THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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KPJ HEALTHCARE BERHAD

(Registration No. 199201015575 (247079-M))
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

(I) PROPOSED SALE AND LEASEBACK (AS DEFINED HEREIN); AND
(II) PROPOSED LEASE RENEWAL (AS DEFINED HEREIN)

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER FOR THE PROPOSALS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

AmInvestment Bank Berhad
(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser

BDO Capital Consultants Sdn. Bhd.
(Registration No. 199601032957 (405309-T))

The above Proposals will be tabled at an Extraordinary General Meeting ("**EGM**") of KPJ Healthcare Berhad ("**KPJ**" or the **"Company"**) to be held at Level 8A, Menara KPJ, 238, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia on Thursday, 26 June 2025 at 12:30 p.m. or immediately after the conclusion of the Thirty-Second Annual General Meeting ("**32nd AGM**") of KPJ scheduled to be held at the same venue and on the same day at 10:00 a.m., whichever is later, or at any adjournment thereof. The Notice of the EGM together with the Proxy Form are enclosed in this Circular and are available for download from our Company's website at https://kpj.listedcompany.com/egm.html.

As a shareholder, you are entitled to appoint a proxy or proxies to attend and vote on your behalf at the EGM. If you wish to do so, kindly complete and deposit your Proxy Form at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, drop it into the Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The Proxy Form may also be lodged electronically via the TIIH online website at https://tiih.online (kindly refer to the Administrative Guide for the EGM on the procedure for electronic submission of Proxy Form via TIIH Online), at least forty-eight (48) hours before the time appointed for holding the EGM as indicated below or any adjournment thereof.

Last date and time for lodging the Proxy Form	:	Tuesday, 24 June 2025 at 12:30 p.m.
Date and time of EGM	:	Thursday, 26 June 2025 at 12:30 p.m. or immediately after the conclusion of the 32nd AGM of KPJ scheduled to be held at the same venue and on the same day at 10:00 a.m., whichever is later

This Circular is dated 4 June 2025

DEFINITIONS

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

Act : Companies Act, 2016, as amended from time to time and any re-enactment thereof

**Al-`Aqar** : Al-`Aqar Healthcare REIT, a real estate investment trust established in Malaysia under the Deed

AmInvestment Bank or **Principal Adviser** : AmInvestment Bank Berhad

APSH : KPJ Ampang Puteri Specialist Hospital

APSH Main Building : The main building of APSH, excluding the APSH New Building

APSH New Building : A new building, which is an expansion/new development of the APSH Main Building

APSHSB : Ampang Puteri Specialist Hospital Sdn. Bhd.

ART or **Trustee** or **Purchaser** or **Lessor** : AmanahRaya Trustees Berhad, being the trustee of Al-`Aqar

BDOCC or **Independent Adviser** BDO Capital Consultants Sdn. Bhd., being the independent adviser for the Proposals

Board : The Board of Directors of KPJ

Bursa Securities : Bursa Malaysia Securities Berhad

Cheston or **Independent Valuer** : Cheston International (KL) Sdn. Bhd., being the independent valuer for the Proposals

Circular : This circular to shareholders of KPJ, dated 4 June 2025 which sets out the details of the Proposals

Completion Date : Being three (3) months from the date the SPAs become unconditional

Deed : The principal 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 which is amended by the supplementary deed dated 29 December 2022, entered into between JLGRM and ART and the persons who are for the time being registered as holders of the units in Al-`Aqar

Directors : Directors of KPJ

Disposal Property(ies) : The properties as described in Section 2.2 of Part A of this Circular in relation to APSH New Building and PSH New Building and shall also include their respective fixtures and fittings as detailed in the SPAs

EGM : Extraordinary General Meeting

EPS : Earnings per Share

FP : Financial period ended/ending, as the case may be

FY(s) : Financial year(s) ended/ending, as the case may be

Interested Directors	:	The Directors of KPJ who are deemed interested in the Proposals as disclosed in Section 12 of Part A of this Circular
Interested Major Shareholders	:	The major shareholder(s) of KPJ who are deemed interested in the Proposals as disclosed in Section 12 of Part A of this Circular
JCorp	:	Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by Enactment No. 5, 1995)
JLGRM or **the Manager**	:	JLG REIT Managers Sdn. Bhd. (formerly known as Damansara REIT Managers Sdn. Berhad), being the manager of Al-`Aqar
KPJ or **the Company**	:	KPJ Healthcare Berhad
KPJ Group or **Group**	:	KPJ, its subsidiaries and associate companies
KPJ Share(**s**) or **Share**(**s**)	:	Ordinary share(s) in KPJ
KPJCP	:	KPJ Healthcare College Penang (formerly known as KPJ International College of Nursing and Health Science)
KPJU	:	KPJ Healthcare University
KPJUSB	:	KPJ Healthcare University Sdn. Bhd.
Lease Agreements for Proposed Lease Renewal	:	Lease agreements executed in escrow between the Trustee (for and on behalf of Al-`Aqar in its capacity as the Lessor), the respective Lease Renewal Subsidiaries (in their capacity as the Lease Renewal Lessees) and the Manager to lease the Lease Renewal Properties
Lease Agreements for Proposed Leaseback	:	Lease agreements executed in escrow between the Trustee (for and on behalf of Al-`Aqar in its capacity as the Lessor), the respective Subject Subsidiaries (in their capacity as the Leaseback Lessees) and the Manager to lease the Disposal Properties
Lease Renewal Property(ies)	:	The properties as described in Section 4.2 of Part A of this Circular in relation to PSH Main Building, TMC, SSH, KPJU and KPJCP and shall also include their respective fixtures and fittings as detailed in the Lease Agreements for Proposed Lease Renewal
Lease Renewal Subsidiary(ies) or **Lease Renewal Lessee(s)**	:	Collectively refers to the following subsidiaries of KPJ:- (i) PSHSB (ii) MSHSB (iii) KPJUSB
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	28 May 2025, being the latest practicable date prior to the printing of the Circular

Major Shareholder		(i) Any person who has an interest or interests in one (1) or more voting shares in a corporation and the nominal amount of the share, or the aggregate of the nominal amounts of those shares, is:- (a) 10% or more of the aggregate of the total number of voting shares in KPJ; or (b) 5% or more of the aggregate of the total number of voting shares in KPJ where such person is the largest shareholder of KPJ, For the purpose of this definition, "interests" shall have the meaning of "interest in shares" given in Section 8 of the Act; and (ii) For the purposes of the Proposals, a major shareholder includes any person who is or was, within the preceding six (6) months of the date on which the terms of the Proposals were agreed upon, a major shareholder of KPJ, its subsidiary or holding company
Memorandums of Extension	:	Memorandums of extension entered into between the Lease Renewal Subsidiaries, Trustee and Manager in relation to the lease of the Lease Renewal Properties dated 25 November 2024 and 10 February 2025 to extend each of the lease periods for a further period until 31 December 2024
MFRS	:	Malaysian Financial Reporting Standards
MSHSB	:	Maharani Specialist Hospital Sdn. Bhd.
NA	:	Net assets
Open Market Value	:	Reasonable and fair market value of the Disposal Properties/Lease Renewal Properties as determined by the Independent Valuer based on the valuation method disregarding/not subject to the specific terms and conditions as defined in the Lease Agreements for the Proposed Leaseback and Lease Agreements for Proposed Lease Renewal.
Point Zone	:	Point Zone (M) Sdn. Bhd., a wholly owned subsidiary of KPJ that manages and facilitates the treasury services within KPJ Group
Proposals	:	Collectively, the Proposed Sale and Leaseback and the Proposed Lease Renewal
Proposed Leaseback	:	Proposed leaseback of the Disposal Properties by the Subject Subsidiaries from the Trustee for and on behalf of Al-`Aqar
Proposed Lease Renewal	:	Proposed renewal of lease of the Lease Renewal Properties entered into between the Lease Renewal Subsidiaries with the Trustee and the Manager for and on behalf of Al-`Aqar
Proposed Sale	:	Proposed sale of the Disposal Properties by the Subject Subsidiaries to the Trustee for and on behalf of Al-`Aqar
Proposed Sale and Leaseback	:	Collectively, Proposed Sale and Proposed Leaseback
PSH	:	KPJ Penang Specialist Hospital
PSH Main Building	:	The main building of PSH, excluding the PSH New Building

PSH New Building	:	A new building, which is an expansion/new development of the PSH Main Building
PSHSB	:	Penang Specialist Hospital Sdn. Bhd.
REIT	:	Real Estate Investment Trust
RM and **sen**	:	Ringgit Malaysia and sen respectively
Sale and Purchase Agreements or **SPAs**	:	Sale and purchase agreements dated 27 March 2025 executed between the Trustee (as the Purchaser for and on behalf of Al-`Aqar in its capacity as the Trustee) and the Subject Subsidiaries (as the Vendors) for the sale and purchase of the Disposal Properties
Sale Consideration	:	The sale of the Disposal Properties to Al-`Aqar for a total consideration of RM241.0 million
Second Memorandums of Extension	:	Second Memorandums of Extension entered into between the Lease Renewal Subsidiaries, Trustee and Manager in relation to the lease of the Lease Renewal Properties on 27 March 2025 to amend and vary the terms of the Memorandums of Extension pending the execution of the Lease Agreements for Proposed Lease Renewal and further extend the lease period from 1 January 2025 until 23 June 2025 with an option to extend for a further period of one (1) month up to 31 July 2025 at the Lease Renewal Subsidiaries' request, and to execute the Lease Agreements in escrow
SSH	:	KPJ Seremban Specialist Hospital (comprising SSH Old Building, SSH New Building and SSH Vacant Land)
SSH New Building	:	An eight (8) storey private consultant block and an annexed six (6) storey private specialist hospital building with a ground floor car park
SSH Old Building	:	A five (5) storey purpose-built private specialist hospital building with a basement level known as SSH
SSH Vacant Land	:	A piece of vacant land
Subject Subsidiary(ies) or **Leaseback Lessee(s)** or **Vendor(s)**	:	Collectively, the following subsidiaries of KPJ:- (i) APSHSB (ii) PSHSB
TMC	:	Collectively, Taiping Medical Centre and TMC Health Centre
Valuation Report(s)	:	Valuation reports of the Disposal Properties and Lease Renewal Properties by the Independent Valuer

References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company, where the context requires shall include our subsidiary companies. All references to "**you**" in this Circular are to our shareholders.

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

Any discrepancies in the tables included in this Circular between the amount listed, actual figures and the totals thereof are due to rounding.

