
APPENDIX I – SALIENT TERMS OF THE PRINCIPAL LEASE AGREEMENTS

No SALIENT TERMS OF THE PRINCIPAL LEASE AGREEMENTS

1. Principal Lease Agreements

The initial lease agreements to lease the properties held by Al-`Aqar, in relation to the hospitals below, were originally entered into on 30 June 2006 (as amended from time to time by supplementary agreements) between the following subsidiaries of KPJ with Amanah Raya Berhad as trustee of Al-`Aqar KPJ REIT) (now known as Al-`Aqar Healthcare REIT) and lessor of the Properties (“**ARB**”) and the Manager (“**Principal Lease Agreements**”):

Subsidiaries	Hospitals
(i) Ampang Puteri Specialist Hospital Sdn. Bhd.	APSH
(ii) Damansara Specialist Hospital Sdn. Bhd.	DSH
(iii) Ipoh Specialist Hospital Sdn. Bhd.	ISH
(iv) Johor Specialist Hospital Sdn. Bhd.	JSH
(v) Selangor Specialist Hospital Sdn. Bhd.	SSH
(vi) Puteri Specialist Hospital (Johor) Sdn. Bhd.	PSH

(collectively known as the “**Previous Lessees**”)

The trustee for Al-`Aqar when the Principal Lease Agreements were first entered into was ARB and was subsequently replaced by ART, its wholly owned entity, which entered into the subsequent agreements relating to the Principal Lease Agreements.

For the purposes of the remaining sections under this Appendix II, the term “Previous Lessor” shall refer to ARB; and subsequently, ART as successor trustee of Al-`Aqar and as the lessor of the Properties during the Previous Contractual Term (as hereinafter defined).

2. Information on the Properties

The properties are more particularly described in the respective Principal Lease Agreements, which are available for inspection at the registered office of KPJ. Although differently specified, the subject matter of the lease is the same hospitals as that in the Lease Agreements which are APSH, DSH, ISH, JSH, PSH and SSH respectively.

3. Lease Term

Fifteen (15) years expiring on 29 June 2021, with an option to renew for another fifteen (15) years subject to the terms and conditions to be agreed upon by the Parties (“**Previous Contractual Term**”).

For clarity, the lease is renewable every three (3) years, up to the expiry of the Previous Contractual Term.

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4. Rent Formula for 2006 - 20212006- 2009 (1st rental term)

The total annual rental for the first term ending December 2009 is as follows:-

	<u>Annual Rental (RM'mil)</u>
2006 (5 months)	14.78
2007	35.70
2008	36.43
2009	36.96

The rental was to be reviewed on 1 January after every 3 full financial years throughout the 15 years contractual terms.

2010-2012 (2nd rental term)

The rental review formula for the 1st year is (10-years MGS +238 BPS) x market value of the properties at the point of review subject to:-

- (i) a minimum rental of RM33 million per annum; and
- (ii) any lease rental adjustment shall not be more than 2% incremental over the preceding year's rental amount

For the 2nd & 3rd year of the 2nd rental term thereon, the rental would be 2% incremental over the preceding year's rental.

2013-2021 (3rd to 5th rental term)

The rental review formula for the 1st year of the 3rd, 4th and 5th rental term is as follows:-

10-years MGS + 238 BPS x market value of the properties, at the point of review subject to:-

- (i) a minimum gross rental of 7.1% per annum x prevailing market value or purchase consideration of the properties whichever is higher*; and
- (ii) any lease rental adjustment shall not be more than 2% incremental over preceding year's lease rental.

For the 2nd & 3rd year of the 3rd, 4th and 5th rental term thereon, the rental would be a 2% incremental amount over the preceding year's rental amount.

Note *: The clause stating "purchase consideration of the properties whichever is higher" was only included in the 4th and 5th rental term.

5. Security Deposit and Utilities Deposit**Security Deposit**

Shall refer to such amount equivalent to one (1) month rent which had been mutually agreed by the parties and such amount shall be deposited with/retained by the Previous Lessor on trust for Al-'Aqar.

Utilities Deposit

Shall refer to such amount which had been mutually agreed by the parties

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6. Previous Lessees' covenants

The Previous Lessees' covenants with the Previous Lessor and/or the Manager, includes amongst others:-

Rent

To pay the rent payable during the Previous Contractual Term without any deduction by monthly payments in advance on the first day of every month and proportionately for any period of less than a month.

To pay the rent on the days and in the manner set out in the Principal Lease Agreements and not to exercise or seek to exercise any right or claim to withhold the rent or any right or claim to legal or equitable set-off.

Repair, cleaning, decoration etc

The Previous Lessees shall keep the properties in good and tenantable repair and maintenance. The Previous Lessees shall as and when necessary issue a notice to the maintenance manager to conduct any repairs on any part of the properties and shall pay the maintenance manager for work done in connection thereto.

The Previous Lessee shall bear and pay or otherwise be responsible for all costs of all services and maintenance charges (where applicable) including without limitation services charges, statutory payments (save for quit rent and assessment), insurance, capital expenditure and/or other payments/ costs related to the properties during the lease term.

7. The Previous Lessor and/or the Manager covenants

The Previous Lessor and/or the Manager's covenants with the Previous Lessees, includes amongst others: -

Taxes

To pay for:-

- (i) all rates, taxes, assessments, duties, charges, impositions, levies and outgoings during the Previous Contractual Term; and
- (ii) any service tax chargeable in respect of any payment made by the Previous Lessor and/or the Manager under any of the terms of or in connection with the Principal Lease Agreements or in respect of any payment made by the Previous Lessees where the Previous Lessor and/or Manager agreed in the Principal Lease Agreements to reimburse the Previous Lessees for such payment.

Quit rent and assessment

To pay all quit rent and assessment which are now or during the Previous Contractual Term shall be falling due in respect of the land.

Takaful

To effect and maintain Takaful coverage in respect of the structure of the properties and the Previous Lessor's assets, equipment and machinery in the properties against fire and allied perils at the Previous Lessor's cost and expense.

Services of Maintenance Manager

The Previous Lessor and/or the Manager shall appoint and pay to the maintenance manager during the Previous Contractual Term for the maintenance and management services rendered by the maintenance manager with respect to the properties in accordance with the maintenance management agreement.

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Repair and maintenance

The Previous Lessor and/or the Manager:-

- (i) appoint the maintenance manager and pay for the services rendered by the maintenance manager based on the recommendation of and subject to verification by the Manager of the services rendered as follows:
 - (a) To maintain in reasonably good and tenable repair and maintenance (fair preventive and/or fair corrective maintenance excepted) the structure of the properties including the main walls structural slabs of the floor boundary, walls beams and columns (other than in respect of those parts of the properties for which the respective Previous Lessees or occupier is responsible); and
 - (b) To operate service and maintain in reasonably good and tenable repair and maintenance (fair preventive and/or fair corrective maintenance excepted) the electrical, mechanical and other equipment and assets for common benefit including the lift and fire-fighting installations (other than in respect of those parts of the properties for which the respective Previous Lessees or occupier is responsible).
- (ii) carry out any work which may affect or may be likely to affect the structure of the properties (including but not limited to the roof and the foundation) or the mechanical or electrical installations of the properties or the provision of any services in or to the properties.

Repair, cleaning, decoration etc

The Previous Lessor and/or the Manager, shall as and when required by the Previous Lessees based on the advice and recommendation of the maintenance manager, issue a notice to the maintenance manager to coordinate or arrange for any repairs on any part of the properties on any of the assets in the properties.

If so required by the Previous Lessees, based on the proposal and/or at the advise of the maintenance manager, to replace from time to time the properties the assets in the properties which may be or become beyond repair, at any time during or at the end of the Previous Contractual Term, in accordance with the planned budget prepared by the maintenance manager which shall be approved by the Previous Lessor and/or the Manager at any time during the Previous Contractual Term.

8. Expansion

In the event the Previous Lessees requests and the Previous Lessor and/or the Manager desire to meet the expansion requirements of the Previous Lessees through expansion, refurbishment and renovation of the properties, the Previous Lessor shall through the Manager, instruct the maintenance manager to make the necessary arrangements, coordinate, manage, monitor and supervise any major structural alterations or additions to the properties or work which may affect or may be likely to affect the structure of the properties (including but not limited to the roof and the foundation) or the mechanical or electrical installations of the properties or the provisions of any services in or to the properties. The Previous Lessor shall then reimburse the Previous Lessees based on the recommendation of the Manager according to the work done and subject to verification by the Manager of all costs incurred by the Previous Lessees as recommended by the auditors of Al-`Aqar for the expansion, refurbishment and renovation of the properties at such dates and/or amount to be agreed mutually by the Previous Lessor and/or the Manager and the Previous Lessees.

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9. Forfeiture and termination

The forfeiture and termination of the Principal Lease Agreements shall take place if and whenever during the Previous Contractual Term:-

- (i) the rent or any other sum due under the Principal Lease Agreements shall be in arrear and shall remain unpaid for thirty (30) working days after becoming payable (whether formally demanded or not); or
- (ii) there shall be any breach non-performance or non-observance by the Previous Lessees of any of the covenants and conditions contained in the Principal Lease Agreements of which is not capable of being remedied or if capable of being remedied such breach is not remedied within a reasonable time stipulated by the Previous Lessor in its notices to the Previous Lessees requesting action to remedy the same; or
- (iii) the Previous Lessees are in breach of any agreement which has a material adverse effect on the business and/or operations of the Previous Lessees which affects its ability to fulfil its obligations under the Principal Lease Agreements; or
- (iv) any provision of the Principal Lease Agreements is, or becomes for any reason whatsoever, invalid or unenforceable; or
- (v) the Previous Lessees cease or threaten to cease to carry on its business; or
- (vi) the Previous Lessees are unable to pay its debts as they become due or commits an act of bankruptcy or insolvency, as the case may be, or any act analogous thereto; or
- (vii) a trustee or administrator or receiver or manager or liquidator or bailiff or similar officer is appointed in respect of the Previous Lessees or in respect of its assets; or
- (viii) the Previous Lessees enter into or proposes to enter into, or there is declared by any competent court or authority, a moratorium on the payment of indebtedness or other suspensions of payments generally; or
- (ix) any step is taken for the winding up or dissolution (whether compulsory or voluntary) or bankruptcy, as the case may be, of the Previous Lessees or a petition for winding up or bankruptcy, as the case may be, is presented against the Previous Lessees; or
- (x) a compromise or arrangement is proposed or is intended to be proposed between the Previous Lessees and its creditors; or
- (xi) the Previous Lessees enter into or proposes to enter into an arrangement or composition for the benefit of its creditors; or
- (xii) the Previous Lessees have or suffer any distress, execution, attachment or other legal process to be levied, enforced or sued out against its assets; or
- (xiii) the Previous Lessees shall suffer or do any act or thing whereby the Previous Lessor's and/or the Manager's rights shall or may be prejudiced; or

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(xiv) in the event that the properties or any part thereof shall at any time during the Previous Contractual Term be damaged or destroyed by fire or by any event so as to become unfit for occupation or use then and provided always that such aforesaid fire or event shall not have been caused by the wilful and malicious acts of the Previous Lessees, its servants and agents, the rent reserved or a fair and just proportion thereof according to the nature and extent of the damage sustained shall be suspended and cease to be payable until the properties shall have been rendered fit for occupation and use provided always that in the event that the Previous Lessor shall be unable to restore or render the properties fit for occupation within three (3) months from the date of occurrence of the events stated under this clause, the Previous Lessees shall have an option either to terminate the Principal Lease Agreements or to continue suspending and ceasing payment of the rent reserved or proportionate part thereof according to the extent of damage or destruction until the date of the properties shall be rendered fit for occupation or used by the Previous Lessor. In the event the Previous Lessees decide to terminate the Principal Lease Agreements, the Previous Lessor shall within fourteen (14) days thereof, refund the security deposit to the Previous Lessees less all payment due and payable under the Principal Lease Agreements.

Any demand for or acceptance of any rent or any other payment by the Previous Lessor after the happening of any of the events specified above or the exercise by the Previous Lessor of any of its rights under the Principal Lease Agreements shall not prejudice the exercise by the Previous Lessor of any of its rights or, as the case may be, the further exercise of its rights under the Principal Lease Agreements nor shall it constitute an election by the Previous Lessor to exercise or to not exercise any of the rights, powers or privileges under the Principal Lease Agreements.

In addition to the Previous Lessor's and/or the Manager's right of specific performance and right of termination specified above, the Previous Lessees shall compensate the Previous Lessor for any breach by the Previous Lessees of any term of the Principal Lease Agreements and the Previous Lessor shall at all times be entitled to sue for and recover all losses, damages, costs and expenses of whatever nature from the Previous Lessees in respect of any and all such breaches.

Notwithstanding the termination of the Principal Lease Agreements by the Previous Lessor, the obligations and liabilities of the Previous Lessees and the rights of the Previous Lessor under the Principal Lease Agreements which are to apply upon the termination of the Principal Lease Agreements or at or after the end of the Previous Contractual Term shall survive such termination until the Previous Lessees shall have fully and finally satisfied all of such obligations and liabilities and the Previous Lessor shall have full and finally exercised all of such rights.

If the Previous Lessees vacate the properties during the Previous Contractual Term (whether or not the Previous Lessees cease to pay any rent or other moneys payable):-

- (i) acceptance of the keys or entry into the properties by the Previous Lessor or by any person on the Previous Lessor's and/or the Manager's behalf or the advertising of the properties for re-letting will not constitute a re-entry forfeiture or waiver of the Previous Lessor's and/or the Manager's rights to recover in full all rent and other moneys from time to time due or payable under the Principal Lease Agreements;
- (ii) in the absence of a written agreement by the Previous Lessor to accept the surrender of the Previous Lessees' interest under the Principal Lease Agreements or a formal notice of forfeiture or re-entry by the Previous Lessor, the Principal Lease Agreements shall be deemed to continue in full force and effect until the date from which a new Previous Lessee actually commences to occupy the whole of the properties or until the expiry of the Previous Contractual Term, whichever may be the earlier.

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Save as otherwise provided above or any other provision of the Principal Lease Agreements, neither party shall be entitled to terminate the Principal Lease Agreements during the Previous Contractual Term without the written consent of the other party. However, in the event of termination of the lease by the Previous Lessees, prior to the expiry of the Previous Contractual Term, the Previous Lessees shall be liable to pay to the Previous Lessor all rent due and payable for the remaining and unutilised/unexpired period of the Previous Contractual Term as liquidated damages without prejudice to the other rights to claim by the Previous lessor for any antecedent breach by the Previous Lessees.

At the end of the Previous Contractual Term or upon the termination of the Principal Lease Agreements for any reason whatsoever, the Previous Lessor shall be entitled to deal with the properties in any manner whatsoever and howsoever including but not limited to letting out the properties to any other person whomsoever.

10. Variation of Rental

The Previous Lessor and/or the Manager shall have the right to vary the rent of the nett lettable area occupied and used by the Previous Lessees, at the recommendation of the Manager due to the occurrence of any of the following future events:-

- (i) if the nett lettable area of the properties increases arising from the renovations or refurbishments undertaken by the Previous Lessor and/or the Manager, the rent shall be increased corresponding with the increase in the Previous Lessees' nett lettable area of the properties;
- (ii) The Previous Lessor and/or the Manager incurs maintenance costs as determined from time to time by the Previous Lessor and/or the Manager for the maintenance upkeep and management of the properties, the land and the common areas and includes the costs of electric power for and the costs of maintenance and upkeep of the lifts and main air-conditioning plant, payment for electricity and water supplied and used in the common areas of the properties the employment and other expenses incidental to the employment of personnel engaged in and about the provision of services and maintenance and upkeep of the common areas of the properties;
- (iii) The Previous Lessor and/or the Manager incurs costs for the refurbishment or renovation of the properties for the purposes of expansion and to increase the capacity of the properties;

for the purposes of increasing the capacity and future expansion of the properties.

11. First Right of Refusal to Purchase

In the event the Previous Lessor and/or the Manager intends to sell or dispose the properties at any time during the Previous Contractual Term, the first right of refusal to purchase the properties shall be given to the Previous Lessees.

12. Option to renew

If the respective Previous Lessees wish to take a further extension of the lease of the properties from the expiry of the Previous Contractual Term, the Previous Lessees shall give a written notice to the Previous Lessor not less than twelve (12) calendar months prior to the expiry of the Previous Contractual Term. However, the parties agreed that such extension may also be made by way of the parties executing a new lease agreement to effect the same.

If the Previous Lessees shall be desirous of renewing the lease of the properties for a further rental term as the Previous lessees may determine and require from the expiry of the rental term, the Previous Lessees shall give to the Lessor a notice in writing of its intention to renew the lease of the properties, of not less than three (3) calendar months prior to the expiry of the rental term.

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Subject to the Previous Lessees on the expiry of the rental term or the Previous Contractual Term (as the case may be) having paid the rent reserved by and performed and observed the covenants contained in the Principal Lease Agreements, the Previous Lessor shall grant to the Previous Lessees a further lease of the properties for the renewed contractual term commencing on the day immediately following the last day of the Previous Contractual Term but otherwise upon the same terms and conditions of the Principal Lease Agreements with the exception of this provision for renewal, the new rental rate which shall be mutually agreed upon by both parties and the topping up of the security deposit and the utilities deposit to correspond with the new rental rate. The stamp duty (if any) payable on the renewal notice and/or in respect of the renewed contractual term shall be borne and paid by the Previous Lessees.

13. Future Development

The Previous Lessor hereby grants to the Previous Lessees the right to undertake future development on the land or any part thereof ("**New Development**") at the Previous Lessees' own cost and expenses for the expansion of the Previous Lessees' business operations, subject to the following:

- (i) the Previous Lessees shall provide the details of the New Development for approval of the Previous Lessor and the Manager; and
- (ii) the Previous Lessees shall obtain the approval from the relevant governmental agency or authority for the New Development

prior to the commencement of the New Development.

The parties hereby further agree that subject to the issuance of the Certificate of Completion and Compliance for the New Development, the Previous Lessor shall acquire the New Development from the Previous Lessees 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 Previous Lessor, subject to the approval of relevant governmental agency or authorities', the approval of the unit holders of Al-'Aqar and/or shareholders of the Previous Lessees and/or its holding company, KPJ (if required) and the terms and conditions of the sale and purchase agreement, to be entered into between the Previous Lessor and the Previous Lessees in connection with the aforementioned acquisition of the New Development.

The parties hereby further agree that upon completion of the acquisition of the New Development stipulated in the clause above, the Previous Lessees shall enter into a lease agreement with the Previous Lessor and the Manager for the lease back of the New Development by the Previous Lessees and the rental for the properties shall be revised accordingly to include the New Development and subject to the terms and conditions of a new lease agreement to be entered upon by the Previous Lessor, the Previous Lessees and the Manager.



