`Aqar as the Proposed Acquisition of SSH Land and the Proposed Disposal do not involve any issuance of units in Al-`Aqar.

The Proposed Private Placement and the Proposed Acquisition of KPJUC Properties will increase the unit capital of Al-`Aqar, as set out below:-

	Scenario 1 (Base Case)	**Scenario 2 (Maximum Scenario)**
	No. of Al-`Aqar Units ('000)	**No. of Al-`Aqar Units ('000)**
Existing unit capital as at LPD	696,226	696,226
Add: To be issued pursuant to the Proposed Private Placement	33,333	33,333
Add: To be issued pursuant to the Proposed Acquisition of KPJUC Properties	16,208	37,404
Enlarged unit capital after the Proposed Private Placement and Proposed Acquisition of KPJUC Properties	**745,767**	**766,963**

7.2 Substantial Unit holders' Unit holdings

The Proposed Acquisition of SSH Land and the Proposed Disposal will not have any effect on the substantial unit holders' unit holdings in Al-`Aqar as the Proposed Acquisition of SSH Land and the Proposed Disposal do not involve any issuance of units in Al-`Aqar.

For illustration only, it is assumed that the Placement Units will not be placed out to the substantial unit holders. The Proposed Acquisition of KPJUC Properties will only have an impact on the percentage unit holdings of the substantial Unit holders upon issuance of the KPJUC Deferred Consideration Units, which will only be issued to PNCSB upon the third (3rd) anniversary of the KPJUC Completion Date.

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7.2 Substantial Unit holders' Unit holdings (cont'd)

The proforma effect of the Proposed Private Placement and the Proposed Acquisition of KPJUC Properties on the unit holdings of the substantial Unit holders are as follows:-

Scenario 1 – Base Case

	Existing as at LPD				(I) Upon issuance of the Placement Units				(II) Upon issuance of the KPJUC Deferred Consideration Units			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%
JCorp	-	-	(i)364,487	52.35	-	-	(i)364,487	49.96	-	-	(i)380,695	51.05
KPJ	-	-	(ii)346,114	49.71	-	-	(ii) 346,114	47.44	-	-	(ii)362,322	48.58
PNCSB	-	-	-	-	-	-	-	-	16,208	2.17	-	-
Pusat Pakar Tawakal Sdn Bhd	71,390	10.25	-	-	71,390	9.79	-	-	71,390	9.57	-	-
Kumpulan Wang Persaraan	58,518	8.41			58,518	8.02			58,518	7.85		
Lembaga Tabung Haji	69,246	9.95	(iii)3,422	0.49	69,246	9.49	(iii)3,422	0.47	69,246	9.29	(iii)3,422	0.46
Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141	7.06	-	-	49,141	6.74	-	-	49,141	6.59	-	-
Selangor Medical Centres Sdn Bhd	-	-	(iv)35,000	5.03	-	-	(iv)35,000	4.80	-	-	(iv)35,000	4.69

Notes:-

(i) *Deemed interested via indirect shareholdings held through its wholly-owned subsidiary Johor Ventures Sdn Bhd, its subsidiary, the KPJ Group and Waqaf An-Nur Corporation Berhad.*

(ii) *Deemed interested via indirect shareholdings held through its subsidiaries, being Pusat Pakar Tawakal Sdn Bhd, Bandar Baru Klang Specialist Hospital Sdn Bhd, HSBC Nominees (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd, AmanahRaya Trustees Berhad - A/C Jeta Gardens (QLD) Pty Ltd, Seremban Specialist Hospital Sdn Bhd, Ampang Puteri Specialist Hospital Sdn Bhd, Medical Associates Sdn Bhd, Sentosa Medical Centre Sdn Bhd, Damansara Specialist Hospital Sdn Bhd, Johor Specialist Hospital Sdn Bhd, Puteri Specialist Hospital (Johor) Sdn Bhd, Pusat Pakar Darul Naim Sdn Bhd, Jeta Gardens (QLD) Pty Ltd, Kuantan Specialist Hospital Sdn Bhd, Kajang Specialist Hospital Sdn Bhd, Kota Kinabalu Specialist Hospital Sdn Bhd, Taiping Medical Centre Sdn Bhd and its associate company, Kedah Medical Centre Sdn Bhd and upon issuance of the KPJUC Deferred Consideration Units via PNCSB.*

(iii) *Deemed interested by virtue of its shareholdings held through Citigroup Nominees (Tempatan) Sdn Bhd.*

(iv) *Deemed interested by virtue of its shareholdings held through HSBC Nominees (T) Sdn Bhd.*

Scenario 2 – Maximum Scenario

	Existing as at LPD				(I) Upon issuance of the Placement Units				(II) Upon issuance of the KPJUC Deferred Consideration Units			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%
JCorp	-	-	(i)364,487	52.35	-	-	(i)364,487	49.96	-	-	(i)401,891	52.40
KPJ	-	-	(ii)346,114	49.71	-	-	(ii)346,114	47.44	-	-	(ii)383,518	50.00
PNCSB	-	-	-	-	-	-	-	-	37,404	4.88	-	-
Pusat Pakar Tawakal Sdn Bhd	71,390	10.25	-	-	71,390	9.79	-	-	71,390	9.31	-	-
Kumpulan Wang Persaraan	58,518	8.41			58,518	8.02			58,518	7.63		
Lembaga Tabung Haji	69,246	9.95	(iii)3,422	0.49	69,246	9.49	(iii)3,422	0.47	69,246	9.03	(iii)3,422	0.45
Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141	7.06	-	-	49,141	6.74	-	-	49,141	6.41	-	-
Selangor Medical Centres Sdn Bhd	-	-	(iv)35,000	5.03	-	-	(iv)35,000	4.80	-	-	(iv)35,000	4.56

Notes:-

(i) *Deemed interested via indirect shareholdings held through its wholly-owned subsidiary Johor Ventures Sdn Bhd, its subsidiary, the KPJ Group and Waqaf An-Nur Corporation Berhad.*

(ii) *Deemed interested via indirect shareholdings held through its subsidiaries , being Pusat Pakar Tawakal Sdn Bhd, Bandar Baru Klang Specialist Hospital Sdn Bhd, HSBC Nominees (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd, AmanahRaya Trustees Berhad - A/C Jeta Gardens (QLD) Pty Ltd, Seremban Specialist Hospital Sdn Bhd, Ampang Puteri Specialist Hospital Sdn Bhd, Medical Associates Sdn Bhd, Sentosa Medical Centre Sdn Bhd, Damansara Specialist Hospital Sdn Bhd, Johor Specialist Hospital Sdn Bhd, Puteri Specialist Hospital (Johor) Sdn Bhd, Pusat Pakar Darul Naim Sdn Bhd, Jeta Gardens (QLD) Pty Ltd, Kuantan Specialist Hospital Sdn Bhd, Kajang Specialist Hospital Sdn Bhd, Kota Kinabalu Specialist Hospital Sdn Bhd, Taiping Medical Centre Sdn Bhd and its associate company, Kedah Medical Centre Sdn Bhd and upon issuance of the KPJUC Deferred Consideration Units via PNCSB.*

(iii) *Deemed interested by virtue of its shareholdings held through Citigroup Nominees (Tempatan) Sdn Bhd.*

(iv) *Deemed interested by virtue of its shareholdings held through HSBC Nominees (T) Sdn Bhd.*

7.3 **NAV**

The effects of the Proposals on the NAV of Al-`Aqar are as set out below:-

Scenario 1 – Base Case

	Audited as at 31 December 2014	(I) After Proposed Private Placement	(II) After I and Proposed Acquisition of KPJUC Properties	(III) After II and Proposed Acquisition of SSH Land	(IV) After III and Proposed Disposal
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Unit holders' capital	682,683	722,408[(i)]	741,858[(ii)]	741,858	741,858
Undistributed income	153,093	153,093	151,743[(iii)]	151,483[(iv)]	146,139[(v)]
Reserves	(4,233)	(4,233)	(4,233)	(4,233)	791[(v)]
NAV	**831,543**	**871,268**	**889,368**	**889,108**	**888,788**
No. of Al-`Aqar Units in issue ('000)	696,226	729,559	745,767	745,767	745,767
NAV per Al-`Aqar Unit (RM)	1.19	1.19	1.19	1.19	1.19

Notes:-

(i) *After deducting the estimated expenses incurred in relation to the Proposed Private Placement, which amount to approximately RM0.275 million.*

(ii) *The KPJUC Deferred Consideration Units shall only be issued in favour of PNCSB upon the third (3rd) anniversary of the KPJUC Completion Date.*

(iii) *After deducting the estimated expenses incurred in relation to the Proposed Acquisition of KPJUC Properties, which include among others, professional fees, fees to the authorities, printing costs and other incidental expenses in relation to the Proposed Acquisition of KPJUC Properties amounting to approximately RM1.35 million.*

(iv) *After deducting the estimated expenses incurred in relation to the Proposed Acquisition of SSH Land which include, among others, professional fees, fees to the authorities and other incidental expenses in connection with the Proposed Acquisition of SSH Land amounting to approximately RM0.26 million.*

(v) *Include the gain on disposal of approximately RM0.43 million, estimated expenses incurred for the Proposed Disposal which include, among others, professional fees, fees to the authorities, printing cost and other incidental expenses in connection with the Proposed Disposal, amounting to approximately RM0.75 million as well as the recognition of loss on foreign exchange upon Al-`Aqar's investment in the PT Al-`Aqar Companies of approximately RM5.0 million.*

7.3 NAV (cont'd)

Scenario 2 – Maximum Scenario

	Audited as at 31 December 2014	(I) After Proposed Private Placement	(II) After I and Proposed Acquisition of KPJUC Properties	(III) After II and Proposed Acquisition of SSH Land	(IV) After III and Proposed Disposal
	RM'000	RM'000	RM'000	RM'000	RM'000
Unit holders' capital	682,683	722,408[(i)]	761,308[(ii)]	761,308	761,308
Undistributed income	153,093	153,093	151,743[(iii)]	151,483[(iv)]	146,139[(v)]
Reserves	(4,233)	(4,233)	(4,233)	(4,233)	791[(v)]
NAV	**831,543**	**871,268**	**908,818**	**908,558**	**908,238**
No. of Al-`Aqar Units in issue ('000)	696,226	729,559	766,963	766,963	766,963
NAV per Al-`Aqar Unit (RM)	1.19	1.19	1.18	1.18	1.18

Notes:-

(i) *After deducting the estimated expenses incurred in relation to the Proposed Private Placement, which amount to approximately RM0.275 million.*

(ii) *The KPJUC Deferred Consideration Units shall only be issued in favour of PNCSB upon the third (3rd) anniversary of the KPJUC Completion Date.*

(iii) *After deducting the estimated expenses incurred in relation to the Proposed Acquisition of KPJUC Properties, which include among others, professional fees, fees to the authorities, printing costs and other incidental expenses in relation to the Proposed Acquisition of KPJUC Properties amounting to approximately RM1.35 million.*

(iv) *After deducting the estimated expenses incurred in relation to the Proposed Acquisition of SSH Land which include, among others, professional fees, fees to the authorities and other incidental expenses in connection with the Proposed Acquisition of SSH Land amounting to approximately RM0.26 million.*

(v) *Include the gain on disposal of approximately RM0.43 million, estimated expenses incurred for the Proposed Disposal which include, among others, professional fees, fees to the authorities, printing cost and other incidental expenses in connection with the Proposed Disposal, amounting to approximately RM0.75 million as well as the recognition of loss on foreign exchange upon Al-`Aqar's investment in the PT Al-`Aqar Companies of approximately RM5.0 million.*

7.4 Total Asset Value ("TAV")

The impact on the total borrowings over the TAV ratio of Al-`Aqar, after taking into consideration the Proposals are as follows:-

Scenario 1 – Base Case

	Audited as at 31 December 2014	(I) After Proposed Private Placement	(II) After I and Proposed Acquisition of KPJUC Properties	(III) After II and Proposed Acquisition of SSH Land	(IV) After III and Proposed Disposal
	RM'000	RM'000	RM'000	RM'000	RM'000
TAV	1,592,422	1,632,147[(i)]	1,669,697[(ii)]	1,669,437[(iii)]	1,589,137[(iv)]
Total borrowings	733,148	733,148	752,598	752,598	672,649[(v)]
Total borrowings / TAV ratio (%)	46.04	44.92	45.07	45.08	42.33

Notes:-

(i) *After deducting the estimated expenses incurred in relation to the Proposed Private Placement, which amount to approximately RM0.275 million.*

(ii) *After deducting the estimated expenses incurred in relation to the Proposed Acquisition of KPJUC Properties which amount to approximately RM1.35 million.*

(iii) *After deducting the estimated expenses incurred in relation to the Proposed Acquisition of SSH Land which amount to approximately RM0.26 million.*

(iv) *After deducting the estimated expense incurred in relation to the Proposed Disposal which amount to approximately RM0.75 million.*

(v) *After repayment of bank borrowings of approximately RM79.95 million from the proceeds received from repayment of Crossborder Shareholder's Advances by KPJSB and/or Crossborder Target Companies.*

7.4 TAV (cont'd)

Scenario 2 – Maximum Scenario

	Audited as at 31 December 2014	(I) After Proposed Private Placement	(II) After I and Proposed Acquisition of KPJUC Properties	(III) After II and Proposed Acquisition of SSH Land	(IV) After III and Proposed Disposal
	RM'000	RM'000	RM'000	RM'000	RM'000
TAV	1,592,422	1,632,147[(i)]	1,669,697[(ii)]	1,669,437[(iii)]	1,589,137[(iv)]
Total borrowings	733,148	733,148	733,148	733,148	653,199[(v)]
Total borrowings / TAV ratio (%)	46.04	44.92	43.91	43.92	41.10

Notes:-

(i) *After deducting the estimated expenses incurred in relation to the Proposed Private Placement, which amount to approximately RM0.275 million.*

(ii) *After deducting the estimated expenses incurred in relation to the Proposed Acquisition of KPJUC Properties which amount to approximately RM1.35 million.*

(iii) *After deducting the estimated expenses incurred in relation to the Proposed Acquisition of SSH Land which amount to approximately RM0.26 million.*

(iv) *After deducting the estimated expenses incurred in relation to the Proposed Disposal which amount to approximately RM0.75 million.*

(v) *After repayment of bank borrowings of approximately RM79.95 million from the proceeds received from repayment of Crossborder Shareholder's Advances by KPJSB and/or Crossborder Target Companies.*

The total borrowings/TAV ratio remains below the borrowings limit of fifty percent (50%) prescribed by the REIT Guidelines issued by the SC.

Note that in the event the entire KPJUC Purchase Consideration is funded via bank borrowings, based on the total borrowings as at 31 December 2014, the total proforma borrowings after Proposed Acquisition of KPJUC Properties shall be RM812.3 million (including the borrowing for the estimated expenses of RM1.35 million). Therefore, the total proforma borrowings/ TAV ratio after Proposed Acquisition of KPJUC Properties is 48.59%.

Please refer to Appendix V for the pro forma consolidated statement of financial position as at 31 December 2014 as prepared by the Reporting Accountant.

7.5 Earnings and EPU

Scenario 1 – Base Case Scenario

Assuming the Proposals are effected at the beginning of FYE 31 December 2014, the impact of the aforesaid Proposals, based on the Base Case scenario, on the PAT and total comprehensive income of Al-`Aqar at Group and Fund level are as follows:-

	Group Level Earnings		Fund Level Earnings	
	RM'000	RM'000	RM'000	RM'000
PAT (attributable to owners of the fund) for the FYE 31 December 2014		**71,209**		**63,561**
Adjustments arising from the recurring items				
Proposed Acquisition of KPJUC Properties				
Add : Lease rental received (assuming all KPJUC Deferred Consideration are paid and therefore rental is based on 100%)	5,523[(i)]		5,523[(i)]	
Less : Other expenses	(1,346)[(ii)]	4,177	(1,346)[(ii)]	4,177
Proposed Acquisition of SSH Land				
Add : Lease rental received	302		302	
Less : Other expenses	(10)[(iii)]	292	(10)[(iii)]	292
Proposed Disposal				
Add: Loss from Crossborder Companies	20		-	
Less: Adjusted profit arising from PT Al-`Aqar Companies	(5,333)[(iv)(vii)]		(5,070)[(iv)(vii)]	
Add: Interest savings	4,837[(v)]	(476)	4,837[(v)]	(233)
Total adjustments arising from recurring items (A)		**3,993**		**4,236**
One-off Adjustments as result of the Proposals:				
Less: Estimated Expenses				
- Proposed Acquisition of KPJU Properties	(1,350)		(1,350)	
- Proposed Acquisition of SSH Land	(260)		(260)	
- Proposed Disposal	(750)		(750)	
Add: Gain on disposal arising from the Proposed Disposal	430		4,718	
Less: Foreign exchange loss realised from the Proposed Disposal	(5,024)		-	
Total adjustments arising from one-off items (B)		**(6,954)**		**2,358**
Net adjustments arising from the Proposals (A)+(B)		**(2,961)**		**6,594**
Pro forma PAT of Al-`Aqar group after adjusting for recurring items arising from the Proposals		**68,248**		**70,155**
Number of Al-`Aqar Units in issue after the Proposals (including Proposed Private Placement) based on Base Case ('000)		745,767[(vi)]		745,767[(vi)]
Existing EPU for the FYE 31 December 2014		10.23		9.13
Proforma EPU for the FYE 31 December 2014 (after Proposals)		9.15		9.41

	Group Level Earnings/(Loss)		Fund Level Earnings/(Loss)	
	RM'000	RM'000	RM'000	RM'000
Comprehensive income for the FYE 31 December 2014		**71,303**		**63,561**
Add: Total adjustments arising from recurring items (per above)	3,993		4,236	
Less: One-off adjustments arising from the Proposals (per above)	(6,954)		2,358	
Add: Foreign exchange loss realised from the Proposed Disposal	5,024		-	
Total adjustments to comprehensive income		2,063		6,594
Pro forma total comprehensive income of Al-`Aqar Group for the FYE 31 December 2014		**73,366**		**70,155**

Notes:-

(i) *Based on the amount of the KPJUC Purchase Consideration.*

(ii) *Other expenses include, among others, interest expense for the bank borrowings undertaken to part finance the KPJUC Balance Purchase Consideration (under Base Case), quit rent, assessment, insurance, trustee fee, and others.*

(iii) *Other expenses include, among others, quit rent, assessment and others.*

(iv) *Profit after tax of PT Al-`Aqar Companies after adjusting for among others, interest expenses incurred in relation to the Shareholder's Advances, unrealised gain in relation to the interest income as well as the gain on valuation of the Indonesian Properties (which is eliminated at the Al-`Aqar Group level) as well as expenses incurred by Al-Aqar, namely, takaful expenses, property management fee and withholding tax arising interest income in relation to the Crossborder Shareholder's Advances.*

(v) *Interest savings from repayment of bank borrowings using the proceeds from the Proposed Disposal based on Al-`Aqar's interest rate of approximately 6.05% p.a.*

(vi) *Based on the number of Al-`Aqar Units in issue after the Proposals (including Proposed Private Placement) based on Base Case*

(vii) *The exchange rate is assumed to be IDR1,000 : RM0.2754, being the average exchange rate used for Al-'Aqar's audited financial statements for the FYE 31 December 2014*

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Scenario 2 – Maximum Scenario

Assuming the Proposals are effected at the beginning of FYE 31 December 2014, the impact of the aforesaid Proposals, based on the Maximum scenario, on the PAT and total comprehensive income of Al-`Aqar at Group and Fund level are as follows:-

	Group Level Earnings		Fund Level Earnings	
	RM'000	RM'000	RM'000	RM'000
PAT (attributable to owners of the fund) for the FYE 31 December 2014		**71,209**		**63,561**
Adjustments arising from the recurring items				
Proposed Acquisition of KPJUC Properties				
Add : Lease rental received (assuming all KPJUC Deferred Consideration are paid and therefore rental is based on 100%)	5,523(i)		5,523(i)	
Less : Other expenses	(276)(ii)	5,247	(276)(ii)	5,247
Proposed Acquisition of SSH Land				
Add : Lease rental received	302		302	
Less : Other expenses	(10)(iii)	292	(10)(iii)	292
Proposed Disposal				
Add: Loss from Crossborder Companies	20		-	
Less: Adjusted profit arising from PT Al-`Aqar Companies	(5,333)(iv)(vii)		(5,070)(iv)(vi)	
Add: Interest savings	4,837(v)	(476)	4,837(v)	(233)
Total adjustments arising from recurring items (A)		**5,063**		**5,306**
One-off Adjustments as result of the Proposals:				
Less: Estimated Expenses				
- Proposed Acquisition of KPJU Properties	(1,350)		(1,350)	
- Proposed Acquisition of SSH Land	(260)		(260)	
- Proposed Disposal	(750)		(750)	
Add: Gain on disposal arising from the Proposed Disposal	430		4,718	
Less: Foreign exchange loss realised from the Proposed Disposal	(5,024)		-	
Total adjustments arising from one-off items (B)		**(6,954)**		**2,358**
Net adjustments arising from the Proposals (A)+(B)		**(1,891)**		7,664
Pro forma PAT of Al-`Aqar group after adjusting for recurring items arising from the Proposals		**69,318**		**71,225**
Number of Al-`Aqar Units in issue after the Proposals (including Proposed Private Placement) based on Base Case ('000)		766,963(vi)		766,963(vi)
Existing EPU for the FYE 31 December 2014		10.23		9.13
Proforma EPU for the FYE 31 December 2014 (after Proposals)		9.04		9.29

	Group Level Earnings/(Loss)		Fund Level Earnings/(Loss)	
	RM'000	RM'000	RM'000	RM'000
Comprehensive income for the FYE 31 December 2014		**71,303**		**63,561**
Add: Total adjustments arising from recurring items (per above)	5,063		5,306	
Less: One-off adjustments arising from the Proposals (per above)	(6,954)		2,358	
Add: Foreign exchange loss realised from the Proposed Disposal	5,024		-	
Total adjustments to comprehensive income		3,133		7,664
Pro forma total comprehensive income of Al-`Aqar Group for the FYE 31 December 2014		**74,436**		**71,225**

Notes:-

(ii) Based on the amount of the KPJUC Purchase Consideration.
(ii) Other expenses include, among others, quit rent, assessment, insurance, trustee fee, and others.
(iii) Other expenses include, among others, quit rent, assessment and others.
(iv) Profit after tax of PT Al-`Aqar Companies after adjusting for among others, interest expenses incurred in relation to the Shareholder's Advances, unrealised gain in relation to the interest income as well as the gain on valuation of the Indonesian Properties (which is eliminated at the Al-`Aqar Group level) as well as expenses incurred by Al-Aqar, namely, takaful expenses, property management fee and withholding tax arising interest income in relation to the Crossborder Shareholder's Advances.
(v) Interest savings from repayment of bank borrowings using the proceeds from the Proposed Disposal based on Al-`Aqar's interest rate of approximately 6.05% p.a.
(vi) Based on the number of Al-`Aqar Units in issue after the Proposals (including Proposed Private Placement) based on Maximum Scenario
(vii) The exchange rate is assumed to be IDR1,000 : RM0.2754, being the average exchange rate used for Al-'Aqar's audited financial statements for the FYE 31 December 2014

For information, Al-`Aqar adopts the fair value measurement accounting policy. As such, in respect of the Proposed Disposal, the NA of the Crossborder Companies has already reflected the market value of the Indonesian Properties. For information, the gain on disposal at the Group level is estimated to be RM0.43 million. If based on the original cost of investment of the Indonesian Properties of RM75.4 million, the gain on disposal at the Group level would be approximately RM5.03 million.

Note that at Fund level, the Proposed Disposal will generate a gain on disposal of approximately RM4.7 million.

The reduction in the proforma PAT at Group level is mainly due to the foreign exchange loss recorded at the Group level which arose as a result of the depreciation in the IDR, primarily in respect of the equity investment in PT Al-'Aqar Companies over the years. The foreign exchange loss has been recognised in the consolidated financial statements under the comprehensive income over the years. The foreign exchange loss will be transferred to and recognised in the consolidated income statements in the year of disposal.

Note that the Crossborder Disposal Consideration can only be finalised as at the Crossborder Cut-Off Date, which is dependent on, inter-alia, the performance of the Crossborder Target Companies as well as the movement in the exchange rate.

7.6 Distribution

The Proposals are not expected to have any material impact on Al-`Aqar's distribution policy for the FYE 31 December 2015.

8. INTERESTS OF MAJOR SHAREHOLDER AND DIRECTORS OF THE MANAGER AND MAJOR UNIT HOLDERS

Save as disclosed below, the Manager is not aware of any other Directors of the Manager and major unit holders of Al-`Aqar and persons connected with them who have any interest, direct or indirect, in the Proposals.

8.1 Major Shareholder of the Manager

The Manager is a wholly-owned subsidiary of Damansara Asset Sdn Bhd which in turn is a wholly-owned subsidiary of JCorp.

JCorp also has substantial interest in KPJ which is a major Unit holder of Al-`Aqar. Details of KPJ's interests in Al-`Aqar are set out in Section 8.3 below. Accordingly, JCorp and KPJ are deemed interested in the Proposals.

JCorp and KPJ will abstain and have undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect unit holdings on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

8.2 Directors of the Manager

Dato Kamaruzzaman Bin Abu Kassim and Tan Sri Siti Sa'diah Binti Sheikh Bakir, who are directors of the Manager, are also directors of KPJ. Dato' Kamaruzzaman Bin Abu Kassim is the President and Chief Executive of JCorp.

Lukman Bin Abu Bakar and Jamaludin Bin Md Ali, who are directors of the Manager, are also senior management personnel of JCorp. Mohd Yusof Bin Ahmad, who is a director of the Manager, is also a senior management personnel of Johor Land Berhad, a wholly-owned subsidiary of JCorp.

Yusaini Bin Sidek, who is a director of the Manager, is also a director of Damansara Assets Sdn Bhd, being a wholly-owned subsidiary of JCorp

(Dato' Kamaruzzaman Bin Abu Kassim, Tan Sri Siti Sa'diah Binti Sheikh Bakir, Lukman Bin Abu Bakar, Jamaludin Bin Md Ali, Mohd Yusof Bin Ahmad and Yusaini Bin Sidek are collectively referred to as "**Interested Directors**")

The Interested Directors are deemed interested in the Proposals by virtue of them being persons connected to JCorp and KPJ.

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The interests of the Interested Directors as at LPD are as follows:-

Name	Direct		Indirect	
	No. Of Units	%	No. Of Units	%
Dato' Kamaruzzaman Bin Abu Kassim	10,000	*	-	-
Tan Sri Siti Sa'diah Binti Sheikh Bakir(i)	99,035	0.01	(ii)2,500	*
Yusaini Bin Sidek	-	-	-	-
Lukman Bin Abu Bakar	-	-	-	-
Jamaludin Bin Md Ali	-	-	-	-
Mohd Yusof Bin Ahmad	-	-	-	-

Notes:-

* *Negligible*

(i) *At the point the Proposals were contemplated, Tan Sri Siti Sa'diah Binti Sheikh Bakir was a Non-Executive Non-Independent Director.*

(ii) *Deemed interested by virtue of her daughter, Amy Nadzlina Binti Mohamed's unit holdings in Al-`Aqar*

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and decision at the Board meetings relating to the Proposals. The Interested Directors will also abstain from voting in respect of their direct and indirect unit holdings in Al-`Aqar on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. In addition, the Interested Directors undertake that persons connected to them will abstain from voting in respect of their direct and indirect unit holdings in Al-`Aqar on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

8.3 Major Unit holders

The interested major Unit holders in Al-`Aqar as at LPD are set out below:-

Name	Direct		Indirect	
	No. Of Units	%	No. Of Units	%
JCorp	-	-	(i)364,487,096	52.35
KPJ	-	-	(ii)346,114,007	49.71
Pusat Pakar Tawakal Sdn Bhd	71,389,800	10.25	-	-

(Collectively referred to as "**Interested Major Unit holders**")

Notes:-

(i) *Deemed interested via indirect shareholdings held through its wholly-owned subsidiary Johor Ventures Sdn Bhd, its subsidiary, KPJ Group and Waqaf An-Nur Corporation Berhad.*

(ii) *Deemed interested via indirect shareholdings held through its subsidiaries, being Pusat Pakar Tawakal Sdn Bhd, Bandar Baru Klang Specialist Hospital Sdn Bhd, HSBC Nominees (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd, AmanahRaya Trustees Berhad - A/C Jeta Gardens (QLD) Pty Ltd, Seremban Specialist Hospital Sdn Bhd, Ampang Puteri Specialist Hospital Sdn Bhd, Medical Associates Sdn Bhd, Sentosa Medical Centre Sdn Bhd, Damansara Specialist Hospital Sdn Bhd, Johor Specialist Hospital Sdn Bhd, Puteri Specialist Hospital (Johor) Sdn Bhd, Pusat Pakar Darul Naim Sdn Bhd, Jeta Gardens (QLD) Pty Ltd, Kuantan Specialist Hospital Sdn Bhd, Kajang Specialist Hospital Sdn Bhd, Kota Kinabalu Specialist Hospital Sdn Bhd, Taiping Medical Centre Sdn Bhd and its associate company, Kedah Medical Centre Sdn Bhd.*

The Interested Major Unit holders are deemed interested by virtue of:-

(i) The Manager is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, which in turn is a wholly-owned subsidiary of JCorp. JCorp is the major shareholder of KPJ and a major Unit holder of Al-`Aqar.

(ii) PNCSB and SSHSB are wholly-owned subsidiaries of KPJSB, which in turn is a wholly-owned subsidiary of KPJ.

(iii) Pusat Pakar Tawakal Sdn Bhd, being a major Unit holder of Al-`Aqar, is a wholly-owned subsidiary of Tawakal Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of KPJ.

Accordingly, the Interested Major Unit holders will abstain from voting in respect of their direct and indirect unit holdings on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. In addition, the Interested Major Unit holders undertake that persons connected to them will abstain from voting in respect of their direct and indirect unit holdings in Al-`Aqar on the resolutions pertaining to the Proposals at the forthcoming EGM.

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9. APPROVALS REQUIRED FOR THE PROPOSALS AND INTER-CONDITIONALITY

The Proposals are subject to the following approvals:-

(i) the approval of the shareholders of KPJ at an EGM to be convened for the Proposals (including the Proposed KPJUC Leaseback and Proposed SSH Leaseback);

(ii) the approval of the unit holders of Al-`Aqar at an EGM to be convened for the Proposals;

(iii) the approval of Bursa Securities for the listing of and quotation for the KPJUC Deferred Consideration Units on the Main Market of Bursa Securities pursuant to the Proposed Acquisition of KPJUC Properties. Bursa Securities' approval had been obtained vide a letter dated 25 May 2015 ("**Bursa KPJUC Approval**"). The Bursa KPJUC Approval is subject to, among others, the following conditions:-

(a) Al-`Aqar and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Acquisition of KPJUC Properties;

(b) Al-`Aqar and AmInvestment Bank are to inform Bursa Securities upon the completion of the Proposed Acquisition of KPJUC Properties;

(c) Al-`Aqar and AmInvestment Bank are to furnish a certified true copy of the resolution passed by unit holders at the extraordinary general meeting for the Proposed Acquisition of KPJUC Properties; and

(d) Al-`Aqar to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition of KPJUC Properties is completed;

(iv) the approval of the SC to be obtained by Al-`Aqar in respect of following:-

(a) increase in the approved fund size of Al-`Aqar in relation to the issuance of the KPJUC Deferred Consideration Units as part of the KPJUC Purchase Consideration pursuant to the Proposed Acquisition of KPJUC Properties as well as the issuance of the Placement Units in relation to the Proposed Private Placement. The SC's approval has been obtained vide a letter dated 11 May 2015 ("**SC KPJUC Approval**"). The SC KPJUC Approval is subject to the following conditions:-

(aa) the SC is to be informed of the date of issuance of the new Al-`Aqar Units on the Main Market of Bursa Securities;

(bb) issuance of up to 37,403,846 KPJUC Deferred Consideration Units pursuant to the Proposed Acquisition of KPJUC Properties, must be completed on the expiry of the three (3) years from the KPJUC Completion Date or such other date as the parties may agree in writing, subject to the approval of the SC; and

(cc) issuance of up to 139,245,293 Al-`Aqar Units pursuant to the Proposed Private Placement must be completed within six (6) months from the date of the SC KPJUC Approval;

(b) waiver from complying with Clause 14.04(a)(ii) of the REIT Guidelines which stipulates that the unit holders' approval must be obtained for the amount of units to be placed to each placee, in relation to the KPJUC Deferred Consideration Units, which has been obtained vide SC's letter dated 11 May 2015; and

(c) the waiver for the acquisition of vacant land to be obtained by Al-`Aqar pursuant to the Proposed Acquisition of SSH Land, which has been obtained vide SC's letter dated 13 May 2015;

(vi) the relevant state authorities' approval for the transfer of the KPJUC Properties; and

(vii) all such other consents and regulatory and/or governmental approvals in Malaysia and/or Indonesia (in respect of the Proposed Disposal) required to be obtained by the Trustee, representing Al-`Aqar, KPJ, and other parties to the Proposals, in order to effect the completion of the Proposals, as the case may be.

The completion of the Proposed Acquisition of KPJUC Properties is inter-conditional with the Proposed KPJUC Leaseback and it is not conditional upon any other proposals undertaken or to be undertaken by Al-`Aqar.

The Proposed Acquisition of SSH Land is inter-conditional with the Proposed SSH Leaseback and it is not conditional upon any other proposals undertaken or to be undertaken by Al-`Aqar.

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

The Proposed Acquisition of KPJUC Properties, Proposed Acquisition of SSH Land and Proposed Disposal are not inter-conditional upon each other.

10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and the Proposed Private Placement, as detailed in Section 2.7.1 above, there are no other proposal announced but pending implementation.

11. TRANSACTED AMOUNT FOR THE PRECEDING 12 MONTHS

Save for the Proposals and the proposed acquisition of two (2) parcels of land in Johor Bahru from Puteri Specialist (Johor) Sdn Bhd, a wholly-owned subsidiary of KPJ for purchase consideration of RM3.59 million which was announced on 18 November 2014, Al-`Aqar have not transacted (not in the ordinary course of business) with the KPJ Group in the preceding 12 months.

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12. UNIT PRICES

The monthly highest and lowest unit prices as traded on Bursa Securities for the past 12 months are as follows:

	High (RM)	Low (RM)
2015		
May	1.41	1.30
April	1.45	1.36
March	1.45	1.38
February	1.45	1.38
January	1.48	1.35
2014		
December	1.40	1.29
November	1.41	1.37
October	1.42	1.40
September	1.55	1.40
August	1.48	1.39
July	1.50	1.36
June	1.40	1.35

Al-`Aqar's last transacted price on Bursa Securities on 2 October 2014, being the last transacted market price prior to the date of the announcement of the Proposed Acquisition of KPJUC Properties on 3 October 2014, was RM1.40 per Al-`Aqar Unit.

Al-`Aqar's last transacted price on Bursa Securities on LPD was RM 1.33 per Al-`Aqar Unit.

(Source: Bloomberg)

13. ESTIMATED TIME FRAME FOR COMPLETION

The tentative timeline in relation to the Proposals are as follows:

Date	Event
9 July 2015	EGM
Third (3^{rd}) quarter of the year 2015	Completion of the Proposals

Barring any unforeseen circumstances, the Proposals are expected to be completed by the third (3^{rd}) quarter of the year 2015.

The Proposed KPJUC Leaseback and the Proposed SSH Leaseback shall commence upon the completion of the Proposed Acquisition of KPJUC Properties and the Proposed Acquisition of SSH Land respectively.

14. BOARD'S RECOMMENDATIONS

The Board of the Manager (save for the Interested Directors) having considered, amongst others, the valuation of the KPJUC Properties, SSH Land and the Indonesian Properties as ascribed by the Independent Valuer, rationale and financial effects of the Proposals as well as the independent advice by the Independent Adviser for the Proposals, and after careful deliberation, is of the opinion that the Proposals are in the best interest of Al-`Aqar. Accordingly, the Board of the Manager (save for the Interested Directors) recommends that the Unit holders vote in favour of the Proposals to be tabled at the forthcoming EGM.

15. EGM

The EGM, the notice of the EGM of which is enclosed with this Circular, is to be held at Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Thursday, 9 July 2015 at 12.00 p.m.

If you decide to appoint a proxy to attend and vote on your behalf at the EGM, you will also find enclosed with this Circular, a Form of Proxy which you are requested to lodge at the Registered Office of DRMSB, the manager of Al-`Aqar, at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than 48 hours before the time set for EGM. The lodgment of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

Please refer to the attached Appendices for further information.

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

DR MOHD HAFETZ BIN AHMAD
Independent Non-Executive Director

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED UNIT HOLDERS OF AL-`AQAR IN RELATION TO THE PROPOSALS

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the definitions section of Part A of the Circular, except where the content otherwise requires or where defined herein.

The executive summary represents only a summary of Crowe Horwath's IAL and is not intended to substitute the full text of this IAL on the Proposals. The Non-Interested unit holders are advised to read carefully and understand the fully the contents of this IAL, which is to be read in conjunction with Part A of the Circular and the accompanying appendices.

1 EVALUATION OF THE PROPOSED ACQUISITION OF KPJUC PROPERTIES

In evaluating the Proposed Acquisition of KPJUC Properties, we have considered the following:-

Section in this IAL	Section of Evaluation	Comments
4.1	Rationale for the Proposed Acquisition of KPJUC Properties	The rationale are as follows:- (i) Facilitate the amalgamation and future expansion of KPJUC. PNCSB is required by MPN to amalgamate the PNCSB Land as a condition stated in MPN's earlier approval of PNCSB's Master Expansion Plan for KPJUC. The Proposed Acquisition of KPJUC Properties is essential to facilitate and complete the amalgamation process. (ii) Al-`Aqar will derive a potential long-term rental income commitment from PNCSB via the Proposed KPJUC Leaseback as it provides for a contractual term of fifteen (15) years with an option to renew for another fifteen (15) years. (iii) Strategic location - Based on the Independent Valuation Report dated 25 August 2014 and updated on 27 February 2015, the KPJUC Properties are located within Kota Seriemas in Nilai which is deemed to be a strategic location as it is located about 60 kilometres from Kuala Lumpur City Centre, 32 kilometres from Seremban town centre and within the neighbourhood of KLIA. Kota Seriemas is easily accessible via Kuala Lumpur-Seremban Highway (exit at Nilai) and Elite Highway (exit at KLIA) due to its strategic location and a network of well-planned roads. We are of the view that the rationale is reasonable on the basis that the Proposed Acquisition of KPJUC is a fulfilment of a condition imposed by MPN for the Master Plan Expansion for KPJUC and through the acquisition, there is potential of enhancing the earnings stream through the long-term rental income.

Section in this IAL	Section of Evaluation	Comments
4.1	Rationale for the Proposed Acquisition of KPJUC Properties	In addition, pursuant to the valuation report, the KPJUC Properties are located in a strategic area, with potential of real estate appreciation.
4.2	KPJUC Purchase Consideration	The purchase consideration was arrived at on a "willing-buyer-willing-seller", after taking into consideration the market value of the KPJUC Properties of RM77,800,000 as valued by the Independent Valuer, adopting the cost method. The cost method entails the summation of the market value of the PNCSB Land (as ascribed based on the comparison method of valuation) and the market value of the buildings erected thereon (as ascribed based on the depreciated replacement cost method). We are of the view that it is reasonable for the Independent valuer to adopt a cost method as the methodology in arriving at the value while using the comparable method as a check and balance.
4.3	Salient terms and conditions of the KPJUC SPA	In evaluating the Proposed Acquisition of the KPJUC Properties, we have set out our comments on the salient terms of the KPJUC Properties under Section 4.3 of this IAL including our comments on the KPJUC Purchase Consideration, the KPJUC Balance Purchase Consideration consisting of Deferred Cash Consideration and Deferred Consideration Units and the KPJUC Leaseback. We are of the opinion that the settlement which is separated into 2 tranches of 50% upfront cash and the Balance Purchase Consideration in the form of either in Deferred Cash Consideration or Deferred Consideration Units which will be due after 3 years and the 50% entitlement of the lease rental during the 3 years period is fair and reasonable based on the following: (a) The downside risk of dilution as a result of the Deferred Consideration Units at 10% discount to the five (5) days VWAP is mitigated by the pegging of the issuance price at no lower than RM1.04 per unit in the event that market conditions are not in favour for the issuance of the Deferred Consideration Units. (b) The title of the KPJUC Properties will be transferred to Al-'Aqar despite a 50% settlement of the KPJUC Purchase Consideration.

Section in this IAL	Section of Evaluation	Comments
4.4	Issue Price of the KPJUC Deferred Consideration Units	We note that Al-'Aqar and PNCSB have mutually agreed that the discount to the new units should not be more than ten percent (10%) to the five (5)-day VWAP, which is in line with Paragraph 6.04 (a), Chapter 6 of the Main Market Listing Requirements of Bursa Securities. Furthermore, based on our analysis detailed in Section 4.4, we note that the ten percent (10%) discount of the Unit Price to the NAV falls within the range of discount of 32.9% to premium a 46.5% of the traded Unit Price to the NAVs of the respective comparable Malaysian listed REITs as at LPD.
4.5	Proposed KPJUC Leaseback	The Proposed KPJUC Leaseback will only be executed upon the completion of the Proposed Acquisition. The salient terms of the KPJUC Leaseback is as follows: Salient terms of the lease agreement is as follows:- (i) The lease rental receivable will correspond to the purchase consideration to be paid as follows:-

Payment off KPLUC Purchase Consideration	Rental per annum
Upon payment of the KPJUC Cash Consideration	50% of the lease rental receivable
Upon payment of the Balance Purchase Consideration	100% of the lease rental receivable

(ii) The lease rental will be reviewed after every three (3) years based on the following lease rental formula:-

Rental Term	Rental
Initial Term 1-3 years	Rental shall be fixed at 7.1% p.a. x KPJUC Purchase Consideration

Section in this IAL	Section of Evaluation	Comments
4.5	Proposed KPJUC Leaseback	(see table and text below)

Rental Term	Rental
Subsequent Term (Year 4 onwards) (i) 1st year of every review (i.e. Year 4,7,10 and 13)	(10-years MGS + 238 basis points) x market value of the KPJUC Properties at the point of review, subject to:- (i) a minimum gross lease rental of 7.1% p.a. at the prevailing market value or KPJUC Purchase Consideration of the KPJUC Properties, whichever is higher; and (ii) any lease rental adjustment shall not be more than 2% incremental over preceding year's lease rental
(ii) 2nd and 3rd year of review	2% incremental over the preceding year's lease rental amount

We have also compared the initial rental rate of 7.1% against the other property portfolios of Al-`Aqar in Malaysia, and noted that it falls within the ranges of between 6.66% and 7.66% as reported in the 2014 Annual Report of Al-'Aqar.

There is a provision of a first right of refusal to PNCSB to acquire the KPJUC Properties in the event that Al-'Aqar wishes to dispose the KPJUC Properties. We are of the view that this is fair premise on the fact that PNCSB operates on the premises.

2 EVALUATION OF THE PROPOSED ACQUISITION OF SSH LAND

In evaluating the Proposed Acquisition of SSH Land, we have considered the following:-

Section in this IAL	Section of Evaluation	Comments
5.1	Rationale for the Proposed Acquisition of SSH Land	(i) Facilitate the amalgamation SSH is required by MPS to amalgamate the Al-'Aqar Existing SSH Land and the SSH Land in order for the Certificate of Completion and Compliance ("CCC") of the SSH New Buildings to be issued. (ii) Enhance future earnings of Al-'Aqar By investing in the portfolio of assets held in the vicinity of SSH, Al-`Aqar will continue to derive long-term rental income commitment from SSH. Existing investments made by Al-`Aqar into the Al-`Aqar Existing SSH Properties has seen Al-`Aqar receiving steady rental income from SSHSB, which has been running SSH since 2004. (iii) Strategic location Based on the Independent Valuation Report dated 12 February 2015, the SSH Land is located about 2.5 kilometres from Seremban town centre, and is adjoined to the south of SSH. Seremban is one of the well-established locations at the southern part of Klang Valley due to its proximity to the Kuala Lumpur City Centre, Putrajaya and KLIA. We are of the view that the rationale is reasonable on the basis that the Proposed Acquisition of SSH Land is required to obtain the necessary approvals. Further, the acquisition provides for a steady earnings flow and a potential of an appreciation in value of the real estate in view of its strategic location.
5.2	SSH Purchase Consideration	The SSH Purchase Consideration was arrived at on a "willing-buyer-willing seller" basis after taking into consideration the market value of the SSH Land amounting to RM4,250,000, as valued by the Independent Valuer, adopting the comparison method.

Section in this IAL	Section of Evaluation	Comments
5.2	SSH Purchase Consideration	This method entails the comparison with the property sales that have occurred in this or similar areas within the recent past. The comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, corner/end premium, tenure and size to render the sold properties as similar as possible with the SSH Land. Further details of the valuation are outlined in Section 5.2. We are of the view that the purchase consideration for the Proposed Acquisition of SSH Land is reasonable based on the comparison method as the range of values for commercial land within the vicinity transacted at between RM70.00 to RM79.92 per sq.ft ("PSF"). The Proposed Acquisition of the SSH Land was based on RM70.03 PSF.
5.3	Salient Terms and conditions of the SSH SPA	In evaluating the Proposed Acquisition of SSH Land, we have set out our comments on the salient terms of the SSH SPA under Section 5.3 of this IAL including our comments on the SSH Land Purchase Consideration, and the SSH Leaseback.
5.4	Salient terms and conditions of the SSH Supplemental SPA	The SSH Supplemental SPA was executed to exclude the following structures/properties from the SSH SPA:- (i) A car park operation building; (ii) A TNB substation; (iii) A medical gas storage building; and (iv) A refuse chamber. We understand that the above structures /properties may be included in a future purchase together with the SSH New Buildings upon its completion in 2015. We are of the view that the exclusion of SSH Facilities has merit since the SSH Facilities are merely ancillary facilities to support the SSH New Buildings and the acquisition of the SSH Facilities will only increase the purchase consideration without any material impact to the rental income derived from the leaseback.

Section in this IAL	Section of Evaluation	Comments
5.5	Proposed SSH Leaseback	Upon completion of the Proposed Acquisition of SSH Land, the Trustee and the Manager shall enter into the SSH Supplemental Lease Agreement with SSHSB and the Manager, wherein Al-`Aqar shall grant the lease of the SSH Land to SSHSB. The rental rate is set at 7.1% per annum x SSH Purchase Consideration. We wish to highlight that upon the expiry of the SSH Supplemental Lease Agreement, the future lease rental rate of the SSH Land to be derived will be similar with the lease rental rate for the Al-`Aqar Existing SSH Properties.  We note that the expiry of SSH Supplemental Lease Agreement is co-terminus with the SSH Existing Lease Agreement which is on 13 October 2015 after which, the parties shall renew the lease arrangement for another term, which will encompass the Al-`Aqar Existing SSH Properties and the SSH Land. We are of the view that the Proposed SSH Leaseback is reasonable as it is within the range of rental yield of all its properties in Malaysia. Further, based on the Proposed SSH Leaseback, the minimum yield is at 7.1%.

3 EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have considered the following:-

Section in this IAL	Section of Evaluation	Comments
6.1	Rationale for the Proposed Disposal	(i) Realising investment The Proposed Disposal will enable Al-'Aqar to unlock its investment in Indonesia and enable Al-'Aqar to realize a gain of approximately RM430,000 and approximately RM4,718,000 at the Group Level and Fund Level respectively In addition, the Proposed Disposal will allow the repayment of the Crossborder Shareholder's Advances of approximately RM78.35 million to Al-'Aqar. (ii) Repayment of borrowings The proceeds from the Proposed Disposal will be utilized to pare down the borrowings of Al-'Aqar thus improving the gearing level of Al-'Aqar and provide for interest savings of approximately RM4.837 million per annum. We are of the view that the Proposed Disposal has merit and reasonable.
6.2	The Crossborder Disposal Consideration	The Crossborder Disposal Consideration was arrived at on a "willing buyer-willing seller" basis after taking into consideration the unaudited proforma consolidated NA of the Crossborder Companies as at 31 December 2014 (approximately RM4.29 million), and further incorporating a ten percent (10%) premium which will amount to RM4,718,000 in totality (after rounding up to the nearest thousand). The detail of the calculation is set out in Section 6.2 of the IAL. The proforma consolidated NA of the Crossborder Companies has duly incorporated the market values of the Indonesian Properties amounting to RM80 million. In arriving at the market values of the Indonesian Properties, the Independent Valuer has adopted the investment method (as the primary method) and the cost method (as the secondary method). The investment method is premised on the principle that the value of an income-producing property is represented by "the present worth of future rights to income, or utility". As such, the value estimated under this method is derived by ascertaining the market rent of the property while deducting all reasonable annual operating expenses and then capitalizing the resultant net operating income by an appropriate rate of capitalization to obtain the present value of the income stream.

