

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

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

# al-aqar

## HEALTHCARE REIT

### 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, amended and restated by the Second Restated Deed dated 25 November 2019 and further amended by the Supplemental Deed to the Second Restated Deed dated 29 December 2022 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 as amended, varied or supplemented from time to time)

#### **CIRCULAR TO UNITHOLDERS IN RELATION TO THE**

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

#### **IN CONJUNCTION WITH THE SPECIAL BUSINESS AT THE TWELFTH ANNUAL GENERAL MEETING**

**Adviser**



**INVESTMENT BANK BERHAD**  
Registration No. 197401003530 (20657-W)

The Notice of the Twelfth (12<sup>th</sup>) Annual General Meeting ("**AGM**") of Al-Aqar Healthcare REIT to be held physically at Sapphire Room, Level 9, Holiday Inn Johor Bahru City Centre, Jalan Tun Abdul Razak, 80000 Johor Bahru, Johor, on Thursday, 25 April 2024 at 10:30 a.m. together with the Form of Proxy set out in the Notice of AGM.

A member is entitled to attend and vote at the AGM and is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. The Form of Proxy should be lodged at the office of Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time of the AGM. The last day and time for lodging the Form of Proxy is on Wednesday, 24 April 2024 at 10:30 a.m. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

#### **IMPORTANT DATES**

Last date and time for lodging the Proxy Form	:	Wednesday, 24 April 2024 at 10:30 a.m.
Date and time for the AGM	:	Thursday, 25 April 2024 at 10:30 a.m.

**This Circular is dated 27 March 2024**

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## DEFINITIONS

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For the purpose of this Circular, except where the context otherwise requires, the following words and abbreviations shall have the following meaning:

<b>AGM</b>	:	Annual General Meeting
<b>Al-`Aqar or REIT</b>	:	Al-`Aqar Healthcare REIT, a real estate investment trust constituted by the Deed
<b>ART or Trustee</b>	:	AmanahRaya Trustees Berhad, (Registration No.: 200701008892 (766894-T)), being the trustee of Al-`Aqar
<b>Board Audit and Risk Committee</b>	:	Board Audit and Risk Committee of the Manager
<b>Board</b>	:	Board of Directors of the Manager
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
<b>Circular</b>	:	This circular to unitholders of Al-`Aqar dated 27 March 2024
<b>DRMSB or Manager</b>	:	Damansara REIT Managers Sdn Berhad, (Registration No.: 200501035558 (717704-V)), being the manager of Al-`Aqar
<b>Deed</b>	:	The principal deed dated 27 June 2006, the supplementary deed dated 14 May 2009, 27 January 2011 and 9 November 2011, the Restated Deed dated 31 July 2013, amended and restated by the Second Restated Deed dated 25 November 2019 and further amended by Supplemental Deed to the Second Restated Deed dated 29 December 2022 entered into between the Manager, the Trustee and the persons registered as holders of the units in Al-`Aqar, constituting Al-`Aqar as amended, varied or supplemented from time to time
<b>Director</b>	:	Shall have the same meaning given in Section 2(1) of the Capital Market Services Act, 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive officer of the listed issuer, its subsidiary or holding company
<b>FYE</b>	:	Financial year ended or ending 31 December, as the case may be
<b>Interested Directors</b>	:	The directors of the Manager who are deemed interested in the Proposed RRPT Mandate as disclosed in Section 7 of this Circular
<b>Interested Major Unitholders</b>	:	The major unitholders of Al-`Aqar who are deemed interested in the Proposed RRPT Mandate as disclosed in Section 7 of this Circular
<b>JCorp</b>	:	Johor Corporation, being a major unitholder of Al-`Aqar
<b>JCorp Group</b>	:	JCorp, its subsidiaries and associated companies
<b>KAF IB or Adviser</b>	:	KAF Investment Bank Berhad (Registration No.: 197401003530 (20657-W)), the adviser for the Proposed RRPT Mandate
<b>KPJ</b>	:	KPJ Healthcare Berhad (Registration No.: 199201015575 (247079-M))
<b>KPJ Group</b>	:	KPJ, its subsidiaries and its associated companies