02 April 2021

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And

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Chartered Surveyors
International Property Consultants
Registered Valuers, Real Estate Agents
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Dear Sirs,

CERTIFICATE OF VALUATION OF

- a. **KPJ AMPANG PUTERI SPECIALIST HOSPITAL ("Property No. 1")**
- b. **KPJ DAMANSARA SPECIALIST HOSPITAL ("Property No. 2")**
- c. **KPJ JOHOR SPECIALIST HOSPITAL ("Property No. 3")**
- d. **KPJ PUTERI SPECIALIST HOSPITAL ("Property No. 4")**
- e. **KPJ SELANGOR SPECIALIST HOSPITAL ("Property No. 5")**
- f. **KPJ IPOH SPECIALIST HOSPITAL ("Property No. 6")**

("SUBJECT PROPERTIES")

We were jointly instructed by AmanahRaya Trustees Berhad ("ART") as trustee of Al-Aqar Healthcare REIT ("Al-Aqar REIT") and KPJ Healthcare Berhad ("KPJHB") to conduct valuation of the Subject Properties for the purposes of the proposed renewal of the leases and the details of the valuations are contained in our Valuation Reports bearing reference nos. V/AAQ6LR/RT/6415520/A to V/AAQ6LR/RT/6415520/F (inclusive), all dated 02 April 2021.

We have prepared this Certificate of Valuation for inclusion in the circulars to the shareholders of Al-Aqar REIT and KPJHB in conjunction with the proposed renewal of the leases.

The salient details of the Subject Properties are attached as Appendix 'A'.

The relevant dates of valuations are taken to be as at the dates of our inspections.

The Reports and Valuations and this Certificate of Valuation have 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, Estate Agents and Property Managers, 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 an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where 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 Income Approach by Profits Method (Discounted Cash Flow / "DCF") as the primary valuation methodology and Cost Approach as check.

1.1 Income Approach by Profits Method (DCF)

This method is adopted where trading is the essence to the value of the property (business based property) and capitalises future net trading profit as a basis for estimating the market value of the Subject Properties as a going concern inclusive of goodwill, hospital operating equipment, furniture, fittings, plant, machinery and equipments.

We have used a 5-year discounted cash flow and have forecasted the profit for a 5-year period, after which we have calculated the terminal value based on the fifth year's net profit for the remaining term of the tenure. We have obtained profit and loss statements of the Subject Properties from the Client. We were also made available with the future projections of the medical centres by the Client. We have forecasted the 5-year revenues and operating expenditures of the Subject Properties based on the analysis of their past operating performances. We have taken into consideration of the projections of the Client, made necessary due diligence and have arrived at our independent projections as per the practice in the industry.

We note that the private specialist medical centre sector is not spared by the global economic crisis caused by the Covid-19 pandemic. The gross revenues of Subject Properties have declined due to the movement control order ("MCO"), conditional MCO (CMCO) and recovery MCO (RMCO) announced by the Malaysian government to control the spread of the virus. We have taken into consideration of the above factor in our projections of the 5-year DCF.

Generally, in arriving at the revenues of the various departments of the medical centres, we have made indebt analysis of their historical performance.

In analysing the past years performance of the Subject Properties, we note that the revenue and expenses of year 2020 have been impacted by the coronavirus disease 2019 ("Covid-19") pandemic and as at date of valuation the profit and loss accounts of the medical centres have yet to be audited. In light of the above, we have analysed and taken cognizance of the performance of year 2020 which has been substantially hampered by the Covid-19 pandemic. However, the year 2020 performance has been excluded as it does not reflect the real performance of the medical centres. In lieu, adopted as the floor level benchmark performance of the medical centres in our 5-year cash flow. Our projections of the revenues and expenses for the 5-year cash flow have taken into consideration of the Covid-19 pandemic impact on the medical centres with recovery from the pandemic phase for the initial years and gradual increase to return to normalcy phase from the floor level benchmark. The parameters adopted are noted to be fair and reflective of the performance of the private specialist medical centres.

We have adopted the following parameters in arriving at the market value of the Subject Properties using the Income Approach by Profits Method (DCF).

Summary of Parameters Adopted (Common)

Beds Available	The number of beds available in a year is derived by multiplying operational beds available for the year with 365 days.
Occupancy Rate of Beds	The occupancy rate is derived based on the historical occupancy rate achieved by the medical centres since years 2017 to 2020 (inclusive). We foresee the impact of Covid-19 pandemic to follow through to year 2021. Thus, we have reflected a lower occupancy rate for year 2021. We have gradually increased the occupancy rate for the average occupancy rate to return to normalcy in line with the recovery in the Malaysian economy.
No. of Inpatients Admitted Days	The number of inpatients admitted days in a year is derived from the total beds occupied divided by the number of inpatients admitted. We have adopted the past 3 years (excluding year 2020) average from years 2017 to 2019 (inclusive) which is considered reasonable to project the number of inpatients admitted days in our 5-year DCF projection.
Ratio of No. of Outpatients / Inpatients	We have adopted average ratio of no. of outpatients / inpatients of past 3 years (excluding year 2020) from years 2017 to 2019 (inclusive) which is considered reasonable to project the number of outpatients for the 5-year DCF projection.
Revenue	
Consultant Inpatient Revenue Per Occupied Bed ("CRPOB")	The revenue is derived by multiplying the total beds occupied for the year with the estimated revenue per occupied bed. We have analysed CRPOB of past 5 years from years 2016 to 2020 (inclusive). We have adopted the average of the past 3 years (excluding year 2020) from years 2017 to 2019 (inclusive) as fair representation.
Consultant Outpatient Revenue (COR)	The revenue is derived by multiplying the total outpatients visited for the year with the outpatient revenue per patient per year. We have adopted the average of the past 3 years (excluding year 2020) from years 2017 to 2019 (inclusive) as fair representation.

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Hospital Inpatient Revenue Per Occupied Bed	The revenue is derived by multiplying the total beds occupied for the year with the revenue per occupied bed. We have adopted the average of the past 3 years (excluding year 2020) from years 2017 to 2019 (inclusive) as fair representation.
Hospital Outpatient Revenue	The revenue is derived by multiplying the total outpatients visited for the year with the outpatient revenue per patient per year.
Expenses	
Cost Of Sale	We have analysed and adopted the past five years cost of sale i.e. material, direct staff cost, operating overhead and adopted its average of years 2017 to 2019 (inclusive) of the Subject Properties. From our analysis of the historical cost of sale, we note that the material cost moved in tandem with the hospital inpatient and outpatient revenues whilst the direct staff cost and operating overhead moved in tandem with the gross operating revenue. As the occupancy of the medical centre increases, so does the cost of sale, thus, both the revenue and cost of sale have a direct relationship.
Undistributed Operating Expenses	We have analysed the past five years expenses i.e. administrative & general, sales & marketing, property operations maintenance & energy cost ("POMEC") and adopted its average of years 2017 to 2019 (inclusive) of the Subject Properties. From our analysis of the historical expenses, we note that the undistributed operating expenses moves in tandem with the Total Operating Revenue. As the occupancy of the medical centre increases, so does the undistributed operating expenses, thus, both the revenue and undistributed operating expenses have a direct relationship.
Hospital Management Fee	We have adopted the actual rate being charged by KPJHB as hospital management fee which is in line with the management fees adopted for similar medical centres and other profit orientated real estate assets.
Quit Rent & Assessment	We have adopted the actual quit rent and assessment of the medical centres.
Insurance	To insure against total and partial damage / loss caused by fire ("F") and other insurable perils i.e. burglary ("B"), plate glass ("PG"), machinery breakdown ("MB"), public liability ("PL"), consequential loss ("CL"), all risk ("AR") and medical malpractice ("MM").
Incentive Management Fee	The incentive management fee to reflect operator's risk, management advisory and skill to operate the various income generating resources of the medical centres. It is also often referred as tenant's share in the profit based property assets and adopted based on the percentage of gross operating profit of the medical centres.
Capital Reserve Fund For The Replacement Of Furniture Fitting Equipment ("FFE"), Hospital Operating Equipment ("HOE") And Capital Expenditure ("CAPEX")	We have analysed historical expenditures incurred by the medical centres over the past 5 years. We have adopted the average of the past 5 years as fair expenditure for FFE, HOE and CAPEX in line with our 5-year DCF projection.
Terminal Capitalisation Rate / All Risk Yield	<p>In arriving at the terminal value, the resultant net revenue (profit) of the fifth year projection is capitalised by an appropriate capitalisation rate / rate of return (an 'all risk yield') to arrive at the terminal value of the Subject Properties. The capitalisation rate adopted is the rate which reflects the investor's / entrepreneur's expected investment rate of return of the Subject Properties. We wish to inform that we have adopted a market corroborated capitalisation rate to arrive at the capital value of the Subject Properties. The market based rate is the most frequently adopted methodology by the property industry in Malaysia as it reflects the inherent risk associated with the investment. In arriving at our opinion of the appropriate capitalisation rate using the above methodology, thorough examination and analysis of several recent sales of private specialist medical centre buildings were carried out. We note that there is a dearth of transaction of private specialist medical centres in Malaysia except for KPJ Batu Pahat Specialist Hospital (transacted in year 2019) and Sunway Medical Centre (transacted in year 2012). Based on our yield analysis, we note that the yields of the abovementioned private specialist medical centres are 7.19% and 9.79%, respectively.</p> <p>Exercising judgment based on our experience in the industry, we have compared the relative investment characteristics of the Subject Properties and the sales. We have made necessary diligent adjustments to arrive at the capitalisation rate of the Subject Properties. We have given emphasis on the time, location, quality, characteristics and tenure of the Subject Properties. We have also taken into account the current economic condition as impacted by the Covid-19 pandemic, the existing and future demand and supply of the private specialist medical centre segment in arriving at the capitalisation rate. The Rate is adopted after taking into consideration of the risk involved to obtain the net revenue (profit). We have reflected the above factors accordingly and have adopted fair capitalisation rates to capitalise the net profit (profit) to arrive at the terminal value of Subject Properties which are also derived from comparison of yields of the abovementioned private specialist medical centres, various types of residential, commercial, industrial and agricultural properties.</p>



Discount Rate	The discount rate is based on the perceived risk on the future projections and the return on the investment. We have made upward adjustment of 200 basis points (bps) on the capitalisation/all risk yield rate to reflect the higher risk on the future business, Malaysian economy and the future revenue. The discount rates adopted are within the range of the industry averages of medical centres in Malaysia and reflective of all the physical and investment characteristics of the Subject Properties.
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1.2 Cost Approach

In essence, this approach entails the summation of the market value of land and Depreciated Replacement Cost ("DRC") of the building. Cost Approach is the most common method as it can be applied to wide range of assets. The Cost Approach 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 Properties 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 at the Market Value of the land, we have adopted the Market/Comparison Approach which 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.

In determination of value of the commercial land 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, size/quantum allowance, tenure and conversion premium from development land to commercial land to render the sold properties as similar as possible with the Subject Properties.

The building component is arrived at by the DRC Method which is derived from the Gross Current Reproduction / Replacement Cost New ("GCRCN") and deducting therefrom the accrued depreciation comprising physical, functional and economical obsolescences. We also made reference to various contracts awarded, made enquiries with the contractors and quantity surveyors and made reference to JUBM and Arcadis Construction Cost Handbook Malaysia 2020. We have adopted straightline depreciation at a rate of 2% per annum and the estimated life span of the buildings adopted is about 50 years as per the practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors which is a fair representation.

1.3 Reconciliation of Value

Private specialist medical centre is the centre of providing quality and skilled health services property with the various sources of revenues generated from operating the property as a business entity which trading is the essence to the value of the property. As such, we have given greater emphasis on the Income Approach by Profits Method (DCF) as a more reliable and appropriate method of valuation. The Income Approach by Profits Method (DCF) is able to capture the annual income and expenses over the investment horizon of the investor and thus appropriate to arrive at the fair and accurate market value of a private specialist medical centre.

The other suitable methodology which can be adopted as it takes into consideration of the nature of the Subject Properties which are designed and developed according to the specific use of a particular business requirement is the Cost Approach. It is the commonly adopted methodology in the industry for valuation of specialised assets like the Subject Properties. Based on our investigation and analysis, we note that there are adequate sale evidences of similar type of commercial land in the immediate vicinities and larger neighbourhood with similar locational benefit of the Subject Properties which can be relied upon to arrive at the accurate market value of the land component using the Market/Comparison Approach. The details of the sale evidences are easily available from the Valuation And Property Services Department, Ministry Of Finance. The building component is derived from the DRC where the development cost of medical centres are easily available. The summation of the land and building values is adopted as the market value.

The Market/Comparison Approach is an appropriate method to be adopted for homogeneous properties with minimal dissimilarities which require less complicated adjustments. However, for specialised profit orientated properties which are physically, functionally and economically complex where adjustments are numerous and more difficult to quantify, it will be difficult to make adjustments using the Market/Comparison Approach. The market value of a trading based property is a function of the future income stream.



The cash flows are subject to the specific nature of the particular business. It will be strenuous to make all the relevant qualitative and quantitative adjustments accurately for such properties using Market/Comparison Approach. Based on our research and investigation, we note that there are either infrequent or very limited sale evidences of private specialist medical centres in Malaysia as the medical centres are often constructed for owner operation and seldom held as an investment asset. Therefore, the Market/Comparison Approach may not be a suitable approach to determine the accurate market value of the private specialist medical centres.

In light of the above, we have considered the Income Approach by Profits Method (DCF) and Cost Approach as the suitable valuation methodologies to arrive at the market value of the Subject Properties. Nevertheless, the Cost Approach is derived from the market value of the land and DRG of the building. The Cost Approach is based on the cost which does not reflect the investment characteristics of the Subject Properties and often does not reflect the highest and best use value of the Subject Properties. However, the Cost Approach can provide a good guide on the market value of the Subject Properties due to easily available comparables for the land component and availability of accurate cost of development for the specific design and construction of the private specialist medical centre.

Hence, we have considered the market value derived from the Income Approach by Profits Method (DCF) as fair and accurate representation of the market value of the Subject Properties supported by the Cost Approach.

2.0 THE IMPACT OF THE COVID-19 PANDEMIC ON THE VALUATION OF THE SUBJECT PROPERTIES

The unprecedented Covid-19 pandemic has had a negative impact on the Malaysian economy and the property market. The global and Malaysian economic crises caused by the pandemic have not spared the Malaysian private healthcare industry. The number of patients seeking treatment at private medical centres have declined in year 2020. The outbreak also has resulted in border closure that has restricted medical tourism. Nevertheless, the impact of the Covid-19 pandemic is expected to be mitigated by the pro-active fiscal and monetary measures, short-term economic recovery plan (STERP), prihatin rakyat economic stimulus package (PRIHATIN) and national economic recovery plan (pelan jana semula ekonomi negara (PENJANA)) introduced by the government to contain its impact on the Malaysian economy, property market and healthcare industry.

Malaysia, has immense potential as a preferred healthcare travel destination in the world. Prior to the Covid-19 pandemic, the Malaysian healthcare sector had robust growth and this sector has one of the highest multipliers in the Malaysian economy. Moving forward, post Covid-19 pandemic, the Malaysian healthcare sector is expected to remain resilient amid strong demand from the demographic shifts among which are the increase in aging Malaysian population, rising affluence, increasing life expectancy and growing healthcare insurance.


We observe that based on our analysis of the latest rental yields of the investment properties transacted in year 2020 comprising UOA Corporate Tower, The Pinnacle Sunway and Menara Guoco, the rental yields range from 4.96% to 6.28%. The performance of various real estate investment trusts (REITs) for year ending 2019 and 2020 revealed that the current rental yield trends are within the range of 1.79% to 8.04% depending on the type of the property, location, characteristics, tenure, nature and risk profile of the investment. In light of the above, taking into consideration of the current state of the Malaysian economy and property market which have been impacted by the Covid-19 pandemic, we are of the view that the fair rental yields of the Subject Properties are within the above range.

3.0 OPINION OF VALUE

Having regard to the foregoing, taking into consideration of 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, on a going concern basis as a fully operational private specialist medical centres and subject to the titles being free of all encumbrances, good, marketable and registrable are as follows: -

Property No.	Property Address	Market Value (RM)
1	KPJ Ampang Puteri Specialist Hospital	157,000,000
2	KPJ Damansara Specialist Hospital	135,000,000
3	KPJ Johor Specialist Hospital	147,000,000
4	KPJ Puteri Specialist Hospital	51,000,000
5	KPJ Selangor Specialist Hospital	100,000,000
6	KPJ Ipoh Specialist Hospital	122,000,000
TOTAL		712,000,000

For And On Behalf Of
CHESTON INTERNATIONAL (KL) SDN BHD


G. PAREMES SIVAM, FRISM, MRICS, MIACVS, MPEPS, MMIPFM
CHARTERED SURVEYOR
REGISTERED VALUER, V-480

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



APPENDIX 'A' – SALIENT DETAILS OF THE SUBJECT PROPERTIES

Property No. 1

a. Salient Details																																									
Date of Inspection and Valuation:	22 January 2021																																								
Identification / Type of Property / Property Address:	A purpose built private specialist medical centre known as KPJ Ampang Puteri Specialist Hospital ("APSH") identified as PT No. 25119 (New Lot 35523), Mukim of Ampang (Empang), District of Hulu Langat, Selangor Darul Ehsan, held under Title No. HS(M) 26550, bearing postal address No. 1, Jalan Memanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan.																																								
Title Particulars:	Tenure:	99-year leasehold interest expiring on 17 April 2089 (unexpired term of about 68.28 years)																																							
	Provisional Title Land Area:	21,670 square metres ("sq. m.") / 233,254 square feet ("sq. ft.")																																							
	Surveyed Land Area:	21,664 sq. m. / 233,189 sq. ft.																																							
	Registered Proprietor:	AmanahRaya Trustees Berhad (as Trustee)																																							
	Category of Land Use:	Building																																							
	Encumbrance:	Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad, registered on 5 November 2018																																							
	Endorsements:	i) Nombor Peralihan 66/1998 Jil 4 Fol. 167 Pegambilan Sebahagian Tanah-Borang K seluas lebih kurang 8.50 meter persegi, registered on 23 January 1998. ii) Pajakkan Seluruh Tanah to Ampang Puteri Specialist Hospital Sdn Bhd vide Suratkuasa Wakil: 14/2016, Surat Kebenaran: 1138/2018 & 1138/2008 commencing from 1 January 2016 and expiring on 30 June 2021, registered on 28 March 2018.																																							
Location																																									
<p>APSH is located within the commercial centre of Taman Dato' Ahmad Razali famously known as Ampang Point at the periphery of Kuala Lumpur city centre. It is located about 6 kilometres (3.72 miles) to the east of the Kuala Lumpur city centre. APSH is located near the border of Kuala Lumpur city centre and Selangor, fronts onto Jalan Memanda 9 which is accessible from various parts of Kuala Lumpur and Selangor and the common accessibility from Kuala Lumpur city centre is via Jalan Ampang, Jalan Hulu Kelang/Middle Ring Road II ("MRR II").</p> <p>Prominent developments located in the immediate vicinity are Ampang Point Shopping Complex, De Palma Hotel, M-City Development, Plaza Ampang City, Flamingo Hotel and Business Centre.</p> <p>Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -</p>																																									
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<p>At the date of our inspection, we noted that a new 15-storey building identified as west wing has been constructed at the western portion of the site. This building has yet to be sold to ART (trustee for Al-Aqar REIT) for valid corporate reasons. Therefore, we have excluded the 15-storey building in the valuation.</p> <p>All the above mentioned buildings are of similar construction and the details of the specification are as follows: -</p>																																									
Buildings:	Constructed of reinforced concrete frame, beam and column with brick infills plastered internally and rendered externally partly supporting steel roof trusses and purlins laid over with concrete roofing tiles and partly of reinforced concrete flat roof.																																								

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Ceilings:	Generally of plaster boards with cornices incorporating downlights, mineral fibre boards incorporating fluorescent lights and centralised air-conditioning ducts with the exception of the toilets which are of cement plaster.
Internal Walls:	Generally of gypsum boards and gypsum boards incorporating glass panels. The internal walls of the lift lobbies are generally lined with glazed wall tiles up to ceiling height whilst the waiting area on the ground floor is lined with glazed wall tiles up to a height of about 0.915 metre (3 feet) and up to the ceiling height. The male and female toilets are lined with glazed wall tiles up to the ceiling height.
Doors:	Generally, the main entrance to the reception area on the ground floor is fitted with an electronically operated double leaf frameless glass panelled door. Other doors are generally of fire rated timber door, timber flush door, timber panelled door incorporating glass panels, solid timber, an electronically operated double leaf frameless glass panelled door and PVC doors.
Windows:	Generally of aluminium casements incorporating tinted/clear glass panels and top hung units.
Floors:	Generally finished ceramic tiles, marble slabs, homogenous tiles, vinyl tiles and cement screed.