Section in this IAL	Section of Evaluation	Comments
6.2	The Crossborder Disposal Consideration (Cont'd)	The cost method derives the market value of the material properties by summation of the land and building values whereby the land is valued by reference to transactions of similar land in the vicinity with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics. The building on the other hand is valued by reference to its depreciated replacement cost, i.e. the new replacement cost less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the building at the date of valuation. The details of the valuation are set out in Section 6.2. We are of the view that the Crossborder Consideration of RM4.718 million is fair on the basis that the Crossborder Companies are merely investment companies and the value lies with the Indonesian Properties. Whilst the Disposal Consideration may vary as a result of the adjustments between the Crossborder SPA NA Value Plus 10% Premium and the Crossborder Cut-Off Date NA Value Plus 10%, the risk is mitigated by the value of the Indonesian Properties being fixed at RM80.0 million, being the market value ascribed by the Independent valuer.
6.3	Salient terms and conditions of the Crossborder SSA	The salient terms and conditions include among others, the conditions precedent, Crossborder Disposal Consideration, Crossborder Shareholders' Advances and Crossborder Disposal Consideration Adjustment. The Crossborder Shareholders' Advances were given by Al-'Aqar to the Crossborder Target Companies for the purpose of the acquisition of the Indonesian Properties, to defray the expenses in relation to the acquisition of the Indonesian Properties and the interest payable for the Crossborder Shareholder's Advances. KPJSB agrees to settle or/procure the respective Crossborder Target Companies to settle the outstanding balance as at the last day of the month on the Crossborder Completion Date, concurrent with the settlement of the Crossborder Balance Disposal Consideration. Any cost or expenses incurred in relation to the settlement of the Crossborder Shareholder's Advances shall be borne or reimbursed by KPJSB. The Crossborder Disposal Consideration Adjustment provides recourse for an adjustment in the event that there is a difference between the Crossborder SPA NA plus 10% premium and the Crossborder Cut-off Date NA. We are of the view this adjustment in the purchase consideration and the settlement of the Crossborder Shareholders' Advances concurrent with the settlement of the Crossborder Completion Date Date is fair and reasonable.

4 FINANCIAL EFFECTS OF THE PROPOSALS

The financial effects of the Proposals are as follows:-

Section in this IAL	Section of Evaluation	Comments
7.1	Effect on Unit Capital	While the Proposed Acquisition of SSH Land and the Proposed Disposal will not have any effect on the unit capital, the Proposed Acquisition of KPJUC Properties will increase the existing unit capital by 16,208,000 units to 37,404,000 units based on the Base Case and Maximum Case scenario respectively. The details of the Base Case and Maximum Case are detailed in Section 7 of the Circular.
7.2	Effect on Substantial Unit Holder	The Proposed Acquisition of KPJUC and the Proposed Private Placement will decrease the substantial Unit holder's holdings between 0.34% to 1.32% in Base Case. Meanwhile in Maximum Case scenario the effect will be an increase of 0.27% to a decrease of up to 0.96% are expected. The details of the effect are set out in Section 7.2 of the IAL.
7.3	Effect on NAV and Gearing	The Proposals would have minimal impact to the NAV per Al-`Aqar Unit whereas the gearing ratios will improve. The details of the effect on NAV and Gearing are set out in Section 7.3 of the IAL.
7.4	Effect on Earnings and EPU	Based on the Base Case and Maximum Scenario, the Proposed Acquisition of KPJUC Properties and SSH Land will contribute positively to the Group Level Earnings and Fund Level Earnings by RM4,177,000 and RM292,000 respectively in the base case scenario and RM5,247,000 and RM292,000 respectively in the maximum scenario. Meanwhile, the Proposed Disposal is expected to decrease the Group Level Earnings and Fund Level Earnings by RM476,000 and RM496,000 respectively in the base case and maximum scenarios. In addition, we note that Al-`Aqar will also be required to make a one-off adjustment of RM6,954,000 which will reduce the Group Level Earnings, and of RM2,358,000 which will increase the Fund Level Earnings in both base case and maximum scenarios. A one-off adjustment which reduced the Group Level Earnings arose from the realisation of the foreign exchange loss of RM5,024,000 from the Proposed Disposal. We wish to highlight that Al-`Aqar adopts the fair value measurement accounting policy. As a result of this adoption, the gain arising from the Proposal at the Group Level earnings is not significant. Should Al-`Aqar had not accounted for the fair value of the said properties in its books, the estimated gain on disposal would amount to RM7,470,000.

5 PROSPECTS AND RISK FACTORS

The prospect and risk factors of the Proposals are as follows:-

Section in this IAL	Section of Evaluation	Comments
8.1	Prospects	Section 6.1 of Part A of the Circular outlines the outlook of the Malaysian economy, outlook of the real estate industry in Malaysia and prospects on the Malaysian healthcare industry. The Malaysian economy is expected to sustain its growth on the back of continued domestic demand. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activities are is projected to remain resilient with continued capital spending by both the private and public sectors. The real estate and business services subsector rose 8..2% (Q3 2014 :7.2%) with real estate increasing 5.7% (Q3 2014: 5.4%) driven by non-residential building activities. Despite property prices hovering at a high level, the various cooling measures introduced to curb rising property prices and speculative activities have started to gain tranction. This was reflected in the slower increase in residential property prices at 8.1% whilst transactions fell 2.7% during the first half of 2014. Growth of the real estate and business services subsector is projected to sustain at 7.5% in 2014. The Malaysia's healthcare spending is estimated to be at 4.4% of the country GDP. This amount is expected to increase to 4.5% by 2018. Meanwhile, Malaysia healthcare's spending is estimated to rise by an average of 10.5% a year increasing from an estimated $13.7 billion to $22.9 billion by 2018. With increasing demand for healthcare services in the future, we are of the view that Al-'Aqar will be able to grow further in the future.
8.2	Risk Factors	We wish to highlight that although measures is taken by Al-'Aqar in an attempt to limit the risks associated with the Proposals, no assurance can be given that one or a combination of the risk factors as stated in Section 6.2, Part A of the Circular and Section 8.2 of this IAL will not occur and adversely affect the Proposals or Al-'Aqar.

6 CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposals and have set out our evaluation in **Section 10 of this IAL**. The Non-Interested Unit holders of Al-'Aqar should consider the merits and demerits of the Proposals carefully based on all relevant and pertinent factors including those and other considerations as set out in this IAL, the Circular and other publicly available information prior to making a decision to vote on the resolutions pertaining to the Proposals.

Premised on our overall evaluation and assessment of the Proposals based on the information available to us up to LPD, we are of the opinion that the Proposals are **FAIR AND REASONABLE** and not **DETRIMENTAL** to the Non-Interested Unit holders of Al-'Aqar.

Accordingly, we recommend that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

THE NON-INTERESTED UNIT HOLDERS ARE ADVISED TO READ AND UNDERSTAND THIS IAL THOROUGHLY AND ITS ENTIRETY FOR MORE INFORMATION AND DO NOT SOLELY RELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE PROPOSALS.

THE NON-INTERESTED UNIT HOLDERS ARE FURTHER ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE CIRCULAR AND THIS IAL BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM OF AL-'AQAR.

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24 June 2015

To: The Non-Interested Unit Holders of Al-`Aqar Healthcare REIT

Dear Sirs/Madam

(I) PROPOSED ACQUISITION BY AMANAHRAYA TRUSTEES BERHAD, BEING THE TRUSTEE OF AL-`AQAR HEALTHCARE REIT, OF TWO (2) PARCELS OF FREEHOLD LAND IN NILAI, NEGERI SEMBILAN TOGETHER WITH BUILDINGS ERECTED THEREON FROM PUTERI NURSING COLLEGE SDN BHD, AN INDIRECT WHOLLY OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD FOR A TOTAL CONSIDERATION OF RM77,800,000, TO BE FULLY SATISFIED IN CASH OR A COMBINATION OF CASH AND AL-`AQAR UNITS (AS DETAILED HEREIN);

(II) PROPOSED ACQUISITION BY AMANAHRAYA TRUSTEES BERHAD, BEING THE TRUSTEE OF AL-`AQAR HEALTHCARE REIT, OF A PARCEL OF FREEHOLD LAND IN SEREMBAN, NEGERI SEMBILAN FROM SEREMBAN SPECIALIST HOSPITAL SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD FOR A TOTAL CASH CONSIDERATION OF RM4,250,000; AND

(III) PROPOSED DISPOSAL BY AMANAHRAYA TRUSTEES BERHAD, BEING THE TRUSTEE OF AL-`AQAR HEALTHCARE REIT, OF THE ENTIRE EQUITY INTEREST IN CROSSBORDER HALL (M) SDN BHD AND CROSSBORDER AIM (M) SDN BHD, BOTH WHOLLY-OWNED SUBSIDIARIES OF AL-`AQAR HEALTHCARE REIT, TO KUMPULAN PERUBATAN (JOHOR) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD FOR A TOTAL CASH CONSIDERATION OF RM4,718,000 (SUBJECT TO THE CROSSBORDER DISPOSAL CONSIDERATION ADJUSTMENT (AS DEFINED HEREIN))

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

This Independent Advice Letter ("IAL") is prepared for inclusion as Part B in the circular to Unit Holders of Al-`Aqar *dated 24 June 2015 ("**Circular**") in relation to the Proposals and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the definitions section of the Circular, except where the content otherwise requires or where defined herein.*

1 INTRODUCTION

On behalf of the Board of the Manager, AmInvestment Bank had announced that, Al-`Aqar, as represented by the Trustee, proposes to undertake the following proposals:-

(i) Proposed acquisition of two (2) parcels of freehold land in Nilai, Negeri Sembilan together with buildings erected thereon from PNCSB for a total consideration of RM77,800,000 ("**Proposed Acquisition of KPJUC Properties**"), as announced on 3 October 2014. Upon completion of the Proposed Acquisition of KPJUC Properties, PNCSB will leaseback the KPJUC Properties from the Trustee ("**Proposed KPJUC Leaseback**");

1 INTRODUCTION (CONT'D)

(ii) Proposed acquisition of the SSH Land from SSHSB for a total cash consideration of RM4,250,000 ("**Proposed Acquisition of SSH Land**"), as announced on 19 March 2015. Upon completion of the Proposed Acquisition of SSH Land, SSHSB will leaseback the SSH Land from the Trustee ("**Proposed SSH Leaseback**"); and

(iii) Proposed disposal of the entire equity interests in the Crossborder Companies to KPJSB for a total cash consideration of RM4,718,000 (subject to the Crossborder Disposal Consideration Adjustment as detailed in Section 4.3.4 of Part A of the Circular) ("**Proposed Disposal**"), as announced on 31 March 2015.

On 12 May 2015, on behalf of the Board of the Manager, AmInvestment Bank had announced that in relation to the Proposed Acquisition of KPJUC Properties, the SC had vide its letter dated 11 May 2015, granted its approval for the following:-

(i) increase in approved fund size of Al-`Aqar by up to 176,649,139 units, in relation to the following:-

  (a) issuance of up to 37,403,846 KPJUC Deferred Consideration Units pursuant to the Proposed Acquisition of KPJUC Properties, based on minimum issue price of RM1.04 per unit and the KPJUC Balance Purchase Consideration of RM38,900,000; and

  (b) issuance of up to 139,245,293 Al-`Aqar Units, representing approximately 20% of the approved fund size of Al-`Aqar, being the maximum number of units that can be issued pursuant to Clause 14.03 of the REIT Guidelines, pursuant to the Proposed Private Placement.

  The abovementioned approval from the SC is subject to the following conditions:-

  (aa) the SC is to be informed of the date of issuance of the new Al-`Aqar Units on the Main Market of Bursa Securities;

  (bb) issuance of up to 37,403,846 KPJUC Deferred Consideration Units pursuant to the Proposed Acquisition of KPJUC Properties, must be completed on the expiry of the three (3) years from the KPJUC Completion Date or such other date as the parties may agree in writing, subject to the approval of the SC; and

  (cc) issuance of up to 139,245,293 Al-`Aqar Units pursuant to the Proposed Private Placement must be completed within six (6) months from the date of the SC KPJUC Approval;

(ii) listing and quotation of the new Al-`Aqar Units on the Main Market of Bursa Securities;

(iii) valuation of the KPJUC Properties at RM77,800,000; and

(iv) exemption from compliance with Clause 14.04(a)(ii) of the REIT Guidelines in relation to obtaining unit holders' approval on the precise terms and conditions of an issue of units.

The SC's approval is subject to, amongst others, the following:-

(i) issuance of up to 37,403,846 KPJUC Deferred Consideration Units, pursuant to the Proposed Acquisition of KPJUC Properties, must be completed on the expiry of the three (3) years from the KPJUC Completion Date or such other date as the parties may agree in writing, subject to the approval of the SC; and

1 INTRODUCTION (CONT'D)

(ii) issuance of up to 139,245,293 Al-`Aqar Units, pursuant to the Proposed Private Placement, must be completed within six (6) months from the date of the SC's approval.

On 14 May 2015, on behalf of the Board of the Manager, AmInvestment Bank had announced that the SC had granted its approval on the waiver for the proposed acquisition of a vacant land pursuant to the Proposed Acquisition of SSH Land, vide its letter dated 13 May 2015.

On 28 May 2015, on behalf of the Board of the Manager, AmInvestment Bank had announced that Bursa Securities had, vide its letter dated 25 May 2015 (received on 27 May 2015), approved the listing of and quotation for up to 37,403,846 new Al-`Aqar Units pursuant to the Proposed Acquisition of KPJUC Properties.

The Bursa Securities' approval is subject to, among others, the following conditions:-

(i) Al-`Aqar and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Acquisition of KPJUC Properties;

(ii) Al-`Aqar and AmInvestment Bank are to inform Bursa Securities upon the completion of the Proposed Acquisition of KPJUC Properties;

(iii) Al-`Aqar and AmInvestment Bank are to furnish a certified true copy of the resolution passed by Unit holders at the extraordinary general meeting for the Proposed Acquisition of KPJUC Properties; and

(iv) Al-`Aqar to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition of KPJUC Properties is completed.

In view of the interests of the Interested Directors and Interested Major Unit holders (as disclosed in Section 8 of Part A of the Circular), the Proposals are deemed related party transactions. As AmInvestment Bank is the Principal Adviser to both Al-`Aqar and KPJ in relation to the Proposals, the Board of the Manager and the Board of the Trustee had appointed Crowe Horwath Advisory Sdn Bhd ("Crowe Horwath") as the Independent Adviser to advise the Non-Interested Directors and Non-Interested Unit holders of Al-`Aqar with an independent evaluation of the terms and conditions of the Proposals. Crowe Horwath was appointed on 25 July 2014 for the Proposed Acquisition of KPJUC Properties and on 18 March 2015 for the Proposed Acquisition of SSH Land and the Proposed Disposal.

The purpose of this IAL is to provide our comments to the Non-Interested Unit holders as to whether the Proposals are fair and reasonable in so far as the Non-Interested Unit holders are concerned, and whether the Proposals are to the detriment of the Non-Interested Unit holders, and to provide a recommendation on the resolution pertaining to the Proposals to be tabled at the forthcoming EGM, subject to the limitation of our role and evaluation as explained herein.

THIS IAL IS PREPARED SOLELY FOR THE USE OF THE NON-INTERESTED UNIT HOLDERS OF AL-A'AQAR FOR THE PURPOSES OF CONSIDERING THE MERITS OF THE PROPOSALS AND SHOULD NOT BE USED OR RELIED IPON BY ANY OTHER PARTY

1 INTRODUCTION (CONT'D)

THE NON-INTERESTED UNIT HOLDERS ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ENCLOSED APPENDICES THEREIN AND TO CONSIDER CAREFULLY OUR EVALUATION AND RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORCOMING EGM.

WE RECOMMEND THAT ANY INDIVIDUAL UNIT HOLDER OR SPECIFIC GROUP OF UNIT HOLDERS WHO ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, OR REQUIRE SPECIFIC ADVICE IN RELATION TO THE PROPOSALS, IN THE CONTEXT OF THEIR INDIVIDUAL INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS, TO CONSULT THEIR RESPECTIVE STOCKBROKER, BANKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. WE SHALL NOT BE LIABLE FOR ANY DAMAGE OR LOSS OF ANY KIND SUSTAINED OR SUFFERED BY ANY INDIVIDUAL UNIT HOLDER OR GROUP OF UNIT HOLDERS IN RELIANCE OF THE OPINION SET OUT IN THIS IAL, WHICH IS PARTICULAR TO ANY INDIVIDUAL UNIT HOLDER OR ANY GROUP OF UNIT HOLDERS, FOR ANY PURPOSE WHATSOEVER.

1.1 Credentials of Independent Advisor

Crowe Horwath is a licensed corporate finance adviser and provides a range of corporate finance services which includes advice on initial public offerings, independent advice letters, fairness opinions, corporate and debt restructuring exercises, mergers and acquisitions, valuation exercises and transaction services.

Crowe Horwath had over the past two (2) years provided and issued six (6) fairness opinion reports and independent advice opinions.

Premised on the above, Crowe Horwath has the capability and competency to carry out its role as the Independent Advisor of Al-'Aqar to advise the Non-Interested Unit holders in relation to the Proposals and is able to discharge its duties and responsibilities.

2 LIMITATIONS TO THE EVALUATION OF THE PROPOSALS

Crowe Horwath has conducted its own conflict of interest check in accordance with the Code of Ethics for Professional Accountants of the International Federation of Accountants (IFAC) and By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (MIA) and confirms that there are no conflict of interest situations arising from Crowe Horwath carrying out its role as Independent Advisers. In addition, Crowe Horwath has never been engaged in any professional capacity by Al-'Aqar prior to this IAL.

Crowe Horwath was not involved in the formulation of, or any deliberation and negotiation on, the terms and conditions of the Proposals. Our scope as the Independent Adviser is limited to expressing an independent opinion on the fairness and reasonableness of the terms of the Proposals, from a financial perspective, subject to the limitations stated herein.

It is not within our terms of reference to express any opinion on the commercial merits of the Proposals and this remains the sole responsibility of the Board, although we may draw upon its views in arriving at our opinion. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposals.

2 LIMITATIONS TO THE EVALUATION OF THE PROPOSALS (CONT'D)

In preparing this IAL, we had relied on the following sources of information:-

(I) Proposed Acquisition of KPJUC Properties

(a) Information contained in Part A of the Circular;
(b) KPJUC SPA;
(c) Draft KPJUC Leaseback Agreement;
(d) Valuation reports of the KPJUC Properties dated 25 August 2014 and an updated valuation letter dated 27 February 2015 issued by the Independent valuer;
(e) Other relevant information furnished to us by the management of Al-`Aqar; and
(f) Other publicly available information.

(II) Proposed Acquisition of SSH Land

(a) Information contained in Part A of the Circular;
(b) SSH SPA;
(c) Supplemental SSH SPA;
(d) Draft SSH Supplemental Lease Agreement;
(e) Valuation reports of the SSH Land dated 12 February 2015 issued by the Independent Valuer;
(f) Other relevant information furnished to us by the management of Al-`Aqar; and
(g) Other publicly available information.

(III) Proposed Disposal

(a) Information contained in Part A of the Circular;
(b) Crossborder SSA;
(c) Valuation reports of the Indonesian Properties dated 23 February 2015 issued by the Independent Valuer;
(d) Other relevant information furnished to us by the management of Al-`Aqar; and
(e) Other publicly available information.

We have not independently verified such information, whether written or verbal, and shall not assume responsibility for the accuracy and/or completeness of such information. Nevertheless, the Board of the Manager and Board of the Trustee have, however, collectively and individually, confirmed to us that all relevant material facts and information essential to the Proposals have been disclosed to us. The Board of the Manager and Board of the Trustee have also accepted full responsibility for the accuracy, completeness and validity of the information provided and given herein (except for our evaluation and opinion as contained herein), and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other information and/or facts, the omission of which would make any information supplied to us misleading, incomplete or inaccurate, or would materially affect our evaluation, views and recommendations in this IAL.

Crowe Horwath acknowledges that, based on all information made available for purposes of its evaluation of the Proposals, and to the best of its knowledge and belief, this IAL constitutes a full and true disclosure of all material facts concerning the Proposals and there are no false or misleading statements or other material facts, the omission of which would make any statement herein false or misleading.

2 LIMITATIONS TO THE EVALUATION OF THE PROPOSALS (CONT'D)

In our evaluation, we have only taken into consideration pertinent matters which we believe are of importance in enabling us to form an opinion as to the fairness and reasonableness of the Proposals in so far as the Non-Interested Unit holders of Al-`Aqar are concerned and whether the Proposals are to the detriment of the Non-Interested Unit holders of Al-`Aqar. Hence:-

(a) The scope of our responsibilities with regard to our evaluation and opinion contained herein does not address the underlying commercial decision to any strategic alternative(s) that may be, or has been made, available to Al-`Aqar, and as such, we shall not express any opinion on the commercial justification of the Proposals. Any commercial justification with regard to the Proposals shall be the sole responsibility of the Board of the Manager and Board of the Trustee;

(b) Our view and recommendation contained in this IAL are for the Non-Interested Unit holders at large and not to any Unit holder individually. Crowe Horwath has not taken into consideration any specific investment objective(s), financial situation(s) and particular need(s) of any Unit holder or any specific group of Unit holders who are independent to the Proposals. We therefore recommend that any individual Unit holder or specific group of Unit holders who may require advice in relation to the Proposals within the context of their objective, financial situation and particular needs to consult their stockbroker, bank manager, solicitor, accountant and other processional advisers. We shall not be liable for any damage or loss of any kind sustained or suffered by any individual Unit holder or any group of Unit holders in reliance of the opinion and/or information stated in this IAL for any purpose which is particular to any individual Unit holder or group of Unit holders;

(c) Our evaluation and recommendation as set out in this IAL are based upon market, industry, economic, regulatory and other conditions (if applicable) prevailing on the information/documents made available to us at the LPD. Such conditions may change significantly over a short period of time. As such, our evaluation and recommendation in this IAL do not take into consideration the information, events and conditions arising after the LPD. In this regard, our advice should be considered in the context of the entirety of this IAL and the Circular.

After the despatch of this IAL, should we become aware of any significant change affecting the information contained in this IAL or have reasonable grounds to believe that any material statement in this IAL is misleading or deceptive or have reasonable grounds to believe that there is material omission in this IAL, we will immediately notify the Unit holders. If circumstances require, a supplementary IAL will be sent accordingly to the Unit holders.

We also emphasize that our role as Independent Adviser do not extend to conducting any valuation of the equity interest of Al-`Aqar (whether in whole or in part) and the assets owned by Al-`Aqar, and/or the liabilities registered in the books of Al-`Aqar.

3 DETAILS OF THE PROPOSALS

3.1 Proposed Acquisition of KPJUC Properties

The full details of the Proposed Acquisition of KPJUC Properties are set out in Section 2 of Part A of the Circular and should be read in its entirety by the Unit holders of Al-`Aqar.

3.2 Proposed Acquisition of SSH Land

The full details of the Proposed Acquisition of SSH Land are set out in Section 3 of Part A of the Circular and should be read in its entirety by the Unit holders of Al-`Aqar.

3.3 Proposed Disposal

The full details of the Proposed Disposal are set out in Section 4 of Part A of the Circular and should be read in its entirety by the Unit holders of Al-`Aqar.

4 EVALUATION OF THE PROPOSED ACQUISITION OF KPJUC PROPERTIES

In evaluating the Proposed Acquisition of KPJUC Properties, we have considered the following from a financial point of view:-

(a) Rationale for the Proposed Acquisition of KPJUC Properties;
(b) The KPJUC Purchase Consideration;
(c) The salient terms and conditions of the KPJUC SPA;
(d) The issue price of the KPJUC Deferred Consideration Units;
(d) The Proposed KPJUC Leaseback; and
(e) The financial effects of the Proposed Acquisition of KPJUC Properties.

We set out in the following sections, the details of our evaluation of the said acquisition.

4.1 Rationale for the Proposed Acquisition of KPJUC Properties

We have considered the rationale as set out in Section 5.1 of Part A of the Circular and noted the following:-

(a) Facilitate the amalgamation and future expansion of KPJUC

PNCSB is the owner of the KPJUC Properties and operator of KPJUC.

In 2009, the Trustee had acquired two (2) parcels of land together with existing KPJUC buildings erected thereon ("**Al-`Aqar Existing KPJUC Land**").

The Proposed Acquisition of KPJUC Properties entails the acquisition of two (2) parcels of freehold land in Nilai with buildings erected thereon ("**PNCSB Land**"). The PNCSB Land is adjacent to the Al-`Aqar Existing KPJUC Land, and its acquisition will allow the Trustees to acquire the new extension of KPJUC consisting of the KPJUC Academic Block with two (2) TNB substations and the KPJUC Hostel Block with a refuse chamber erected on the PNCSB Land.

We understand that PNCSB is required by MPN to amalgamate the PNCSB Land with the Al-`Aqar Existing KPJUC Land. This requirement is a condition stated by MPN in their earlier approval of PNCSB's Master Expansion Plan for KPJUC via its letter dated 17 May 2010.

4.1 Rationale for the Proposed Acquisition of KPJUC Properties (Cont'd)

In this respect, the Proposed Acquisition of KPJUC Properties is essential to facilitate and complete the amalgamation process. In addition, the amalgamation will facilitate the future expansion plans of KPJUC.

(b) Stable rental income from PNCSB

The Proposed Acquisition of KPJUC Properties will provide Al-`Aqar with an opportunity to earn a potential long-term rental income commitment from PNCSB via the Proposed KPJUC Leaseback. We note that the lease agreement in relation to the Proposed KPJUC Leaseback has not been executed as at LPD. Based on the draft lease agreement for the Proposed KPJUC Leaseback, we note that the tentative salient terms of the aforesaid lease agreement provides for a contractual term of fifteen (15) years with an option to renew for another fifteen (15) years.

PNCSB has been operating KPJUC since its inception in 1991 and Al-`Aqar has been receiving steady rental income from PNCSB for the Al-`Aqar Existing KPJUC Land since 2009. In this regard, PNCSB is deemed a reputable lessee.

(c) Strategic Location

Based on the Independent Valuation Report dated 25 August 2014 and updated on 27 February 2015, the KPJUC Properties are located within Kota Seriemas in Nilai and is located off the western side of the North-South Expressway. It is located about 60 kilometres from Kuala Lumpur City Centre and 32 kilometres from Seremban town centre. Nilai town is located about 10 kilometres from the KPJUC Properties.

Kota Seriemas is a 2,400 acre township situated in the neighbourhood of Kuala Lumpur International Airport (KLIA) and the newly completed KLIA 2. Kota Seriemas is also surrounded by self-contained townships such as Bandar Baru Enstek, Bandar Baru Nilai and Bandar Baru Salak Tinggi.

Kota Seriemas is easily accessible via Kuala Lumpur-Seremban Highway (exit at Nilai) and Elite Highway (exit at KLIA) due to its strategic location and a network of well-planned roads..

In view of the above, the Board of the Manager is of the opinion that the market value of the KPJUC Properties should appreciate over time and in this regard, the TAV of Al-`Aqar should correspondingly increase.

Premised on the above, the rationale for the Proposed Acquisition of KPJUC Properties has merit and is reasonable.

4.2 The KPJUC Purchase Consideration

As stated in Section 2.4 of Part A of the Circular, the purchase consideration was arrived at on a "willing-buyer-willing-seller" basis after taking into consideration the market value of the KPJUC Properties amounting to RM77,800,000, as valued by the Independent Valuer vide a valuation report dated 25 August 2014 and an updated valuation letter dated 27 February 2015.

We note that the Independent Valuer has valued the KPJUC Properties using the cost method. This method entails the summation of the market value of the PNCSB Land (as ascribed based on the comparison method of valuation) and the market value of the buildings erected thereon (as ascribed based on the depreciated replacement cost method).

4.2 The KPJUC Purchase Consideration (Cont'd)

The Independent Valuer has adopted the cost method as they have opined it is a suitable method in the industry to value the KPJUC Properties which have only been partially developed. It is also a suitable methodology for valuation of specialised assets similar to the KPJUC Properties i.e. they are rarely transacted or tenanted/leased in the open market.

The cost method derives the market value by summation of the land and building values where the land is valued by reference to transactions of similar land in the vicinity with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics. The building is valued by reference to its depreciated replacement cost, i.e. the new replacement cost less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the building at the date of valuation. The Independent Valuer took the aforesaid into consideration as well as made reference to the Landon Seah Construction Handbook Malaysia 2014.

Pursuant to the foregoing, the valuation method used by the Independent Valuer to value the KPJUC Properties is reasonable.

The KPJUC Purchase Consideration of RM77,800,000, which is the market value as ascribed by the Independent Valuer in line with the Asset Valuation Guidelines issued under the Capital Markets and Services Act 2007, was arrived at by the Independent Valuer as follows:-

(i) PT - 8 and KPJUC Academic Block

No	Property Particular	Area	Value Adopted RM PSF	Valuation RM
1	PT - 8, A parcel of land in Nilai, Negeri Sembilan held under title particulars HS(D) 189781, PT No. 8, Bandar Baru Kota Sri Mas, Daerah Seremban, Negeri Sembilan	610,728.00 Sq Ft	38.46	23,490,195.53
2	KPJUC Block	118,615.80 Sq Ft	161.61	19,169,900.00
3	Two TNB Substations	3,335.00 Sq Ft	60.00	200,100.00
4	Site Improvements	20,000.00 Sq Ft	4.00	80,000.00
	Market Value			**42,940,195.53**
	(Round down)			**42,900,000.00**

Notes:-

(i) In arriving the commercial land value of RM38.46 per square feet, the Independent Valuer had considered recent transactions within the vicinity of PT – 8 which yielded a fair value of between RM38.40 to RM38.57 per square feet after upward adjustments made for market condition, location/accessibility, planning and development approval whilst downward adjustments was made for size.

For the purpose of the valuation, the Independent Valuer had adopted RM38.46 as the fair value of the commercial land.

(ii) As the buildings erected on PT – 8 are newly completed, the Independent Valuer had adopted the actual construction cost for the calculation of the market value of the KPJUC Academic Block, two TNB substations and site improvements based on the anticipated final amount as at 2nd June 2014 issued by ARH Jurukur Bahan Sdn Bhd. The Independent Valuer also made reference to the JUBM and Langdon Seah Construction Cost Handbook Malaysia 2014.

4.2 The KPJUC Purchase Consideration (Cont'd)

(ii) Lot No 33033 and KPJUC Hostel Block

No	Property Particular	Area	Value Adopted RM PSF	Valuation RM
1	Lot 33003, a parcel of land in Nilai, Negeri Sembilan held under title particulars GRN 211810, Lot No. 33003, Bandar Baru Kota Sri Mas, Daerah Seremban, Negeri Sembilan	166,304.00 Sq Ft	24.79	4,112,010.25
2	KPJUC Hostel Block	208,048.29 Sq Ft	147.21	30,626,000.00
3	Refuse Chamber	150.00 Sq Ft	60.00	9,000.00
4	Site Improvements	25,000.00 Sq Ft	4.00	100,000.00
	Market Value			**34,847,010.25**
	(Round up)			**34,900,000.00**

Notes:-

(i) In arriving at the residential land value of RM24.79 per square feet, the Independent Valuer had considered recent transactions within the vicinity of Lot 33003 which yielded a fair value of between RM24.79 to RM27.05 per square feet after upward adjustments made for market condition, location/accessibility, planning and development approval whilst downward adjustments was made for size.

For the purpose of the valuation, the Independent Valuer had adopted RM24.79 as the fair value of the residential land.

(ii) As the buildings erected on Lot 33003 are newly completed, the Independent Valuer had adopted the actual construction cost for the calculation of the market value of the KPJUC Hostel Block, refuse storage chamber and site improvements based on the anticipated final amount as at 2nd June 2014 issued by ARH Jurukur Bahan Sdn Bhd. The Independent Valuer also made reference to the JUBM and Langdon Seah Construction Handbook Malaysia 2014.

Based on the above, we are of the view that the basis in arriving at the KPJUC Purchase Consideration is fair and reasonable.

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4.3 Salient terms and conditions of the KPJUC SPA

As extracted from Section 2.3 Part A of the Circular, the salient terms of the KPJUC SPA and are comments are as follows:

Salient Terms		Our Comments
No	**Details**	
1	**Condition Precedents** The KPJUC SPA is conditional upon and subject to the fulfilment of the following conditions precedent:- (i) the approval of the shareholders and Board of PNCSB and the approval of the Board of KPJ being obtained for the proposed disposal of the KPJUC Properties and Proposed KPJUC Leaseback; (ii) the approval of the Board of the Manager and the Trustee in respect of the Proposed Acquisition of KPJUC Properties and Proposed KPJUC Leaseback, which have been obtained prior to the date of KPJUC SPA; (iii) the approval of the shareholders of KPJ at an EGM being obtained for the proposed disposal of the KPJUC Properties and the Proposed KPJUC Leaseback; (iv) the approval of the SC in respect of the issuance of the KPJUC Deferred Consideration which was obtained by Al-'Aqar vide SC's letter dated 11 May 2015, as detailed in Sections 1 and 9 of Part A of this Circular; (v) the approval of the Unit holders at an EGM approving the Proposed Acquisition of KPJUC Properties (including the issuance of the KPJUC Deferred Consideration Units); (vi) the approval of Bursa Securities to be obtained by Al-`Aqar for the quotation and listing of the KPJUC Deferred Consideration Units on the Main Market of Bursa Securities, which was obtained vide its letter dated 25 May 2015 as detailed in Sections 1 and 9 of Part A of this Circular;	The approval of the shareholders and Board of PNCSB and Board of KPJ being obtained for the proposed disposal of the KPJUC Properties and Proposed KPJUC Leaseback and the approval of the Unit holders at the EGM for the Proposed Acquisition of KPJUC Properties and the issuance of the KPJUC Deferred Consideration Units is reasonable as it ensures that the shareholders of both PNCSB and KPJ and the Unit holder of Al-'Aqar are given the opportunity to assess the merits and demerits of the Proposed Acquisition of KPJUC Properties, in accordance with the Listing Requirements.

4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
1	**Condition Precedents (Cont'd)**	
	(vii) The relevant state authorities' consent to transfer the KPJUC Properties, if applicable, to the Trustee having been obtained by PNCSB. PNCSB shall be deemed to have obtained the relevant state authorities' consent when all conditions imposed by the relevant state authorities, if any, have been duly complied with and consent becomes unconditional. The approval of the state authority has been obtained vide a letter dated 21 January 2015;	The terms (vii) to (xi) are common commercial terms for property transactions. The consent from the authorities for the transfer the KPJUC Properties is reasonable as it ensures that the KPJUC Properties can be transferred to the Trustee.
	(viii) receipt of irrevocable and unconditional written undertaking from PNCSB in favour of the Trustee or the Trustee's financier, wherein PNCSB undertakes to refund all monies paid in accordance to the KPJUC SPA in the event the transfer of the KPJUC Properties in favour of the Trustee cannot be effected or is invalid for any reason whatsoever and as a result of which, the charge in favour of the Trustee's financier cannot be registered with the land registry;	This term is fair on the basis that in the event that the KPJUC Properties cannot be transferred to the Trustee, PNCSB will refund the monies paid.
	(ix) receipt of a registrable Memorandum of Transfer with the relevant stamp duty office endorsement on the same as being exempted from the payment of stamp duty pursuant to Stamp Duty (Exemption) (No. 4) Order 2004;	
	(x) all such other consents and regulatory and/or governmental approvals required to be obtained by PNCSB, the Trustee and/or KPJ in order to effect the completion of the Proposed Acquisition of KPJUC Properties;	
	(xi) the issuance of the licence by the Ministry of Education for PNCSB to commence operations at the KPJUC New Buildings, which has been obtained on 17 February 2015; and .	

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4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
1	**Condition Precedents (Cont'd)** (xii) the Trustee shall have issued a letter of undertaking in favour of PNCSB, wherein the Trustee undertakes to ensure that the settlement of the KPJUC Balance Purchase Consideration by way of the KPJUC Deferred Cash Consideration or KPJUC Deferred Consideration Units or a combination of both KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units, shall be paid and/or issued in favour of PNCSB on or before the expiry of the KPJUC Settlement Period provided that the KPJUC SPA remains valid on such date of settlement, which has been obtained vide a letter dated 26 May 2015. Items (i), (ii), (iii), (iv), (v) (vi), (vii), (x) and (xi) are collectively referred to as "**Approvals**". Upon the execution of the KPJUC SPA, the relevant parties shall procure to obtain the Approvals within nine (9) months from the date of the KPJUC SPA or such later date as the parties may agree in writing	This terms is reasonable as the Al-'Aqar would have only made 50% of the purchase consideration on the Completion Date, whilst the balance sum is deferred over a period of three (3) years. A letter of undertaking from the Trustee is reasonable to ensure that the KPJUC Balance Purchase Consideration will be honored.
2	**Encumbrances** PNCSB agrees to sell and the Trustee agrees to purchase the KPJUC Properties which are sold upon the basis that a separate title deed has been issued for the KPJUC Properties, free from any claims, charges, liens, encumbrances and equities whatsoever, with legal ownership and legal possession of the KPJUC Properties being transferred from PNCSB to the Trustee upon full payment of the KPJUC Cash Consideration to PNCSB or to its order as at KPJUC Completion Date, subject to all express conditions and restrictions expressed or implied on the title, registered or to be registered on the title to the KPJUC Properties at the relevant land registry, subject to the category of land use of the KPJUC Properties, which is "building" and upon the basis that each of the representation and warranties as set out in the KPJUC SPA are true and accurate.	The term is a common commercial term for property transactions.

4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
3	**Settlement of the KPJUC Purchase Consideration (Cont'd)** The KPJUC Purchase Consideration of RM77,800,000 shall be satisfied in the following manner:- (i) The initial fifty percent (50%) of the KPJUC Cash Consideration of RM38,900,000 shall be paid in cash to PNCSB as follows:-	The purchase consideration of RM77,800,000 shall be settled via 50% in cash and the balance 50% in Al-`Aqar units, which is deferred.
	(a) A sum of RM100,000, being approximately 0.1% of the KPJUC Purchase Consideration,, being a deposit and part payment of the KPJUC Purchase Consideration, has been paid upon execution of the KPJUC SPA. The deposit shall be refundable to the Trustee in the event all or any of the conditions precedents (as detailed in Section 2.3.3 of Part A of the Circular) have not been obtained or waived by the end of the nine (9) months period (or any extension thereof) from the date of the KPJUC SPA. Thereafter, the KPJUC SPA shall be automatically terminated. (b) The balance sum of RM38,800,000, being approximately 49.9% of the KPJUC Purchase Consideration), shall be paid on or before the expiry of the KPJUC Completion Period with an automatic extension of one (1) month from the KPJUC Completion Period or such other date as the parties may agree in writing; and	We note that terms of the KPJUC Cash Consideration with an initial deposit of RM100,000 is small compared to normal property transactions which requires a larger deposit of 10% and the balance be settled upon completion. We opine that this term is reasonable as the monies will be refunded in the event that the conditions precedents cannot be met.
	(ii) The remaining fifty percent (50%) of the KPJUC Balance Purchase Consideration of RM38,900,000 shall be paid by the Trustee either by KPJUC Deferred Cash Consideration or by issuance of KPJUC Deferred Consideration Units or by a combination of KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units in the amount equivalent to the KPJUC Balance Purchase Consideration on or before the expiry of the period of three (3) years from the KPJUC Completion Date or such other date as the Trustee and PNCSB may agree in writing.	We note that the KPJUC Balance Purchase Consideration of RM38.9 million will be settled within a period of three (3) years in the form of the Deferred Cash Consideration or KPJUC Deferred Consideration Units or a combination of both.

4.3 **Salient terms and conditions of the KPJUC SPA (Cont'd)**

Salient Terms		IAL Comments
No	**Details**	
3	**Settlement of the KPJUC Purchase Consideration (Cont'd)**	
	The completion of the KPJUC SPA shall take place on the date PNCSB receives the KPJUC Cash Consideration in full and the legal and beneficial ownership of the KPJUC Properties has been transferred from PNCSB to the Trustee ("**KPJUC Completion Date**"). The lease agreement for the KPJUC Properties shall be executed on the KPJUC Completion Date. The date on which the Trustee settles the KPJUC Balance Purchase Consideration to PNCSB shall be the settlement date ("**KPJUC Settlement Date**"). **KPJUC Balance Purchase Consideration** PNCSB shall at least six (6) months prior to the KPJUC Settlement Date, provide a written notification to the Trustee, on the preferred mode of settlement for the KPJUC Balance Purchase Consideration. The final mode of settlement shall be agreed by both parties. The KPJUC Balance Purchase Consideration shall be satisfied by the Trustee during the KPJUC Settlement Period, either by payment of the KPJUC Deferred Cash Consideration or by the issuance of the KPJUC Deferred Consideration Units or by a combination of both KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units in the amount equivalent to the KPJUC Balance Purchase Consideration.	The notice period of six (6) months by PNCSB to the Trustee on the preferred mode of settlement is fair as it provides the Trustee with ample time to raise the cash if required and agree with PNCSB should there be changes in the preference mode of settlement. This term is reasonable as it is upon the completion of the transaction, wherein Al-'Aqar is the rightful owner of the KPJUC Properties. It is only at that point that a lease agreement can be executed.
	(i) KPJUC Deferred Cash Consideration In the event that the parties have agreed that the KPJUC Balance Purchase Consideration is to be settled by the Trustee by payment of the KPJUC Deferred Cash Consideration, the Trustee shall ensure that the KPJUC Deferred Cash Consideration is released to PNCSB during the KPJUC Settlement Period.	This term is reasonable on the basis that PNCSB had already provided a six (6) month notice on its preferred mode of settlement and if the Trustee had the cash for settlement, the Trustee should not unduly withhold the payment.

4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	Details	
3	**Settlement of the KPJUC Purchase Consideration (Cont'd)** (ii) **KPJUC Deferred Consideration Units** (a) **<u>Issue Price & Fractional Units</u>**	
	(aa) In the event the parties have agreed that the KPJUC Balance Purchase Consideration is to be settled by the Trustee via issuance of the KPJUC Deferred Consideration Units, the KPJUC Deferred Consideration Units will be issued within the KPJUC Settlement Period at an issue price computed based on the five (5)-day VWAP of the Al-`Aqar Units prior to the KPJUC Price Determination Date, incorporating not more than ten (10%) percent discount ("**KPJUC Market Unit Price**").	This term is reasonable in the event that the settlement is in the form of KPJUC Deferred Consideration Units. As the units will be priced at five (5) day VWAP incorporating a discount of not more than 10%.
	(bb) Notwithstanding the above, the issue price of the KPJUC Deferred Consideration Units shall not be below RM1.04, based on the NAV per unit of Al-`Aqar of RM1.15 as at 30 September 2014, being the latest available quarterly report on the consolidated results of Al-`Aqar prior to the date of the KPJUC Exchange Letter, incorporating ten percent (10%) discount.	The issuance of the units of not lower than RM1.04 is reasonable based on the RM1.15 as at 30 September 2014 is reasonable as it was the latest available quarterly report on the consolidated result of Al-Al'qar prior to the KPJUC Exchange Letter
	(cc) In the event the KPJUC Market Unit Price of Al-`Aqar is below RM1.04, the KPJUC Balance Purchase Consideration shall be settled in cash as a full and final settlement of the KPJUC Balance Purchase Consideration. In such event, the KPJUC Settlement Date shall be extended to another six-(6) months from the KPJUC Price Determination Date.	To mitigate the dilution risk of Al-Aqar, and option to settle the Balance Purchase Consideration entirely cash is reasonable.

4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
3	**Settlement of the KPJUC Purchase Consideration (Cont'd)**	
	(dd) However, if the KPJUC Market Unit Price is below RM1.04, and if PNCSB intends to receive the KPJUC Deferred Consideration Units at the issue price which is equivalent to the KPJUC Market Unit Price as settlement for the KPJUC Balance Purchase Consideration, the Trustee shall, at the request of PNCSB, seek prior approval from the SC, if required, for the issuance of the KPJUC Deferred Consideration Units. In the event such SC's approval for the issuance of KPJUC Deferred Consideration Units is not obtained, the Trustee shall settle the KPJUC Balance Purchase Consideration in cash as a full and final settlement of the KPJUC Balance Purchase Consideration and the KPJUC Settlement Date of which shall be extended to another six-(6) months from the date of SC's decision.	The price of the Units are determined by market vagaries, and in the event that the price falls below RM1.04, and PNCSB intends to receive the Balance Purchase Consideration in Deferred Consideration Units, the responsibility to seek approval of the SC for the issuance of the Units at below RM1.04 will be required since prior approval from the SC was already obtained in May 2015. As such, an extension of time will be required is reasonable. Should the SC reject the proposal, the Balance Purchase Consideration to be settled in the form of cash is fair and reasonable
	(ee) Any fractional units arising from the settlement of the KPJUC Balance Purchase Consideration shall be disregarded.	
	(b) **Abnormal Market Conditions**	
	(aa) The KPJUC Deferred Consideration Units shall not be issued during Abnormal Market Conditions (as defined herein).	We are of the view that the incorporation of an Abnormal Market Conditions clause will shield or deflect the issuance of Al-`Aqar units in abnormal market conditions since any issuance in an abnormal market condition may unnecessary favour one party and prejudice the other party. In this regard, we are of the view that this term appears fair and reasonable.

4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
3	**Settlement of the KPJUC Purchase Consideration (Cont'd)** (bb) In the event the Abnormal Market Condition occurs, the Trustee or PNCSB shall provide a written notice to inform the other party that the Abnormal Market Condition has occurred and hence, the KPJUC Balance Purchase Consideration shall be settled in cash. In such event, the KPJUC Settlement Date shall be extended to another six-(6) months from the date of the said notice. "**Abnormal Market Conditions"** is defined as abnormal market condition resulting from the occurrence of any one or more of the following conditions:- (A) any material and adverse change in the business or financial condition, prospects, results of operations, properties or assets of Al-`Aqar or Al-'Aqar Group which would result in Al-`Aqar or Al-`Aqar Group to cease or threatens to cease to carry on the whole or any substantial part of its business;	

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4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
3	**Settlement of the KPJUC Purchase Consideration (Cont'd)** (B) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing which would have a significant adverse impact on both the FTSE Bursa Malaysia KLCI and the Al-`Aqar units price; (C) any situation resulting from the implementation of any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority or any event or series of events beyond the reasonable control of Al-`Aqar (including without limitation, acts of God, national disorder, declaration of a state of national emergency, acts of terrorism, declaration of pandemic, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents) which would prohibit or impede the obligations of Al-`Aqar to issue the KPJUC Deferred Consideration Units; or	

4.3 **Salient terms and conditions of the KPJUC SPA (Cont'd)**

Salient Terms		Our Comments
No	**Details**	
3	**Settlement of the KPJUC Purchase Consideration (Cont'd)** (D) the imposition of any material restriction on trading of units or securities of Al-`Aqar by Bursa Securities for more than ten (10) consecutive Business Days. For clarification, this does not include request by Al-`Aqar for the suspension of trading of units or securities of Al-`Aqar in relation to the release of material announcement. **(iii) Combination of KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units** In the event the parties have agreed that the KPJUC Balance Purchase Consideration is to be paid in a combination of KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units in the amount equivalent to the KPJUC Balance Purchase Consideration, the procedures as set out in (i) and (ii) above shall apply.	

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4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
4	**Termination** In the event that the KPJUC SPA is terminated, rescinded and/or determined for any reason whatsoever, the Trustee's solicitors shall return all the relevant documents to PNCSB. Pursuant to the provisions of the KPJUC SPA, the KPJUC SPA may be terminated in the event of, among others, the following events:- (i) Non-fulfillment of the conditions precedent: In the event that all or any of the conditions precedent have not been obtained or waived, as the case may be, the KPJUC SPA shall automatically terminate and be of no further force and effect and the Trustee shall return or procure the return of all documents received by the Trustee and/or the Trustee's solicitors to PNCSB. PNCSB shall return the deposit to the Trustee and thereafter, the parties shall not have any further rights and obligations under the KPJUC SPA save and except for any antecedent breaches. (ii) Default by the Trustee: In the event that the Trustee:- (a) fails to pay the KPJUC Purchase Consideration or any part thereof in accordance with the provisions of the KPJUC SPA; or (b) fails, neglects or refuses to observe or perform or comply with any of its undertakings and covenants on its part to be performed or otherwise be in breach of any of the provisions of the KPJUC SPA (other than the failure to pay the KPJUC Purchase Consideration or any part thereof in accordance with the provisions of the KPJUC SPA); and PNCSB is not in breach of any of the provisions of the KPJUC SPA, PNCSB shall be entitled at the cost and expense of the Trustee and at PNCSB's sole discretion to the following remedies: (aa) to the remedy of specific performance of the KPJUC SPA against the Trustee and to all relief flowing therefrom; or	We are of the view the terms appear fair and reasonable and is common in any transactions.

4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
4	**Termination (Cont'd)** (bb) to terminate the KPJUC SPA at any time thereafter by notice in writing to the Trustee whereupon:- (A) the Trustee shall at its own cost and expense re-deliver legal possession of the KPJUC Properties to PNCSB (if it has already been delivered to the Trustee) in its original state and condition without any rental or compensation being payable; and (B) the Trustee shall at its own cost and expense return or cause to be returned to PNCSB any relevant documents (in the event that the same shall have been delivered to the Trustee and/or the Trustee's solicitors); in exchange for the refund by PNCSB to the Trustee of all monies paid towards the account of the KPJUC Purchase Consideration free of interest whereupon the KPJUC SPA shall terminate and cease to be of any further effect. (iii) Default by PNCSB In the event that PNCSB defaults, fails or refuses to transfer or cause the transfer of the KPJUC Properties in favour of the Trustee in the manner provided in the KPJUC SPA or in the event PNCSB shall fail to observe or perform or otherwise be in breach of any of the provisions of the KPJUC SPA, the Trustee shall be entitled at the cost and expense of PNCSB and at the Trustee's sole discretion to the following remedies:- (a) to the remedy of specific performance of the KPJUC SPA against PNCSB and to all relief flowing therefrom; or	We are of the view the terms appear fair and reasonable and is common in any transactions.