Any reference in this Circular to any provision of a statute, rule, regulation, enactment, or rule of a stock exchange shall (where the context admits) be construed as a reference to the provision of such statute, rule, regulation, enactment or rule of a stock exchange (as the case may be) as modified by any written law, or, if applicable, any amendment of re-enactment to the statute, rule, regulation, enactment or rule of a stock exchange for the time being in force.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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TABLE OF CONTENTS

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THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION RELATING TO THE PROPOSALS. THE INFORMATION IS DERIVED FROM AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS CIRCULAR. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR (INCLUDING THE INDEPENDENT ADVICE LETTER SET OUT IN PART B AND APPENDICES OF THIS CIRCULAR) IN ITS ENTIRETY AND NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSALS BEFORE VOTING AT OUR COMPANY'S FORTHCOMING EGM TO BE CONVENED.

Salient information	**Description**	**Reference to this Circular**
Proposed Sale	Our Subject Subsidiaries, had on 27 March 2025 entered into the SPAs with ART for the sale of the following Disposal Properties:-	Section 2 of Part A

Subject Subsidiaries	**Hospital**	**Disposal Properties**	**Breakdown of Sale Consideration**
			RM'million
APSHSB	APSH	APSH New Building	131.00
PSHSB	PSH	PSH New Building	110.00
Total			**241.00**

The Proposed Sale entails the sale of the Disposal Properties for a Sale Consideration of RM241.0 million, to be satisfied via cash. A detailed breakdown of the Sale Consideration is set out below:-

Disposal Properties	**Subject Subsidiaries**	**Settlement of Sale Consideration**	**Deposit (5%)**	**Balance Sale Consideration (95%)**
		RM'million	**RM'million**	**RM'million**
APSH New Building	APSHSB	131.00	6.55	124.45
PSH New Building	PSHSB	110.00	5.50	104.50
Total Sale Consideration		**241.00**	**12.05**	**228.95**

Salient information	**Description**	**Reference to this Circular**
Utilisation of proceeds	The cash proceeds arising from the Proposed Sale of RM241.0 million is proposed to be utilised in the following manner:-	Section 2.5 of Part A

Details of utilisation	**Expected utilisation timeframe from Completion Date**	**Amount**
		RM'million
Repayment of bank facilities	Within twelve (12) months	100.00
Working capital	Within twelve (12) months	139.00
Estimated expenses for the Proposed Sale and Leaseback	Within one (1) month	2.00
Total		**241.00**

Proposed Leaseback	The Trustee (acting as trustee for and on behalf of Al-`Aqar) and the Manager, concurrently with the execution of the SPAs, had on 27 March 2025, executed the respective Lease Agreements for Proposed Leaseback in escrow with our Subject Subsidiaries, wherein Al-`Aqar shall lease the Disposal Properties back to our Subject Subsidiaries subject to the terms and conditions of the Lease Agreements for Proposed Leaseback. The Proposed Leaseback is for a period of eleven (11) years commencing from the date of completion of the Proposed Sale with an option to renew for another fifteen (15) years in respect of APSH New Building and for a period of fifteen (15) years commencing from the date of completion of the Proposed Sale with an option to renew for another fifteen (15) years in respect of PSH New Building. The lease tenure for both Disposal Properties was agreed upon by the parties to align with the existing lease tenure for PSH Main Building and APSH Main Building.	Section 3 of Part A
Proposed Lease Renewal	On 27 March 2025, our Lease Renewal Subsidiaries had executed four (4) separate lease renewal agreements with the Lessor and JLGRM in escrow to renew the lease of the Lease Renewal Properties.	Section 4 of Part A
Rationale and benefits of the Proposals	The Proposed Sale will enable our Group to unlock the value of the Disposal Properties at an opportune time, given that there is no upside potential in land value appreciation, as the land is owned by Al-`Aqar, and the building value will continue to depreciate. Concurrently, the Proposed Leaseback provides our Group with certainty that the on-going business operations of our Group will remain uninterrupted. The cash proceeds from the Proposed Sale would be utilised for the purpose as detailed in Section 2.5 of Part A of this Circular. Additionally, the Proposed Sale and Leaseback will allow our Group to dispose of the Disposal Properties to Al-`Aqar, on whose land the Disposal Properties are currently erected on. This will align the ownership of the buildings with that of the underlying land, under our associate, Al-`Aqar. As part of our capital management strategy, our Group recognises the importance of monetising and unlocking value from its assets. The cash proceeds from the Proposed Sale will allow our Group to pare down existing borrowings, thereby, reducing the gearing ratio of our Group (as set out in Section 10.2 of Part A of this Circular), and provide our Group with more debt headroom to gear up in the future to support our Group's future growth initiatives. The Proposed Lease Renewal will ensure that there are no disruptions to the ongoing operations of our Group, and our Lease Renewal Subsidiaries are able to continue operating at their existing locations.	Section 8 of Part A

Risks relating to the Proposals

The potential risks of the Proposals are as follows:-

Section 9 of Part A

(i) Non-completion of the Proposed Sale and Leaseback

The Proposed Sale and Leaseback is conditional upon the fulfilment of the conditions precedent as set out in **Appendix I** and **II** of this Circular. There is no assurance that the conditions precedent can be completed within the stipulated time in the SPAs, and in the event of non-fulfilment of the conditions precedent within the stipulated time period, the relevant SPAs may be terminated.

(ii) Non-renewal of the leases

The non-renewal of the lease of the Lease Renewal Properties will result in our Lease Renewal Subsidiaries not being able to continue its ongoing operations at the Lease Renewal Properties and may have an impact on the long-term sustainability of our Company's business.

Approvals required

The Proposals are subject to the following approvals:-

Section 11 of Part A

(i) the approval of the shareholders of our Company at an EGM to be convened for the Proposals and, in the event such approval is given conditionally, the satisfaction of all such conditions to the said approval;

(ii) the approval of the unitholders of Al-`Aqar at its EGM to be convened for the Proposals;

(iii) all such other consents and regulatory and/or governmental approvals required to be obtained by our Subject Subsidiaries, our Lease Renewal Subsidiaries and/or our Company and the Trustee, on behalf of Al-`Aqar in order to effect the completion of the Proposals, as the case may be, as follows:-

   (a) approval/consent from the existing financiers, creditors or lender of Al-`Aqar;

   (b) notification by our Vendors to the Ministry of Health on the change of ownership of the Disposal Properties; and

   (c) the Certificate of Completion and Compliance of the Disposal Properties have been duly obtained by our respective Vendors in the Proposed Sale.

Director's statement and recommendation

Our Board, save for the Interested Directors, after having considered all aspects of the Proposals, including the rationale and financial effects of the Proposals, valuation of the Disposal Properties and Lease Renewal Properties as ascribed by the Independent Valuer as well as the views of the Independent Adviser for the Proposals, is of the opinion that the Proposals are in the best interests of our Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders.

Section 14 of Part A

Accordingly, our Board (save for the Interested Directors) recommends that you vote **IN FAVOUR OF** the resolutions pertaining to the Proposals to be tabled at our Company's forthcoming EGM.

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS

KPJ HEALTHCARE BERHAD
(Registration No. 199201015575 (247079-M))
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office:

Level 13
Menara KPJ
238, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

4 June 2025

Board of Directors:

Tan Sri Dato' Sri Dr. Ismail bin Haji Bakar	*(Non-Independent Non-Executive Chairman)*
Dato' Mohd Redza Shah bin Abdul Wahid	*(Senior Independent Non-Executive Director)*
Khairuddin bin Jaflus	*(Independent Non-Executive Director)*
Hisham bin Zainal Mokhtar	*(Independent Non-Executive Director)*
Lee Lai Fan	*(Independent Non-Executive Director)*
Rozaini bin Mohd Sani	*(Non-Independent Non-Executive Director)*
Shamsul Anuar bin Abdul Majid	*(Non-Independent Non-Executive Director)*
Prof. Emeritus Dato' Dr. Azizi bin Haji Omar	*(Non-Independent Non-Executive Director)*
Annie binti Rosle	*(Non-Independent Non-Executive Director)*
Chin Keat Chyuan	*(President and Managing Director)*
Siti Hajar binti Marhani	*(Alternate Director to Rozaini bin Mohd Sani)*
Nina Sapura binti Rahmat	*(Alternate Director to Shamsul Anuar bin Abdul Majid)*

To: The Shareholders of KPJ

Dear Sir/Madam,

(I) PROPOSED SALE AND LEASEBACK; AND
(II) PROPOSED LEASE RENEWAL

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 27 March 2025, on behalf of our Board, AmInvestment Bank announced that our Subject Subsidiaries (as listed in Section 2.1 of Part A of this Circular) entered into two (2) separate conditional SPAs with ART, being the trustee for Al-`Aqar for the sale of the Disposal Properties to Al-`Aqar for a total consideration of RM241.0 million.

As a condition to the Proposed Sale, each of our Subject Subsidiary will enter into a lease agreement with the Trustee (acting on behalf of Al-`Aqar), and JLGRM, being the manager of Al-`Aqar, for the lease of the Disposal Properties (as detailed in Section 2.2 of Part A of this Circular) back to the respective Subject Subsidiaries upon the terms and conditions of the Lease Agreement for Proposed Leaseback. For information, each of our Subject Subsidiaries, the Trustee (acting on behalf of Al-`Aqar), and JLGRM had on 27 March 2025 executed the Lease Agreements for Proposed Leaseback in escrow and agreed that the Lease Agreements for Proposed Leaseback are to be dated upon the completion of the SPAs.

The Proposed Sale and Proposed Leaseback are inter-conditional and are collectively referred to as "**Proposed Sale and Leaseback**".

Our Lease Renewal Subsidiaries (as listed in Section 4.1 of Part A of this Circular) have also executed four (4) separate lease renewal agreements with the Lessor and JLGRM in escrow, to renew the lease of the Lease Renewal Properties (as detailed in Section 4.2 of Part A of this Circular) upon the terms and conditions agreed between the aforesaid parties.

The Proposals are related party transactions pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interest of the Directors and the Major Shareholders of our Company as detailed in Section 12 of Part A of this Circular. Accordingly, BDOCC has been appointed on 2 August 2024 and 20 September 2024 to act as the Independent Adviser for the Proposals to advise the non-interested Directors and non-interested shareholders of our Company on the fairness and reasonableness of the Proposals, and whether the Proposals are detrimental to the non-interested shareholders of our Company.