Generally, the buildings are equipped with centralised air-conditioning system, with some rooms fitted with additional split-unit air conditioners. Vertical access between floors is by means of eight units of passenger/service lifts (each with a capacity of 1,020 kilogrammes / 15 persons to 1,565 kilogrammes / 23 persons), a Bomba lift (with a capacity of 1,565 kilogrammes or 23 persons) and eight units of reinforced concrete staircases. The medical centre buildings are equipped with medical gas supply system, nurse call button / intercom system and private automatic branch exchange ("PABX") system. Generally, all the buildings are installed with fire fighting systems.

Car Park Bays

There are 242 car park bays provided within APSH comprising 127 covered car park bays located at lower ground floor and 115 surface car park bays (inclusive of valet parking) at the north portion of the site and along the circulation area of the site. All the car park areas are managed by Metro Parking Sdn Bhd except for the drop off and emergency car parks.

Gross Floor Area ("GFA")

The GFA of the buildings computed by Kumpulan Senireka Sdn Bhd and provided by Damansara REIT Managers Sdn Berhad ("DRMSB") are in line with our measurement in accordance with the Uniform Method of Measurement of Buildings, The Royal Institution of Surveyors, Malaysia ("RISM"). The GFA and age of each building are tabulated as follows: -

Building	GFA		Age (Year)
	sq. m.	sq. ft.	
ia) A 7-storey main medical centre building and an annexed 5-storey consultant building both are with a common lower ground floor	33,505	360,650	29
ib) A lower ground floor car park	5,541	59,644	
Total	39,046	420,294	

Beds

Vide a licence to operate bearing licence no. 1301008-0004-01/2020 (Borang 4 No. Siri: 005282) with 3 years validity from 2 November 2020 to 1 November 2022 as approved by MOH on 4 November 2020, we note that APSH has been permitted to operate 279 beds (inclusive of intensive care unit ("ICU"), coronary care unit ("CCU") and isolation room), 20 basinets, 17 cots, 28 dialysis chairs and 6 leaning chairs for both East Wing and the newly completed West Wing. From the prospectus of Al-Aqar REIT dated 24 July 2006, we note that originally there were 218 operational beds within the East Wing. The newly completed 15-storey building, the West Wing accommodates 86 operational beds. Due to the construction of the West Wing with 86 beds, about 39 beds from East Wing were reconfigured and used for treatment of Covid-19 patients. Thus, currently the East Wing accommodates 179 operational beds. Thus, the current operational beds of APSH are 265 beds. For the purposes of this valuation, we have considered the number of beds owned by Al-Aqar REIT i.e. 218 beds. The beds are classified into very very important person ("VVIP") suite, very important person ("VIP"/executive suite, premier suite, executive deluxe, single deluxe, single bedded, two bedded, three bedded, four bedded and five bedded.

The configuration of hospital beds, number of rooms and rates are as follows: -

Bed	Rate Per Bed Per Night (RM)	No. of Room	No. of Bed
VVIP / VIP	580 - 980	4	4
Premier Suite	380 - 480	17	17
Executive Deluxe	280 - 480	5	5
Single Deluxe	160 - 430	21	21
Single Bedded	230 - 380	49	49
Two Bedded	160 - 250	20	40
Three Bedded	140 - 210	3	9
Four Bedded	90 - 180	17	68
Five Bedded	100	1	5
Sub Total		137	218
Single Bedded	230 - 380	19	19
Two Bedded	160 - 250	14	28
Sub Total from the newly completed West Wing which have been excluded in the valuation		33	47
Total (Operational Beds)		170	265
ICU / CCU	380	10	10
Isolation Room (CCU)	450	4	4
Total		14	14
Grand Total (Licenced Beds)		184	279

Source: Ampang Puteri Specialist Hospital Sdn Bhd ("APSHSB")

Facilities and Services:	Other medical facilities comprise as follows: -	
	Other medical facilities	No. of Room / Bed
	Operation Theatre (OT) Room	5
	Labour Room	6
	Central Sterile Supply Department ("CSSD")	1

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



	Neonatal ICU ("NICU")	1				
	Nursery	1				
	<i>Source: APSHSB</i>					
	APSH provides the following services: -					
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	<i>Source: APSHSB</i>					
Consultants / Clinics:	As at the date of valuation, as provided to us by the client, APSH is supported by 73 consultants / doctors.					
Planning Details:	APSH is located within an area designated for commercial use. All the buildings and renovation works are issued with CF as per the details in the description of the buildings.					
Occupancy Status / Lease Details:	Vide a Lease Agreement dated 30 June 2006 made between Al-Aqar REIT (formerly Al-Aqar KPJ REIT) (being represented by its trustee, ART) as a Lessor, Ampang Puteri Specialist Hospital Sdn Bhd (APSHSB or Lessee) and DRMSB, we note that APSH has been leased for a term of fifteen (15) years with an option to renew for a further term of fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced on 30 June 2006 and expires on 29 June 2021. This valuation is carried out pursuant to the proposed renewal of the lease of APSH for a further term of fifteen (15) years.					

b. Valuation

1. Income Approach By Profits Method (DCF)

Parameters Adopted

a)	Occupancy Rate Adopted				
		Year 1	Year 2	Year 3	Year 4
		2021	2022	2023	2024
		60.00%	63.00%	66.15%	69.46%
					Year 5
					2025
					72.93%

b)	No. of Inpatient Admitted Days	2.92
c)	Ratio of No. of Outpatient / Inpatient	7.92

Revenue

a)	Consultant Inpatient Revenue Per Occupied Bed	RM 897
b)	Consultant Outpatient Revenue Per Person	RM 139
c)	Hospital Inpatient Revenue Per Occupied Bed	RM2,281
d)	Hospital Outpatient Revenue Per Person	RM 349

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Expenses			
a)	Cost of Sale		
	i) Material	29.6%	of Hospital Inpatient and Outpatient Revenues
	ii) Direct Staff Cost	13.3%	of Gross Operating Revenue
	iii) Operating Overhead	We have adopted 5% per annum escalation throughout our projection as fair and reasonable representation	
b)	Undistributed Operating Expenses		
	i) Administrative & General	11.9%	of Total Operating Revenue
	ii) Sales & Marketing	0.1%	
	iii) POMECS	4.8%	
c)	Quit Rent & Assessment Per Annum (Actual)		RM504,892
d)	Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum (Actual)		RM449,700
e)	Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX Adopted in Valuation Per Annum		RM7,800,000
f)	Terminal Capitalisation Rate	9.75%	APSH has an unexpired leasehold interest of about 68.28 years
g)	Discount Rate	11.75%	

2. Cost Approach

In arriving at the Market Value of the land component, we have adopted the Market/Comparison Approach. The following sale evidences, amongst others, are considered suitable comparables and adopted: -

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Lot No. / Town / Mukim / District / State:	Lot 81095 (Formerly PT No. 26888) / Mukim of Batu / District of Kuala Lumpur / Kuala Lumpur	PT No. 50040 / Mukim of Setapak / District of Kuala Lumpur / Kuala Lumpur	Lots 33105 and 33106, Section 1 / Both Within Town of Cheras / District of Ulu Langat / Selangor Darul Ehsan	Lot 122, Section 92 / Town and District of Kuala Lumpur / Kuala Lumpur
Title No.:	Pajakan Negeri 53431	HS(D) 121142	Geran 80304 and Geran Mukim 1820	Pajakan Negeri 35427
Property Type:	A parcel of commercial land (End)	A parcel of commercial land (Intermediate)	Two (2) adjoining parcels of commercial land (Intermediate)	A parcel of development land potential for commercial use (Intermediate)
Location:	Located along Jalan Metropolitan, Off Middle Ring Road II	Located along Jalan 3/50C, Off Jalan Genting Kelang, Kuala Lumpur	Fronts onto SILK Highway, Balakong Business Centre	Fronts onto Jalan 2, Chan Sow Lin
Category Of Land Use:	Building	Building	Building	Building
Town Planning:	Commercial	Commercial	Commercial	Commercial
Tenure:	99-year leasehold interest expiring on 4 April 2115 (unexpired term of about 94.25 years)	99-year leasehold interest expiring on 13 October 2087 (unexpired term of about 66.76 years)	Interests in perpetuity, in respect of both titles	99-year leasehold interest expiring on 9 May 2100 (unexpired term of about 79.33 years)
Land Area (sq. ft.):	238,298	26,738	102,569	37,900
Consideration:	RM94,764,144	RM13,050,810	RM42,500,000	RM18,191,870
Date of Transaction:	23 July 2019	03 June 2019	16 November 2018	03 April 2017
Vendor:	JL 99 Holdings Sdn Bhd	Immitec Sdn Bhd (In Liquidation)	Empayar Mantap Sdn Bhd	Poon Siew Hong and Poon Siew Kai
Purchaser:	Vienna Homes Sdn Bhd	Kit-M Corporation Sdn Bhd	Columbia Asia Sdn Bhd	Wan Hong Hardware Trading Sdn Bhd
Analysis (per square foot / "psf"):	RM398.00	RM488.10	RM414.35	RM480.00
Adjustment Factors Considered:	Market condition due to the impact of the Covid-19 pandemic (time), location and accessibility, corner/end premium, shape, category of land use/express condition, planning approval/development order, restriction in interest, size/quantum allowance and tenure.			
Adjusted Value Of Land (psf):	RM478.85	RM479.29	RM472.87	RM478.37
Market Value of Land:	In arriving at the market value using the Market/Comparison Approach, we have emphasized upon Comparable 4 which has the least dissimilarities against the subject property. We have adopted the adjusted value of RM478.37 psf from the adjustments of Comparable 4 as fair representation which translates into a market value of the commercial land of RM111,550,365 .			

Source: Valuation and Property Services Department, Ministry of Finance

The GCRCN of the buildings is RM114,707,690. Depreciation is adopted at a rate of 2% per annum. The DRC of the buildings is RM48,177,230. Thus, the Market Value derived from the Cost Approach is RM159,727,595 and we have rounded up to RM160,000,000.

3. Reconciliation and Opinion of Values

Method of Valuation	Market Value Derived	Market Value Adopted	
Income Approach by Profits Method (DCF)	RM157,000,000	RM157,000,000	We have considered the market value derived from the Income Approach by Profits Method (DCF) as fair and accurate representation of the market value of APSP supported by the Cost Approach.
Cost Approach	RM160,000,000		

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Property No. 2

a. Salient Details			
Date of Inspection and Valuation:	27 January 2021		
Identification / Type of Property / Property Address:	A purpose built private specialist medical centre known as KPJ Damansara Specialist Hospital ("DSH"), identified as Lot 60950, Section 39 [Formerly PT No. 1856], Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan, held under Title No. Geran 336358 [Formerly HS(D) 146423], bearing postal address No. 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.		
Title Particulars:	Tenure:	Interest in perpetuity	
	Title Land Area:	16,771 sq. m. / 180,521.53 sq. ft.	
	Registered Proprietor:	AmanahRaya Trustees Berhad (as Trustee)	
	Category of Land Use:	Building	
	Encumbrance:	Charged by AmanahRaya Trustees Berhad to Maybank Trustee Berhad, registered on 5 November 2018	
Location			
<p>DSH is located within SS 20, Damansara Utama, Petaling Jaya and is sited off the south-western (left) side of the SPRINT Highway (part of Jalan Damansara), travelling from Section 16, Petaling Jaya towards Bandar Utama/MRR II and also sited off the eastern (right) side of Damansara - Puchong Highway ("LDP"), travelling from Kelana Jaya towards Damansara Perdana. It is located about 16 kilometres (10 miles) to the south-west of Kuala Lumpur city centre and about 6 kilometres (3.75 miles) to the north-east of Petaling Jaya City. DSH fronts onto Jalan SS 20/10 and is accessible from various parts of Kuala Lumpur and Selangor and the common accessibility from Kuala Lumpur city centre is via Jalan Semantan and SPRINT Highway (Jalan Damansara). Alternatively, it is accessible from the Federal Highway via Keninch Link and SPRINT Highway. The newly completed nearest Taman Tun Dr. Ismail MRT Line 1 Station (along Jalan Damansara) is located about 550 metres to the south-east of DSH. The under construction nearest Bandar Utama LRT Line 3 Station is located about 2 kilometres (1.25 miles) to the north-west of DSH. Prominent developments located in the immediate vicinity are Plaza VADS, TTDI Plaza, The Starling Shopping Mall, Menara KEN TTDI, One Utama Shopping Complex, Plaza IBM, One World Hotel, Sri Pentas TV3 station and 3 Damansara Shopping Mall.</p>			
Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -			
Name	Capacity	Location	Distance from DSH
Private Medical Centre			
Columbia Asia Hospital	57 beds	Jalan 13/6, 46200 Petaling Jaya, Selangor Darul Ehsan	3 kilometres
KPJ Damansara 2 Specialist Hospital (expected to be in operation in year 2022)	300 beds	Bukit Lanjan, 60000 Kuala Lumpur	5.5 kilometres
The Tun Hussein Onn National Eye Hospital	30 beds	Lorong Utara B, 46200 Petaling Jaya, Selangor Darul Ehsan	6 kilometres
Beacon Hospital	93 beds	Jalan 215, Section 51, Off Jalan Templer, 46050 Petaling Jaya, Selangor Darul Ehsan	6.5 kilometres
Pantai Hospital Kuala Lumpur	363 beds	Jalan Bukit Pantai, 59100 Kuala Lumpur	7.2 kilometres
Assunta Hospital	245 beds	Jalan Templer, 46050 Petaling Jaya, Selangor Darul Ehsan	7.5 kilometres
Thomson Hospital Kota Damansara	205 beds	Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	10 kilometres
Parkcity Medical Centre	148 beds	Jalan Intisari Perdana, Desa Parkcity, 52200 Kuala Lumpur	10 kilometres
Taman Desa Medical Centre	39 beds	Jalan Desa, Taman Desa, Off Jalan Klang Lama, 58100 Kuala Lumpur	10.5 kilometres
Government Hospital			
University Malaya Medical Centre (formerly University Hospital)	1,617 beds	Jalan Professor Diraja Ungku Aziz, 59100 Kuala Lumpur	8 kilometres
Source: MOH / KPJHB's Annual Report			
The Site			
<p>The site is an irregular shaped parcel of corner plot. It has frontage onto Jalan SS 20/10 along it's north-eastern site boundary. The north-western and western site boundaries abut onto Jalan SS 20/21 and Jalan SS 20/18, respectively. Part of the southern site boundary abuts onto Jalan SS 20/19, Jalan SS 20/14 and Jalan SS 20/17.</p>			
The Buildings			
Brief details of the development, extension and renovation of DSH are as follows: -			
Year of Construction / Approval	Development / Extension / Renovation	Date / Reference No. of the Approved Plan / CF / CCC	
1994 / 1996 / 1997 / 1998	A 6-storey private specialist medical centre with basement floor A basement floor and ground floor car park A medical gas building A guard house A refuse chamber A Tenaga Nasional Berhad ("TNB") substation	Approved by Majlis Perbandaran Petaling Jaya ("MPPJ") vide plan no. BP519/82 kandungan (505-K) (112AF) (211A-E) on 19 September 1994, 21 September 1996 and 16 December 1997, respectively. CF bearing certificate no. 9042 was issued by MPPJ on 05 January 1998.	
2003 / 2004 / 2005	Renovation works on part of the fourth floor	Approved by MPPJ vide plan no. MPPJ/530/S/P10/762/2003 on 18 August 2003 and 24 April 2004, respectively. CF bearing certificate no. 05916 was issued by MPPJ on 05 May 2005.	

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



All the above mentioned buildings are of similar construction and the details of the specification are as follows: -

Buildings:	Constructed of reinforced concrete frame with brick infills rendered externally and plastered internally, partly supporting steel roof trusses and purlins laid over with concrete roofing tiles and partly of reinforced concrete flat roof.
Ceilings:	Generally of plaster boards with cornices incorporating downlights, air-conditioning ducts and sprinkler system, mineral fibre boards incorporating fluorescent lights and cassette type air-conditioning with the exception of the toilets and car parking area which are of cement plaster.
Internal Walls:	Generally of gypsum boards and gypsum boards incorporating glass panels. The internal walls of the lift lobbies are generally lined with glazed wall tiles up to the ceiling height whilst the waiting area on the ground floor are lined with glazed wall tiles up to a height of about 0.915 metres (3 feet) and up to the ceiling height. The male and female toilets are lined with glazed wall tiles up to the ceiling height.
Doors:	Generally, the main entrance to the reception area on the ground floor is fitted with an electronically operated double leaf frameless glass panelled door. Other doors are generally of fire rated timber door, timber flush door, timber panelled door incorporating glass panels, electronically operated double leaf frameless glass panelled door and polyvinyl chloride ("PVC") door.
Windows:	Generally of aluminium casements incorporating glass panels and top hung units.
Floors:	Generally of vinyl tiles with the exception of the main lobby and waiting area of the ground floor which are generally finished with marble slabs. The management office and conference room are laid over with wall to wall carpet whilst the security room and toilets are finished with ceramic tiles.

Generally, the medical centre building is equipped with centralised air-conditioning system, with some rooms fitted with additional split-unit air conditioners. Vertical movement between floors is by means of three units of passenger lifts (each with a capacity of 750 kilogrammes / 11 persons), a Bomba lift (with a capacity of 1,360 kilogrammes / 15 persons), two units of service lifts (each with a capacity of 1,565 kilogrammes / 21 persons) and five units of reinforced concrete are staircases. It is also equipped with medical gas supply system, nurse call button / Intercom system and PABX system. Generally, all the buildings are installed with a fire fighting system.

Car Park Bays

There are 177 car park bays within DSH. The basement and ground floors of the 6-storey building accommodate 60 and 54 car park bays, respectively. There are about 63 open car parking bays located at the north-eastern and eastern portion of the subject site.

All the car park areas are being managed by Metro Parking Sdn Bhd except for the drop off and emergency car parks.