4.3 Salient terms and conditions of the KPJUC SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
4	**Termination (Cont'd)** (b) to terminate the KPJUC SPA by notice in writing to the PNCSB whereupon PNCSB shall refund and pay to the Trustee, all monies paid or caused to be paid by the Trustee towards the KPJUC Purchase Consideration free of interest in exchange for:- (aa) the re-delivery of legal possession of the KPJUC Properties to PNCSB (if it has already been delivered to the Trustee) with its original state and condition without any rental or compensation being payable; and (bb) the return to PNCSB of the relevant documents (in the event that the same shall have been delivered to the Trustee and/or the Trustee's solicitors); whereupon the KPJUC SPA shall terminate and cease to be of any further effect.	We are of the view the terms appear fair and reasonable and is common in any transactions.
5	**Lease Arrangement** On the KPJUC Completion Date, PNCSB will enter into a lease agreement with the Trustee and the Manager wherein the Trustee will grant to PNCSB the lease of the KPJUC Properties upon the terms and conditions of the lease agreement to be agreed upon and to be entered into between the aforesaid parties.	We are of the opinion that this term is fair and reasonable on the basis that upon the KPJUC Completion Date, the conditions precedent would have been fulfilled and as such, provides Al-`Aqar with the comfort to enter into the lease arrangement as the Al-A'qar will have legal beneficial ownership over the KPJUC Properties.

4.4 Issue Price of the KPJUC Deferred Consideration Units

We note that the KPJUC Deferred Consideration Units shall be issued at an issue price computed based on the five (5)-day VWAP of the Al-`Aqar Units prior to the KPJUC Price Determination Date, incorporating not more than ten percent (10%) discount. Notwithstanding the above, the issue price of the KPJUC Deferred Consideration Units shall not be below RM1.04, based on Al-`Aqar's NAV per Al-`Aqar Unit of RM1.15 as at 30 September 2014, being the latest available quarterly report on consolidated results of Al-`Aqar prior to the date of the KPJUC Exchange Letter, incorporating ten percent (10%) discount.

The minimum issue price of RM1.04 per unit was set to avoid substantial dilutive impact to, inter-alia, earnings per unit, dividend per unit as well as the existing Unit holders' unit holdings of Al-'Aqar.

Nevertheless, should the issue price computed based on the five (5) day VWAP of the Al-'Aqar Units prior to the KPJUC Price Determination Date, incorporating not more than ten (10%) percent discount, fall below RM1.04 and if PNCSB intends to receive the KPJUC Deferred Consideration Units as settlement of the KPJUC Balance Purchase Consideration, the Trustee shall, at the request of PNCSB, seek prior approval from the SC, if required, for the issuance of the KPJUC Deferred Consideration Units.

In the event that the SC's approval for the issuance of the KPJUC Deferred Consideration Units is not obtained, the Trustee shall settle the KPJUC Balance Purchase Consideration in cash as full and final settlement of the KPJUC Balance Purchase Consideration and the KPJUC Settlement Date shall be extended to another six-(6) months from the date of the SC's decision

We note that the parties have mutually agreed that the discount should not be more than ten percent (10%) to the five (5)-day VWAP, which is in line with Paragraph 6.04 (a), Chapter 6 of the Main Market Listing Requirements of Bursa Securities.

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4.4 Issue Price of the KPJUC Deferred Consideration Units (Cont'd)

We have compared the basis of the discount based on the premium/(discount) of the traded Unit Price to the NAV of selected comparable Malaysian listed REITs, as follows:-

Listed malaysian REIT	Market Capitalisation as at LPD RM Million	Price of Unit as at LPD RM	NAV per Unit RM	Price to NAV per Unit	Unit Price to NAV Premium/(Discount) %
Al-'Aqar	925.98	1.33	1.18	1.13	12.7%
Sunway REIT	4,729.58	1.61	1.26	1.28	28.3%
IGB REIT	4,704.72	1.36	1.08	1.26	25.5%
Pavilion REIT	4,644.53	1.54	1.24	1.24	23.8%
Capitamalls Malaysia Trust	2,490.57	1.40	1.24	1.13	12.8%
AXIS REIT	1,933.59	3.53	2.41	1.46	46.5%
YTL Hospitality REIT	1,377.36	1.04	1.21	0.86	-14.4%
MRCB-Quill REIT	780.43	1.18	1.32	0.90	-10.4%
UOA REIT	676.59	1.60	1.51	1.06	6.3%
AmFirst REIT	624.63	0.91	1.23	0.74	-25.8%
Hektar REIT	608.96	1.52	1.55	0.98	-2.1%
Amanahraya REIT	524.50	0.92	1.14	0.80	-20.0%
Tower REIT	356.24	1.27	1.89	0.67	-32.9%
Atrium REIT	141.29	1.16	1.37	0.85	-15.1%
Amanah Raya Harta Tanah PNB	105.00	1.05	1.52	0.69	-30.8%

Premium	46.5%
Discount	-32.9%

Note:-

1. The market capitalisation and the price per unit are extracted from Bloomberg as at 29 May 2015 being the LPD.
2. NAV per unit was extracted from the respective comparable companies latest annual report or quarterly annoucements.
3. Price to NAV per unit was calculated by dividing the prices as at LPD with the NAV per unit.

Based on our analysis above, we note that the ten percent (10%) discount of the Unit Price to the NAV falls within the range of discount (32.9%) to premium (46.5%) of the traded Unit Price to the NAVs of the respective comparable Malaysian listed REITs as at LPD.

Based on the above, we are of the view that the basis of the issue price is fair and reasonable.

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4.5 Proposed KPJUC Leaseback

On the KPJUC Completion Date, the Trustee shall enter into a lease agreement with PNCSB and the Manager, wherein Al-`Aqar shall grant the lease of the KPJUC Properties to PNCSB.

We note that the lease agreement has not been executed as at LPD, and that the timeline to execute the lease agreement shall be by the KPJUC Completion Date pursuant to the terms laid out in the KPJUC SPA.

Nonetheless, we understand that the tentative salient terms of the lease agreement are as follows:-

Term		Details
Lessor	:	Al-`Aqar
Lessee	:	PNCSB
Commencement Date	:	Shall commence from the KPJUC Completion Date
Contractual Term	:	A period of fifteen (15) years, commencing from the Commencement Date and the rental term (as stated below) is renewable every three (3) years up to expiry of the Contractual Term
Option to renew	:	Upon expiry of the Contractual Term, the parties have the option to renew the lease term for another fifteen (15) years subject to the terms and conditions to be agreed upon by parties
Rental	:	The lease rental receivable shall be as follows:-

Payment of KPJUC Purchase Consideration	Rental per annum
Upon payment of the KPJUC Cash Consideration	50% of the lease rental receivable per the table below
Upon payment of the KPJUC Balance Purchase Consideration	100% of the lease rental receivable per the table below

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4.5 Proposed KPJUC Leaseback (Cont'd)

Term	Details
Rental (Cont'd)	The Rental shall be reviewed after every three (3) year period throughout the Contractual Term based on the lease rental formula below and subject to the payment of the KPJUC Purchase Consideration as disclosed above:-

Rental Term[i]	Rental
Initial Term Year 1 – 3	Rental shall be fixed at 7.1% p.a. x KPJUC Purchase Consideration
Subsequent Term (Year 4 onwards) (i) 1st year of every review (i.e. Year 4,7,10 and 13)	(10-years MGS + 238 basis points) x market value of the KPJUC Properties at the point of review, subject to:- (i) a minimum gross lease rental of 7.1% p.a. at the prevailing market value or KPJUC Purchase Consideration of the KPJUC Properties, whichever is higher; and (ii) any lease rental adjustment shall not be more than 2% incremental over preceding year's lease rental
(ii) 2nd and 3rd year of review	2% incremental over the preceding year's lease rental amount

Note:-

(i) The Rental shall be:-

(a) 50% of the lease rental payable computed per the formula above upon payment of the KPJUC Cash Consideration (first 50% of the KPJUC Purchase Consideration); and

(b) 100% of the lease rental payable computed per the formula above upon payment of the KPJUC Balance Purchase Consideration (final 50% of the KPJUC Purchase Consideration).

(ii) For clarification, the rental for the initial term shall be fixed at 7.1% p.a based on the KPJUC Purchase Consideration of RM77.8 million which will amount to approximately RM5.5 million.

4.5 Proposed KPJUC Leaseback (Cont'd)

Term		Details
Security deposit	:	Equivalent to one (1) month rent which is to be/has been mutually agreed upon the parties and such amount shall be deposited with and/or retained by the Lessor on trust for Al-`Aqar.
Right of First Refusal	:	If the Lessor shall at any time intend to sell any/all of the KPJUC Properties acquired under the KPJUC SPA, the Lessee shall be given the first right of refusal to purchase any/all of the KPJUC Properties by way of a written notice from the Lessor to the Lessee offering to sell any/all of the KPJUC Properties to the Lessee on such terms and at the prevailing market value in respect of and in accordance with the REIT Guidelines, Asset Valuation Guidelines and relevant laws and regulations, to which notice the Lessee shall reply within sixty (60) days thereof. The right of first refusal granted shall be valid but shall not be applicable and shall not extend beyond the Contractual Term.
GST, if applicable	:	If GST is imposed on the rent or is applicable to the services rendered in connection with the lease arrangement, the Lessor is entitled to charge the Lessee the GST on the amount payable for the provision of the relevant services in the following manner:- GST = (Amount of consideration payable for supply of services) x (Applicable rate of GST)
Expansion	:	The Lessor grants to the Lessee the right to undertake future expansion on the PNCSB Land for the Lessee's business operations, subject to the following:- (i) the Lessee shall provide a written notification to the Manager providing the details of the proposed or future expansion on the PNCSB Land; and (ii) the Lessee shall obtain prior written approval from the Lessor before commencing with the proposed or future expansion on the PNCSB Land. Any proposed or future expansion on the PNCSB Land will be acquired by Al-`Aqar upon completion of its construction, at a price to be mutually agreed by the parties based on the valuation to be conducted by an independent valuer or an independent quantity surveyor appointed by the parties, subject to relevant authorities' approval, approval of unit holders of Al-`Aqar and/or shareholders of PNCSB and/or its holding company, KPJ (if required) and the terms and conditions of the agreement, to be entered into between Al-`Aqar, represented by its Trustee and PNCSB.

4.5 **Proposed KPJUC Leaseback (Cont'd)**

Term		Details
Expansion (Cont'd)	:	For information, as part of PNCSB's Master Expansion Plan, as approved by the MPN vide its letter dated 17 May 2010, in addition to the KPJUC New Buildings, the PNCSB Land is proposed to be developed with, *inter-alia*, two (2) hostel blocks, three (3) academic blocks, one (1) student centre, one (1) library and information and communication technology (ICT) centre, one (1) surau, one (1) multipurpose hall and one (1) administration block (collectively referred to as "**KPJUC Proposed Additional Buildings**") ("**Proposed Future Expansion**"). The aforesaid KPJUC Proposed Additional Buildings does not form part of the Proposed Acquisition of KPJUC Properties. The relevant approvals will be sought upon such injection into Al-`Aqar, where required.

Pursuant to the above, we wish to highlight that Al-'Aqar will receive rental corresponding to the total purchase consideration paid. In this regard, Al-'Aqar will receive 50% of the rental upon payment of the 50% cash consideration to PNCSB. Only upon full payment of the purchase consideration to PNCSB will Al-'Aqar receive the full rental entitlement.

We also note that the contractual term is for fifteen (15) years, with an option to renew for another fifteen (15) years, starting with the initial rental rate of 7.1% for the first 3-year period ("**Initial Term**"). Subsequent thereafter, the rental rate is to be agreed upon by both the Lessor and Lessee at every other three (3) year period ("Subsequent Term") based on the rental formula as stated in the lease agreement.

The Subsequent Term formula of 10-years MGS + 238 basis points x market value of the KPJUC Properties reflect the expected return of Al-'Aqar's Unit holders of which the 10-years MGS indicate the risk free investment return whereas the 238 basis points reflect the premium to Unit holders.

As at LPD, the yield of the listed Malaysian based REITs ranges between 5.17% to 8.14%. Based on the 10-years MGS of 3.91% and a premium of 238 basis points, the rental yield of KPJUC Properties are expected to be 6.29% which is within the range of the Malaysian based REIT yields.

Malaysian REIT	Yield	Premium over ten (10)-year MGS of 3.91% as at LPD
	%	%
Pavillion REIT	5.17	1.26
Sunway REIT	5.19	1.28
Tower REIT	5.54	1.63
Axis REIT	5.59	1.68
IGB REIT	5.73	1.82
Al-'Aqar Healthcare REIT	5.75	1.84
AmFirst REIT	6.08	2.17
Capitamalls Malaysia Trust	6.36	2.45
UOA REIT	6.88	2.97
Hektar REIT	6.91	3.00
Amanah Harta Tanah PNB	7.05	3.14
MRCB-Quill REIT	7.10	3.19
Amanahraya REIT	7.10	3.19
Atrium REIT	7.24	3.33
YTL Hospitality REIT	8.14	4.23

4.5 Proposed KPJUC Leaseback (Cont'd)

Based on the above, we are of the view that Al-`Aqar may enjoy further upside in terms of rental improvements from the way the rental rate is structured since:-

(i) The future rental rate may increase if there are increases in market value of the KPJUC Properties for each Subsequent Term; and

(ii) Increments of 2% over the preceding year's lease rental amount for the 2nd and 3rd year respectively in each Subsequent Term.

In addition, we opine that the incremental rate set at 2% is within the range of the year-on-year changes in the Malaysian Consumer Price Index of between a low of 0.1% to a high of 3.5% for the past three (3) years from May 2012 to April 2015.

We have also compared the initial rental rate of 7.1% against the other property portfolios of Al-`Aqar in Malaysia, and noted that it falls within the ranges of between 6.66% and 7.66% as reported in the 2014 Annual Report of Al-`Aqar. As a direct comparable, the initial rental rate of 7.1% is also comparable to the existing rental yield achieved on the properties of KPJUC of 7.03% as reported in the 2014 Annual Report of Al-`Aqar.

Based on a further analysis of other Malaysia based REITs similar to the KPJUC Properties, the initial rental rate of 7.1% is within the range of another comparable portfolio in higher education properties. The analysis of the comparable portfolio in higher education properties is detailed as follows:-

Name	NAV/Market Value	Annual Rental	Rental Yield	Operated by
Segi College, Subang Jaya (Note 1)	64,000,000	3,622,500	5.66%	Amannahraya REIT
Segi University, Kota Damansara (Note 1)	170,000,000	13,485,000	7.93%	Amannahraya REIT
Asia Metropolitan University (Note 2)	30,000,000	840,000	2.80%	Masterskill Education Group Berhad

Notes:-

Note 1 - Extracted from Amanahraya REIT 2014 Annual Report.

Note 2 - Extracted from Masterskill Education Group Berhad's Circular dated 28 May 2015.

Based on our analysis above, we note that the initial rental rate of 7.1% falls within the range of the rental yield currently earned by Al-`Aqar (i.e. rental received over market value) for the financial year ended 31 December 2014. In this regard, Al-`Aqar is in no worst off position and should enjoy higher rental rates if the market value of the KPJUC Properties appreciates over the contractual term.

The rate of 7.1% is the minimum that Al-`Aqar will enjoy, and as such downside risk has been mitigated. The rental rates can only improve based on the adjustment factored in year 2 and year 3 under the Proposed KPJUC Leaseback.

The KPJUC SPA stipulates that PNCSB shall have the first right of refusal should Al-'Aqar intend to sell any or all of the KPJUC Properties. This terms gives PNCSB a chance to purchase the PNCSB Land should Al-'Aqar intend to dispose it off.

We are of the view that this term is fair since PNCSB is currently occupying and operating on the PNCSB Land, and hence should be given the first right of refusal to acquire it.

4.5 Proposed KPJUC Leaseback (Cont'd)

We also note that the disposal price by Al-'Aqar would be at the prevailing market value in accordance with the REIT Guidelines, the SC's Asset Valuation Guidelines and any applicable relevant laws and regulations.

Based on the above, we are of the view that the tentative salient terms and condition of the Proposed KPJUC Leaseback are fair and reasonable.

4.6 Financial Effects of the Proposed Acquisition of KPJUC Properties

The financial effects of the Proposed Acquisition of KPJUC Properties are elaborated in Section 7 of this IAL.

5 EVALUATION OF THE PROPOSED ACQUISITION OF SSH LAND

In evaluating the Proposed Acquisition of SSH Land, we have considered the following from a financial point of view:-

(a) Rationale for the Proposed Acquisition of SSH Land;
(b) The SSH Purchase Consideration;
(c) The salient terms and conditions of the SSH SPA;
(d) The salient terms and conditions of the SSH Supplemental SPA
(d) The Proposed SSH Land Leaseback; and
(e) The financial effects of the Proposed Acquisition of SSH Land.

The SSH Supplemental SPA was executed on 10 April 2015 between the Trustee and SSHSB for the purposes of both parties acknowledging that the earlier executed SSH SPA will exclude other structures that are already existing or are to be erected on the SSH Land. The aforesaid structures in existence include a car park operation building, a TNB substation, a medical gas storage building and a refuse chamber ("SSH Facilities").

We set out in the following sections, the details of our evaluation of the said acquisition.

5.1 Rationale for the Proposed Acquisition of SSH Land

We have considered the rationale as set out in Section 5.2 of Part A of the Circular and noted the following:-

(a) Facilitate the amalgamation of the SSH Land and Al-`Aqar existing SSH Land

SSHSB is the owner of the SSH Land and operator of SSH.

The Proposed Acquisition of SSH Land entails the acquisition of the SSH Land excluding any other structures that exists or are erected on the SSH Land i.e. the SSH Facilities. The SSH Facilities will remain as the properties of SSHSB. At present, the SSH Land is being utilised as an open space parking lot and the SSH Facilities consist of a car park operation building, medical gas storage building, a TNB substation and a refuse storage chamber

The SSH Land is adjacent to several parcels of freehold and leasehold lands owned by Al-`Aqar (**"Al-`Aqar Existing SSH Land'**). The Al-`Aqar Existing SSH Land together with the existing SSH building erected ("**Al-`Aqar Existing SSH Properties**") were acquired by Al-`Aqar on 19 August 2008, and are currently being leased back to SSHSB (**"SSH Existing Lease Agreement"**).

SSHSB had in 2012 obtained approval from MPS for the construction of an additional eight (8)-storey physician consultant block and a six (6)-storey annexe block on the Al-`Aqar Existing SSH Land (**"SSH New Buildings"**) together with the SSH Facilities.

We note that the SSH New Buildings and the SSH Facilities was built on the Al-`Aqar Existing SSH Land and the SSH Land respectively.

We understand that in order for the Certificate of Completion and Compliance ("CCC") of the SSH New Buildings to be issued, there is a requirement for the amalgamation of the Al-`Aqar Existing SSH Land and the SSH Land.

In this respect, we note that the Proposed Acquisition of the SSH Land is essential to facilitate the amalgamation process in order to obtain the CCC for the SSH New Buildings.

5.1 Rationale for the Proposed Acquisition of SSH Land (Cont'd)

We wish to highlight that Al-`Aqar is not acquiring the SSH New Buildings and SSH Facilities together with the SSH Land. The SSH Facilities is primarily used as the support facilities for the SSH New Buildings, and in this regard, it is reasonable for the SSH Facilities to be only acquired together with the SSH New Buildings upon completion. Nonetheless, we understand that Al-`Aqar has commenced negotiations with SSHSB for the injection of the SSH New Buildings and SSH Facilities upon the completion of the SSH New Buildings.

(b) Enhance future earnings of Al-`Aqar

Al-`Aqar will continue to benefit from this additional investment into their portfolio of assets held in the vicinity of SSH via the Proposed Acquisition of SSH Land. Existing investments made by Al-`Aqar into the Al-`Aqar Existing SSH Properties has seen Al-`Aqar receiving steady rental income from SSHSB. SSHSB has been running SSH since its inception in 2004, and is therefore deemed reputable. The Proposed Acquisition of SSH Land will further enhance the future earnings of Al-`Aqar from the lease rental to be received via the Proposed SSH Land Leaseback.

We understand that the lease agreement in relation to the Proposed SSH Land Leaseback has not been executed as at LPD. We note that the execution of the said lease agreement forms part of the conditions precedent. Upon its execution, the lease agreement will be placed in escrow pending the SSH Completion Date to be effected.

(c) Strategic Location

Based on the Independent Valuation Report dated 12 February 2015, the SSH Land is located about 2.5 kilometres from Seremban town centre. It is a second layer plot off Jalan Sungai Ujong and adjoining to the south of KPJ Seremban Specialist Hospital.

Seremban is one of the well-established locations at the southern part of Klang Valley due to its proximity to the Kuala Lumpur City Centre, Putrajaya and KLIA.

In view of the above, the Board of the Manager is of the opinion that the market value of the KPJUC Properties should appreciate over time and in this regard, the TAV of Al-`Aqar should correspondingly increase.

Premised on the above, the rationale for the Proposed Acquisition of SSH Land has merit and is reasonable.

5.2 The SSH Purchase Consideration

As stated in Section 3.4 of Part A of the Circular, the SSH Purchase Consideration was arrived at on a "willing-buyer-willing seller" basis after taking into consideration the market value of the SSH Land amounting to RM4,250,000, as valued by the Independent Valuer, vide a valuation report dated 12 February 2015.

We note that the Independent Valuer has valued the SSH Land using the comparison method. This method entails the comparison with the property sales that have occurred in this or similar areas within the recent past. The comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, corner/end premium, tenure and size to render the sold properties as similar as possible with the SSH Land.

5.2 The SSH Purchase Consideration (Cont'd)

The Independent Valuer opined that the comparison method is a commonly adopted valuation method for commercial land without development order or planning approval and has deemed other methods to be not suitable. The Independent Valuer also opined that there are adequate sale evidences of similar type of commercial land in the vicinity of the SSH Land which can be relied upon in arriving at the market value of SSH Land using the comparison method.

Pursuant to the foregoing, the valuation method used by the Independent Valuer to value the SSH Land is reasonable.

The SSH Purchase Consideration of RM4,250,000, which is the market value as ascribed by the Independent Valuer in line with the Asset Valuation Guidelines issued under the Capital Markets and Services Act 2007, was arrived at by the Independent Valuer as follows:-

No	Property Particular	Area	Value Adopted RM PSF	Valuation RM
1	SSH Land	60, 752 Sq Ft	70.03	4,254,432.12
	Market Value			**4,254,432.12**
	(Round up)			**4,250,000.00**

Notes:-

(i) In arriving at the commercial land value of RM70.03 per square feet, the Independent Valuer had considered recent transactions within the vicinity of the SSH Land which yielded a fair value of between RM70.00 to RM79.72 per square feet after adjustment made for market condition, location, shape/corner/end, express condition of the title and size.

For the purpose of the valuation, the Independent Valuer had adopted RM70.03 as the fair value of the SSH Land.

Based on the above, we are of the view that the SSH Purchase Consideration is fair and reasonable.

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5.3 Salient terms and conditions of the SSH SPA

Salient Terms		Our Comments
No	**Details**	
1	**<u>Condition Precedents</u>** Pursuant to Section 3.3.3 of Part A of the Circular, we noted the conditions precedent to the SSH SPA are as follows:- (i) the approval of the shareholders and Board of SSHSB being obtained for the proposed disposal of the SSH Land and the Proposed SSH Leaseback, which have been obtained prior to the date of the SSH SPA; (ii) the approval of the Board of the Manager and the Trustee for the Proposed Acquisition of SSH Land and Proposed SSH Leaseback. The approval of the Board of Directors of the Manager was obtained prior to the date of the SSH SPA whilst the approval of the Board of Directors of the Trustee was obtained on 30 March 2015; (iii) the approval of the shareholders of KPJ at an EGM to be obtained for the proposed disposal of the SSH Land and the Proposed SSH Leaseback, which shall be obtained at the upcoming EGM; (iv) the approval of the Unit holders at an EGM to be obtained for the Proposed Acquisition of SSH Land, which shall be obtained at the upcoming EGM; (v) all such other consents and regulatory and/or governmental approvals required to be obtained by SSHSB, the Trustee and/or KPJ in order to effect the completion of the Proposed Acquisition of SSH Land; (vi) the SC's approval for a waiver for the proposed acquisition of a vacant land, which has been obtained vide SC's letter dated 13 May 2015; and (vii) the SSH Supplemental Lease Agreement has been duly executed by the parties in escrow and kept in the Trustee's solicitor's custody, and will be dated the same date as the SSH Completion Date. As at the date of this Circular, the SSH Supplemental Lease Agreement has yet to be executed. The parties to the SSH SPA shall fulfill and complete the conditions precedent within six (6) months from the date of the SSH SPA ("**SSH Conditional Period**"). In the event that the conditions precedent cannot be obtained ith the said period, an extension of three (3) months from the last day of the SSH Conditional Period may be granted by the affected party to the other party.	It is reasonable to seek the approval of the Board of SSHSB and the approval of its shareholders for the proposed disposal and Al-A'Aqar to seek the approval of the Unit-Holders as it ensures that the shareholders of both SSSHB and the Unit Holders will be given an opportunity to assess the proposal.

5.3 Salient terms and conditions of the SSH SPA (Cont'd)

Salient Terms No	Details	Our Comments
2	**Encumbrances** SSHSB agrees to sell and the Trustee agrees to purchase the SSH Land upon the basis that a title deed has been issued for the SSH Land in accordance with the law; free from any claims, charges, liens, other encumbrances and equities whatsoever; with legal and beneficial ownership and vacant possession of the SSH Land being transferred from SSHSB to the Trustee; subject to all express conditions and restrictions expressed or implied of the title deed, registered or to be registered on the title deed to the SSH Land at the land registry; subject to the category of land use on the SSH Land, which is "Building"; and upon the basis that each of the representations and warranties set out in the SSH SPA are true and accurate in all respects.	The terms is a common commercial terms for property transactions.
3	**Settlement of the SSH Purchase Consideration** The SSH Purchase Consideration shall be satisfied in the following manner:- (i) a sum of RM100,000 (approximately 2.4% of the SSH Purchase Consideration), being the deposit and part payment of the SSH Purchase Consideration has been paid to SSHSB upon execution of the SSH SPA. The deposit shall be refundable to the Trustee in circumstances set out in the SSH SPA, which includes but not limited to, non-fulfilment of the conditions precedents and default by the Trustee and/or SSHSB; and (ii) the SSH Balance Purchase Consideration of RM4,150,000 (approximately 97.6% of the SSH Purchase Consideration), shall be payable by the Trustee to the Trustee's solicitor at least one (1) Business Day prior to the presentation of the transfer of the SSH Land, within one (1) month from the date the SSH SPA turns unconditional ("**SSH Completion Period**"). In the event the Trustee is unable to pay the SSH Purchase Consideration or any part thereof on or before the expiry of the SSH Completion Period, SSHSB shall grant an automatic extension of one (1) month from the expiry of the SSH Completion Period, or such other period as the parties may agree in writing. The Trustee's solicitor shall then release the SSH Balance Purchase Consideration to SSHSB within two (2) Business Days after the Trustee's solicitor had received confirmation that presentation of the transfer of the SSH Land for registration at the relevant land office is successful. ***SSH Completion Period*** *is defined as the period encompassing one (1) month from the date upon which the SSH SPA becomes unconditional.*	We are of the view that the salient terms and condition of the SSH SPA appear fair and reasonable.

5.3 **Salient terms and conditions of the SSH SPA (Cont'd)**

Salient Terms		Our Comments
No	**Details**	
4	**Lease Arrangement** As part of the conditions precedent, the SSH Supplemental Lease Agreement shall be executed by the parties in escrow and kept in the Trustee's solicitor's custody, and will be dated the same date as the SSH Completion Date. The Trustee and SSHSB agree that the SSH Supplemental Lease Agreement shall only take effect from the SSH Completion Date.	We are of the view that this term is fair and reasonable on the basis that Al-'Aqar will only have ownership of the SSH Land at the SSH Completion Date.
5	**Termination** Pursuant to the provisions of the SSH SPA, the SSH SPA may be terminated in the event of, among others, the following events:- (i) Non-fulfilment of the conditions precedent In the event that any of the conditions precedent is not fulfilled or waived within the SSH Conditional Period and the parties do not agree to extend the SSH Conditional Period, or if the parties agree to extend the SSH Conditional Period but the conditions precedent are not fulfilled or waived by the relevant party, on or before the expiry of the extended SSH Conditional Period:- (a) the SSH SPA shall lapse and be null and void and of no effect whatsoever and neither party shall have any rights or claims against the other save and except for any antecedent breach; and (b) the Trustee and SSHSB shall return all documents to the respective party, not later than five (5) days from the date of notification of the non-fulfilment of the condition(s) precedent or the expiry of the SSH Conditional Period or the extended SSH Conditional Period, as the case may be, whichever is the earlier. SSHSB shall return the deposit to the Trustee and thereafter, the parties shall not have any further rights and obligations under the SSH SPA save and except for any antecedent breaches.	We are of the view that the salient terms and conditions appear fair and reasonable and are common in any transactions.

5.3 Salient terms and conditions of the SSH SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
5	**Termination (Cont'd)** (ii) Default by SSHSB and/or the Trustee If any of the events of default by SSHSB and/or the Trustee occur, the SSH SPA shall be null and void and of no further force and effect with neither party having any rights and obligations against the other save and except for any antecedent breaches and in such event all monies paid to the SSHSB towards the SSH Purchase Consideration shall be returned to the Trustee. <u>Default by the Trustee</u> In the event that the Trustee:- (a) fail to pay the SSH Purchase Consideration or any part thereof in accordance with the provisions of the SSH SPA; or (b) fail, neglect or refuse to observe or perform or comply with any of its undertakings and covenants as provided in the SSH SPA (other than item (a) above); and SSHSB is not in breach of any of the provisions of the SSH SPA, SSHSB shall be entitled to terminate the SSH SPA at any time thereafter by notice in writing to the Trustee whereupon:- (a) the Trustee shall at its own cost and expense re-deliver legal possession of the SSH Land to SSHSB (if it has already been delivered to the Trustee); and (b) the Trustee shall at its own cost and expense return to SSHSB any relevant documents (in the event that the same shall have been delivered to the Trustee); in exchange for the refund by SSHSB to the Trustee of all monies paid towards the SSH Purchase Consideration. free of interest, whereupon the SSH SPA shall be terminated and cease to be of any further effect save and except for any antecedent breaches by SSHSB.	

5.3 Salient terms and conditions of the SSH SPA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
5	**Termination (Cont'd)** Defaults by SSHSB In the event that SSHSB defaults, fails or refuses to transfer the SSH Land to the Trustee or in the event that SSHSB fail to observe or perform or otherwise in breach of any of the provisions of the SSH SPA, the Trustee shall be entitled at the cost and expense of SSHSB to the following remedies:- (a) to the remedy of specific performance of the SSH SPA against SSHSB and to all relief flowing therefrom; or (b) to terminate the SSH SPA by notice in writing to SSHSB whereupon SSHSB shall refund and pay to the Trustee, all monies paid by the Trustee towards the SSH Purchase Consideration, free of interest, in exchange for:- (aa) the re-delivery of legal possession of the SSH Land to SSHSB (if it has already been delivered to the Trustee) with its original state and condition without any rental or compensation being payable; and (bb) the return to SSHSB all relevant documents (in the event that the same shall have been delivered to the Trustee); whereupon the SSH SPA shall be terminated and cease to be of any further effect.	

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5.4 Salient terms and conditions of the SSH Supplemental SPA

Salient Terms		Our Comments
No	Details	
1	**Amendment** i) The parties hereby agree that Recital A which in the SSH SPA shall be varied and now read as follows: "A. Pursuant to a Sale and Purchase Agreement dated 18 March 2015 entered into between REIT Trustee and SSH ("SSH SPA"), SSH had agreed to sell and the REIT Trustee had agreed to purchase a piece of Land held under title HS(D) 218451 PT 2466, Pekan Bukit Kepayang, District of Seremban, in the state of Negeri Sembilan measuring approximately 5,645 square metres ("Property") for the Purchase Price (as defined in the SSH SPA) and subject to the terms and conditions contained in the SSH SPA." ii) The Parties hereby agree to insert the following new Recital B into the SSH SPA and as such, the existing Recital B to H of the SSH SPA shall be amended accordingly to be renamed as Recitals C to I: "B. The Parties acknowledge that the REIT Trustee is only purchasing the Property and such purchase shall exclude any other structures that exists or are erected on the Property including the following structures which shall not be part of this sale and purchase transaction and shall remain the property of the Vendor: a) A car park operation building; b) A Tenaga Nasional Berhad substation building; c) Medical gas storage building; and d) A refuse chamber."	The SSH Supplemental SPA excludes four (4) structures from the initial SSH SPA to exclusively make this a land transaction purchase only. The structures may be further included in a future purchase together with the SSH New Buildings since the structures were constructed to support the SSH New Buildings. We are of the view that the salient terms and condition of the SSH Supplemental SPA appear fair and reasonable.

5.4 Salient terms and conditions of the SSH Supplemental SPA (Cont'd)

<table>
<tr><th colspan="2">Salient Terms</th><th rowspan="2">Our Comments</th></tr>
<tr><th>No</th><th>Details</th></tr>
<tr><td>1</td><td>Amendment (Cont'd)

iii) In view of Recitals A and B above, the Parties hereby agree that the term "Property" which appears in the SSH SPA (in the definitions section, Recital A and Part I (1) of the Schedule 2 shall be varied and read as follows:-

<table><tr><th>Term</th><th>Definition</th></tr><tr><td>Property</td><td>Means all that piece of freehold land held under the title particulars HS(D) 218451, PT2466, Pekan Bukit Kepayang. District of Seremban, in the state of Negeri Sembilan measuring approximately 5,645 metres.</td></tr></table>
iv) The Parties further agree that all references to the "Structures" in the SSH SPA shall be deleted in entirety.</td><td></td></tr>
</table>

5.5 Proposed SSH Land Leaseback

The Trustee shall enter into the SSH Supplemental Lease Agreement with SSHSB and the Manager, wherein Al-`Aqar shall grant the lease of the SSH Land to SSHSB in conjunction with the SSH SPA.

We note that the abovesaid lease agreement has not been executed as at LPD, and that the timeline to execute the SSH Supplemental Lease Agreement shall be by the SSH Completion Date pursuant to the terms laid out in the SSH SPA.

The tentative salient terms of the SSH Supplemental Lease Agreement is as follows:-

Term	Details
SSH Lessor	Al-`Aqar
SSH Lessee	SSHSB
Commencement Date	Shall commence from the SSH Completion Date
SSH Contractual Term	From the SSH Completion Date up to 13 October 2015 (the expiry of the SSH Contractual Term shall coincide with the expiry of the SSH Existing Lease Agreement between Al-`Aqar and SSHSB for the Al-`Aqar Existing SSH Properties for the second (2^{nd}) lease rental term which is on 13 October 2015)

5.5 Proposed SSH Land Leaseback (Cont'd)

The tentative salient terms of the SSH Supplemental Lease Agreement is as follows:-

Term	Details
SSH Contractual Term (Cont'd)	Upon expiry of both the SSH Supplemental Lease Agreement and the SSH Existing Lease Agreement, the parties shall renew the lease arrangement for the third (3rd) lease rental term, which will encompass the Al-`Aqar Existing SSH Properties and the SSH Land, of which the lease rental rate for the SSH Land shall be the same as the lease rental rate for the Al-`Aqar Existing SSH Properties.
Rental	<table><tr><th>Term</th><th>Rental Formula</th></tr><tr><td>SSH Contractual Term</td><td>7.1% per annum x SSH Purchase Consideration</td></tr></table>
GST, if applicable	If GST is imposed on the rent or is applicable to the services rendered in connection with the lease arrangement, the SSH Lessor is entitled to charge the SSH Lessee the GST on the amount payable for the provision of the relevant services in the following manner:- GST = (Amount of consideration payable for supply of services) x (Applicable rate of GST)
Future Expansion	The SSH Lessor grants to the SSH Lessee the right to undertake future expansion on the Seremban Land (*collectively defined as SSH Land and the Al-`Aqar Existing SSH Land*) for the expansion of the SSH Lessee's business operations, subject to the following:- (i) the SSH Lessee shall provide a written notification to the Manager providing the details of the proposed or future expansion on the Seremban Land; and (ii) the SSH Lessee shall obtain prior written approval from the SSH Lessor before commencing with the proposed or future expansion on the Seremban Land. Any proposed or future expansion on the Seremban Land may be acquired by Al-`Aqar upon completion of its construction, subject to mutual agreement by both parties on the sale/purchase of the proposed or future expansion, at a price to be mutually agreed by the parties based on the valuation to be conducted by an independent valuer or an independent quantity surveyor appointed by the parties, subject to the relevant authorities' approvals, approval of the unit holders of Al-`Aqar and/or shareholders of the SSH Lessee and/or its holding company, KPJ (if required) and the terms and conditions of the agreement for the sale/purchase of the proposed or future expansion, to be entered into between Al-`Aqar, represented by its Trustee and the SSH Lessee.

5.5 Proposed SSH Land Leaseback (Cont'd)

Note:-

(i) Based on the SSH Existing Lease Agreement, the lease rental review formula for the Al-`Aqar Existing SSH Properties are as follows:-

1st year of every review	*(10-years MGS + 238 basis points) x market value of the Al-`Aqar Existing SSH Properties at the point or review, and subject to:-* *(i) a minimum gross lease rental of 7.1% p.a of the market value of the Al-`Aqar Existing SSH Properties; and* *(ii) a maximum of 2% incremental over preceding year's lease rental*
2nd and 3rd year of review	*2% incremental over the preceding year's lease rental amount*

We note that the expiry of SSH Supplemental Lease Agreement is co-terminus with the SSH Existing Lease Agreement which is on 13 October 2015 after which, the parties shall renew the lease arrangement for another term, which will encompass the Al-`Aqar Existing SSH Properties and the SSH Land.

"Co-Terminus" is defined as two or more agreements or contracts that expire or terminate at the same time.

We wish to highlight that upon the expiry of the SSH Supplemental Lease Agreement, the future lease rental rate of the SSH Land to be derived will be similar with the lease rental rate for the Al-`Aqar Existing SSH Properties.

The lease rental rate for the Al-`Aqar Existing SSH Properties, as extracted from the lease agreement dated 12 December 2012, is as follows:-

Review of Rent (Based on three (3) year period terms)	**Rental**
1st year of every review	(10-years MGS + 238 basis points) x market value of the Demised Premises at the point of review and subject to a minimum gross lease rental of 7.1% per annum of the market value of the Demised Premises and at a maximum 2% incremental over the preceding year's rental amount.
2nd year and 3rd year of every review	2% incremental over the preceding year's rental amount.

Based on our similar analysis as elaborated earlier in Section 4.5 of the IAL, the initial rental rate of 7.1% falls within the range of the rental yield earned by Al-'Aqar (i.e. rental received over market value) for the financial year ended 31 December 2014.

Similar to our elaboration earlier in Section 4.5 for the Proposed KPJUC Leaseback, Al-`Aqar may enjoy further upsides in the rental improvements since the rental terms of the Al-`Aqar Existing SSH Properties are similar with the Proposed KPJUC Leaseback.

5.5 Proposed SSH Land Leaseback (Cont'd)

The rate of 7.1% is the minimum that Al-`Aqar will enjoy, and as such downside risk has been mitigated. The rental rates can only improve based on the adjustment factored in year 2 and year 3.

Based on the above, we are of the view that the tentative salient terms and condition of the Proposed SSH Land Leaseback and SSH Supplemental Lease Agreement are fair and reasonable.

5.6 Financial Effects of the Proposed Acquisition of SSH Land

The financial effects of the Proposed Acquisition of SSH Land are elaborated in Section 7 of this IAL.

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6 EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have considered the following from a financial point of view:-

(a) Rationale for the Proposed Disposal;
(b) The Crossborder Disposal Consideration and the Crossborder Disposal Consideration Adjustment;
(c) The salient terms and conditions of the Crossborder SSA; and
(d) The financial effects of the Proposed Disposal.

We set out in the following sections, the details of our evaluation of the Proposed Disposal.

6.1 Rationale for the Proposed Disposal

We have considered the rationale set out in Section 5.3 of Part A of the Circular and noted the following:-

(a) Realising Investment

We note that the Proposed Disposal will enable Al-`Aqar to unlock its investments in Indonesia as well as realise the fair value of the Crossborder Companies with an expected gain on disposal of approximately RM430,000 and approximately RM4,718,000 at the Group Level and Fund Level respectively.

In view of the depreciation of the IDR, the realisation of the investment in the Crossborder Companies could mitigate future foreign exchange losses. For reference purposes, from the signing date of the agreement on 31 March 2015 (100 IDR: RM0.0284) to LPD (100 IDR: RM0.0276) the IDR had depreciated by 2.82% against RM.

Furthermore, the Proposed Disposal will allow the repayment of the Crossborder Shareholder's Advances back to Al-`Aqar.

(b) Repayment of Borrowings

We note that the proceeds from the Proposed Disposal, as well as repayment of the Crossborder Shareholder's Advances, will be utilised to pare down the borrowings of Al-`Aqar. As set out in Section 7.4 of Part A of the Circular, the gearing level of Al-`Aqar will improve after the paring down of the debt.

Pursuant to the settlement of the Proposals, the debt level of Al-'Aqar will reduce by RM79.95 from RM752.60 million to RM672.65 million while the gearing ratio will decrease from 45.1% to 42.3%.

Premised on the above, the rationale for the Proposed Disposal has merit and is reasonable.

6.2 The Crossborder Disposal Consideration

As stated in Section 4.4 of Part A of the Circular, the Crossborder Disposal Consideration was arrived at on a "willing buyer-willing seller" basis after taking into consideration the unaudited proforma consolidated NA of the Crossborder Companies as at 31 December 2014 (RM4,288,223), and further incorporating a ten percent (10%) premium after taking into consideration the long-term prospects as well as the strategic location of the Indonesian Properties, which will amount to RM4,718,000 in totality (after rounding up to the nearest thousand), as summarised below:-

	RM
NA of PT Al-'Aqar Companies (Note 1)	28,793,292
NA of Crossborder Companies (Note 2)	(80,081)
	28,713,211
Consolidated adjustments (Note 3)	(24,424,988)
Total NA of the Crossborder Target Companies/Crossborder SPA NA	**4,288,223**
Add:	
10% premium to Crossborder SPA NA (Note 4)	428,822
Total	**4,717,045**
Crossborder SPA Plus 10% Premium (Rounded up to nearest thousand)	**4,718,000**

Notes:-

1. *NA of PT Al-'Aqar companies have factored in the Indonesian Properties which are collectively valued at RM80 million.*
2. *NA of Crossborder Companies are negative due to losses incur over the years.*
3. *The consolidated adjustments comprises of elimination of the cost of investment in subsidiary of RM18,955,671 and adjustment to foreign exchange reserve of RM5,469,317 pursuant to the Proposed Disposal.*
4. *The 10% premium is accorded is within the range of the unit price to NAV per unit of the listed Malaysian REITS as per our analysis in Section 4.4 above.*

The proforma consolidated NA of the Crossborder Companies has duly incorporated the market values of the Indonesian Properties amounting to RM23.0 million (IDR 81,560,283,688) and RM57.0 million (IDR 202,127,659,574) (both amount was translated at IDR1: RM0.000282, being the exchange rate quoted by Bank Sentral Republik Indonesia on 5 February 2015, which is the inspection date of the Indonesian Properties) respectively. The market values have been ascribed by the Independent Valuer vide their valuation reports dated 23 February 2015.

In arriving at the market values of the Indonesian Properties, the Independent Valuer has adopted the investment method (as the primary method) and the cost method (as the secondary method).

The investment method is premised on the principle that the value of an income-producing property is represented by "the present worth of future rights to income, or utility". As such, the value estimated under this method is derived by ascertaining the market rent of the property while deducting all reasonable annual operating expenses and then capitalizing the resultant net operating income by an appropriate rate of capitalization to obtain the present value of the income stream.

6.2 The Crossborder Disposal Consideration (Cont'd)

The cost method derives the market value of the material properties by summation of the land and building values whereby the land is valued by reference to transactions of similar land in the vicinity with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics. The building on the other hand is valued by reference to its depreciated replacement cost, i.e. the new replacement cost less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the building at the date of valuation.

The Independent Valuer opined that the investment method is appropriate since the Indonesian Properties are subject to a long term lease of fifteen (15) years. In this regard, the present values of the future income stream represent a fair and accurate representation of the market values of the Indonesian Properties. In addition, the Independent Valuer also opined that the cost method provides a guide to the market values since details of sale comparables of the land component and construction cost of new buildings and improvements are easily available. As such, the Independent Valuer has also adopted the cost method as a secondary method to the Investment Method.

Please find below the details of the valuation of the Indonesian Properties as follows:-

a) RSMPH

(i) Investment Method

No	Property Particular	Valuation RM
1	Value of Tenancy	36,684,142.00
2	Value of Reversion	20,452,290.00
	Market Value	**57,136,432.00**
	Less: Cost of Extension	**(263,936.04)**
	Adjusted Market Value	**56,872,495.96**
	(Round up)	**57,000,000.00**

(ii) Cost Method

No	Property Particular	Area	Value Adopted RM PSF	Valuation RM
1	Land	129,162.00 Sq Ft	204.34	26,393,604.00
2	Main Building	152,390.00 Sq Ft	162.15	24,710,039.00
3	Basement Car Park	85,243.00 Sq Ft	70.50	6,009,632.00
4	Guard House	129.00 Sq Ft	63.13	8,144.00
5	Refuse Chamber and Utility Building	258.00 Sq Ft	63.13	16,289.00
6	Musholla	602.00 Sq Ft	78.96	47,534.00
7	Improvement	90,413.00 Sq Ft	4.96	448,740.00
				57,633,982.00
	Less: Depreciation			(624,808.00)
	Market Value			**57,009,174.00**

6.2 The Crossborder Disposal Consideration (Cont'd)

Notes:-

(i) In arriving at the value of tenancy and the value of reversionary, the Independent Valuer have present value the value of the lease and the reversionary value using a discount rate of 8.25% and 8.75% respectively after taking into consideration of yield analysis of office building in Jakarta of between 5.00% to 7.00% and also the yield analysis of Private hospital of between 8.12% to 9.51%

The higher reversionary rate of 8.75% is to reflect a higher risk on the future tenancy/lease, Indonesian economy and the future revenue.

(ii) In arriving the commercial land value of RM387.16 per square feet, the Independent Valuer have considered recent transactions within the vicinity of RSBSD which yield a fair value of between RM284.99 to RM387.16 per square feet after adjustments made for market condition, location/accessibility, shape, type of title/tenure, size and planning/zoning/usage.

For the purpose of the valuation, the Independent Valuerhave adopted RM387.16 as the fair value of the land.

(iii) Meanwhile, in estimating the value of the buildings the Independent Valuer have adopted the replacement cost for the calculation of the market value of the building, basement car park, guard house, refuse chamber and utility building, musholla and site improvement , based on the records of development cost of other similar buildings, made reference to various contracts awarded and made enquiries with the contractors and quoatity surveyors. The Independent Valuer also made reference to the JUBM and Langdon Seah Construction Cost Handbook Malaysia 2014.

b) RSBSD

(i) Investment Method

No	Property Particular	Valuation RM
1	Value of Tenancy	15,299,188.00
2	Vallue of Reversion	8,061,521.89
	Market Value	**23,360,709.89**
	Less: Cost of Extension	**(175,061.21)**
	Adjusted Market Value	**23,185,648.68**
	(Round down)	**23,000,000.00**

6.2 The Crossborder Disposal Consideration (Cont'd)

(ii) Cost Method

No	Property Particular	Area	Value Adopted RM PSF	Valuation RM
1	Land	45,217 Sq Ft	387.16	17,506,121.00
2	Main Building	49,924 Sq Ft	162.15	8,095,177.00
3	Office Building	2,939.00 Sq Ft	155.10	455,839.00
4	Guard House	67.00 Sq Ft	63.13	4,230.00
5	Refuse Chamber and Utility Building	942.00 Sq Ft	63.13	59,472.00
6	Musholla	226.00 Sq Ft	78.96	17,845.00
7	Improvement	34,947.00 Sq Ft	4.96	173,448.00
				26,312,132.00
	Less: Depreciation			(4,050,765.13)
	Market Value			**22,261,366.87**

Notes:-

(i) In arriving at the value of tenancy and the value of reversionary, the Independent Valuer have present value the value of the lease and the reversionary value using a discount rate of 8.00% and 8.50% respectively after taking into consideration of yield analysis of office building in Jakarta of between 5.00% to 7.00% and also the yield analysis of Private hospital of between 8.12% to 9.15%

The higher reversionary rate of 8.50% is to reflect a higher risk on the future tenancy/lease, Indonesian economy and the future revenue.