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

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR, INCLUDING THE INDEPENDENT ADVICE LETTER (AS SET OUT IN PART B OF THIS CIRCULAR) TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

2. PROPOSED SALE

2.1 Details of the Proposed Sale

Our Subject Subsidiaries, had on 27 March 2025 entered into the SPAs with ART for the sale of the following Disposal Properties:-

Subject Subsidiaries	Hospital	Disposal Properties	Breakdown of Sale Consideration
			RM'million
APSHSB	APSH	APSH New Building[(i)]	131.00
PSHSB	PSH	PSH New Building[(i)]	110.00
Total			**241.00**

Note:-

(i) For purposes of clarity, the land(s) on which the Disposal Properties are erected on are currently owned by ART, being the trustee of Al-`Aqar. The Proposed Sale only entails the sale of the beneficial ownership of the Disposal Properties, and the Disposal Properties shall be vested and passed to the Purchaser without the necessity of execution of any further transfer instruments.

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The Proposed Sale entails the sale of the Disposal Properties for a Sale Consideration of RM241.0 million, to be satisfied via cash. A detailed breakdown of the Sale Consideration is set out below:-

Disposal Properties	Subject Subsidiaries	Settlement of Sale Consideration	Deposit (5%)	Balance Sale Consideration (95%)
		RM'million	RM'million	RM'million
APSH New Building	APSHSB	131.00	6.55	124.45
PSH New Building	PSHSB	110.00	5.50	104.50
Total Sale Consideration		**241.00**	**12.05**	**228.95**

The Sale Consideration shall be payable as follows:-

(i) the deposit of 5% of the Sale Consideration for each of the Disposal Properties shall be paid by the Purchaser to Point Zone upon the execution of the SPAs; and

(ii) the balance consideration of 95% of the Sale Consideration for each of the Disposal Properties shall be satisfied on or before the expiry of three (3) months from the date the SPAs becoming unconditional.

The salient terms of the SPAs are disclosed in **Appendix I** of this Circular.

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2.2 Information on the Disposal Properties

The details of the Disposal Properties are as follows:-

	APSH New Building	**PSH New Building**[(i)]
Description	A new building of a fifteen (15) storey purpose-built private specialist hospital building incorporating four (4) levels of elevated car parks together with two (2) levels of basement car parks, and a single storey refuse chamber situated within APSH	A new building of an annexed purpose-built ten (10) storey private hospital building, together with a two (2) storey mechanical & electrical (M&E) building and a single storey guard house situated within PSH
Address	HS(M) 26550, PT 25119, Mukim Ampang, Daerah of Ulu Langat, Negeri Selangor Darul Ehsan, bearing postal address APSH, No 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan	Geran Mukim 1453, Lot 10150, Mukim 7, Daerah of Seberang Perai Tengah, Negeri Pulau Pinang, bearing postal address PSH, No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang
Existing use	Private hospital	Private hospital
Category of land use	Building	Building
Express condition(s)	*Bangunan Perniagaan*	*Tanah yang diberimilik ini hendaklah digunakan untuk tujuan tapak hospital sahaja*
Land tenure[(ii)]	99-year leasehold interest expiring on 17 April 2089	Interest in perpetuity
Age of Building	5.37 years	2.56 years
Gross floor area	516,867 sq. ft.	228,568 sq. ft.
Occupancy Status	Currently being 100% occupied and is operated by APSHSB	Currently being 100% occupied and is operated by PSHSB
Net Book Value @ 31 December 2024	RM120.5 million	RM106.4 million
Market Value[(iii)]	RM131.0 million	RM110.0 million
Date of investment	3 January 2020	11 August 2022
Original cost of investment	RM134.9 million	RM110.1 million
Encumbrances / Endorsement	Charged by ART to Maybank Investment Bank Berhad, registered on 11 May 2022/ A private caveat has been entered by Maybank Investment Bank Berhad, registered on 28 April 2021	Nil / Private Caveat lodged by Maybank Investment Bank Berhad on 5 May 2021

(Source: KPJ Management)

Notes:-

(i) *In respect of PSH New Building, since PSH New Building is the expansion/new development of PSH Main Building and both situated on the same plot of land bearing land title particulars Geran Mukim 1453, Lot 10150, Mukim 7, Daerah Seberang Perai Tengah, Negeri Pulau Pinang, ART, being the trustee for and on behalf of Al-`Aqar, and JLGRM, being the manager of Al-`Aqar, and PSHSB have mutually agreed that the lease back of PSH New Building and the renewal of PSH Main Building for the contractual term of fifteen (15) years with an option to renew/extend for another fifteen (15) years shall be covered under a single lease agreement. Notwithstanding this, in the event that the Proposed Sale for PSH New Building is not approved under Section 11 of Part A of this Circular, then the lease agreement shall be adopted for the Proposed Lease Renewal of PSH Main Building only.*

(ii) *For purposes of clarity, the land(s) on which the Disposal Properties are erected on are currently owned by ART, being the trustee of Al-`Aqar. The Proposed Sale only entails the sale of the beneficial ownership of the Disposal Properties, and the Disposal Properties shall be vested and passed to the Purchaser without the necessity of execution of any further transfer instruments.*

(iii) *The market value as ascribed by the Independent Valuer based on the valuation report dated 25 March 2025.*

2.3 Basis and justification for the Sale Consideration

The Sale Consideration for the Proposed Sale was arrived at on a “willing buyer-willing seller” basis after taking into consideration the market value of the Disposal Properties amounting to RM241.0 million, as ascribed by the Independent Valuer, vide the valuation report dated 25 March 2025.

The valuation for the Disposal Properties has been carried out by using the following methods:-

Hospital	**Market value** **RM’million**	**Valuation method**
APSH New Building	131.0	Depreciated Replacement Cost (“**DRC**”)
PSH New Building	110.0	DRC

(Source: Cheston’s valuation report dated 25 March 2025)

The DRC method is a method where an estimate is made on the new replacement cost, but allowed for depreciation. The DRC method is derived from the gross current reproduction/ replacement cost and deducting therefrom the accrued depreciation comprising physical, functional and economical obsolescence.

The Independent Valuer has adopted the DRC method as the sole valuation methodology for the Disposal Properties, as other valuation methodologies are deemed inappropriate as they include the land component. The Disposal Properties comprise unsold building components only. The Disposal Properties’ operations are carried out together with the respective existing medical centres (old blocks) operated by KPJ Group, and the profit and loss accounts are accounted and recorded as a single entity. It is difficult to segregate/apportion the Disposal Properties’ income and expenses. Insufficient and inaccurate data may lead to a contorted outcome on the market values derived from income approach by profits method (i.e., discounted cash flow model).

The Sale Consideration is justified after considering that it is equivalent to the market value of the Disposal Properties as ascribed by the Independent Valuer.

2.4 Assumption of liabilities

There are no other liabilities, including contingent liabilities and guarantees, to be assumed by our Company arising from the Proposed Sale, save for the obligations and liabilities of our Company pursuant to the SPAs in relation to the Rectification Works (as defined in **Appendix I** of this Circular).

For information, the Subject Subsidiaries had on 20 February 2025, sent an acknowledgement letter to ART, being the trustee for Al-`Aqar to carry out the following Rectification Works within a period of twelve (12) months from execution of the SPA:-

Disposal Properties	**Rectification Works**	**Estimated total cost**
		RM'000
APSH New Building	Civil and structure – crack and mouldy wall	100.0
	Mechanical and electrical services – water leakage of chiller plant room	45.0
PSH New Building	Civil and structure – signs of ground settlement at the existing old wing and faded paints	555.0
	Mechanical and electrical services – water leakage at chiller plant room and water tanks show signs of leakage	80.0
TOTAL		**780.0**

2.5 Utilisation of proceeds

The cash proceeds arising from the Proposed Sale of RM241.0 million is proposed to be utilised in the following manner:-

Details of utilisation	**Notes**	**Expected utilisation timeframe from Completion Date**	**Amount**
			RM'million
Repayment of bank facilities	(i)	Within twelve (12) months	100.00
Working capital	(ii)	Within twelve (12) months	139.00
Estimated expenses for the Proposed Sale and Leaseback	(iii)	Within one (1) month	2.00
Total			**241.00**

Notes:-

(i) Repayment of bank facilities

As at the LPD, our Company's total bank borrowings stood at approximately RM1,681 million. The proceeds to be used for repayment of bank facilities are for early repayment of a banking facility (i.e., revolving credit facilities). The interest savings are expected to be RM4.11 million a year based on profit rate as at LPD, ranging from 4.00% to 4.54% per annum. For avoidance of doubt, none of the repayment of bank borrowings will be made to AMMB Holdings Berhad and its subsidiaries and associated companies (AmBank Group).

(ii) Working capital

Our Company intends to use the proceeds for our Group's working capital requirements. The working capital requirement will be utilised for the payment of operating and administrative expenses, which include, but are not limited to, rental, payment and utilities.

(iii) Estimated expenses

Estimated expenses	***Amount***
	RM'million
Professional fees	*1.57*
Stamp duties	*0.31*
Fees payable to Bursa Securities and other ancillary expenses	*0.12*
Total	***2.00***

Pending utilisation of the proceeds from the Proposed Sale, the proceeds will be placed in profit-bearing deposits with financial institutions.

2.6 Cash company or Practice Note ("PN") 17 listed issuer

The Proposals will not result in KPJ becoming a cash company or a PN17 listed issuer as defined under the Listing Requirements.

3. PROPOSED LEASEBACK

The Trustee (acting as trustee for and on behalf of Al-`Aqar) and the Manager, concurrently with the execution of the SPAs, had on 27 March 2025 executed the respective Lease Agreements for Proposed Leaseback in escrow with our Subject Subsidiaries, wherein Al-`Aqar shall lease the Disposal Properties back to our Subject Subsidiaries subject to the terms and conditions of the Lease Agreements for Proposed Leaseback.

The Proposed Leaseback is for a period of eleven (11) years commencing from the date of completion of the Proposed Sale with an option to renew for another fifteen (15) years in respect of APSH New Building and for a period of fifteen (15) years commencing from the date of completion of the Proposed Sale with an option to renew for another fifteen (15) years in respect of PSH New Building. The lease tenure for both Disposal Properties was agreed upon by the parties to align with the existing lease tenure for PSH Main Building and APSH Main Building. For information, below are the existing date of commencement and tenure of PSH Main Building and APSH Main Building:-

Properties	Date of commencement	Tenure
PSH Main Building	14 October 2009	15 years
Main building of APSH	30 June 2021	15 years

The Lessor and the Leaseback Lessees agreed that the Disposal Properties shall be used strictly for the purpose of operating a healthcare facility, which operation and usage shall not be contrary to Shariah principles.