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**DEFINITIONS (Cont'd)**

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<b>Listed REIT Guidelines</b>	:	Guidelines on Listed Real Estate Investment Trusts issued by the SC on 15 March 2018 and as revised on 26 February 2024
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	<b>29 February 2024</b> , being the latest practicable date prior to the printing of this Circular
<b>NAV</b>	:	Net assets value
<b>Proposed RRPT Mandate</b>	:	Proposed renewal of unitholders' mandate for RRPT
<b>Related Party/(ies)</b>	:	A director, major unitholder and/or person(s) connected with such director or major unitholder as defined under the Listing Requirements
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively
<b>RRPT</b>	:	Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the REIT and which are in the ordinary course of business of the REIT
<b>SC</b>	:	Securities Commission of Malaysia

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time or re-enacted thereof. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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**EXTRACT OF THE NOTICE OF AGM****ENCLOSED**

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**DAMANSARA REIT MANAGERS SDN BERHAD  
(MANAGER OF AL-`AQAR HEALTHCARE REIT)**  
(Company Registration No. 200501035558 (717704-V))

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

**Registered Office:**

Level 14 Menara KOMTAR  
Johor Bahru City Centre  
80000 Johor Bahru  
Johor

27 March 2024

**Board of Directors**

Dato' Haji Mohd Redza Shah Bin Abdul Wahid	<i>(Chairman, Independent Non-Executive Director)</i>
Abdullah Bin Abu Samah	<i>(Independent Non-Executive Director)</i>
Datuk Hashim Bin Wahir	<i>(Independent Non-Executive Director)</i>
Lailatul Azma Binti Abdullah	<i>(Independent Non-Executive Director)</i>
Shamsul Anuar Bin Abdul Majid	<i>(Non-Independent Non-Executive Director)</i>
Datuk Sr. Akmal Bin Ahmad	<i>(Non-Independent Non-Executive Director)</i>
Ng Yan Chuan	<i>(Non-Independent Non-Executive Director)</i>

**To: The Unitholders of Al-`Aqar Healthcare REIT**

Dear Sir/Madam,

**PROPOSED RENEWAL OF UNITHOLDERS' MANDATE FOR RRPT**

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**1. INTRODUCTION**

On 15 March 2024, the Board had announced that Al-`Aqar will be seeking its unitholders' approval for a general mandate in relation to RRPT in line with Paragraph 10.09 of the Listing Requirements at its forthcoming Twelfth (12<sup>th</sup>) AGM.

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

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

## 2. PROPOSED RRPT MANDATE

### 2.1 Details of the Proposed RRPT Mandate

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

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

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the Proposed RRPT Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed RRPT Mandate during the financial year where the aggregate value is equal to or more than the following threshold:
  - (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
  - (b) the percentage ratio of such RRPT is 1% or more;

whichever is the higher;

- (iii) the circular for the Proposed RRPT Mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain unitholder mandate, the relevant related party must comply with the requirements set out below:
  - (a) related party with any interest, direct or indirect ("**Interested Related Party**"), must not vote on the resolution in respect of the Proposed RRPT Mandate;
  - (b) an Interested Related Party who is:
    - (aa) in the case of a corporation, a director or major shareholder;
    - (bb) in the case of a business trust, a trustee-manager, a director or major shareholder of the trustee-manager or major unit holder of the business trust;
    - (cc) in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the managers or a director or major shareholder of the managers; or
    - (dd) in the case of a real estate investment trust, a management company, a trustee, a director or major shareholder of the management company or major unitholder of the real estate investment trust,

must ensure that persons connected with it abstain from voting on the resolution in respect of the Proposed RRPT Mandate; and

- (c) where the Interested Related Party is a person connected with:
  - (aa) in the case of a corporation, a director or major shareholder;
  - (bb) in the case of a business trust, a trustee-manager, a director or major shareholder of the trustee-manager or major unit holder of the business trust;
  - (cc) in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the managers or a director or major shareholder of the managers; or
  - (dd) in the case of a real estate investment trust, a management company, a trustee, a director or major shareholder of the management company or major unit holder of the real estate investment trust,

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

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

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

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

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

<u>Name of company</u>	<u>Country of Incorporation</u>	<u>Equity interest (%)</u>	<u>Principal activities</u>
Al-`Aqar Capital Sdn Bhd	Malaysia	100.0	Special purpose company for the purpose of raising Islamic financing for Al-`Aqar
Al-Aqar Australia Pty Ltd	Australia	100.0	Special purpose company for the purpose of acquisition of Australian property for Al-`Aqar

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## 2.3 Classes of RRPT for the Proposed RRPT Mandate