(ii) In arriving the commercial land value of RM204.34 per square feet, the Independent Valuer have considered recent transactions within the vicinity of RSMPH which yield a fair value of between RM204.34 to RM285,04 per square feet after adjustments made for market condition, location/accessibility, shape, type of title/tenure, size and planning/zoning/usage.

For the purpose of the valuation, the Independent Valuerhave adopted RM204.34 as the fair value of the land.

(iii) Meanwhile, in estimating the value of the buildings the Independent Valuer have adopted the replacement cost for the calculation of the market value of the building, basement car park, guard house, refuse chamber and utility building, musholla and site improvement , based on the records of development cost of other similar buildings, made reference to various contracts awarded and made enquiries with the contractors and quantity surveyors. The Independent Valuer also made reference to the JUBM and Langdon Seah Construction Cost Handbook Malaysia 2014.

Pursuant to the foregoing, the valuation methods and the valuation of the Indonesian Properties as ascribed by the Independent Valuer is fair and reasonable.

The Crossborder Disposal Consideration Adjustment will be elaborated under Section 6.3 below.

6.3 Salient terms and conditions of the Crossborder SSA

Salient Terms		Our Comments
No	**Details**	
1	**Condition Precedents** The salient terms and conditions of the Crossborder SSA are set out in Section 4.3 of the Circular. Pursuant to Section 4.3.5 of Part A of the Circular, the conditions precedent of the Crossborder SSA are as follows:- (i) the approval of the Board of KPJSB and the shareholders of KPJSB for the acquisition of the Crossborder Sale Shares, which have been obtained prior to the date of the Crossborder SSA; (ii) the approval of the shareholders of KPJ the holding company of KPJSB, KPJ, obtaining the approval of its shareholders at an EGM to be convened for the acquisition of Crossborder Sale Shares, which shall be obtained at the upcoming EGM; (iii) the approval of the Board of the Manager for the Proposed Disposal, which have been obtained prior to the date of the Crossborder SSA; (iv) the approval of the Board of Trustee for the Proposed Disposal, which have been obtained on 20 April 2015; (v) the approval of the Unit holders of Al-`Aqar for the Proposed Disposal at an EGM to be convened, which shall be obtained at the upcoming EGM; (vi) the relevant parties obtaining the required approvals including regulatory and/or governmental approvals in Malaysia and/or Indonesia (if required) and consents from and providing notification to the relevant authorities, bodies, financiers, lenders and/or creditors for the Proposed Disposal;	The approval of both the shareholders of KPJSB and KPJ and the approval of Unit holders of Al-'Aqar being obtained for the Proposed Disposal is reasonable as the parties involved are given the opportunity to assess the merits and demerits of the Proposed Disposal.
	(viii) the receipt by the Trustee of a written undertaking from KPJSB and the Crossborder Target Companies to settle all Crossborder Shareholder's Advances on the Crossborder Completion Date; and	This term is reasonable as it would provide assurance on its collectability.

6.3 Salient terms and conditions of the Crossborder SSA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
1	**Condition Precedents (Cont'd)** (ix) the completion of a due diligence audit conducted by KPJSB on the audited financial statements of the Crossborder Target Companies for the FYE 31 December 2014 and the tax submission (if any) of the Crossborder Target Companies and the outcome of the due diligence audit is to the satisfaction of KPJSB.	This term is common in any acquisition agreement.
	The conditions precedent shall be fulfilled within six (6) months from the date of the Crossborder SSA ("**Crossborder Conditional Period**"). In the event the conditions precedent are not fulfilled within the Crossborder Conditional Period, an extension of one (1) month (or such other duration as may be agreed by the parties) shall be automatically granted. The Crossborder SSA shall be unconditional upon the fulfilment/waiver by KPJSB or the Trustee, as the case may be, of the last conditions precedent. In the event that the authorities impose conditions and/or require variation to the terms and conditions of the Crossborder SSA, the Crossborder SSA shall be terminated unless the conditions and/or variations imposed are acceptable to the affected party(ies).	This term is reasonable as it provides reasonable time for the relevant parties to fulfil the condition precedents.
2	**Encumbrances** The Trustee hereby agrees to sell to KPJSB and KPJSB hereby agrees to purchase the Crossborder Sale Shares from the Trustee for the Crossborder Disposal Consideration free from all liens, charges, mortgages, claims and other encumbrances together with all rights attached thereto including all retained profits and all dividends and distributions declared, paid or made in respect of the Crossborder Sale Shares, subject to the terms and conditions of the Crossborder SSA.	The term is a common commercial term for property transactions.

6.3 Salient terms and conditions of the Crossborder SSA (Cont'd)

<table>
<tr><th colspan="2">Salient Terms</th><th rowspan="2">Our Comments</th></tr>
<tr><th>No</th><th>Details</th></tr>
<tr><td>3</td><td>Settlement of the Crossborder Disposal Consideration

The Crossborder Disposal Consideration of RM4,718,000 shall be satisfied in the following manner:-

(i) a sum of RM100,000 (approximately 2.1% of the Crossborder Disposal Consideration), being the deposit and part payment of the Crossborder Disposal Consideration has been paid by KPJSB to the Trustee upon execution of the Crossborder SSA. The deposit shall be refundable to KPJSB in circumstances set out in the Crossborder SSA, which includes but not limited to, non-fulfilment of conditions precedents, default by the Trustee and/or KPJSB and early termination; and
(ii) the Crossborder Balance Disposal Consideration of RM4,618,000 (approximately 97.9% of the Crossborder Disposal Consideration) shall be paid by KPJSB on or before the Crossborder Completion Date.

The Crossborder Disposal Consideration shall be subject to adjustments, if any, pursuant to adjustments as elaborated further (5) below.</td><td>We note that the initial deposit of RM100,000 is small compared to normal purchase transactions which require a larger deposit of 10% and the balance settled upon completion. We opine that the term is reasonable as the monies will be refunded in the event that the conditions precedents cannot be met.</td></tr>
<tr><td>4</td><td>Crossborder Shareholder's Advances

As at 31 December 2014, based on the audited financial statements of the Crossborder Target Companies for the FYE 31 December 2014, Al-`Aqar had given Crossborder Shareholder's Advances in the following amount:-<br><br><table><tr><th colspan="2">Crossborder Shareholder's Advances to</th><th>RM'mil</th></tr><tr><td>(i)</td><td>Crossborder Companies</td><td>24.43</td></tr><tr><td>(ii)</td><td>PT Al-`Aqar Companies</td><td>53.92</td></tr><tr><td colspan="2">Total</td><td>78.35</td></tr></table></td><td>This term is reasonable as Al-'Aqar will be able to recover the Crossborder Shareholder's Advances.</td></tr>
</table>

6.3 Salient terms and conditions of the Crossborder SSA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
4	**Crossborder Shareholder's Advances (Cont'd)** The Crossborder Shareholder's Advances were given by Al-`Aqar to the Crossborder Target Companies for the purpose of, among others, to acquire the Indonesian Properties (approximately RM71.41 million), to defray expenses in relation to the acquisition of the Indonesian Properties (approximately RM4.13 million) and thereon includes profit (i.e interest) payable on the Crossborder Shareholder's Advances (approximately RM2.75 million as at 31 December 2014), where applicable The Crossborder Shareholder's Advances shall also include any other amount payable by the Crossborder Target Companies to Al-`Aqar (i.e payment of expenses by Al-`Aqar on behalf of the Crossborder Target Companies which amount to approximately RM0.06 million for the FYE 31 December 2014).	
5	**Crossborder Disposal Consideration Adjustment** The unaudited proforma consolidated NA of the Crossborder Companies as at 31 December 2014 (amounting to RM4,288,223) ("Crossborder SPA NA") incorporating ten percent (10%) premium over the Crossborder SPA NA is RM4,718,000 (rounded up to the nearest thousand) ("Crossborder SPA NA Plus 10% Premium"). Should there be any movement in the Crossborder SPA NA Plus 10% Premium and the unaudited proforma consolidated NA of the Crossborder Companies as at the Crossborder Cut-Off Date ("Crossborder Cut-Off Date NA") incorporating ten percent (10%) premium over the Crossborder Cut-Off Date NA ("Crossborder Cut-Off Date NA Plus 10% Premium") (save and except for the value of the Indonesian Properties, of which is crystalised as at the date of the Crossborder SSA and the exclusion of the Loan Expenses), the Crossborder Disposal Consideration shall be adjusted accordingly.	The Crossborder Disposal Consideration Adjustment provides recourse for an adjustment in the event of significant changes in the Crossborder Cut-Off NA. Further to the above, we understand that for the purpose in arriving at the Crossborder Disposal Consideration, the management of Al-'Aqar have prepared the unaudited consolidated financial statement of Crossborder Companies based on the audited financial statements as at 31 December 2014 of the Crossborder Companies. Pursuant to the above, we are of the view that the salient terms and condition of the Crossborder SSA is fair and reasonable.

6.3 Salient terms and conditions of the Crossborder SSA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
5	**Crossborder Disposal Consideration Adjustment (Contd)** If the Crossborder Cut-Off Date NA Plus 10% Premium is more than the Crossborder SPA NA Plus 10% Premium, the Crossborder Disposal Consideration shall be adjusted upwards by the difference between the NA. If the Crossborder Cut-Off Date NA Plus 10% Premium is less than the Crossborder SPA NA Plus 10% Premium, the Crossborder Disposal Consideration shall be adjusted downwards by the difference between the NA. In computing the Crossborder Cut-Off Date NA, the following shall apply:- (i) the value of the Indonesian Properties shall remain unchanged and fixed at RM80,000,000, being the market value as ascribed by the Independent Valuer; and (ii) The Loan Expenses, if any, shall be excluded. The Crossborder SPA NA Plus 10% Premium, the Crossborder Cut-Off Date NA Plus 10% Premium and any revision to the Crossborder Disposal Consideration shall be agreed by the Trustee, the Manager and KPJSB, being the parties to the Crossborder SSA. For the purpose of the Crossborder Disposal Consideration Adjustment, the Crossborder SPA NA Plus 10% Premium and the Crossborder Cut-Off Date NA Plus 10% Premium shall be rounded up to the nearest thousand and shall be in RM.	This term is reasonable as it is the market value ascribed by the Independent Valuer and locked down upon the date pf execution of the Crossborder SSA.

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6.3 Salient terms and conditions of the Crossborder SSA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
6	**Termination** Pursuant to the provisions of the Crossborder SSA, the Crossborder SSA may be terminated in the event of, among others, the following events:- (i) Non- fulfilment of conditions precedent In the event that any of the conditions precedent is not fulfilled or waived within the Crossborder Conditional Period and the parties do not agree to extend the Crossborder Conditional Period, or if the parties agree to extend the Crossborder Conditional Period but the conditions precedent are not fulfilled or waived on or before the expiry of the extended Crossborder Conditional Period:- (a) the Crossborder SSA shall lapse and be null and void and of no effect whatsoever and neither Party shall have any rights or claims against the other save and except for any antecedent breach; and (b) the Trustee and KPJSB shall return all documents to the respective party, not later than seven (7) Business Days from the date of notification of the non-fulfillment of the condition(s) precedent or the expiry of the Crossborder Conditional Period or the extended Crossborder Conditional Period, as the case may be, whichever is the earlier. The Trustee shall return the deposit to KPJSB and thereafter, the parties hereto shall not have any further rights and obligations under the Crossborder SSA save and except for any antecedent breaches.	We are of the view the terms appear fair and reasonable and is common in any transactions.

6.3 Salient terms and conditions of the Crossborder SSA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
6	**Termination (Cont'd)** **(ii) Default by KPJSB** In the event that KPJSB fail to complete the sale and purchase of the Crossborder Sale Shares in accordance with the Crossborder SSA, the Trustee shall be entitled to specific performance, without prejudice to the rights of the Trustee, to claim for damages or in the alternative the Trustee may terminate the Crossborder SSA by giving fourteen (14) Business Days notice in writing to KPJSB and forfeit an actual sum from the deposit, for the cost incurred by the Trustee in relation to the Crossborder SSA; and the Trustee to refund to KPJSB all monies paid by KPJSB to the Trustee (including the deposit less the sum forfeited) and the Crossborder SSA shall, at the expiry of the said notice, be terminated and be null and void. The Trustee shall be entitled to claim for any expenses incurred and for the damages and losses suffered by the Trustee arising out of the termination of the Crossborder SSA, provided always that the Trustee shall not be entitled to terminate the Crossborder SSA if KPJSB shall make good and remedy such breach within the period of the said notice. **(iii) Default by the Trustee** In the event that any of the representations, warranties or covenants of the Trustee contained in the Crossborder SSA are false, incorrect or misrepresented or the Trustee failed to complete the sale and purchase of the Crossborder Sale Shares in accordance with the Crossborder SSA, save and except due to default by KPJSB, KPJSB shall be entitled to seek specific performance to claim for damages, or in the alternative,e KPJSB may terminate the Crossborder SSA by giving fourteen (14) Business Days notice in writing to the Trustee and require the Trustee to refund all monies paid by the KPJSB to the Trustee (including the deposit) and the Crossborder SSA shall at the expiry of the said notice be terminated and be null and void. KPJSB shall be entitled to claim for any expenses incurred by KPJSB and for the damages and losses suffered by KPJSB	We are of the view the terms appear fair and reasonable and is common in any transactions.

6.3 Salient terms and conditions of the Crossborder SSA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
6	**Termination (Cont'd)** **(iii) Default by the Trustee (Cont'd)** arising out of the termination of the Crossborder SSA provided always that KPJSB shall not be entitled to terminate the Crossborder SSA if the Trustee shall make good and remedy such breach within the period of the said notice. **(iv) Early termination** Subject to mutual agreement by both parties, the Crossborder SSA may be terminated (due to circumstances or events other than the default by the Trustee or KPJSB), prior to the occurrence of the Crossborder Completion Date by giving a fourteen (14) Business Days prior written notice from one party to the other party. In the event of early termination of the Crossborder SSA, the respective Parties shall return or shall cause to be returned the Deposit and all monies paid towards the Purchase Consideration as well as return all documents received by them from the other Party within fourteen (14) Business Days from the date of the notice receipt by the other party and thereafter the Crossborder SSA shall be null and void and of no further force and effect with neither party having any rights and obligations against the other save and except for any antecedent breaches. In event the termination is initiated by KPJSB, KPJSB shall return all documents received from the Trustee in particular documents pertaining to the Crossborder Sale Shares, the Crossborder Target Companies and the Indonesian Properties with the Trustee's interest still intact.	We are of the view the terms appear fair and reasonable and is common in any transactions.

6.3 Salient terms and conditions of the Crossborder SSA (Cont'd)

Salient Terms		Our Comments
No	**Details**	
6	**Termination (Cont'd)** **(iv) Early termination (Cont'd)** The party seeking the early termination of the Crossborder SSA shall be required to reimburse the other party any sunken costs already incurred by the other party in connection with the execution or performance of its obligations under the Crossborder SSA, provided always that such sunken cost shall be supported by the relevant documentary evidence mutually agreed upon by both parties.	We are of the view the terms appear fair and reasonable and is common in any transactions. .

6.4 Financial Effects of the Proposed Disposal

The financial effects of the Proposed Disposal are elaborated in Section 7 of this IAL.

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7 FINANCIAL EFFECTS OF THE PROPOSALS

The financial effects together with the assumptions adopted, as elaborated and set out in Section **7** of Part A of the Circular, are as follows:-

7.1 Effect on Unit Capital

We note that the Proposed Acquisition of SSH Land and the Proposed Disposal will not have any effect on the unit capital of Al-`Aqar since there is no new issuance of units in Al-`Aqar.

In relation to the Proposed Acquisition of KPJUC Properties, the existing unit capital will increase by approximately 16.207 million unit to 37.404 million units based on two (2) illustrations i.e. Base Case scenario and Maximum Case scenario respectively.

We also note that Scenario 2 will cause KPJ to trigger the mandatory take-over offer for the entire remaining Al-`Aqar units not already owned by KPJ and/or the KPJ Group pursuant to the Malaysian Code on Take-overs and Mergers 2010.

However, as stated in Section 2.10 of Part A of the Circular, it is not the intention of KPJ to trigger the mandatory take-over offer. In this instance, KPJ will procure PNCSB to opt for the KPJUC Balance Purchase Consideration to be received in cash or a combination of cash and units (in a quantity that will not trigger the mandatory take-over provisions).

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7.2 Effect on Substantial Unit holders' Unit Holdings

We note that the Proposed Acquisition of SSH Land and the Proposed Disposal will not have any effect on the substantial Unit holders' unit holdings in Al-`Aqar since there is no new issuance of units in Al-`Aqar.

Pursuant to the Proposed Acquisition of KPJUC Properties, there will be an increase in the substantial Unit holders' unit holdings in Al-`Aqar. The increase will only take effect upon the issuance of the KPJUC Deferred Consideration Units to PNCSB in the third (3rd) anniversary of the KPJUC Completion Date.

The proforma effects of the Proposed Acquisition of KPJUC Properties and the Proposed Private Placement on the substantial Unit holders' unit holdings are tabulated as follows:-

Scenario 1 – Base Case

	Existing as at LPD				(I) Upon issuance of the Placement Units				(II) Upon issuance of the KPJUC Deferred Consideration Units			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%
JCorp	-	-	[i]364,487	52.35	-	-	[i]364,487	49.96	-	-	[i]380,695	51.05
KPJ	-	-	[ii]346,114	49.71	-	-	[ii] 346,114	47.44	-	-	[ii]362,322	48.58
PNCSB	-	-	-	-	-	-	-	-	16,208	2.17	-	-
Pusat Pakar Tawakal Sdn Bhd	71,390	10.25	-	-	71,390	9.79	-	-	71,390	9.57	-	-
Kumpulan Wang Persaraan	58,518	8.41			58,518	8.02			58,518	7.85		
Lembaga Tabung Haji	69,246	9.95	[iii]3,422	0.49	69,246	9.49	[iii]3,422	0.47	69,246	9.29	[iii]3,422	0.46
Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141	7.06	-	-	49,141	6.74	-	-	49,141	6.59	-	-
Selangor Medical Centres Sdn Bhd	-	-	[iv]35,000	5.03	-	-	[iv]35,000	4.80	-	-	[iv]35,000	4.69

7.2 Effect on Substantial Unit holders' Unit Holdings (Cont'd)

Notes:-

(i) *Deemed interested via indirect shareholdings held through its wholly-owned subsidiary Johor Ventures Sdn Bhd, its subsidiary, the KPJ Group and Waqaf An-Nur Corporation Berhad.*

(ii) *Deemed interested via indirect shareholdings held through its subsidiaries, being Pusat Pakar Tawakal Sdn Bhd, Bandar Baru Klang Specialist Hospital Sdn Bhd, HSBC Nominees (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd, AmanahRaya Trustees Berhad - A/C Jeta Gardens (QLD) Pty Ltd, Seremban Specialist Hospital Sdn Bhd, Ampang Puteri Specialist Hospital Sdn Bhd, Medical Associates Sdn Bhd, Sentosa Medical Centre Sdn Bhd, Damansara Specialist Hospital Sdn Bhd, Johor Specialist Hospital Sdn Bhd, Puteri Specialist Hospital (Johor) Sdn Bhd, Pusat Pakar Darul Naim Sdn Bhd, Jeta Gardens (QLD) Pty Ltd, Kuantan Specialist Hospital Sdn Bhd, Kajang Specialist Hospital Sdn Bhd, Kota Kinabalu Specialist Hospital Sdn Bhd, Taiping Medical Centre Sdn Bhd and its associate company, Kedah Medical Centre Sdn Bhd and upon issuance of the KPJUC Deferred Consideration Units via PNCSB.*

(iii) *Deemed interested by virtue of its shareholdings held through Citigroup Nominees (Tempatan) Sdn Bhd.*

(iv) *Deemed interested by virtue of its shareholdings held through HSBC Nominees (T) Sdn Bhd.*

For illustrative purposes, it was assumed that placements via the Proposed Private Placement will not be placed out to the substantial Unit holders.

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7.2 Effect on Substantial Unit holders' Unit Holdings (Cont'd)

Scenario 2 – Maximum Scenario

	Existing as at LPD				(I) Upon issuance of the Placement Units				(II) Upon issuance of the KPJUC Deferred Consideration Units			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%	No. of Al-`Aqar Units ('000)	%
JCorp	-	-	(i)364,487	52.35	-	-	(i)364,487	49.96	-	-	(i) 401,891	52.40
KPJ	-	-	(ii)364,114	49.71	-	-	(ii)364,114	47.44	-	-	(ii) 383,518	50.00
PNCSB	-	-	-	-	-	-	-	-	37,404	4.88	-	-
Pusat Pakar Tawakal Sdn Bhd	71,390	10.25	-	-	71,390	9.79	-	-	71,390	9.31	-	-
Kumpulan Wang Persaraan	58,518	8.41			58,518	8.02			58,518	7.63		
Lembaga Tabung Haji	69,246	9.95	(iii)3,422	0.49	69,246	9.49	(iii)3,422	0.47	69,246	9.03	(iii)3,422	0.45
Bandar Baru Klang Specialist Hospital Sdn Bhd	49,141	7.06	-	-	49,141	6.74	-	-	49,141	6.41	-	-
Selangor Medical Centres Sdn Bhd	-	-	(iv)35,000	5.03	-	-	(iv)35,000	4.80	-	-	(iv)35,000	4.56

<u>*Notes:-*</u>

(i) *Deemed interested via indirect shareholdings held through its wholly-owned subsidiary Johor Ventures Sdn Bhd, its subsidiary, the KPJ Group and Waqaf An-Nur Corporation Berhad.*

(ii) *Deemed interested via indirect shareholdings held through its subsidiaries , being Pusat Pakar Tawakal Sdn Bhd, Bandar Baru Klang Specialist Hospital Sdn Bhd, HSBC Nominees (T) Sdn Bhd - A/C Selangor Medical Centres Sdn Bhd, AmanahRaya Trustees Berhad - A/C Jeta Gardens (QLD) Pty Ltd, Seremban Specialist Hospital Sdn Bhd, Ampang Puteri Specialist Hospital Sdn Bhd, Medical Associates Sdn Bhd, Sentosa Medical Centre Sdn Bhd, Damansara Specialist Hospital Sdn Bhd, Johor Specialist Hospital Sdn Bhd, Puteri Specialist Hospital (Johor) Sdn Bhd, Pusat Pakar Darul Naim Sdn Bhd, Jeta Gardens (QLD) Pty Ltd, Kuantan Specialist Hospital Sdn Bhd, Kajang Specialist Hospital Sdn Bhd, Kota Kinabalu Specialist Hospital Sdn Bhd, Taiping Medical Centre Sdn Bhd and its associate company, Kedah Medical Centre Sdn Bhd and upon issuance of the KPJUC Deferred Consideration Units via PNCSB.*

(iii) *Deemed interested by virtue of its shareholdings held through Citigroup Nominees (Tempatan) Sdn Bhd.*

(iv) *Deemed interested by virtue of its shareholdings held through HSBC Nominees (T) Sdn Bhd.*

7.3 Effect on NAV and Gearing

The proforma financial effects of the Proposals on the NAV and gearing of Al-`Aqar based on the audited financial statements for FYE 31 December 2014 are set out below.

Scenario 1 – Base Case

		(I)	(II)	(III)	(IV)
	Audited as at 31 December 2014	**After Proposed Private Placement**	**After I and Proposed Acquisition of KPJUC Properties**	**After II and Proposed Acquisition of SSH Land**	**After III and Proposed Disposal**
Effect on NAV	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Unit holders' capital	682,683	722,408(i)	741,858(ii)	741,858	741,858
Undistributed income	153,093	153,093	151,743(iii)	151,483(iv)	146,139(v)
Reserves	(4,233)	(4,233)	(4,233)	(4,233)	791(v)
NAV	**831,543**	**871,268**	**889,368**	**889,108**	**888,788**
No. of Al-`Aqar Units in issue ('000)	696,226	729.560	745,767	745,767	745,767
NAV per Al-`Aqar Unit (RM)	1.19	1.19	1.19	1.19	1.19
TAV	1,592,422	1,632,147(i)	1,669,697(iii)	1,669,437(iv)	1,589,137
Total borrowings	733,148	733,148	752,598	752,598	672,649(vi)
Total borrowings / TAV ratio (%)	46.04	44.92	45.07	45.08	42.33

Notes:-

(i) After deducting the estimated expenses incurred in relation to the Proposed Private Placement, which amount to approximately RM0.275 million.
(ii) The KPJUC Deferred Consideration Units shall only be issued in favour of PNCSB upon the third (3rd) anniversary of the KPJUC Completion Date.
(iii) After deducting the estimated expenses incurred in relation to the Proposed Acquisition of KPJUC Properties, which amount to approximately RM1.35 million.
(iv) After deducting the estimated expenses incurred in relation to the Proposed Acquisition of SSH Land, which amount to approximately RM0.26 million.
(v) Include the gain on disposal of approximately RM0.43 million, estimated expenses incurred for the Proposed Disposal of approximately RM0.75 million as well as the recognition of loss on foreign exchange upon Al-`Aqar's investment in the PT Al-`Aqar Companies of approximately RM5.0 million.
(vi) After repayment of bank borrowings of approximately RM79.95 million from the proceeds received from repayment of Crossborder Shareholder's Advances by KPJSB and/or Crossborder Target Companies.

7.3 Effect on NAV and Gearing (Cont'd)

Scenario 2 – Maximum Scenario

	Audited as at 31 December 2014	(I) After Proposed Private Placement	(II) After I and Proposed Acquisition of KPJUC Properties	(III) After II and Proposed Acquisition of SSH Land	(IV) After III and Proposed Disposal
	RM'000	RM'000	RM'000	RM'000	RM'000
Unit holders' capital	682,683	722,408(i)	761,308(ii)	761,308	761,308
Undistributed income	153,093	153,093	151,743(iii)	151,483(iv)	146,139(v)
Reserves	(4,233)	(4,233)	(4,233)	(4,233)	791(v)
NAV	**831,543**	**871,268**	**908,818**	**908,558**	**908,238**
No. of Al-`Aqar Units in issue ('000)	696,226	729,559	766,963	766,963	766,963
NAV per Al-`Aqar Unit (RM)	1.19	1.19	1.18	1.18	1.18
TAV	1,592,422	1,632,147	1,669,697(iii)	1,669,437(iv)	1,589,137
Total borrowings	733,148	733,148	733,148	733,148	653,199(vi)
Total borrowings / TAV ratio (%)	46.04	44.92	43.91	43.92	41.10

Notes:-

(i) After deducting the estimated expenses incurred in relation to the Proposed Private Placement, which amount to approximately RM0.275 million.

(ii) The KPJUC Deferred Consideration Units shall only be issued in favour of PNCSB upon the third (3rd) anniversary of the KPJUC Completion Date.

(iii) After deducting the estimated expenses incurred in relation to the Proposed Acquisition of KPJUC Properties, which amount to approximately RM1.35 million.

(iv) After deducting the estimated expenses incurred in relation to the Proposed Acquisition of SSH Land, which amount to approximately RM0.26 million.

(v) Include the gain on disposal of approximately RM0.43 million, estimated expenses incurred for the Proposed Disposal of approximately RM0.75 million as well as the recognition of loss on foreign exchange upon Al-`Aqar's investment in the PT Al-`Aqar Companies of approximately RM5.0 million.

(vi) After repayment of bank borrowings of approximately RM79.95 million from the proceeds received from repayment of Crossborder Shareholder's Advances by KPJSB and/or Crossborder Target Companies.

As a result of the proposed settlement of Crossborder Shareholder's Advances of RM79.95 million and the enlarge capital base pursuant to the Proposals, it appears that the NAV per Al-'Aqar unit will have minimal impact while gearing ratio will improve.

7.4 Effect on Earnings and EPU

The proforma financial effects of the Proposals on earnings and EPU of Al-`Aqar at the Group and Fund levels are set out below.

Scenario 1 – Base Case Scenario

	Group Level Earnings		Fund Level Earnings	
	RM'000	RM'000	RM'000	RM'000
PAT for the FYE 31 December 2014		**71,209**		**63,561**
Adjustments arising from the recurring items				
Proposed Acquisition of KPJUC Properties				
Add : Lease rental received (assuming all KPJUC Deferred Consideration are paid and therefore rental is based on 100%)	5,523(i)		5,523(i)	
Less : Other expenses	(1,346)(ii)	4,177	(1,346)(ii)	4,177
Proposed Acquisition of SSH Land				
Add : Lease rental received	302		302	
Less : Other expenses	(10)(iii)	292	(10)(iii)	292
Proposed Disposal				
Add: Loss from Crossborder Companies	20		-	
Less: Adjusted profit arising from PT Al-`Aqar Companies	(5,333)(iv)		(5,070) (iv)	
Add: Interest savings	4,837(v)	(476)	4,837(v)	(233)
Total adjustment arising from recurring items (A)		**3,993**		**4,236**
One-off Adjustments as result of the Proposals:				
Less: Estimated Expenses				
- Proposed Acquisition of KPJU Properties	(1,350)		(1,350)	
- Proposed Acquisition of SSH Land	(260)		(260)	
- Proposed Disposal	(750)		(750)	
Add: Gain on disposal arising from the Proposed Disposal	430		4,718	
Less: Foreign exchange loss realised from the Proposed Disposal	(5,024)		-	
Total adjustments arising from one-off utems (B)		**(6,954)**		**2,358**
Net adjustments arising from the Proposals		**(2,961)**		**6,331**
Pro forma PAT of Al-`Aqar group after adjusting for recurring items arising from the Proposals (A) + (B)		**68,248**		**70,155**
Number of Al-`Aqar Units in issue after the Proposals (including Proposed Private Placement) based on Base Case ('000)		745,767(vi)		745,767(vi)
EPU for the FYE 31 December 2014		10.23		9.13
Proforma EPU for the FYE 31 December 2014 (after Proposals)		9.15		9.41

7.4 Effect on Earnings and EPU (Cont'd)

Scenario 1 – Base Case Scenario (Cont'd)

	Group Level Earnings/(Loss)		Fund Level Earnings/(Loss)	
	RM'000	RM'000	RM'000	RM'000
Comprehensive income for the FYE 31 December 2014		**71,303**		**63,561**
Add: Total adjustments arising from recurring items (per above)	3,993		4,236	
Less: One-off adjustments arising from the Proposals (per above)	(6,954)		2,358	
Add: Foreign exchange loss realised from the Proposed Disposal	5,024		-	
Total adjustments to comprehensive income		2,063		6,594
Pro forma total comprehensive income of Al-`Aqar Group for the FYE 31 December 2014		**73,366**		**70,155**

Notes:-

(i) Based on the amount of the KPJUC Purchase Consideration.

(ii) Operating expenses include, among others, interest expense for the bank borrowings undertaken to part finance the KPJUC Balance Consideration (under Base Case), quit rent, assessment, insurance, trustee fee, and others.

(iii) Operating expenses include, among others, quit rent, assessment and others.

(iv) Include among others, adjustment for the interest expenses incurred in relation to the Shareholder's Advances, unrealised gain in relation to the interest income as well as the gain on valuation of the Indonesian Properties as well as expenses incurred by Al-Aqar, namely, takaful expenses, property management fee and withholding tax arising interest income in relation to the Crossborder Shareholder's Advances.

(v) Interest savings from repayment of bank borrowings using the proceeds from the Proposed Disposal based on Al-`Aqar's interest rate of approximately 6.05% p.a.

(vi) Based on the number of Al-`Aqar Units in issue after the Proposals (including Proposed Private Placement) based on Base Case

(vii) The exchange rate is assumed to be IDR1,000 : RM0.2754, being the average exchange rate used for Al-'Aqar's audited financial statements for the FYE 31 December 2014

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7.4 Effect on Earnings and EPU (Cont'd)

Scenario 2 – Maximum Scenario

	Group Level Earnings		Fund Level Earnings	
	RM'000	RM'000	RM'000	RM'000
PAT for the FYE 31 December 2014		**71,209**		**63,561**
Adjustments arising from the recurring items				
Proposed Acquisition of KPJUC Properties				
Add : Lease rental received (assuming all KPJUC Deferred Consideration are paid and therefore rental is based on 100%)	5,523(i)		5,523(i)	
Less : Other expenses	(276)(ii)	5,247	(276)(ii)	5,247
Proposed Acquisition of SSH Land				
Add : Lease rental received	302		302	
Less : Other expenses	(10)(iii)	292	(10)(iii)	292
Proposed Disposal				
Add: Loss from Crossborder Companies	20		-	
Less: Adjusted profit arising from PT Al-`Aqar Companies	(5,333)(iv)		(5,070)(iv)	
Add: Interest savings	4,837(v)	(476)	4,837(v)	(233)
Total adjustments arising from recurring items (A)		**5,063**		**5,406**
One-off Adjustments as result of the Proposals:				
Less: Estimated Expenses				
- Proposed Acquisition of KPJU Properties	(1,350)		(1,350)	
- Proposed Acquisition of SSH Land	(260)		(260)	
- Proposed Disposal	(750)		(750)	
Add: Gain on disposal arising from the Proposed Disposal	430		4,718	
Less: Foreign exchange loss realised from the Proposed Disposal	(5,024)		-	
Total adjustments arising from one-off items (B)		**(6,954)**		**2,358**
Net adjustments arising from the Proposals (A)+(B)		**(1,891)**		7,664
Pro forma PAT of Al-`Aqar group after adjusting for recurring items arising from the Proposals		**69,318**		**71,225**
Number of Al-`Aqar Units in issue after the Proposals (including Proposed Private Placement) based on Base Case ('000)		766,963(vi)		766,963(vi)
EPU for the FYE 31 December 2014		10.23		9.13
Proforma EPU for the FYE 31 December 2014 (after Proposals)		9.04		9.29

7.4 Effect on Earnings and EPU (Cont'd)

Scenario 2 – Maximum Scenario (Cont'd)

	Group Level Earnings/(Loss)		Fund Level Earnings/(Loss)	
	RM'000	RM'000	RM'000	RM'000
Comprehensive income for the FYE 31 December 2014		**71,303**		**63,561**
Add: Total adjustments arising from recurring items (per above)	5,063		5,306	
Less: One-off adjustments arising from the Proposals (per above)	(6,954)		2,358	
Add: Foreign exchange loss realised from the Proposed Disposal	5,024		-	
Total adjustments to comprehensive income		3,133		7,664
Pro forma total comprehensive income of Al-`Aqar Group for the FYE 31 December 2014		**74,436**		**71,225**

Notes:-

(ii) Based on the amount of the KPJUC Purchase Consideration.
(ii) Operating expenses include, among others, quit rent, assessment, insurance, trustee fee, and others.
(iii) Operating expenses include, among others, quit rent, assessment and others.
(viii) Include among others, adjustment for the interest expenses incurred in relation to the Shareholder's Advances, unrealised gain in relation to the interest income as well as the gain on valuation of the Indonesian Properties as well as expenses incurred by Al-Aqar, namely, takaful expenses, property management fee and withholding tax arising interest income in relation to the Crossborder Shareholder's Advances.
(ix) Interest savings from repayment of bank borrowings using the proceeds from the Proposed Disposal based on Al-`Aqar's interest rate of approximately 6.05% p.a.
(x) Based on the number of Al-`Aqar Units in issue after the Proposals (including Proposed Private Placement) based on Maximum Scenario
(xi) The exchange rate is assumed to be IDR1,000 : RM0.2754, being the average exchange rate used for Al-'Aqar's audited financial statements for FYE 31 December 2014

Based on the assumptions applied, we note that the Proposed Acquisition of KPJUC Properties and SSH Land will contribute positively to the Group Level Earnings and Fund Level Earnings by RM4.177 million and RM0.292 million respectively in the base case scenario and RM5.247 million and RM0.292 million respectively in the maximum scenario.

However, the Proposed Disposal is expected to decrease the Group Level Earnings and Fund Level Earnings by RM0.476 million and RM0.233 million respectively in the base case and maximum scenarios.

In addition, we note that Al-`Aqar will also be required to make a one-off adjustment of RM6.954 which will reduce the Group Level Earnings, and of RM2.358 million which will increase the Fund Level Earnings in both base case and maximum scenarios.

A one-off adjustment is a result of the realisation of the foreign exchange loss of RM5.024 million from the Proposed Disposal.

7.4 Effect on Earnings and EPU (Cont'd)

We wish to highlight that the foreign exchange loss incurred at the Group Level Earnings was brought on by the depreciation of the IDR, which had correspondingly affected the carrying value of the equity investment of Al-`Aqar in PT Al-`Aqar Companies over the years. These foreign exchange losses over the years have been recognised under comprehensive income in the consolidated financial statements i.e. after the PAT line. Pursuant to Malaysian Financial Reporting Standard 121 Effect of Changes in Foreign Exchange Rates, the foreign exchange losses would have to be transferred to and recognised in the consolidated income statements in the year of disposal in relation to the Proposed Disposal.

Al-`Aqar adopts the fair value measurement accounting policy. As a result of this adoption, the gain arising from the Proposed Disposal at the Group Level Earnings is estimated at RM430,000. The gain may not appear to be significant. This is because the market values of the Indonesian Properties have already been reflected in the NA of the Crossborder Companies. If Al-`Aqar had not accounted for the fair value of the said properties in its books, the estimated gain on disposal would amount to RM5.03 million.

All the adjustments above in relation to the Proposals would bring an increase in the proforma EPU at the Fund Level Earnings from RM0.085 to RM0.094 whereas there will be a slight decrease in the proforma EPU at the Group Level Earnings from RM0.096 to RM0.092 in the base case scenario. At the maximum scenario, the Proposals would bring an increase in the proforma EPU at the Fund Level Earnings from RM0.083 to RM0.093 whereas there will be a slight decrease in the proforma EPU at the Group Level Earnings from RM0.093 to RM0.090.

Based on the above, from a financial perspective, the effects appear to be fair and reasonable in view that the gearing will be reduced, and no material impact to the NAV,

8 PROSPECTS AND RISK FACTORS

8.1 Prospects

Section 6.1 of Part A of the Circular elaborates on the prospects of Al-'Aqar and pertaining to the Proposals.

We note that the outlook for the Malaysian economy is expected to remain on a steady growth plan with the key driver being the domestic demand. The Malaysian economy duly registered a growth of 5.6% in the first quarter of 2015.

Premised on the prospects laid out in Section 6.1 of Part A of the Circular, we are of the view that with the positive outlook of the Malaysian economy, the prospects of Al-'Aqar is expected to be favourable upon the successful completion of the Proposals and the execution of the various lease agreements.

Furthermore, the lowering of the gearing ratio will allow Al-'Aqar to be open to opportunities for future investments.

8 PROSPECTS AND RISK FACTORS (CONT'D)

8.2 Risk Factors

We wish to highlight that although measures could be taken by Al-'Aqar to limit the risks associated with the Proposals, no assurance can be given that one or a combination of the risk factors as stated in Section 6.2 of Part A of the Circular will not occur and adversely affect the Proposals and/or Al-'Aqar.

Save as disclosed under Section 6.2, Part A of the Circular, other risks which may impact Al-'Aqar are as follows:-

(i) Finalisation of Leaseback Agreements

We understand that as at LPD, the lease agreements for the Proposed KPJUC Leaseback and the Proposed SSH Land Leaseback have yet to be executed and therefore could be further subject to changes.

9 FURTHER INFORMATION

We advise the Non-Interested Unit holders of Al-`Aqar to refer to Part A of the Circular and the Appendices for further information on the Proposals.

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10 CONCLUSION AND RECOMMENDATION

The Non-Interested Unit holders should consider carefully the terms and conditions of the Proposals based on all relevant and pertinent factors including those which are in Part A of the Circular and the appendices, and this IAL and other publicly available information before making a decision to vote on the ordinary resolutions pertaining to the Proposals.

We have assessed and evaluated the terms of the Proposal, and in arriving at our conclusion and recommendation, as to whether the Proposals are fair and reasonable so far as the Non-Interested Unit holders are concerned, and whether the Proposals are detrimental to the Non-Interested Unit Holders, and whether the Non-Interested Unit holders should vote for or against the Proposals, we have evaluated the Proposed Acquisition of KPJUC Properties, the Proposal Acquisition of SSH Land and the Proposal Disposal individually. As such, our opinion is rendered based on individual Proposals as follows:-

a) The Proposed Acquisition of KPJUC Properties and Proposed Acquisition of SSH Land

We noted that the Proposed Acquisition of KPJUC Properties and the Proposed Acquisition of SSH Land was based on the need to facilitate the amalgamation process, wherein, in the case of the Proposed Acquisition of KPJUC Properties, the amalgamation is one of the conditions stipulated by MPN in approving the Master Expansion Plan.

In the case of The Proposed Acquisition of SSH Land, we note that the vendor, SSHSB is presently constructing the SSH New Buildings which is expected to be completed in 2015. Whilst the land, which is the subject of the acquisition, is being used as a temporary open space parking lot and houses facilities such as a car park operation building, a medical gas storage building, a TNB substation and a refuse storage chamber ("SSH Facilities"), the SSH Land is required to be amalgamated before the Certificate of Completion and Compliance for the SSH New Buildings presently under construction can be issued. We also note that the Proposed Acquisition of SSH Land excludes the SSH Facilities. However, we are of the opinion that since the SSH New Buildings has yet to be completed and the SSH Facilities are merely ancillary facilities, to support the SSH New Buildings. The rationale to acquire the SSH Facilities and the SSH New Buildings concurrently has merit.

The purchase consideration of both the Proposed Acquisition of KPJUC Properties of RM77.8 million and the Proposed Acquisition of SSH Land of RM4.25 million was arrived at based on a valuation conducted by an Independent Valuer, who had undertaken the valuation based on valuation methodologies that are reasonable.

The settlement of the purchase consideration for the Proposed Acquisition of SSH Land is by way of cash in full upon completion of the SSH SPA, whilst the settlement of the purchase consideration of the Proposed Acquisition of KPJUC Properties is separated into two tranches wherein the first 50% of the purchase consideration is paid in cash on or before the expiry of the KPJUC Completion Period. The balance of the 50% of the purchase consideration is deferred over a period of 3 years, payable either in cash or the issuance of new Al-'Aqar unis or a combination of both.

10 CONCLUSION AND RECOMMENDATION (CONT'D)

a) The Proposed Acquisition of KPJUC Properties and Proposed Acquisition of SSH Land (Cont'd)

The terms for the settlement of the purchase consideration for the Proposed Acquisition of KPJUC Properties is to the benefit of Al-'Aqar as the partial cash settlement eases the immediate cash outlay. Whilst the mode of settlement remains with PNCSB three (3) years later, the dilution risk in the event that market conditions are in favour towards Al-A'qar is mitigated despite the issuance price being a 10% discount to the five (5) days VWAP, is mitigated by the pegging of the issuance price which shall not be below RM1.04 per unit. The issuance of the Deferred Consideration Units at no more than 10% discount is line with Paragraph 6.04 (a), Chapter 6 of the Main Market Listing Requirements of Bursa Securities,

Notwithstanding the above, we note that whilst the balance purchase consideration will be settled three (3) years later, resulting in Al-'Aqar receiving only 50% of the lease rental during the period, the title of the KPJUC Properties will be transferred to Al-'Aqar. This we opine is a fair trade off.

Other terms and conditions in respect of the KPJUC SPA and the SSH SPA are reasonable insofar as the interest of Al-'Aqar is concerned and not detrimental to the Non-Interested Unit holders of Al-'Aqar.

The Proposed Acquisition of KPJUC Properties and Proposed Acquisition of SSH Land reflects an extension of the existing investment portfolios of Al-'Aqar in relation to the business operations of KPJUC and SSH in view of its existing leaseback arrangements with PNCSB and SSHSB for the Al-'Aqar Existing KPJUC Land and Al-'Aqar Existing SSH Properties respectively.

Premised on the above, we are of the opinion that the rationale, the purchase consideration, the salient terms to the KPJUC SPA, SSH SPA and the settlement of the purchase consideration for the Proposed Acquisition of KPJUC Properties and Proposed Acquisition of SSH Land is fair and reasonable.

b) Proposed KPJUC Leaseback and Proposed SSH Leaseback

We noted that the Proposed KPJUC Leaseback and the Proposed SSH Leaseback will only be executed upon the completion of the Proposed Acquisition of KPJUC Properties and Proposed Acquisition of SSH Land. Nonetheless, we note the salient terms of the Proposed KPJUC Leaseback and Proposed SSH Leaseback and we opine that the terms are reasonable and not detrimental to the Non-Interested Unit holders and the terms are within the range of all existing Al-'Aqar properties in Malaysia.

c) Proposed Disposal of Crossborder Sale Shares

The rationale of the Proposed Disposal in providing an opportunity for Al-'Aqar to realise its investments is reasonable on the basis that the Crossborder Shareholder's Advances amounting to approximately RM78.35 million will be repaid. These monies together with the proceeds from the Proposed Disposal will be utilised to settle its borrowings, effectively bringing the gearing ratio down to 42.23% from 45.08% and an interest savings of approximately RM4.84 million per year.

10 CONCLUSION AND RECOMMENDATION (CONT'D)

c) Proposed Disposal of Crossborder Sale Shares (Cont'd)

The basis of arriving at the Crossborder Disposal Consideration of RM4.718 million is fair on the basis that the Crossborder Companies are merely investment companies and the value lies in the Indonesian Properties. Whilst there is risk that the value of the Proposed Disposal may vary as a result of the adjustments by the difference arising from the Crossborder SPA value Plus 10% Premium and the Crossborder Cut-Off Date NA Plus 10% Premium, the risk is mitigated by the value of the Indonesian Properties being fixed at RM80.0 million, being the market value ascribed by the Independent Valuer.

The 10% premium above the Crossborder Disposal Consideration as additional compensation appears to take into consideration the long term prospects and strategic locations of the Indonesian Properties. Based on the NAV per unit of Malaysian listed REITs as at the LPD, we note that the price to NAV per unit traded within a discount of 32.9% to a premium of 45.6%. As such, the 10% premium is within the range of the unit price to NAV per unit of the listed Malaysian REITs.

We also note the terms of the Crossborder SSA is reasonable insofar as the interest of Al-'Aqar is concerned and not detrimental to the Non-Interested Unit holders of Al-'Aqar.

Premised on our evaluation, we are of the opinion that the Proposed Disposal is fair and reasonable.

d) The financial Effects of the Proposals

The Proposals based on the Base Case and Scenario 2 are reasonable and not detrimental to the Non-Interested Unit holders as discussed under Section 7 of Part A of the Circular and Section 7 of this IAL.

e) The Risk Factors

The risk factors of the Proposals are set out in Section 6.2 of Part A of the Circular and Section 8.2 of this IAL.

f) Prospects and Financial Performance

The Malaysian economy is expected to sustain its growth on the back of continued domestic demand. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activities are is projected to remain resilient with continued capital spending by both the private and public sectors.

The real estate and business services subsector rose 8..2% (Q3 2014 :7.2%) with real estate increasing 5.7% (Q3 2014: 5.4%) driven by non-residential building activities. Despite property prices hovering at a high level, the various cooling measures introduced to curb rising property prices and speculative activities have started to gain tranction. This was reflected in the slower increase in residential property prices at 8.1% whilst transactions fell 2.7% during the first half of 2014. Growth of the real estate and business services subsector is projected to sustain at 7.5% in 2014.

The Malaysia's healthcare spending is estimated to be at 4.4% of the country GDP. This amount is expected to increase to 4.5% by 2018. Meanwhile, Malaysia healthcare's spending is estimated to rise by an average of 10.5% a year increasing from an estimated $13.7 billion to $22.9 billion by 2018. With increasing demand for healthcare services in the future, we are of the view that Al-'Aqar will be able to grow further in the future.

10 CONCLUSION AND RECOMMENDATION (CONT'D)

f) Prospects and Financial Performance (Cont'd)

The prospects and the financial performance of Al-'Aqar is dependent on, amongst others, the outlook of the Malaysian economy, the real estate industry in Malaysia and the Malaysian healthcare industry, the quality of its tenant and the quality of its real estate portfolio.

Premised on the foregoing assessment of the Proposals based on the information available to us up to LPD where our opinion regarding the Proposals is rendered, we are of the opinion that the Proposed Acquisition of KPJUC Properties, the Proposed Acquisition of SSH Land and the Proposed Disposal is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the interest of the Non-Interested Unit holders of Al-'Aqar.

In the regard, we recommend that you **VOTE IN FAVOUR** of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of Al-'Aqar.

Yours faithfully
For and on behalf of
Crowe Horwath Advisory Sdn Bhd

Pauline Teh Abdullah
Executive Director, Advisory

Kim Kwei Tsang
Director, Advisory

All definitions used in this Appendix shall have the same meaning as the words and expressions provided in the "Definitions" section of Part A of this Circular, except where the content otherwise requires or where otherwise defined herein.

1. NAME

(i) Crossborder Hall (M) Sdn Bhd (Company No.880038-X); and

(ii) Crossborder Aim (M) Sdn Bhd (Company No.880042-W).

(collectively referred to as "**Crossborder Companies**")

2. DATE AND PLACE OF INCORPORATION

Crossborder Hall and Crossborder Aim were both incorporated in Malaysia under the Act on 20 November 2009 as private companies limited by shares under its present name.

3. PRINCIPAL ACTIVITIES

The principal activity of both the Crossborder Companies is investment holding. The Crossborder Companies are special purpose vehicles set up by Al-`Aqar for the purpose of equally holding shares in the PT Al-`Aqar Companies, which in turn own the Indonesian Properties.

