

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

PROPOSED ACQUISITION BY AMANAHRAYA TRUSTEES BERHAD, ON BEHALF OF AL-`AQAR, OF A HOSPITAL TO BE KNOWN AS KPJ BATU PAHAT SPECIALIST HOSPITAL FROM JOHOR LAND BERHAD, A WHOLLY-OWNED SUBSIDIARY OF JOHOR CORPORATION FOR A TOTAL CONSIDERATION OF RM78 MILLION (“PROPOSED ACQUISITION”) AND PROPOSED LEASE OF THE SAID PROPERTY (“PROPOSED LEASE”)

This announcement is dated 26 August 2019 (“**Announcement**”)

Reference is made to Al-`Aqar’s announcement on 27 February 2018 in relation to the Memorandum of Understanding entered between Al-`Aqar, represented by its trustee, AmanahRaya Trustees Berhad (“**Trustee**” or “**Purchaser**”) and Johor Land Berhad (“**JLand**” or “**Vendor**”) for the proposed acquisition of a new hospital to be known as KPJ Batu Pahat Specialist Hospital together with an approximately 5 acres of land held under H.S.(D) 69760, PTD 63523, Mukim of Simpang Kanan, District of Batu Pahat, State of Johor (“**KPJ Batu Pahat Specialist Hospital**”) (“**Earlier Announcement**”). Unless otherwise stated, defined terms in this announcement shall carry the same meanings as defined in the Earlier Announcement.

1. INTRODUCTION

On behalf of the Board of Directors (“**Board**”) of Damansara REIT Managers Sdn Berhad, the management company of Al-`Aqar (“**DRMSB**” or “**Manager**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”), wishes to announce that the Trustee had on 26 August 2019 entered into a conditional sales and purchase agreement with JLand, a wholly-owned subsidiary of Johor Corporation (“**JCorp**”) to acquire KPJ Batu Pahat Specialist Hospital, for a total cash consideration of RM78 million (“**Purchase Price**”) (“**SPA**”) upon the terms and conditions of the SPA (“**Proposed Acquisition**”).

On even date, the Trustee, JLand (“**Lessor**”) and Pasir Gudang Specialist Hospital Sdn Bhd (“**PGSHSB**” or “**Lessee**”), a wholly-owned subsidiary of KPJ Healthcare Berhad (“**KPJ**”), had also entered into a lease agreement (“**Lease Agreement**”) for the lease of the KPJ Batu Pahat Specialist Hospital by JLand to PGSHSB. Pursuant to the provision in the Lease Agreement, upon completion of the SPA, all JLand’s rights, title, interests, benefits, obligations and liabilities as the Lessor in connection with the Lease Agreement shall be novated to the Trustee upon the terms and condition of the Lease Agreement (“**Proposed Lease**”).

The Proposed Acquisition and Proposed Lease shall collectively be referred to as Proposals.

In view of the interest of the directors of the Manager, major unitholders of Al-`Aqar as set out in Section 12 of this Announcement, the Proposals are deemed related party transactions. Accordingly, Crowe Advisory Sdn Bhd (“**Crowe**” or “**Independent Adviser**”) has been appointed as the independent advisor to advise the non-interested directors of the Manager and the non-interested unitholders of Al-`Aqar on the Proposals.

2. DETAILS OF PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition by the Trustee for and on behalf of Al-`Aqar, of a 7 multi-storey purpose-built hospital building known as KPJ Batu Pahat Specialist Hospital with built up area of 157,500 square feet comprising structures, landscaping, installation, facilities and infrastructure together with car parks which are designed, constructed, installed, developed and completed on H.S.(D) 69760, PTD 63523, Mukim of Simpang Kanan, District of Batu Pahat, State of Johor with land area of approximately 5 acres by JLand together with the necessary amenities and utilities.