The rent shall be denominated in RM and the formula for determination of the rent in the Lease Agreements for Proposed Leaseback is as follows:-

<u>APSH New Building</u>

(i) Rent formula

First Rental Term	Rent Formula
1st year	6.25% per annum x Open Market Value of the APSH New Building ("**APSH New Building Base Rent**"). For the avoidance of doubt, the APSH New Building Base Rent is RM8,187,500.
2nd year & 3rd year	2.00% incremental increase x the rent for the preceding year.

(ii) Rent review formula

The rent for every succeeding rental term shall be calculated based on the following formula:-

Succeeding Rental Terms	Rent Review Formula
1st year of every succeeding rental term (Years 4, 7 and 10)	6.25% per annum x Open Market Value of the APSH New Building at the point of review, subject to:- (a) a minimum rent of the APSH New Building Base Rent; and (b) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.

Succeeding Rental Terms	Rent Review Formula
2nd & 3rd year of every succeeding rental term (Years 5, 6, 8, 9, 11)	2.00% incremental increase over the rent for the preceding year.

PSH New Building

(i) Rent formula

First Rental Term	Rent Formula
1st year	6.25% per annum x Open Market Value of the PSH New Building ("**PSH New Building Base Rent**"). For the avoidance of doubt, the PSH New Building Base Rent is RM6,875,000.
2nd year & 3rd year	2.00% incremental increase x the rent for the preceding year

(ii) Rent review formula

The rent for every succeeding rental term shall be calculated based on the following formula:-

Succeeding Rental Terms	Rent Review Formula
1st year of every succeeding rental term (Years 4, 7, 10 and 13)	6.25% per annum x Open Market Value of the PSH New Building at the point of review, subject to:- (a) a minimum rent of the PSH New Building Base Rent; and (b) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.
2nd & 3rd year of every succeeding rental term (Years 5, 6, 8, 9, 11, 12, 14, 15)	2.00% incremental increase over the rent for the preceding year.

For clarification, if there is a discrepancy in the Open Market Value appraised by the independent valuers appointed by each party to the respective Lease Agreement for Proposed Leaseback, the parties shall have the right to mutually agree to vary the Open Market Value determined by the independent valuers and adopt a varied Open Market Value. In the event that there is a dispute between the parties in respect of the varied Open Market Value, the parties shall form a dispute resolution committee to resolve the dispute and the dispute resolution committee may, if it thinks/ deems necessary, appoint an independent expert to advise them on this issue.

The salient terms of the Lease Agreements for Proposed Leaseback are disclosed in **Appendix II(A)** of this Circular.

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4. PROPOSED LEASE RENEWAL

4.1 Details of the Proposed Lease Renewal

Our Lease Renewal Subsidiaries had, on the following dates, entered into lease agreements with the Lessor, being the trustee for and on behalf of Al-`Aqar, to lease the properties held by Al-`Aqar in relation to the Lease Renewal Properties ("**Principal Lease Agreements**"):-

Lease Renewal Properties	Date of Principal Lease Agreement
PSH Main Building	14 October 2009
Taiping Medical Centre	1 May 2009
TMC Health Centre	23 December 2022
SSH Old Building	14 October 2009
SSH New Building	23 December 2022
SSH Vacant Land	30 November 2017
KPJU	1 May 2009
KPJCP	14 October 2009

The Lessor, had on 5 July 2024, received a letter from KPJ requesting for an extension of the extended contractual term for a further period of up to 8 months until 31 December 2024.

On 25 November 2024, PSHSB and MSHSB, the Trustee and the Manager had entered into the Memorandums of Extension for PSH Main Building, Taiping Medical Centre, TMC Health Centre and SSH (SSH Old Building, SSH New Building and SSH Vacant Land) respectively, to extend their lease periods for a further period until 31 December 2024. The delay in executing the Memorandums of Extension was due to negotiations between both parties to finalise acceptable terms for the Lease Agreements for Proposed Lease Renewals.

On 10 February 2025, KPJUSB, the Trustee and the Manager had entered into two (2) separate Memorandums of Extension for KPJU and KPJCP, to extend their lease period for a further period until 31 December 2024.

Subsequently, our Company had on 21 February 2025 requested for a further extension of the extended contractual term for a further period of up to 7 months, starting from 1 January 2025 to 31 July 2025.

On 27 March 2025, our Lease Renewal Subsidiaries, the Trustee and the Manager had entered into separate Second Memorandums of Extension for the respective Lease Renewal Properties to amend and vary the terms of the Memorandum of Extension pending the execution of the Lease Agreements and further extend the lease period from 1 January 2025 and expiring on 23 June 2025 with a further extension until 31 July 2025.

The monthly rent payable under the Memorandums of Extension and Second Memorandums of Extension is equivalent to the respective rent amount of the final month under the Initial Contractual Term (as stated in the table below):-

Lease Renewal Subsidiaries	Lease Renewal Properties	Initial Contractual Term	Monthly rent payable under the extended contractual term	Total rent payable for the extended contractual term
			RM	RM
PSHSB	(i) PSH Main Building	14 October 2009 - 13 October 2024	393,964.80	3,782,062.40
	(ii) Taiping Medical Centre	1 May 2009 - 30 April 2024	64,019.28	960,289.20
	(iii) TMC Health Centre	23 December 2022 - 30 April 2024	69,891.25	1,048,368.75

Lease Renewal Subsidiaries	Lease Renewal Properties	Initial Contractual Term	Monthly rent payable under the extended contractual term	Total rent payable for the extended contractual term
			RM	RM
MSHSB	(i) SSH Old Building	14 October 2009 - 13 October 2024	415,939.08	3,993,015.17
	(ii) SSH New Building	23 December 2022 - 13 October 2024	413,971.25	3,974,124.00
	(iii) SSH Vacant Land	5 November 2015 - 13 October 2024	36,934.20	354,568.32
KPJUSB	(i) KPJU	1 May 2009 - 30 April 2024	116,958.30	1,754,374.50
	(ii) KPJCP	14 October 2009 - 13 October 2024	86,795.37	833,235.55

Subsequently on 27 March 2025, our Lease Renewal Subsidiaries had executed four (4) separate lease renewal agreements with the Lessor and JLGRM in escrow to renew the lease of the Lease Renewal Properties.

The rent shall be denominated in RM, and the formula for determination of the rent in the Lease Agreements for Proposed Lease Renewal is as follows:-

(i) Rent formula

PSH Main Building, TMC and SSH

First Rental Term	Rent Formula
1st year	6.25% per annum x Open Market Value of PSH Main Building, TMC and SSH (“**PSH Main Building, TMC and SSH Base Rent**”). For the avoidance of doubt, PSH Main Building, TMC and SSH Base Rent are as follows:- (a) PSH Main Building is RM4,218,750 (b) TMC is RM1,437,500 (c) SSH is RM10,312,500
2nd year & 3rd year	2.00% incremental increase x the rent for the preceding year.

(ii) Rent review formula

PSH Main Building and SSH

The rent for every succeeding rental term shall be calculated based on the following formula:-

Succeeding Rental Terms	Rent Review Formula
1st year of every succeeding rental term (Years 4, 7, 10 and 13)	6.25% per annum x Open Market Value of PSH Main Building and SSH at the point of review, subject to:- (a) a minimum rent of the PSH Main Building Base Rent and SSH Base Rent; and (b) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.

Succeeding Rental Terms	Rent Review Formula
2nd & 3rd year of every succeeding rental term (Years 5, 6, 8, 9, 11, 12, 14, 15)	2.00% incremental increase over the rent for the preceding year.

KPJU

(i) Rent formula

First Rental Term	Rent Formula
1st year	6.25% per annum x Open Market Value of KPJU (“**KPJU Base Rent**”). For the avoidance of doubt, KPJU Base Rent is RM1,606,250.
2nd year & 3rd year	2.00% incremental increase x the rent for the preceding year.

(ii) Rent review formula

The rent for every succeeding rental term shall be calculated based on the following formula:-

Succeeding Rental Terms	Rent Review Formula
1st year of the succeeding rental term (Year 4)	6.25% per annum x Open Market Value of KPJU at the point of review, subject to:- (a) a minimum rent of KPJU Base Rent; and (b) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.
2nd & 3rd year of every succeeding rental term (Year 5 plus eight (8) months)	2.00% incremental increase x the rent for the preceding year.

KPJCP

(i) Rent formula

First Rental Term	Rent Formula
1st year	6.25% per annum x Open Market Value of KPJCP (“**KPJCP Base Rent**”). For the avoidance of doubt, KPJCP Base Rent is RM959,375.

For clarification, if there is a discrepancy in the Open Market Value appraised by the independent valuers appointed by each party to the respective Lease Agreement for Proposed Lease Renewal, the parties shall have the right to mutually agree to vary the Open Market Value determined by the independent valuers and adopt a varied Open Market Value. In the event that there is a dispute between the parties in respect of the varied Open Market Value, the parties shall form a dispute resolution committee to resolve the dispute and the dispute resolution committee may, if it thinks/ deems necessary, appoint an independent expert to advise them on this issue.

The salient terms of the Lease Agreements for Proposed Lease Renewal are disclosed in **Appendix II (B)** of this Circular.

For information, under the Principal Lease Agreements, there was no rent formula used to determine the rent amount payable for the PSH Main Building, KPJU, KPJCP, Taiping Medical Centre, SSH Old Building and SSH Vacant Land for the 1st Rental Term of the Initial Contractual Term. The monthly rent amount payable for the 1st rental term of the initial contractual term is as shown below:-

Year	**Monthly rent amount payable for the Lease Renewal Properties**					
	PSH Main Building	**KPJU**	**KPJCP**	**Taiping Medical Centre**	**SSH Old Building**	**SSH Vacant Land**
Year 1	(i)343,040	(ii)105,600	(iii)90,240	(iv)56,320	(v)320,640	(vi)25,146
Year 2	347,953	107,113	91,533	57,127	325,233	25,649
Year 3	352,867	108,625	92,825	57,933	329,825	26,162

Notes:-

(i) From the period of 14 October 2009 – 31 December 2009 (2 months 18 days).
(ii) From the period of 1 May 2009 – 31 December 2009 (8 months).
(iii) From the period of 14 October 2009 – 31 December 2009 (2 months 18 days).
(iv) From the period of 1 May 2009 – 31 December 2009 (8 months).
(v) From the period of 14 October 2009 – 31 December 2009 (2 months 18 days).
(vi) From the period of 5 November 2015 – 13 October 2016 (11 months 8 days).