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

<u>Nature of RRPT</u>	<u>Transacting Party</u>	<u>Classes of Related Party and Nature of Interest</u>
Rental income for renting of, inter-alia, specialist hospitals, medical centres, aged care centre and college buildings *	KPJ Group	JCorp has a total of 43.38% direct and indirect interest in KPJ. KPJ and JCorp (via KPJ) are also the major unitholders of Al-'Aqar. The Manager is also indirectly wholly-owned by JCorp.
Advisory for, inter-alia, renovation and/or upgrade of any refurbishment work to be undertaken at the hospitals; and property management fee		The Interested Directors (save for Dato' Haji Mohd Redza Shah Bin Abdul Wahid) are deemed interested by virtue of them being the Directors of DRMSB and being part of the Board and/or senior management of JCorp Group.  Dato' Haji Mohd Redza Shah Bin Abdul Wahid and Shamsul Anuar Bin Abdul Majid are the Directors of DRMSB and also Directors of KPJ.
Registrar expenses	JCorp Group	JCorp (via KPJ) is the major unitholder of Al-'Aqar. The Manager is also indirectly wholly-owned by JCorp.  The Interested Directors (save for Dato' Haji Mohd Redza Shah Bin Abdul Wahid) are deemed interested by virtue of them being the Directors of DRMSB and being part of the Board and/or senior management of JCorp Group.

### Note:

\* The rentals from KPJ Group is payable on a monthly basis. The details of the location of the properties are as follows:

<u>No.</u>	<u>Properties</u>	<u>Location</u>	<u>Year of expiry of the contractual lease term</u>
(a)	Damai Care & Wellness Centre <sup>(1)</sup>	Lorong Pokok Tepus 1, Off Jalan Damai, 88300 Kota Kinabalu, Sabah	2024
(b)	KPJ Penang Specialist Hospital <sup>(2)</sup>	No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang	2024
(c)	Tawakkal Health Centre <sup>(2)</sup>	No. 202A, Jalan Pahang, 53000 Kuala Lumpur	2024
(d)	KPJ Seremban Specialist Hospital <sup>(2)</sup>	Lot 6219 & 6220, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan	2024
(e)	Taiping Medical Centre <sup>(2)</sup>	No. 39, 41, 43, 45, 47 & 49, Jalan Medan Taiping 2, Medan Taiping, 34000 Taiping, Perak	2024
(f)	KPJ Healthcare University College, Nilai (Existing Building) <sup>(2)</sup>	PT 551 & PT 552, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan	2024
(g)	KPJ International College <sup>(2)</sup>	No. 565, Jalan Sungai Rambai, 14000 Bukit Mertajam, Pulau Pinang	2024
(h)	KPJ Tawakkal Specialist Hospital	No-1, Jalan Pahang Barat / Jalan Sarikei, 53000 Kuala Lumpur	2025

<b>No.</b>	<b>Properties</b>	<b>Location</b>	<b>Year of expiry of the contractual lease term</b>
(i)	<i>Kluang Utama Specialist Hospital</i>	<i>No. 1,3,5,7,9,11 Susur 1, Jalan Besar, 86000 Kluang, Johor</i>	<i>2027</i>
(j)	<i>KPJ Klang Specialist Hospital</i>	<i>No. 102, Persiaran Rajawali / KU 1, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan</i>	<i>2027</i>
(k)	<i>KPJ Healthcare University College, Nilai (New Building)</i>	<i>PT 551 &amp; PT 552, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan</i>	<i>2030</i>
(l)	<i>Jeta Gardens Aged Care &amp; Retirement Village <sup>(3)</sup></i>	<i>Jeta Gardens, Aged Care and Retirement Village, 27 Clarendon Avenue, Bethania and 86 Albert Street, Waterford, Queensland, 4205 Australia</i>	<i>Lease of 99 years commencing in year 2011 with options to terminate every 15 years</i>