To recap, on 17 October 2016, JLand, Puteri Specialist Hospital (Johor) Sdn Bhd (“**PSHSB**”), a wholly-owned subsidiary of KPJ and JCorp entered into an Agreement to Lease (as defined below). As per the Agreement to Lease, JLand has agreed to build and thereon lease the KPJ Batu Pahat Specialist Hospital to PSHSB upon issuance of the certificate of completion and compliance (“**CCC**”) to the KPJ Batu Pahat Specialist Hospital (“**Agreement to Lease**”). PSHSB has thereafter assigned all its rights under the Agreement to Lease to PGSHSB.

Subject to the Agreement to Lease, on 27 February 2018, the Trustee and JLand had entered into a memorandum of understanding to record the mutual intention of both parties in relation to the acquisition of the KPJ Batu Pahat Specialist Hospital to the Trustee.

Following the above, JLand and the Trustee entered into the SPA for the Trustee to acquire KPJ Batu Pahat Specialist Hospital for and on behalf of Al-‘Aqar. Upon completion of the SPA, the Trustee shall be the Lessor of the KPJ Batu Pahat Specialist Hospital based on the Lease Agreement entered between JLand, the Trustee and PGSHSB.

2.1 Details of KPJ Batu Pahat Specialist Hospital

Subject Property	: A 7 multi-storey purpose-built hospital building comprising structures, landscaping, installation, facilities and infrastructure together with car parks
Lot No.	: Lot PTD 63523, Mukim of Simpang Kanan, District of Batu Pahat, State of Johor Darul Takzim
Title No.	: HS(D) 69760
Age of Building	: The building is newly-completed based on the issuance of the partial CCC dated 10 April 2019
Proposed Licensed Bed	: 60 beds (with additional 30 beds for future expansion)
Tenure	: Interest in perpetuity
Category of Land Use	: Building
Land Area	: 20,235.515 square meters
Gross Floor Area	: 16,132.05 square meters (173,645.39 square feet)
Car Park Facilities	: 177 surface car parking bays (inclusive 3 OKU bays) and 50 motorcycle bays
Quit Rent (Land Tax)	: RM85,260 per annum
Registered Proprietor	: JCorp
Express conditions	: (i) Tanah ini hendaklah digunakan untuk tujuan Perdagangan yang belum ditentukan komponen pembangunannya, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan. (ii) Segala kekotoran dan pencemaran akibat ini hendaklah disalurkan ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan.

	(iii) Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa berkenaan hendaklah dipatuhi.
Restriction in interest	: (i) Tanah ini tidak boleh dijual atau dipindahmilik dengan apacara sekalipun kepada Bukan Warganegara / Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri. (ii) Sekiranya pemohon/pemilik berdaftar hendaklah melaksanakan pembangunan ditanah ini, ianya hendaklah melalui proses ubahsyarat/serahbalik kurniasemula dan hendaklah tidak dilaksanakan melalui proses pindaan pelan susunatur sebagainya. (iii) Pihak Berkuasa Tempatan hendaklah tidak boleh memproses permohonan Kebenaran Merancang Pendirian Bangunan (KMP) ataupun permohonan Pelan Bangunan selagi proses serahbalik kurniasemula melalui Kebenaran Merancang tidak diselesaikan terlebih dahulu.
Encumbrances	: Subject to the lease under the Lease Agreement
Endorsement	: Nil
Market Value	: RM78,000,000*

Note:

**Based on the valuation report by Knight Frank Malaysia Sdn Bhd on 29 July 2019*

2.2 Liabilities to be assumed by Al-`Aqar

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

3. SALIENT TERMS OF THE SPA

3.1 Purchase Price

The Purchase Price shall be satisfied as follows: -

	Terms	% of Payment	Amount (RM)
Deposit	Upon the execution of the SPA payable to JLand	1%	0.78 million
Balance of Purchase Price	On the completion of the SPA (“ Completion Date ”)	99%	77.22 million
Total		100%	78.00 million

3.2 Conditions Precedent

The SPA is conditional upon the following conditions (“**Conditions Precedent**”) to be obtained within 3 months from the date of the SPA with an automatic extension of 1 month or such later period as may mutually agree by the parties:-

