

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 adviser immediately.

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Bursa Securities has not perused the contents of this Circular in respect of the Proposed RRPT Mandate (as defined herein) prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.



AL-'AQAR HEALTHCARE REIT

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

CIRCULAR TO UNITHOLDERS IN RELATION TO THE

**PROPOSED RENEWAL OF UNITHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**IN CONJUNCTION WITH THE SPECIAL BUSINESS AT THE NINTH
ANNUAL GENERAL MEETING**

Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. : 197501002220 (23742-V))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Ninth (9th) Annual General Meeting ("**AGM**") of Al-'Aqar Healthcare REIT to be held on a fully virtual basis at the Broadcast Venue: Unit 1-19-02, Block 1, V Square, Jalan Utara, 46200 Petaling Jaya, Selangor, on Wednesday, 28 April 2021 at 11 a.m., together with the Form of Proxy set out in the Notice of AGM.

A member is entitled to attend and vote at the AGM and is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. The Form of Proxy should be lodged at the Registered Office of the Damansara REIT Managers Sdn Berhad at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than twenty-four (24) hours before the time of the AGM. The last day and time for lodging the Form of Proxy is on Tuesday, 27 April 2021 at 11a.m.. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 27 April 2021 at 11a.m.

Date and time of AGM : Wednesday, 28 April 2021 at 11a.m.

DEFINITIONS

For the purpose of this document, except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

AGM	:	Annual General Meeting
Al-`Aqar or REIT	:	Al-`Aqar Healthcare REIT, a real estate investment trust constituted by the Deed
Al-`Aqar Group or Group	:	Al-`Aqar and its subsidiaries
AmInvestment Bank or Adviser	:	AmInvestment Bank Berhad, which was appointed as the adviser for the Proposed RRPT Mandate
ART or Trustee	:	AmanahRaya Trustees Berhad, being the trustee of Al-`Aqar
Board Audit and Risk Committee	:	Board Audit and Risk Committee of the Manager
Board	:	Board of Directors of the Manager
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to unitholders of Al-`Aqar dated 30 March 2021
DRMSB or Manager	:	Damansara REIT Managers Sdn Berhad, being the manager of Al-`Aqar
Deed	:	The principal deed dated 27 June 2006, the supplementary deed dated 14 May 2009, 27 January 2011 and 9 November 2011, the Restated Deed dated 31 July 2013 and further amended and restated by the Second Restated Deed dated 25 November 2019, entered into between the Manager, the Trustee and the persons registered as holders of the units in Al-`Aqar, constituting Al-`Aqar as amended, varied or supplemented from time to time
Director	:	Shall have the same meaning given in Section 2(1) of the Capital Market Services Act, 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive officer of the listed issuer, its subsidiary or holding company
FYE(s)	:	Financial year(s) ended / ending, as the case may be
Interested Directors	:	The directors of the Manager who are deemed interested in the Proposed RRPT Mandate as disclosed in Section 7 of this Circular.
Interested Major Unitholders	:	The major unitholders of Al-`Aqar who are deemed interested in the Proposed RRPT Mandate as disclosed in Section 7 of this Circular.
JCorp	:	Johor Corporation, being a major unitholder of Al-`Aqar
JCorp Group	:	JCorp, its subsidiaries and associated companies
KPJ	:	KPJ Healthcare Berhad
KPJ Group	:	KPJ, its subsidiaries and associated companies
Listed REIT Guidelines	:	Guidelines on Listed Real Estate Investment Trusts issued by the SC on 15 March 2018 and as revised on 18 June 2019

DEFINITIONS (CONT'D)

Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	8 March 2021, being the latest practicable date prior to the printing of the Circular
NAV	:	Net assets value
Proposed RRPT Mandate	:	Proposed renewal of unitholders' mandate for RRPT
Related Party / (ies)	:	A director, major unitholder and/or person(s) connected with such director or major unitholder as defined under the Listing Requirements
RM and sen	:	Ringgit Malaysia and sen respectively
RRPT	:	Recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations of the REIT and which are in the ordinary course of business of the REIT
SC	:	Securities Commission of Malaysia

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/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

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

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DAMANSARA REIT MANAGERS
SDN BERHAD