**Notes:**

- (1) *ART, on behalf of Al-`Aqar had, on 15 November 2023, entered into sale and purchase agreement with Sihat Damai Sdn Bhd for the disposal of the Damai Care & Wellness Centre (subject to the terms of the said agreement) for a disposal consideration of RM13,000,000 to be settled entirely in cash. As at the LPD, the said disposal is still pending completion.*
- (2) *Al-`Aqar will enter into memorandum of extension of lease agreements with the respective subsidiaries of KPJ to extend the contractual lease term for properties (b) to (g) above. The contractual lease is expected to be renewed and Al-`Aqar unitholders' approval shall be sought accordingly.*
- (3) *Al Aqar Australia Pty Ltd, a wholly-owned subsidiary of Al-`Aqar (represented by ART) had, on 12 December 2023 entered into a land sale contract with Principal Healthcare Finance Pty Ltd, as trustee for the Principal Healthcare Finance Trust and DPG Services Pty Ltd to dispose of the lands and buildings of Jeta Gardens Aged Care Facility for a cash consideration of AUD24.4 million (equivalent to approximately RM74.9 million). As at the LPD, the said disposal is pending completion.*

## 2.4 Nature of RRPT for the Proposed RRPT Mandate

<u>Transacting party</u>	<u>Nature of the RRPT</u>	<u>Estimated value from the date of the forthcoming AGM to the date of next AGM</u> <u>(RM'000)</u>	<u>Estimated value approved on the last AGM</u> <u>"Estimated Value"</u> <u>(RM'000)</u>	<u>Actual value transacted from 18 April 2023 (date of the last AGM) to the LPD</u> <u>"Actual Value"</u> <u>(RM'000)</u>
KPJ Group	Rental income for renting of, inter-alia, specialist hospitals, medical centres and college buildings	38,029	46,796	46,909
KPJ Group	Advisory for, inter-alia, renovation and/or upgrade of any refurbishment work to be undertaken at the hospitals; and property management fee	1,345	1,306	1,041
JCorp Group	Registrar expenses	200	100	(1)145
<b>Total</b>		<b>39,574</b>	<b>48,202</b>	<b>48,095</b>

**Note:**

<sup>(1)</sup> As announced on 22 March 2024, the Actual Value deviated by 10% or more from the Estimated Value due to additional expenses incurred for the attending of income distributions, issuance of circulars and notice of extraordinary general meeting to unitholders as well as additional request of depositors printout from Bursa Securities in connection with corporate proposals not included in the Estimated Value

## 2.5 Details of the sums due and owing to Al-`Aqar by its Related Parties pursuant to a RRPT which exceeded the credit terms as at FYE 2023

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

As at	Principal sum (RM'000)	Late payment charges (RM'000)	Total outstanding amount (RM'000)	Ageing analysis			
				1 year or less (RM'000)	More than 1 year but less than 3 years (RM'000)	More than 3 years but less than 5 years (RM'000)	More than 5 years (RM'000)
FYE 2023	39,811	7	39,818	12,912	26,906	-	-
LPD	* 37,600	-	37,600	10,694	26,906	-	-

The Manager has and will continue to meet and discuss with the Related Parties to actively pursue for early settlement of the outstanding amounts due and owing by the Related Parties to Al-`Aqar. The Board is of the opinion that the outstanding amounts are recoverable.

### Note:

\* Total amount outstanding consist of, among others, the following major debts:

- (i) RM33.4 million is related to rental payable in relation to an Australian property and both parties are in the process of finalising the settlement of the outstanding rental
- (ii) RM4.0 million is related to rental payable from KPJ Healthcare University ("KPJHUC"). On 21 December 2023, Al-`Aqar received a letter of settlement from KPJHUC for the settlement of the outstanding rental via payment instalments over the next 9 months.

## 2.6 Review procedures in relation to RRPT

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

- (i) in determining the pricing for the RRPT of a revenue or trading nature, Al-`Aqar transacts at the prevailing market rates/prices for services or products, on the service or product providers' usual commercial terms, and otherwise in accordance with applicable industry norms. Other than pricing, the level of service, quality of products and other factors are also considered, such as past performance, track records and past working relationship. The proposed transaction must be in the best interest of Al-`Aqar and the unitholders and adequately disclosed to the unitholders and the Trustee in accordance with the Listing Requirements;
- (ii) at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third party cannot be obtained, the transaction price will be determined by Al-`Aqar based on that offered by/to other unrelated third parties for the same or substantially similar type of transaction to ensure that the RRPT of a revenue or trading nature is not detrimental to Al-`Aqar;