- (a) the approval from the board of directors of the Vendor and JCorp;
- (b) the execution of the relevant documents to give effect to the Lease Agreement including but not limited to the Form 15A of the National Land Code;
- (c) the approval of the Unitholders of Al-‘Aqar Healthcare REIT with respect to the Proposals;
- (d) the approval from the board of directors of the REIT Trustee with respect to the Proposals;
- (e) the approval/consent being obtained from the existing financiers, creditors or lender of Al-‘Aqar for the Proposed Acquisition, where such consent is required;
- (f) the letter of offer or letter of commitment in relation to the financing of the KPJ Batu Pahat Specialist Hospital being issued by the Purchaser’s Financier and accepted by the Purchaser or Al-‘Aqar Healthcare REIT’s special purpose company which will be used for the purposes of the Purchaser’s Financing; and
- (g) the CCC has been duly obtained by the Vendor.

3.3 Lease Agreement

JLand, the Trustee and PGSHSB has entered into the Lease Agreement on the same date of this SPA where JLand has granted PGSHSB a lease of the KPJ Batu Pahat Specialist Hospital within 14 days from the date of the issuance of CCC. The salient terms of the lease agreement is as set out in Section 4 below.

Under the term of the Lease Agreement, JLand will assign, novate and substitute all of its rights, title, interest, benefit, obligation and liabilities as the Lessor to the Trustee with effect from the Completion Date of the Proposed Acquisition (“**Novation Clause**”).

Notwithstanding the Novation Clause in the Lease Agreement, JLand’s obligation under the defect liability period (from the commencement date of the lease agreement till 27 February 2021) of the Agreement to Lease and the equivalent provision in the Lease Agreement shall continue to apply even after novation has taken effect on the Completion Date. For the avoidance of doubt, JLand shall indemnify the Trustee in the event there is any claim by PGSHSB in respect of the KPJ Batu Pahat Specialist Hospital pursuant to the Agreement to Lease or the Lease Agreement.

3.4 Default

3.4.1 Default by JLand

In the event that:

- (a) there is a default by JLand to complete the sale of KPJ Batu Pahat Specialist Hospital; or
- (b) JLand fails, neglects or refuses to perform or comply with any of its obligations under this SPA and where remediable, fails to remedy the same within 14 Business Days; or
- (c) any representation, warranty or undertaking by JLand are not true;

at any time prior to the Completion of the SPA, the Purchaser shall give JLand a 45 days' notice or such later period as the parties may mutually agree in writing to rectify the alleged breach or default as stipulated in the said notice. In the event JLand fail to rectify the alleged breach the Purchaser is entitled to do either of the following:-

- (i) to require specific performance of the SPA; or
- (ii) to claim damages for the breach of the SPA by JLand; or
- (iii) to terminate the SPA with the Vendor and the Vendor shall within 14 Business Days:-
 - (aa) refund to the Purchaser all monies paid toward account of the Purchase Price interest free; and
 - (ba) pay to the Purchaser an amount equivalent to the Deposit as liquidated damages failing which the Vendor shall pay the Purchaser penalty on the aforesaid money calculated at the rate of 8% per annum on a daily basis until the date of the actual payment.

3.4.2 Default by Purchaser

In the event that:

- (a) the Purchaser fails to satisfy the Purchase Price or to complete the sale and purchase of KPJ Batu Pahat Specialist Hospital ; or
- (b) any representation, warranty or undertaking of the Purchaser is not true or accurate

JLand shall give the Purchaser 45 days' notice or such later period as may be mutually agree to rectify the alleged breach or default.

If the Purchaser fails to rectify the alleged breach or default within 45 days, JLand may do either of the following: -

- (i) to require specific performance of the SPA; or
- (ii) to terminate the SPA and refund to the Purchaser all monies (save and except for the Deposit which shall be forfeited by the Vendor as the agreed liquidated damages).

4. SALIENT TERMS OF THE LEASE AGREEMENT

Pursuant to the terms of the Lease Agreement, the lease shall commence within 14 days from the issuance of the CCC. For information, as at the date of this announcement, JLand has only procured the partial CCC for the KPJ Batu Pahat Specialist Hospital. The full CCC is still pending. Hence, the lease of the KPJ Batu Pahat Specialist Hospital has not yet commenced.