The formula for determination of rent for SSH New Building and TMC Health Centre under their previous lease agreements is as follows:-

First Rental Term	**Rent Formula**
1st year	5.75% per annum x disposal consideration of the properties
2nd year & 3rd year	2.00% incremental increase x the rent for the preceding year which shall be in RM.

The parties agreed to incorporate into the Principal Lease Agreements (save for TMC Health Centre and SSH New Building) the following formula for subsequent rental review to determine the rent payable to the Lessor for the subsequent rental terms:-

<u>PSH Main Building, SSH Old Building, Taiping Medical Centre, KPJU and KPJCP</u>

Succeeding Rental Terms	**Rent Review Formula**
1st year of every review	(10–year Malaysia Government Securities ("**MGS**") + 238 basis points (BPS)) x market value of the properties at the point of review and subject to the respective properties' minimum rental and a maximum 2% incremental over the preceding year's rental amount.
2nd year and 3rd year of every review	2% incremental over the preceding year's rental amount.

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SSH Vacant Land

Succeeding Rental Terms	**Rent Review Formula**
1st year of every review	(10-years MGS + 238 basis points) x market value of SSH Vacant Land at the point of review, subject to:- (i) A minimum gross lease rental of 7.1% p.a at the prevailing market value or purchase consideration of SSH Vacant Land, whichever is higher; and (ii) Any lease rental adjustment shall not be more than 2% incremental over preceding year's lease rental.
2nd year and 3rd year of every review	2% incremental over the preceding year's rental amount.

The rent amount and rent formula for the Principal Lease Agreements were negotiated and agreed between the parties then, after taking into account the appropriate yield rates and prevailing yield rates in the market, amongst others. For the Lease Agreements for the Proposed Sale and Leaseback and Lease Agreements for the Proposed Lease Renewals, the parties adopted fixed rental rates of 6.25% after taking into consideration, amongst others, the prevailing market yield rates and valuations conducted by their respective independent valuers. There were no changes to the yearly incremental rental rate of 2.00% for the 2nd and 3rd year of each rental term.

A comparison between the salient terms of the Principal Lease Agreements and Lease Agreements for Proposed Lease Renewal is set out in **Appendix III** of this Circular.

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4.2 Information on the Lease Renewal Properties

The details of the Lease Renewal Properties are as follows:-

	PSH Main Building[i]	TMC	SSH	KPJU	KPJCP
Description	A five (5) storey main hospital building known as KPJ Penang Specialist Hospital	(i) **Taiping Medical Centre** A four (4) storey main hospital building known as Taiping Medical Centre (ii) **TMC Health Centre** A four (4) storey ambulatory care centre known as TMC Health Centre	(i) **SSH Old Building** A five (5) storey purpose-built private specialist hospital building with a basement level known as KPJ Seremban Specialist Hospital (ii) **SSH New Building** An eight (8) storey private consultant block and an annexed six (6) storey private specialist hospital building with a ground floor car park (iii) **SSH Vacant Land** A piece of vacant land	An institutional premises comprising part of a parcel of commercial land erected with a three (3) storey administrative cum academic block, two double (2) storey lecture halls, a single-storey cafeteria, a guard house and a refuse compartment and part of a parcel of residential land erected with a five (5) storey walk-up apartment block (students' hostel), two (2) guard houses and a refuse compartment (Phase 1 of Nilai Campus) known as KPJ Healthcare University.	A six (6) storey institutional building together with a basement level known as KPJ Healthcare College Penang (formerly known as KPJ International College of Nursing and Health Science)
Address	Geran Mukim 1453, Lot 10150, situated within Mukim 7, Daerah of Seberang Perai Tengah, in Negeri Pulau Pinang, bearing postal address PSH, No. 570, Perda Utama, Bandar Perda, 14000, Bukit Mertajam, Pulau Pinang.	(i) PN 235465 — PN 235468 (inclusive), PN 235470, PN 235471 and Lot Nos. 3102-3107 (inclusive) situated within Bandar Taiping, Daerah of Larut Matang, in Negeri Perak bearing the postal address Premises No. 39, 41, 43, 45, 47 & 49, Jalan Medan Taiping 2, Medan Taiping, 34000 Taiping, Perak Darul Ridzuan.	Geran 277698, Lot 50604 Seksyen 2, situated within Pekan Bukit Kepayang, Daerah of Seremban, in Negeri Sembilan bearing postal address Lot 6219 & Lot 6220, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan Darul Khusus.	(i) HSD 246826, Lot PT 551 and (ii) HSD 246827, Lot PT 552, both situated within Bandar Baru Kota Sri Mas, Daerah of Seremban, in Negeri Sembilan bearing postal address Lot PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan Darul Khusus	(i) GRN 179267, Lot 10093 Seksyen 5, and (ii) GRN 41544, Lot 55 Seksyen 5; both situated within Bandar Bukit Mertajam; Daerah of Seberang Perai Tengah, in Negeri Pulau Pinang and bearing postal address No. 565, Jalan Sungai Rambai, 14000 Bukit Mertajam, Pulau Pinang

	PSH Main Building[i]	TMC	SSH	KPJU	KPJCP
		(ii) PN 361304 Lot No. 3140, situated within Bandar Taiping, Daerah of Larut Matang, in Negeri Perak, bearing postal address T/K PT 1106, Medan Taiping, 34000 Taiping, Perak Darul Ridzuan.			
Tenure	Interest in perpetuity	(i) 99 years leasehold expiring on 25 July 2088, in respect of all titles (ii) 99 years leasehold expiring on 25 July 2088	Interest in perpetuity	Interest in perpetuity, in respect of both titles	Interest in perpetuity, in respect of both titles
Gross floor area	167,467.20 sq. ft.	(i) 40,858.00 sq. ft. (ii) 32,273.28 sq. ft.	410,893.67 sq. ft. (including car park area)	120,771.00 sq. ft.	42,989.00 sq. ft.
Age of the building	North Wing: 15.93 years	(i) 23.91 years (ii) 6.44 years	(i) 20.39 years (ii) 6.26 years	19 years	29.95 years
Net book value[ii]	RM66.0 million	RM22.0 million	RM160.0 million	RM22.0 million (Phase 1 of Nilai Campus)	RM14.0 million
Market value[iii]	RM67.5 million	RM23.0 million	RM165.0 million	RM25.7 million (Phase 1 of Nilai Campus)	RM15.35 million
Encumbrances/ Restraint of Dealing(s)	Private caveat lodged by Maybank Investment Bank Berhad on 5 May 2021.	(i) Private caveat lodged by CIMB Islamic Bank Berhad on 13 December 2022 on all titles.	(i) Private caveat lodged by CIMB Islamic Bank Berhad on 13 December 2022. (ii) Lienholder's caveat lodged by CIMB Islamic Bank Berhad on 13 December 2022.	In respect of HSD 246826 PT 551:- (i) Private caveat lodged by OCBC Al-Amin Bank Berhad on 11 December 2019; and	Private caveat lodged by OCBC Al-Amin Bank Berhad registered on 25 November 2020, in respect of both titles.

PSH Main Building(i)	**TMC**	**SSH**	**KPJU**	**KPJCP**
	(ii) Charged by ART to CIMB Islamic Bank Berhad, registered on 4 April 2023, of all the titles.	(iii) Charged by ART to CIMB Islamic Bank Berhad, registered on 31 March 2023.	(ii) Charged by ART to OCBC Al-Amin Berhad, registered on 10 March 2020. In respect of HSD 246827 PT 552:- A private caveat was lodged by OCBC Al-Amin Bank Berhad on 25 November 2020.	

Notes:-

(i) In respect of PSH New Building, since PSH New Building is the expansion/new development of PSH Main Building and both are situated on the same plot of land bearing land title particulars Geran Mukim 1453, Lot 10150, Mukim 7, Daerah of Seberang Perai Tengah, Negeri Pulau Pinang, ART, being the trustee for and on behalf of Al-`Aqar, and JLGRM, being the manager of Al-`Aqar, and PSHSB have mutually agreed that the leaseback of PSH New Building and the renewal of PSH Main Building for the contractual term of fifteen (15) years with an option to renew/extend for another fifteen (15) years shall be covered under a single lease agreement. Notwithstanding this, in the event that the Proposed Sale for PSH New Building is not approved under Section 11 of Part A of this Circular, then the lease agreement shall be adopted for the Proposed Lease Renewal of PSH Main Building only.

(ii) Based on the fair values of the Lease Renewal Properties as reported in Al-`Aqar's Annual Report for the FY 31 December 2024.

(iii) The market value as ascribed by the Independent Valuer based on the valuation report as at 25 March 2025.

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5. BASIS AND JUSTIFICATION FOR THE RENTAL RATE FOR THE PROPOSALS

Our Company had appointed Cheston as the independent valuer for the Proposals. The gross rental of the first year of the initial term is 6.25% x market value of the Disposal Properties and Lease Renewal Properties, which was negotiated between the parties after taking into consideration amongst others, the market value appraised by the Independent Valuer. The net rental yield for the Disposal Properties and Lease Renewal Properties are estimated to be 5.93% and 5.85%, respectively (after deducting direct expenses to the Disposal Properties and Lease Renewal Properties, which include assessment, takaful, maintenance, and quit rent to be borne by Al-`Aqar). The rental rate was arrived at after taking into consideration of, amongst others, the following:-

(i) the net property yields of commercial properties acquired by Malaysian real estate investment trusts listed on Bursa Securities ("**Listed REITs**"), which ranges from 2.08% to 8.64% between 2022 and 2023 (Source: Listed REITs' annual reports announced on www.bursamalaysia.com) as follows:-

Listed REITs	**Net property yield (%)**	
	2022	**2023**
Al-`Aqar	6.03	6.66
Al-Salām REIT	4.20	4.11
Amanahraya REITS	4.53	3.74
AmFIRST REIT	3.68	3.82
Atrium REIT	6.71	6.23
Axis REIT	5.86	5.52
CapitaLand Malaysia Trust	3.92	4.34
Hektar REIT	4.87	4.87
IGB REIT	8.37	8.64
IGB Commercial REIT	3.59	4.04
KIP REIT	6.66	6.45
KLCC REIT	5.98	5.93
Pavilion REIT	6.02	5.47
Sentral REIT	5.60	4.98
Sunway REIT	5.80	5.91
Tower REIT	2.20	2.08
UOA REIT	5.14	4.79
YTL Hospitality REIT	6.14	6.10
Highest	**8.37**	**8.64**
Lowest	**2.20**	**2.08**
Overall highest	**8.64**	
Overall lowest	**2.08**	

(ii) The Independent Valuer is of the view that in light of net rental yields of commercial properties and other KPJ's medical centres as set out below and after taking into consideration of, amongst others, the current state of the subdued global economy, moderate Malaysian economy, sustained Malaysian property market, potential healthcare industry, the current cost of financing and short to long term securities rates, the fair net rental yields of the Disposal Properties and Lease Renewal Properties are between 5.5% to 6.5%.