- (iii) for the award of contracts and any other services, the Manager will prepare an internal RRPT budget that will be evaluated and approved by the Board Audit and Risk Committee. The projects will be evaluated based on pricing as well as technical and financial capabilities of the tenderers by a person/a party appointed by the Board Audit and Risk Committee. The whole process of project budgeting, tendering, evaluation and selection of tenderer must comply with the Manager's standard operating procedures for procurements and reviewed and approved by an appointed person/committee as approved by the Board Audit and Risk Committee and/or the Board;
- (iv) proper records will be maintained by Al-`Aqar to capture all RRPT entered into pursuant to the Proposed RRPT Mandate to ensure that relevant approvals have been obtained and review procedures for such transactions are adhered to;
- (v) RRPT that meets the following criteria requires the review by the Board Audit and Risk Committee and approval of the Board:

Transactions that are categorised as operating expenditure and capital expenditure

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

Transactions involving award for the appointment of service providers

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

Any RRPT with value below the abovementioned threshold will be approved and carried out in accordance with the Limit of Authority Policy and the Procurement Policy and Procedures. In the case where the management team and/or the chief executive officer of the Manager has an interest in the transaction, recommendation/approval from the Board Audit and Risk Committee and Trustee will be sought;

- (vi) In the event of any new RRPT of revenue or trading nature, the recommendation of the Board Audit and Risk Committee will be sought and approval from the Board and Trustee will be obtained and to ensure compliance with Listing Requirements;
- (vii) if any Director or personnel has a direct or indirect interest in any particular transaction, he or she will have to abstain from any deliberation and also voting in respect of the said transaction. If a member of the Board Audit and Risk Committee is interested in any particular transaction, that Board Audit and Risk Committee member shall abstain from deliberation and voting in any matter relating to any decision to be taken by the Board Audit and Risk Committee with respect to such transactions;
- (viii) proper records shall be maintained to capture all RRPT of a revenue or trading nature entered into pursuant to the unitholders' mandate to ensure accurate disclosure thereof;
- (ix) the Board Audit and Risk Committee shall have overall responsibility for the determination of the review procedures;
- (x) the Board Audit and Risk Committee shall review the relevant RRPT of a revenue or trading nature and the existing procedures to ascertain that they have been complied with; and
- (xi) if during the review, the Board Audit and Risk Committee is of the view that the abovementioned procedures are no longer sufficient to ensure that the RRPT of a revenue or trading nature are undertaken on an arm's length basis and on normal commercial terms that are not more favourable to the Related Party than those normally available to the public, the Board Audit and Risk Committee shall have the discretion to request for additional procedures to be imposed on all the RRPT of a revenue or trading nature.

## **2.7 Board Audit and Risk Committee Statement**

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

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

## **3. RATIONALE FOR THE PROPOSED RRPT MANDATE**

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

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

## **4. VALIDITY PERIOD FOR THE PROPOSED RRPT MANDATE**

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

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

whichever is earlier.

## **5. EFFECTS OF THE PROPOSED RRPT MANDATE**

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

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

## **6. APPROVAL REQUIRED**

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

## 7. DIRECTORS' AND MAJOR UNITHOLDERS' INTERESTS

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

### 7.1 Major Unitholders' Interest

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

### 7.2 Directors' Interests

Dato' Haji Mohd Redza Shah Bin Abdul Wahid ("**Dato' Redza**") is deemed interested in the Proposed RRPT Mandate by virtue of him being a Director of the Manager and also a Director of KPJ. Shamsul Anuar Bin Abdul Majid ("**Encik Shamsul Anuar**"), Datuk Sr. Akmal Bin Ahmad ("**Datuk Sr Akmal**") and Ng Yan Chuan ("**Mr Ng**") are deemed interested in the Proposed RRPT Mandate by virtue of them being the Directors of the Manager nominated by JCorp and persons being part of the senior management of JCorp Group.

(Dato' Redza, Encik Shamsul Anuar, Datuk Sr Akmal and Mr Ng are collectively referred to as "**Interested Directors**").

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

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

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

	Direct		Indirect	
	No. of Units '000	(%) <sup>(1)</sup>	No. of Units '000	(%) <sup>(1)</sup>
<b><u>Interested Major Unitholder</u></b>				
JCorp	-	-	<sup>(2)</sup> 323,001	38.47
KPJ	28,259	2.44	<sup>(3)</sup> 276,317	36.53
<b><u>Interested Directors</u></b>				
Dato' Haji Mohd Redza Shah Bin Abdul Wahid	-	-	-	-
Datuk Sr. Akmal Bin Ahmad	-	-	-	-
Shamsul Anuar Bin Abdul Majid	-	-	-	-
Ng Yan Chuan	-	-	-	-