**DAMANSARA REIT MANAGERS SDN BERHAD
(MANAGER OF AL-'AQAR HEALTHCARE REIT)**

(Company No. 200501035558 (717704-V))

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under Companies Act, 2016)

Registered Office:

Level 16 Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor

30 March 2021

Board of Directors

Dato' Mohd Redza Shah Bin Abdul Wahid
Abdullah Bin Abu Samah
Dato' Wan Kamaruzaman Bin Wan Ahmad
Wan Azman Bin Ismail

Independent Non-Executive Chairman
Independent Non-Executive Director
Independent Non-Executive Director
Chief Executive Officer and Non-Independent
Executive Director
Non-Independent Non-Executive Director
Non-Independent Non-Executive Director
Non-Independent Non-Executive Director

Datuk Sr. Akmal Bin Ahmad
Shamsul Anuar Bin Abdul Majid
Mohd Yusof Bin Ahmad

To: The Unitholders of Al-'Aqar Healthcare REIT

Dear Sir/Madam,

PROPOSED RRPT MANDATE

1. INTRODUCTION

On 24 March 2021, the Board had announced that Al-'Aqar will be seeking its unitholders' approval for a general mandate in relation to RRPT in line with Paragraph 10.09 of the Listing Requirements at its forthcoming ninth (9th) AGM.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION IN RELATION TO THE PROPOSED RRPT MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AS A SPECIAL BUSINESS AT THE FORTHCOMING AGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RRPT MANDATE TO BE TABLED AT THE FORTHCOMING AGM.

2. PROPOSED RRPT MANDATE

2.1 Details of the Proposed RRPT Mandate

Pursuant to Paragraph 10.09(2) of Listing Requirements, Al-`Aqar proposes to seek a general mandate from the unitholders of Al-`Aqar for Al-`Aqar Group to enter into arrangements or transactions with the Related Parties.

Under Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its unitholders for RRPT subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the Proposed RRPT Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed RRPT Mandate during the financial year where the aggregate value is equal to or more than the following threshold:-
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher;
- (iii) the circular for the Proposed RRPT Mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain unitholder mandate, the relevant related party must comply with the requirements set out below:-
 - (i) related party with any interest, direct or indirect ("**Interested Related Party**"), must not vote on the resolution in respect of the Proposed RRPT Mandate;
 - (ii) an Interested Related Party who is:-
 - (aa) in the case of a corporation, a director or major shareholder;
 - (bb) in the case of a business trust, a trustee-manager, a director or major shareholder of the trustee-manager or major unit holder of the business trust;
 - (cc) in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the managers or a director or major shareholder of the managers; or
 - (dd) in the case of a real estate investment trust, a management company, a trustee, a director or major shareholder of the management company or major unitholder of the real estate investment trust,must ensure that persons connected with it abstain from voting on the resolution in respect of the Proposed RRPT Mandate; and
 - (iii) where the Interested Related Party is a person connected with:-
 - (aa) in the case of a corporation, a director or major shareholder;
 - (bb) in the case of a business trust, a trustee-manager, a director or major shareholder of the trustee-manager or major unit holder of the business trust;

(cc) in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the managers or a director or major shareholder of the managers; or

(dd) in the case of a real estate investment trust, a management company, a trustee, a director or major shareholder of the management company or major unit holder of the real estate investment trust,

such persons stated in subparagraphs (aa), (bb), (cc) or (dd) above, as the case may be, must not vote on the resolution in respect of the related party transaction.

(v) the Manager shall immediately announce to Bursa Securities when the actual value of a RRPT entered into by Al-`Aqar, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 Key investment objective of Al-`Aqar and principal activities of the subsidiaries

The key objective of Al-`Aqar is to provide unitholders with stable distributions per unit with the potential for sustainable long-term growth of such distributions. The objective is sought to be achieved by optimising the performance and enhancing the overall quality of a large and geographically diversified portfolio of real estate through various investment and business strategies.