GFA

The GFA computed by Perunding Alam Bina Sdn Bhd and provided to us by DSH are in line with our measurement in accordance with the Uniform Method of Measurement of Buildings, RISM. The GFA and age of each building are tabulated as follows: -

Building	GFA		Age (Year)
	sq. m.	sq. ft.	
ia) A 6-storey private specialist medical centre together with a basement floor	37,551.91	404,205.38	23
ib) A basement floor and ground floor car park	3,802.14	40,925.89	
ii) A medical gas building	51.04	549.39	
iii) A guard house	4.00	43.06	
iv) A refuse chamber	38.07	409.78	
v) A TNB substation	33.44	359.95	
Total	41,480.60	446,493.45	

Beds

Vide a licence to operate bearing licence no. 131005-00068-01/2019 (Borang 4 No. Siri: 004436) with 3 years validity from 25 March 2019 to 24 March 2021 as approved by MOH dated 11 April 2019, we note that DSH has been permitted to operate 232 beds (inclusive of ICU, daycare, cardiac HDU ("CHDU") and cardiac ICU ("CICU")), 11 cots, 10 bassinets, 15 dialysis chairs and 1 dental chair.

From the prospectus of Al-Aqar REIT dated 24 July 2006, we note that originally there were 208 operational beds. Subsequently, the beds were increased to 211 beds. However, in 2018 the number of beds were reduced from 211 beds to 194 beds as 17 beds were converted to additional ICU. We note from the average occupancy rate, number of inpatient and outpatient of the DSH over the past 5 years that the occupancy of DSH has been on the declining trend due to the existence of other hospitals in the neighbourhood which has heightened the competition. In light of the above, conversion of the 17 beds into additional ICU are regarded as business strategy to add revenue to DSH and we have adopted the existing 194 beds in our projections instead of 211 beds.

The beds are classified into VVIP premier, VVIP suite, VIP suite, premier superior single, premier single, Permata suite, Mutiara suite, Kristal suite, Berlian suite, two bedded, four bedded, Qaseh VIP, Qaseh single, Qaseh two bedded, Qaseh four bedded, Mesra VIP and Mesra single.

The configuration of hospital beds, number of rooms and rates are as follows: -

Bed	Rate Per Bed Per Night (RM)	No. of Room	No. of Bed
Single Bedded (including isolation room)	280 - 580	102	102
Two Bedded	160 - 180	24	48
Four Bedded	95 - 120	9	36
VVIP / VIP Room	750 - 1,080	8	8
Total (Operational Beds)		143	194
ICU (including isolation room)	450		12
CHDU	280		4
CICU	380		5
Daycare & Daycare Endoscopy	90 - 135		17
Total			38
Grand Total (Licenced Beds)		143	232

Source: Damansara Specialist Hospital Sdn Bhd ("DSHSB")

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Facilities and Services:	Other medical facilities provided in DSH comprise as follows: -															
	<table border="1"> <thead> <tr> <th>Other medical facilities</th> <th>No. of Room/Cot/Chair</th> </tr> </thead> <tbody> <tr> <td>Operate Theatre (OT) Room</td> <td>4</td> </tr> <tr> <td>Labour Room</td> <td>3</td> </tr> <tr> <td>NICU</td> <td>1</td> </tr> <tr> <td>Nursery</td> <td>1</td> </tr> <tr> <td>Dialysis Centre</td> <td>15</td> </tr> </tbody> </table> <p>Source: DSHSB</p> <p>DSH provides the following services: -</p> <table border="1"> <thead> <tr> <th>Clinical Disciplines</th> <th>Facilities and Services</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Anaesthesiology • Cardiology • Cardiothoracic Surgery • Cardiac Surgeon • Clinical Oncologist • Dental Surgery • Dermatology & Allergy • Ear, Nose & Throat / Otorhinolaryngology • Eye / Ophthalmology • General Surgery • Haematologist • Interventional Radiology • Laparoscopic Surgery • Maternal-Fetal Medicine • Maxillofacial Surgeon • Neurology • Neurosurgery • Obstetric & Gynaecology • Orthopaedic Surgery • Paediatric Cardiology & Surgery • Paediatrics • Physician • Plastic Surgeon • Psychiatrist • Urology • Vascular / Endovascular Surgery </td> <td> <ul style="list-style-type: none"> • 24 Hours Accident & Emergency ("A&E") Services • In House 24 Hours Pharmacy • 24 Hours Laboratory Services • Ambulance Services • 64 Slice CT Scan • Medical Check-up • Executive • Physiotherapy • ECG • Haemodialysis • X-ray and Fluoroscopy • MRI • Ultrasound • Dietary Services • Mammography </td> </tr> </tbody> </table> <p>Source: DSHSB</p>	Other medical facilities	No. of Room/Cot/Chair	Operate Theatre (OT) Room	4	Labour Room	3	NICU	1	Nursery	1	Dialysis Centre	15	Clinical Disciplines	Facilities and Services	<ul style="list-style-type: none"> • Anaesthesiology • Cardiology • Cardiothoracic Surgery • Cardiac Surgeon • Clinical Oncologist • Dental Surgery • Dermatology & Allergy • Ear, Nose & Throat / Otorhinolaryngology • Eye / Ophthalmology • General Surgery • Haematologist • Interventional Radiology • Laparoscopic Surgery • Maternal-Fetal Medicine • Maxillofacial Surgeon • Neurology • Neurosurgery • Obstetric & Gynaecology • Orthopaedic Surgery • Paediatric Cardiology & Surgery • Paediatrics • Physician • Plastic Surgeon • Psychiatrist • Urology • Vascular / Endovascular Surgery
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Consultants / Clinics:	As at the date of valuation, as provided to us by the client, DSH is supported by 84 consultants / doctors.															
Planning Details:	DSH is located within an area designated for commercial use. All the buildings and renovation works are issued with CF as per the details in the description of the buildings.															
Occupancy Status / Lease Details:	Vide a Lease Agreement dated 30 June 2006 made between Al-Aqar REIT (formerly Al-Aqar KPJ REIT) (being represented by its trustee, ART) as a Lessor, Damansara Specialist Hospital Sdn Bhd (DSHSB or Lessee) (now Rawang Specialist Hospital Sdn Bhd) and DRMSB (Manager), we note that DSH has been leased for a term of fifteen (15) years with an option to renew for a further term of fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced on 30 June 2006 and expires on 29 June 2021. This valuation is carried out pursuant to the proposed renewal of the lease of the DSH for a further term of fifteen (15) years.															

b. Valuation

1. Income Approach by Profits Method (DCF)

Parameters Adopted

a)	Occupancy Rate of Beds Adopted				
		Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024
		50.70%	53.24%	55.90%	58.70%
b)	No. of Inpatient Admitted Days	2.57			
c)	Ratio of No. of Outpatient / Inpatient	10.68			

Revenue

a)	Consultant Inpatient Revenue Per Occupied Bed	RM1,116
b)	Consultant Outpatient Revenue Per Person	RM 135
c)	Hospital Inpatient Revenue Per Occupied Bed	RM2,763
d)	Hospital Outpatient Revenue Per Person	RM 264

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Expenses			
a)	Cost of Sale		
	i) Material	30.3%	of Hospital Inpatient and Outpatient Revenues
	ii) Direct Staff Cost	12.9%	of Gross Operating Revenue
	iii) Operating Overhead	We have adopted 5% per annum escalation throughout our projection as fair and reasonable representation	
b)	Undistributed Operating Expenses		
	i) Administrative & General	11.9%	of Total Operating Revenue
	ii) Sales & Marketing	0.6%	
iii) POMECS	5.4%		
c)	Quit Rent & Assessment Per Annum (Actual)		RM287,359.60
d)	Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum (Actual)		RM372,504.15
e)	Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX Adopted in Valuation Per Annum		RM10,600,000
f)	Terminal Capitalisation Rate	8.00%	DSH has an interest in perpetuity
g)	Discount Rate	10.00%	

2. Cost Approach

In arriving at the Market Value of the land component, we have adopted the Market/Comparison Approach. The following sale evidences, amongst others, are considered suitable comparables and adopted: -

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Lot No. / Town / Mukim / District / State:	Lots 60858, 47009 and 50368 / All within Section 39 / Town of Petaling Jaya / District of Petaling / Selangor Darul Ehsan	Lot 42406 / Pekan Cempaka / District of Petaling / Selangor Darul Ehsan	Lots 2002 and 2003 / Both within Section 14 / Town of Petaling Jaya / District of Petaling / Selangor Darul Ehsan	Lot 45822, Section 39 / Town of Petaling Jaya / District of Petaling / Selangor Darul Ehsan
Title No.:	Geran 313564, Geran 336044 and Geran 336037, respectively	Geran 98935	Pajakan Negeri 91465 and Pajakan Negeri 91466	Geran 54432
Property Type:	Three contiguous parcels of commercial land (Corner)	A parcel of commercial land (Corner)	Two parcels of commercial land (Corner)	A parcel of commercial land (Corner)
Location:	Located along Jalan 21/21, Section 21, Petaling Jaya, Selangor Darul Ehsan	Located along Jalan Bukit Mayang Emas, Dataran Prima, Petaling Jaya, Selangor Darul Ehsan	Located along Jalan 51A/223, Section 51A, Petaling Jaya, Selangor Darul Ehsan	Located along Jalan SS 2/113, SS 2, Petaling Jaya, Selangor Darul Ehsan
Category Of Land Use:	Building	Building	Building	Building
Town Planning:	Commercial	Commercial	Commercial	Commercial
Tenure:	Interests in perpetuity, in respect of all the titles	Interest in perpetuity	99-year leasehold interests expiring on 07 April 2103 (unexpired term of about 82 years)	Interest in perpetuity
Land Area (sq. ft.):	149,597	35,930	420,912	44,143
Consideration:	RM50,000,000	RM21,558,000	RM160,000,000	RM24,587,651
Date of Transaction:	06 December 2018	30 November 2018	22 December 2017	07 November 2017
Vendor:	S.E.A Housing Corporation Sdn Bhd	SYM World Ventures Sdn Bhd	Kumpulan Darul Ehsan Berhad	Tropicana City Sdn Bhd
Purchaser:	Midas De Sdn Bhd	SNS Network (M) Sdn Bhd	Aneka Sepakat Sdn Bhd	O&C Construction Sdn Bhd
Analysis (psf):	RM334.23	RM600.00	RM380.13	RM557.00
Adjustment Factors Considered:	Market condition due to the impact of the Covid-19 pandemic (time), location and accessibility, corner/end premium, shape, category of land use/express condition, planning approval/development order, restriction in interest, size/quantum allowance and tenure.			
Adjusted Value Of Land (psf):	RM401.08	RM435.00	RM460.30	RM417.75
Market Value Of Land:	In arriving at the market value of the subject land using the Market/Comparison Approach, we have emphasized upon Comparable 1 which has the least dissimilarities against the DSH as fair representation of the market value of the land, as per practice in the industry. We have adopted the adjusted value of RM401.08 psf from the adjustments of Comparable 1 as fair representation which translates into a market value of the commercial land of RM72,403,256 .			

Source: Valuation and Property Services Department, Ministry of Finance

The GCRCN of the buildings is RM124,857,179. Depreciation is adopted at a rate of 2% per annum. The DRC of the buildings is RM67,422,877. Thus, the Market Value derived from the Cost Approach is RM139,826,133 and we have rounded up to RM140,000,000.

3. Reconciliation and Opinion of Values

Method of Valuation	Market Value Derived	Market Value Adopted	We have considered the market value derived from the Income Approach by Profits Method (DCF) as fair and accurate representation of the market value of the DSH supported by the Cost Approach.
Income Approach by Profits Method (DCF)	RM135,000,000	RM135,000,000	
Cost Approach	RM140,000,000		

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Property No. 3

a. Salient Details																																					
Date of Inspection and Valuation:	25 January 2021																																				
Identification / Type of Property / Property Address:	A purpose built private specialist medical centre known as KPJ Johor Specialist Hospital ("JSH"), identified as PTB 12319 (New Lot 19262), Town and District of Johor Bahru, Johor Darul Takzim, held under Title No. HSD 420217, bearing postal address No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru, Johor Darul Takzim.																																				
Title Particulars:	Tenure:	99-year leasehold interest expiring on 1 March 2079 (unexpired term of about 58.13 years)																																			
	Provisional Title Land Area:	20,234.2824 sq. m. / 217,800 sq. ft.																																			
	Registered Proprietor:	AmanahRaya Trustees Berhad (as Trustee)																																			
	Category of Land Use:	Building																																			
	Encumbrance:	Charged by AmanahRaya Trustees Berhad to Maybank Trustee Berhad, registered on 21 November 2018.																																			
	Endorsement:	A private caveat has been entered by Maybank Trustees Berhad, registered on 24 April 2018.																																			
Location																																					
<p>JSH fronts onto Jalan Abdul Samad, a parallel road along the western (right) side of Tun Razak Highway, travelling from Skudai towards Johor Bahru city centre. It is located about 5 kilometres to the north-west of Johor Bahru city centre. It is accessible from various parts of Johor Bahru and the common accessibility from Johor Bahru city centre is via Jalan Tun Abdul Razak, Jalan Datin Halimah and Jalan Tasek Utara. Johor Bahru Sentral ("JB Sentral"), an integrated transport hub in Bukit Chagar is located about 5.2 kilometres (3.25 miles) to the south-east of JSH. Prominent developments in the immediate vicinity include Sultan Ibrahim Military Camp (Johor Military Force), Johor Radio Televisyen Malaysia Department ("RTM Johor"), Johor Ministry of Communications and Multimedia Department, Johor Bahru District Health Department, Johor Immigration Department, Johor Bahru District Education Office, Johor Bahru District Fisheries Office, Johor Chemistry Department and Johor Agriculture Department.</p> <p>Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Capacity</th> <th>Location</th> <th>Distance from JSH</th> </tr> </thead> <tbody> <tr> <td colspan="4">Private Medical Centre</td> </tr> <tr> <td>KPJ Puteri Specialist Hospital</td> <td>158 beds</td> <td>Jalan Tun Abdul Razak (Susur 5), 80350 Johor Bahru</td> <td>4.8 kilometres</td> </tr> <tr> <td>Kempas Medical Centre</td> <td>47 beds</td> <td>Jalan Kempas Baru, 81200 Johor Bahru</td> <td>7 kilometres</td> </tr> <tr> <td>Columbia Asia Hospital</td> <td>33 beds</td> <td>Persiaran Southkey 5, Kota Southkey, 80150 Johor Bahru</td> <td>7 kilometres</td> </tr> <tr> <td colspan="4">Government Hospital</td> </tr> <tr> <td>Hospital Sultanah Aminah</td> <td></td> <td>Dataran Larkin 2, Larkin Jaya, 80350 Johor Bahru</td> <td>3.5 kilometres</td> </tr> <tr> <td>Hospital Permai Johor Bahru</td> <td></td> <td>Persiaran Kempas Baru, Kempas Banjaran, 81200 Johor Bahru</td> <td>10.8 kilometres</td> </tr> <tr> <td>Hospital Sultan Ismail</td> <td></td> <td>Jalan Mutiara Emas Utama, Taman Mount Austin, 81100 Johor Bahru</td> <td>14.8 kilometres</td> </tr> </tbody> </table> <p>Source: MOH</p>		Name	Capacity	Location	Distance from JSH	Private Medical Centre				KPJ Puteri Specialist Hospital	158 beds	Jalan Tun Abdul Razak (Susur 5), 80350 Johor Bahru	4.8 kilometres	Kempas Medical Centre	47 beds	Jalan Kempas Baru, 81200 Johor Bahru	7 kilometres	Columbia Asia Hospital	33 beds	Persiaran Southkey 5, Kota Southkey, 80150 Johor Bahru	7 kilometres	Government Hospital				Hospital Sultanah Aminah		Dataran Larkin 2, Larkin Jaya, 80350 Johor Bahru	3.5 kilometres	Hospital Permai Johor Bahru		Persiaran Kempas Baru, Kempas Banjaran, 81200 Johor Bahru	10.8 kilometres	Hospital Sultan Ismail		Jalan Mutiara Emas Utama, Taman Mount Austin, 81100 Johor Bahru	14.8 kilometres
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APPENDIX II – VALUATION CERTIFICATE (CONT'D)



2011	An extension and renovation of 4-storey physician consulting building (Outpatient Block) (new wing) together with 2-level basement car park.	Approved by MBBJ vide plan nos. PL/UT175/2009 and PL/UT175/2009(1) on 01 April 2009 and 10 August 2011, respectively. Certification (Surat Perakuan Siap Bina Bangunan) bearing reference no. MBBJ/U/2008/14/UBT/569(46) was issued by MBBJ on 16 August 2011.
2016 / 2017	A renovation of part of basement 2, levels 3 and 4 of physician consulting building (Outpatient Block).	Approved by MBBJ vide plan no. MBBJ/U/2015/14/UBT/296 on 19 January 2016. Certification (Surat Perakuan Siap Bina Ubahan Tambahan (U/T)) bearing reference no. MBBJ/U/2015/14/UBT/296 was issued by MBBJ on 26 December 2017.
2015 / 2017 / 2018	A new 7-storey annexed building (known as New Tower Block).	Approved by MBBJ vide plan nos. PL/PB112/2015 and PL/PB112/2015(1) on 07 October 2015 and 08 August 2017, respectively. CCC was issued by Design P.A.C Sdn Bhd bearing certificate no. LAM/J 7622 on 02 May 2018.

At the date of our inspection, we noted that an extension of 4-storey physician consulting building (Outpatient Block) (new wing) together with 2-level basement car park and a new 7-storey annexed building (known as New Tower Block) were completed and fully operational. However, both the extension and the new building have yet to be sold to ART (trustee for Al-Aqar REIT) due to valid corporate reasons. Therefore, we have excluded the said extension and building in our valuation.

All the above mentioned buildings are of similar construction and the details of the specification are as follows: -

Buildings:	Constructed of reinforced concrete frame with brick infills rendered externally and plastered internally supporting a reinforced concrete flat roof concealed behind parapet walls.
Ceilings:	Generally of plaster boards with cornices incorporating downlights, mineral fibre boards incorporating fluorescent lights and air-conditioning ductings and cement plaster.
Internal Walls:	Generally gypsum boards and gypsum boards incorporating glass panels. The internal walls of the lift lobbies are generally lined with glazed wall tiles up to the height of about 2.13 metres (7 feet). The kitchen, male and female toilets are lined with glazed wall tiles up to the ceiling height whilst the cafeteria are lined with ceramic wall tiles up to a height of about 1.52 metres (5 feet).
Doors:	Generally, the main entrance to the main lobby area on the ground floor is fitted with an automatically operated sliding tinted glass panelled door. Other doors are generally of fire rated timber door, timber flush door, timber panelled door, solid timber door, automatically operated sliding door and PVC doors as well as metal roller shutters at loading area.
Windows:	Generally of aluminium casements incorporating glass panels and top hung units.
Floors:	Generally finished with ceramic tiles, marble slabs and heavy duty vinyl floor.

Generally, the buildings are equipped with centralised air-conditioning system, with some rooms fitted with additional split-unit air conditioners. Vertical movement between floors is by means of eight units of passenger lifts (each with a capacity of 1,560 kilogrammes / 22 persons to 1,635 kilogrammes / 23 persons), four units of Bomba lifts (each with a capacity of 1,560 kilogrammes / 22 persons to 1,635 kilogrammes / 23 persons) and twelve units of reinforced concrete staircases. The medical centre buildings are equipped with medical gas supply system, nurse call button / intercom system and PABX system. Generally, all the buildings are installed with fire fighting systems.