#### **Notes:**

<sup>(1)</sup> Based on the total number of issued units of Al-`Aqar

<sup>(2)</sup> Deemed interested by virtue of its interest in companies related to JCorp under Section 8 of the Companies Act 2016

<sup>(3)</sup> Deemed interested by virtue of its interest in several companies which are part of the KPJ Group

## 8. DIRECTORS' RECOMMENDATION

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

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

## 9. AGM

The AGM (an extract of the Notice of AGM is also enclosed in this Circular) will be held physically at Sapphire Room, Level 9, Holiday Inn Johor Bahru City Centre, Jalan Tun Abdul Razak, 80000 Johor Bahru, Johor, on Thursday, 25 April 2024 at 10:30 a.m. for the purpose of considering, and if thought fit, passing the resolution to give effect to the Proposed RRPT Mandate.

If you are unable to attend and vote in person at the AGM, you may complete and return the Form of Proxy in the notice of AGM accordance with the instructions therein as soon as possible and in any event so as to arrive at the office of Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan at least twenty-four (24) hours before the time set for the AGM. The lodging of a Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Please refer to the Notice of the Twelfth (12<sup>th</sup>) AGM for further information on the meeting.

## 10. FURTHER INFORMATION

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

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

**ABDULLAH BIN ABU SAMAH**  
Independent Non-Executive Director

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**FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENTS**

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

**2. CONSENTS AND CONFLICT OF INTEREST**

KAF IB, being the Adviser for the Proposed RRPT Mandate, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

KAF IB is not aware of any conflict of interest which exist or is likely to exist in relation to its role as the Adviser for the Proposed RRPT Mandate.

**3. MATERIAL CONTRACTS**

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

- (i) Sale and Purchase Agreement dated 2 September 2022 entered into between the Trustee, Pasir Gudang Specialist Hospital Sdn Bhd and the Manager for the acquisition of KPJ Pasir Gudang Specialist Hospital for a total consideration of RM93,000,000.00. The acquisition has been completed on 23 December 2022;
- (ii) Sale and Purchase Agreement dated 2 September 2022 entered into between the Trustee, Maharani Specialist Hospital Sdn Bhd and the Manager for the acquisition of a building forming part of KPJ Seremban Specialist Hospital ("**Seremban New Building**") for a total consideration of RM84,700,000.00. The acquisition has been completed on 23 December 2022;
- (iii) Sale and Purchase Agreement dated 2 September 2022 entered into between the Trustee, Penang Specialist Hospital Sdn Bhd and the Manager for the acquisition of a building known as TMC Health Centre ("**TMC New Building**") for a total consideration of RM14,300,000.00. The acquisition has been completed on 23 December 2022;
- (iv) Lease Agreement dated 23 December 2022 entered into between the Trustee, Pasir Gudang Specialist Hospital Sdn Bhd and the Manager for the lease of KPJ Pasir Gudang Specialist Hospital for contractual term commencing from 23 December 2022 to 22 December 2037 at a rental rate determined under the terms of the said lease agreement;
- (v) Lease Agreement dated 23 December 2022 entered into between the Trustee, Maharani Specialist Hospital Sdn Bhd and the Manager for the lease of the Seremban New Building for contractual term commencing from 23 December 2022 to 13 October 2024 at a rental rate determined under the terms of the said lease agreement;
- (vi) Lease Agreement dated 23 December 2022 entered into between the Trustee, Penang Specialist Hospital Sdn Bhd and the Manager for the lease of the TMC New Building for contractual term commencing from 23 December 2022 to 30 April 2024 at a rental rate determined under the terms of the said lease agreement.