Details of the subsidiaries of Al-`Aqar as of LPD are set out below:-

Name of company	Country of Incorporation	Group effective equity interest %	Principal activities
Al-`Aqar Capital Sdn Bhd	Malaysia	100.0	Special purpose company for the purpose of raising Islamic Financing for Al-`Aqar
Al-Aqar Australia Pty Ltd	Australia	100.0	Special purpose company for the purpose of acquisition of Australian property for Al-`Aqar

2.3 Classes of RRPT for the Proposed RRPT Mandate

The Proposed RRPT Mandate applies to the following classes of Related Parties:-

Nature of RRPT	Transacting Party	Classes of Related Party and Nature of Interest
Rental income for renting of, inter-alia, specialist hospitals, medical centres, aged care centre and college buildings	KPJ Group	<p>KPJ is a 38.60% owned company of JCorp. KPJ and JCorp (via KPJ) are also the major unitholders of Al-`Aqar. The Manager is also indirectly wholly-owned by JCorp.</p> <p>The Interested Directors (save for Dato' Mohd Redza Shah Bin Abdul Wahid) are deemed interested by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the senior management of JCorp Group.</p> <p>Dato' Mohd Redza Shah Bin Abdul Wahid is a Director of DRMSB and also a Director of KPJ.</p>
Advisory for, inter-alia, renovation and/or upgrade of any refurbishment work to be undertaken at the hospitals; and property management fee		

Nature of RRPT	Transacting Party	Classes of Related Party and Nature of Interest
Registrar costs and expenses	JCorp	JCorp is the major unitholder of Al-`Aqar. The Manager is also indirectly wholly-owned by JCorp. The Interested Directors (save for Dato' Mohd Redza Shah Bin Abdul Wahid) are deemed interested by virtue of them being the Directors of DRMSB nominated by JCorp and being part of the senior management of JCorp Group.
Takaful coverage	Premier Revenue Sdn Bhd ("PRSB")	PRSB is a wholly-owned subsidiary of the Manager. PRSB is the takaful agent for the takaful operator which insures properties of Al-`Aqar managed by DRMSB. The Directors of PRSB are Wan Azman Bin Ismail, a Director of the Manager; and Shahril Zairis Bin Ramli, who is part of the management team of the Manager.

Notes:-

- (i) The rental income from KPJ Group is payable on a monthly basis.

The details of the location of the properties are as follows:-

Properties	Location	Year of expiry of the contractual lease term
(a) KPJ Ampang Puteri Specialist Hospital	No. 1, Jalan Memanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan	2021*
(b) KPJ Damansara Specialist Hospital	No 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor	2021*
(c) KPJ Johor Specialist Hospital	No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru. Johor Darul Takzim	2021*
(d) KPJ Puteri Specialist Hospital	No. 33, Jalan Tun Abdul Razak (Susur 5), 80350 Johor Bahru, Johor Darul Takzim	2021*
(e) KPJ Selangor Specialist Hospital	Lot 1, Jalan 20/1, Section 20, 40300 Shah Alam, Selangor Darul Ehsan	2021*
(f) KPJ Ipoh Specialist Hospital	No.26, Jalan Raja Di Hilir, 30350 Ipoh, Perak Darul Ridzuan	2021*
(g) KPJ Perdana Specialist Hospital	No. PT 37 and PT 600, Jalan Bayam, Section 14, 15200 Kota Bharu, Kelantan	2023
(h) Kuantan Care & Wellness Center	No. 51 Jalan Alor Akar, Taman Kuantan, 25250 Kuantan, Pahang	2023
(i) KPJ Sentosa KL Specialist Hospital	No. 36, Jalan Chemur Damai Complex, 50400 Kuala Lumpur	2023