4. SHARE CAPITAL

The authorised and issued and paid-up share capital of Crossborder Companies as at LPD are as disclosed below.

(i) Crossborder Hall

	No. of ordinary shares	Par value	Total
		RM	RM
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

(ii) Crossborder Aim

	No. of ordinary shares	Par value	Total
		RM	RM
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

5. SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDINGS

The Crossborder Companies are wholly-owned subsidiaries of Al-`Aqar.

6. BOARD OF DIRECTORS

The details of the directors of the Crossborder Hall and Crossborder Aim and their respective shareholdings in the aforesaid companies as at LPD are as follows:-

		← Direct →		← Indirect →	
Name	**Nationality**	**No. of CH Shares / CA Shares**	**%**	**No. of CH Shares / CA Shares**	**%**
Zainah Binti Mustafa	Malaysian	-	-	-	-
Yusaini Bin Hj Sidek	Malaysian	-	-	-	-

7. SUBSIDIARIES AND ASSOCIATED COMPANIES

The particulars of the subsidiaries of the Crossborder Companies as at LPD are as follows:-

Subsidiary	**Date and place of incorporation**	**Issued and paid-up share capital**	**Effective equity interest** %	**Principal activities**
PT Al-`Aqar Permata Hijau	28 September 2010 / Indonesia	IDR31,514,000,000	100.0[(i)]	Special-purpose vehicle for the purpose of acquisition of Indonesian properties for Al-`Aqar
PT Al-`Aqar Bumi Serpong Damai	28 September 2010 / Indonesia	IDR36,016,000,000	100.0[(i)]	Special-purpose vehicle for the purpose of acquisition of Indonesian properties for Al-`Aqar

Note:-

(i) 50% held by each of the Crossborder Companies

As at LPD, the Crossborder Companies do not have any associated companies.

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8. HISTORY AND BUSINESS OVERVIEW OF THE CROSSBORDER COMPANIES

The Crossborder Companies were incorporated in Malaysia on 20 November 2009 under the Act as private companies limited by shares under its present name. The principal activity of both the Crossborder Companies is investment holding. The Crossborder Companies are special purpose vehicles set up by Al-`Aqar for the purpose of equally holding shares in the PT Al-`Aqar Companies, which in turn own the Indonesian Properties.

Crossborder Hall owns 50% equity interest each in PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai, both incorporated in Indonesia on 28 September 2010. The principal activity of both PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai is as a special purpose vehicle for the purpose of holding the Indonesian Properties.

Crossborder Aim owns the remaining 50% equity interest in PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai.

PT Al-`Aqar Permata Hijau's principal asset is the Rumah Sakit Medika Permata Hijau building, an investment property located in Jakarta, Indonesia. The RSMPH is held under land certificate: Hak Guna Bangunan (Rights to Build) No.01036, Kelurahan Sukabumi Selatan, Kecamatan Kebon Jeruk, Kotamadya Jakarta Barat, Propinsi Daerah Khusus Ibukota Jakarta Raya, Indonesia. The RSMPH was built in the year 1992. PT Al-`Aqar Permata Hijau became the registered owner of RSMPH on 2011. RSMPH is a five (5)-storey hospital building (including all fixtures and fittings and ancillary buildings such as a single-storey office building, a utility building, a guard house and a surau) with the capacity of 92 beds and provides a wide range of hospital services and specialties such as Cardiology, Radiology, general surgery, Gastroenterology, Physiotherapy, Ophthalmology, Urology, Nutrition and Nephrology.

PT Al-`Aqar Bumi Serpong Damai's principal asset is the Rumah Sakit Medika Bumi Serpong Damai building, an investment property located in Tangerang, Indonesia. The RSBSD is held under land certificate: Hak Guna Bangunan (Rights to Build) No.881, Desa Lengkong Wetan, Kecamatan Serpong, Kabupaten Tangerang, Propinsi Banten (formerly Jawa Barat), Indonesia. The RSBSD was completed in the year 2005. PT Al-`Aqar Bumi Serpong Damai became the registered owner of RSBSD on 2011. The RSBSD is a six (6)-storey hospital building with a basement (including all fixtures and fittings and ancillary buildings such as utility building, guard houses and a surau) with a capacity of 200 beds and provides a wide range of hospital services and specialties such as Cardiology, Gastroenterology, general surgery, Haemodialysis, heart and lung specialist, Ophthalmology, Orthopaedics, Radiology, Urology, and Physiotherapy.

The Indonesian Properties are currently being rented out to PT Khidmat Perawatan Jasa Medika and PT Khasanah Putera Jakarta Medica, both indirect wholly-owned subsidiaries of KPJ. The gross lease rental receivable by Al-`Aqar for RSMPH and RSBSD is approximately RM2.2 million per annum and RM5.3 million per annum respectively.

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9. SUMMARY OF FINANCIAL INFORMATION

(i) Crossborder Hall

The table below sets out a summary of Crossborder Hall's audited financial statements from the FYE 31 December 2012 to the FYE 31 December 2014:-

FYE 31 December	Audited 2012	Audited 2013	Audited 2014
	RM	RM	RM
Revenue	-	-	-
Gross Profit	-	-	-
PBT / (LBT)	(10,020)	(10,425)	(9,958)
PATMI / (LATMI)	(10,020)	(10,425)	(9,958)
No. of shares in issue	2	2	2
Paid-up capital	2	2	2
Total Crossborder Shareholder's Advances	12,196,750	12,207,175	12,217,133
NL / Shareholder's Fund	(19,622)	(30,047)	(40,005)
NL per share (RM)	(9,811)	(15,024)	(20,003)
Gearing (times) [(i)]	-	-	-
Gross EPS / (LPS) (sen)	(5,010)	(5,213)	(4,979)
Net EPS / (LPS) (sen)	(5,010)	(5,213)	(4,979)
Current ratio (times)	-	-	-

Note:-

* *Crossborder Hall's financial statements does not include the results of the PT Al-`Aqar Companies as the PT Al-`Aqar Companies are consolidated into Al-`Aqar, which effectively holds 100% equity interest in the PT Al-`Aqar Companies*

(i) There is no third (3rd) party borrowings in Crossborder Hall

Commentaries on financial performance for the FYE 31 December 2012 to FYE 31 December 2014

There were no revenue recorded for the FYE 2012 to FYE 2014 as Crossborder Hall is only a special purpose vehicle established to hold equal equity interest in the PT Al-`Aqar Companies. The results of the PT Al-`Aqar Companies are being consolidated at Al-`Aqar level instead of at Crossborder Hall level. The LBT and LATMI for the FYEs 2012 to 2014 are mainly due to the, among others, audit fees charged during the respective years. The increase in the total Crossborder Shareholder's Advances is mainly due to additional amount of advances forwarded to Crossborder Hall.

(ii) Crossborder Aim

The table below sets out a summary of Crossborder Aim's audited financial statements from the FYE 31 December 2012 to the FYE 31 December 2014:-

FYE 31 December	Audited 2012	Audited 2013	Audited 2014
	RM	RM	RM
Revenue	-	-	-
Gross Profit	-	-	-
PBT / (LBT)	(10,028)	(10,488)	(9,958)
PATMI / (LATMI)	(10,028)	(10,488)	(9,958)
No. of shares in issue	2	2	2
Paid-up capital	2	2	2
Total Crossborder Shareholder's Advances	12,196,758	12,207,246	12,217,204
NL / Shareholder's Fund	(19,630)	(30,118)	(40,076)
NL per share (RM)	(9,815)	(15,059)	(20,038)
Gearing (times) [(i)]	-	-	-
Gross EPS / (LPS) (sen)	(5,014)	(5,244)	(4,979)
Net EPS / (LPS) (sen)	(5,014)	(5,244)	(4,979)
Current ratio (times)	-	-	-

Note:-

* *Crossborder Aim's financial statements does not include the results of PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai as both companies are consolidated into Al-`Aqar, which effectively holds 100% equity interest in both PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai.*

(i) There is no third (3rd) party borrowings in Crossborder Aim

Commentaries on financial performance for the FYE 31 December 2012 to FYE 31 December 2014

There were no revenue recorded for the FYE 2012 to FYE 2014 as Crossborder Aim is only a special purpose vehicle established to hold equal equity interest in the PT Al-`Aqar Companies. The PT Al-`Aqar Companies are being consolidated at Al-`Aqar instead of at Crossborder Aim. The LBT and LATMI for the FYE 2012 to FYE 2014 is mainly due to the, among others, audit fees charged during the respective years. The increase in the total Crossborder Shareholder's Advances is mainly due to additional advances given to Crossborder Aim.

(iii) PT Al-`Aqar Permata Hijau

The table below sets out a summary of PT Al-`Aqar Permata Hijau's audited financial statements from the FYE 31 December 2012 to the FYE 31 December 2014:-

FYE 31 December	Audited 2012 IDR ('000)	Audited 2013 IDR ('000)	Audited 2014 IDR ('000)
Revenue	-	-	-
Gross Profit	-	-	-
PBT / (LBT)	6,468,817	3,203,975	3,344,869
PATMI / (LATMI)	5,792,713	2,475,013	2,536,847
No. of shares in issue	3,500	3,500	3,500
Paid-up capital	31,514,000	31,541,000	31,541,000
Total Crossborder Shareholder's Advances	41,451,309	49,902,080	45,436,241
NL / Shareholder's Fund	36,296,930	38,771,943	41,308,791
NL per share (IDR)	10,371	11,078	11,803
Gearing (times)(iii)	-	-	-
Gross EPS / (LPS) (sen)	1,848	915	956-
Net EPS / (LPS) (sen)	1,655	707	725-
Current ratio (times)	21.91	12.27	114.17

The table below sets out a summary of PT Al-`Aqar Permata Hijau's audited financial statements from the FYE 31 December 2012 to the FYE 31 December 2014 which was translated into RM:-

FYE 31 December	Audited 2012 RM ('000)	Audited 2013 RM ('000)	Audited 2014 RM ('000)
Revenue(i)	-	-	-
Gross Profit(i)	-	-	-
PBT / (LBT)(i)	1,782	882	921
PATMI / (LATMI)(i)	1,595	682	699
No. of shares in issue	3,500	3,500	3,500
Paid-up capital(ii)	8,846	8,846	8,846
Total Crossborder Shareholder's Advances(ii)	11,635	14,008	12,754
NA / Shareholder's Fund(ii)	10,189	10,883	11,595
NA per share (RM)	2.91	3.11	3.31

FYE 31 December (cont'd)	Audited 2012 RM ('000)	Audited 2013 RM ('000)	Audited 2014 RM ('000)
Gearing (times)[(iii)]	-	-	-
Gross EPS / (LPS) (sen)	0.51	0.25	0.26
Net EPS / (LPS) (sen)	0.46	0.19	0.20
Current ratio (times)	21.91	12.27	114.17

Notes:-

The exchange rates assumed are as follows:-

(i) For income statement items above - IDR 1 : RM0.0002754, being the average exchange rate adopted in Al-`Aqar's audited financial statements for the FYE 31 December 2014; and

(ii) For balance sheet items above - IDR 1 : RM0.0002807, being the exchange rate adopted in Al-`Aqar's audited financial statements as at 31 December 2014.

(iii) There are no third party borrowings in PT Al-`Aqar Permata Hijau

Commentaries on financial performance

(a) FYE 31 December 2012 vs FYE 31 December 2013

PT Al-`Aqar Permata Hijau's income is mainly derived from the lease rental received for the RSMPH. The decrease in the amount of PBT and PATMI for the FYE 2013 as compared to the PBT and PATMI for the FYE 2012 is due to the higher amount of unrealised loss on foreign exchange recorded for the FYE 2013 pursuant to the translation of the Crossborder Shareholder's Advances that are advanced by Al-`Aqar in RM to IDR.

The increase in the total Crossborder Shareholder's Advances as at 31 December 2013 amounting to approximately IDR 8.45 million is mainly due to the abovementioned unrealised loss on foreign exchange recorded for the FYE 2013 pursuant to the translation of the Crossborder Shareholder's Advances that are advanced by Al-`Aqar in RM to IDR.

(b) FYE 31 December 2013 vs FYE 31 December 2014

As mentioned above, the income of PT Al-`Aqar Permata Hijau is mainly derived from the lease rental received for the RSMPH. The increase in the amount of PBT and PATMI for the FYE 2014 as compared to the PBT and PATMI for the FYE 2013 is due to lower amount of unrealised loss on foreign exchange recorded for the FYE 2014 pursuant to the translation of the Crossborder Shareholder's Advances that are advanced by Al-`Aqar in RM to IDR.

The decrease in the total Crossborder Shareholder's Advances as at 31 December 2014 amounting to approximately IDR 4.47 million is mainly due to repayment of the Crossborder Shareholders' Advances as well as the unrealised loss on foreign exchange recorded for the FYE 2014 pursuant to translation of the Crossborder Shareholder's Advances that are advanced by Al-`Aqar in RM to IDR.

(iv) PT Al-`Aqar Bumi Serpong Damai

The table below sets out a summary of PT Al-`Aqar Bumi Serpong Damai's audited financial statements from the FYE 31 December 2012 to the FYE 31 December 2014:-

FYE 31 December	Audited 2012	Audited 2013	Audited 2014
	IDR ('000)	IDR ('000)	IDR ('000)
Revenue	-	-	-
Gross Profit	-	-	-
PBT / (LBT)	9,352,870	7,033,940	13,779,692
PATMI / (LATMI)	7,718,730	5,300,497	11,858,249
No. of shares in issue	4,000	4,000	4,000
Paid-up capital	36,016,000	36,016,000	36,016,000
Total Crossborder Shareholder's Advances	130,098,165	148,949,379	146,477,953
NL / Shareholder's Fund	42,795,368	48,095,865	59,954,114
NL per share (Rp)	10,699	12,024	14,988
Gearing (times)[(iii)]	-	-	-
Gross EPS / (LPS) (sen)	2,338	1,758	3,445
Net EPS / (LPS) (sen)	1,930	1,325	2,965
Current ratio (times)	9.65	1.63	9.41

The table below sets out a summary of PT Al-`Aqar Bumi Serpong Damai's audited financial statements from the FYE 31 December 2012 to the FYE 31 December 2014 which was translated into RM:-

FYE 31 December	Audited 2012	Audited 2013	Audited 2014
	RM ('000)	RM ('000)	RM ('000)
Revenue[(i)]	-	-	-
Gross Profit[(i)]	-	-	-
PBT / (LBT) [(i)]	2,576	1,938	3,795
PATMI / (LATMI) [(i)]	2,126	1,460	3,266
No. of shares in issue	4,000	4,000	4,000
Paid-up capital[(ii)]	10,110	10,110	10,110
Total Crossborder Shareholder's Advances[(ii)]	36,519	41,810	41,116
NA / Shareholder's Fund[(ii)]	12,013	13,501	16,829
NA per share (RM)	3.00	3.38	4.21

FYE 31 December (cont'd)	Audited 2012	Audited 2013	Audited 2014
	RM ('000)	RM ('000)	RM ('000)
Gearing (times)[(iii)]	-	-	-
Gross EPS / (LPS) (sen)	0.64	0.48	0.95
Net EPS / (LPS) (sen)	0.53	0.36	0.82
Current ratio (times)	9.65	1.63	9.41

Notes:-

The exchange rates assumed are as follows:-

(i) For income statement items above - IDR 1 : RM0.0002754, being the average exchange rate adopted in Al-`Aqar's audited financial statements for the FYE 31 December 2014; and

(ii) For balance sheet items above - IDR 1 : RM0.0002807, being the exchange rate adopted in Al-`Aqar's audited financial statements as at 31 December 2014.

(iii) There are no third party borrowings in PT Al-`Aqar Bumi Serpong Damai.

Commentaries on financial performance

(a) FYE 31 December 2012 vs FYE 31 December 2013

PT Al-`Aqar Bumi Serpong Damai's income is mainly derived from the lease rental received for the RSMPH. The decrease in the amount of PBT and PATMI for the FYE 2013 as compared to the PBT and PATMI for the FYE 2012 is mainly due to higher amount of unrealised loss on foreign exchange recorded for the FYE 2013 pursuant to the translation of the Crossborder Shareholder's Advances that are advanced by Al-`Aqar in RM to IDR.

The increase in the total Crossborder Shareholder's Advances as at 31 December 2013 amounting to approximately IDR 18.85 million is mainly due to the abovementioned unrealised loss on foreign exchange recorded for the FYE 2013 pursuant to translation of the Crossborder Shareholder's Advances that are advanced by Al-`Aqar in RM to IDR.

(b) FYE 31 December 2013 vs FYE 31 December 2014

As mentioned above, PT Al-`Aqar Bumi Serpong Damai's income is mainly derived from the lease rental received for the RSBSD. The increase in the amount of PBT and PATMI for the FYE 2014 as compared to the PBT and PATMI for the FYE 2013 is mainly due to unrealised gain on foreign exchange recorded for the FYE 2014 pursuant to translation of the Crossborder Shareholder's Advances that are advanced by Al-`Aqar in RM to IDR.

The decrease in the total Crossborder Shareholder's Advances as at 31 December 2013 amounting to approximately IDR 11.86 million is mainly due to repayment of the Crossborder Shareholders' Advances as well as unrealised gain on foreign exchange recorded for the FYE 2014 pursuant to the abovementioned translation of the Crossborder Shareholder's Advances that are advanced by Al-`Aqar in RM to IDR.

10. ACCOUNTING POLICIES AND AUDIT QUALIFICATIONS

There are no accounting policies adopted by the Crossborder Target Companies which are peculiar due to the nature of the business or the industry in which the Crossborder Target Companies are involved.

There are no audit qualifications for the financial statements of the following:-

(i) Crossborder Hall from the FYE 31 December 2012 to the FYE 31 December 2014;

(ii) Crossborder Aim from the FYE 31 December 2012 to the FYE 31 December 2014;

(iii) PT Al-`Aqar Permata Hijau from the FYE 31 December 2012 to the FYE 31 December 2014; and

(iv) PT Al-`Aqar Bumi Serpong Damai from the FYE 31 December 2012 to the FYE 31 December 2014.

11. MATERIAL LITIGATION

None of the Crossborder Companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of Crossborder Companies and its subsidiaries are not aware of any proceedings pending or threatened or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Crossborder Companies.

12. MATERIAL CONTRACTS

None of the Crossborder Companies have entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular.

13. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

13.1 Material Commitments

None of the Crossborder Companies have any material commitments incurred or known to be incurred as at LPD which upon being enforced may materially and adversely affect the earnings and/or NA of the Crossborder Companies.

13.2 Contingent Liabilities

Each of the Crossborder Companies is not aware of any material contingent liabilities incurred or known to be incurred as at LPD which may impact on the profits or NA of the Crossborder Companies upon being enforceable.

14. LATEST AUDITED FINANCIAL STATEMENTS

The audited financial statements of Crossborder Target Companies for the FYE 31 December 2014 are set out in the following pages.

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CROSSBORDER HALL (M) SDN. BHD.

(880038 - X)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements 31 December 2014

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Crossborder Hall (M) Sdn. Bhd.
(Incorporated in Malaysia)

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Crossborder Hall (M) Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 December 2014.

Principal activity

The principal activity of the Company is investment holding. There has been no change in the nature of the principal activity during the financial year.

Results

	RM
Loss for the year	9,958

There was no material transfer to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Zainah binti Mustafa
Yusaini bin Sidek

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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Crossborder Hall (M) Sdn. Bhd.
(Incorporated in Malaysia)

Directors' interests

According to the Register of Directors' Shareholdings, none of the directors in office at the end of the financial year had an interest in shares in the Company or its related corporations during the financial year ended.

Other statutory information

(a) As the Company has no current asset other than cash and bank, there is no information to be disclosed in the Directors' Report pursuant to Section 169(6)(i), (j), (k) and (l)(i) of the Companies Act 1965.

(b) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(c) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

(d) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

(e) In the opinion of the directors:

   (i) The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Company, since none of the entities in the Company has any offsetting arrangements.

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

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Crossborder Hall (M) Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information (cont'd.)

(f) For the financial year ended 31 December 2014, the Company incurred net loss for the year of RM9,958 and as of that date, the Company's current liabilities exceeded its current asset by RM12,225,631 with an equity shortfall of RM40,005. The Company relies on its holding company, Al-'Aqar Healthcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad, for continuing financial support and has obtained an undertaking from its holding company, represented by its Trustee, to enable it to meet its obligations and liabilities when they fall due.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed by the Board in accordance with a resolution of the directors dated 23 FEB 2015

Zainah binti Mustafa

Yusaini bin Sidek

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Crossborder Hall (M) Sdn. Bhd.
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Zainah binti Mustafa and Yusaini bin Sidek, being the two directors of Crossborder Hall (M) Sdn. Bhd., do hereby state that, in our opinion, the accompanying financial statements set out on pages 7 to 31 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the year then ended.

Signed by the Board in accordance with a resolution of the directors dated 23 FEB 2015

Zainah binti Mustafa

Yusaini bin Sidek

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Yusaini bin Sidek, being the director primarily responsible for the financial management of Crossborder Hall (M) Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 31 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
by the above named Yusaini bin Sidek
at Kuala Lumpur in the Federal Territory
on 23 FEB 2015

Yusaini bin Sidek

Before me,

PESURUHJAYA SUMPAH
No: W465
Nama: KAPT. JASNI BIN YUSOFF (BERSARA)
MALAYSIA

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

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Ernst & Young AF:0039
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Independent auditors' report to the member of Crossborder Hall (M) Sdn. Bhd. (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Crossborder Hall (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 31.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent auditors' report to the member of Crossborder Hall (M) Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Report on the financial statements (cont'd.)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements which indicates that for the financial year ended 31 December 2014, the Company incurred a net loss for the year of RM9,958 (2013: RM10,425) and as of that date, the Company's current liabilities exceeded its current asset by RM12,225,631 (2013: RM12,215,673) with an equity shortfall of RM40,005 (2013: RM30,047). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company relies on its holding company, Al-'Aqar Healthcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad, for continuing financial support and has obtained an undertaking from its holding company, represented by its Trustee to enable it to meet its obligations and liabilities as and when they fall due.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Sundralingam A/L Navaratnam
No. 2984/05/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 Feb 2015

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Crossborder Hall (M) Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2014

	Note	2014 RM	2013 RM
Administrative expenses, representing loss before tax	4	(9,958)	(10,425)
Income tax expense	5	-	-
Loss for the financial year, representing total comprehensive loss for the financial year		(9,958)	(10,425)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Crossborder Hall (M) Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2014

	Note	2014 RM	2013 RM
Non-current asset			
Investment in subsidiaries of holding company	6	12,185,626	12,185,626
Current asset			
Cash in hand		2	2
Total assets		12,185,628	12,185,628
Equity and liabilities			
Current liabilities			
Amount due to holding company	7	12,217,133	12,207,175
Accrual		8,500	8,500
Total liabilities		12,225,633	12,215,675
Net current liabilities		(12,225,631)	(12,215,673)
Net liabilities		(40,005)	(30,047)
Equity			
Share capital		2	2
Accumulated losses	8	(40,007)	(30,049)
Equity shortfall		(40,005)	(30,047)
Total equity and liabilities		12,185,628	12,185,628

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Crossborder Hall (M) Sdn. Bhd.
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Statement of changes in equity
For the financial year ended 31 December 2014

	Share capital RM (Note 8)	Accumulated losses RM	Equity shortfall RM
At 1 January 2014	2	(30,049)	(30,047)
Total comprehensive loss for the financial year	-	(9,958)	(9,958)
At 31 December 2014	2	(40,007)	(40,005)
At 1 January 2013	2	(19,624)	(19,622)
Total comprehensive loss for the financial year	-	(10,425)	(10,425)
At 31 December 2013	2	(30,049)	(30,047)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Crossborder Hall (M) Sdn. Bhd.
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Statement of cash flows
For the financial year ended 31 December 2014

	2014 RM	2013 RM
Operating activities		
Loss before tax, representing net cash used in operating activities	(9,958)	(10,425)
Financing activity		
Increase in amount due to holding company, representing net cash generated from financing activity	9,958	10,425
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the financial year	2	2
Cash and cash equivalents at end of the financial year	2	2

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Crossborder Hall (M) Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2014

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 11, Menara Jcorp, No. 249, Jalan Tun Razak, 50400 Kuala Lumpur.

The principal activity of the Company is investment holding. There has been no change in the nature of the principal activity during the financial year.

The holding company of the Company is Al-'Aqar Healthcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad. Al-'Aqar Healthcare REIT is a real estate investment trust established in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 February 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and amended MFRS which are mandatory for financial periods beginning on or after 1 January 2014 as fully described in Note 2.2.

The financial statements have been prepared under the historical cost basis and are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

For the financial year ended 31 December 2014, the Company incurred net loss for the year of RM9,958 (2013: RM10,425) and as of that date, the Company's current liabilities exceeded its current asset by RM12,225,631 (2013: RM12,215,673) with an equity shortfall of RM40,005 (2013: RM30,047). The Company relies on its holding company, Al-'Aqar Healthcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad, for continuing financial support and has obtained an undertaking from its holding company to enable it to meet its obligations and liabilities as and when they fall due.

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Crossborder Hall (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2014.

Description		Effective for annual periods beginning on or after
Amendments to MFRS 10, 12, 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuance of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company, except for those discussed below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Company, since none of the entities in the Company has any offsetting arrangements.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intend to adopt these standards, if applicable, when they become effective.

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Crossborder Hall (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Description		**Effective for annual periods beginning on or after**
Amendment to MFRS 2	Share-based Payment (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRS 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 8	Operating Segments (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 13	Fair Value Measurement (Annual Improvements to MFRS 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 116	Property, Plant and Equipment (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendment to MFRS 124	Related Party Disclosures (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 138	Intangible Assets (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 140	Investment Property (Annual Improvements to MFRS 2011-2013 Cycle)	1 July 2014
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendment to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRS 2012-2014 Cycle)	1 January 2016

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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Description		Effective for annual periods beginning on or after
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements to MFRS 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendment to MFRS 119	Employee Benefits (Annual Improvements to MFRS 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendment to MFRS 134	Interim Financial Reporting (Annual Improvements to MFRS 2012-2014 Cycle)	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018

The above MFRS and Amendments to MFRS are not expected to have a material impact on the financial statements of the Company, except as discussed below:

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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Company's financial statements.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

Standards	**Descriptions**
MFRS 124 Related Party Disclosures	The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

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Crossborder Hall (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

Standards	**Descriptions**
MFRS 13 Fair Value Measurement	The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

2.4 Subsidiary and basis of consolidation

(a) Subsidiary

A subsidiary is an entity over which the Company has all the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

In the Company's financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Basis of consolidation

In accordance with Paragraph 4(a) of MFRS 10 Consolidated Financial Statements, no consolidated financial statements have been prepared as the Company is a wholly-owned subsidiary of Al-'Aqar Healthcare REIT, a real estate investment trust established in Malaysia, which prepares MFRS consolidated financial statements available for public use.

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Crossborder Hall (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.5 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company has no non-current liabilities.

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Crossborder Hall (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. The Company has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss. The Company has not designated any financial asset at fair value through profit or loss during the financial years ended 31 December 2014 and 2013.

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Crossborder Hall (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss. The Company does not have any embedded derivatives during the financial years ended 31 December 2014 and 2013.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as interest income. The losses arising from impairment are recognised in profit or loss as finance costs for loans and as cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as interest income. The losses arising from impairment are recognised in profit or loss as finance costs. The Company does not have any held-to-maturity investments during the financial years ended 31 December 2014 and 2013.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

Available-for-sale ("AFS") financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income ("OCI") and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss. The Company did not have any AFS financial investments during the financial years ended 31 December 2014 and 2013.

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Crossborder Hall (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

Available-for-sale ("AFS") financial investments (cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(b) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(b) Impairment of financial assets (cont'd.)

Financial assets carried at amortised cost (cont'd.)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

AFS financial investments

For AFS financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(b) Impairment of financial assets (cont'd.)

AFS financial investments (cont'd.)

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accrual and amount due to holding company.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(c) Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

Financial liabilities at fair value through profit or loss (cont'd.)

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Company has not designated any financial liabilities at fair value through profit or loss during the financial years ended 31 December 2014 and 2013.

Other financial liabilities

Other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as finance costs in the statement of profit or loss

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.8 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.8 Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.9 Share capital and share issue expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Loss before tax

Loss before tax is stated after charging :

	2014 RM	2013 RM
Auditors' remuneration	8,500	8,500

5. Income tax expense

There are no tax charge for the financial years ended 31 December 2014 and 2013 as the Company is in a tax loss position.

Domestic current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year.

The domestic statutory rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

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5. Income tax expense (cont'd.)

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 December 2014 and 2013 are as follows:

	2014 RM	2013 RM
Loss before tax	(9,958)	(10,425)
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	(2,490)	(2,606)
Expenses not deductible for tax purposes	2,490	2,606
Tax expense for the financial year	-	-

6. Investment in subsidiaries of holding company

	2014 RM	2013 RM
Unquoted shares, at cost	12,185,626	12,185,626

Name of subsidiaries of the holding company	Country of incorporation	Proportion of ownership interest 2014 %	2013 %	Principal activities
PT Al-Aqar Permata Hijau (i)	Indonesia	50	50	Special-purpose company for the purpose of acquisition of Indonesian properties for Al-'Aqar Healthcare REIT
PT Al-Aqar Bumi Serpong Damai (i)	Indonesia	50	50	Special-purpose company for the purpose of acquisition of Indonesian properties for Al-'Aqar Healthcare REIT

(i) Audited by a firm other than Ernst & Young.

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6. Investment in subsidiaries of holding company (cont'd.)

The balance of 50% ownership interest in the above two companies are held by Crossborder Aim (M) Sdn Bhd whereby making these two companies wholly-owned subsidiaries of Al-'Aqar Healthcare REIT.

7. Amount due to holding company

Amount due to holding company is non-trade in nature, unsecured, non-interest bearing and is repayable on demand.

8. Share capital

	Number of Ordinary Shares of RM1 each		Amount	
	2014	2013	2014 RM	2013 RM
Authorised				
At 1 January/31 December	100,000	100,000	100,000	100,000
Issued and fully paid				
At 1 January/31 December	2	2	2	2

9. Fair value of financial instruments

The carrying amounts of cash in hand, amount due to holding company and accrual are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

10. Financial risk management objectives and policies

The Company is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risk is liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of this risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives shall be undertaken.

The following section provide details regarding the Company's exposure to the liquidity risks and the objectives, policies and processes for the management of this risk.

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10. Financial risk management objectives and policies (cont'd.)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from amount due to its holding company.

As disclosed in Note 2.1, the Company relies on its holding company, Al-'Aqar Healthcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad, for continuing financial support to enable the Company to meet its obligations and liabilities when they fall due.

11. Capital management

The primary objective of the Company when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies or processes during the financial years ended 31 December 2014 and 31 December 2013.

The Board of Directors reviews and agrees policies and procedures for the management of liquidity risk which influence the primary objective of the Company's capital management. The capital of the Company includes equity attributable to owners of the parent. In this regard, the Company's policies and procedures involve obtaining funding from its holding company, represented by its Trustee to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations and liabilities as and when they fall due.

The Company is not subject to any externally imposed capital requirements.

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CROSSBORDER AIM (M) SDN. BHD.
(880042 - W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements 31 December 2014

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Crossborder Aim (M) Sdn. Bhd.
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Crossborder Aim (M) Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 December 2014.

Principal activity

The principal activity of the Company is investment holding. There has been no change in the nature of the principal activity during the financial year.

Results

	RM
Loss for the year	9,958

There was no material transfer to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Zainah binti Mustafa
Yusaini bin Sidek

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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Crossborder Aim (M) Sdn. Bhd.
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Directors' interests

According to the Register of Directors' Shareholdings, none of the directors in office at the end of the financial year had an interest in shares in the Company or its related corporations during the financial year ended.

Other statutory information

(a) As the Company has no current asset other than cash and bank, there is no information to be disclosed in the Directors' Report pursuant to Section 169(6)(i), (j), (k) and (l)(i) of the Companies Act 1965.

(b) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(c) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

(d) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

(e) In the opinion of the directors:

  (i) The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Company, since none of the entities in the Company has any offsetting arrangements.

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

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Crossborder Aim (M) Sdn. Bhd.
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Other statutory information (cont'd.)

(f) For the financial year ended 31 December 2014, the Company incurred net loss for the year of RM9,958 and as of that date, the Company's current liabilities exceeded its current asset by RM12,225,702 with an equity shortfall of RM40,076. The Company relies on its holding company, Al-'Aqar Healthcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad, for continuing financial support and has obtained an undertaking from its holding company, represented by it's Trustee, to enable it to meet its obligations and liabilities as and when they fall due.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed by the Board in accordance with a resolution of the directors dated 23 FEB 2015

Zainah binti Mustafa

Yusarni bin Sidek

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Crossborder Aim (M) Sdn. Bhd.
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Zainah binti Mustafa and Yusaini bin Sidek, being the two directors of Crossborder Aim (M) Sdn. Bhd., do hereby state that, in our opinion, the accompanying financial statements set out on pages 7 to 31 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the year then ended.

Signed by the Board in accordance with a resolution of the directors dated 23 FEB 2015

Zainah binti Mustafa

Yusaini bin Sidek

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Yusaini bin Sidek, being the director primarily responsible for the financial management of Crossborder Aim (M) Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 31 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
by the above named Yusaini bin Sidek
at Kuala Lumpur in the Federal Territory
on 23 FEB 2015

Yusaini bin Sidek

Before me,

PESURUHJAYA SUMPAH
No: W465
Nama: KAPT. JASNI BIN YUSOFF
(BERSARA)
MALAYSIA

Lot 1.08, Tingkat 1,
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Independent auditors' report to the member of Crossborder Aim (M) Sdn. Bhd.
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Crossborder Aim (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 31.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent auditors' report to the member of Crossborder Aim (M) Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Report on the financial statements (cont'd.)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements which indicates that for the financial year ended 31 December 2014, the Company incurred a net loss for the year of RM9,958 (2013: RM10,488) and as of that date, the Company's current liabilities exceeded its current asset by RM12,225,702 (2013: RM12,215,744) with an equity shortfall of RM40,076 (2013: RM30,118). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company relies on its holding company, Al-'Aqar Healthcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad,for continuing financial support and has obtained an undertaking from its holding company, represented by its Trustee to enable it to meet its obligations and liabilities as and when they fall due.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
Ernst & Young
AF: 0039
Chartered Accountants

Sundralingam A/L Navaratnam
No. 2984/05/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 FEB 2015

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Crossborder Aim (M) Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2014

	Note	2014 RM	2013 RM
Administrative expenses, representing loss before tax	4	(9,958)	(10,488)
Income tax expense	5	-	-
Loss for the financial year, representing total comprehensive loss for the financial year		(9,958)	(10,488)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Crossborder Aim (M) Sdn. Bhd.
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Statement of financial position
As at 31 December 2014

	Note	2014 RM	2013 RM
Non-current asset			
Investment in subsidiaries of holding company	6	12,185,626	12,185,626
Current asset			
Cash in hand		2	2
Total assets		12,185,628	12,185,628
Equity and liabilities			
Current liabilities			
Amount due to holding company	7	12,217,204	12,207,246
Accrual		8,500	8,500
Total liabilities		12,225,704	12,215,746
Net current liabilities		(12,225,702)	(12,215,744)
Net liabilities		(40,076)	(30,118)
Equity			
Share capital	8	2	2
Accumulated losses		(40,078)	(30,120)
Equity shortfall		(40,076)	(30,118)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Crossborder Aim (M) Sdn. Bhd.
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Statement of changes in equity
For the financial year ended 31 December 2014

	Share capital RM (Note 8)	Accumulated losses RM	Equity shortfall RM
At 1 January 2014	2	(30,120)	(30,118)
Total comprehensive loss for the financial year	-	(9,958)	(9,958)
At 31 December 2014	2	(40,078)	(40,076)
At 1 January 2013	2	(19,632)	(19,630)
Total comprehensive loss for the financial year	-	(10,488)	(10,488)
At 31 December 2013	2	(30,120)	(30,118)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Crossborder Aim (M) Sdn. Bhd.
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Statement of cash flows
For the financial year ended 31 December 2014

	2014 RM	2013 RM
Operating activities		
Loss before tax, representing net cash used in operating activities	(9,958)	(10,488)
Financing activity		
Increase in amount due to holding company, representing net cash generated from financing activity	9,958	10,488
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the financial year	2	2
Cash and cash equivalents at end of the financial year	2	2

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Crossborder Aim (M) Sdn. Bhd.
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Notes to the financial statements
For the financial year ended 31 December 2014

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 11, Menara Jcorp, No. 249, Jalan Tun Razak, 50400 Kuala Lumpur.

The principal activity of the Company is investment holding. There has been no change in the nature of the principal activity during the financial year.

The holding company of the Company is Al-'Aqar Healthcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad. Al-'Aqar Healthcare REIT is a real estate investment trust established in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 February 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and amended MFRS which are mandatory for financial periods beginning on or after 1 January 2014 as fully described in Note 2.2.

The financial statements have been prepared on the historical basis and are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

For the financial year ended 31 December 2014, the Company incurred net loss for the year of RM9,958 (2013: RM10,488) and as of that date, the Company's current liabilities exceeded its current asset by RM12,225,702 (RM12,215,744) with an equity shortfall of RM40,076 (2013: RM30,118). The Company relies on its holding company, Al-'Aqar Healthcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad, for continuing financial support and has obtained an undertaking from its holding company to enable it to meet its obligations and liabilities as and when they fall due.

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Crossborder Aim (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description		Effective for annual periods beginning on or after
Amendments to MFRS 10, 12, 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuance of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

Adoption of the above standards & interpretations did not have any effect on the financial performance or position of the Company, except for those discussed below:

<u>Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities</u>

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Company, since none of the entities in the Company has any offsetting arrangements.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intend to adopt these standards, if applicable, when they become effective .

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Crossborder Aim (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Description		Effective for annual periods beginning on or after
Amendment to MFRS 2	Share-based Payment (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRS 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 8	Operating Segments (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 13	Fair Value Measurement (Annual Improvements to MFRS 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 116	Property, Plant and Equipment (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendment to MFRS 124	Related Party Disclosures (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 138	Intangible Assets (Annual Improvements to MFRS 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 140	Investment Property (Annual Improvements to MFRS 2011-2013 Cycle)	1 July 2014
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendment to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRS 2012-2014 Cycle)	1 January 2016

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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Description		Effective for annual periods beginning on or after
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements to MFRS 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendment to MFRS 119	Employee Benefits (Annual Improvements to MFRS 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendment to MFRS 134	Interim Financial Reporting (Annual Improvements to MFRS 2012-2014 Cycle)	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018

The above MFRS and Amendments to MFRS are not expected to have a material impact on the financial statements of the Company, except as discussed below:

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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Company's financial statements.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

Standards	**Descriptions**
MFRS 124 Related Party Disclosures	The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

Standards	Descriptions
MFRS 13 Fair Value Measurement	The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

2.4 Subsidiary and basis of consolidation

(a) Subsidiary

A subsidiary is an entity over which the Company has all the following:

(i) power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

In the Company's financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Basis of consolidation

In accordance with Paragraph 4(a) of MFRS 10 Consolidated Financial Statements, no consolidated financial statements have been prepared as the Company is a wholly-owned subsidiary of Al-'Aqar Healthcare REIT, a real estate investment trust established in Malaysia, which prepares MFRS consolidated financial statements available for public use.

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2. Summary of significant accounting policies (cont'd.)

2.5 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company has no non-current liabilities.

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Crossborder Aim (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. The Company has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss. The Company has not designated any financial asset at fair value through profit or loss during the financial years ended 31 December 2014 and 2013.

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Crossborder Aim (M) Sdn. Bhd.
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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(a) Financial assets (cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss. The Company did not have any embedded derivatives during the financial years ended 31 December 2014 and 2013.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs for loans and as cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Company does not have any held-to-maturity investments during the financial years ended 31 December 2014 and 2013.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(a) Financial assets (cont'd.)

Available-for-sale ("AFS") financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income ("OCI") and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss. The Company did not have any AFS financial investments during the financial years ended 31 December 2014 and 2013.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(a) Financial assets (cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(b) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(b) Impairment of financial assets (cont'd.)

Financial assets carried at amortised cost (cont'd.)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

AFS financial investments

For AFS financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(b) Impairment of financial assets (cont'd.)

AFS financial investments (cont'd.)

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accrual and amount due to holding company.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(c) Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

Financial liabilities at fair value through profit or loss (cont'd.)

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Company has not designated any financial liabilityies at fair value through profit or loss during the financial years ended 31 December 2014 and 2013.

Other financial liabilities

Other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments - initial recognition and subsequent measurement (cont'd.)

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.8 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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Crossborder Aim (M) Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.8 Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.9 Share capital and share issue expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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Crossborder Aim (M) Sdn. Bhd.
(Incorporated in Malaysia)

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Loss before tax

Loss before tax is stated after charging:

	2014 RM	2013 RM
Auditors' remuneration	8,500	8,500

5. Income tax expense

There are no tax charge for the financial years ended 31 December 2014 and 2013 as the Company is in a tax loss position.

Domestic current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

The domestic statutory rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

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Crossborder Aim (M) Sdn. Bhd.
(Incorporated in Malaysia)

5. Income tax expense (cont'd.)

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 December 2014 and 2013 are as follows:

	2014 RM	2013 RM
Loss before tax	(9,958)	(10,488)
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	(2,490)	(2,622)
Expenses not deductible for tax purposes	2,490	2,622
Tax expense for the financial year	-	-

6. Investment in subsidiaries of holding company

	2014 RM	2013 RM
Unquoted shares, at cost	12,185,626	12,185,626

Name of subsidiaries of the holding company	Country of incorporation	Proportion of ownership interest 2014 %	2013 %	Principal activities
PT Al-Aqar Permata Hijau (i)	Indonesia	50	50	Special-purpose company for the purpose of acquisition of Indonesian properties for Al-'Aqar Healthcare REIT
PT Al-Aqar Bumi Serpong Damai (i)	Indonesia	50	50	Special-purpose company for the purpose of acquisition of Indonesian properties for Al-'Aqar Healthcare REIT

(i) Audited by a firm other than Ernst & Young.

The balance of 50% ownership interest in the above two companies are held by Crossborder Hall (M) Sdn Bhd whereby making these two companies wholly-owned subsidiaries of Al-'Aqar Healthcare REIT.

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Crossborder Aim (M) Sdn. Bhd.
(Incorporated in Malaysia)

7. Amount due to holding company

Amount due to holding company is non-trade in nature, unsecured, non-interest bearing and is repayable on demand.

8. Share capital

	Number of Ordinary Shares of RM1 each		Amount	
	2014	2013	2014 RM	2013 RM
Authorised				
At 1 January/31 December	100,000	100,000	100,000	100,000
Issued and fully paid				
At 1 January/31 December	2	2	2	2

9. Fair value of financial instruments

The carrying amounts of cash in hand, amount due to holding company and accrual are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

10. Financial risk management objectives and policies

The Company is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risk is liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of this risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives shall be undertaken.

The following section provide details regarding the Company's exposure to the liquidity risks and the objectives, policies and processes for the management of this risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from amount due to its holding company.

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Crossborder Aim (M) Sdn. Bhd.
(Incorporated in Malaysia)

10. Financial risk management objectives and policies (cont'd.)

Liquidity risk (cont'd.)

As disclosed in Note 2.1, the Company relies on its holding company, Al-'Aqar Heathcare REIT, represented by its Trustee, AmanahRaya Trustees Berhad, for continuing financial support to enable the Company to meet its obligations and liabilities when they fall due.

11. Capital management

The primary objective of the Company when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies or processes during the financial years ended 31 December 2014 and 31 December 2013.

The Board of Directors reviews and agrees policies and procedures for the management of liquidity risk which influence the primary objective of the Company's capital management. The capital of the Company includes equity attributable to owners of the parent. In this regard, the Company's policies and procedures involve obtaining funding from its holding company, represented by its Trustee to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations and liabilities as and when they fall due.

The Company is not subject to any externally imposed capital requirements.

PT AL-AQAR PERMATA HIJAU

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

CONTENTS

DRS. THOMAS, BLASIUS, WIDARTOYO & REKAN
KANTOR AKUNTAN PUBLIK
(CERTIFIED PUBLIC ACCOUNTANTS)
Izin Usaha / Business License No.: KEP-1305/KM.1/2009

Partners:
Alexander Mangande, Ak., CA, CPA
Blasius Mangande, Ak., CA, CPA
Prof. DR. Soegeng Soetedjo, Ak., CA
Thomas Aquino Tody, Ak., CPA
Thomas Iguna, Ak.CA, CPA
Widartoyo, Ak., CA, CPA

No. 2111-2/003-14/15

INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS AND SHAREHOLDERS
PT. AL-AQAR PERMATA HIJAU

Report on the financial statements

We have audited the accompanying financial statements of PT AL-AQAR PERMATA HIJAU, which comprise the statement of financial position as of December 31, 2014, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT AL-AQAR PERMATA HIJAU as of December 31, 2014, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Drs. Thomas, Blasius, Widartoyo & Rekan
Registered Public Accountants

Thomas Aquino Tody, SE., Ak., CPA
Public Accountant License No. : AP.0417

February 20, 2015

Jl. Matraman Raya No. 85, Rt. 001 / Rw. 005, Kel. Palmeriam Kec. Matraman, Jakarta Timur 13140
Telp. (62-21) 85908084, (62-21) 29360515, Fax. (62-21) 85908039

PT AL-AQAR PERMATA HIJAU

JL. RAYA KEBAYORAN LAMA NO. 64, RT 006/008
SUKABUMI SELATAN-KEBON JERUK
JAKARTA BARAT 11560, INDONESIA

BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE
FINANCIAL STATEMENT AS AT
December 31, 2014
AND FOR THE YEARS ENDED
December 31, 2014
PT AL-AQAR PERMATA HIJAU

We, the undersigned:

1. Name : Mr. Yusaini Bin Sidek
   Office address : Jl Raya Kebayoran Lama No 68, Sukabumi Selatan, Kebon Jeruk, Jakarta Barat
   Domicile address as stated in ID : 882, Jalan Samudra Selatan 2, Taman Samudra , 68100 Batu Caves, Selangor, Malaysia
   Phone number : +603-7932 1692
   Function : Director

   Name : Ms. Zainah Binti Mustafa
   Office address : Jl Raya Kebayoran Lama No 68, Sukabumi Selatan, Kebon Jeruk, Jakerta Barat
   Domicile address as stated in ID : 663, East Coast Road Singapore, 459043 Singapore
   Phone number : +654454609
   Function : Commissioner

declare that :

1. We are responsible for the preparation and presentation of Company's financial statements
2. Company's financial statements have been prepared and presented in accordance with accounting principle generally accepted in Indonesia;
3. a. All information in the Company's financial statements has been disclosed in a complete and truthful manner;
   b. Company's financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact;
4. We are responsible for Company's internal control system.

We certify the accuracy of this statement.

For and on behalf of the Board of Director

Jakarta, February 20, 2015

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6000
PT AL-AQAR PERMATA HIJAU
SUKABUMI SELATAN – KEBON JERUK
JAKARTA BARAT 11560, INDONESIA

Mr. Yusaini Bin Sidek	Ms. Zainah Binti Mustafa
Director	Commissioner

PT AL-AQAR PERMATA HIJAU
STATEMENT OF FINANCIAL POSITION
December 31, 2014 and 2013

ASSETS	Notes	Dec. 31, 2014	Dec. 31, 2013
		Rp	Rp
Current Assets			
Cash and Cash Equivalents	2b, 3	3,915,396,753	7,350,764,461
Other Receivables			
Third Parties	2e, 4	808,073,687	841,141,385
Related Parties Receivables	2j, 8	507,092,302	-
Total Current Assets		5,230,562,742	8,191,905,846
Non Current Assets			
Investment Properties	2h, 5	81,560,283,688	81,150,000,000
Total Non Current Assets		81,560,283,688	81,150,000,000
TOTAL ASSETS		86,790,846,430	89,341,905,846

LIABILITIES AND EQUITY	Notes	Dec. 31, 2014	Dec. 31, 2013
		Rp	Rp
Current Liabilities			
Trade Payables			
Third Parties	2i, 6	41,478,500	21,224,000
Taxes Payable	2k, 7a	4,336,500	151,458,752
Related Parties Payables	2j, 8	-	495,200,231
Total Current Liabilities		45,815,000	667,882,983
Long Term Liabilities			
Related Parties Payables	2j, 8	45,436,240,891	49,902,079,739
TOTAL LIABILITIES		45,482,055,891	50,569,962,722
EQUITY			
Capital Stock - authorized 3,500,000 shares with par value of Rp 9,004 per share, All shares are issued and fully paid	9a	31,514,000,000	31,514,000,000
General Reserve	9b	1,958,958,108	1,451,598,625
Retained Earnings		7,835,832,431	5,806,344,499
TOTAL EQUITY		41,308,790,539	38,771,943,124
TOTAL LIABILITIES AND EQUITY		86,790,846,430	89,341,905,846

The notes are an integral part of these financial statements.