Car Park Bays

There are 336 car park bays provided within JSH comprising 104 car park bays within physician consulting building (Outpatient Block), 124 car park bays within car park building and 108 surface car park bays within the site. There are also two (2) additional open car park areas provided by JSH for their visitors. The first car park area is located at the northern side of the site boundary and the land belongs to RTM Johor and the other car park area is located at the southern side of the site boundary and the land belongs to State Government of Negeri Johor. Both the additional car park areas are rented by JSH from the respective land owners. All the car park areas are being managed by Metro Parking Sdn Bhd except for the drop off and emergency car parks.

GFA

The GFA of the buildings computed by M&R Architects Sdn Bhd and provided by DRMSB are in line with our measurement in accordance with the Uniform Method of Measurement of Buildings, RISM. The GFA and age of each building are tabulated as follows:

Building	GFA		Age (Year)
	sq. m.	sq. ft.	
i) A 7-storey main hospital building (Inpatient Block)	13,738.72	147,882.43	17 *
ii) A 4-storey physician consulting building (Outpatient Block)	7,500.68	80,736.63	10
iii) A 2-level basement car park	5,258.50	56,602.00	
iv) A 7-storey annexed building (Premier Block)	6,771.00	72,882.43	11
v) A 5-storey car park building together with a mezzanine and basement level	6,508.97	70,062.00	11
vi) A sprinkler & pump house	90.12	970.00	40
vii) A generator set room	76.18	820.00	40
viii) A parking booth	5.95	64.00	40
ix) A TNB substation (TNB Substation 1)	46.45	500.00	40
x) A 3-level TNB substation (TNB Substation 2)	178.56	1,922.00	11
xi) A scheduled waste storage	13.38	144.00	40
Total	40,188.51	432,585.49	

* The 7-storey main hospital building (Inpatient Block) was constructed in year 1981. However, the entire building had undergone major renovation and refurbished in year 2004.

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Beds

Vide a licence to operate bearing licence no. 130102-00089-01/2019 (Borang 7 No. Siri: 001913) with 3 years validity from 21 February 2019 to 7 January 2021 as approved by MOH dated 11 March 2019 that JSH is permitted to operate 268 beds (inclusive of 8 ICU beds, 8 HDU beds, 3 CICU beds and 5 Endoscopy beds), 4 basinetts, 3 cots, 36 dialysis chairs and 12 reclining chairs.

From the prospectus of Al-Aqar REIT dated 24 July 2006, we note that originally there were 192 operational beds. Vide a Supplemental Lease Agreement, we note that a new building comprising a 7 storey annexed building and a 5 storey car park building were sold to Al-Aqar REIT in year 2010. The additional operational beds were 50 beds. Thus, total operational beds of JSH in year 2010 were 242 beds.

From years 2011 to 2016 (inclusive), 109 beds from the 4th to 7th floors (inclusive) have been reconfigured to reduce the number of beds to 80 beds. Thus, the number of beds in the main hospital building (Inpatient Block) had been reduced about 29 beds. In light of the above, as at year 2017, the total operational beds were 213 beds. In year 2017, based on information from the client, the operational beds had been further reduced to 198 beds due to 10 operational beds in Surgical Ward were used for Oncology Daycare and Clinics whilst 5 operational beds were converted for labour room and nursery. In year 2018, the 10 operational beds in Surgical Ward were reverted as operational beds, thus, making total operational beds as 208 beds.

The new 7 storey annexed building (New Tower Block) with additional 31 beds have yet to be sold to Al-Aqar REIT due to valid corporate reasons. In light of the above, we have excluded the 7 storey annexed building (New Tower Block). We have based our projections based on the operational beds of 208 beds.

The configuration of hospital beds, number of rooms and rates are as follows: -

Bed	Rate Per Bed Per Night (RM)	No. of Room	No. of Bed
Inpatient & Premier Blocks			
Premier VIP	850 / 600	9	9
Premier Single	250 - 390	40	40
Single Bedded	205	12	12
Two Bedded	120	54	108
Four Bedded	100	9	36
Isolation Room	165	3	3
Total Beds			208
New Tower Block			
Single Bedded	205	1	1
Two Bedded	120	15	30
Total (Operational Beds)			239
ICU/CCU	220 - 250		8
HDU	190 / 205		8
CICU	260		3
Endoscopy Daycare	120		5
Converted to Labour Room and Nursery			5
Total			29
Grand Total (Licenced Beds)		148	268

Source: Johor Specialist Hospital Sdn Bhd ("JSHSB")

Other medical facilities provided in JSH comprise as follows: -

Other medical facilities	No. of Room / Chair
Operation Theatre (OT) Room	8
Labour Room	3
Chemotherapy Unit (Reclining Chair)	12

Source: JSHSB

JSH also provides the following services: -

Clinical Disciplines	Facilities and Services
<ul style="list-style-type: none"> • Anaesthesiology & Critical Care • Cardiology • Physician • Nephrologist • Ear, Nose & Throat • Orthopaedic & Trauma • Paediatrics • Radiology & Imaging • Orthopaedics, Plastic & Reconstructive • Radiotherapy & Oncology • Clinical Oncology • Gastroenterology • Obstetrician & Gynaecology • Ophthalmology • Neuro Surgery • Urology • Cardiothoracic Surgery • Endocrinology • Nuclear Medicine 	<ul style="list-style-type: none"> • 3D & 4D Fetal Ultrasound • Ambulance Services • A&E Services • Ear, Nose & Throat Services • General Blood / Health Screening Packages • Laparoscopic Surgery • Neonatal and Paediatric Services • Obstetric & Gynaecological Services • Orthopaedic and Traumatology Services • Physiotherapy Services • Plastic & Reconstructive Surgery • Treadmill Stress Test • Diagnostic Imaging - MRI, CT Scan, Mammography, X-Ray, Ultra-Sound, Fluoroscopy, Pet-Scan • Diagnostic Centre - Gastroscopy, Colonoscopy • Cardiothoracic Centre • IVF Centre • Audiology Services • Dietetic Services

Source: JSHSB

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Consultants / Clinics:	As at the date of valuation, as provided to us by the client, JSH is supported by 77 consultants / doctors.
Planning Details:	JSH is located within an area designated for commercial use. All the buildings and extension and renovation works are issued with CF and CCC as per the details in the description of the buildings.
Occupancy Status / Lease Details:	Vide a Lease Agreement dated 30 June 2006 made between Al-Aqar REIT (formerly Al-Aqar KPJ REIT) (being represented by its trustee, ART) as a Lessor, Johor Specialist Hospital Sdn Bhd (JSHSB or Lessee) and DRMSB (Manager), we note that JSH has been leased for a term of fifteen (15) years with an option to renew for a further term of fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced on 30 June 2006 and expires on 29 June 2021. This valuation is carried out pursuant to the proposed renewal of the lease of JSH for a further term of fifteen (15) years.

b. Valuation

1. Income Approach By Profits Method (DCF)

Parameters Adopted

a)	Occupancy Rate Adopted				
		Year 1	Year 2	Year 3	Year 4
		2021	2022	2023	2024
		62.00%	65.10%	68.36%	71.77%
					Year 5
					2025
					75.36%
b)	No. of Inpatient Admitted Days	2.65			
c)	Ratio of No. of Outpatient / Inpatient	7.76			

Revenue

a)	Consultant Inpatient Revenue Per Occupied Bed	RM1,010
b)	Consultant Outpatient Revenue Per Person	RM 128
c)	Hospital Inpatient Revenue Per Occupied Bed	RM2,479
d)	Hospital Outpatient Revenue Per Person	RM 442

Expenses

a)	Cost Of Sale		
	i) Material	26.9%	of Hospital Inpatient and Outpatient Revenues
	ii) Direct Staff Cost	12.7%	of Gross Operating Revenue
	iii) Operating Overhead	We have adopted 5% per annum escalation throughout our projection as fair and reasonable representation	
b)	Undistributed Operating Expenses		
	i) Administrative & General	13.0%	of Total Operating Revenue
	ii) Sales & Marketing	0.4%	
	iii) POMECS	4.5%	
c)	Quit Rent & Assessment Per Annum (Actual)	RM265,120.90	
d)	Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum	RM479,721.72	
e)	Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX Adopted in Valuation Per Annum	RM11,700,000	
f)	Terminal Capitalisation Rate	10.25%	JSH has an unexpired leasehold interest of about 58.13 years
g)	Discount Rate	12.25%	

2. Cost Approach

In arriving at the Market Value of the land component, we have adopted the Market/Comparison Approach. The following sale evidences, amongst others, are considered suitable comparables and adopted: -

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Lot No. / Town / Mukim / District / State:	PTB 24422 / Town and District of Johor Bahru / Johor Darul Takzim	Lot 27577 / Mukim of Pulai / District of Johor Bahru / Johor Darul Takzim	PTD 175869 and 175870 / All within Mukim of Tebrau / District of Johor Bahru / Johor Darul Takzim	Lot 4205 / Town and District of Johor Bahru / Johor Darul Takzim
Title No.:	HS(D) 565071	Geran 38925	HS(D) 529771 and 529772, respectively	Geran 32033
Property Type:	A parcel of commercial land (Intermediate)	A parcel of commercial land (Corner)	Two (2) adjoining parcels of commercial land (Corner)	A parcel of commercial land (Intermediate)
Location:	Off Jalan Tampoi, Taman Damansara Aliff, Johor Bahru	Off Persisiran Perling, Taman Perling (next to Perling Mall), Johor Bahru	Jalan Tampoi, Bandar Baru Uda, Johor Bahru	Jalan Ah Siang, Taman Stualang Laut, Johor Bahru

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Category Of Land Use:	Building	Building	Building	Nil
Town Planning:	Commercial	Commercial	Commercial	Commercial
Tenure:	Interest in perpetuity	Interest in perpetuity	99-year leasehold interests expiring on 2 May 2105 (unexpired term of about 84.32 years)	Interest in perpetuity
Land Area (sq. ft.):	486,988.00	223,900.00	255,320.00	22,216.00
Consideration:	RM65,000,000.00	RM30,000,000.00	RM38,295,774.00	RM5,554,028.00
Date of Transaction:	28 November 2018	16 October 2018	26 April 2018	14 February 2018
Vendor:	Naga Berkat Sdn Bhd	Permodalan Nasional Berhad	Perbadanan Johor	Wong Khoong Chin
Purchaser:	Tanahmas Kapital Sdn Bhd	PNB Commercial Sdn Berhad	Johor Land Berhad	Looi Teik Hin + 2
Analysis (psf):	RM133.47	RM133.99	RM149.99	RM250.00
Adjustment Factors Considered:	Market condition due to the impact of the Covid-19 pandemic (time), location and accessibility, corner/end premium, shape, category of land use/express condition, planning approval/development order, restriction in interest, size/quantum allowance and tenure.			
Adjusted Value Of Land (psf):	RM153.35	RM147.36	RM162.79	RM154.42
Market Value Of Land:	In arriving at the market value using the Market/Comparison Approach, we have emphasized upon Comparable 3 which has the least dissimilarities against the subject property. We have adopted the adjusted value of RM162.79 psf from the adjustments of Comparable 3 as fair representation which translates into a market value of the commercial land of RM35,455,941 .			

Source: Valuation and Property Services Department, Ministry of Finance

The GCRN of the buildings is RM116,542,366. Depreciation is adopted at a rate of 2% per annum. The DRC of the buildings is RM85,233,916. Thus, the Market Value derived from the Cost Approach is RM120,689,857 and we have rounded up to RM121,000,000.

3. Reconciliation and Opinion of Values

Method of Valuation	Market Value Derived	Market Value Adopted	We have considered the market value derived from the Income Approach by Profits Method (DCF) as fair and accurate representation of the market value of JSH supported by the Cost Approach.
Income Approach by Profits Method (DCF)	RM147,000,000	RM147,000,000	
Cost Approach	RM121,000,000		

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Property No. 4

a. Salient Details																																																															
Date of Inspection and Valuation:	25 January 2021																																																														
Identification / Type of Property / Property Address:	A purpose built private specialist medical centre known as KPJ Puteri Specialist Hospital ("PSH") identified as PTB No. 24134, Town of Johor Bahru, District of Johor Bahru, Johor Darul Takzim, held under Title No. HSD 535599, bearing postal address No. 33, Jalan Tun Abdul Razak (Susur 5), 80350 Johor Bahru, Johor Darul Takzim.																																																														
Title Particulars:	Tenure:	99-year leasehold interest expiring on 31 December 2053 (unexpired term of about 32.95 years)																																																													
	Provisional Title Land Area:	9,672.097 sq. m. / 104,109.58 sq. ft.																																																													
	Registered Proprietor:	AmanahRaya Trustees Berhad (as Trustee)																																																													
	Category of Land Use:	Building																																																													
	Encumbrance:	Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad, registered on 1 August 2013.																																																													
	Endorsement:	Nil																																																													
Location																																																															
<p>PSH is situated along Jalan Tun Abdul Razak (Susur 5), a parallel road with Tun Abdul Razak Highway, next to the Larkin flyover. Johor Bahru city centre is located about 4.8 kilometres (3 miles) to the south-east of PSH. PSH is accessible from several directions from Johor Bahru city centre and the neighbourhood with the main accessibility from Johor Bahru city centre via the Tun Abdul Razak Highway for about 5 kilometres (3.13 miles) until Larkin flyover and then a U turn towards Johor Bahru city for about 100 metres followed by a left turn onto an access filter road leading upto Jalan Tun Abdul Razak (Susur 5). JB Sentral, an integrated transport hub in Bukit Chagar is located about 6.6 kilometres (4.10 miles) to the south-east of PSH. Along the same road, a short distance are Perkeso Complex and Custom Johor Tower as well as several petrol filling and service stations namely Petron, BHP, Caltex and Petronas, all located fronting onto the same serviced road.</p>																																																															
Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -																																																															
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APPENDIX II – VALUATION CERTIFICATE (CONT'D)



1997	<u>1st extension</u> Construction of the 3-level of the hospital building (Ground to 2nd floors) and other ancillary buildings i.e. a new TNB substation, a M&E plant building, a trash centre and a sewerage treatment plant. The original TNB substation had been demolished.	Approved by MPJB vide plan no. 2031/96 on 29 December 1997. The same plans bearing reference no. 2031/96 (29 December 1997) were resubmitted to MBBJ (formerly MPJB) for continuation of 2nd extension and was certified by planning department of MBBJ on 13 November 2013.	Certification (Surat Pematuhan Dan Perakuan Siap Bina Ubahan Tambahan / Borang UT-5) bearing file no. MBBJ/12/PB/187/96 was issued by MBBJ on 8 May 2006.
2004 / 2006	<u>2nd extension</u> Construction of the additional 3-level of the hospital building (3rd to 5th floors).	Approved by MBBJ vide plan nos. (PL/PB) 2031/96(1) and PL/PB 2031/96(2) on 03 February 2004 and 08 March 2006, respectively.	
2004	Internal renovation of the 6-storey hospital building of levels 4 to 6 (inclusive) (Left Wing).	Approved by Jabatan Bomba & Penyelamat Malaysia ("Bomba") vide plan no. JPBM:JH/005/3/9/10/JBU on 10 January 2004.	-
2008	Renovation of the original 6-storey hospital building (Left Wing) comprises of A&E (Level 1), CSSD (Level 2), Nursery & NICU (Level 3), Blood Donor Room (Level 5).	Approved by MBBJ vide plan no. MBBJ/UT: 651/2007(10) (Plan No. 76/2008) on 30 January 2008. Approved by Bomba vide plan no. JBPM: JH/005/3/9/10-8 on 19 July 2008.	-
2011	Change of condition, amalgamation of land and add 6-storey hospital building on Lot PTB 21513, 5219 and 5221	Approved by MBBJ vide plan no. MBBJ/U/2011/12/PBN/KM/15 on 22 June 2011.	-
2014 / 2020	A new 9-storey hospital building at the eastern portion.	Originally approved by MBBJ vide plan no. MBBJ/U/2014/12/PBN/KM/40 on 2014. Final approval by MBBJ vide plan no. MBBJ/U/2019/12/PBN/KM/41 on 25 February 2020. (Pindaan ke atas pelan lulus bil daftar BP6/KM/07/06/2014 melalui fail MBBJ/U/2014/12/PBN/KM/40 pelan 34A-34X)	Yet to issue with CCC as still under construction.

At the date of our inspection, we noted that a new 9-storey building was currently under construction by KPJ Puteri Specialist Hospital (wholly owned by Pasir Gudang Specialist Hospital Sdn Bhd), at the eastern portion of the site. This building has yet to be sold to ART (trustee for Al-Aqar REIT). Therefore, excluded in the valuation.

All the above mentioned buildings are of similar construction and the details of the specification are as follows: -

Buildings:	Constructed of reinforced concrete framework, columns and beams plastered brickwalls rendered externally and plastered internally partly supporting reinforced concrete flat roof and partly metal roof trusses and purlins laid over with metal decking roofing sheets.
Ceilings:	Generally of suspended decorative plaster boards and gypsum boards incorporating built-in recessed lightings and built-in concealed air-conditioner ductings and cement plaster.
Internal Walls:	Generally of mixture of plastered brickwalls, gypsum boards and glass panels while the walls of the laboratory ("Lab")/maternity unit and VIP wards are further lined with decorative wallpapers finishing. The walls of the toilets, lift lobbies and several parts of the building are of ceramic wall tiles up to the ceiling height.
Doors:	Generally, the main entrances are fitted with an automatically operated sliding glass panelled doors whilst other doors are mixture of automatic sliding metal doors with smart-card access and press button controls, manual sliding metal/glass/gypsum/plywood doors (partly with electronic security pin-code system), solid timber, timber/plywood with glass panels, 1-hour fire-rated timber doors, stainless steel doors and metal roller shutters.
Windows:	Generally of sliding and top-hung aluminium casements incorporating tinted glass panels.
Floors:	Generally of ceramic tiles, marble slabs and heavy duty vinyl floors.

Generally, the buildings are equipped with centralised air-conditioning system, with some rooms fitted with additional split-unit air conditioners. Vertical access between floors is by means of four units of passenger lifts (each with a capacity of 1,295 kilogrammes / 19 persons to 1,500 kilogrammes / 22 persons), a Bomba/cargo lift (with a capacity of 1,295 kilogrammes / 19 persons) and two units of reinforced concrete staircases. The medical centre buildings are equipped with medical gas supply system, nurse call button / intercom system and PABX system. Generally, all the buildings are installed with fire fighting systems.

Car Park Bays

There are 9 covered car park bays provided within PSH. There are also three (3) additional surface (covered and open space) car park areas provided by PSH for their visitors. The first car park area is located at the north-eastern side of the site boundary and the land belongs to PSHJSB and the other car park area is located at further north-eastern side of the site boundary and the land belongs to Kulim (Malaysia) Berhad. The third car park area is rented by PSH from respective land owners. All the car park areas are being managed by Metro Parking Sdn Bhd except for the drop off and emergency car parks.

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



GFA

The GFA of the buildings computed by M&R Architects Sdn Bhd (formerly Mokhtar Rahman Partners Consultant Architect) and provided to us by DRMSB are in line with our measurement in accordance with the Uniform Method of Measurement of Buildings, RISM. The GFA and age of each building are tabulated as follows: -

Building	GFA		Age (Year)
	sq. m.	sq. ft.	
A 6-storey medical centre building (Left Wing)	5,320.37	57,268	35
A 6-storey medical centre building (Right Wing)	5,643.95	60,751	17
A mechanical & electrical ("M&E") plant building	38.93	419	17
A pump house	15.05	162	17
A TNB substation	125.42	1,350	7
A generator room	46.55	501	7
A sewerage treatment plant	502.42	5,408	17
A general waste bin centre	83.15	895	17
Total	11,775.83	126,754	

Beds

Vide a licence to operate bearing licence no. 130102-00077-01/2020 (Borang 4 No. Siri: 005333) with 3 years validity from 24 November 2020 to 23 November 2022 as approved by MOH on 07 December 2020, we note that PSH has been permitted 147 beds (inclusive of VVIP suites, ICU, CCU and isolation room), 10 cots and 13 dialysis chairs.