Item	Particulars
Particulars of the Demised Premises	: A 7 multi-storey purpose-built hospital building comprising structures, landscaping, installation, facilities and infrastructure together with car parks
Commencement Date	: The date of the notice by the Lessor to the Lessee to take vacant possession which shall be within 14 days from the issuance of the CCC.

Principal Lease Period	:	A period of six (6) years commencing from the Commencement Date.
Extended Lease Period	:	A period of eight (8) successive three (3)-year terms which shall be automatically renewed and commence from the expiry of the Principal Lease Period
Lease Consideration	:	RM4.79 million per annum (initial 3 years), calculated on a Triple-Net Lease (save for the fire, property/building and public liability takaful in respect of KPJ Batu Pahat Specialist Hospital) basis with the monthly Lease Consideration of RM0.40 million.

The Lease Consideration is subjected to a 10% increase every 3 years.

4.1 Lease Consideration Free Fit-Out Period

The Lessor agrees to grant to the Lessee 3 months Lease Consideration free fit-out period commencing from the Commencement Date (“**Lease Consideration Free Fit-Out Period**”).

4.2 Novation to the REIT Trustee

The parties to the Lease Agreement agree, acknowledge and consent to the following:

- (a) On and from the completion date of the SPA (“**Novation Effective Date**”), all of the rights, title, interests, benefits, obligations and liabilities of JLand as the Lessor in connection with the Lease Agreement, shall be transferred to the Trustee;
- (b) JLand shall be fully discharged and released from all of its obligations and liabilities in connection with the Lease Agreement effective on the Novation Effective Date; and
- (c) with effect from the Novation Effective Date, the contracting party releases and discharges JLand from all future claims and demands whatsoever under the Lease Agreement and accepts the liability of the Trustee as if the Trustee had been named in the Lease Agreement as lessor in place of JLand.

4.3 Defect liability period

The parties agree that any defect, shrinkage or other faults in the KPJ Batu Pahat Specialist Hospital which shall become apparent within a period from the Commencement Date until 27 February 2021 (“**Defect Liability Period**”) which are due to defective workmanship or materials or if the KPJ Batu Pahat Specialist Hospital not having been constructed in accordance with the building plan and building deliverables or as approved by the relevant authority, it shall be repaired and made good by JLand at its own cost and expense.

For the avoidance of doubt, the parties agree that the Trustee shall not be responsible for the cost to rectify any defect, shrinkage or other faults in the KPJ Batu Pahat Specialist Hospital which are due to defective workmanship or materials or if the KPJ Batu Pahat Specialist Hospital not having been constructed in accordance with the building plan and building deliverables or as approved by the relevant authority during the Defective Liability Period.

5. BASIS AND JUSTIFICATION OF THE PURCHASE PRICE

The Purchase Price for the Proposed Acquisition was arrived at on a “willing buyer-willing seller” basis after taking into consideration the market value of the properties amounting to RM78 million,

as valued by Knight Frank Malaysia Sdn Bhd, the independent valuer, vide the valuation report dated 29 July 2019. The material date of inspection for the valuation was 2 July 2019.

In arriving the market value of the properties, the Valuer has adopted the income approach by investment method as the primary approach and supported by cost approach as follows:-

Valuation Approaches	Derived Value
Income approach by investment method with comparison approach (Primary Approach)	RM78 million
Cost approach	RM79 million

5.1 Source of funding

The Proposed Acquisition will be fully funded by funds to be raised from a new Islamic financing facility.

6. INFORMATION ON THE PARTIES INVOLVED IN THE PROPOSED ACQUISITION

6.1 Information on the Vendor, JLand

JLand is a wholly owned subsidiary of JCorp which has 100% equity interest in DRMSB.

JLand is a company incorporated on 13 July 1972 in Malaysia with a registered office at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000, Johor Bahru, Johor and a place of business at Kompleks Mutiara Johor Land, Jalan Bukit Mutiara, Bandar Dato Onn, 81100 Johor Bahru, Johor.