PT AL-AQAR PERMATA HIJAU
STATEMENTS OF COMPREHENSIVE INCOME
For The Years Ended December 31, 2014 and 2013

	Notes	2014	2013
		Rp	b
Revenue	2l, 10	-	-
Operating Expenses	2l, 11	(379,953,878)	(316,974,280)
Operating Loss		(379,953,878)	(316,974,280)
Other Income (Expenses) - net	2l, 12	3,724,823,330	3,520,949,709
Profit / (Loss) Before Tax		3,344,869,452	3,203,975,429
Income Tax - Current	2k, 7b	(808,022,037)	(728,962,427)
Deferred Tax Income	2k, 7c	-	-
Profit / (Loss) for the period		**2,536,847,415**	**2,475,013,002**
Other Comprehensive Income / (Expenses),		-	-
Total Comprehensive Income / (Loss) for the Period		**2,536,847,415**	**2,475,013,002**
Profit / (Loss) Per Share - Basic and Diluted	2o, 13	725	707

The notes are an integral part of these financial statements.

PT AL-AQAR PERMATA HIJAU
STATEMENTS OF CHANGES IN EQUITY
For The Years Ended December 31, 2014 and 2013

	Notes	Capital Stock	General Reserve	Retained Earnings	Total Equity
		Rp		Rp	Rp
Balance as of January 31, 2013	9a, 9b	31,514,000,000	-	4,782,930,122	36,296,930,122
General Reserve Provision	9b	-	1,451,598,625	(1,451,598,625)	-
Current Year Profit		-	-	2,475,013,002	2,475,013,002
Balance as of December 31, 2013	9a, 9b	31,514,000,000	1,451,598,625	5,806,344,499	38,771,943,124
General Reserve Provision	9b	-	507,359,483	(507,359,483)	-
Current Year Profit (Loss)		-	-	2,536,847,415	2,536,847,415
Balance as of December 31, 2014	**9a, 9b**	**31,514,000,000**	**1,958,958,108**	**7,835,832,431**	**41,308,790,539**

The notes are an integral part of these financial statements.

PT AL-AQAR PERMATA HIJAU
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2014 and 2013

	Notes	2014	2013
		Rp	Rp
Cash Flow from Operating Activities			
Profit / (Loss) Before Tax		3,344,869,452	3,203,975,429
Adjustment for :			
Income Tax	2k, 7b	(808,022,037)	(728,962,427)
Increase and Decrease from accounts below :			
Other Receivables	2e, 4	33,067,698	(841,141,385)
Trade Payables	2i, 6	20,254,500	(11,800,000)
Taxes Payable	2k, 7a	(147,122,252)	18,398,581
Total Adjustments - net		(901,822,091)	(1,563,505,231)
Net Cash Provided from (Used in) Operating Activities		2,443,047,361	1,640,470,198
Cash Flow from Investing Activities			
Purchase of Investment Properties	2h, 5	-	-
(Increase) / Decrease in Fair Value of Investment Properties	2h, 5	(410,283,688)	(9,620,000,000)
Net Cash Used in Investing Activities		(410,283,688)	(9,620,000,000)
Cash Flow from Financing Activities			
Related Parties Balances	2j, 8	(5,468,131,381)	8,814,602,801
Net Cash Used in Financing Activities		(5,468,131,381)	8,814,602,801
Cash and Cash Equivalents	2b, 3	(3,435,367,708)	835,072,999
Cash and Cash Equivalents - beginning of year	2b, 3	7,350,764,461	6,515,691,462
Cash and Cash Equivalents - ending of year	2b, 3	**3,915,396,753**	**7,350,764,461**

The notes are an integral part of these financial statements.

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

1. GENERAL

PT Al-Aqar Permata Hijau ("The Company") was established by deed No. 73, on September 28, 2010 of Linda Herawati, S.H., notary public in Jakarta. This establishment deed was approved by Minister of Justice and Human Right, Republic of Indonesia in his decision letter No. AHU-50917.AH.01.01. TH 2010 dated October 29, 2010. The Company's articles of association were approved by Foreign Capital Investment Coordinating Board by decision letter No. 00612/1/PPM/PMA/2010 dated April 16, 2010.

In accordance to the Company's articles of association, the Company's scope of business are building development and office building management. Until December 31, 2014 the main business activity of the Company is not perform yet.

According to the establishment deed, composition of Company's management as of December 31, 2014 and 2013 are as follow:

Commissioner	:	Ms. Zainah Binti Mustafa
Director	:	Mr. Yusaini Bin Sidek

The company is located in Kebayoran Lama, West Jakarta

As of December 31, 2014 and 2013, the Company has 1 and nil permanent employee.

2. SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by the Company in the preparation of the accompanying financial statements is as follows:

a. Basis for Financial Statements Preparation

The financial statements are presented in accordance with Indonesian Financial Accounting Standards and prepared based on accrual and going concern basis, with the historical cost convention concept, as modified by the revaluation of land and building, available for sale financial asset, and financial asset and financial liabilities (including derivative instruments) at fair value through profit or loss.

The statements of cash flows are prepared using the indirect method by classifying cash flows in operating, investing and financing activities.

b. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks and deposits / investment which mature within three months or less from the time of placement, which are not pledged as collateral and not restricted.

c. Transaction and Balance of Foreign Currencies

The Company accounts are recorded in Rupiah currency. Transactions during the year in foreign currencies were recorded at actual exchange rates at the dates of the transactions. At year-end foreign currencies denominated assets and liabilities are translated at Bank Indonesia middle exchange rate as of balance sheets date. The resulting gains or losses are credited or charged to current year profit / loss.

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

2. SUMMARY OF ACCOUNTING POLICIES - Continued

c. Transaction and Balance of Foreign Currencies - Continued

Middle exchange rate of Bank Indonesia as of December 31, 2014 and 2013 are as follow:

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
Malaysia Ringgit 1	3,561.93	3,707.69

d. Transaction with Related Parties

In this report, the term of related parties used is in accordance to Financial Accounting Standards (FAS) No. 7.

e. Trade and Other Receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the outstanding amounts of the Company's receivables can not be collected.

Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (ranging from 180 to 365 days overdue) are considered as indicators that the trade receivable should be impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the provision of trade receivables. Subsequent recoveries of amounts previously written off are credited against the income statement.

f. Loans and Receivables

The Company classifies its financial assets in the categories of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date are classified as non-current assets. The Company loans and receivables comprise other receivables and related party payables in the statement of financial position. Loans and receivables are carried at amortized cost using the effective interest method.

g. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2. SUMMARY OF ACCOUNTING POLICIES - Continued

h. Investment Properties

Investment property represents land or buildings held for operating lease or for capital appreciation, rather than for use or sale in the ordinary course of the Company's business.

Investment property is stated at fair value, which represents open market value determined annually by an independent appraiser. Change in the fair value of investment property is recognized in the income statement.

i. Trade and Other Payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

j. Loans

Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost. Loans are classified under non-current liabilities unless their maturities are within 12 months after the statement of financial position date. Company's loan represents subordinated loan which will be settled only after all other liabilities have been paid.

k. Taxation

Income tax is determined based on Financial Accounting Standards (FAS) No. 46, "Accounting for Income Taxes".

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in statement of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Paragraph 39 mentioned "Deferred tax come from the mentioned changes is recognized in profit loss account, except for earlier transactions which directly charged or credited to equity".

l. Income and Expenses Recognition

Revenue from services is recognized when all the significant risks and rewards of ownership of the services are passed to the buyer. Expenses are recognized based on the accrual basis and stated as expense when used to produce income or has no economic benefit for the next future.

m. Employment Benefit

The Company calculates post employee benefit based on the Labor Law No. 13/2003 and FAS No. 24 (Revised). There is no fund allocated from the company for this allowance.

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

2. SUMMARY OF ACCOUNTING POLICIES - Continued

m. Employment Benefit - Continued

Post employee benefit is calculated using Projected Unit Credit method. Unrecognized net actuarial profit and loss accumulation more than 10% of benefit liability is recognized using straight line method for the period of employee in program's estimated average working period. Past service cost is directly expendable if the benefit become a due or vested, and will be recognized as expense by straight line method for the period of average years until the benefit become vested.

The total liability recognized in balance sheet is present value of the benefit liability which adjusted by unrecognized actuarial gain or loss, and unrecognized past service cost.

In 2013, the Company has no permanent employee and in 2014 the Company started to employ 1 permanent employee. The Company has not made provision for employment benefit since Company's management believe and state that the provision will not be material.

n. Impairment of Non Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash - generating units). Non-financial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss of non-financial assets is recognized in the income statement as "other income/(expenses) - net".

In 2014 and 2013, there was no impairment and possible write down to fair value of the Company's assets.

o. Earnings Per Share

Earnings per share is calculated by dividing income attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.

Any change in the number of ordinary shares outstanding arising from stock splits, the number of weighted average ordinary shares outstanding during the period and for all periods presented is adjusted to the change.

As at December 31, 2014 and 2013, there were no existing instruments which could result in the issue of further ordinary shares. Therefore, diluted earnings per share are equivalent to basic earnings per share.

p. Management Estimation

The preparation of financial statements in conformity with FAS in Indonesia requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

3. CASH AND CASH EQUIVALENTS

	Dec. 31, 2014 Rp	Dec. 31, 2013 Rp
Bank		
PT ANZ Panin Bank	415,396,753	850,764,461
Time Deposit *	3,500,000,000	6,500,000,000
Total	**3,915,396,753**	**7,350,764,461**

* Represents time deposit in PT ANZ Panin Bank that will mature within 1 months (2015 and 2014) and have interest 7,75% (2014) and 8% (2013) per anum

4. OTHER RECEIVABLES

Represents other receivables from PT. Khidmat Perawatan Jasa Medika (third party) for building rental. Balance as of December 31, 2014 and 2013 are Rp 808,073,687 and 841,141,385 (net of provision of doubtful accounts), respectively. The receivables are pledge on related parties payables (see note 8).

As of December 31, 2014 and 2013, balance of allowance for doubtful accounts on other receivables are nil and nil respectively. Company's management believes that the allowance balance is sufficient to cover uncollectible risk.

The aging of these receivables is as follows:

	Dec. 31, 2014 Rp	Dec. 31, 2013 Rp
Current	-	-
Overdue:		
1 - 30 days	658,868,002	685,829,958
31 - 60 days	-	155,311,427
61 - 90 days	-	-
91 - 365 days	-	-
More than 365 days	149,205,685	-
Total	808,073,687	841,141,385

5. INVESTMENT PROPERTIES

	Dec. 31, 2014 Rp	Dec. 31, 2013 Rp
Land	55,560,283,688	55,150,000,000
Building	26,000,000,000	26,000,000,000
Total	81,560,283,688	81,150,000,000

The movement of the investment properties is as follows:

	Dec. 31, 2014 Rp	Dec. 31, 2013 Rp
Beginning balance	81,150,000,000	71,530,000,000
Addition	-	-
Changes in fair value during the period	410,283,688	9,620,000,000
Deduction	-	-
Ending Balance	81,560,283,688	81,150,000,000

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

5. INVESTMENT PROPERTIES - Continued

Investment properties are located in Jakarta and being rented

On December 31, 2014 and 2013, the rent income recognized in Other income - income statement account amounted to Rp 8,080,220,381 and Rp 7,289,624,283

During 2014, the investment properties has been assessed for its fair value in accordance to valuation report No. V/SC/3833614/PH of G Paremes Sivam, FRISM, MRICS, MPEPS, MIPPM, Chartered Surveyor (Cheston International (KL) Sdn. Bhd) dated February 5, 2015.

The investment properties is pledged for loan of Amanah Raya Trustees Berhad (the Company's trustee) to Am Islamic Bank Berhad; for period of 23 months with an option to extend 12 months. The pledge status is ended in 2013 since the loan has been repaid on May 6, 2013 (see note17)

6. THIRD PARTIES PAYABLES

Trade payables arise from the purchases of services from local suppliers (third parties), with credit terms of 30 to 90 days. Balance as of December 31, 2014 and 2013 is Rp 41,478,500 and Rp 21,224,000 respectively.

7. TAXATION

a. Taxes Payable

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
Income Tax Article 23	-	-
Income Tax Article 26	4,336,500	85,761,374
VAT	-	65,697,378
Total	4,336,500	151,458,752

b. Current Income Tax

1. Final Income Tax

Represents balance of final income tax from Company rental's income which have been withheld when the income is received. Amount paid during December 31, 2014 and 2013 are Rp 808,022,037 and Rp. 728,962,427 respectively. Calculation is as follows:

	2014	2013
	Rp	Rp
Current Year Rental Income	8,080,220,381	7,289,624,283
Adjusted by:		
Exchange rate difference	(11)	(13)
Current Year Final Taxable Income	8,080,220,370	7,289,624,270
Final Income Tax Rate	10%	10%
Final Income Tax Payable	808,022,037	728,962,427
Final Income Tax Withheld/Paid	808,022,037	728,962,427
Final Income Tax Under Payment	-	-

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

7. TAXATION - Continued

b. Current Income Tax - Continued

2. Non Final Income Tax

	2014 Rp	2013 Rp
Gain/(Loss) Before Tax	3,344,869,452	3,203,975,429
Fiscal Correction :		
Permanent Difference	(1,454,840,472)	(10,460,142,957)
Temporer Difference	-	-
Total Fiscal Correction	(1,454,840,472)	(10,460,142,957)
Taxable Income (Loss)	1,890,028,980	(7,256,167,528)
Previous Year Compensation	(11,848,005,296)	(4,591,837,768)
Taxable Income (Loss) Rounded	(9,957,976,316)	(11,848,005,296)
Corporate Income Tax	-	-
Less : Prepayment of article 25 income tax	-	-
Corporate Income Tax Payable	-	-

Taxable income and corporate income tax for the year 2014 and 2013 has been in accordance to corporate tax report submitted to the tax office. Tax office can assess / change the amount of taxes within 5 years after the tax is payable. The Company will bear discrepancies from the assessment (if any).

c. Deferred Tax

Deferred tax assets and liabilities are recognized for temporary differences between the financial and tax basis of assets and liabilities at each reporting date. The Company has no temporary difference due to exposed by final corporate income tax. Balance as of December 31, 2014 and 2013 is nil.

8. RELATED PARTIES BALANCES

Represents receivables and payables to related parties. The balance consist of:

	Dec. 31, 2014 Rp	Dec. 31, 2013 Rp
Balance to PT Al-Aqar Bumi Serpong Damai		
Short Term		
Amount Due (to)/from Related Party	507,092,302	(495,200,231)
Balance to Al-Aqar Healthcare REIT		
Long Term		
Amount Due to Related Party	(20,459,726)	(21,296,971)
Interest Payable	(5,731,705,734)	(8,594,670,401)
Balance - Carried Forward	(5,245,073,158)	(9,111,167,603)

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

8. RELATED PARTIES BALANCES - Continued

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
Balance - Brought Forward	(5,245,073,158)	(9,111,167,603)
Long Term		
Loan from Related Party	(39,684,075,431)	(41,286,112,367)
Sub Total	(45,436,240,891)	(49,902,079,739)
Total	(44,929,148,589)	(50,397,279,970)

The carrying amounts of short term borrowings approximate their fair value. Long term loan represents subordinate loan, has no maturity and bear interest 16.95% (2014) and 17.11% (2013) per annum. No collateral was pledged on the short term payable, while for the loan, the Company pledge its other receivables from rental. The Company's management is at their opinion that this subordinated loan might be converted to capital if necessary and there is no formal loan agreement.

The fair values of loans to related parties are based on cash flows discounted using a rate based on the borrowings rate of 6%. The discount rate is based on average of Indonesia Bank rate. Since the loan has no maturity or repayment schedule, Company's management believe that loan's carrying value is the same with loan's fair value.

9. EQUITY

a. Shares Capital

According to paragraph 1 of article 4 of the Company's articles of association in notary deed No. 73 of Linda Herawati S.H. dated September 28, 2010, the Company's authorized capital is Rp 31,514,000,000 (US$ 3,500,000) divided into 3,500,000 shares, each share having a nominal value of Rp 9,004 (US$ 1). The composition of shareholders according to the notary deed as at December 31, 2014 and 2013 is as follows:

	Shares	Equity	Amount
		%	Rp
Authorized, Issued and Paid Up Capital :			
Authorized Capital :			
3,500,000 shares @ Rp 9,004	3,500,000		31,514,000,000
Issued and Paid Up Capital :			
Shareholders :			
Crossborder Aim (M) Sdn Bhd	1,750,000	50	15,757,000,000
Crossborder Hall (M) Sdn Bhd	1,750,000	50	15,757,000,000
Total Shares Capital	3,500,000	100	31,514,000,000

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

9. EQUITY - Continued

b. General Reserve

Under Indonesian Company Law, companies are required to set up a statutory reserve amounting to at least 20% of the company's issued and paid up capital. In 2014, the Company make provision for general reserve amounted to Rp 507,359,483. Balance of the appropriated retained earnings reserve as at 31 December 2014 and 2013 are Rp 1,958,958,108 and 1,451,598,625 respectively.

10. REVENUE

Represents revenue of the Company's main business operation. Balance for the year 2014 and 2013 is nil respectively.

11. OPERATING EXPENSES

	2014 Rp	2013 Rp
Salary and Allowance	49,370,798	6,773,865
Consultant Expenses	154,900,000	165,100,000
General & Other Administration	10,010,000	9,256,000
Postage/Mailing and Stamp Duty	276,000	390,000
Tax Expenses	165,397,080	135,454,415
Total	379,953,878	316,974,280

12. OTHER INCOME (EXPENSES)

	2014 Rp	2013 Rp
Rental Income (See note 5)	8,080,220,381	7,289,624,283
Unrealized Loss on Foreign Exchange	1,890,028,980	(7,256,167,528)
Gains on Revaluation of Investment Property	410,283,688	9,620,000,000
Interest Income	136,759,452	43,101,370
Interest Expense	(6,789,297,968)	(6,174,740,569)
Cheque Book and Bank Administration Expenses	(924,800)	(850,000)
Miscellaneous	(2,246,403)	(17,847)
Allowance for Bad Debt	-	-
Total	**3,724,823,330**	**3,520,949,709**

13. PROFIT/(LOSS) PER SHARE

Loss per share is calculated by dividing profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

13. PROFIT/(LOSS) PER SHARE - Continued

	2014 Rp	2013 Rp
Profit/(Loss) per share:		
Profit/(Loss) attributable to shareholders	2,536,847,415	2,475,013,002
Weighted average number of ordinary shares outstanding	3,500,000	3,500,000
Profit/(Loss) per share	725	707

14. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

PT Al-Aqar Bumi Serpong Damai is Company in the same group under Company's shareholders

PT Al-Aqar Healthcare REIT is real estate investment trustee of Company's shareholder

Transactions with Related Parties

Details of transaction with related parties are as follow:

	2014 Rp	2013 Rp
Interest expenses to Al-Aqar Healthcare REIT	6,789,297,968	6,174,740,569
Short Term		
Amount Due (to)/from PT Al-Aqar Bumi Serpong Damai	507,092,302	(495,200,231)
Sub Total	507,092,302	(495,200,231)
Long Term		
Balance to Al-Aqar Healthcare REIT	(5,752,165,460)	(8,615,967,372)
Loan from Al-Aqar Healthcare REIT (see note 8)	(39,684,075,431)	(41,286,112,367)
Sub Total	(45,436,240,891)	(49,902,079,739)
Total	(44,929,148,589)	(50,397,279,970)

Transactions with related parties are not performed on a same condition if compared to third parties.

Total remuneration of key management in 2014 and 2013 is Rp 43,365,000,- and nil respectively.

15. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from financial instruments:
1. Market Risk
2. Credit Risk
3. Liquidity Risk

1. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. Market Price comprise two type of risk: interest rate risk, and foreign currency risk. Financial instruments affected by market risk include long term receivable and long term payables.

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

15. FINANCIAL RISK MANAGEMENT - Continued

1. Market Risk - Continued

a. Interest rate risk

The following table describes the details of maturity of financial assets and liabilities which affected by interest rate.

2014	Interest Rate	Maturity Less than 1 year	More than 1 year	Amount
	%	Rp	Rp	Rp
Assets				
Time Deposit	7.75%	3,500,000,000	-	3,500,000,000
Liabilities				
Related Party Payable	16.95%	-	39,684,075,431	39,684,075,431

2013	Interest Rate	Maturity Less than 1 year	More than 1 year	Amount
	%	Rp	Rp	Rp
Assets				
Time Deposit	8%	6,500,000,000	-	6,500,000,000
Liabilities				
Related Party Payable	17.11%	-	41,286,112,367	41,286,112,367

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in exchange rates.

Management manages its foreign currency exchange risk through maintaining sufficient cash in foreign currency to cover its maturing obligations denominated in foreign currency.

The Company has exposure to currencies other than Indonesia Rupiah (Rp) at the reporting date, with following details:

	2014
	Rp
Asset	
Account Receivable	808,073,688
Liabilities	
Amount Due To Related Party	20,459,726
Interest Payable	5,731,705,724
Related Party Payable	39,148,898,361
Net Assets (Liabilities) Position	(44,092,990,123)

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

15. FINANCIAL RISK MANAGEMENT - Continued

1. Market Risk - Continued

b. Foreign currency risk - Continued

As at December 31, 2014, the conversion rates used by the Company were Rp 3,561.93 per Malaysia Ringgit. While the conversion rate at the date of auditor's report on January 30, 2015 is Rp 3,481.33 per Malaysia Ringgit. The effect to proforma profit and loss account 2014 is an increase in profit before income tax or decrease in liabilities by the same amount of Rp 997,744,202,-

c. Cash Flow Interest Rate Risk

As the Company has no significant interest - bearing assets, the company income and operating cash flows are substantially independent of changes in market interest rates.

The Company loan interest rate is 16.95% (2014) and 17.11% (2013). Loan issued at variable rates expose the Company to cash flow interest rate risk. Loan issued at fixed rates of expose the Company to fair value interest rate risk. Since the loan has no maturity or repayment schedule, Company's management believe that loan's carrying value is the same with loan's fair value.

The Company perform regular review on the impact of interest rate to manage the cash flow interest rate risk and fair value interest date.

2. Credit Risk

Credit risk is the risk of financial loss from counterparties being unable to fulfill their obligation, after deduct deposit (if any), and arises principally form the Company's account receivables. The Company monitors the financial assets on an on going basis to ensure that the Company's exposure to credit risk is not significant.

3. Liquidity Risk

Liquidity risk is the risk, which the Company does not have sufficient financial resources to meet its matured obligations. As described in Statements of Changes in Equity, Company's retained earnings has positif balance for the year that ended December 31, 2014, and the Company is recording profit for book year 2014

The Company has healthy liquidity ratio, which can be seen in comparation of total current assets with total current liability

16. SIGNIFICANT SUBSEQUENT EVENTS

There is no significant subsequent events / transactions after financial statements for the period that ended on December 31, 2014 until the date of independent auditors' report that significantly influence Company's financial statements position.

PT AL-AQAR PERMATA HIJAU
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

17. SIGNIFICANT COMMITMENT

The Company enter into property lease agreement with PT. KPJ Medika to lease (rent) property Medika Permata Hijau Hospital Land and Building with the land and building area of approximately 4,201 M2 located at Village of South Sukabumi, District of Kebon Jeruk, Municipal of West Jakarta, Special Province of Capital City of Jakarta.

Company's investment property is pledged for loan of Amanah Raya Trustee Berhad (the Company's trustee) to Am Islamic Bank Berhad with value of fiduciary object RM 2,219,700 and RM 16,260,251.12. Based on Statement Number: 295576-U dated November 26, 2013 from Am Islamic Bank Berhad, the certificate of fiduciary guarantee Number: W7-036712 AH.05.01.TH2011/STD and Number: W7-036713 AH.05.01.TH2011/STD related to loan amounted RM. 110,000,000 which was repaid on May 6, 2013, has been cancelled in Fiducia List Book dated August 10, 2011 on November 26, 2013. This Statement has been aknowledged by Ministry of Law and Human Right under Number : W10.AH.05.03 - 1552 and Number : W10.AH.05.03 - 1548 dated November 26, 2013.

The Company's property investment has been revalued by Independent valuer, Cheston International (KL) Sdn. Bhd.

18. RECLASSIFICATION OF ACCOUNT

Some accounts in 2013 financial statements were reclassified to meet 2014 financial statements for comparative purposes.

19. FINALIZATION OF FINANCIAL STATEMENTS

Company's management is responsible for internal control applyment and financial statements preparation, presentation and disclosures for the year 2014 that have been finalized on January 30, 2015.

PT AL-AQAR BUMI SERPONG DAMAI

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

CONTENTS

PT AL-AQAR BUMI SERPONG DAMAI

JL. LETNAN SUTOPO KAV. KOM 111A NO. 7
BUMI SERPONG DAMAI, SERPONG
TANGGERANG 15321, INDONESIA

BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE
FINANCIAL STATEMENT AS AT
December 31, 2014
AND FOR THE YEARS ENDED
December 31, 2014
PT AL-AQAR BUMI SERPONG DAMAI

We, the undersigned:

1.	Name	:	Ms. Zainah Binti Mustafa
	Office address	:	Jl Letnan Sutopo Kav. Kom 111A No 1, Bumi Serpong Damai, Serpong, Tangerang, Banten
	Domicile address as stated in ID	:	663, East Coast Road Singapore, 459043 Singapore
	Phone number	:	+654454609
	Function	:	Director
	Name	:	Mr. Yusaini Bin Sidek
	Office address	:	Jl Letnan Sutopo Kav. Kom 111A No 1, Bumi Serpong Damai, Serpong, Tangerang, Banten
	Domicile address as stated in ID	:	882, Jalan Samudra Selatan 2, Taman Samudra , 68100 Batu Caves, Selangor, Malaysia
	Phone number	:	+603-7932 1692
	Function	:	Commissioner

declare that :

1. We are responsible for the preparation and presentation of Company's financial statements
2. Company's financial statements have been prepared and presented in accordance with accounting principle generally accepted in Indonesia;
3. a. All information in the Company's financial statements has been disclosed in a complete and truthful manner;
   b. Company's financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact;
4. We are responsible for Company's internal control system.

We certify the accuracy of this statement.

For and on behalf of the Board of Director

Jakarta, February 20, 2015

Ms. Zainah Binti Mustafa	Mr. Yusaini Bin Sidek
Director	Commissioner

DRS. THOMAS, BLASIUS, WIDARTOYO & REKAN
KANTOR AKUNTAN PUBLIK
(CERTIFIED PUBLIC ACCOUNTANTS)
Izin Usaha / Business License No.: KEP-1305/KM.1/2009

Partners:
Alexander Mangande, Ak., CA, CPA
Blasius Mangande, Ak., CA, CPA
Prof. DR. Soegeng Soetedjo, Ak., CA
Thomas Aquino Tody, Ak., CPA
Thomas Iguna, Ak.CA, CPA
Widartoyo, Ak., CA, CPA

No. 2111-2/004-14/15

INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS AND SHAREHOLDERS
PT. AL-AQAR BUMI SERPONG DAMAI

Report on the financial statements

We have audited the accompanying financial statements of PT AL-AQAR BUMI SERPONG DAMAI, which comprise the statement of financial position as of December 31, 2014, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT AL-AQAR BUMI SERPONG DAMAI as of December 31, 2014, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Drs. Thomas, Blasius, Widartoyo & Rekan
Registered Public Accountants

Thomas Aquino Tody, SE., Ak., CPA
Public Accountant License No. : AP.0417

February 20, 2015

Jl. Matraman Raya No. 85, Rt. 001 / Rw. 005, Kel. Palmeriam Kec. Matraman, Jakarta Timur 13140
Telp. (62-21) 85908084, (62-21) 29360515, Fax. (62-21) 85908039

PT AL-AQAR BUMI SERPONG DAMAI
STATEMENT OF FINANCIAL POSITION
December 31, 2014 and 2013

ASSETS	Notes	Dec. 31, 2014	Dec. 31, 2013
		Rp	Rp
Current Assets			
Cash and Cash Equivalents	2b, 3	115,693,442	138,388,092
Other Receivables			
Third Parties	2e, 4	4,700,283,647	-
Related Parties Receivable	2f, 8	-	495,200,231
Total Current Assets		4,815,977,089	633,588,323
Non Current Assets			
Investment Properties	2h, 5	202,127,659,574	196,800,000,000
Total Non Current Assets		202,127,659,574	196,800,000,000
TOTAL ASSETS		206,943,636,663	197,433,588,323

LIABILITIES AND EQUITY	Notes	Dec. 31, 2014	Dec. 31, 2013
		Rp	Rp
Current Liabilities			
Trade Payables - third parties	2i, 6	4,476,990	25,700,990
Taxes Payable	2k, 7a	-	362,643,055
Related Parties Payables	2j, 8	507,092,304	-
Total Current Liabilities		511,569,294	388,344,045
Long Term Liabilities			
Related Party Payable	2j, 8	146,477,952,937	148,949,378,892
Total Long Term Liabilities		146,477,952,937	148,949,378,892
TOTAL LIABILITIES		146,989,522,231	149,337,722,937
EQUITY			
Capital Stock - authorized 4,000,000 shares with par value of Rp 9,004 per share, all shares are issued and fully paid	9a	36,016,000,000	36,016,000,000
General Reserve	9b	4,304,428,271	2,415,973,077
Retained Earning		19,633,686,161	9,663,892,309
TOTAL EQUITY		59,954,114,432	48,095,865,386
TOTAL LIABILITIES AND EQUITY		206,943,636,663	197,433,588,323

The notes are an integral part of these financial statements.

PT AL-AQAR BUMI SERPONG DAMAI
STATEMENTS OF COMPREHENSIVE INCOME
For The Years Ended December 31, 2014 and 2013

	Notes	2014	2013
		Rp	Rp
Revenue	2l, 10	-	-
Operating Expenses	2l, 11	(450,446,360)	(483,118,563)
Operating Loss		(450,446,360)	(483,118,563)
Other Income (Expenses) - net	2l, 12	14,230,138,830	7,517,058,669
Profit / (Loss) Before Tax		13,779,692,470	7,033,940,106
Income Tax - Current	2k, 7b	(1,921,443,424)	(1,733,442,901)
Deferred Tax Income	2k, 7c	-	-
Profit / (Loss) for the period		11,858,249,046	5,300,497,205
Other Comprehensive Income / (Expenses), Net of Income Tax		-	-
Total Comprehensive Income / (Loss) for the Period		11,858,249,046	5,300,497,205
Profit / (Loss) Per Share - Basic and Diluted	2o, 13	2,965	1,325

The notes are an integral part of these financial statements.

PT AL-AQAR BUMI SERPONG DAMAI
STATEMENTS OF CHANGES IN EQUITY
For The Years Ended December 31, 2014 and 2013

	Notes	Capital Stock	General Reserve	Retained Earning (Deficit)	Total Equity
		Rp		Rp	Rp
Balance as of January 01, 2013	9a, 9b	36,016,000,000	-	6,779,368,181	42,795,368,181
General Reserve Provision	9b	-	2,415,973,077	(2,415,973,077)	-
Current Year Profit/(Loss)		-	-	5,300,497,205	5,300,497,205
Balance as of December 31, 2013	9a, 9b	36,016,000,000	2,415,973,077	9,663,892,309	48,095,865,386
General Reserve Provision	9b	-	1,888,455,194	(1,888,455,194)	-
Current Year Profit/(Loss)		-	-	11,858,249,046	11,858,249,046
Balance as of December 31, 2014	9a, 9b	36,016,000,000	4,304,428,271	19,633,686,161	59,954,114,432

The notes are an integral part of these financial statements.

PT AL-AQAR BUMI SERPONG DAMAI
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2014 and 2013

	Notes	2014	2013
		Rp	Rp
Cash Flow from Operating Activities			
Profit / (Loss) Before Tax		13,779,692,470	7,033,940,106
Adjustment to reconcile net loss with cash provided from operating activities:			
Income Tax - Current	2k, 7b	(1,921,443,424)	(1,733,442,901)
Increase and Decrease from accounts below :			
Other Receivables	2e, 4	(4,700,283,647)	-
Related Parties Balance	2f, 8	1,002,292,535	(363,832,220)
Trade Payables	2i, 6	(21,224,001)	(13,413,944)
Taxes Payable	2k, 7a	(362,643,055)	42,924,316
Total Adjustments - net		(6,003,301,592)	(2,067,764,749)
Net Cash Provided from (Used in) Operating Activities		7,776,390,878	4,966,175,357
Cash Flow from Investing Activities			
(Increase) Decrease in Fair Value of Investment Properties	2h, 5	(5,327,659,574)	(27,010,000,000)
Net Cash Used in Investing Activities		(5,327,659,574)	(27,010,000,000)
Cash Flow from Financing Activities			
Related Parties Payables	2j, 8	(2,471,425,954)	18,851,214,171
Net Cash Used in Financing Activities		(2,471,425,954)	18,851,214,171
Cash and Cash Equivalents	2b, 3	(22,694,650)	(3,192,610,472)
Cash and Cash Equivalents - beginning of year	2b, 3	138,388,092	3,330,998,564
Cash and Cash Equivalents - ending of year	2b, 3	115,693,442	138,388,092

The notes are an integral part of these financial statements.

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

1. GENERAL

PT Al-Aqar Bumi Serpong Damai ("The Company") was established by deed No. 74, on September 28, 2010 of Linda Herawati S.H., notary public in Jakarta. This establishment deed was approved by Minister of Justice and Human Right, Republic of Indonesia in his decision letter No. AHU-49722.AH.01.01 Tahun 2010 dated October 22, 2010. The Company's articles of association were approved by Foreign Capital Investment Coordinating Board by decision letter No 00613/1/PPM/PMA/2010 dated April 16, 2010.

According to notary deed of Linda Herawati, S.H No. 91 dated March 29, 2010, the shareholders ammended the composition of Company's management.

In accordance to the Company's article of association, the Company's scope of business are building development and office building management. Until December 31, 2014 the main business activity of the Company is not perform yet.

According to the deed of Linda Herawati S.H No. 91 dated March 29, 2010, composition of Company's management as of December 31, 2014 and 2013 is as follow :

Commissioner	:	Mr. Yusaini Bin Sidek
Director	:	Ms. Zainah Binti Mustafa
		Mr. Irfan Jasri

The Company is located in Serpong, Tangerang.

As of December 31, 2014 and 2013, the Company has no permanent employee.

2. SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by the Company in the preparation of the accompanying financial statements is as follows:

a. Basis for Financial Statements Preparation

The financial statements are presented in accordance with Indonesian Financial Accounting Standards and prepared based on accrual and going concern basis, with the historical cost convention concept, as modified by the revaluation of land and building, available for sale financial asset, and financial asset and financial liabilities (including derivative instruments) at fair value through profit or loss.

The statements of cash flows are prepared using the indirect method by classifying cash flows in operating, investing and financing activities.

b. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks and deposits / investment which mature within three months or less from the time of placement, which are not pledged as collateral and not restricted.

c. Transaction and Balance of Foreign Currencies

The Company accounts are recorded in Rupiah currency. Transactions during the year in foreign currencies were recorded at actual exchange rates at the dates of the transactions. At year-end foreign currencies denominated nated assets and liabilities are translated at Bank Indonesia middle exchange rate as of statement of financial position date. The resulting gains or losses are credited or charged to current year profit / loss.

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

2. SUMMARY OF ACCOUNTING POLICIES - Continued

c. Transaction and Balance of Foreign Currencies - Continued

Middle exchange rate of Bank Indonesia as of December 31, 2014 and 2013 are as follow :

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
Malaysia Ringgit 1	3,561.93	3,707.69

d. Transaction with Related Parties

In this report, the term of related parties used is in accordance to Financial Accounting Standards (FAS) No. 7.

e. Trade and Other Receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the outstanding amounts of the Company's receivables will not be collected.

Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (ranging from 180 to 365 days overdue) are considered as indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognized in the statements of comprehensive income. When a trade receivable is uncollectible, it is written off against the provision of trade receivables. Subsequent recoveries of amounts previously written off are credited against the statements of comprehensive income.

f. Loans and Receivables

The Company classifies its financial assets in the categories of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date are classified as non-current assets. The Company loans and receivables comprise other receivables and related party payable payables in the statement of financial positions. Loans and receivables are carried at amortized cost using the effective interest method.

g. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

h. Investment Properties

Investment property represents land or buildings held for operating lease or for capital appreciation, rather than for use or sale in the ordinary course of the Company's business.

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

2. SUMMARY OF ACCOUNTING POLICIES - Continued

h. Investment Properties - Continued

Investment property is stated at fair value, which represents open market value determined annually by an independent appraiser. Change in the fair value of investment property is recognized in the statements of comprehensive income.

i. Trade and Other Payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

j. Loans

Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost. Loans are classified under non-current liabilities unless their maturities are within 12 months after the statement of financial position date. Company's loan represents subordinated loan which will be settled only after all other liabilities have been paid.

k. Taxation

Income tax is determined based on Financial Accounting Standards (FAS) No. 46, "Accounting for Income Taxes".

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in statements of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Paragraph 39 mentioned " Deferred tax come from the mentioned changes is recognized in profit loss account, except for earlier transactions which directly charged or credited to equity.

l. Income and Expenses Recognition

Revenue from services is recognized when all the significant risks and rewards of ownership of the services are passed to the buyer. Expenses are recognized based on the accrual basis and stated as expense when used to produce income or has no economic benefit for the next future.

m. Employment Benefit

The Company calculates post employee benefit based on the Labor Law No. 13/2003 and FAS No. 24 (Revised). There is no fund allocated from the company for this allowance.

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

2. SUMMARY OF ACCOUNTING POLICIES - Continued

m. Employment Benefit - Continued

The Company calculates post employee benefit based on the Labor Law No. 13/2003 and FAS No. 24 (Revised). There is no fund allocated from the company for this allowance.

Post employee benefit is calculated using Projected Unit Credit method. Unrecognized net actuarial profit and loss accumulation more than 10% of benefit liability is recognized using straight line method for the period of employee in program's estimated average working period. Past service cost is directly expendable if the benefit become a due or vested, and will be recognized as expense by straight line method for the period of average years until the benefit become vested.

The total liability recognized in statement of financial position is present value of the benefit liability which adjusted by unrecognized actuarial gain or loss, and unrecognized past service cost.

In year 2014 and 2013, the Company has no employee.

n. Impairment of Non Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss of non-financial assets is recognized in the statements of comprehensive income as "other income/(expenses) - net".

In 2014 and 2013, there was no impairment and possible write down to fair value of the Company's assets.

o. Earnings Per Share

Earnings per share is calculated by dividing income attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.

Any change in the number of ordinary shares outstanding arising from stock splits, the number of weighted average ordinary shares outstanding during the period and for all periods presented is adjusted to the change.

As at December 31, 2014 and 2013, there were no existing instruments which could result in the issue of further ordinary shares. Therefore, diluted earnings per share are equivalent to basic earnings per share.

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

2. SUMMARY OF ACCOUNTING POLICIES - Continued

p. Management Estimation

The preparation of financial statements in conformity with FAS in Indonesia requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
Bank		
PT ANZ Panin Bank	115,693,442	138,388,092
Total	115,693,442	138,388,092

4. OTHER RECEIVABLES

Represents other receivables from PT. Khasanah Putera Jakarta Medica (third party) for building rental. Balance as of December 31, 2014 and 2013 are Rp 4,700,283,647,- and nil respectively. The receivables are pledge on related parties payables (see note 8.)

As of December 31, 2014 and 2013, balance of allowance for doubtful accounts on other receivables are nil. Company's management believes that the allowance balance is sufficient to cover uncollectible risk.

The aging of these receivables is as follows:

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
Current	-	-
Overdue:		
1 - 30 days	1,566,761,216	-
31 - 60 days	1,566,761,216	-
61 - 90 days	1,566,761,215	-
91 - 365 days	-	-
More than 365 days	-	-
Total	4,700,283,647	-

5. INVESTMENT PROPERTIES

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
Land	113,127,659,574	108,260,000,000
Building	89,000,000,000	88,540,000,000
Total	202,127,659,574	196,800,000,000

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

5. INVESTMENT PROPERTIES - Continued

The movement of the investment properties is as follows :

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
Beginning balance	196,800,000,000	169,790,000,000
Addition	-	-
Changes in fair value during the period	5,327,659,574	27,010,000,000
Deduction	-	-
Ending Balance	202,127,659,574	196,800,000,000

Investment properties are located in Serpong, Tangerang and being rented to PT. Khasanah Putera Jakarta Medica.

On December 31, 2014 and 2013, the rent income is recognised in Other income - statement of comprehensive income account amounted to Rp 19,214,434,261,- and Rp 17,334,429,008,- respectively.

During 2014, the investment properties has been assessed for its fair value in accordance to valuation report No. V/SC/3833614/SD of G Paremes Sivam, FRISM, MRICS, MPEPS, MIPPM, Chartered Surveyor (Cheston International (KL) Sdn. Bhd) dated February 5, 2015.

The investment properties is pledged for loan of Amanah Raya Trustees Berhad (the Company's trustee) to Am Islamic Bank Berhad for period of 23 months with and option to extend 12 months. The pledge status is ended in 2013 since the loan has been repaid 2013 (see note17)

6. THIRD PARTIES PAYABLES

Trade payables arise from the purchases of services from local suppliers (third parties), with credit terms of 30 to 90 days. Balance as of December 31, 2014 and 2013 is Rp 4,476,990,- and Rp 25,700,990,- respectively.

7. TAXATION

a. Taxes Payable

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
Income Tax Article 23	-	-
Income Tax Article 26	-	203,937,046
VAT	-	158,706,009
Total	-	362,643,055

b. Current Income Tax

1. Final Income Tax

Represents balance of final income tax from Company's rental income which have been witheld when the income is received. Amount paid during December 31, 2014 and 2013 is Rp. 1,921,443,424,- and Rp 1,733,442,901,- respectively. Calculation is as follows :

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

7. TAXATION - Continued

b. Current Income Tax - Continued

1. Final Income Tax - Continued

	2014	2013
	Rp	Rp
Current Year Rental Income	19,214,434,261	17,334,429,008
Adjusted by :		
Exchange rate difference	(21)	2
Current Year Final Taxable Income	19,214,434,240	17,334,429,010
Final Income Tax Rate	10%	10%
Final Income Tax Payable	1,921,443,424	1,733,442,901
Final Income Tax Witheld/Paid	1,921,443,424	1,733,442,901
Final Income Tax Under Payment	-	-

2. Non Final Income Tax

	2014	2013
	Rp	Rp
Loss Before Tax	13,779,692,470	7,033,940,106
Fiscal Correction :		
Permanent Difference	(7,966,379,018)	(29,177,248,406)
Temporer Difference	-	-
Total Fiscal Correction	(7,966,379,018)	(29,177,248,406)
Taxable Income (Loss)	5,813,313,452	(22,143,308,300)
Previous Year Loss Compensation	(37,766,433,188)	(15,623,124,888)
Taxable Income (Loss) Rounded	(31,953,119,736)	(37,766,433,188)
Corporate Income Tax	-	-
Less : Prepayment of article 25 income tax	-	-
Corporate Income Tax Payable	-	-

Taxable income and corporate income tax for the year 2014 and 2013 has been in accordance to corporate tax report submitted to the tax office. Tax office can assess / change the amount of taxes within 5 years after the tax is payable. The Company will bear discrepancies from the assessment (if any).

c. Deferred Tax

Deferred tax assets and liabilities are recognized for temporary differences between the financial and tax basis of assets and liabilities at each reporting date. The Company has no temporary difference due to exposed by final corporate income tax. Balance as of December 31, 2014 and 2013 is nil.

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

8. RELATED PARTIES BALANCES

Represents receivables and payables to related parties. The balance consist of :

	Dec. 31, 2014	Dec. 31, 2013
	Rp	Rp
a. Receivables - Short Term		
Amount Due to PT Al-Aqar Permata Hijau	(507,092,304)	495,200,231
b. Payables		
Balance to Al-Aqar Healthcare REIT		
Long Term		
Amount Due to Related	(401,034,137)	(417,445,109)
Interest Payable	(3,384,204,226)	-
Loan from Related Party	(142,692,714,574)	(148,531,933,783)
Sub Total	(146,477,952,937)	(148,949,378,892)
Total	(146,985,045,241)	(148,454,178,661)

The carrying amounts of short-term borrowings approximate their fair value. Long term loan represents subordinate loan, has no maturity and bear interest 11.06% (2014) and 11.16% (2013) per annum. No collateral was pledged on the short term payable, while for the loan the Company pledge its other receivables from rental. The Company's management is at their opinion that this subordinated loan might be converted to capital if necessary and there is no formal loan agreement.

The fair values of loans to related parties are based on cash flows discounted using a rate based on the borrowings rate of 8%. The discount rate is based on average of Indonesia Bank rate. Since the loan has no maturity or repayment schedule, Company's management believe that loan's carrying value is the same with loan's fair value.

9. EQUITY

a. Shares Capital

According to paragraph 1 of Article 4 of the Company's Articles of Association in notary deed No. 74 of Linda Herawati S.H dated September 28, 2010, the Company's authorized capital is Rp 36,016,000,000 (US$ 4,000,000) divided into 4,000,000 shares, each share having a nominal value of Rp 9,004,- (US$ 1). The composition of shareholders according to the notary deed as at December 31, 2014 and 2013 are as follow :

	Shares	Equity	Amount
		%	Rp
Authorized, Issued and Paid Up Capital :			
Authorized Capital :			
4,000,000 shares @ Rp 9,004,-	4,000,000		36,016,000,000

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

9. EQUITY - Continued

a. Shares Capital - Continued

	Shares	Equity	Amount
		%	Rp
Issued and Paid Up Capital :			
Shareholders :			
Crossborder Aim (M) Sdn Bhd	2,000,000	50	18,008,000,000
Crossborder Hall (M) Sdn Bhd	2,000,000	50	18,008,000,000
Total Shares Capital	4,000,000	100	36,016,000,000

b. General Reserve

Under Indonesian Company Law, companies are required to set up a statutory reserve amounting to at least 20% of the company's issued and paid up capital. In 2014, the Company make provision for general reserve amounted to Rp 1,888,455,194,-. Balance of the appropriated retained earnings reserve as at 31 December 2014 and 2013 are Rp 4,304,428,271,- and Rp 2,415,973,077,- respectively.

10. REVENUE

Represents revenue of the Company's main business operation. Total for the year 2014 and 2013 are nil respectively.

11. OPERATING EXPENSES

	2014	2013
	Rp	Rp
General & Other Administraion	8,600,000	9,246,000
Salary and Wages	17,907,960	18,132,105
Postage/Mailing and Stamp Duty	240,000	408,000
Consultant Expenses	148,400,000	165,100,000
Tax Expenses	275,298,400	290,232,458
Total	450,446,360	483,118,563

12. OTHER INCOME (EXPENSES)

	2014	2013
	Rp	Rp
Rental Income (see note 5)	19,214,434,261	17,334,429,008
Realized Gain/(Loss) on Exchange Rate	(4,014,690)	(1,361,167)
Unrealized Gain/(Loss) on Exchange Rate	5,817,328,142	(22,141,947,133)
Interest Expense	(16,124,568,455)	(14,683,281,042)
Balance - Carried Forward	8,903,179,258	(19,492,160,334)

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

12. OTHER INCOME (EXPENSES) - Continued

	2014	2013
	Rp	Rp
Balance - Brought Forward	8,903,179,258	(19,492,160,334)
Cheque Book and Bank Administration Expenses	(700,000)	(781,002)
Miscellaneous	(2)	5
Increased of Investment Property Fair Value	5,327,659,574	27,010,000,000
Doubtful Accounts	-	-
Total	14,230,138,830	7,517,058,669

13. PROFIT / (LOSS) PER SHARE

Loss per share is calculated by dividing profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	2014	2013
	Rp	Rp
Profit/(Loss) per share:		
Profit/(Loss) attributable to shareholders	11,858,249,046	5,300,497,205
Weighted average number of ordinary shares outstanding	4,000,000	4,000,000
Profit/(Loss) per share	2,965	1,325

14. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

PT Al-Aqar Permata Hijau is Company in the same group under Company's shareholders

PT Al-Aqar Healthcare REIT is real estate investment trustee of Company's shareholders

Transactions with Related Parties

Details of transaction with related parties are as follow :

	2014	2013
	Rp	Rp
Interest expenses to Al-Aqar Healthcare REIT	16,124,568,455	14,683,281,042
Short Term		
Amount Due From PT Al-Aqar Permata Hijau	(507,092,304)	495,200,231
Sub Total	(507,092,304)	495,200,231
Long Term		
Balance to Al-Aqar Healthcare REIT	(3,785,238,363)	(417,445,109)
Loan from Al-Aqar Healthcare REIT (see note 8)	(142,692,714,574)	(148,531,933,783)
Sub Total	(146,477,952,937)	(148,949,378,892)
Total	(146,985,045,241)	(148,454,178,661)

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

14. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES - Continued

Transactions with related parties are not performed on a same condition if compared to third parties.

Total remuneration of key management in 2014 and 2013 are Rp 17,907,960,- and Rp 18,132,105,- respectively.

15. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from financial instruments:
1. Market Risk
2. Credit Risk
3. Liquidity Risk

1. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. Market Price comprise two type of risk: interest rate risk, and foreign currency risk. Financial instruments affected by market risk include long term receivable and long term payables.

a. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The following table describes the details of maturity of financial assets and liabilities which affected by interest rate.