From the prospectus of Al-Aqar REIT dated 24 July 2006, we note that originally there were 137 operational beds. Out of this, 3 beds were allocated to VVIP suites. Thus, the operational beds were 134. In year 2016, the number of beds had been increased to 144 beds. In year 2018, the beds were reduced from 144 beds to 140 beds as 4 beds were converted to Doctors' clinics. In year 2019, about 10 beds were reduced to make way for the connecting walk way to the currently under construction 9-storey building. After completion of the construction, about 4 beds have been added back for the operation. Thus, at present, the beds in operation are 134. Notwithstanding, in arriving at our opinion of the market value of PSH, we have adopted our projections based on the 134 beds.

The beds are classified into VVIP suite, VIP/executive suite, premier suite, single bedded, two bedded, three bedded, four bedded and five bedded.

The configuration of hospital beds, number of rooms and rates are as follows: -

Bed	Rate Per Bed Per Night (RM)	No. of Room	No. of Bed
VIP/Executive Suite	280 - 380	8	8
Premier Suite			
Single Bedded	300	6	6
Two Bedded	190	2	4
Single Bedded	195	16	16
Two Bedded	130	9	18
Three Bedded	115	16	48
Four Bedded	95	6	24
Five Bedded	90	2	10
Total (Operational Beds)		65	134
VVIP Suite		3	3
ICU	180	1	4
CCU	180	3	3
Premier Suite			
Three Bedded (not part of the operational beds)	130	1	3
Total		8	13
Grand Total (Licenced Beds)		73	147

Source: Puteri Specialist Hospital (Johor) Sdn Bhd ("PSHJSB")

Facilities and Services: Other medical facilities provided in PSH comprise as follows: -

Other medical facilities	No. of Room / Bed
Operation Theatre (OT) Room	4
Labour Room	5

Source: PSHJSB

PSH also provides the following services: -

Clinical Disciplines	Facilities and Services
<ul style="list-style-type: none"> • General surgeon • Obstetrics & gynaecology • Physician • Neurologist • Paediatrician • Paediatric surgeon • Paediatric neurology • Hepatic pancreatic biliary surgery • Anesthesiology • Radiology • Urology & transplant surgeon • Cardiologist 	<ul style="list-style-type: none"> • 3D & 4D fetal ultrasound • Ambulance services • A&E services • Ear, nose & throat services • General blood screening/health screening packages • Covid test • General medical/cardiology services • Laparoscopic surgery • General surgery • Neonatal & paediatric services • Obstetric & gynecological services

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



	<ul style="list-style-type: none"> • Orthopaedic surgeon • Spinal surgeon • Trauma surgeon • Ophthalmology • Internal medicine & nephrology • Neonatologist • Gastroenterologist • Otorhinolaryngology surgeon • Thoracic surgeon • Neurologist • Plastic & reconstructive surgeon • Neuro surgeon • Psychiatrist • General vascular & endovascular surgeon • Laparoscopic surgeon • General internal medicine & respiratory physician • Specialist in rheumatology • Dermatologist 	<ul style="list-style-type: none"> • Orthopaedic & traumatology services • Physiotherapy services • Haemodialysis services • Diagnostic imaging services • Neuro surgery • Plastic & reconstructive surgery • Treadmill stress test • Pharmacy • Endoscopy services • Diagnostic gastrointestinal (g.i) endoscopy - ercp, colonoscopy, ogds, broncho, protoscopy, sigmoidoscopy • Therapeutic (g.i) endos related procedure • Diagnostic imaging services - MRI, CT scan, c-arm, mammography, x-ray, fluoroscopy & ultrasound
	<i>Source: PSHJSB</i>	
Consultants:	As at the date of valuation, as provided to us by the client, PSH is supported by 60 consultants / doctors.	
Planning Details:	PSH is located within an area designated for commercial use. All the buildings and extension and renovation works are issued with CF and CCC as per the details in the description of the buildings.	
Occupancy Status / Lease Details:	Vide a Lease Agreement dated 30 June 2006 made between Al-Aqar REIT (formerly Al-Aqar KPJ REIT) (being represented by its trustee, ART) as a Lessor, Puteri Specialist Hospital (Johor) Sdn Bhd (PSHJSB or Lessee) (now Pasir Gudang Specialist Hospital Sdn Bhd / formerly Medical Centre (Johore) Sdn Bhd) and DRMSB (Manager), we note that PSH has been leased for a term of fifteen (15) years with an option to renew for a further term of fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced on 30 June 2006 and expires on 29 June 2021. This valuation is carried out pursuant to the proposed renewal of the lease of PSH for a further term of fifteen (15) years.	

b. Valuation

1. Income Approach by Profits Method (DCF)

Parameters Adopted

a)	Occupancy Rate Adopted				
		Year 1	Year 2	Year 3	Year 4
		2021	2022	2023	2024
		59.00%	61.95%	65.05%	68.30%
					Year 5
					2025
					71.72%
b)	No. of Inpatient Admitted Days				2.08
c)	Ratio of No. of Outpatient / Inpatient				7.75

Revenue

a)	Consultant Inpatient Revenue Per Occupied Bed	RM1,072
b)	Consultant Outpatient Revenue Per Person	RM 133
c)	Hospital Inpatient Revenue Per Occupied Bed	RM2,457
d)	Hospital Outpatient Revenue Per Person	RM 259

Expenses

a)	Cost of Sale		
	i) Material	24.3%	of Hospital Inpatient and Outpatient Revenues
	ii) Direct Staff Cost	12.5%	of Gross Operating Revenue
	iii) Operating Overhead	We have adopted 5% per annum escalation throughout our projection as fair and reasonable representation	
b)	Undistributed Operating Expenses		
	i) Administrative & General	18.0%	of Total Operating Revenue
	ii) Sales & Marketing	0.2%	
	iii) POMECS	4.9%	
c)	Quit Rent & Assessment Per Annum (Actual)		RM106,499.20
d)	Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum (Actual)		RM335,728.60
e)	Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX Adopted in Valuation Per Annum		RM5,800,000
f)	Terminal Capitalisation Rate	11.25%	PSH has an unexpired leasehold interest of about 32.95 years
g)	Discount Rate	13.25%	

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



2. Cost Approach

In arriving at the Market Value of the land, we have adopted the Market/Comparison Approach. The following sale evidences, amongst others, are considered suitable comparables and adopted: -

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Lot No. / Town / Mukim / District / State:	PTB 24422 / Town of Johor Bahru / District of Johor Bahru / Johor Darul Takzim	Lot 27577 / Mukim of Pulau / District of Johor Bahru / Johor Darul Takzim	PTD 175869 and 175870 / All within Mukim of Tebrau / District of Johor Bahru / Johor Darul Takzim	Lot 4205 / Town of Johor Bahru / District of Johor Bahru / Johor Darul Takzim
Title No.:	HS(D) 565071	Geran 38925	HS(D) 529771 and 529772, respectively	Geran 32033
Property Type:	A parcel of commercial land (intermediate)	A parcel of commercial land (Corner)	2 adjoining parcels of commercial land (Corner)	A parcel of commercial land (intermediate)
Location:	Off Jalan Tampoi, Taman Damansara Aliff, Johor Bahru	Off Persisiran Perling, Taman Perling (next to Perling Mall), Johor Bahru	Jalan Tampoi, Bandar Baru Uda, Johor Bahru	Jalan Ah Siang, Taman Stualang Laut, Johor Bahru
Category Of Land Use:	Building	Building	Building	Nil
Town Planning:	Commercial	Commercial	Commercial	Commercial
Tenure:	Interest in Perpetuity	Interest in Perpetuity	99-year leasehold interests expiring on 02 May 2105 (unexpired term of about 84.32 years)	Interest in Perpetuity
Land Area:	486,988.00	223,900.00	255,320.00	22,216.00
Consideration:	RM65,000,000.00	RM30,000,000.00	RM38,295,774.00	RM5,554,028.00
Date of Transaction:	28 November 2018	16 October 2018	26 April 2018	14 February 2018
Vendor:	Naga Berkat Sdn Bhd	Pemodalan Nasional Berhad	Perbadanan Johor	Wong Khoong Chin
Purchaser:	Tanahmas Kapital Sdn Bhd	PNB Commercial Sdn Berhad	Johor Land Berhad	Looi Teik Hin + 2
Analysis (psf)	RM133.47	RM133.99	RM149.99	RM250.00
Adjustment Factors Considered:	Market condition due to the impact of the Covid-19 pandemic (time), location and accessibility, corner/end premium, shape, category of land use/express condition, planning approval/development order, restriction in interest, size/quantum allowance and tenure.			
Adjusted Value Of Land (psf):	RM166.85	RM157.61	RM180.01	RM206.63
Market Value Of Land Component:	In arriving at the market value using the Market/Comparison Approach, we have emphasized upon Comparable 4 which has the least dissimilarities against the subject property. We have adopted the adjusted value of RM206.63 psf from the adjustments of Comparable 4 as fair representation which translates into a market value of the commercial land of RM21,512,294 .			

Source: Valuation and Property Services Department, Ministry of Finance, Malaysia

The GCRCN of the buildings is RM39,400,245. Depreciation is adopted at a rate of 2% per annum. The DRC of the buildings is RM19,505,396. Thus, the Market Value derived from the Cost Approach is RM41,017,690 and we have rounded down to RM41,000,000.

3. Reconciliation and Opinion of Values

Method of Valuation	Market Value Derived	Market Value Adopted	We have considered the market value derived from Income Approach by Profits Method (DCF) as fair and accurate representation of the market value of PSH supported by the Cost Approach.
Income Approach by Profits Method (DCF)	RM51,000,000	RM51,000,000	
Cost Approach	RM41,000,000		

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Property No. 5

a. Salient Details																																											
Date of Inspection and Valuation:	26 January 2021																																										
Identification / Type of Property / Property Address:	A purpose built private specialist medical centre known as KPJ Selangor Specialist Hospital ("SSH"), identified as PT No. 2, Section 20, Town of Shah Alam, District of Petaling, Selangor Darul Ehsan, held under Title No. HS(D) 112884, bearing postal address Lot 1, Jalan Singa 20/1, Section 20, 40300 Shah Alam, Selangor Darul Ehsan.																																										
Title Particulars:	Tenure:	99-year leasehold interest expiring on 1 July 2096 (unexpired term of about 75.47 years)																																									
	Provisional Title Land Area:	18,984 sq. m. / 204,342 sq. ft.																																									
	Registered Proprietor:	AmanahRaya Trustees Berhad (as Trustee)																																									
	Category of Land Use:	Building																																									
	Encumbrance:	Charged by AmanahRaya Trustees Berhad to Maybank Trustee Berhad, registered on 5 November 2018																																									
	Endorsements:	i) A private caveat has been entered by Maybank Trustees Berhad, registered on 26 April 2018. ii) Pajakan Seluruh Tanah to Selangor Specialist Hospital Sdn Bhd vide Surat Kuasa Wakil : 21/2018 & 70/2018, Surat Kebenaran: 4319/2018 & 4320/2018 commencing from 1 January 2016 and expiring on 30 June 2021, registered on 8 February 2018.																																									
Location																																											
<p>SSH is located within Section 20, Shah Alam and is sited off the southern (left) side of Federal Highway, travelling from Petaling Jaya city towards Shah Alam / Klang. It is located about 25.0 kilometres (15.63 miles) to the north-east of Kuala Lumpur city centre. Shah Alam city is located about 5.0 kilometres (3.13 miles) to the north-west of SSH. SSH fronts onto Jalan Singa 20/1 and is accessible from various parts of the Kuala Lumpur city centre or Shah Alam / Klang and the commonly used access is from the Federal Highway leading to Persiaran Tengku Ampuan. Alternatively, it is also accessible from Shah Alam Expressway (KESAS) via Persiaran Kuala Selangor. The nearest under construction LRT Line 3 station at Persiaran Hisamuddin, Section 13, Shah Alam is located about 5.0 kilometres (3.13 miles) to the north-east of SSH. The Keretapi Tanah Melayu (KTM) Commuter of Shah Alam and Padang Jawa Stations are located about 8.0 kilometres (4.97 miles) and about 2.0 kilometres (1.24 miles) to the north-west and west of SSH, respectively. Prominent developments in the immediate vicinity of SSH include Pos Malaysia National Mel Centre, Panasonic AVC Networks Kuala Lumpur Malaysia Sdn Bhd, TASCOS Berhad, Shah Alam National Sports Complex Panasonic and 'Petronas' petrol filling and service station, Section 20, Shah Alam.</p> <p>Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Capacity</th> <th>Location</th> <th>Distance from SSH</th> </tr> </thead> <tbody> <tr> <td colspan="4">Private Medical Centre</td> </tr> <tr> <td>Salam Shah Alam Specialist Hospital</td> <td>82 beds</td> <td>Jalan Nelayan 19/B, Section 19, 40300 Shah Alam, Selangor Darul Ehsan</td> <td>1.6 kilometres</td> </tr> <tr> <td>MSU Medical Centre</td> <td>30 beds</td> <td>Persiaran Olahraga, 40100 Shah Alam, Selangor Darul Ehsan</td> <td>4.9 kilometres</td> </tr> <tr> <td>Avisena Specialist Hospital</td> <td>111 beds</td> <td>Jalan Ikhtisas, Section 14, 40000 Shah Alam, Selangor Darul Ehsan</td> <td>5.5 kilometres</td> </tr> <tr> <td>Hospital Umra</td> <td>35 beds</td> <td>Jalan Bola Tampar 13/14, Section 13, 40100 Shah Alam, Selangor Darul Ehsan</td> <td>5.1 kilometres</td> </tr> <tr> <td>Columbia Asia Extended Care Hospital</td> <td>66 beds</td> <td>Jalan Baung 17/22, Section 17, 40200 Shah Alam, Selangor Darul Ehsan</td> <td>6.4 kilometres</td> </tr> <tr> <td>Columbia Asia Hospital</td> <td>77 beds</td> <td>Persiaran Anggerik Eria, Bukit Rimau, Section 32, 40460 Shah Alam, Selangor Darul Ehsan</td> <td>9.4 kilometres</td> </tr> <tr> <td colspan="4">Government Hospital</td> </tr> <tr> <td>Hospital Shah Alam</td> <td>-</td> <td>Persiaran Kayangan, Section 7, 40000 Shah Alam, Selangor Darul Ehsan</td> <td>9.1 kilometres</td> </tr> </tbody> </table> <p>Source: MOH</p>				Name	Capacity	Location	Distance from SSH	Private Medical Centre				Salam Shah Alam Specialist Hospital	82 beds	Jalan Nelayan 19/B, Section 19, 40300 Shah Alam, Selangor Darul Ehsan	1.6 kilometres	MSU Medical Centre	30 beds	Persiaran Olahraga, 40100 Shah Alam, Selangor Darul Ehsan	4.9 kilometres	Avisena Specialist Hospital	111 beds	Jalan Ikhtisas, Section 14, 40000 Shah Alam, Selangor Darul Ehsan	5.5 kilometres	Hospital Umra	35 beds	Jalan Bola Tampar 13/14, Section 13, 40100 Shah Alam, Selangor Darul Ehsan	5.1 kilometres	Columbia Asia Extended Care Hospital	66 beds	Jalan Baung 17/22, Section 17, 40200 Shah Alam, Selangor Darul Ehsan	6.4 kilometres	Columbia Asia Hospital	77 beds	Persiaran Anggerik Eria, Bukit Rimau, Section 32, 40460 Shah Alam, Selangor Darul Ehsan	9.4 kilometres	Government Hospital				Hospital Shah Alam	-	Persiaran Kayangan, Section 7, 40000 Shah Alam, Selangor Darul Ehsan	9.1 kilometres
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The subject site is a parcel of corner plot and rectangular in shape. It has a frontage of about 161.236 metres (529 feet) and 117.354 metres (385 feet) onto Jalan Singa 20/1 and Persiaran Tengku Ampuan along its southern and eastern site boundaries, respectively.																																											
The Buildings																																											
Brief details of the development, extension and renovation of SSH are as follows: -																																											
Year of Construction / Approval	Development / Extension / Renovation	Date / Reference No. of the Approved Plan / CF / CCC																																									
1995 / 1996	A 6-storey main building together with a basement	Approved by Bomba and Majlis Perbandaran Shah Alam ("MPSA") vide plan nos. JBM/PK 36517 and MPSA/B/PC/SEK.20/145-94 on 24 June 1995 and 30 August 1995, respective. CF bearing certificate no. 3661 was issued by MPSA on 30 October 1996.																																									
2012	A 5-storey car park block together with a half basement level and an open roof level	Approved by Majlis Bandaraya Shah Alam ("MBSA") (formerly MPSA) vide plan no. MBSA/BGN/BB/600-2(PB)/SEK 20/00512012 on 28 May 2012. CCC bearing certificate no. LAM/S 7822 was issued by MBSA on 1 October 2012.																																									
2016	A 9-storey consultant block	Approved by MBSA vide plan no. MBSA/BGN/BB/600-2(PB)/SEK 20/0267-2015 on 30 June 2016. CCC bearing certificate no. 16677 was issued by MBSA in year 2016.																																									
At the date of our inspection, we noted that a new 9-storey consultant block which was constructed in 2016 at the eastern portion of the site. However, this block has yet to be sold to ART (trustee for Al-Aqar REIT) due to valid corporate reasons. Notwithstanding, in arriving at our opinion of the market value of SSH, we have excluded the 9-storey consultant block and other related reconfiguration and renovation related to it resulting in higher number of operational beds.																																											

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



All the above mentioned buildings are of similar construction and the details of the specification are as follows: -

Buildings:	Constructed of reinforced concrete frame with brick infills rendered externally and partly supporting steel roof trusses and purlins laid over with metal deck roofing sheets and partly of reinforced concrete flat roof.
Ceilings:	Generally of plaster boards with cornices incorporating downlights, mineral fibre boards incorporating fluorescent lights and cassette type air-conditioning system with the exception of the toilets which are of cement plaster.
Internal Walls:	Generally of gypsum boards and gypsum boards incorporating glass panels. The internal walls of the lift lobbies are generally lined with glazed wall tiles up to the ceiling height whilst the waiting area on the ground floor is partly lined with glazed wall tiles up to a height of about 0.915 metres (3 feet) and partly up to the ceiling height. The male and female toilets are lined with glazed wall tiles up to the ceiling height.
Doors:	Generally, the main entrance to the reception area on the ground floor is fitted with an automatically operated double leaf frameless glass panelled door. Other doors are generally of fire rated timber door, timber flush door, timber panelled door incorporating glass panels, automatically operated double leaf frameless glass panelled doors and PVC doors.
Windows:	Generally of aluminium casements incorporating glass panels and top hung units.
Floors:	Generally finished homogeneous tiles, ceramic tiles, marble slabs, heavy duty vinyl floor and cement screed.