	Properties	Location	Year of expiry of the contractual lease term
(j)	KPJ Kajang Specialist Hospital	Jalan Cheras, 43000 Kajang, Selangor Darul Ehsan	2023
(k)	Kedah Medical Centre	No. 175 & 175A, Jalan Pumpong, 05250 Alor Setar, Kedah Darul Aman	2023
(l)	Damai Care & Wellness Centre (previously known as KPJ Damai Specialist Hospital)	Lorong Pokok Tepus 1, Off Jalan Damai, 88300 Kota Kinabalu, Sabah	2024
(m)	KPJ Penang Specialist Hospital	No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang	2024
(n)	Tawakkal Health Centre	No. 202A, Jalan Pahang, 53000 Kuala Lumpur	2024
(o)	KPJ Tawakkal Specialist Hospital	No-1, Jalan Pahang Barat / Jalan Sarikei, 53000 Kuala Lumpur	2025
(p)	KPJ Seremban Specialist Hospital	Lot 6219 & 6220, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan	2024
(q)	Taiping Medical Centre	No. 39, 41, 43, 45, 47 & 49, Jalan Medan Taiping 2, Medan Taiping, 34000 Taiping, Perak	2024
(r)	KPJ Healthcare University College, Nilai (Existing Building)	PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan	2024
(s)	KPJ Healthcare University College, Nilai (New Building)	PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan	2030
(t)	KPJ International College, Penang	No. 565, Jalan Sungai Rambai, 14000 Bukit Mertajam, Pulau Pinang	2024
(u)	Kluang Utama Specialist Hospital	No. 1,3,5,7,9,11 Susur 1, Jalan Besar, 86000 Kluang, Johor Darul Takzim	2027
(v)	KPJ Klang Specialist Hospital	No. 102, Persiaran Rajawali / KU 1, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan	2027
(w)	Jeta Gardens Aged Care & Retirement Village	Jeta Gardens, Aged Care and Retirement Village, 27 Clarendon Avenue, Bethania and 86 Albert Street, Waterford, Queensland, 4205 Australia	Lease of 99 years commencing in year 2011 with options to terminate every 15 years

Note:-

* Al-'Aqar will be seeking its unitholders' approval to renew these leases at an extraordinary general meeting to be convened.

2.4 Nature of RRPT for the Proposed RRPT Mandate

Transacting Party	Nature of RRPT	Estimated value from the date of the forthcoming AGM to the date of next AGM (RM'000)	Estimated value approved on the last AGM "Estimated Value" (RM'000)	Actual value transacted from 25 June 2020 (date of last AGM) up to the LPD "Actual Value" (RM'000)
KPJ Group	Rental income for renting of, inter-alia, specialist hospitals, medical centres and college buildings	72,617	94,211	86,606
KPJ Group	Advisory for, inter-alia, renovation and/or upgrade of any refurbishment work to be undertaken at the hospitals; and property management fee.	1,046	874	713
JCorp	Registrar costs and expenses	110	110	21
PRSB	Takaful coverage	-	905	565
Total		73,773	96,100	87,905

2.5 Details of the sums due and owing to Al-`Aqar by its Related Parties pursuant to a RRPT which exceeded the credit terms as at FYE 2020

As at 31 December 2020, the outstanding amount due to Al-`Aqar by the Related Parties pursuant to the RRPT, which exceeded the credit term for the following periods, are as follows:-

Principal Sum	Late Payment Interest	Total Outstanding Amount	Ageing Analysis			
			1 year or less	More than 1 year but less than 3 years	More than 3 years but less than 5 years	More than 5 years
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
27,809	-	*27,809	18,486	9,323	-	-

No late payment charges were imposed on the outstanding amounts due as a matter of goodwill gesture in view of the active on-going transactions between the parties. The Manager has and will continue to meet and discuss with the Related Parties to actively pursue for early settlement of the outstanding amounts due and owing by the Related Parties to Al-`Aqar. The Board is of the opinion that the amount outstanding is recoverable.

As at LPD, the total amount outstanding from its Related Parties is RM26,536,249.

Note:-

* Total amount outstanding consist of, amongst others, the following major debts:-

- (i) RM21.0 million is related to rental payable by Jeta Gardens (Qld) Pty Ltd ("**JGQPL**") in relation to the lease of Jeta Gardens Aged Care & Retirement Village. Al-`Aqar had on 5 February 2021 received a letter of commitment from KPJ for the settlement of the outstanding amount as follows:-

Amount outstanding (RM'000)	Settlement method
9,900	This amount will be paid by KPJ as partial settlement (which Al-`Aqar Group is expected to receive on or before end of March 2021)
11,100	This amount is to be paid by JGQPL in 24 equal monthly instalments commencing from April 2021 up to April 2023.