2014	Interest Rate	Maturity Less than 1 year	More than 1 year	Amount
	%	Rp	Rp	Rp
Liabilities				
Related party payable	11.06%	-	142,692,714,574	142,692,714,574

2013	Interest Rate	Maturity Less than 1 year	More than 1 year	Amount
	%	Rp	Rp	Rp
Liabilities				
Related party payable	11.16%	-	148,531,933,783	148,531,933,783

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in exchange rates.

Management manages its foreign currency exchange risk through maintaining sufficient cash in foreign currency to cover its maturing obligations denominated in foreign currency.

The Company has exposure to currencies other than Indonesia Rupiah (Rp) at the reporting date, with following details:

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

15. FINANCIAL RISK MANAGEMENT - Continued

1. Market Risk - Continued

b. Foreign currency risk - Continued

	2014
	Rp
Assets	
Other Receivables	4,700,283,647
Liabilities	
Amount Due to Related Party	(401,034,137)
Interest Payable	(3,384,204,226)
Related Party Payable	(142,692,714,574)
Net Assets (Liabilities) Position	(141,777,669,290)

As at December 31, 2014, the conversion rates used by the Company were Rp 3,561.93 per Malaysia Ringgit. While the conversion rate at the date of auditor's report on January 30, 2015, is Rp 3,481.33 per Malaysia Ringgit. The effect to proforma profit and loss account 2013 is a increase in profit before income tax and decrease in liabilities by the same amount of Rp 3,208,170,892,-.

c. Cash Flow Interest Rate Risk

As the Company has no significant interest-bearing assets, the company income and operating cash flows are substantially independent of changes in market interest rates.

The Company loan interest rate is 11,06% (2014) and 11.16% (2013). Loan issued at variable rates expose the Company to cash flow interest rate risk. Loan issued at fixed rates expose the Company to fair value interest rate risk. Since the loan has no maturity or repayment schedule, Company's management believe that loan's carrying value is the same with loan's fair value.

The Company perform regular review on the impact of interest rate to manage the cash flow interest rate risk and fair value interest risk.

2. Credit Risk

Credit risk is the risk of financial loss from counterparties being unable to fulfill their obligation, after deducted by deposit (if any), and result arises principally form the Company's account receivables. The Company monitors the financial assets on an on going basis to ensure that the Company's exposure to credit risk is not significant.

3. Liquidity Risk

Liquidity risk is the risk, which the Company does not have sufficient financial resources to meet its matured obligations. As described in Statements of Changes in Equity, Company's retained earnings has poditif balance for the year that ended December 31, 2014, and the Company recording profit for book year 2014.

PT AL-AQAR BUMI SERPONG DAMAI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

15. FINANCIAL RISK MANAGEMENT - Continued

3. Liquidity Risk - Continued

The Company has healthy liquidity ratio which can be seen in comparation of total current assets with total current liabilities

16. SIGNIFICANT SUBSEQUENT EVENTS

There is no significant subsequent events / transactions after financial statements date for the period that ended on December 31, 2014 until the date of independent auditors reports that significantly influence Company's financial statements position.

17. SIGNIFICANT COMMITMENT

The Company enter into property lease agreement with PT. KPJ Medica to lease (rent) property Medika Bumi Serpong Damai Hospital Land and Building with the land and building area of approximately 12,000 M2 located at Village of East Lengkong, District of Serpong, Regency of Tangerang, Banten.

Company's investment property is pledged for loan of Amanah Raya Trustee Berhad (the Company's trustee) to Am Islamic Bank Berhad with value of fiduciary object RM 5,278,356 and RM 73,832,043.67.

Based on Statement Number: 295576-U dated November 26, 2013 from Am Islamic Bank Berhad, thecertificate of fiduciary guarantee Number: W29-015162 AH.05.01.TH2011/STD and Number: W29-015161 AH.05.01.TH2011/STD related to loan amounted RM. 110,000,000 which was repaid in 2013, has been cancelled in Fiducia List Book dated November 19, 2011 on November 25, 2013. This Statement has been aknowledged by Ministry of Law and Human Right under Number : W12-1009.AH.05.03-TH.2013 and Number : W12-1007.AH.05.03-TH.2013 dated November 26, 2013.

The company property investment has been revalued by independent valuer, Cheston International (KL) Sdn. Bhd.

18. RECLASSIFICATION OF ACCOUNT

Some accounts in 2013 financial statements were reclassified to meet 2014 financial statements for comparative purposes.

19. FINALIZATION OF FINANCIAL STATEMENTS

Company's management is responsible for internal control applyment and financial statements preparation, presentation and disclosures for the year 2014 that have been finalized on January 30, 2015.

CHESTON INTERNATIONAL

Chartered Surveyors
International Property Consultants
Registered Valuers, Real Estate Agents
Property Managers, Plant & Machinery Valuers

CHESTON INTERNATIONAL (KL) SDN. BHD.
(Company Reg. No: 647245 W) VE(1) 0199
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E-mail: cikl@chestonint.com
Website: www.chestonint.com

Our Ref: V/SC/3630014

25 August 2014

THE BOARD OF DIRECTORS
DAMANSARA REIT MANAGERS SDN BERHAD
(Manager For AL-AQAR Healthcare REIT)
Unit No. 1-19-02, Level 19, Block 1,
V Square, Jalan Utara,
46200 Bandar Petaling Jaya,
SELANGOR DARUL EHSAN

Dear Sirs,

VALUATION OF PT NO. 8 (NEW LOT 33653) AND LOT 33003, TITLE NOS. HS(D) 189781 AND GRANT 211810, RESPECTIVELY, BOTH WITHIN TOWN OF BANDAR BARU KOTA SRI MAS, DISTRICT OF SEREMBAN, NEGERI SEMBILAN DARUL KHUSUS, PART OF KPJ HEALTHCARE UNIVERSITY COLLEGE (NILAI CAMPUS), PERSIARAN SERIEMAS, KOTA SERIEMAS, 71800 NILAI, NEGERI SEMBILAN DARUL KHUSUS ("SUBJECT PROPERTY").

We were instructed by Al-Aqar Healthcare REIT to conduct valuation of the abovementioned property for the purposes of submission to the Bursa Malaysia Securities Berhad in relation to the intended acquisition of the Subject Property by Al-Aqar Healthcare REIT.

This Valuation Certificate has been prepared for inclusion in the Circular to the unitholders of Al-Aqar Healthcare REIT to be dated 24 June 2015 in relation to the intended acquisition of the Subject Property by Al-Aqar Healthcare REIT.

The relevant date of valuation of the above legal interest is 15 August 2014.

The Report and Valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

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1.0 SALIENT DETAILS OF THE SUBJECT PROPERTY

1.1 Interest Valued/ Type of Property

The subject of this valuation comprises the interests in perpetuity in a parcel of commercial land partly erected with an eight (8) storey academic block and two TNB sub-stations and a parcel of residential land partly erected with an eleven and a half (11 1/2) storey apartment block (students' hostel) and a refuse storage chamber.

AT THE DATE OF OUR INSPECTION, WE NOTED THAT PART OF THE WESTERN ELEVATION OF THE NEWLY COMPLETED EIGHT (8) STOREY ACADEMIC BLOCK MEASURING A DEPTH OF ABOUT 3.048 METRES (10 FEET) IS SITED ON THE ADJOINING PT NO. 7 (NEW LOT 33652).

PT NO. 7 (NEW LOT 33652) ACCOMMODATES A THREE (3) STOREY ADMINISTRATIVE CUM ACADEMIC BLOCK, A TWO (2) STOREY LECTURE HALL, A SINGLE STOREY CAFETERIA, A GUARD HOUSE AND A TNB SUB-STATION WHILST LOT 33002 ACCOMMODATES A FIVE (5) STOREY APARTMENT BLOCK (HOSTEL), TWO (2) GUARD HOUSES, A REFUSE COMPARTMENT, WATER TANK AND PUMP HOUSE BUILDINGS AND TWO (2) TNB SUB-STATIONS. BOTH ARE OWNED BY AL-AQAR HEALTHCARE REIT.

WE WERE INFORMED THAT PT NO. 7 (NEW LOT 33652) AND PT NO. 8 (NEW LOT 33653) WHICH ACCOMMODATE ACADEMIC AND ADMINISTRATIVE BLOCKS OF KPJUC WILL BE AMALGAMATED INTO A LOT WHILST LOT 33002 AND LOT 33003 WHICH ACCOMMODATE APARTMENT BLOCKS (STUDENTS' HOSTEL) WILL BE AMALGAMATED INTO A LOT UPON COMPLETION OF ACQUISITION OF PT NO. 8 (NEW LOT 33653) AND LOT 33003 BY AL-AQAR HEALTHCARE REIT.

THIS VALUATION IS CARRIED OUT ON THE BASIS THAT THE ABOVEMENTIONED AMALGAMATIONS ARE COMPLETED.

1.2 Address

Part Of KPJ Healthcare University College (Nilai Campus), Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan Darul Khusus.

1.3 Location

The Subject Property is located within Kota Seriemas which is sited off the western side of North-South Expressway, travelling from Bangi towards Seremban. It is located about 60 kilometres (37.5 miles) to the south-east of Kuala Lumpur City Centre and 32 kilometres (20 miles) to the north-west of Seremban town centre. Nilai town is located about 10 kilometres (6.25 miles) to the north-east of the Subject Property.

The Government's Administrative Centre of Putrajaya is located about 35 kilometres (21.87 miles) to the north-west of the Subject Property, the city for information technology, Cyberjaya is located about 37 kilometres (23.12 miles) to the north-west of the Subject Property, the Kuala Lumpur International Airport (KLIA) and the newly completed KLIA 2 are located about 18 kilometres (11.25 miles) due west of the Subject Property and the Sepang International F1 Circuit is located about 7 kilometres (4.37 miles) to the south-west of the Subject Property.

Institutional landmarks located nearby include Inti International University, Nilai University and University Sains Islam Malaysia which are located about 8 kilometres (5 miles), 14 kilometres (8.75 miles) and 10 kilometres (6.25 miles) to the north-west, north-east and north of the Subject Property, respectively. The Higher Education Leadership Academic Malaysia is located about 8 kilometres (5 miles) to the south of the Subject Property whilst Manipal International University Nilai is located about 10.0 kilometres (6.25 miles) to the north-east of the Subject Property.

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1.4 Title Particulars

Table 1.0 Title Particulars

Lot No.	PT No. 8	Lot 33003
Title No.	HS(D) 189781	Geran 211810
Town	Bandar Baru Kota Sri Mas	Bandar Baru Kota Sri Mas
District	Seremban	Seremban
State	Negeri Sembilan Darul Khusus	Negeri Sembilan Darul Khusus
Land Area	56,738 square metres (5.6738 hectares)	15,450 square metres
Tenure	Interest in perpetuity	Interest in perpetuity
Quit Rent	RM35,745.00	RM6,026.00
Category of Land Use	Building	Building
Express Condition	Tanah ini hendaklah digunakan untuk bangunan pernlagaan sahaja	Tanah yang terkandung didalam hakmilik ini hendeklah digunakan untuk tapak kediaman (pangsapuri) sahaja
Restriction In Interest	-	Tanah yang diberimilik ini tidak boleh dipindahmilik, dipajak, digadai melainkan dengan kebenaran bertulis daripada Pihak Berkuasa Negeri
Registered Proprietor	Puteri Nursing College Sdn Bhd	Puteri Nursing College Sdn Bhd

1.5 Property Description

An eight (8) storey academic block

The eight (8) storey academic block is constructed of reinforced concrete frame with brick infills rendered externally and plastered internally supporting metal roof trusses and purlins laid over with metal deck roofing sheets underlaid with aluminium foil sisalation concealed behind metal fascia. Parts of the external elevations are generally of aluminium claddings and aluminium louvres.

The ceilings are generally of plaster boards with cornices incorporating downlights, plaster boards and mineral fibre boards incorporating air-conditioner ductings, smoke detector, sprinklers and fluorescent lights with the exception of the toilets and M & E areas which are of cement plaster and flat ceiling sheets. The ceilings of the auditorium are generally of boral soundblock supported by suspended rod incorporating a layer of boral firestop and boral unispan.

This building has a gross floor area of about 11,019.80 square metres (118,615.80 square feet).

An eleven and a half (11 1/2) storey apartment block (Students' Hostel)

This building is constructed of reinforced concrete frame with brick infills rendered externally and plastered internally partly supporting a reinforced concrete flat roof concealed behind parapet walls and partly of metal roof trusses and purlins laid over with metal deck roofing sheets underlaid with aluminium foil sisalation.

The ceilings are generally of plaster boards, air-conditioner ductings, smoke detector and sprinklers, mineral fibre boards incorporating fluorescent lights, cement plaster and flat ceiling sheets.

This building has a gross floor area of about 19,328.18 square metres (208,048.29 square feet).

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1.6 Planning Details

PT No. 8 (New Lot 33653) is designated for commercial use whilst Lot 33003 is designated for residential use.

Vide development approval letter from Majlis Perbandaran Nilai bearing reference no. MPN(KM) 32/4/122/09/02 (20) dated 17 May 2010, we note that Lot 33003 and part of Lot 33002 have been approved to be developed with 2 blocks of 11 ½ storey apartments and a block of 11 storey apartment whilst PT No. 8 (New Lot 33653) together with part of PT No. 7 (New Lot 33652) have been approved for 4 academic blocks of 7, 8, 10 and 11 storey, a block of multi-purpose hall, a block of sports complex, a block of 2 storey sports complex, a block of Astaka and a football field.

Building Plans in respect of the Subject Property bearing reference nos. KPJIC/P/Blok 1/10 (R) & KPJIC/A/12 (R) were approved on 28 January 2014. Certificates of Completion and Compliance were issued by Alma Architects & Planner Sdn Bhd vide nos. LAM/NS/No. 2006 & 2007 dated 20 February 2014.

1.7 Occupancy Status

The buildings have been occupied by KPJ Healthcare University College (KPJUC) since April 2014.

1.8 VALUATION METHODOLOGY

In arriving at the Market Value of the Subject Property, we have adopted the **Cost Method** as the sole valuation methodology.

In essence, this method entails the summation of the market value of land and Depreciated Replacement Cost (DRC) of the building. Cost Method is the most common method as it can be applied to wide range of assets. The Cost Method estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. It is based on the principle of substitution, i.e. that unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to construct an equivalent asset.

In assessing what he might be prepared to pay for a property, a potential purchaser may consider as an alternative to acquiring the Subject Property by buying a similar type of land and constructing a similar building having the same utility and function. This represents the maximum that a potential purchaser would be prepared to pay for the property.

In arriving of the Market Value of the land, we have adopted the Comparison Method. **Comparison Method** is premised on the principle that comparison is made of the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made.

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Cost Method

i. Land Component - Commercial Land

	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Lot	Lot 19653, Geran 96261, Mukim Of Labu, District Of Seremban, Negeri Sembilan Darul Khusus	Lot 50103, Geran 247756, Mukim Of Setul, District Of Seremban, Negeri Sembilan Darul Khusus	Lot 13865, Geran 130846, Mukim Of Labu, District Of Seremban, Negeri Sembilan Darul Khusus
Property Address	Lot 19653, Taman Nilai Perdana, 71800 Nilai, Negeri Sembilan Darul Khusus	Lot 50103, Jalan Batang Benar-Mantin, 71800 Nilai, Negeri Sembilan Darul Khusus	Lot 13865, Persiaran Ilmu BBN, Off Nilai Springs, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus
Description of the Property	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Land Area	178,745 Sq. Ft.	229,163 Sq. Ft.	674,129 Sq. Ft.
Consideration	RM6,250,000	RM7,333,237	RM20,000,000
Source	Valuation and Property Services Department, Ministry of Finance		
Date Of Transaction	25 August 2013	17 July 2013	8 August 2012
Analysis (Per Sq. Ft.)	RM34.97	RM32.00	RM29.67
Adjustment Factor Considered	Market condition (Time), location/accessibility, size, tenure and planning & development approval		
Effective Adjusted Value (Per Sq. Ft.)	RM38.46	RM38.40	RM38.57
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of RM38.46 per square foot from the adjustments of Comparable 1 which is the latest transaction and also being the nearest to the Subject Property, as fair representation which translates into a market value of RM23,490,195.53.		

ii. Building Component

Commercial – Academic Block

Building	Replacement Cost New	Depreciated Replacement Cost
Main Floor Area	RM162.96 psf	RM19,329,811.14
Site Improvement	-	RM 80,000.00
Total	-	RM19,409,811.14

iii. Market Value

The summation of the land and building values of a parcel of commercial land partly erected with an eight (8) storey academic block and two TNB sub-stations is RM42,900,006.67 and we have rounded down the market value to RM42,900,000.

i. Land Component - Residential Land

	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Lot	Lot 1428, Geran Mukim 2316, Mukim Of Setul, District Of Seremban, Negeri Sembilan Darul Khusus	Lots 34200-34211, Geran 205354-Geran 205365 (Inclusive), Bandar Nilai Utama, District Of Seremban, Negeri Sembilan Darul Khusus	PT Nos. 30814-30817, HS(M) 5807-HS(M) 5810 (Inclusive), Mukim Of Setul, District Of Seremban, Negeri Sembilan Darul Khusus
Property Address	Lot 1428, Jalan Batang Benar-Mantin, 71800 Nilai, Negeri Sembilan Darul Khusus	Lots 34200-3421(Inclusive), Persiaran Ilmu BBN, Taman Desa Kasia, 71800 Nilai, Negeri Sembilan Darul Khusus	PT Nos. 30814- 30817 (Inclusive), Jalan Mantin Putra, Taman Mantin Putra, 71800 Mantin, Negeri Sembilan Darul Khusus
Description of the Property	A Parcel of Residential Land	12 Contiguous Parcels of Detached House Plots	4 Contiguous Parcels of Detached House Plots
Tenure	Interest In Perpetuity	Interests In Perpetuity	Interests In Perpetuity
Land Area	90,548 Sq. Ft.	99,814 Sq. Ft.	23,110 Sq. Ft.
Consideration	RM1,664,297	RM2,000,000	RM469,000
Source	Valuation and Property Services Department, Ministry of Finance		
Date Of Transaction	12 November 2012	21 September 2011	24 July 2012
Analysis (Per Sq. Ft.)	RM18.36	RM20.04	RM20.29
Adjustment Factor Considered	Market condition (Time), location/accessibility, size, tenure and planning & development approval		
Effective Adjusted Value (Per Sq. Ft.)	RM24.79	RM27.05	RM26.89
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of RM24.79 per square foot from the adjustments of Comparable 1 which is the latest transaction as fair representation which translates into a market value of RM4,122,010.25.		

ii. Building Component

Commercial – Apartment Block

Building	Replacement Cost New	Depreciated Replacement Cost
Main Floor Area	RM147.34 psf	RM30,653,995.56
A Refuse Storage Chamber	RM 60.00 psf	RM 9,000.00
Site Improvement	-	RM 100,000.00
Total	-	RM30,762,995.56

iii. Market Value

The summation of the land and building values of a parcel of residential land partly erected with an eleven and a half (11 1/2) storey apartment block (students' hostel) and a refuse storage chamber is RM34,885,005.81 and we have rounded up the market value to RM34,900,000.

The building component is arrived at by the Depreciated Replacement Cost Method which is derived from the Gross Current Reproduction / Replacement Cost New (GCRCN) and deducting there from the accrued depreciation comprising physical, functional and economical obsolescences.

The subject buildings are newly completed and in arriving at the Gross Current Reproduction / Replacement Cost New (GCRCN) of the buildings, we have adopted the actual construction cost of RM19,409,811.14 which is analyzed to RM163.64 per square foot and RM30,762,995.56 which is analyzed to RM147.76 per square foot in respect of the eight (8) storey academic block and an eleven and a half (11 1/2) storey apartment block (students' hostel), respectively, as fair construction cost after taking into consideration the construction cost of similar type of buildings, made reference to the records of other similar developments, made reference with various contracts awarded, made enquiries with the contractors and quantity surveyors and made reference to JUBM and Langdon Seah Construction Cost Handbook Malaysia 2014.

Both buildings are newly completed on 20th February 2014. As such, we did not reflect depreciation.

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1.9 VALUATION RATIONAL

The Cost Method is the commonly adopted sole valuation methodology in the industry for valuation of specialized assets like the Subject Property. This is due to sale transactions or rental evidences of similar assets with similar utilities and functions are either infrequent or very limited. Thus, other valuation methodologies i.e. Comparison and Investment Methods may not be suitable to arrive at the accurate Market Value of the Subject Property.

Based on our investigation and analysis, we note that there are adequate sale evidences of similar type of commercial and residential land in the vicinity of the Subject Property which can be relied upon to arrive at the accurate market value of the subject land using the Comparison Method. The details of the sale evidences are easily available from the Valuation And Property Services Department, Ministry Of Finance.

Taking into consideration the nature of the Subject Property which is not developed at an optimum level, rarely transacted and developed according to the specific use of a particular business requirement, the Market Value of the Subject Property derived from the Cost Method which is the summation of market value of land using the Comparison Method and Depreciated Replacement Cost of the building as fair and accurate representation of the market value of the Subject Property.

2.0 OPINION OF VALUE

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market value of the interests in perpetuity in a parcel of commercial land partly erected with an eight (8) storey academic block and two TNB Sub-stations and a parcel of residential land partly erected with an eleven and a half (11 1/2) storey apartment block (students' hostel) and a refuse storage chamber, identified as PT No. 8 (New Lot 33653) and Lot 33003, both within town of Bandar Baru Kota Sri Mas, District of Seremban, Negeri Sembilan Darul Khusus held under Title Nos. HS(D) 189781 and Grant 211810, respectively, part of KPJ Healthcare University College (Nilai Campus), Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan Darul Khusus, with vacant possession and subject to the titles being free of all encumbrances, good, marketable and registrable is RM77,800,000 (Ringgit Malaysia Seventy Seven Million And Eight Hundred Thousand Only).

For And On Behalf Of
CHESTON INTERNATIONAL (KL) SDN. BHD.

G PAREMES SIVAM, FRISM, MRICS, MPEPS, MIPPM
CHARTERED SURVEYOR
REGISTERED VALUER, V-480

CHESTON INTERNATIONAL

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International Property Consultants
Registered Valuers, Real Estate Agents
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Our Ref: V/SC/3630014

27 February 2015

THE BOARD OF DIRECTORS
DAMANSARA REIT MANAGERS SDN BERHAD
(Manager For Al-Aqar Healthcare REIT)
Unit No. 1-19-02, Level 19, Block 1,
V Square, Jalan Utara,
46200 Bandar Petaling Jaya,
SELANGOR DARUL EHSAN

Dear Sirs,

UPDATE VALUATION OF PT NO. 8 (NEW LOT 33653) AND LOT 33003, TITLE NOS. HS(D) 189781 AND GRANT 211810, RESPECTIVELY, BOTH WITHIN TOWN OF BANDAR BARU KOTA SRI MAS, DISTRICT OF SEREMBAN, NEGERI SEMBILAN DARUL KHUSUS, PART OF KPJ HEALTHCARE UNIVERSITY COLLEGE (NILAI CAMPUS), PERSIARAN SERIEMAS, KOTA SERIEMAS, 71800 NILAI, NEGERI SEMBILAN DARUL KHUSUS ("SUBJECT PROPERTY").

We refer to your instruction for our firm to review our valuation of the Subject Property conducted on 15 August 2014, for the purposes of submission to the Bursa Malaysia Securities Berhad in relation to the intended acquisition of the Subject Property by Al-Aqar Healthcare REIT.

Having re-inspected the Subject Property on 16 February 2015 and investigated the available data relevant to the matter. We hereby submit our Update Valuation Certificate of the Subject Property. This valuation is based on the same criteria and upon the same terms and conditions as contained in the previous Report and Valuation.

We have prepared this Update Valuation Certificate for the inclusion in the Circular to the unitholders of Al-Aqar Healthcare REIT in relation to the intended acquisition of the Subject Property by Al-Aqar Healthcare REIT.

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Land and Building

We would like to confirm that the physical state of the Subject Property has remained unchanged since the last inspection conducted on 15 August 2014.

Legal Interest

Latest Certified True Copies of the titles conducted on 10 February 2015 indicated no changes in the title particulars.

Market Observation

There has not been any drastic change in the market conditions of commercial and residential sectors in Nilai since the previous valuation, which would have any material effect on the value of the Subject Property.

Conclusion

Taking into consideration of all relevant factors, we wish to confirm that there is no significant change to the market condition, physical condition and legal interest of the Subject Property that will affect the valuation and the contents of our valuation report and valuation certificate between the date of valuation as at 15 August 2014 and subsequent update valuation as at 16 February 2015. It is our opinion that the market value of the Subject Property as at 16 February 2015 remains unchanged as follow: -

Lot / PT No.	Market Value	
PT No. 8 (New Lot 33653)	RM42,900,000	Ringgit Malaysia Forty Two Million And Nine Hundred Thousand Only.
Lot 33003	RM34,900,000	Ringgit Malaysia Thirty Four Million And Nine Hundred Thousand Only.
Total	**RM77,800,000**	**Ringgit Malaysia Seventy Seven Million And Eight Hundred Thousand Only.**

Yours faithfully,
For And On Behalf Of
CHESTON INTERNATIONAL (KL) SDN. BHD.

G PAREMES SIVAM, FRISM, MRICS, MPEPS, MIPPM
CHARTERED SURVEYOR
REGISTERED VALUER, V-480

V/SC/3630014

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Our Ref: V/SC/3833314

12 February 2015

THE BOARD OF DIRECTORS
DAMANSARA REIT MANAGERS SDN BERHAD
(Manager For Al-Aqar Healthcare REIT)
Unit No. 1-19-02, Level 19, Block 1,
V Square, Jalan Utara,
46200 Bandar Petaling Jaya,
SELANGOR DARUL EHSAN

Dear Sirs,

VALUATION OF PT NO. 2466 (NEW LOT 50459), PEKAN BUKIT KEPAYANG, DISTRICT OF SEREMBAN, NEGERI SEMBILAN DARUL KHUSUS ("SUBJECT PROPERTY").

We were instructed by Al-Aqar Healthcare REIT to conduct valuation of the abovementioned property for the purposes of submission to the Bursa Malaysia Securities Berhad in relation to the intended acquisition of the Subject Property by Al-Aqar Healthcare REIT.

This Valuation Certificate has been prepared for the inclusion in the Circular to the unit holders of Al-Aqar Healthcare REIT to be dated 24 June 2015 in relation to the intended acquisition of the Subject Property by Al-Aqar Healthcare REIT.

The relevant date of valuation of the above legal interest is 29 January 2015.

The Report and Valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

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1.0 SALIENT DETAILS OF THE SUBJECT PROPERTY

1.1 Interest Valued/ Type of Property

The subject of this valuation comprises the interest in perpetuity in a parcel of commercial land with the specific use for private hospital identified as PT No. 2466 (New Lot 50459), Pekan Bukit Kepayang, District of Seremban, Negeri Sembilan Darul Khusus held under Title No. HS(D) 218451.

1.2 Location

The Subject Property is located in Seremban and is sited off the southern side of Jalan Sungai Ujong, travelling from North-South Highway towards Seremban town. It is located about 2.5 kilometres (1.5 miles) to the south-west of Seremban town centre. It is a second layer plot off Jalan Sungai Ujong and adjoining to the south of KPJ Seremban Specialist Hospital. It fronts onto an unnamed metalled road and is easily accessible via Jalan Sungai Ujong, Jalan Toman 1 and thence via turning right onto an unnamed metalled road leading to the Subject Property.

1.3 Title Particulars

Lot/PT No. / Mukim / District / State:	PT No. 2466 / Pekan Bukit Kepayang / Seremban / Negeri Sembilan Darul Khusus
Title No.:	HS(D) 218451
Category Of Land Use:	Building
Tenure:	Interest in perpetuity
Provisional Title Land Area:	5,645 square metres
Annual Rent:	RM2,371.00
Registered Proprietor:	Seremban Specialist Hospital Sdn Bhd
Express Condition:	Tanah ini hendaklah digunakan untuk bangunan hospital swasta sahaja.
Restriction In Interest:	Nil
Encumbrance:	Nil

1.4 Property Description

The subject site comprises a regular shaped parcel of land, having a provisional title land area of 5,645 square metres (60,763 square feet).

From a reduced extract of the Certified Plan No. PA-803740, we note that the subject site has been surveyed and ascribed a new Lot No 50459 and having a surveyed land area of about 5,644 square metres (60,752 square feet). In arriving at our opinion of value, we have adopted the surveyed land area of about 5,644 square metres (60,752 square feet)

The site has a frontage of about 62.459 metres (205 feet) onto an unnamed metalled road along part of it's eastern site boundary. The remaining eastern site boundary which measures about 55.826 metres (183 feet) abuts onto KPJ Seremban Specialist Hospital (Lot 17522). The western site boundary which measures about 107.029 metres (351 feet) abuts onto an unmade road reserve. The northern and southern site boundaries which measure about 52.361 metres (172 feet) and 46.848 square metres (153 square feet) abut onto KPJ Seremban Specialist Hospital (Lot 24007) and Lot 16384 (currently vacant land), respectively.

This site is generally flat in terrain and lies slightly above the level of the frontage unnamed metalled road.

The site is partly paved with interlocking blocks and being used as a temporary Car Park Area of KPJ Seremban Specialist Hospital ("KPJS").

At the date of our inspection, we noted the following buildings which belong to KPJS erected on the subject site.

a) Car Park Operation Building
b) TNB Substation
c) Medical Gas Storage Building
d) Refuse Chamber

We note that the above buildings are ancillary buildings of KPJS and can only contribute to the Market Value of the new extension buildings which are currently under construction and existing buildings of KPJS upon amalgamation of the Subject Property with KPJS (Lots 17522, 17523 and 24007) which is proposed in the near future. In light of the above, we were specifically instructed to exclude the above buildings in our valuation.

1.5 Planning Details

Our enquiries with the Town Planning Department of Majlis Perbandaran Seremban revealed that the Subject Property is designated for Commercial use (For the specific purpose of private hospital). As at the date of this report, there is no planning submission to relevant authority for development of the site.

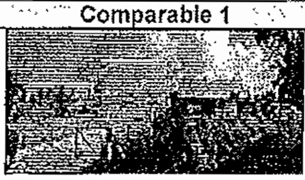
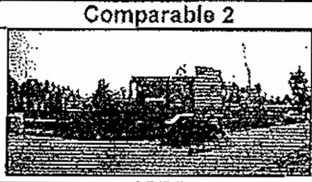
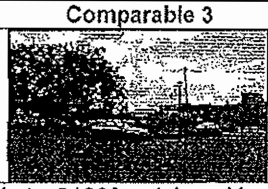
2.0 VALUATION METHODOLOGY

In arriving at our opinion of the Market Value of the Subject Property, we have adopted the Comparison Method as the sole valuation methodology.

2.1 COMPARISON METHOD

In determination of value by this method, a survey was made of property sales that have occurred in this or similar areas within the recent past. These comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, corner/end premium, tenure and size to render the sold properties as similar as possible with the Subject Property.

We have compiled and analysed sale evidences of similar types of commercial land in the vicinity and neighbourhood of the Subject Property. In arriving at our opinion of the market value of Subject Property using the Comparison Method, the following sale evidences, amongst others, are considered suitable comparables and adopted.

	Comparable 1	Comparable 2	Comparable 3
			
Lot No.	Lot 24335 (PT No. 2468), Jalan Ligkaran Tengah, Off Jalan Sungai Ujong, Seremban, Negeri Sembilan	Lot 27102, Persiaran S2, Seremban 2, Seremban, Negeri Sembilan	Lot 21980, Jalan Yam Tuan, Seremban, Negeri Sembilan
Title No.	HS(D)224136	Geran 145220	Geran 163261
Property Type	A parcel of commercial land	A parcel of commercial land	A parcel of commercial land
Category Of Land Use / Express Condition	Building / Commercial Building	Building / Commercial Building	Building / Commercial Building
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area (Sq. Ft.)	135,734	31,764	22,421
Consideration	RM9,505,384/-	RM2,223,500/-	RM3,249,885/-
Date Of Transaction	12 July 2013	24 June 2013	12 June 2012
Vendor	Solid Star Realty Sdn Bhd	Perbadanan Kemajuan Negeri Negeri Sembilan (PKNNS) Isa	Pulangan Segar Sdn Bhd
Purchaser	Grand Infinite Development Sdn Bhd	Hi Style Apparel Sdn Bhd	Casa Bahagia Sdn Bhd
Analysis (Per Sq. Ft.)	RM70.03	RM70.00	RM144.95
Adjustment Factor Considered	Market condition, location, shape/corner/end, express condition of the title and size.		
Effective Adjusted Value (Per Sq. Ft.)	RM70.03	RM70.00	RM79.72

Source: Valuation and Property Services Department, Ministry of Finance

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We have analysed and made diligent adjustments for differences of the comparable sale transactions against the Subject Property. We note that the sale evidences range from RM70.00 per square foot to RM144.95 per square foot. After making the necessary adjustments the adjusted values range from RM70.00 per square foot to RM79.72 per square foot.

In arriving at the market value of the Subject Property using the Comparison Method, we have emphasized upon Comparable 1 which is the latest transaction and also being the nearest to the Subject Property having similar surrounding and neighbourhood.

We have adopted the adjusted value of RM70.03 per square foot from the adjustments of Comparable 1 as fair representation which translates into a market value of RM4,254,432.12 and we rounded down to RM4,250,000/-.

3.0 VALUATION RATIONAL

The Subject Property comprises a parcel of commercial land.

The Comparison Method is the commonly adopted sole valuation methodology in the industry for valuation of commercial land without any development order or planning approval which other valuation methods are deemed unsuitable. We also note that there are adequate sale evidences of similar type of commercial land in the vicinity of the Subject Property which can be relied upon to arrive at the accurate market value of the Subject Property using the Comparison Method. The details of the sale evidences are easily available from the Valuation And Property Services Department, Ministry Of Finance.

4.0 OPINION OF VALUE

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market value of the interest in perpetuity in a parcel of commercial land with the specific use for private hospital, identified as PT No. 2466 (New Lot 50459), Pekan Bukit Kepayang, District of Seremban, Negeri Sembilan Darul Khusus held under Title No. HS(D) 218451, with vacant possession and subject to the title being free of all encumbrances, good, marketable and registrable is RM4,250,000 (Ringgit Malaysia Four Million Two Hundred and Fifty Thousand Only).

For And On Behalf Of
CHESTON INTERNATIONAL (KL) SDN. BHD.

G PAREMES SIVAM, FRISM, MRICS, MPEPS, MIPPM
CHARTERED SURVEYOR
REGISTERED VALUER, V-480

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Our Ref: V/SC/B/3833614/PH &
V/SC/B/3833614/SD

23 February 2015

THE BOARD OF DIRECTORS
DAMANSARA REIT MANAGERS SDN BERHAD
(Manager For Al-Aqar Healthcare REIT)
Unit No. 1-19-02, Level 19, Block 1,
V Square, Jalan Utara,
46200 Bandar Petaling Jaya,
SELANGOR DARUL EHSAN

Dear Sirs,

VALUATION OF RUMAH SAKIT MEDIKA PERMATA HIJAU AND RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI, INDONESIA ("SUBJECT PROPERTIES").

We were instructed by Al-Aqar Healthcare REIT to conduct valuation of the Subject Properties for the purposes of submission to the Bursa Malaysia Securities Berhad and this Valuation Certificate has been prepared for the inclusion in the Circular to the unit holders of Al-Aqar Healthcare REIT to be dated 24 June 2015 in relation to the intended disposal by AmanahRaya Trustees Berhad, being the trustee of Al-Aqar Healthcare REIT, of the entire equity interests in Crossborder Hall (M) Sdn Bhd and Crossborder (M) Aim Sdn Bhd, both are wholly-owned subsidiaries of Al-Aqar Healthcare REIT, to Kumpulan Perubatan (Johor) Sdn Bhd, a wholly-owned subsidiary of KPJ Healthcare Berhad. Crossborder Hall (M) Sdn Bhd and Crossborder (M) Aim Sdn Bhd each holds 50% shares in PT Al-Aqar Permata Hijau and PT Al-Aqar Bumi Serpong Damai, being the owners of Rumah Sakit Medika Permata Hijau and Rumah Sakit Medika Bumi Serpong Damai, respectively.

The relevant dates of valuations of the legal interests in the Subject Properties are to be taken as at the dates of inspection as stated in the individual Valuation Certificates attached as Appendix 'A'.

This valuation has been carried out by Cheston International (KL) Sdn Bhd in collaboration with KJPP Hendra Gunawan dan Rekan in association with Colliers International, Indonesia (ijin Usaha:2.09.0075), World Trade Centre, 10th Floor, Jl Jenderal Sudirman Kav 29-31,Jakarta 12920, Indonesia.

The Report and Valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

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1.0 VALUATION METHODOLOGY

In arriving at our opinion of the Market Values of the abovementioned properties, we have adopted the Investment Method as the primary valuation method and Cost (Depreciated Replacement Cost) Method as check.

1.1 INVESTMENT METHOD

The Investment method is premised on the principle that the value of an income-producing property is represented by "the present worth of future rights to income, or utility". The value estimate under this method is derived by ascertaining the market rent of the property (i.e. that income which is ascribable to the property under its highest and best use); deducting all reasonable annual operating expenses (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of the income stream.

In undertaking our assessment of the value using the capitalization approach, we have valued the Subject Properties subject to the existing Leases.

1.2 COST (DEPRECIATED REPLACEMENT COST) METHOD

In essence, this method entails the summation of the market value of land and depreciated replacement cost of the building. The Cost Method is the common method as it can be applied to wide range of assets. The Cost Method estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. It is based on the principle of substitution, i.e. that unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to construct an equivalent asset.

2.0 RECONCILIATION OF VALUES

We note that the Subject Properties are subject to a long term rental leases based on specific terms and conditions. The market values of the Subject Properties which are subject to remaining rental leases of about 11.52 years in respect of Rumah Sakit Permata Hijau from P.T. Al-Aqar Permata Hijau (Lessor) to PT Khidmat Perawatan Jasa Medike (Lessee) and about 11.47 years in respect of Rumah Sakit Medika Bumi Serpong Damai from P.T. Al-Aqar Bumi Serpong Damai (Lessor) to PT KPJ Medica (Lessee) are the function of the future income stream. The present value of the future income stream is represented in the Investment Method. Hence, we have considered the market values derived from the Investment Method as fair and accurate representation of the Market Values of the Subject Properties supported by the Cost Method.

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3.0 OPINION OF VALUE

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market values of the Subject Properties are as follow; -

No.	Property Address	Market Value
1	Rumah Sakit Medika Permata Hijau	Rp81,560,283,688 Rupiah Eighty One Billion Five Hundred And Sixty Million Two Hundred And Eighty Three Thousand Six Hundred And Eighty Eight Only (RM23,000,000/- Ringgit Malaysia Twenty Three Million Only)
2	Rumah Sakit Medika Bumi Serpong Damai	Rp202,127,659,574 Rupiah Two Hundred Two Billion One Hundred And Twenty Seven Million Six Hundred And Fifty Nine Thousand Five Hundred And Seventy Four Only (RM57,000,000/- Ringgit Malaysia Fifty Seven Million Only)
	Total	**Rp283,687,943,262 Rupiah Two Hundred Eighty Three Billion Six Hundred And Eighty Seven Million Nine Hundred And Forty Three Thousand Two Hundred And Sixty Two Only (RM80,000,000/- Ringgit Malaysia Eighty Million Only)**

* RM/Rupiah Exchange Rate

Our valuation has been undertaken in Rupiah, based on Rupiah comparable information. Whilst we provide our valuation reports based on RM/Rupiah exchange rate at the date of valuation, we wish to highlight the current unpredictable currency fluctuations. However, for your general information, we have based our valuation on the middle rate of the opening buying & selling rates for RM quoted by Bank Sentral Republik Indonesia on the date of valuation of Rp3,554.44 and Rp3,516.27. The rate adopted is Rp3,546.10/RM0.000282. Source: Bank Sentral Republik Indonesia

For And On Behalf Of
CHESTON INTERNATIONAL (KL) SDN. BHD.

G. PAREMES SIVAM, FRISM, MRICS, MPEPS, MIPPM
CHARTERED SURVEYOR
REGISTERED VALUER, V-480

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APPENDIX 'A' - SALIENT DETAILS OF THE SUBJECT PROPERTY

Property No. 1

a. Property Details

Reference No.:	V/SC/B/3833614/PH
Date of Inspection:	05 February 2015
Identification/Address:	Rumah Sakit Medika Permata Hijau, Jalan Raya Kebayoran Lama, No. 64, Sukabumi Selatan, Kebon Jeruk, West Jakarta, Indonesia.
Type of Property:	A purpose built private hospital
Land Certificate Details:	Hak Guna Bangunan *1 (Rights To Build) No.01036, Kelurahan Sukabumi, Selatan, Kecamatan Kebon Jeruk, Kotamadya Jakarta Barat, Propinsi Daerah Khusus Ibukota Jakarta Raya, Indonesia.
Tenure:	20-year rights to build expiring on 6 February 2026 (an unexpired term of rights of about 11.06 years with an extension of the rights for another 30 years)
Land Area:	4,201 Square Metres / 45,220 Square Feet
Planning / Zoning / Usage:	Commercial / Private Medical Centre
Registered Proprietor:	P.T. Al-Aqar Permata Hijau
Location:	The subject property is located within West Jakarta District and along the western side of Jalan Raya Kebayoran Lama or along the northern side of Jalan Letjen Supeno (or Arteri Permata Hijau). Jakarta City Centre is located about 11 kilometres to the north-east of the subject property.
Description of the Buildings:	The buildings comprise a five (5) storey purpose built private hospital building together with a single storey office building, a utility building, a musholla (surau) and a guard house. The private hospital accommodates 92 beds and was completed and in operation since year 1992.
Age:	23 years
Gross Floor Area:	(see table below)
Building Permit / Building Use Permit:	Issued by Gubernur Kepala Daerah Khusus Ibukota Jakarta on 17 January 1991 / Issued by Gubernur Kepala Daerah Khusus Ibukota Jakarta on 9th January 2006
Existing Lease Profile:	We note from the Lease Agreement dated 26 July 2011 made between P.T. Al-Aqar Permata Hijau (the Lessor), PT Khidmat Perawatan Jasa Medika (the Lessee) and Damansara REIT Managers Sdn Bhd (the Manager), that Rumah Sakit Medika Permata Hijau has been leased for a period of 15 years (Contractual Term) with an option to renew for another fifteen (15) years subject to the terms and conditions to be agreed by the parties. The lease commenced on 26 July 2011 and will be expiring on 25 July 2026. The First Rental Term was from 26 July 2011 to 25 July 2013 (First Rental Term). Based on the Lease Agreement for the Second Rental Term dated 29 November 2013, the Lessor, Lessee and the Manager have agreed to renew the Rental Term commencing on 26 July 2013 and expiring on 25th July 2016 (Second Rental Term).
Historical Acquisition Price:	The subject property was acquired on 15th June 2010 at RM21,140,000 (Rp58,800,000,000) (Exchange Rate of Rp1:RM0.00036)

Gross Floor Area:

	Gross Floor Area	
	Square Metres	**Square Feet**
Main Building	4,638.00	49,924
Office Building	273.00	2,939
Ancillary Buildings	115	1,235
Total	**5,026**	**54,098**

*1 Hak Guna Bangunan (HGB) title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title with the State retains "ownership". HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent period of up to 20 years. Upon expiration of such extension, new HGB title may be granted on the same land with the same tenure terms. Based on Article 22 paragraph (1) (b) vis-à-vis Article 21 of UUPM of Government Regulation on Capital Investment (Penanaman Modal) 2007, the approved capital investment company may obtain HGB rights for a period of 80 years (A combined initial term of 50 years (combination of 30-year initial term plus 20-year extension term) plus 30-year renewal term).

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b. Valuation

1. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft). For Term.	RM3.50	We have adopted the contractual passing rental as per the Lease Agreements for the current and future terms. We note that for contractual rental agreed by both parties in respect of First Rental Term and Second Rental Term, the rental rates have remained unchanged. As such, we have maintained the rental rate for the remaining term 3, 4 and 5.
Monthly Gross Rental (per sq. ft). For Reversion.	RM3.57	Upon expiry of the Lease, the rental is reverted to market rental. There is dearth of rental evidence of similar type of hospitals in Indonesia. However, we have analysed the committed rental rates and other more common commercial properties as guide and reference. We have analysed rental rates of various grades of office buildings and note that market rental of various grades of transacted office buildings in Jakarta ranges from RM4.14 to RM9.68 per square foot depending on the geographical location and different grades and quality of the office buildings. Based on the analysis of past and existing contractual rental of the subject property under the Lease Agreement, analysis of market rental of various grades of office buildings, we have adopted reversionary rental of RM3.57 per square foot as the fair market rental of Rumah Sakit Medika Permata Hijau. Whilst it is difficult to determine the grade of the subject property to match with the various grades of office building in Jakarta, the adoption of RM3.57 as market rental of the subject property which is a slight upward revision of about 2% of the contractual rental rate and about 16% lower than the rental of low grade office building in Jakarta, is fair and reasonable market rental of the subject property which reflects it's location and building characteristics.
Outgoings (per sq. ft. per month)	RM0.181	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.181 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	Term 8.25% Reversionary 8.75%	Based on the yield analysis of office buildings, we note that the yield of office buildings in Jakarta ranges from 5% to 7% whilst yield analysis of private hospitals in Indonesia ranges from 8.12% to 9.51%. We note that the subject property has been leased on a long term basis for 15 years subject to renewal for a further term of 15 years. We note that the revenues for subject property are fully secured during the term. We have adopted reversionary yield of 8.75% whilst the adopted term yield is 8.25% which reflects the security of the existing lease, certain, fixed rental income and quality of the lessee.

2. Cost Method

i. Land Component – Comparison Method

DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Sale Transaction	Asking Price	Asking Price
Title	Hakmilik	Hakmilik	Hakmilik
Address	Along Jalan Kebon Nanas (Near Garden Nursery)	At Permata Hijau (Behind ITC)	At Permata Hijau (Block Q, near Permata Mitra)
Property Type	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land
Land Area	9,688 Sq. Ft.	2,691 Sq. Ft.	7,535 Sq. Ft.
Tenure	Freehold	Freehold	Freehold
Consideration	Rp14,000,000,000 (RM3,948,000)	-	-
Year Of Transaction / Asking Price	December 2013	December 2014	December 2014
Asking Price (Likely Sale or Transacted Price)	-	Rp4,532,500,000 (RM1,278,165)	Rp14,700,000,000 (RM4,145,400)
Source	KJPP Hendra Gunawan dan Rekan in Association with Colliers International		
Analysis (Per Sq. Ft.)	Rp1,445,158.46 (RM407.53)	Rp1,684,332.18 (RM474.98)	Rp1,950,963.92 (RM550.17)
Adjustment Factors Considered	Market condition, location and accessibility, shape, type of title/tenure, size and planning/zoning/usage		
Effective Adjusted Value (Per Sq. Ft.)	Rp1,372,900.53 (RM387.16)	Rp1,010,599.31 (RM284.99)	Rp1,268,126.55 (RM357.61)
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 which is the only transacted sale transaction available. We have adopted the adjusted value of Rp1,372,900.53 (RM387.16) per square foot from the adjustments of Comparable 1 as fair representation which translates into a market value of the land of Rp62,078,443,407 (RM17,506,121).		

5

ii. Building Component

Building	Gross Current Replacement Cost New (GCRCN) (Psf)	Depreciated Replacement Cost
Main Building	Rp575,000 / RM162	Rp15,501,402,000 / RM4,371,395
Office Building	Rp550,000 / RM155	Rp872,883,000 / RM246,153
Ancillary Buildings	Rp223,880-Rp280,000 / RM63-RM79	Rp156,154,456 / RM44,035
Site Improvement	Rp17,600 / RM5	Rp332,134,387 / RM93,662
Total		Rp16,862,573,844 / RM4,755,246

In arriving at the GCRCN of the subject buildings, we have made reference to the records of development cost of other similar buildings, made reference with various contracts awarded, made enquiries with the contractors and quantity surveyors and made reference to JUBM and Langdon Seah Construction Cost Handbook 2014.

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

iii. The Market Value derived from the Cost Method is Rp78,941,017,251 / RM22,261,367.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Investment Method of Rp81,768,270,729 / RM23,058,652 as fair and accurate representation of the market value of the subject property supported by the Cost Method.
Investment Method	Rp81,768,270,729 / RM23,058,652	
Cost Method	Rp78,941,017,251 / RM22,261,367	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 05 February 2015, subject to the existing lease and the Land Certificate being free of all encumbrances, good, marketable and registrable is Rp81,560,283,688 Rupiah Eighty One Billion Five Hundred And Sixty Million Two Hundred And Eighty Three Thousand Six Hundred And Eighty Eight Only (RM23,000,000/- Ringgit Malaysia Twenty Three Million Only).