(a) net rental yields of other commercial buildings transacted between 2019 to 2023 are as follows:-

Properties	**Net rental yields**
UOA Corporate Tower	5.0%
The Pinnacle Sunway	6.3%
Menara Guoco	5.6%
IGB Commercial REIT	3.16% - 5.47%
Sunway Medical Centre	6.2%
Menara CelcomDigi	6.5%

(b) past net rental yields of other KPJ's medical centres which were renewed as follows:-

Properties	**Net rental yields**	**Rental psf (net lettable area)**
APSH/KPJ Damansara Specialist Hospital/KPJ Johor Specialist Hospital/KPJ Puteri Specialist Hospital/SSH/KPJ Ipoh Specialist Hospital (year 2021)	5.30%	RM2.17 psf – RM2.98 psf
KPJ Pasir Gudang Specialist Hospital (year 2022)	5.30%	RM3.04 psf
KPJ Kajang Specialist Hospital/KPJ Perdana Specialist Hospital/KPJ Sentosa KL Specialist Hospital/Kuantan Care & Wellness Centre/Kedah Medical Centre (year 2023)	5.10% - 5.93%	RM2.21 psf – RM2.90 psf

The 2.00% incremental increase per annum for every second and third year of the rental term was arrived at after taking into consideration the average of the 10-year consumer price index year-on-year movement of approximately 2.20% (excluding year 2020, which is a negative). (Source: Bloomberg)

6. INFORMATION ON THE PURCHASER / LESSOR

Information on ART

ART, a subsidiary of Amanah Raya Berhad, was incorporated under the laws of Malaysia on 23 March 2007.

ART was registered as a trust company under the Trust Companies Act 1949 and eligible to act as trustee to collective investment scheme, corporate bonds and private retirement schemes by the Securities Commission Malaysia.

As at the LPD, the directors of ART are Nahidah binti Usman, Dato' Professor Dr Noor Inayah binti Ya'akub, Dato' Haji Che Pee bin Samsudin, Datuk Ismail bin Kamaruddin, Haliza Aini binti Othman, Ahmad Feizal bin Sulaiman Khan and Yap Ngee Heong (alternate Director to Ahmad Feizal bin Sulaiman Khan).

Information on Al-`Aqar

Al-`Aqar is a real estate investment trust with an existing fund size of 839,597,757 units. The investment objective of Al-`Aqar is to deliver stable and sustainable distributions per unit to unitholders, with the potential for consistent growth in both distributions and net asset value (NAV) per unit over the long term. As at the LPD, the market capitalisation of Al-`Aqar is RM1.05 billion.

Al-`Aqar was established in Malaysia on 27 June 2006 under the trust deed dated 27 June 2006 entered into between JLGRM and ART. Al-`Aqar was listed on the Main Market of Bursa Securities on 10 August 2006.

As at the LPD, the management company of Al-`Aqar is JLGRM. The Manager was incorporated in Malaysia under the Companies Act 1965 and is deemed registered under the Act under the name of Ultimate Benchmark Sdn. Bhd. on 8 December 2005 and assumed the name of "Damansara REIT Managers Sdn. Berhad" on 15 March 2006. Thereafter, the Manager had assumed its present name "JLG REIT Managers Sdn. Bhd." on 24 February 2025. The issued share capital of the Manager as at the LPD is RM1.0 million. JLGRM is a wholly-owned subsidiary of Damansara Assets Sdn. Bhd., which in turn is a wholly-owned subsidiary of JCorp.

Directors of Al-`Aqar

Name	Position
Datuk Hashim bin Wahir	Chairman, Independent Non-Executive Director
Abdullah bin Abu Samah	Independent Non-Executive Director
Lailatul Azma binti Abdullah	Independent Non-Executive Director
Shamsul Anuar bin Abdul Majid	Non-Independent Non-Executive Director
Datuk Sr Akmal bin Ahmad	Non-Independent Non-Executive Director
Dato' Mohammed Ridha bin Dato' Haji Abd Kadir	Non-Independent Non-Executive Director
Goh Tian Sui	Independent Non-Executive Director
Datin Ungku Suseelawati binti Ungku Omar	Independent Non-Executive Director

Substantial unitholders of Al-`Aqar

As at the LPD, the substantial unitholders of Al-`Aqar are as follows:-

	Unit holdings			
	Direct		Indirect	
Name	No. of Units		No. of Units	
	('000)	%	('000)	%
JCorp	-	-	323,001	[i]38.5
KPJ	28,259	3.4	261,316	[ii]31.1
Lembaga Tabung Haji	122,718	14.6	-	-
Employees Provident Fund	107,412	12.8	-	-
Kumpulan Wang Persaraan (Diperbadankan)	65,296	7.8	-	-
Pusat Pakar Tawakal Sdn Bhd	54,649	6.5	-	-
AmanahRaya Trustees Berhad	46,000	5.5	-	-

Notes:-

(i) Deemed Interested by virtue of interest in KPJ and Johor Ventures Sdn. Bhd. under Section 8 of the Act.

(ii) Deemed Interested by virtue of interest as several unitholders of Al-`Aqar are part of the KPJ Group as follows:-

- *(a) Pusat Pakar Tawakal Sdn. Bhd.*
- *(b) Bandar Baru Klang Specialist Hospital Sdn. Bhd.*
- *(c) Selangor Specialist Hospital Sdn. Bhd.*
- *(d) Seremban Specialist Hospital Sdn. Bhd.*
- *(e) Ampang Puteri Specialist Hospital Sdn. Bhd.*
- *(f) Ipoh Specialist Hospital Sdn. Bhd.*
- *(g) Sentosa Medical Centre Sdn. Bhd.*
- *(h) Johor Specialist Hospital Sdn. Bhd.*
- *(i) Puteri Specialist Hospital (Johor) Sdn. Bhd.*
- *(j) Perdana Specialist Hospital Sdn. Bhd.*
- *(k) Kuantan Specialist Hospital Sdn. Bhd.*
- *(l) Kajang Specialist Hospital Sdn. Bhd.*
- *(m) Jeta Gardens (Qld) Pty Ltd*
- *(n) Kota Kinabalu Wellness Sdn. Bhd.*
- *(o) Taiping Medical Centre Sdn. Bhd.*

For more information on Al-`Aqar, please refer to http://www.alaqar.com.my.

7. INFORMATION ON THE VENDOR / LEASEBACK LESSEE / LEASE RENEWAL LESSEE

Information on APSHSB

APSHSB, an indirect wholly-owned subsidiary of KPJ, is a company incorporated in Malaysia under the Act on 25 February 1984 as a private company limited by shares. The principal activity of APSHSB is to establish and operate a specialist medical centre. As at the LPD, the issued share capital of APSHSB is RM30,100,000, comprising 30,000,000 ordinary shares and 100,000 preference shares.

As at the LPD, the directors of APSHSB are Dato' Dr. Abd Wahab bin Abd Ghani, Dato' Mohamad Farid bin Salim and Hoo Ling Lee.

Information on PSHSB

PSHSB, an indirect wholly-owned subsidiary of KPJ, is a company incorporated in Malaysia under the Act on 29 July 2005 as a private company limited by shares. The principal activity of PSHSB is operating a private hospital and providing ancillary healthcare services. As at the LPD, the issued share capital of PSHSB is RM20,000,000, comprising 20,000,000 ordinary shares.

As at the LPD, the directors of PSHSB are Dato' Mohamad Farid bin Salim, Zabidi bin Hj Abdul Razak and Wan Najmi bin Wan Daud.

Information on MSHSB

MSHSB, an indirect wholly-owned subsidiary of KPJ, is a company incorporated in Malaysia under the Act on 18 November 1995 as a private company limited by shares. The principal activity of MSHSB is the operation of a specialist medical centre. As at the LPD, the issued share capital of MSHSB is RM55,000,000, comprising 55,000,000 ordinary shares.

As at the LPD, the directors of MSHSB are Mohd Azhar bin Abdullah, Nor Aidil Ikram bin Muhamad, Mohamed Ahsan bin Mohamed Ismail, Mohamad Sofian bin Ismail, Dato' Mohamad Farid bin Salim, Muhamad Amin bin Othman and Maisarah binti Omar.

Information on KPJUSB

KPJUSB, an indirect wholly-owned subsidiary of KPJ, is a company incorporated in Malaysia under the Act on 9 December 1992 as a private company limited by shares. The principal activity of KPJUSB is operating a private university college of nursing and allied health. As at the LPD, the issued share capital of KPJUSB is RM60,879,438 comprising 60,879,438 ordinary shares.

As at the LPD, the directors of KPJUSB are Professor Emeritus Dato' Dr. Azizi bin Haji Omar, Associate Professor (C) Dato' Dr. Azlin bin Azizan, Dr. Nik Fawaz bin Nik Abdul Aziz, Dato' Mohd Redza Shah bin Abdul Wahid, Datuk Syed Mohamed bin Syed Ibrahim, Khairuddin bin Jaflus, Professor Datuk Dr. Zulkifli bin Ismail, Professor Dr. Fauziah binti Sh Ahmad, Associate Professor (C) Dr. Mohd Daud bin Sulaiman and Chin Keat Chyuan.

8. RATIONALE AND BENEFITS OF THE PROPOSALS

The Proposed Sale will enable our Group to unlock the value of the Disposal Properties at an opportune time, given that there is no upside potential in land value appreciation as the land is owned by Al-`Aqar and the building value will continue to depreciate. Concurrently, the Proposed Leaseback provides our Group with certainty that the on-going business operations of our Group will remain uninterrupted. The cash proceeds from the Proposed Sale would be utilised for the purpose as detailed in Section 2.5 of Part A of this Circular.

Additionally, the Proposed Sale and Leaseback will allow our Group to dispose of the Disposal Properties to Al-`Aqar, on whose land the Disposal Properties are currently erected on. This will align the ownership of the buildings with that of the underlying land, under our associate, Al-`Aqar.