JLand has a paid-up capital of RM445,745,488. The principal activities of JLand are property development, construction and investment holding.

The directors of JLand are Lukman Bin Hj Abu Bakar, Kamaruzzaman Bin Abu Kassim, Zulkifli Bin Ibrahim, Yusaini Bin Sidek, Rabiatul Adawiah Binti Adnan, Mohd Sahir Bin Rahmat and Ungku Harunalrashid Bin Ahmad.

6.2 Information on the Lessee, PGSHSB

PGSHSB is a wholly owned subsidiary of KPJ.

PGSHSB is a company incorporated on 28 October 2009 in Malaysia with a registered address at Level 11, Menara JCorp, No. 249 Jalan Tun Razak, Kuala Lumpur, Wilayah Persekutuan.

PGSHSB has a paid-up capital of RM65,000,000. The principal activities of PGSHSB is in the operations of private hospitals.

The directors of PGSHSB are Ab. Razak Bin Samsudin, Assoc. Prof, Khairun Bin Ahmad @ Saliman, Aminudin Bin Dawam, Shamsuddin Bin Abdul Aziz, Md Ali Bin Salleh, Ahmad Fauzi Bin Abdul Rahman, Asmadi Bin Mohd Bakri, Ahmad Mustaqim Bin Baharudin, Saharudin Bn Abdul Jalal and Aziah Binti Ahmad.

7. RATIONALE FOR THE PROPOSALS

The rationale for the Proposals is in line with the investment objective of the Manager for Al-`Aqar to acquire and invest in properties with a view to increase the income stability through the long-term lease arrangement.

The Proposals will also allow Al-`Aqar to enhance the size of its property portfolio. The KPJ Batu Pahat Specialist Hospital which is located in a strategic location is expected to yield positive benefits to Al-`Aqar's net assets value ("NAV").

8. PROSPECTS IN RELATION TO THE KPJ BATU PAHAT SPECIALIST HOSPITAL

8.1 Prospects on Malaysian healthcare industry

Affordable and quality healthcare ensures a productive workforce in the economy and safeguards the wellbeing of the people. Although the bulk of public healthcare services is subsidised by the Government, several issues remain, including long-waiting time, congestion in hospitals and rising price of medicines, especially for non-communicable diseases ("NCDs"). The Government has implemented various initiatives on NCDs such as encouraging the private sector to set up dialysis centre, enhancing healthy lifestyle programmes and wider use of generic drugs. This is in line with the National Strategic Plan for Non-Communicable Disease 2016-2025. However, NCDs remain one of the major causes of death among Malaysians.

The expenditure on medicines has almost doubled within 5 years from RM2.2 billion in 2013 to RM4.2 billion in 2018. Medicine expenditure will increase in the future with an ageing population, the prevalence of chronic disease, new patented medicines and higher demand for healthcare. Therefore, the sustainability of financing the public healthcare system is a concern given the current challenging fiscal position coupled with an anticipated ageing population in the near future.

(Source: Ministry of Finance Malaysia, Economic Outlook 2019)

8.2 Prospects of KPJ Batu Pahat Specialist Hospital

8.2.1 Quality tenant

Upon the signing of the SPA, Al-`Aqar will enter into the Lease Agreement with PGSHSB, a wholly-owned subsidiary of KPJ. PGSHSB is the operator of KPJ Batu Pahat Specialist Hospital.

KPJ owns and/or manages 26 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 for them to tap upon. Furthermore, KPJ has more than 38 years' experience in the healthcare industry.

8.2.2 Quality real estate portfolio

KPJ Batu Pahat Specialist Hospital is strategically located within the mixed development enclave of Taman Mutiara Gading. Taman Mutiara Gading is an on-going mixed residential development, and is developed by JLand. KPJ Batu Pahat Specialist Hospital is located along Jalan Kluang, a main connecting road between the Ayer Hitam and Batu Pahat town centre.

Furthermore, the Batu Pahat town is located about 10km to the south-west from KPJ Batu Pahat Specialist Hospital.