- (ii) RM4.3 million is related to rental payable from KPJ Healthcare University College ("**KPJHUC**"). Al-`Aqar had on 15 January 2021 received a letter of settlement from KPJHUC for the settlement of outstanding rental via instalments of 7 months.

2.6 Review procedures in relation to RRPT

The Manager has established the following internal control systems to ensure that the RRPT are undertaken on an arm's length basis and on normal commercial terms consistent with Al-`Aqar's usual business practices and policies, which are not more favourable to the Related Parties than those extended to third parties/public and are not to the detriment of the minority unitholders of Al-`Aqar:-

- (i) in determining the pricing for the RRPT of a revenue or trading nature, the Al-`Aqar Group transacts at the prevailing market rates/prices for services or products, on the service or product providers' usual commercial terms, and otherwise in accordance with applicable industry norms. Other than pricing, the level of service, quality of products and other factors are also considered;

- (ii) at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third party cannot be obtained, the transaction price will be determined by the Al-`Aqar Group based on that offered by/to other unrelated third parties for the same or substantially similar type of transaction to ensure that the RRPT of a revenue or trading nature is not detrimental to the Al-`Aqar Group;
- (iii) for the award of contracts and any other services, the Manager will prepare an internal RRPT budget that will be evaluated and approved by the Board Audit and Risk Committee. The projects will be evaluated based on pricing as well as technical and financial capabilities of the tenderers by a person/a party appointed by the Board Audit and Risk Committee. The whole process of project budgeting, tendering, evaluation and selection of tenderer is reviewed and approved by an appointed person as approved by the Board Audit and Risk Committee;
- (iv) proper records will be maintained by Al-`Aqar to capture all RRPT entered into pursuant to the Proposed RRPT Mandate to ensure that relevant approvals have been obtained and review procedures for such transactions are adhered to;
- (v) RRPT that meets the following criteria requires the review and approval by the Board Audit and Risk Committee and the Board:-

Transactions that are categorised as operating expenditure and capital expenditure

Budgeted	RM500,000 and above
Unbudgeted	RM250,000 and above

Transactions involving award for the appointment of service providers

Budgeted	RM250,000 and above
Unbudgeted	RM100,000 and above

Any RRPT with value below the abovementioned threshold will be approved and carried out in accordance with the Limit of Authority (“**LoA**”) Policy and the Procurement Policy and Procedures. In the case where the Senior Management team and/or Executive Director has an interest in the transaction, recommendation/approval from the Board Audit and Risk Committee and Trustee will be sought;

- (vi) In the event of any new RRPT of revenue or trading nature, the recommendation of the Board Audit and Risk Committee will be sought and approval from the Board and Trustee will be obtained and to ensure compliance with Listing Requirements;
- (vii) if any Director or personnel has a direct or indirect interest in any particular transaction, he or she will have to abstain from any deliberation and also voting in respect of the said transaction. If a member of the Board Audit and Risk Committee is interested in any particular transaction, that Board Audit and Risk Committee member shall abstain from deliberation and voting in any matter relating to any decision to be taken by the Board Audit and Risk Committee with respect to such transactions;
- (viii) proper records shall be maintained to capture all RRPT of a revenue or trading nature entered into pursuant to the unitholders’ mandate to ensure accurate disclosure thereof;
- (ix) the Board Audit and Risk Committee shall have overall responsibility for the determination of the review procedures;
- (x) the Board Audit and Risk Committee shall review the relevant RRPT of a revenue or trading nature and the existing procedures to ascertain that they have been complied with; and

- (xi) if during the review, the Board Audit and Risk Committee is of the view that the abovementioned procedures are no longer sufficient to ensure that the RRPT of a revenue or trading nature are undertaken on an arm's length basis and on normal commercial terms that are not more favourable to the Related Party than those normally available to the public, the Board Audit and Risk Committee shall have the discretion to request for additional procedures to be imposed on all the RRPT of a revenue or trading nature.

2.7 Board Audit and Risk Committee Statement

The Board Audit and Risk Committee has seen and reviewed the procedures set out in Section 2.6 above and is of the view that the procedures are sufficient to ensure that the RRPT are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority unitholders of Al-`Aqar.