As part of our capital management strategy, our Group recognises the importance of monetising and unlocking value from its assets. The cash proceeds from the Proposed Sale will allow our Group to pare down existing borrowings, thereby, reducing the gearing ratio of our Group (as set out in Section 10.2 of Part A of this Circular), and provide our Group with more debt headroom to gear up in the future to support our Group's future growth initiatives.

The Proposed Lease Renewal will ensure that there are no disruptions to the ongoing operations of our Group, and our Lease Renewal Subsidiaries are able to continue operating at their existing locations.

9. RISKS RELATING TO THE PROPOSALS

9.1 Non-completion of the Proposed Sale and Leaseback

The Proposed Sale and Leaseback is conditional upon the fulfilment of the conditions precedent as set out in **Appendix I** and **II** of this Circular. Whilst our Company endeavours to take all reasonable steps to facilitate the fulfilment of the conditions precedent and terms pursuant to the SPAs and Lease Agreements for Proposed Leaseback, there is no assurance that the conditions precedent can be completed within the stipulated time in the SPAs and in the event of non-fulfilment of the conditions precedent within the stipulated time period, the relevant SPAs may be terminated.

9.2 Non-renewal of the leases

The non-renewal of the lease of the Lease Renewal Properties will result in our Lease Renewal Subsidiaries not being able to continue its ongoing operations at the Lease Renewal Properties and may have an impact on the long-term sustainability of our Company's business. In such event, our Group would use our best endeavours to identify other properties to carry out our operations. However, as the properties must be purpose-built hospitals, there can be no assurance that our Group would be able to identify suitable properties to continue our operations and that such relocation would not have a material adverse impact on the financial performance and position of our Group.

Save for the above completion risk, our Board is not aware of any risk factors arising from the Proposals which could materially or adversely affect the financial and operating conditions of our Company.

10. EFFECTS OF THE PROPOSALS

10.1 Share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the share capital as well as substantial shareholders' shareholdings in our Company, as they do not involve the issuance of KPJ Shares.

10.2 NA, NA per Share and gearing

For illustration purposes, based on the audited consolidated financial statements of our Company for the FY 31 December 2024 and assuming that the Proposals had been effected on the last day of the financial year, the financial impact to the NA and NA per share and gearing of our Company for FY 31 December 2024 are as follows:-

	Audited as at 31 December 2024	**After the Proposed Sale and Leaseback**	**After the Proposed Lease Renewal**
	RM'000	**RM'000**	**RM'000**
Share Capital	999,190	999,190	999,190
Less: Treasury Shares	(155,310)	(155,310)	(155,310)
Reserves	1,692,781	(i)1,688,140	(ii)1,688,020
NA attributable to shareholders	2,536,661	2,532,020	2,531,900
Non-controlling interests	200,937	200,937	200,937
Total equity	**2,737,598**	**2,732,957**	**2,732,837**
No of KPJ Shares ('000)	4,364,301	4,364,301	4,364,301
NA per KPJ Share (RM)	0.58	0.58	0.58
Total borrowings(iii)	1,676,258	(iv)1,576,258	1,576,258
Gearing (times)	0.66	0.62	0.62

Notes:-

(i) After taking into consideration the loss on sale of the Disposal Properties of RM2.6 million, and after deducting the estimated expenses for the Proposed Sale and Leaseback of RM2.0 million.
(ii) After deducting the stamp duty for the Proposed Lease Renewal of RM0.1 million.
(iii) Excluding lease liabilities.
(iv) After repayment of the banking facility amounting to RM100.0 million from the proceeds of the Proposed Sale.

10.3 Earnings and EPS

For illustration purposes, based on the audited consolidated financial statements of our Company for FY 31 December 2024, assuming the Proposals were completed at the beginning of the financial year, the financial effects of the Proposals on the earnings and EPS of our Company are as follows:-

Proforma Effects	**RM'000**
Audited profit attributable to the owners of our Company	353,817
Proposed Sale and Leaseback	
Add: Savings on interest for repayment of bank borrowing[(i)]	4,108
(Less): Loss on sale of Disposal Properties[(ii)]	(2,641)
Add: Existing depreciation on the buildings to be disposed of	4,897
Add: Expenses that will be borne by Al-`Aqar instead of KPJ upon commencement of the lease	772
(Less): Tax impact	(2,502)
(Less): Additional depreciation and finance charge (MFRS 16 - lease impact)	(23,453)
Pro forma profit after Proposed Sale and Leaseback	**334,998**
Proposed Lease Renewal	
(Less): Tax impact	(2,431)
(Less): Additional depreciation and finance charge (MFRS 16 - lease impact)	(14,665)
Pro forma profit after Proposed Lease Renewal	**317,902**
(Less): Estimated expenses in relation to the Proposals[(iii)]	(2,120)
Pro forma profit after the Proposals	**315,782**
Existing basic EPS (sen)[(iv)]	8.11
Proforma basic EPS (sen)[(iv)]	7.24

Notes:-

(i) The early repayment of a banking facility amounting to RM100.0 million at a profit rate as at LPD ranging from 4.00% to 4.54% per annum;
(ii) After taking into consideration the impact of the Proposed Leaseback as follows:-

	RM'000
APSH New Building	
Market value of APSH New Building	*131,000*
(Less): Net book value as at 27 March 2025	*(119,827)*
	11,173
(Times): Proportion of property, plant and equipment that relates to the rights transferred[(a)]	*(17.40%)*
Loss on sale of APSH New Building	***(1,944)***
PSH New Building	
Market value of PSH New Building	*110,000*
(Less): Net book value as at 27 March 2025	*(107,636)*
	2,364
(Times): Proportion of property, plant and equipment that relates to the rights transferred[(a)]	*(29.50%)*
Loss on sale of APSH New Building	***(697)***
Total loss on sale of Disposal Properties	***(2,641)***

Note:-

(a) Based on the present value of monthly lease payments discounted at 4.54% (based on KPJ Group's Sukuk rate) divided by the market value of the Disposal Properties.

(iii) The estimated expenses include, amongst others, expenses relating to fees for solicitor, Independent Valuer and principal adviser as well as stamp duty; and

(iv) Based on the weighted average number of ordinary shares in issue of 4.36 billion.

11. APPROVALS REQUIRED

The Proposals are subject to the following approvals:-

(i) the approval of the shareholders of our Company at an EGM to be convened for the Proposals and, in the event such approval is given conditionally, the satisfaction of all such conditions to the said approval;

(ii) the approval of the unitholders of Al-`Aqar at its EGM to be convened for the Proposals; and

(iii) all such other consents and regulatory and/or governmental approvals required to be obtained by our Subject Subsidiaries, our Lease Renewal Subsidiaries and/or our Company and the Trustee, on behalf of Al-`Aqar in order to effect the completion of the Proposals, as the case may be, as follows:-

  (a) approval/consent from the existing financiers, creditors or lender of Al-`Aqar;

  (b) notification by our Vendors to the Ministry of Health on the change of ownership of the Disposal Properties; and

  (c) the Certificate of Completion and Compliance of the Disposal Properties have been duly obtained by our respective Vendors in the Proposed Sale.

The Proposed Sale and Leaseback is not conditional upon the completion of the Proposed Lease Renewal, and vice versa. For the avoidance of doubt, in the event that the Proposed Sale and Leaseback is not approved, the Proposed Lease Renewal shall nonetheless proceed, and vice versa. In addition, the four (4) separate Lease Agreements for Proposed Lease Renewal are not inter-conditional among each other.

The completion of the Proposals is not conditional upon any other proposals undertaken or to be undertaken by our Company.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND PERSONS CONNECTED

Save as disclosed below, none of the Directors, Major Shareholder of our Company and/or persons connected to them has any interest, either direct or indirect, in the Proposals.

12.1 Interested Directors

The Directors who are deemed interested in the Proposals are as follows:-

(i) Tan Sri Dato' Sri Dr. Ismail bin Haji Bakar, the Non-Independent Non-Executive Chairman of KPJ, is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ who is also a Deputy Chairman of JCorp;

(ii) Dato' Mohd Redza Shah bin Abdul Wahid, the Senior Independent Non-Executive Director of KPJ, was formerly an Independent Non-Executive Chairman of JLGRM, the manager of Al-`Aqar, who had resigned as the Independent Non-Executive Chairman of JLGRM on 31 December 2024;

(iii) Shamsul Anuar bin Abdul Majid, the Non-Independent Non-Executive Director of KPJ, is also a Non-Independent Non-Executive Director of JLGRM and is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ who is also a Chief Investment Officer of JCorp;

(iv) Rozaini bin Mohd Sani, the Non-Independent Non-Executive Director of KPJ, is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ who is also a Chief Financial Officer of JCorp;

(v) Nina Sapura binti Rahmat is an Alternate Director to Shamsul Anuar bin Abdul Majid. She is a General Manager in the Portfolio Management Department of JCorp and also a Director of Damansara Assets Sdn. Bhd.;

(vi) Siti Hajar binti Marhani is an Alternate Director to Rozaini bin Mohd Sani. She is a General Manager in the Corporate Finance & Treasury and Financial Operations of JCorp; and

(vii) Mohamed Ridza bin Mohamed Abdulla, the former Independent Non-Executive Director of KPJ, who had resigned on 18 February 2025, is also the Managing Partner of Mohamed Ridza & Co., where the firm is acting as the legal counsel for Al-`Aqar in relation to the Proposals.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and decisions at the respective Board Committee and Board meetings relating to the Proposals. The Interested Directors will also abstain from voting in respect of their direct and indirect shareholdings in our Company on any resolution in relation to the Proposals at the forthcoming EGM of our Company and shall undertake to ensure that persons connected to them shall abstain from voting in respect of their direct and/or indirect interests on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of our Company.

As at the LPD, save as disclosed below, none of the other Interested Directors have any shareholdings in our Company:-

	Direct		**Indirect**	
	No. of Shares	**%**	**No. of Shares**	**%**
	'000		**'000**	
Nina Sapura binti Rahmat	2	(i)	-	-

Note:-

(i) Negligible

12.2 Interested Major Shareholder

The direct and indirect shareholdings of the Major Shareholder in our Company, who is deemed interested in the Proposals as at the LPD, are as follows:-

	Direct		**Indirect**	
	No. of Shares	**%**	**No. of Shares**	**%**
	'000		**'000**	
JCorp	1,565,053	35.86	398,622	(i)9.13

Note:-

(ii) Deemed interested by virtue of its shareholdings in Kulim (Malaysia) Berhad, JCorp Capital Solutions Sdn. Bhd., Johor Land Berhad and Waqaf An-Nur Corporation Berhad pursuant to Section 8(4) of the Act.