In view of the above, barring any unforeseen circumstances, the Manager believes that the long-term prospect of KPJ Batu Pahat Specialist Hospital will be positive.

9. RISKS FACTORS IN RELATION TO THE PROPOSALS

Al-`Aqar is exposed to certain inherent risks in the real estate industry, some of which include but not limited to: -

- (a) The future market value of the KPJ Batu Pahat Specialist Hospital may be less than its current valuation or the Purchase Price paid by Al-`Aqar;
- (b) Overdependence on a single tenant as the sole lessee i.e. PGSHSB of the KPJ Batu Pahat Specialist Hospital;
- (c) Al-`Aqar's ability to pay distributions may be adversely affected by the adverse interest rate fluctuation from the additional Islamic financing to finance the Proposed Acquisition combined with its existing financing arrangements and/or future debts; and
- (d) Al-`Aqar's ability to incur further borrowings may be affected and it may become more vulnerable to interest rate increases if its gearing level continues to increase. Please refer Section 9.4 of this Announcement for further details on the gearing of Al-`Aqar.

In addition, the completion of the SPA is subject to, inter-alia, the fulfilment of Conditions Precedent. The detailed risk factors will be disclosed in the circular to shareholders.

10. EFFECTS OF THE PROPOSALS

10.1 Unit Capital and Substantial Unitholder's Unitholding

The Proposals will not have any effect on the unit capital and substantial unitholders' unitholdings in Al-`Aqar as the Proposals do not involve any issuance of new units in Al-`Aqar.

10.2 Earnings and Earnings per unit ("EPU")

The Proposals are expected to contribute positively to the future earnings and EPU of Al-`Aqar from the lease of the KPJ Batu Pahat Specialist Hospital.

10.3 NAV and NAV per unit

Assuming the Proposed Acquisition is completed on 31 December 2018 (i.e. the latest audited financial year end of Al-Aqar), the Proposals are not expected to have a material impact on the NAV and NAV per unit of Al-`Aqar as the Purchase Price is to be fully funded by way of a new Islamic financing facility.

In addition the estimated expenses for the Proposals of approximately RM1.3 million should be capitalised.

10.4 Gearing

The impact of the Proposals on the gearing ratio of Al-`Aqar is as follows: -

	Audited as at 31 December 2018 (RM'000)	After the Proposed Acquisition (RM'000)
Total asset value	1,580,468	1,658,468
Total borrowings	603,705	681,705
Gearing	38.2%	41.1%

The above gearing ratio remains below the borrowings limit of 50% prescribed by the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission.

11. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- (a) the unitholders of Al-`Aqar at an Extraordinary General Meeting (“EGM”) to be convened; and
- (b) any other consents and regulatory and/or governmental approvals.

The valuation report for the Proposed Acquisition is expected to be submitted to Bursa Malaysia Securities Berhad within 2 weeks from the date of this Announcement.

The Proposed Lease is conditional upon the Proposed Acquisition. The Proposals are not conditional upon any other proposal undertaken or to be undertaken by Al-`Aqar.

12. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS OF THE MANAGER AND/OR MAJOR UNITHOLDERS OF AL-`AQAR AND/OR PERSONS CONNECTED WITH THEM

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

12.1 Interested Major Unitholders

The interested major unitholders and their unitholdings in Al-`Aqar as at 25 July 2019, being the latest practicable date prior to the date of this Announcement (“**LPD**”) are set out below:-

Name	Direct		Indirect	
	No. Of Units	%	No. Of Units	%
JCorp ⁽ⁱ⁾	-	-	302,448,172	41.09
KPJ ⁽ⁱⁱ⁾	-	-	284,075,083	38.60

(Collectively referred to as “**Interested Unitholders**”)

Notes:-

- (i) *Deemed interested by virtue of its interest in Waqaf An-Nur Corporation Berhad and Johor Ventures Sdn Bhd and by virtue of its interest in KPJ under Section 8 of the Act.*
- (ii) *Deemed interested by virtue of its interest as several Unitholders of Al-`Aqar are part of the KPJ Group.*

The Interested Unitholders are deemed interested by virtue of the following: -

- (a) JLand is a wholly-owned subsidiary of JCorp. JCorp is the major unitholder of Al-`Aqar.
- (b) The Manager is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, which in turn is a wholly-owned subsidiary of JCorp.
- (c) PGSHSB is a wholly-owned subsidiary of KPJ, a major unitholder of Al-Aqar.