Generally, the buildings are equipped with centralised air-conditioning system, with some rooms fitted with additional split-unit air conditioners. Vertical movement between floors is by means of four units of passenger lifts (each with a capacity of 1,635 kilogrammes / 24 persons to 1,640 kilogrammes), a Bomba lift (with a capacity of 1,635 kilogrammes / 24 persons), a service lift (with a capacity of 1,640 kilogrammes / 23 persons) and ten units of reinforced concrete staircases for each building. The medical centre buildings are equipped with medical gas supply system, nurse call button / intercom system and PABX system. Generally, all the buildings are installed with fire fighting systems.

Car Park Bays

There are 563 car park bays within SSH comprising 283 covered car park bays located within the car park block (north-western of the site) and 280 surface car park bays (inclusive of valet parking) provided at the north-eastern and south-eastern portions, respectively, of the site and along the circulation area of the site. All the car park areas are being managed by Infinite Parking Sdn Bhd except for the drop off and emergency car parks.

GFA

The GFA computed by Rekakonsult and provided to us by DRMSB are in line with our measurement in accordance with the Uniform Method of Measurement of Buildings, RISM. The GFA and age of each building are tabulated as follows: -

Building	GFA		Age (Year)
	sq. m.	sq. ft.	
A 6-storey main building together with a basement	19,290	207,636	25
A 5-storey car park block together with a half basement level and an open roof level	9,956	107,165	9
A guard house	4	43	25
Total	29,250	314,844	

Beds

Vide a licence to operate bearing licence no. 131005-00121-01/2019 (Borang 7 No. Siri: 002479) with 1 year 5 months validity from 26 June 2020 to 16 November 2021 as approved by MOH dated 3 August 2020, SSH is licenced to accommodate 184 beds (inclusive of ICU and isolation beds), 18 cots, 32 dialysis chairs, 4 dialysis beds and 1 dental chair.

From the prospectus of Al-Aqar REIT dated 24 July 2006 and prior to the construction of the 9-storey Consultant Block, we note that originally there were 165 operational beds. Originally, part of the ground floor of the 6-storey main building was occupied by the consultants' clinics. After the construction and completion of the 9-storey Consultant Block in December 2016, the consultants' clinics were moved to the Consultant Block. The original consultants' clinics in the 6-storey main building were converted to Haemodialysis and Rehabilitation units. We also note that the corporate office which was originally located within the 6-storey main building had been shifted to the 9-storey Consultant Block. The corporate office area had been converted into an additional 10 beds (Inpatient Unit). Thus, the existing total beds are 175 beds.

The 9-storey Consultant Block has yet to be sold to Al-Aqar REIT due to valid corporate reasons. Notwithstanding, in arriving at our opinion of the Market Value of the SSH, we have excluded the 9-storey Consultant Block and other related reconfiguration and renovation related to it resulting in higher number of operational beds and we have adopted our projections based on 165 beds.

The beds are classified into VIP suite, single bedded room, two bedded room, four bedded room, ICU room and isolation room.

The configuration of hospital beds, number of rooms and rates are as follows: -

Bed	Rate Per Bed Per Night (RM)	No. of Room	No. of Bed
VIP Suite	450 - 900	7	7
Single Bedded	195 - 380	62	62
Two Bedded	140 - 280	32	64
Four Bedded	95 - 180	8	32
Sub Total		109	165
10 additional beds resulting from the conversion of corporate office which have been excluded in the valuation	195 - 380	10	10
Total (Operational Beds)		119	175
ICU	350	7	7
Isolation Room	450 / 550	2	2
Total		9	19
Grand Total (Licenced Beds)		128	184

Source: Selangor Specialist Hospital Sdn Bhd ("SSHSB")

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Facilities and Services:	Other medical facilities provided in SSH comprise as follows: -															
	<table border="1"> <thead> <tr> <th>Other medical facilities</th> <th>No. of Bed / Room</th> </tr> </thead> <tbody> <tr> <td>Operate Theatre (OT) Room</td> <td>5</td> </tr> <tr> <td>Labour room</td> <td>4</td> </tr> <tr> <td>Nursery</td> <td>1</td> </tr> <tr> <td>CSSD</td> <td>1</td> </tr> <tr> <td>Cardiac Catheterization Lab</td> <td>1</td> </tr> </tbody> </table> <p>Source: SSHSB</p> <p>SSH also provides the following services: -</p> <table border="1"> <thead> <tr> <th>Clinical Disciplines</th> <th>Facilities and Services</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Anaesthesiology & Critical Care Cardiology Physician General Medicine General Surgery Nephrologist Ear, Nose & Throat Orthopaedic Paediatric Gastroenterology Radiology Services Laboratory Services Obstetrician & Gynaecology Ophthalmology Neuro Surgery Urology Endocrinology Haemodialysis Services Special Diagnostic Services (SDU) Dietetic Services Diabetic Services Physiotherapy Services Medical Record Services </td> <td> <ul style="list-style-type: none"> 24 hours A&E services Delivery Suites Diagnostic Imaging which includes 1.5 Tesla MRI, Mammography, X-Ray and Ultrasound Ultrasound Endoscopy & OGDS, Colonoscopy and ERCP procedure Catheterization Laboratory equipped with Angiogram for Angioplasty and other Interventional Cardiology such as Echocardiogram Test, Trans Oesophagus Echo, ECG, Stress ECG & etc. Dietetic Counseling Service 3D Ultrasound Heart Centre Home Nursing; Physiotherapy & Nursing Care Intensive Care Unit / Cardiac Care Unit / High Dependency Care Unit Immunization and Vaccination In House 24 Hour Pharmacy 24 hours Laboratory Services Neonate ICU / Neonate HDU Operation Theatres and Day Care Surgery Premier Screening & Wellness Centre Rehabilitation Medicine Renal & Dialysis Centre Special Care Nursery Special Diagnostic Centre </td> </tr> </tbody> </table> <p>Source: SSHSB</p>	Other medical facilities	No. of Bed / Room	Operate Theatre (OT) Room	5	Labour room	4	Nursery	1	CSSD	1	Cardiac Catheterization Lab	1	Clinical Disciplines	Facilities and Services	<ul style="list-style-type: none"> Anaesthesiology & Critical Care Cardiology Physician General Medicine General Surgery Nephrologist Ear, Nose & Throat Orthopaedic Paediatric Gastroenterology Radiology Services Laboratory Services Obstetrician & Gynaecology Ophthalmology Neuro Surgery Urology Endocrinology Haemodialysis Services Special Diagnostic Services (SDU) Dietetic Services Diabetic Services Physiotherapy Services Medical Record Services
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Consultants / Clinics:	As at the date of valuation, as provided to us by the client, SSH is supported by 78 consultants / doctors.															
Planning Details:	SSH is located within an area designated for commercial use. All the buildings and renovation works are issued with CF and CCC as per the details in the description of the buildings.															
Occupancy Status / Lease Details:	Vide a Lease Agreement dated 30 June 2006 made between Al-Aqar REIT (formerly Al-Aqar KPJ REIT) (being represented by its trustee, ART) as a Lessor, Selangor Specialist Hospital Sdn Bhd (SSHSB or Lessee) and DRMSB (Manager). We note that SSH has been leased for a term of fifteen (15) years with an option to renew for a further term of fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced on 30 June 2006 and expires on 29 June 2021. This valuation is carried out pursuant to the proposed renewal of the lease of SSH for a further term of fifteen (15) years.															

b. Valuation

1. Income Approach by Profits Method (DCF)

Parameters Adopted

a)	Occupancy Rate of Beds Adopted				
	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025
	61.75%	64.84%	68.08%	71.48%	75.05%
b)	No. of Inpatient Admitted Days			2.61	
c)	Ratio of No. of Outpatient / Inpatient			9.52	

Revenue

a)	Consultant Inpatient Revenue Per Occupied Bed	RM 863
b)	Consultant Outpatient Revenue Per Person	RM 99
c)	Hospital Inpatient Revenue Per Occupied Bed	RM2,141
d)	Hospital Outpatient Revenue Per Person	RM 249

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Expenses

a)	Cost Of Sale		
	i) Material	25.8%	of Hospital Inpatient and Outpatient Revenues
	ii) Direct Staff Cost	15.8%	of Gross Operating Revenue
	iii) Operating Overhead	We have adopted 5% per annum escalation throughout our projection as fair and reasonable representation	
b)	Undistributed Operating Expenses		
	i) Administrative & General	11.7%	of Total Operating Revenue
	ii) Sales & Marketing	0.5%	
	iii) POMECS	5.2%	
c)	Quit Rent & Assessment Per Annum (Actual)		RM412,588.90
d)	Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum (Actual)		RM405,537.78
e)	Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX Adopted in Valuation Per Annum		RM7,000,000
f)	Terminal Capitalisation Rate	9.25%	SSH has an unexpired leasehold interest of about 75.47 years
g)	Discount Rate	11.25%	

2. Cost Approach

In arriving at the Market Value of the land component, we have adopted the Market/Comparison Approach. The following sale evidences, amongst others, are considered suitable comparables and adopted: -

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Lot No. / Title No. / Town / District / State:	PT No. 32, Section 14 / HS(D) 142037 / Town of Shah Alam / District of Petaling / Selangor Darul Ehsan	Lot 91083, Section 13 / Pajakan Negeri 110614 / Town of Shah Alam, District of Petaling / Selangor Darul Ehsan	PT No. 38, Section 14 / HS(D) 142043 / Town of Shah Alam / District of Petaling / Selangor Darul Ehsan	PT No. 294, Section 3 / HS(D) 266275 / Town of Shah Alam / District of Petaling / Selangor Darul Ehsan
Property Type:	A parcel of commercial land with dual access (Intermediate)	A parcel of commercial land with dual access (Corner)	A parcel of commercial land with triple access (Corner)	A parcel of commercial land with single access (Intermediate)
Location:	Located along Persiaran Perbandaran	Located along Jalan Rugbi 13/30 @ Persiaran Sukan	Located along Jalan 14/3	Located along Jalan 3/9A
Category of Land Use:	Building	Building	Building	Building
Town Planning:	Commercial	Commercial	Commercial	Commercial
Tenure:	99-year leasehold interest expiring on 17 December 2099 (unexpired term of about 78.94 years)	99-year leasehold interest expiring on 22 January 2102 (unexpired term of about 81.04 years)	99-year leasehold interest expiring on 17 December 2099 (unexpired term of about 78.94 years)	99-year leasehold interest expiring on 11 March 2085 (unexpired term of about 64.16 years)
Land Area (sq. ft.):	111,557	134,893	107,413	32,421
Consideration:	RM32,000,000	RM38,000,000	RM34,000,000	RM7,600,000
Date Of Transaction:	08 May 2020	28 May 2019	31 December 2018	28 February 2018
Vendor:	Majlis Bandaraya Shah Alam	Equipark Sdn Bhd	Avisena Holdings Sdn Bhd	Kualiti Megamas Sdn Bhd
Purchaser:	Puncak Niaga Holdings Berhad	Ara Ville Sdn Bhd	Lembaga Zakat Selangor (MAIS)	Lovely Century Sdn Bhd
Analysis (psf):	RM286.85	RM281.70	RM316.54	RM234.42
Adjustment Factors Considered:	Market condition due to the impact of the Covid-19 pandemic (time), location and accessibility, corner/land premium, shape, category of land use/express condition, planning approval/development order, restriction in interest, size/quantum allowance and tenure.			
Adjusted Value Of Land (psf):	RM269.91	RM256.41	RM250.63	RM248.77
Market Value Of Land:	In arriving at the market value using the Market/Comparison Approach, we have emphasized upon Comparable 1 which has the least dissimilarities against the subject property as fair representation of the market value of the land, as per practice in the industry. We have adopted the adjusted value of RM269.91 psf as fair representation which translates into a market value of the commercial land of RM55,154,160 .			

Source: Valuation and Property Services Department, Ministry of Finance

The GRCN of the buildings is RM76,944,472. Depreciation is adopted at a rate of 2% per annum. The DRC of the buildings is RM43,101,781. Thus, the Market Value derived from the Cost Approach is RM98,255,941 and we have rounded down to RM98,000,000.

3. Reconciliation and Opinion of Values

Method of Valuation	Market Value Derived	Market Value Adopted	
Income Approach by Profits Method (DCF)	RM100,000,000	RM100,000,000	We have considered the market value derived from the Income Approach by Profits Method (DCF) as fair and accurate representation of the market value of SSH supported by the Cost Approach.
Cost Approach	RM98,000,000		

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Property No. 6

a. Salient Details																																			
Date of Inspection and Valuation:	29 January 2021																																		
Identification / Type of Property / Property Address:	A purpose built private specialist medical centre known as KPJ Ipoh Specialist Hospital ("ISH"), identified as PT No. 254356, held under Title No. HS(D) 221754, (formerly Lot 9826N, Lot 10259, Lot 9306N and Lot 34494, held under Title No. Pajakan Negeri 257171, Pajakan Negeri 6451, Pajakan Negeri 346406 and Pajakan Negeri 154468, respectively), Town of Ipoh (U), District of Kinta, Perak Darul Ridzuan, bearing postal address No. 26, Jalan Raja Dihilir, 30350 Ipoh, Perak Darul Ridzuan.																																		
Title Particulars:	Tenure:	Interest in perpetuity																																	
	Provisional Title Land Area:	13,203 sq. m. / 142,116 sq. ft.																																	
	Registered Proprietor:	AmanahRaya Trustees Berhad (as Trustee)																																	
	Category of Land Use:	Building																																	
	Encumbrance:	Charged by AmanahRaya Trustees Berhad to Maybank Trustees Berhad, registered on 8 November 2018																																	
Location																																			
<p>ISH is located along the northern (right) side of Jalan Raja Dihilir traveling from Tambun towards Ipoh Old Town. It is accessible from various parts of the Ipoh town with the common accessibility via Jalan Tambun and Jalan Raja Dihilir. Prominent landmarks in the vicinity include the Palace of Deputy Crown Prince (Raja Dihilir), the residence of Menteri Besar Perak and the Department of Culture and Arts, Perak. Ipoh Railway station is located about 3 kilometres (1.86 miles) to the west of ISH.</p> <p>Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Capacity</th> <th>Location</th> <th>Distance from ISH</th> </tr> </thead> <tbody> <tr> <td colspan="4">Private Medical Centre</td> </tr> <tr> <td>Kinta Medical Centre</td> <td>46 beds</td> <td>No. 20A, Jalan Chung Thye Phin, 30250 Ipoh, Perak Darul Ridzuan</td> <td>1.5 kilometres</td> </tr> <tr> <td>Pantai Hospital Ipoh</td> <td>224 beds</td> <td>No. 126, Jalan Tambun, 31400 Ipoh, Perak Darul Ridzuan</td> <td>3.0 kilometres</td> </tr> <tr> <td>Hospital Fatimah</td> <td>236 beds</td> <td>No. 1, Jalan Chew Peng Loon, Off Jalan Dato Lau Pak Khuan, Ipoh Garden, 31400 Ipoh, Perak Darul Ridzuan</td> <td>4.0 kilometres</td> </tr> <tr> <td>Perak Community Specialist Hospital</td> <td>69 beds</td> <td>No. 277, Jalan Raja Permaisuri Bainun, 30250 Ipoh, Perak Darul Ridzuan</td> <td>5.0 kilometres</td> </tr> <tr> <td colspan="4">Government Hospital</td> </tr> <tr> <td>Hospital Raja Permaisuri Bainun</td> <td>-</td> <td>Jalan Raja Ashman Shah, 30450 Ipoh, Perak Darul Ridzuan</td> <td>2.2 kilometres</td> </tr> </tbody> </table> <p>Source: MOH</p>				Name	Capacity	Location	Distance from ISH	Private Medical Centre				Kinta Medical Centre	46 beds	No. 20A, Jalan Chung Thye Phin, 30250 Ipoh, Perak Darul Ridzuan	1.5 kilometres	Pantai Hospital Ipoh	224 beds	No. 126, Jalan Tambun, 31400 Ipoh, Perak Darul Ridzuan	3.0 kilometres	Hospital Fatimah	236 beds	No. 1, Jalan Chew Peng Loon, Off Jalan Dato Lau Pak Khuan, Ipoh Garden, 31400 Ipoh, Perak Darul Ridzuan	4.0 kilometres	Perak Community Specialist Hospital	69 beds	No. 277, Jalan Raja Permaisuri Bainun, 30250 Ipoh, Perak Darul Ridzuan	5.0 kilometres	Government Hospital				Hospital Raja Permaisuri Bainun	-	Jalan Raja Ashman Shah, 30450 Ipoh, Perak Darul Ridzuan	2.2 kilometres
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The site comprises a parcel of intermediate plot, near trapezoidal in shape and has a frontage onto Jalan Raja Dihilir along its southern site boundary.																																			
The Buildings																																			
Brief details of the development, extension and renovation of ISH are as follows: -																																			
Year of Construction / Approval	Development / Extension / Renovation	Date / Reference No. of the Approved Plan / CF / CCC																																	
1980 / 1981	A 3-storey main building (Old Wing)	CF bearing certificate no. A3009 was issued by Majlis Perbandaran Ipoh ("MPI") on 19 June 1981.																																	
1990 / 1992	Extension of the existing 3-storey building (Old Wing)	Approved by Majlis Bandaraya Ipoh ("MBI") (formerly MPI) vide plan nos. F2/11/6/1805/90 and F2/11/9/3338/91 on 29 November 1990. CF bearing certificate no. B2918 was issued by MBI on 20 November 1992.																																	
1999	Extension and renovation of the existing 3-storey building (Old Wing)	Approved by MBI vide plan no. MBI F2/9/13/421/98 dated 17 November 1999.																																	
2004 / 2007 / 2008	A 5-storey building with a basement (New Wing)	Approved by MBI vide plan nos. MBI F2/11/5/161/03, MBI F2/11/14/1184/06, MBI F2/LB/7/68/915/07 and MBI OSC(026-B)/LB/7/4/28/08 on 13 January 2004, 05 March 2007, 23 October 2007 and 18 April 2008, respectively. CCC bearing certificate no. B8850 was issued by MBI on 05 June 2008.																																	
2016	Renovations of kitchen area of the existing 3-storey building (Old Wing)	Approved by MBI vide plan no. OSC (118-B)/LB/7/43/123/16 on 14 September 2016.																																	
2019	Renovations of HDU, Ward 3 and Ward 5 of the existing 3-storey private specialist medical centre building (Old Wing)	Approved by MBI vide plan no. OSC (351-B)/LB/7/92/399/18 on 14 March 2019.																																	
All the above mentioned buildings are of similar construction and the details of the specification are as follows: -																																			
Buildings:	Constructed of reinforced concrete frame with brick infills rendered externally and plastered internally supporting partly metal roof trusses and purlins laid over with metal deck roofing sheets and partly of concrete flat roof.																																		
Ceilings:	Generally of plaster boards with cornices incorporating downlights, mineral fibre boards incorporating fluorescent lights and air-conditioning ducting with the exception of the toilets which are of flat ceiling sheets.																																		

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



Internal Walls:	Generally of gypsum boards and gypsum boards incorporating glass panels. The male and female toilets are lined with glazed wall tiles up to the ceiling height.
Doors:	Generally, the main entrance to the reception area on the first floor is fitted with an automatically operated double leaf frameless glass panelled door. Other doors are generally of fire rated timber door, timber flush door, timber panelled door incorporating glass panels, an automatically operated double leaf frameless glass panelled door and PVC doors.
Windows:	Generally of aluminium casements incorporating glass panels and top hung units.
Floors:	Generally finished vinyl tiles, glazed marble slabs and ceramic tiles.