Property No. 2

a. Property Details

Reference No.:	V/SC/B/3833614/SD
Date of Inspection:	05 February 2015
Identification/Address:	Rumah Sakit Medika Bumi Serpong Damai, Jalan Letkol Sutopo III – IA / 07, Serpong District, Tangerang, Banten Province, Indonesia
Type of Property:	A purpose built private hospital
Land Certificate Details:	Hak Guna Bangunan *1 (Rights To Build) No. 881, Desa Lengkong Wetan, Kecamatan Serpong, Kabupaten Tangerang, Propinsi Banten (formerly Jawa Barat), Indonesia
Tenure:	20-year rights to build expiring on 15 July 2027 (an unexpired term of rights of about 12.44 years with an extension of the rights for another 30 years).
Total Land Area:	12,000 Square Metres / 129,169 Square Feet
Planning / Zoning / Usage:	Commercial
Registered Proprietor:	P.T. Al-Aqar Bumi Serpong Damai (Domiciled in Jarkata)
Location:	The subject property is located within Bumi Serpong Damai (BSD), along the southern side of Jalan Letkol Sutopo and off the eastern side of the intersection of Jalan BSD – Serpong and Letkol Sutopo. It is located about 3 kilometres to the north-west of JORR (Jakarta Outer Ring Road) toll way within Serpong Damai whilst the BSD Junction is located about 400 metres to the west of the subject property. Jakarta City Centre is located about 30 kilometres to the east of the subject property.
Description of the Buildings:	The buildings comprise a six (6) storey purpose built private hospital building with a basement, a utility building, a musholla (surau) and three (3) guard houses. The private hospital accommodates 200 beds and was completed and in operation since year 2005.
Age:	10 years
Gross Floor Area:	(see table below)
Building Permit:	Issued by Bupati Kepala Daerah Tingkat II Tangerang on 5th February 1997.
Existing Lease Profile:	We note from the Lease Agreement dated 26 July 2011 made between P.T. Al-Aqar Bumi Serpong Damai (the Lessor), P.T. KPJ Medica (the Lessee) and Damansara REIT Managers Sdn Bhd (the Manager), that Rumah Sakit Medika Bumi Serpong Damai has been leased for a period of 15 years (Contractual Term) with an option to renew for another fifteen (15) years subject to the terms and conditions to be agreed by the parties. The lease commenced on 26 July 2011 and will be expiring on 25 July 2026. The First Rental Term was from 26 July 2011 to 25 July 2013 (First Rental Term). Based on the Lease Agreement for the Second Rental Term dated 29 November 2013, the Lessor, Lessee and the Manager have agreed to renew the Rental Term commencing on 26 July 2013 and expiring on 25th July 2016 (Second Rental Term).
Historical Acquisition Price:	The subject property was acquired on 4th June 2010 at RM50,270,000 (Rp139,800,000,000) (Exchange Rate of Rp1:RM0.00036)

Gross Floor Area:

	Gross Floor Area	
	Square Metres	**Square Feet**
Main Building	22,075.75	237,633
Ancillary Buildings	92.00	989
Total	**22,167.75**	**238,622**

*1 Hak Guna Bangunan (HGB) title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title with the State retains "ownership". HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent period of up to 20 years. Upon expiration of such extension, new HGB title may be granted on the same land with the same tenure terms. Based on Article 22 paragraph (1) (b) vis-à-vis Article 21 of UUPM of Government Regulation on Capital Investment (Penanamen Modal) 2007, the approved capital investment company may obtain HGB rights for a period of 80 years (A combined initial term of 50 years (combination of 30-year initial term plus 20-year extension term) plus 30-year renewal term).

b. Valuation

1. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft). For Term.	RM2.89	We have adopted the contractual passing rental as per the abovementioned Lease Agreement for the current and future terms. We note that for contractual rental agreed by both parties in respect of First Rental Term and Second Rental Term, the rental rates have remained unchanged. As such, we have maintained the rental rate for the remaining terms 3, 4 and 5.
Monthly Gross Rental (per sq. ft). For Reversion.	RM2.94	Upon expiry of the Lease, the rental is reverted to market rental. There is dearth of rental evidence of similar type of hospitals in Indonesia. However, we have analysed the committed rental rates and other more common commercial properties as guide and reference. We have analysed rental rates of various grades of office buildings and note that market rental of various grades of transacted office buildings in Jakarta ranges from RM4.14 to RM9.68 per square foot depending on the geographical location and different grades and quality of the office buildings. Based on the analysis of past and existing contractual rental of the subject property under the Lease Agreement, analysis of market rental of various grades of office buildings, we have adopted reversionary rental of RM2.94 per square foot as the fair market rental of Rumah Sakit Medika Bumi Serpong Damai. Whilst it is difficult to determine the grade of the subject property to match with the various grades of office building in Jakarta, the adoption of RM2.94 as market rental of the subject property which is a slight upward revision of about 2% of the contractual rental rate and about 40% lower than the rental of low grade office building in Jakarta, is fair and reasonable market rental of the subject property which reflects it's location and building characteristics.
Outgoings (per sq. ft. per month)	RM0.153	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.153 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	Term 8.00% Reversionary 8.50%	Based on the yield analysis of office buildings, we note that the yield of office buildings in Jakarta ranges from 5% to 7% whilst yields of private hospitals in Indonesia ranges from 8.12% to 9.51%. We note that the subject property has been leased on a long term basis for 15 years subject to renewal for a further term of 15 years. We note that the revenues for subject property are fully secured during the term. We have adopted reversionary yield of 8.50% whilst the adopted term yield is 8.00% which reflects the security of the existing lease, certain, fixed rental income and quality of the lessee.

2. Cost Method

i. Land Component – Comparison Method

DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Sale Transaction	Asking Price	Asking Price
Title	Hakmilik	Hakmilik	Hakmilik
Address	Along Jalan Raya Serpong (Opposite Toko Buah Rejeki)	Along Jalan Raya Serpong (Nearby Teras Kota)	Along Jalan Pahlawan Seribu (Pom Bensin Total)
Property Type	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land
Land Area	17,115 Sq. Ft.	68,889 Sq. Ft.	67,813 Sq. Ft.
Tenure	Freehold	Freehold	Freehold
Consideration	Rp20,670,000,000 (RM5,828,940)	-	-
Year Of Transaction / Asking Price	December 2013	December 2014	December 2014
Asking Price (Likely Sale or Transacted Price)	-	Rp87,040,000,000 (RM24,545,280)	Rp85,680,000,000 (RM24,161,760)
Source	KJPP Hendra Gunawan dan Rekan in Association with Colliers International		
Analysis (Per Sq. Ft.)	Rp1,207,712.53 (RM340.57)	Rp1,263,481.83 (RM356.30)	Rp1,263,474.56 (RM356.30)
Adjustment Factors Considered	Market condition, location and accessibility, shape, type of title/tenure, size and planning/zoning/usage		
Effective Adjusted Value (Per Sq. Ft.)	Rp724,627.52 (RM204.34)	Rp821,263.19 (RM231.60)	Rp1,010,779.64 (RM285.04)
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 which is the only transacted sale transaction available. We have adopted the adjusted value of Rp724,627.52 (RM204.34) per square foot from the adjustments of Comparable 1 as fair representation which translates into a market value of the land of Rp93,594,339,702 (RM26,393,604).		

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ii. Building Component

Building	Gross Current Replacement Cost New (GCRCN) (Psf)	Depreciated Replacement Cost
Main Building	Rp575,000 / RM162	
Basement Car Park	Rp250,000 / RM71	
Sub Total	Rp458,417 / RM129	Rp106,756,300,000 / RM30,105,277
Ancillary Buildings	Rp223,880-Rp280,000 / RM63-RM79	Rp250,097,529 / RM70,527
Site Improvement	Rp17,600 / RM5	Rp1,559,450,323 / RM439,765
Total		Rp108,565,847,852 / RM30,615,569

In arriving at the GCRCN of the subject buildings, we have made reference to the records of development cost of other similar buildings, made reference with various contracts awarded, made enquiries with the contractors and quantity surveyors and made reference to JUBM and Langdon Seah Construction Cost Handbook 2014.

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

iii. The Market Value derived from the Cost Method is Rp202,160,187,554 / RM57,009,173.

3. Reconciliation of Values

Method of Valuation	Market Value	
Investment Method	Rp202,127,659,574 / RM57,000,000	We have considered the market value derived from the Investment Method of Rp202,127,659,574 / RM57,000,000 as fair and accurate representation of the market value of the subject property supported by the Cost Method.
Cost Method	Rp202,160,187,554 / RM57,009,173	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 05 February 2015, subject to the existing lease and the Land Certificate being free of all encumbrances, good, marketable and registrable is Rp202,127,659,574 Rupiah Two Hundred Two Billion One Hundred And Twenty Seven Million Six Hundred And Fifty Nine Thousand Five Hundred And Seventy Four Only (RM57,000,000/- Ringgit Malaysia Fifty Seven Million Only).

Deloitte.

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**INDEPENDENT ASSURANCE REPORT
ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION
OF AL-`AQAR HEALTHCARE REIT ("AL-`AQAR")
TO THE BOARD OF DIRECTORS OF DAMANSARA REIT MANAGERS SDN BERHAD ("MANAGER FOR AL-`AQAR")**

Report on the Compilation of Pro Forma Financial Information

We have completed our assurance engagement to report on the compilation of pro forma financial information of Al-`Aqar as at 31 December 2014 prepared by the Board of Directors of the Manager for Al-`Aqar ("Directors of the Manager"). The pro forma financial information consists of the pro forma consolidated statement of financial position of Al-`Aqar as at 31 December 2014 and related notes as set out in the accompanying attachment and stamped by us for the purpose of identification. The pro forma financial information has been prepared for inclusion in the circular to unit holders to be dated 24 June 2015 ("Circular") in relation to the:

(a) proposed acquisition by AmanahRaya Trustees Berhad, being the trustee of Al-'Aqar, of two (2) parcels of freehold lands together with buildings erected thereon, from Puteri Nursing College Sdn. Bhd., an indirect wholly-owned subsidiary of KPJ Healthcare Berhad, for a purchase consideration of RM77.80 million ("Proposed Acquisition of KPJUC Properties");

(b) proposed acquisition by AmanahRaya Trustees Berhad, being the trustee of Al-'Aqar, of a parcel of freehold land in Seremban, Negeri Sembilan from Seremban Specialist Hospital Sdn. Bhd, an indirect wholly-owned subsidiary of KPJ Healthcare Berhad, for a total cash consideration of RM4.25 million ("Proposed Acquisition of Seremban Land"); and

(c) proposed disposal by AmanahRaya Trustees Berhad, being the trustee of Al-'Aqar, of the entire equity interest in Crossborder Hall (M) Sdn. Bhd. and Crossborder Aim (M) Sdn. Bhd., both wholly-owned subsidiaries of Al-'Aqar, to Kumpulan Perubatan (Johor) Sdn. Bhd., a wholly-owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM4.718 million subject to disposal consideration adjustment ("Proposed Disposal of Subsidiaries").

The above proposals shall be collectively referred to as "the Proposals".

The pro forma financial information has been compiled by the Directors of the Manager to illustrate the impact of the Proposals as set out in Note 3 to the pro forma financial information on Al-`Aqar's financial position as at 31 December 2014 as if the transaction had taken place at 31 December 2014. As part of this process, information about Al-`Aqar's financial position has been extracted by the Directors of the Manager from the audited financial statements of Al-`Aqar for the financial year ended 31 December 2014, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors of the Manager are responsible for compiling the pro forma financial information on the basis as described in Note 2 to the pro forma financial information.

Our Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the Directors of the Manager on the basis as set out in Note 2 to the pro forma financial information.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus,* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Manager has compiled, in all material respects, the pro forma financial information on the basis as described in Note 2 to the pro forma financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of the Manager in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of Al-`Aqar, the events or transactions in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been properly compiled on the basis stated.

Other Matters

This report is issued for the sole purpose for inclusion in the Circular and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the abovementioned Proposals.

Deloitte

DELOITTE
AF 0080
Chartered Accountants

HUANG KHEAN YEONG
Partner - 2993/05/16 (J)
Chartered Accountant

19 June 2015

AL-`AQAR HEALTHCARE REIT ("AL-`AQAR")
NOTES TO THE PRO FORMA FINANCIAL INFORMATION AS AT 31 DECEMBER 2014

1. GENERAL

The pro forma financial information consists of the pro forma consolidated statement of financial position of Al-`Aqar as at 31 December 2014.

2. BASIS OF PREPARATION

The pro forma financial information of Al-`Aqar has been prepared for illustration purpose only, to show the effects on the audited consolidated financial statements of Al-`Aqar as at 31 December 2014, had the Proposals described in Note 3 been effected on that date, and should be read in conjunction with the notes thereto.

The pro forma financial information have also been prepared using the audited consolidated financial statements of Al-`Aqar for the financial year ended 31 December 2014, prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Al-`Aqar.

3. CORPORATE EXERCISES

The corporate exercises entail the following:

(a) Proposed Acquisition of KPJUC Properties

The Proposed Acquisition of KPJUC Properties entails AmanahRaya Trustee Berhad, being the trustee of Al-`Aqar, acquiring two (2) parcels of freehold land together with buildings erected thereon, from Puteri Nursing College Sdn. Bhd. ("PNCSB"), an indirect wholly-owned subsidiary of KPJ Healthcare Berhad, for a purchase consideration of RM77.80 million ("Purchase Consideration") .

The Purchase Consideration for the Proposed Acquisition of KPJUC Properties is assumed to be satisfied as follows:

(i) A sum of RM38.90 million (first 50% of the Purchase Consideration) shall be funded via the Proposed Private Placement.

(ii) The remaining purchase consideration of RM38.90 million (50% of the Purchase Consideration) ("Balance Purchase Consideration") is assumed to be satisfied in either the manner as described in Scenario 1 - Base Case or Scenario 2 - Maximum Scenario as follows:

Scenario 1 - Base Case

The Balance Purchase Consideration shall be payable in the following manner:

(aa) RM19.45 million (50% of the Balance Purchase Consideration) via the issuance of 16.208 million new units in Al-`Aqar ("Al-`Aqar Units") at an indicative issue price of RM1.20, representing approximately ten percent (10%) discount on the five (5)-day volume-weighted average price ("VWAP") of the Al-`Aqar Units up to 29 May 2015, being the latest practical date of the Circular, of RM1.33; and (bb) RM19.45 million (50% of the Balance Purchase Consideration) in cash by way of an Islamic financing facility, the terms of which are yet to be determined.

Scenario 2 - Maximum Scenario

The Balance Purchase Consideration is assumed to be payable via the issuance of Deferred Consideration Units at the minimum issue price of RM1.04, computed based on Al-`Aqar's net asset value per unit of RM1.15 at 30 September 2014, based on the latest available quarterly results of Al-`Aqar prior to the date of the exchange of letter between AmanahRaya Trustee Berhad, being the trustee of Al-`Aqar and PNCSB dated 12 February 2015, incorporating a ten percent (10%) discount.

(b) Proposed Private Placement

A proposed private placement of up to RM40.00 million or 33.333 million new Al-`Aqar Units shall be issued to third party investors to be identified at a later date, at an indicative issue price of RM1.20, representing approximately ten percent (10%) discount to the five (5)-day VWAP of the Al-`Aqar Units up to 29 May 2015, being the latest practical date prior to the date of the Circular, of RM1.33.

A sum of RM38.90 million shall be allocated to partially finance the first fifty percent (50%) of the Purchase Consideration in relation to the Proposed Acquisition. The remaining proceeds from the Proposed Private Placement shall be used to defray any costs related to the Proposed Private Placement and Proposed Acquisition of KPJUC Properties.

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Clause 14.03 of the Real Estate Investment Trusts Guidelines. On 9 April 2015, the unitholders of Al-`Aqar had approved the authority to the Directors of the Manager to allot and issue new Al-`Aqar Units, not exceeding 139.245 million Al-`Aqar Units representing 20% of the approved fund size of Al-`Aqar, at its Annual General Meeting.

(c) Proposed Acquisition of SSH Land

The Proposed Acquisition of SSH Land Acquisition entails AmanahRaya Trustees Berhad, being the trustee of Al-'Aqar, acquiring a land in Seremban, Negeri Sembilan from Seremban Specialist Hospital Sdn. Bhd, an indirect wholly-owned subsidiary of KPJ Healthcare Berhad, for a total cash consideration of RM4.25 million.

(d) Proposed Disposal of Subsidiaries

Proposed Disposal of Subsidiaries entails AmanahRaya Trustees Berhad, being the trustee of Al-'Aqar, disposing of the entire equity interest in Crossborder Hall (M) Sdn. Bhd. and Crossborder Aim (M) Sdn. Bhd., both wholly-owned subsidiaries of Al-'Aqar, to Kumpulan Perubatan (Johor) Sdn. Bhd., a wholly-owned subsidiary of KPJ Healthcare Berhad for a total consideration of RM4.718 million subject to disposal consideration adjustment.

Crossborder Hall (M) Sdn. Bhd. and Crossborder Aim (M) Sdn. Bhd. in turn owns 50% equity interest each in PT Al-'Aqar Permata Hijau and PT Al-'Aqar Bumi Serpong Damai, both companies incorporated in Indonesia.

4. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

4.1 Scenario 1 - Base Case

	Audited as at 31.12.2014 RM'000	Adjustments RM'000	Pro Forma I RM'000	Adjustments RM'000	Pro Forma II RM'000	Adjustments RM'000	Pro Forma III RM'000	Adjustments RM'000	Pro Forma IV RM'000
ASSETS									
Non-current asset									
Investment properties	1,509,996	-	1,509,996	77,800	1,587,796	4,250	1,592,046	(80,000)	1,512,046
Current assets									
Trade receivables	7,070	-	7,070	-	7,070	-	7,070	(1,546)	5,524
Other receivables and prepayments	7,564	-	7,564	-	7,564	-	7,564	-	7,564
Fixed deposits with licensed banks	44,577	-	44,577	-	44,577	-	44,577	(982)	43,595
Cash and bank balances	23,215	39,725	62,940	(40,250)	22,690	(4,510)	18,180	2,228	20,408
	82,426		122,151		81,901		77,391		77,091
Total assets	1,592,422		1,632,147		1,669,697		1,669,437		1,589,137
LIABILITIES									
Current liabilities									
Other payables and accrued expenses	16,589	-	16,589	-	16,589	-	16,589	(31)	16,558
Islamic financing	79,949	-	79,949	-	79,949	-	79,949	(79,949)	-
Tax liabilities	9	-	9	-	9	-	9	-	9
	96,547		96,547		96,547		96,547		16,567

(Forward)

	Audited as at 31.12.2014 RM'000	Adjustments RM'000	Pro Forma I RM'000	Adjustments RM'000	Pro Forma II RM'000	Adjustments RM'000	Pro Forma III RM'000	Adjustments RM'000	Pro Forma IV RM'000
Non-current liabilities									
Deferred tax liabilities	3,044	-	3,044	-	3,044	-	3,044	-	3,044
Other payables	8,089	-	8,089	-	8,089	-	8,089	-	8,089
Islamic financing	653,199	-	653,199	19,450	672,649	-	672,649	-	672,649
	664,332		664,332		683,782		683,782		683,782
Total liabilities	760,879		760,879		780,329		780,329		700,349
Net asset value	831,543		871,268		889,368		889,108		888,788
Unitholders' fund									
Unitholders' capital	682,683	39,725	722,408	19,450	741,858	-	741,858	-	741,858
Undistributed income	153,093	-	153,093	(1,350)	151,743	(260)	151,483	(5,344)	146,139
Foreign exchange reserve	(4,233)	-	(4,233)	-	(4,233)	-	(4,233)	5,024	791
Total unitholders fund	831,543		871,268		889,368		889,108		888,788
Number of units in circulation	696,226	33,333	729,559	16,208	745,767		745,767		745,767
Net asset value per unit	1.19		1.19		1.19		1.19		1.19
Borrowings / Total Assets	46.04%		44.92%		45.07%		45.08%		42.33%

4.2 Scenario 2 - Maximum Scenario

	Audited as at 31.12.2014 RM'000	Adjustments RM'000	Pro Forma I RM'000	Adjustments RM'000	Pro Forma II RM'000	Adjustments RM'000	Pro Forma III RM'000	Adjustments RM'000	Pro Forma IV RM'000
ASSETS									
Non-current asset									
Investment properties	1,509,996	-	1,509,996	77,800	1,587,796	4,250	1,592,046	(80,000)	1,512,046
Current assets									
Trade receivables	7,070	-	7,070	-	7,070	-	7,070	(1,546)	5,524
Other receivables and prepayments	7,564	-	7,564	-	7,564	-	7,564	-	7,564
Fixed deposits with licensed banks	44,577	-	44,577	-	44,577	-	44,577	(982)	43,595
Cash and bank balances	23,215	39,725	62,940	(40,250)	22,690	(4,510)	18,180	2,228	20,408
	82,426		122,151		81,901		77,391		77,091
Total assets	1,592,422		1,632,147		1,669,697		1,669,437		1,589,137
LIABILITIES									
Current liabilities									
Other payables and accrued expenses	16,589	-	16,589	-	16,589	-	16,589	(31)	16,558
Islamic financing	79,949	-	79,949	-	79,949	-	79,949	(79,949)	-
Tax liabilities	9	-	9	-	9	-	9	-	9
	96,547		96,547		96,547		96,547		16,567

(Forward)

	Audited as at 31.12.2014 RM'000	Adjustments RM'000	Pro Forma I RM'000	Adjustments RM'000	Pro Forma II RM'000	Adjustments RM'000	Pro Forma III RM'000	Adjustments RM'000	Pro Forma IV RM'000
Non-current liabilities									
Deferred tax liabilities	3,044	-	3,044	-	3,044	-	3,044	-	3,044
Other payables	8,089	-	8,089	-	8,089	-	8,089	-	8,089
Islamic financing	653,199	-	653,199	-	653,199	-	653,199	-	653,199
	664,332		664,332		664,332		664,332		664,332
Total liabilities	760,879		760,879		760,879		760,879		680,899
Net asset value	831,543		871,268		908,818		908,558		908,238
Unitholders' fund									
Unitholders' capital	682,683	39,725	722,408	38,900	761,308	-	761,308	-	761,308
Undistributed income	153,093	-	153,093	(1,350)	151,743	(260)	151,483	(5,344)	146,139
Foreign exchange reserve	(4,233)	-	(4,233)	-	(4,233)	-	(4,233)	5,024	791
Total unitholders fund	831,543		871,268		908,818		908,558		908,238
Number of units in circulation	696,226	33,333	729,559	37,404	766,963		766,963		766,963
Net asset value per unit	1.19		1.19		1.18		1.18		1.18
Borrowings / Total Assets	46.04%		44.92%		43.91%		43.92%		41.10%

4.3 Pro forma Adjustments to Pro forma Consolidated Statement of Financial Position

4.3.1 Pro forma I

Pro forma I incorporates adjustments relating to the Proposed Private Placement. The corporate exercise expenses related to the Proposed Private Placement is estimated to be RM0.275 million and is charged to unitholders' capital.

4.3.2 Pro forma II

(a) **Scenario 1 - Base Case**

Pro forma II incorporates Pro forma I, the Proposed Acquisition of KPJUC Properties and the settlement of the Balance Purchase Consideration. The estimated expenses relating to the Proposed Acquisition is RM1.35 million and is charged to profit or loss for the year.

(b) **Scenario 2 - Maximum Scenario**

Pro forma II incorporates Pro forma I, the Proposed Acquisition of KPJUC Properties and the settlement of the Balance Purchase Consideration. The estimated expenses relating to the Proposed Acquisition is RM1.35 million and is charged to profit or loss for the year.

4.3.3 Pro forma III

Pro forma III incorporates Pro forma II and adjustments relating to the Proposed Acquisition of Seremban Land. The corporate exercise expenses related to the Proposed Acquisition of Seremban Land is estimated to be RM0.26 million and is charged to profit or loss.

4.3.4 Pro forma IV

Pro forma IV incorporates Pro forma III and adjustments relating to the Proposed Disposal of Subsidiaries. The corporate exercise expenses related to the Proposed Disposal of Subsidiaries is estimated to be RM0.75 million and is charged to undistributed income.

It is assumed that for the purposes of this pro forma, no disposal consideration adjustment has been made.

The Proposed Disposal of Subsidiaries will give rise to the following:

(a) Gain Arising from the Disposal

	RM'000
Purchase consideration	4,718
Less:	
Unaudited combined net assets of the subsidiaries comprising Crossborder Hall (M) Sdn. Bhd., Crossborder Aim (M) Sdn. Bhd., PT Al-'Aqar Permata Hijau and PT Al-'Aqar Bumi Serpong Damai at 31 March 2014	(4,288)*
Gain arising from disposal of subsidiaries	430

* The unaudited combined nets assets comprise the following:

	RM'000
Investment properties	80,000
Trade receivables	1,546
Fixed deposits with licensed banks	982
Cash and bank balances	149
Other payables and accrued expenses	(31)
Amount owing to Al-`Aqar	(78,358)
	4,288

(b) Foreign Exchange Reserve

The cumulative amount of exchange differences of RM5.02 million that was recognised in equity is reclassified to profit or loss upon the said disposals.

(c) Repayment of Shareholder's Advances

The following amount owing by the subsidiaries to Al-'Aqar at 31 December 2014 will be fully settled:

	RM'000
Crossborder Hall (M) Sdn. Bhd.	12,217
Crossborder Aim (M) Sdn. Bhd	12,217
PT Al-'Aqar Permata Hijau	12,801
PT Al-'Aqar Bumi Serpong Damai.	41,123
	78,358

(d) Proposed Utilisation of Proceeds

The proceeds from the Proposed Disposal and repayment of the shareholder's advances are as follows:

	RM'000
Proceeds from Proposed Disposal	4,718
Repayment of the shareholder's advances	78,358
	83,076

The proceeds will be utilised as follows:

	RM'000
Repayment of Islamic Financing	79,949
Working capital purposes	2,377
Estimated corporate exercise expenses	750
	83,076

4.4 Notes to Pro Forma Consolidated Statement of Financial Position

4.4.1 Investment Properties

	Scenario 1 - Base Case RM'000	Scenario 2 - Maximum Scenario RM'000
As at 31 December 2014 and **Pro Forma I**	1,509,996	1,509,996
Arising from Proposed Acquisition of KPJUC Properties	77,800	77,800
Pro Forma II	1,587,796	1,587,796
Arising from Proposed Acquisition of SSH Land	4,250	4,250
Pro Forma III	1,592,046	1,592,046
Arising from Proposed Disposal of Subsidiaries	(80,000)	(80,000)
Pro Forma IV	1,512,046	1,512,046

4.4.2 Cash and Bank Balances

	Scenario 1 - Base Case RM'000	Scenario 2 - Maximum Scenario RM'000
As at 31 December 2014	23,215	23,215
Arising from Private Placement	40,000	40,000
Estimated corporate exercise expenses	(275)	(275)
Pro Forma I	62,940	62,940
Payment of 50% of the Purchase Consideration	(38,900)	(38,900)
Arising from new Islamic financing	19,450	-
Payment of 50% of the Balance Purchase Consideration	(19,450)	-
Estimated corporate exercise expenses	(1,350)	(1,350)
Pro Forma II	22,690	22,690
Arising from Proposed Acquisition of SSH Land	(4,250)	(4,250)
Estimated corporate exercise expenses	(260)	(260)
Pro Forma III	18,180	18,180
Arising from cash and bank balances disposed of in relation to the Proposed Disposal	(149)	(149)
Arising from proceeds from Proposed Disposal	4,718	4,718
Arising from repayment of the shareholder's advances	78,358	78,358
Arising repayment of repayment of Islamic Financing	(79,949)	(79,949)
Estimated corporate exercise expenses	(750)	(750)
Pro Forma IV	20,408	20,408

4.4.3 **Islamic Financing**

	Scenario 1 - Base Case RM'000	Scenario 2 - Maximum Scenario RM'000
Current		
As at 31 December 2014, and **Pro Forma I, II** and **III**	79,949	79,949
Arising repayment of repayment of Islamic Financing	(79,949)	(79,949)
Pro Forma IV	-	-
Non-Current		
As at 31 December 2014 and **Pro Forma I**	653,199	653,199
Borrowings obtained for payment of 50% of the Balance Purchase Consideration	19,450	-
Pro Forma II, III and **IV**	672,649	653,199

4.4.4 **Unitholders' Fund**

(a) **Scenario 1 - Base Case**

	Unitholders' capital RM'000	Undistributed income RM'000	Foreign exchange reserve RM'000	Total RM'000
As at 31 December 2014	682,683	153,093	(4,233)	831,543
Arising from Private Placement	40,000	-	-	40,000
Estimated corporate exercise expenses	(275)	-	-	(275)
Pro Forma I	722,408	153,093	(4,233)	871,268
Settlement of 50% of the Balance Purchase Consideration	19,450	-	-	19,450
Estimated corporate exercise expenses	-	(1,350)	-	(1,350)
Pro Forma II	741,858	151,743	(4,233)	889,368
Estimated corporate exercise expenses	-	(260)	-	(260)
Pro Forma III	741,858	151,483	(4,233)	889,108

(Forward)

	Unitholders' capital RM'000	Undistributed income RM'000	Foreign exchange reserve RM'000	Total RM'000
Pro Forma III	741,858	151,483	(4,233)	889,108
Arising from Proposed Disposal of Subsidiaries	-	(4,594)	5,024	430
Estimated corporate exercise expenses	-	(750)	-	(750)
Pro Forma IV	741,858	146,139	791	888,788

(b) **Scenario 2 – Maximum Scenario**

	Unitholders' capital RM'000	Undistributed income RM'000	Foreign exchange reserve RM'000	Total RM'000
As at 31 December 2014	682,683	153,093	(4,233)	831,543
Arising from Private Placement	40,000	-	-	40,000
Estimated corporate exercise expenses	(275)	-	-	(275)
Pro Forma I	722,408	153,093	(4,233)	871,268
Settlement of 50% of the Balance Purchase Consideration	38,900	-	-	38,900
Estimated corporate exercise expenses	-	(1,350)	-	(1,350)
Pro Forma II	761,308	151,743	(4,233)	908,818
Estimated corporate exercise expenses	-	(260)	-	(260)
Pro Forma III	761,308	151,483	(4,233)	908,558
Arising from Proposed Disposal of Subsidiaries	-	(4,594)	5,024	430
Estimated corporate exercise expenses	-	(750)	-	(750)
Pro Forma IV	761,308	146,139	791	908,238

1. RESPONSIBILITY STATEMENT

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

2. ADVISERS

2.1 Consents

AmInvestment Bank has been appointed by KPJ as the Principal Adviser for the Proposals on 17 July 2014 and 17 March 2015. AmInvestment Bank has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they so appear in this Circular.

Crowe Horwath Advisory Sdn Bhd, being the Independent Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they so appear in this Circular.

Cheston International (KL) Sdn Bhd, being the Independent Valuer for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they so appear in this Circular.

Messrs Deloitte, being the Reporting Accountant for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they so appear in this Circular.

2.2 Conflict of Interests

(i) AmInvestment Bank

AmInvestment Bank, its related and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of its holding company ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The Ambank Group has engaged and/or may in the future, engage in transactions with and perform services for Al-`Aqar Group, in addition to the role involved in the Proposals. Additionally, in the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with Al-`Aqar Group, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of Al-`Aqar Group. This is a result of the businesses of AmBank Group generally acting independently of each other and accordingly there may be situations where parts of AmBank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of Al-`Aqar Group

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As at LPD, the AmBank Group has extended credit facilities to the Al-`Aqar Group. In addition, the proceeds from the Crossborder Shareholders' Advances will be utilised to repay AmBank facilities. Notwithstanding the above, AmInvestment Bank is of the view that the aforementioned extension of credit facilities does not result in a conflict of interest situation in its capacity as the Principal Adviser for the Proposals as the extension of credit facilities arose in the ordinary course of business of the AmBank Group and the repayment of the said facilities by utilising the proceeds from the Crossborder Shareholders' Advances is in accordance with the terms and conditions of respective facility agreements; the operation of AmBank Group is regulated by the Financial Services Act, 2013 and its internal Chinese Wall policy and the outstanding amount owed by the Al-`Aqar Group is not material when compared to the audited total assets of the AmBank Group for the FYE 31 March 2014.

AmInvestment Bank is the Principal Adviser to both Al-`Aqar and KPJ in relation to the Proposals. Al-`Aqar and KPJ have respectively appointed independent advisers, to advise the non-interested unit holders/shareholders and non-interested directors of the Manager and KPJ respectively, in relation to the Proposals.

Save for the above, AmInvestment Bank is not aware of any circumstances that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Principal Adviser for the Proposals.

(ii) Crowe Horwath Advisory Sdn Bhd

Crowe Horwath Advisory Sdn Bhd has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Independent Adviser in respect of the Proposals.

(iii) Cheston International (KL) Sdn Bhd

Cheston International (KL) Sdn Bhd has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Independent Valuer in respect of the Proposals.

(iv) Messrs Deloitte

Messrs Deloitte has given its written declaration that in so far as they are aware, there is no conflict of interest which exists or is likely to exist in its capacity as the Reporting Accountant of Al-`Aqar in respect of the Proposals.

3. MATERIAL CONTRACTS

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

(i) the Restated Deed dated 31 July 2013 entered between the Trustee and the Manager and which binds the persons who are for the time being registered as holders of the units in Al-`Aqar, in relation to the proposed amendments to the principal trust deed dated 27 June 2006 which constituted Al-`Aqar ("**Principal Deed**") and to consolidate all amendments made to the Principal Deed via supplementary deeds , to incorporate relevant amendments in accordance with the applicable laws, requirements and guidelines governing a real estate investment trust. The Restated Deed is the deed governing Al-`Aqar upon its registration with the SC on 4 November 2013.

(ii) the Sale and Purchase Agreement dated 28 February 2014 entered between the Trustee with Smartwheels Intelligence Sdn Bhd ("**Smartwheels**"), wherein the Trustee had on behalf of Al-`Aqar sold a freehold land held under the title particulars HS(D) 180978, PTB 19109, Bandar Johor Bahru, Daerah Johor Bahru, in the State of Johor together with an integrated commercial development comprising a twenty-seven (27) storey hotel ("**Hotel Selesa**") and a thirty-one (31) storey office block ("**Metropolis Tower**") (collectively, referred to as "**Selesa Tower**") erected thereon ("**SPA**") for a disposal consideration of RM112.0 million ("**Selesa Tower Disposal**"). The Selesa Tower Disposal has been terminated by the Trustee on 2 September 2014.

(iii) the Sale and Purchase Agreement dated 3 October 2014 entered between the Trustee and PNCSB, for the acquisition by Al-`Aqar of the KPJUC Properties for a total purchase consideration of RM77,800,000 upon the terms and conditions of the KPJUC SPA. As at LPD, the Proposed Acquisition of KPJUC Land is still ongoing;

(iv) the Sale and Purchase Agreement dated 18 March 2015 entered between the Trustee and SSHSB, to acquire the SSH Land for a total purchase consideration of RM4,250,000 upon the terms and conditions of the SSH SPA. As at LPD, the Proposed Acquisition fo SSH Land is still ongoing;

(v) the Share Sale Agreement dated 31 March 2015 entered between the Trustee, the Trustee and KPJSB in relation to the disposal of the Sale Shares for a total cash consideration of RM4,718,000, subject to the Crossborder Disposal Consideration Adjustment upon the terms and conditions of the Crossborder SSA. As at LPD, the Proposed Disposal is still ongoing; and

(vi) the Supplemental Sale and Purchase Agreement dated 10 April 2015 entered between the Trustee and SSHSB to vary the terms of the SSH SPA by excluding the SSH Facilities from the Proposed Acquisition of SSH Land.

4. MATERIAL LITIGATION

As at LPD, Al-`Aqar is not engaged in any material litigation, claims, or arbitration, either as plaintiff or defendant, which has a material adverse effect on the position of Al-`Aqar, and to the best of the knowledge and belief of the Board of the Manager, the Board of the Manager is not aware of any proceedings, pending or threatened, against Al-`Aqar or of any facts likely to give rise to any proceedings which may materially and adversely affect the position of Al-`Aqar.

5. MATERIAL COMMITMENTS

As at LPD, save as disclosed below, the Board of the Manager is not aware of any other material commitments incurred or known to be incurred by Al-`Aqar, which may have a material impact on the profits and NAV of Al-`Aqar:

Material commitments	Amount RM'000
Approved, contracted but not provided for:	
- Commitments for acquisition of the KPJUC Properties	77,800
- Commitments for acquisition of the SSH Land	4,250
Total	**82,050**

6. CONTINGENT LIABILITIES

As at LPD, the Board is not aware of any contingent liability incurred or known to be incurred by Al-`Aqar, which may have a material impact on the profits and NAV of Al-`Aqar.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection up to and including the date of the EGM during normal business hours at the registered office of the DRMSB at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor:

(i) the Restated Trust Deed governing Al-`Aqar and the Memorandum and Articles of association of the Crossborder Target Companies;

(ii) the audited consolidated financial statements of the Al-`Aqar Group for the past two (2) FYE 31 December 2014 and FYE 31 December 2013 and the unaudited consolidated financial statement for the three (3) months period ended 31 March 2015;

(iii) the audited financial statements of the Crossborder Companies for the past two (2) FYE 31 December 2014 and FYE 31 December 2013;

(iv) the audited financial statements of the PT Al-`Aqar Companies for the past two (2) FYE 31 December 2014 and FYE 31 December 2013;

(v) the KPJUC SPA, KPJUC Exchange Letter, the exchange letter dated 18 March 2015 between PNCSB and the Trustee in relation to the Proposed Acquisition of KPJUC Properties, SSH SPA, SSH Supplemental SPA and Crossborder SSA;

(vi) valuation reports and valuation certificates issued by the Independent Valuer in relation to the Proposals;

(vii) the pro forma consolidated statement of financial position as at 31 December 2014 and the reporting accountants' letter thereon in relation to the Proposals, as prepared by the Reporting Accountant;

(viii) the letters of consent referred to in Section 2.1 of Appendix VI above; and

(ix) the material contracts referred to in Section 3 of Appendix VI above.

AL-`AQAR HEALTHCARE REIT

(established in Malaysia under the deed dated 27 June 2006 and as amended by the supplemental deeds dated 14 May 2009, 27 January 2011 and 9 November 2011 and updated by the Restated Deed dated 31 July 2013 entered into between Damansara REIT Managers Sdn Berhad, a company incorporated under the Companies Act 1965 and AmanahRaya Trustees Berhad, a trust corporation established under the Trust Companies Act 1949 and incorporated under the Companies Act 1965 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 unit holders of Al-`Aqar Healthcare REIT (**"Al-`Aqar"**) will be held at Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Thursday, 9 July 2015, at 12.00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without any modification:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY AMANAHRAYA TRUSTEES BERHAD, BEING THE TRUSTEE OF AL-`AQAR HEALTHCARE REIT, OF TWO (2) PARCELS OF FREEHOLD LAND IN NILAI, NEGERI SEMBILAN TOGETHER WITH BUILDINGS ERECTED THEREON FROM PUTERI NURSING COLLEGE SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD FOR A TOTAL CONSIDERATION OF RM77,800,000 ("PROPOSED ACQUISITION OF KPJUC PROPERTIES")

"**THAT** subject to the approvals being obtained from the relevant authorities and parties, approval be and is hereby given to the Directors of Damansara REIT Managers Sdn Berhad, being the manager of Al-`Aqar ("**Manager**") and AmanahRaya Trustees Berhad, being the trustee of Al-`Aqar ("**Trustee**"), for the proposed acquisition of two (2) parcels of freehold land in Nilai, Negeri Sembilan together with buildings erected thereon (collectively, "**KPJUC Properties**") for a total consideration of RM77,800,000 ("**KPJUC Purchase Consideration**") upon the terms and conditions set out in the sale and purchase agreement dated 3 October 2014 ("**KPJUC SPA**") (including exchange letters dated 12 February 2015 and 18 March 2015 respectively) entered into between the Trustee and Puteri Nursing College Sdn Bhd ("**PNCSB**"), an indirect wholly-owned subsidiary of KPJ Healthcare Berhad. The KPJUC Purchase Consideration shall be satisfied by the following:-

(i) a sum of RM38,900,000, being the first fifty percent (50%) of the KPJUC Purchase Consideration shall be paid in cash; and

(ii) The balance of RM38,900,000, being the final fifty percent (50%) of the KPJUC Purchase Consideration ("**KPJUC Balance Purchase Consideration**") shall be paid by the Trustee either by cash ("**KPJUC Deferred Cash Consideration**") or by issuance of new units in Al-`Aqar (**"Al-`Aqar Units"**) ("**KPJUC Deferred Consideration Units**") or by a combination of KPJUC Deferred Cash Consideration and KPJUC Deferred Consideration Units in the amount equivalent to the KPJUC Balance Purchase Consideration on or before the expiry of three (3) years from the completion date of the KPJUC SPA or such other date as the parties may be agreed in writing.

    The issue price of the KPJUC Deferred Consideration Units shall be computed based on the five (5)-day volume weighted average market price of the Al-`Aqar Units prior to the date to be mutually agreed upon by the Trustee and PNCSB which shall not be more than one (1) month prior to the issuance date of the KPJUC Deferred Consideration Units, incorporating not more than ten percent (10%) discount.

    Any fractional units arising from the settlement of the KPJUC Balance Purchase Consideration shall be disregarded.

THAT the Directors of the Manager and Trustee are hereby authorised to issue and allot the new Al-`Aqar Units in satisfaction and discharge of the KPJUC Balance Purchase Consideration pursuant to the Proposed Acquisition of KPJUC Properties (if applicable), such new Al-`Aqar Units shall rank *pari passu* with other Al-`Aqar Units without any preference or priority amongst themselves.

AND THAT the Directors of the Manager and Trustee be and are hereby authorised to do all such acts and things and enter into any arrangements, guarantees, agreements and/or undertakings, as they deem necessary and expedient in order to implement, finalise and/or give full effect to and complete the Proposed Acquisition of KPJUC Properties with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities or as they may deem necessary or expedient to implement, finalise and/or give full effect to and complete the Proposed Acquisition of KPJUC Properties."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION BY AMANAHRAYA TRUSTEES BERHAD, BEING THE TRUSTEE OF AL-`AQAR HEALTHCARE REIT, OF A LAND IN SEREMBAN, NEGERI SEMBILAN FROM SEREMBAN SPECIALIST HOSPITAL SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD FOR A TOTAL CASH CONSIDERATION OF RM4,250,000 ("PROPOSED ACQUISITION OF SSH LAND")

"**THAT** subject to the approvals being obtained from the relevant authorities and parties, approval be and is hereby given to the Directors of Damansara REIT Managers Sdn Berhad, being the manager of Al-`Aqar ("**Manager**") and AmanahRaya Trustees Berhad, being the trustee of Al-`Aqar ("**Trustee**"), for the proposed acquisition of a land in Seremban, Negeri Sembilan ("**SSH Land**") for a total cash consideration of RM4,250,000 ("**SSH Purchase Consideration**") upon the terms and conditions set out in the sale and purchase agreement dated 18 March 2015 (including the supplemental sale and purchase agreement dated 10 April 2015) ("**SSH SPA**") entered into between the Trustee and Seremban Specialist Hospital Sdn Bhd ("**SSHSB**"), an indirect wholly-owned subsidiary of KPJ Healthcare Berhad.

AND THAT the Directors of the Manager and Trustee be and are hereby authorised to do all such acts and things and enter into any arrangements, guarantees, agreements and/or undertakings, as they deem necessary and expedient in order to implement, finalise and/or give full effect to and complete the Proposed Acquisition of SSH Land with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities or as they may deem necessary or expedient to implement, finalise and/or give full effect to and complete the Proposed Acquisition of SSH Land."

ORDINARY RESOLUTION 3

PROPOSED DISPOSAL BY AMANAHRAYA TRUSTEES BERHAD, BEING THE TRUSTEE OF AL-`AQAR HEALTHCARE REIT, OF THE ENTIRE EQUITY INTEREST IN CROSSBORDER HALL (M) SDN BHD AND CROSSBORDER AIM (M) SDN BHD, WHOLLY-OWNED SUBSIDIARIES OF AL-`AQAR HEALTHCARE REIT, TO KUMPULAN PERUBATAN (JOHOR) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD FOR A TOTAL CASH CONSIDERATION OF RM4,718,000 SUBJECT TO THE CROSSBORDER DISPOSAL CONSIDERATION ADJUSTMENT("PROPOSED DISPOSAL")

"**THAT** subject to the approvals being obtained from the relevant authorities and parties, approval be and is hereby given to the Directors of Damansara REIT Managers Sdn Berhad, being the manager of Al-`Aqar ("**Manager**") and AmanahRaya Trustees Berhad, being the trustee of Al-`Aqar ("**Trustee**"), for the proposed disposal of the entire ordinary shares of RM1.00 each in Crossborder Hall (M) Sdn Bhd and the entire ordinary shares of RM1.00 each in Crossborder Aim (M) Sdn Bhd, wholly-owned subsidiaries of Al-`Aqar (collectively, "**Crossborder Companies**") ("**Crossborder Sale Shares**") for a total cash consideration of RM4,718,000 ("**Crossborder Disposal Consideration**") subject to adjustment as set out in Section 4.3.4 of Part A of the circular to the unit holders dated 24 June 2015 ("**Circular**") and upon the terms and conditions set out in the share sale agreement dated 31 March 2015 ("**Crossborder SSA**") entered into between the Trustee, the Manager and Kumpulan Perubatan (Johor) Sdn Bhd, a wholly-owned subsidiary of KPJ Healthcare Berhad ("**KPJSB**").

THAT pursuant to the Crossborder SSA, Al-`Aqar agrees that KPJSB shall settle and/or procure the respective Crossborder Companies together with their jointly held subsidiaries, PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai (collectively, "**Crossborder Target Companies**") to settle the outstanding amount of shareholder's advances given by Al-`Aqar to the Crossborder Target Companies in accordance with the terms and conditions of the Crossborder SSA.

AND THAT the Directors of the Manager and Trustee be and are hereby authorised to do all such acts and things and enter into any arrangements, guarantees, agreements and/or undertakings, as they deem necessary and expedient in order to implement, finalise and/or give full effect to and complete the Proposed Disposal with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities or as they may deem necessary or expedient to implement, finalise and/or give full effect to and complete the Proposed Disposal."

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

HANA BINTI AB RAHIM @ ALI, ACIS (MAICSA 7064336)
ROHAYA BINTI JAAFAR (LS 0008376)
Company Secretaries
Johor Bahru

Dated: 24 June 2015

Notes:

1. *A Unit holder shall be entitled to attend and vote at this EGM, and shall be entitled to appoint another person (whether a Unit holder or not) as its proxy to attend and vote.*

2. *Where a Unit holder is a corporation, its duly authorised representative shall be entitled to attend and vote at the EGM, and shall be entitled to appoint another person (whether a Unit holder or not) as its proxy to attend and vote.*

3. *Where the Unit holder 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 Unit holder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy. Such proxy shall have the same rights as the member to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.*

5. *The instrument appointing a proxy must be deposited at the registered office of the Manager at: Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor at least forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.*

6. *Only Unit holders registered in the Record of Depositors as at 30 June 2015 shall be entitled to attend and speak at the EGM or appoint proxy(ies) to attend on his/her behalf.*

AL-`AQAR HEALTHCARE REIT

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

Form of Proxy

I/We*____
(FULL NAME, NRIC NO./COMPANY NO. IN BLOCK LETTERS)

of____
(FULL ADDRESS)

being a unit holder/unit holders of Al-`Aqar Healthcare REIT, hereby appoint Chairman of the Extraordinary General Meeting ("**EGM**"), or

____
(FULL NAME AND NRIC NO.)

of____
(FULL ADDRESS)

or, failing him/her____________________________________
(FULL NAME AND NRIC NO.)

of____
(FULL ADDRESS)

as my/our* Proxy to vote for me/us* on my/our* behalf at the EGM of the unit holders of Al-`Aqar Healthcare REIT to be held at the Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Thursday, 9 July 2015 at 12.00 p.m.

My/Our* proxy is to vote as indicated below:

	FOR	**AGAINST**
<u>ORDINARY RESOLUTION 1</u> **PROPOSED ACQUISITION OF KPJUC PROPERTIES**		
<u>ORDINARY RESOLUTION 2</u> **PROPOSED ACQUISITION OF SSH LAND**		
<u>ORDINARY RESOLUTION 3</u> **PROPOSED DISPOSAL**		

(Please indicate with an "X" in the space as to how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion)

____
Signature(s) / Common Seal of Company

Dated this ....day of.......................... 2015...

NO. OF UNITS HELD	CDS ACCOUNT NO

Notes:

**Please delete the words "Chairman of the Extraordinary General Meeting" if you wish to appoint some other person(s) to be your proxy.*

1. *A Unit holder shall be entitled to attend and vote at this EGM, and shall be entitled to appoint another person (whether a Unit holder or not) as its proxy to attend and vote.*

2. *Where a Unit holder is a corporation, its duly authorised representative shall be entitled to attend and vote at the EGM, and shall be entitled to appoint another person (whether a Unit holder or not) as its proxy to attend and vote.*

3. *Where the Unit holder 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 Unit holder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy. Such proxy shall have the same rights as the member to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.*

5. *The instrument appointing a proxy must be deposited at the registered office of the Manager at: Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor at least forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.*

6. *Only Unit holders registered in the Record of Depositors as at 30 June 2015 shall be entitled to attend and speak at the EGM or appoint proxy(ies) to attend on his/her behalf.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

DAMANSARA REIT MANAGERS SDN BERHAD
(as Manager of Al-`Aqar Healthcare REIT)
Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru, Johor

1st fold here