The Manager has in place adequate procedures and processes to monitor, track and identify RRPT of Al-`Aqar in a timely and orderly manner. The Board Audit and Risk Committee reviews these procedures on an annual basis.

3. RATIONALE FOR THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate will eliminate the need to make announcement and convene separate general meetings on each occasion to seek unitholders' prior approval for the entry by Al-`Aqar Group into such transactions. This will reduce the associated expenses, improve administrative efficiency and allow manpower, resources and time to be better channelled towards achieving other corporate objectives.

The RRPT entered into by Al-`Aqar Group are intended to meet business needs at the best possible terms. It also enhances the ability of Al-`Aqar Group to explore beneficial business opportunities and promote cross-selling between the Al-`Aqar Group and its related parties.

4. VALIDITY PERIOD FOR THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate, if approved at the forthcoming AGM, will continue to be in force until:-

- (i) the conclusion of the next AGM of Al-`Aqar, at which time it will lapse, unless renewed by a resolution passed at the meeting;
- (ii) the expiration of the period within which the next AGM of Al-`Aqar is required to be held pursuant to the law; or
- (iii) revoked or varied by resolution passed by the unitholders in a general meeting,

whichever is earlier.

5. EFFECTS OF THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate will not have any effects on the issued unitholders' capital of Al-`Aqar, substantial unitholders' unitholdings in Al-`Aqar, NAV, NAV per unit, gearing, earnings per unit and income distribution of Al-`Aqar.

Nevertheless, the Proposed RRPT Mandate is in relation to transactions which relate to Al-`Aqar's day to day operation and have impact on the Al-`Aqar Group's financial performance.

6. APPROVAL REQUIRED

The Proposed RRPT Mandate is subject to and conditional upon approval being obtained from the unitholders of Al-`Aqar at the forthcoming AGM.

7. DIRECTORS' AND MAJOR UNITHOLDERS' INTERESTS

Save and except as disclosed below, none of the Directors, major unitholders and persons connected to them, have any interests, direct or indirect in the Proposed RRPT Mandate:-

7.1 Major Unitholders' Interest

JCorp and KPJ, being the Interested Major Unitholders, will abstain from voting in respect of their direct and indirect interests in Al-`Aqar on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming AGM. JCorp and KPJ have undertaken to ensure that persons connected with them shall abstain from voting on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming AGM in respect of their direct or indirect interests in Al-`Aqar.

7.2 Directors' Interests

Dato' Mohd Redza Shah Bin Abdul Wahid is deemed interested in the Proposed RRPT Mandate by virtue of him being a Director of the Manager and also a Director of KPJ. Wan Azman Bin Ismail, Datuk Sr. Akmal Bin Ahmad, Shamsul Anuar Bin Abdul Majid and Mohd Yusof Bin Ahmad are deemed interested in the Proposed RRPT Mandate by virtue of them being Directors of the Manager nominated by JCorp and persons being part of the senior management of JCorp Group.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberations and voting on the Proposed RRPT Mandate 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 Proposed RRPT Mandate at the forthcoming AGM.

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

The direct and indirect unitholdings of the Interested Directors and Interested Major Unitholders in Al-`Aqar as at LPD are as follows:-

	Direct		Indirect	
	No. of Units '000	% ^(a)	No. of Units '000	% ^(a)
<u>Interested Major Unitholder</u>				
JCorp	-	-	^(b) 284,248	38.6
KPJ	-	-	^(c) 284,075	38.6
<u>Interested Directors</u>				
Dato' Mohd Redza Shah Bin Abdul Wahid	-	-	-	-
Wan Azman Bin Ismail	-	-	-	-
Datuk Sr. Akmal Bin Ahmad	-	-	-	-
Shamsul Anuar Bin Abdul Majid	-	-	-	-
Mohd Yusof Bin Ahmad	-	-	-	-

Notes:-

(a) Based on the total number of issued units of Al-`Aqar.

- (b) *Deemed interested by virtue of its interest in KPJ under Section 8 of the Act.*
- (c) *Deemed interested by virtue of its interest in several companies which are part of the KPJ Group.*

8. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposed RRPT Mandate, is of the opinion that the Proposed RRPT Mandate is in the best interests of Al-Aqar Group.