Accordingly, the Interested Unitholders will abstain from voting in respect of their direct and indirect interest in Al-`Aqar on the resolutions pertaining to the Proposals at the forthcoming EGM. In addition, the Interested Unitholders will ensure that persons connected with them shall abstain from voting on the resolution pertaining to the Proposals at the forthcoming EGM in respect of their direct or indirect interests in Al-`Aqar.

12.2 Interested Directors

Dato’ Kamaruzzaman Bin Abu Kassim and Dato’ Amiruddin Bin Abdul Satar, who are directors of the Manager, are also directors of KPJ and senior management personnel of JCorp.

Wan Azman Bin Ismail a director of the Manager, is also a senior management personnel of JCorp. Lukman Bin Abu Bakar and Mohd Yusof Bin Ahmad, both directors of the Manager, are also the Managing Director and a senior management personnel of JLand respectively.

Yusaini Bin Sidek, a director of the Manager, is also a director of Damansara Assets Sdn Bhd (a wholly-owned subsidiary of JCorp) and a senior management personnel of JCorp.

(Dato’ Kamaruzzaman Bin Abu Kassim, Dato’ Amiruddin Bin Abdul Satar, Lukman Bin Abu Bakar, Wan Azman Bin Ismail, 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.

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	50,000	0.01	-	-
Wan Azman Bin Ismail	-	-	-	-
Lukman Bin Abu Bakar	-	-	-	-
Yusaini Bin Sidek	-	-	-	-
Dato' Amiruddin Bin Abdul Satar	910	*	-	-
Mohd Yusof Bin Ahmad	-	-	-	-

Note:-

* *Negligible*

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

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

13. AUDIT COMMITTEE' RECOMMENDATION

The Audit Committee of the Manager (save for Lukman Bin Abu Bakar), having considered the rationale and all aspect of the Proposals and the preliminary evaluation and recommendation by the Independent Adviser, and after careful deliberation, is of the opinion that the Proposals are: -

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

14. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), having considered, amongst others, the independent valuation of the KPJ Batu Pahat Specialist Hospital, rationale and financial effects of the Proposals and the preliminary evaluation and recommendation by the Independent Adviser, is of the opinion that the Proposals are in the best interests of Al-`Aqar and its unitholders.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, subject to the fulfilment of all conditions as set out in the SPA and the required approvals being obtained, the Proposed Acquisition is expected to be completed by end of the calendar year 2019 and the lease shall commence on the date of the completion of the Proposed Acquisition.

16. ADVISERS

AmInvestment Bank has been appointed as the principal adviser in respect of the Proposals.

The Proposals are deemed related party transactions pursuant to the Listing Requirements. Accordingly, Crowe has been appointed as the independent adviser to the non-interested Directors of the Manager, non-interested Directors and the non-interested Unitholders in relation to the Proposals.

17. TRANSACTED AMOUNT WITH JLAND AND PGHSB FOR THE PRECEDING 12 MONTHS

There were no transactions (excluding transactions in the ordinary course of business) entered into between Al-`Aqar with JLand and PGHSB for the preceding twelve (12) months from the date of this Announcement.

18. PERCENTAGE RATIO

The percentage ratio applicable for the Proposals pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is more than 5%.

19. DOCUMENT AVAILABLE FOR INSPECTION

The SPA and Lease Agreement, both dated 26 August 2019 and the valuation report dated 29 July 2019 on the KPJ Batu Pahat Specialist Hospital are available for inspection at the registered office of Al-`Aqar during the office hours from Mondays to Fridays (except for public holidays in Johor) at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor for a period of 3 months from the date of this Announcement.