Generally, the medical centre buildings are equipped with centralised air-conditioning system, with some rooms fitted with additional split-unit air conditioners. Vertical movement between floors is by means of four units of passenger lifts (each with a capacity of 1,560 kilogrammes / 23 persons), a service lift (with a capacity of 1,000 kilogrammes / 15 persons) and twelve units of reinforced concrete staircases. The medical centre buildings are equipped with medical gas supply system, nurse call button / intercom system and PABX system. Generally, all the buildings are installed with fire fighting systems.

Car Park Bays

There are 197 car park bays within ISH comprising 167 covered car park bays and 30 surface car park bays provided at the southern portion of the site and along the circulation area of the site.

GFA

The GFA computed by SN Low & Associates Sdn Bhd and provided to us by DRMSB are in line with our measurement in accordance with the Uniform Method of Measurement of Buildings, RISM. The GFA and age of each building are tabulated as follows: -

Building	GFA		Age (Year)
	sq. m.	sq. ft.	
i) A 3-storey main building (Old Wing)	12,665.01	136,325	40
ii) A 5-storey building with a basement (New Wing)	14,384.56	154,834	13
iii) A basement and ground floor car parks (New Wing)	5,205.36	56,030	
Total	32,254.94	347,189	

Beds

Vide a licence to operate bearing licence no. 130803-00150-01/2020 (Borang 4 No. Siri: 005109) with 3 years validity from 25 May 2020 to 24 May 2022 as approved by MOH dated 18 June 2020, we note that ISH is permitted to operate 264 beds ((inclusive of ICU, CICU and HDU)), 24 cots, 37 basinetts and 41 dialysis chairs. From the prospectus of Al-Aqar REIT dated 24 July 2006, we note that originally there were 138 operational beds and about 66 additional beds (total 204 operational beds) proposed to be included which had been considered in the acquisition. Since, the beds were gradually increased to 225 beds. However, in year 2020 the operational beds have been reduced from 225 beds to 219 beds as 38 beds in Ward 3 were reconfigured to 35 beds and 27 beds in Ward 5 were reconfigured to 24 beds. Thus, total reductions in the operational beds were 65 whilst the total additions were 59. We note from the average occupancy rate, number of inpatients of the ISH over the past 5 years that the occupancy rate has been on the declining trend. In light of the above, the reconfiguration and reduction of the 6 beds are regarded as business strategy to add revenue to ISH and we have adopted existing 219 beds in our projections. The beds are classified into executive suite, single deluxe, single room, double room, three bedded room, four bedded room, eight bedded room, ICU, CICU and HDU.

The configuration of hospital beds, number of rooms and rates are as follows: -

Hospital Bedded	Rate: Per Bed Per Night (RM)	No. of Room	No. of Bed
Executive Suite	1,338	1	1
Single Deluxe	250 - 338	13	13
Single Room	150 - 250	27	27
Double Room	80 - 170	44	88
Three Bedded	70 - 90	6	18
Four Bedded	65 - 90	10	40
Eight Bedded	70	4	32
Total (Operational Beds)		105	219
ICU	220	14	14
CICU	200	1	3
HDU	100		6
Provision for future expansion			22
Total		15	45
Grand Total (Licenced Beds)		120	264

Source: Ipoh Specialist Hospital Sdn Bhd ("ISHSB")

Facilities and Services:

Other medical facilities provided in ISH comprise as follows: -

Other medical facilities	No. of Bed / Room
Operation Theatre (OT) Room	7
Labour Room	3
Nursery	2
CSSD	1
Catheterization Lab	1
Lasik	1

Source: ISHSB

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



	<p>ISH also provides the following services: -</p> <table border="1"> <thead> <tr> <th>Clinical Disciplines</th> <th>Facilities and Services</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Anaesthesiology & Critical Care • Cardiology • Physician • General Medicine • General Surgery • Nephrology • Ear, Nose & Throat • Orthopaedic • Paediatric • Gastroenterology • Radiology Services • Laboratory Services • Obstetrician & Gynaecology • Ophthalmology • Neurology • Urology • Geriatric Services • Haemodialysis Services • Special Diagnostic Services (SDU) • Dietetic Services • Diabetic Services • Physiotherapy Services • Medical Record Services • Haematology </td> <td> <ul style="list-style-type: none"> • 24 hours A&E services • Diagnostic Imaging which includes General Diagnostic Radiology, CT Scan, MRI, Bone Densitometry, Digital Mammography with Tomosynthesis (3D) & Fluoroscopy • Dietetic Counseling Service • 3D/4D Ultrasound • Heart Centre • Home Nursing; Physiotherapy & Nursing Care • Intensive Care Unit / Cardiac Care Unit / High Dependency Care Unit • Immunization and Vaccination • In House 24 Hour Pharmacy • 24 hours Laboratory Services • Neonate ICU / Neonate HDU • Operation Theatres and Day Care Surgery • Premier Screening & Wellness Centre • Rehabilitation Medicine • Renal & Dialysis Centre • Special Care Nursery • Special Diagnostic Centre </td> </tr> </tbody> </table> <p>Source: ISHSB</p>	Clinical Disciplines	Facilities and Services	<ul style="list-style-type: none"> • Anaesthesiology & Critical Care • Cardiology • Physician • General Medicine • General Surgery • Nephrology • Ear, Nose & Throat • Orthopaedic • Paediatric • Gastroenterology • Radiology Services • Laboratory Services • Obstetrician & Gynaecology • Ophthalmology • Neurology • Urology • Geriatric Services • Haemodialysis Services • Special Diagnostic Services (SDU) • Dietetic Services • Diabetic Services • Physiotherapy Services • Medical Record Services • Haematology 	<ul style="list-style-type: none"> • 24 hours A&E services • Diagnostic Imaging which includes General Diagnostic Radiology, CT Scan, MRI, Bone Densitometry, Digital Mammography with Tomosynthesis (3D) & Fluoroscopy • Dietetic Counseling Service • 3D/4D Ultrasound • Heart Centre • Home Nursing; Physiotherapy & Nursing Care • Intensive Care Unit / Cardiac Care Unit / High Dependency Care Unit • Immunization and Vaccination • In House 24 Hour Pharmacy • 24 hours Laboratory Services • Neonate ICU / Neonate HDU • Operation Theatres and Day Care Surgery • Premier Screening & Wellness Centre • Rehabilitation Medicine • Renal & Dialysis Centre • Special Care Nursery • Special Diagnostic Centre
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Consultants / Clinics:	As at the date of valuation, as provided to us by the client, ISH is supported by 114 consultants / doctors.				
Planning Details:	<p>ISH is located within an area designated for commercial use.</p> <p>All the buildings and renovation works are issued with CF and CCC as per the details in the description of the buildings.</p>				
Occupancy Status / Lease Details:	<p>Vide a Lease Agreement dated 30 June 2006 made between Al-Aqar REIT (formerly Al-Aqar KPJ REIT) (being represented by its trustee, ART) as a Lessor, Ipoh Specialist Hospital Sdn Bhd (ISHSB or Lessee) (formerly Medical Associates Sdn Bhd) and DRMSB (Manager), we note that ISH has been leased for a term of fifteen (15) years with an option to renew for a further term of fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced on 30 June 2006 and expires on 29 June 2021.</p> <p>This valuation is carried out pursuant to the proposed renewal of the lease of ISH for a further term of fifteen (15) years.</p>				

b. Valuation

1. Income Approach by Profits Method (DCF)

Parameters Adopted

a)	Occupancy Rate of Beds Adopted				
	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025
	67.00%	69.35%	71.78%	74.29%	76.89%
b)	No. of Inpatient Admitted Days				2.64
c)	Ratio of No. of Outpatient / Inpatient				9.90

Revenue

a)	Consultant Inpatient Revenue Per Occupied Bed	RM 906
b)	Consultant Outpatient Revenue Per Person	RM 89
c)	Hospital Inpatient Revenue Per Occupied Bed	RM2,024
d)	Hospital Outpatient Revenue Per Person	RM 167

Expenses

a)	Cost of Sale	
	i) Material	33.9% of Hospital Inpatient and Outpatient Revenues
	ii) Direct Staff Cost	12.6% of Gross Operating Revenue
	iii) Operating Overhead	We have adopted 5% per annum escalation throughout our projection as fair and reasonable representation

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



b)	Undistributed Operating Expenses		
	i) Administrative & General	10.8%	of Total Operating Revenue
	ii) Sales & Marketing	0.1%	
	iii) POMECA	4.3%	
c)	Quit Rent & Assessment Per Annum (Actual)		RM132,686.50
d)	Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum (Actual)		RM379,648.92
e)	Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX Adopted in Valuation Per Annum		RM8,600,000
f)	Terminal Capitalisation Rate	8.00%	ISH has an interest in perpetuity
g)	Discount Rate	10.00%	

2. Cost Approach

In arriving at the Market Value of the land component, we have adopted the Market/Comparison Approach. The following sale evidences, amongst others, are considered suitable comparables and adopted: -

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Lot No. / Town / Mukim / District / State:	Lot 3506N / Town of Ipoh (N) / District of Kinta / Perak Darul Ridzuan	Lot 4380S / Town of Ipoh (S) / District of Kinta / Perak Darul Ridzuan	Lot 14741S / Town of Ipoh (S) / District of Kinta / Perak Darul Ridzuan	Lot 2598S / Town of Ipoh (S) / District of Kinta / Perak Darul Ridzuan
Title No.:	Geran 38323	Geran 60183	Pajakan Negeri 363294	Geran 55092
Location:	Located off Jalan Sultan Abdul Jalil	Located along Jalan Sultan Nazrin Shah	Located along Jalan Sultan Nazrin Shah	Located along Jalan Raja Dihilir
Property Type:	A parcel of development land potential for commercial use (Intermediate)	A parcel of development land potential for commercial use currently being used as car park (Corner)	A parcel of commercial land (Corner)	A parcel of development land potential for commercial use (Intermediate)
Location:	Located off Jalan Sultan Abdul Jalil	Located along Jalan Sultan Nazrin Shah	Located along Jalan Sultan Nazrin Shah	Located along Jalan Raja Dihilir
Category of Land Use:	Building	Building	Building	Building
Town Planning:	Residential	Commercial	Commercial	Residential
Tenure:	Interest in perpetuity	Interest in perpetuity	99-year leasehold interest expiring on 09 January 2106 (unexpired term of about 85 years)	Interest in perpetuity
Land Area (sq. ft.):	21,834	41,627	73,834	46,963
Consideration:	RM3,602,676	RM8,800,000	RM13,718,842	RM8,922,980
Date Of Transaction:	06 March 2019	08 August 2018	10 April 2018	10 July 2017
Vendor:	Liew Hoong Thoe	Aun Huat & Brothers Sdn Bhd	Perbadanan Pembangunan Negeri Perak	Lim Sai Tat, Lim Shyh Kuan and Wong Kam Poh
Purchaser:	One Roof Development Sdn Bhd	Capital Pi Sdn Bhd	Child's Partner (M) Sdn Bhd	Lee Seng Hee
Analysis (psf):	RM165.00	RM211.40	RM185.81	RM190.00
Adjustment Factors Considered:	Market condition due to the impact of the Covid-19 pandemic (time), location and accessibility, corner/end premium, shape, category of land use/express condition, planning approval/development order, restriction in interest, size/quantum allowance and tenure.			
Adjusted Value Of Land (psf):	RM202.12	RM195.55	RM196.91	RM194.75
Market Value of Land:	In arriving at the market value using the Market/Comparison Approach, we have emphasized upon Comparable 4 which has the least dissimilarities against the subject property as fair representation of the market value of the land, as per practice in the industry. We have adopted the adjusted value of RM194.75 psf as fair representation which translates into a market value of the commercial land of RM27,677,119 .			

Source: Valuation and Property Services Department, Ministry of Finance

The GCRCN of the buildings is RM97,417,113. Depreciation is adopted at a rate of 2% per annum. The DRC of the buildings is RM52,147,300. Thus, the Market Value derived from the Cost Approach is RM79,824,419 and we have rounded up to RM80,000,000.

3. Reconciliation and Opinion of Values

Method of Valuation	Market Value Derived	Market Value Adopted	We have considered the market value derived from the Income Approach by Profits Method (DCF) as fair and accurate representation of the market value of ISH supported by the Cost Approach.
Income Approach by Profits Method (DCF)	RM122,000,000	RM122,000,000	
Cost Approach	RM80,000,000		

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 in this Circular misleading.

2. CONSENT

2.1 AmInvestment Bank

AmInvestment Bank, being the Adviser for the Proposed Lease Renewal, 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 Lease Renewal.

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.

As at LPD, the AmBank Group has extended credit facilities of RM1.0 million to Al-`Aqar.

AmInvestment Bank is the Principal Adviser to both Al-`Aqar and KPJ in relation to the Proposed Lease Renewal. Al-`Aqar and KPJ have respectively appointed independent advisers, to advise the non-interested unitholders of Al-`Aqar, the non-interested shareholders of KPJ and non-interested directors of the Manager and KPJ respectively, in relation to the Proposed Lease Renewal.

Save for the above, AmInvestment Bank is of the view that its role as the Adviser for the Proposed Lease Renewal 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 Lease Renewal 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 Lease Renewal.

2.2 MainStreet Advisers Sdn Bhd

MainStreet Advisers Sdn Bhd, being the independent adviser for the Proposed Lease Renewal, 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.

APPENDIX III – FURTHER INFORMATION (CONT'D)

MainStreet has given a 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 Proposed Lease Renewal.

2.3 Cheston International (KL) Sdn Bhd

Cheston International (KL) Sdn Bhd, being the independent valuer for the Proposed Lease Renewal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the valuation certificates in respect of the Properties as set out in Appendix I of this Circular and all references thereto in the form and context in which they so appear in this Circular.

Cheston has given its written confirmation that it is not aware of any conflict of interest which exists in its capacity as the independent valuer for the Proposed Lease Renewal.

3. MATERIAL COMMITMENTS

There are no material commitments incurred or known to be incurred by the REIT as at LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of the REIT.

4. CONTINGENT LIABILITIES

There are no contingent liabilities incurred or known to be incurred by the REIT as at LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of the REIT.

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 EGM:-

- (i) the Second Restated Deed dated 25 November 2019;
- (ii) the Principal Lease Agreements;
- (iii) the Lease Agreements;
- (iv) the Letters dated 6 April 2021;
- (v) the Valuation Reports of the Properties;
- (vi) the audited consolidated financial statements of the Al-'Aqar Group FY 2019 and FY 2020; and
- (vii) the letters of consent referred to in Section 2 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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) 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 Thursday, 10 June 2021, at 11:00 a.m. to transact the following businesses:

ORDINARY RESOLUTION 1

PROPOSED LEASE RENEWAL

“**THAT** approval be and is hereby given to AmanahRaya Trustees Berhad, being the trustee for and on behalf of Al-`Aqar Healthcare REIT (“**Al-`Aqar**”) (“**Trustee**” or “**Lessor**”) and Damansara REIT Managers Sdn Berhad, being the manager of Al-`Aqar (“**Manager**”) to enter into the renewal lease agreements with the following subsidiaries of KPJ Healthcare Berhad (“**Subsidiaries**”) to renew the lease of the properties held by the Lessor including the Lessor’s fixtures and fittings (as described in the circular to unitholders dated 24 May 2021) in relation to the following hospitals:-

<u>Subsidiaries</u>	<u>Hospital</u>
(i) Ampang Puteri Specialist Hospital Sdn Bhd	KPJ Ampang Puteri Specialist Hospital
(ii) Rawang Specialist Hospital Sdn Bhd	KPJ Damansara Specialist Hospital
(iii) Ipoh Specialist Hospital Sdn Bhd	KPJ Ipoh Specialist Hospital
(iv) Johor Specialist Hospital Sdn Bhd	KPJ Johor Specialist Hospital
(v) Pasir Gudang Specialist Hospital Sdn Bhd	KPJ Puteri Specialist Hospital
(vi) Selangor Specialist Hospital Sdn Bhd	KPJ Selangor Specialist Hospital

AND THAT the Directors of the Manager and the Trustee be and are hereby authorised to do all such acts and things and enter into any arrangements, guarantees, agreements and/or undertakings and, sign, execute and deliver all documents as they deem necessary or expedient in order to implement, finalise and/or give full effect to and complete the Proposed Lease Renewal with full powers to assent to any terms, conditions, modifications, variations and/or amendments as the Directors of the Manager and the Trustee may deem fit, necessary and/or expedient in the interest of Al-`Aqar or as may be imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments to implement, finalise and/or give full effect to and complete the Proposed Lease Renewal.”

**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: 24 May 2021

Notes:-

1. A Unitholder shall be entitled to attend and vote at this EGM, 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 EGM, 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 EGM or any adjournment thereof or e-mail to EGM-support.AIAqar@megacorp.com.my.
6. Only Unitholders registered in the Record of Depositors as at 3 June 2021 shall be entitled to attend and speak at the EGM or appoint proxy(ies) to attend on his/her behalf.
7. Unitholders can register online to participate in the EGM via <https://vps.megacorp.com.my/DyfVjb>.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice will be put to vote by way of poll.

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 EGM in order to safeguard the health of attendees at the EGM. 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 EGM arrangement.



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)

Form of Proxy

I/We* _____
(FULL NAME, NRIC NO./COMPANY NO. IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

with email address _____ mobile phone no _____

being a Unitholder/Unitholders of Al-Aqar Healthcare REIT, hereby appoint Chairman of the Extraordinary General Meeting ("EGM"), or

(FULL NAME AND NRIC NO.)

of _____
(FULL ADDRESS)

with email address _____ mobile phone no : _____

or, failing him/her _____
(FULL NAME AND NRIC NO.)

of _____
(FULL ADDRESS)

with email address _____ mobile phone no : _____

as my/our* Proxy to vote for me/us* on my/our* behalf at the EGM of the Unitholders 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 Thursday, 10 June 2021, at 11.00 a.m. and at any adjournment thereof.

My/Our* proxy is to vote as indicated below:

	FOR	AGAINST
ORDINARY RESOLUTION 1 PROPOSED LEASE RENEWAL		

(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)



For appointment of two (2) proxies, number of unit and percentage of unit holding to be represented by each proxy		
	No of units	% of unit holding
Proxy 1		
Proxy 2		
Total		

Signature(s) / Common Seal of Company

Dated thisday of..... 2021.....

NO. OF UNITS HELD	CDS ACCOUNT NO

**Please delete the words "Chairman of the Extraordinary General Meeting" if you wish to appoint some other person(s) to be your proxy.*

Notes:

1. A Unitholder shall be entitled to attend and vote at this EGM, 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 EGM, 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.
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6. Only Unitholders registered in the Record of Depositors as at 3 June 2021 shall be entitled to attend and speak at the EGM or appoint proxy(ies) to attend on his/her behalf.
7. Unitholders can register online to participate in the EGM via **<https://vps.megacorp.com.my/Dyfvjb>**.
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.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretaries

**DAMANSARA REIT MANAGERS SDN BERHAD
(as Manager of Al-Aqar Healthcare REIT)**

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

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