Accordingly, the Board (save for the Interested Directors), recommends that you vote in favour of the ordinary resolution pertaining to the Proposed RRPT Mandate to be tabled at the forthcoming AGM.

9. AGM

The AGM, (the notice of which was circulated on 30 March 2021 and an extract of which is also enclosed in this Circular), will be held on a fully virtual basis at the Broadcast Venue: Unit 1-19-02, Block 1, V Square, Jalan Utara, 46200 Petaling Jaya, Selangor, on Wednesday, 28 April 2021 at 11a.m. for the purpose of considering, and if thought fit, passing the resolution to give effect to the Proposed RRPT Mandate.

If you are unable to attend and vote in person at the AGM, you may complete and return the Form of Proxy in the notice of AGM accordance with the instructions therein as soon as possible and in any event so as to arrive at the Registered Office of DRMSB at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor at least twenty-four (24) hours before the time set for the AGM. The lodging of a Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Please refer to the Notice of the Ninth (9th) AGM and the Administrative Guide at this link www.alaqar.com.my for further information on the meeting.

10. FURTHER INFORMATION

Unitholders are advised to refer to the attached Appendix I for further information.

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

DATO' WAN KAMARUZAMAN WAN AHMAD
Independent Non-Executive Director

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein misleading.

2. CONSENT

AmInvestment Bank, being the Adviser for the Proposed RRPT Mandate, has given and has not subsequently withdrawn their written consent for the inclusion in this Circular of their names, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular.

AmInvestment Bank 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 Adviser in respect of the Proposed RRPT Mandate.

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.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of the Al-`Aqar Group.

AmInvestment Bank is of the view that its role as the Adviser for the Proposed RRPT Mandate is not likely to result in a conflict of interest or potential conflict of interest situation for the following reasons:-

- (i) AmInvestment Bank’s role in the Proposed RRPT Mandate is undertaken in the ordinary course of business; and
- (ii) AmInvestment Bank undertakes each of its roles on an arm’s length basis and its conduct is regulated by Bank Negara Malaysia and the SC and governed under, inter alia, the Financial Services Act 2013, the Capital Markets and Services 2007, and AmBank Group’s Chinese Wall policy and internal controls and checks.

Premised on the above, AmInvestment Bank confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser in respect of the Proposed RRPT Mandate.

3. MATERIAL CONTRACTS

Save as disclosed below, Al-`Aqar Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business), during the two (2) years preceding the LPD:-

- (i) a conditional Sale and Purchase Agreement dated 26 August 2019, entered into between the Trustee and Johor Land Berhad (“**JLand**”), a 100%-effective owned subsidiary of Johor Corporation, for the acquisition of a new hospital to be known as KPJ Batu Pahat Specialist Hospital together with 5 acres (217,813 sq ft) of land held under H.S.(D) 69760, PTD 63523, Mukim of Simpang Kanan, District of Batu Pahat, State of Johor, for a total cash consideration of RM78 million;

APPENDIX I – FURTHER INFORMATION (CONT'D)

- (ii) a Lease Agreement dated 26 August 2019, entered into between the Trustee, JLand and Pasir Gudang Specialist Hospital Sdn Bhd (“**PGSHSB**”), a wholly-owned subsidiary of KPJ Healthcare Berhad, for the lease of the KPJ Batu Pahat Specialist Hospital by JLand to PGSHSB and the novation of lease by JLand to the Trustee upon the terms and conditions of the lease agreement; and
- (iii) a Second Restated Deed dated 25 November 2019 entered into between the Manager and the Trustee to amend the Restated Trust Deed dated 31 July 2013 entered into between the Manager and the Trustee which constituted Al-`Aqar, and to ensure compliance with the provisions of the applicable laws and requirements and the objectives of the trust.