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**FURTHER INFORMATION**


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- (vii) Lease Agreement dated 25 August 2023 entered into between the Trustee, Perdana Specialist Hospital Sdn Bhd and the Manager for the lease of the KPJ Perdana Specialist Hospital Building for contractual term commencing from 1 October 2023 to 30 September 2038 at a rental rate determined under the terms of the said lease agreement;
- (viii) Lease Agreement dated 25 August 2023 entered into between the Trustee, Kajang Specialist Hospital Sdn Bhd and the Manager for the lease of the KPJ Kajang Specialist Hospital Building for contractual term commencing from 1 October 2023 to 30 September 2038 at a rental rate determined under the terms of the said lease agreement;
- (ix) Lease Agreement dated 25 August 2023 entered into between the Trustee, Kuantan Wellness Center Sdn Bhd and the Manager for the lease of the Kuantan Care and Wellness Centre for contractual term commencing from 1 October 2023 to 30 September 2026, at a rental rate determined under the terms of the said lease agreement;
- (x) Lease Agreement dated 25 August 2023 entered into between the Trustee, Sentosa Medical Centre Sdn Bhd and the Manager for the lease of the KPJ Sentosa KL Specialist Hospital Building for contractual term commencing from 1 October 2023 to 30 September 2026, at a rental rate determined under the terms of the said lease agreement;
- (xi) Lease Agreement dated 25 August 2023 entered into between the Trustee, Kedah Medical Centre Sdn Bhd and the Manager for the lease of the Kedah Medical Centre Building for contractual term commencing from 1 October 2023 to 30 September 2038 at a rental rate determined under the terms of the said lease agreement;
- (xii) Sale and Purchase Agreement dated 15 November 2023 ("**Damai SPA**") entered between the Trustee and Sehat Damai Sdn Bhd ("**Purchaser**") for the disposal of Damai Wellness Centre on an 'as is where is' basis with vacant possession (or legal possession if possession has been delivered by the Trustee to the Purchaser pursuant to terms of the Damai SPA) and free from all encumbrances, claims, charges, liens, easements, caveats, order of court, trusts, equities and any conflicting interests and restraints (subject to the terms of the Damai SPA) for a disposal consideration of RM13,000,000 to be settled entirely in cash.

The disposal of Damai Wellness Centre is still ongoing.

- (xiii) A Land Sale Contract dated 12 December 2023 entered between Al Aqar Australia Pty Ltd, a wholly-owned subsidiary of Al-`Aqar (represented by the Trustee) and Principal Healthcare Finance Pty Ltd, as trustee for the Principal Healthcare Finance Trust and DPG Services Pty Ltd, for Al Aqar Australia Pty Ltd's disposal of the lands and buildings of Jeta Gardens Aged Care Facility for a cash consideration of AUD24.4 million (equivalent to approximately RM74.9 million).

The disposal of the lands and buildings of Jeta Gardens Aged Care Facility is still ongoing.

#### 4. MATERIAL LITIGATION

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

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**FURTHER INFORMATION**

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**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 Thursdays (except public holidays) during business hours up to the date of the AGM:

- (i) the Deed;
- (ii) the audited consolidated financial statements of the Al-`Aqar for the FYE 2022 and FYE 2023;
- (iii) the letter of consent referred to in Section 2 above; and
- (iv) the material contracts referred to in Section 3 above.

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# al-`aqar

HEALTHCARE REIT  
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, amended and restated by the Second Restated Deed dated 25 November 2019 and further amended by Supplemental Deed to the Second Restated Deed dated 29 December 2022 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 as amended, varied or supplemented from time to time)

## EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twelfth (12<sup>th</sup>) Annual General Meeting (“**AGM**”) of the holders of units of Al-`Aqar Healthcare REIT (“**Al-`Aqar**”) (“**Unitholders**”) will be held physically at Sapphire Room, Level 9, Holiday Inn Johor Bahru City Centre, Jalan Tun Abdul Razak, 80000 Johor Bahru, Johor, on Thursday, 25 April 2024 at 10:30 a.m. to transact the following businesses:

### AGENDA

#### Special Business

#### ORDINARY RESOLUTION 3

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

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

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

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

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

whichever is earlier;

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

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

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

**27 March 2024**

**Notes:**

1. *A Unitholder shall be entitled to attend and vote at this AGM, and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote.*
2. *Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote at the AGM, and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote.*
3. *Where the Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with units standing to the credit of the said securities account. Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy. Such proxy shall have the same rights as the member to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.*
5. *The instrument appointing a proxy must be deposited at the Office of the Poll Administrator at: Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan at least twenty-four (24) hours before the time appointed for holding the AGM or any adjournment thereof or e-mail to [AGM-support.AIAqar@megacorp.com.my](mailto:AGM-support.AIAqar@megacorp.com.my).*
6. *Only Unitholders registered in the Record of Depositors as at 18 April 2024 shall be entitled to attend and speak at the AGM or appoint proxy(ies) to attend on his/her behalf.*
7. *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.*

**EXPLANATORY NOTES ON SPECIAL BUSINESS:**

**Proposed RRPT Mandate**

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

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