4. MATERIAL LITIGATION

As at LPD, there are no material litigations, claims or arbitration, either as a plaintiff or a defendant, which will have a material and/or adverse effect on the financial position or business of Al-`Aqar Group and the Board is not aware of any proceedings pending or threatened against Al-`Aqar Group or of any fact which is likely to give rise to any proceedings which may materially and/or adversely affect the position or business of Al-`Aqar.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of DRMSB following the date of this Circular from Sundays to Fridays (except public holidays) during business hours up to the date of the AGM:-

- (i) the Second Restated Deed dated 25 November 2019;
- (ii) the audited consolidated financial statements of the Al-`Aqar Group for the past two (2) FYE 2019 and FYE 2020;
- (iii) the letter of consent referred to in Section 2 above; and
- (iv) the material contracts referred to in Section 3 above.



AL-`AQAR HEALTHCARE REIT

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

EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth (9th) Annual General Meeting (“**AGM**”) of the holders of units of Al-`Aqar Healthcare REIT (“**Al-`Aqar**”) (“**Unitholders**”) will be held on a fully virtual basis at the Broadcast Venue: Unit 1-19-02, Block 1, V Square, Jalan Utara, 46200 Petaling Jaya, Selangor, on Wednesday, 28 April 2021, at 11a.m. to transact the following businesses:

AGENDA

Special Business

ORDINARY RESOLUTION 3

PROPOSED RENEWAL OF UNITHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED RRPT MANDATE”)

“**THAT** subject always to the provisions of the Listing Requirements or other regulatory authorities, approval be and is hereby given to Al-`Aqar, to enter into and give effect to the recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations of Al-`Aqar and which are in the ordinary course of business of Al-`Aqar (“**RRPT**”), the particulars of which are set out in the Circular to Unitholders dated 30 March 2021 (“**Circular**”) with the Related Parties as described in the Circular, provided that such transactions are:-

- (a) recurrent transactions of a revenue or trading nature;
- (b) necessary for the day-to-day operations of Al-`Aqar;
- (c) carried out in the ordinary course of business of Al-`Aqar, made on an arm’s length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public; and
- (d) not detrimental to the minority Unitholders;

AND THAT such authority shall continue to be in force until:-

- (a) the conclusion of the next AGM of Al-`Aqar following this AGM, at which time the authority will lapse unless by a resolution passed at the AGM, such authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date that is required to be held pursuant to the law; or
- (c) revoked or varied by a resolution passed by the Unitholders at a general meeting;

whichever is earlier;

AND THAT the Directors of the Manager and the Trustee be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of Al-`Aqar with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed RRPT Mandate contemplated and/or authorised by this ordinary resolution.”

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

**NURALIZA BINTI A. RAHMAN (MAICSA 7067934)
ROHAYA BINTI JAAFAR (LS 0008376)
Company Secretaries
Johor Bahru**

Dated: 30 March 2021

Notes:-

1. A Unitholder shall be entitled to attend and vote at this AGM, and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote.
2. Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote at the AGM, and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote.
3. Where the Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with units standing to the credit of the said securities account. Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy. Such proxy shall have the same rights as the member to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.
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 16, Menara KOMTAR, Johor Bahru City Centre 80000 Johor Bahru, Johor at least twenty-four (24) hours before the time appointed for holding the AGM or any adjournment thereof or e-mail to agm-support.AIAqar@megacorp.com.my.
6. Only Unitholders registered in the Record of Depositors as at 21 April 2021 shall be entitled to attend and speak at the AGM or appoint proxy(ies) to attend on his/her behalf.
7. Unitholders can register online to participate in the AGM via <https://vps.megacorp.com.my/n34veR>.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

Proposed RRPT Mandate

The proposed Ordinary Resolution 3 if passed, is primarily to authorise Al-`Aqar to enter into RRPT with Related Parties, particulars of which are set out in the Circular to Unitholders dated 30 March 2021, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made to the public.

The procurement of the Proposed RRPT Mandate would reduce substantially administrative time, effort and expenses associated with the convening of separate general meetings to seek Unitholders' approval as and when potential RRPT arise.

IMPORTANT NOTICE:-

In view of the outbreak of COVID-19 which is now a global pandemic, Al-`Aqar has in place rules and control for the AGM in order to safeguard the health of attendees at the AGM. You are requested to read and adhere to the Administrative Guide issued which is published in the Al-`Aqar's website at www.alaqar.com.my. Unitholders are also reminded to monitor the Al-`Aqar's website and announcements from time to time for any changes to the AGM arrangement.