JLGRM is a wholly-owned subsidiary of Damansara Assets Sdn. Bhd., which in turn is a wholly-owned subsidiary of JCorp. As such, JCorp is deemed interested in the Proposals.

Accordingly, JCorp shall abstain from voting in respect of its direct and indirect shareholdings in our Company on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. In addition, JCorp will ensure that persons connected to JCorp, if any, abstain from voting in respect of their direct and indirect shareholdings in our Company on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

The Interested Directors and Interested Major Shareholder are collectively referred to as "**Interested Parties**".

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of our Company (save for Dato' Mohd Redza Shah bin Abdul Wahid and Rozaini bin Mohd Sani), after having considered all aspects of the Proposals, including the rationale and financial effects of the Proposals, valuation of the Disposal Properties and Lease Renewal Properties as ascribed by the Independent Valuer as well as the views of the Independent Adviser for the Proposals, is of the opinion that the Proposals are fair, reasonable and on normal commercial terms, in the best interests of our Company and not detrimental to the interest of the minority shareholders.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, save for the Interested Directors, after having considered all aspects of the Proposals, including the rationale and financial effects of the Proposals, valuation of the Disposal Properties and Lease Renewal Properties as ascribed by the Independent Valuer as well as the views of the Independent Adviser for the Proposals, is of the opinion that the Proposals are in the best interests of our Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders.

Accordingly, our Board (save for the Interested Directors) recommends that you vote **IN FAVOUR OF** the resolutions pertaining to the Proposals to be tabled at our Company's forthcoming EGM.

15. TRANSACTION ENTERED INTO WITH JCORP AND ITS SUBSIDIARIES FOR THE PRECEDING TWELVE (12) MONTHS

Save for the Proposals and the following, there were no other transactions (excluding transactions in the ordinary course of business) entered into between our Company and Al-`Aqar for the preceding twelve (12) months from the date of this Circular:-

(i) On 6 September 2024, our Company announced that MSHSB, an indirect wholly-owned subsidiary of our Company, had on 6 September 2024 issued a letter of acceptance to Tg. Langsat Development Sdn. Bhd., a 100% owned subsidiary of TPM Technopark Sdn. Bhd., which in turn is an indirect subsidiary of JCorp, for the renovation works at levels 1, 2, 3, 6L and 7L at KPJ Bandar Maharani Specialist Hospital for a contract sum of RM13.17 million. The renovation works are expected to be completed in February 2026.

(ii) On 10 June 2024, our Company announced that Bandar Dato Onn Specialist Hospital Sdn. Bhd., an indirect wholly-owned subsidiary of our Company, had on 10 June 2024 issued a letter of acceptance to Tg. Langsat Development Sdn. Bhd., a 100% owned subsidiary of TPM Technopark Sdn. Bhd., which in turn is an indirect subsidiary of JCorp, for the renovation of floors 8 and 9 at KPJ Bandar Dato' Onn Specialist Hospital for a contract sum of RM18.3 million. The renovation works has been completed on 29 December 2024.

16. PERCENTAGE RATIO

The highest percentage ratio applicable for the Proposals pursuant to Paragraph 10.02(g) of the Listing Requirements is 29.95% (including the percentage ratio of the renovation works for KPJ Bandar Maharani Specialist Hospital announced on 6 September 2024 of 0.55% and renovation of KPJ Bandar Dato' Onn Specialist Hospital announced on 10 June 2024 of 0.77%).

17. INDEPENDENT ADVISERS

The Proposals are deemed as related party transactions pursuant to the Listing Requirements. In view of the interest of the Interested Parties in the Proposals, our Board has appointed BDOCC on 2 August 2024 and 20 September 2024 as the Independent Adviser to undertake the following:-

(i) comment as to whether the Proposals are:-

  (a) fair and reasonable so far as the non-interested shareholders of KPJ are concerned; and

  (b) to the detriment of the non-interested shareholders of KPJ, and set out the reasons for such opinion, the key assumptions made and the factors taken into consideration in forming that opinion;

(ii) advise the non-interested Directors and the non-interested shareholders of KPJ on the Proposals, and whether the non-interested shareholders of KPJ should vote in favour of the Proposals; and

(iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

Please refer to the IAL as set out in Part B of this Circular.

18. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at the LPD, our Board is not aware of any outstanding corporate exercise which has been announced by our Company but is pending completion prior to the printing of this Circular.

19. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSALS

Barring any unforeseen circumstances, subject to the required shareholders' approvals being obtained, the Proposals are expected to be completed by the end of the 2nd quarter of 2025, and the Lease Agreements for Proposed Leaseback and Lease Agreements for Proposed Lease Renewal shall commence upon the completion of the SPAs.

The estimated timeframe for the Proposals is as follows:-

Date	Events
26 June 2025	- EGM to approve the Proposals
2nd half of 2025	- Completion of the Proposals - Commencement of the lease under the Lease Agreements for Proposed Leaseback and Lease Agreements for Proposed Lease Renewal

20. EGM

The EGM of KPJ is scheduled to be held at Level 8A, Menara KPJ, 238, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia on Thursday, 26 June 2025 at 12:30 p.m. or immediately after the conclusion of the 32nd AGM of KPJ scheduled to be held at the same venue and on the same day at 10:00 a.m., whichever is later, or at any adjournment thereof. The Notice of the EGM together with the Proxy Form are enclosed in this Circular and are available for download from our Company's website at https://kpj.listedcompany.com/egm.html.

As a shareholder, you are entitled to appoint a proxy or proxies to attend and vote on your behalf at the EGM. If you wish to do so, kindly complete and deposit your Proxy Form at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, drop it into the Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, at least forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Alternatively, the Proxy Form may also be lodged electronically via the TIIH online website at https://tiih.online at least forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Kindly refer to the Administrative Guide for further details on the electronic submission of the Proxy Form.

21. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of
KPJ HEALTHCARE BERHAD

HISHAM BIN ZAINAL MOKHTAR
Independent Non-Executive Director

PART B

INDEPENDENT ADVICE LETTER FROM BDOCC TO THE NON-INTERESTED SHAREHOLDERS OF KPJ IN RELATION TO THE PROPOSALS

EXECUTIVE SUMMARY

Definitions or defined terms used in this executive summary shall have the same meanings as defined in the "Definitions" section of the Circular except where the context requires otherwise or as otherwise defined.

All references to "we", "us" and "our" in this executive summary are ascribed to BDOCC, being the Independent Adviser for the Proposals.

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. THE SHAREHOLDERS OF KPJ ARE ADVISED TO READ AND UNDERSTAND THIS IAL IN ITS ENTIRETY, TOGETHER WITH PART A OF THE CIRCULAR AND THE APPENDICES THERETO FOR ANY OTHER RELEVANT INFORMATION, AND ARE NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE PROPOSALS. YOU ARE ALSO ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS RELATING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

1. INTRODUCTION

On 27 March 2025, on behalf of the Board, AmInvestment Bank announced that the Subject Subsidiaries (as listed in **Section 2.1 of Part A of the Circular**) entered into two (2) separate conditional SPAs with ART, being the trustee for Al-`Aqar for the sale of the Disposal Properties to Al-`Aqar for a total consideration of RM241.00 million.

As a condition to the Proposed Sale, each of the Subject Subsidiary will enter into a lease agreement with the Trustee (acting on behalf of Al-`Aqar), and JLGRM, being the manager of Al-`Aqar, for the lease of the Disposal Properties (as detailed in **Section 2.2 of Part A of the Circular**) back to the respective Subject Subsidiaries upon the terms and conditions of the Lease Agreement for Proposed Leaseback. For information, each of the Subject Subsidiaries, the Trustee (acting on behalf of Al-`Aqar), and JLGRM had on 27 March 2025 executed the Lease Agreements for Proposed Leaseback in escrow, and agreed that the Lease Agreements for Proposed Leaseback are to be dated upon the completion of the SPAs.

The Proposed Sale and Proposed Leaseback are inter-conditional and are collectively referred to as "**Proposed Sale and Leaseback**".

The Lease Renewal Subsidiaries (as listed in **Section 4.1 of Part A of the Circular**) has also executed four (4) separate lease renewal agreements with the Lessor and JLGRM in escrow, to renew the lease of the Lease Renewal Properties (as detailed in **Section 4.2 of Part A of the Circular**) upon the terms and conditions agreed between the aforesaid parties.

The Proposals are related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interest of the Directors and the Major Shareholders of KPJ as detailed in **Section 12 of Part A of the Circular**. Accordingly, in compliance with Paragraph 10.08(2)(c) of the Listing Requirements, BDOCC has been appointed to act as the Independent Adviser for the Proposals to advise the non-interested Directors and non-interested shareholders of KPJ on the fairness and reasonableness of the Proposals, and whether the Proposals are detrimental to the non-interested shareholders of KPJ.

The purpose of this IAL is to provide the non-interested shareholders of KPJ with an independent evaluation on the fairness and reasonableness of the Proposals, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.

2. EVALUATION OF THE PROPOSALS

In evaluating the Proposals, we have taken into consideration the following:-

Section in this IAL	Area of evaluation	Our Evaluation
Section 7	Rationale and benefits of the Proposals	Proposed Sale and Leaseback We noted that KPJ Group intends to utilise RM100.00 million of the cash proceeds for partial early repayment of banking facilities. The savings on interest (i.e. finance cost from Islamic financing) is expected to be RM4.11 million a year based on profit rate as at LPD ranging from 4.00% to 4.54% per annum. Based on the audited consolidated financial statements of KPJ for FY 2024, the proforma gearing of KPJ Group is expected to reduce from 0.66 times to 0.62 times after the repayment of bank facilities. We also noted that KPJ Group intends to utilise RM139.00 million of the cash proceeds for KPJ Group's working capital requirements. The working capital requirement will be utilised for the payment of operating and administrative expenses, which include, but are not limited to rental, payment and utilities. **Premised on the above, we are of the view that the rationale and benefits of the Proposed Sale and Leaseback is reasonable and not detrimental to the non-interested shareholders of KPJ.** Proposed Lease Renewal We noted that the Proposed Lease Renewal will ensure that there are no disruptions to the ongoing operations of KPJ Group, and its Lease Renewal Subsidiaries are able to continue operating at their existing locations. **Premised on the above, we are of the view that the rationale and benefits of the Proposed Lease Renewal is reasonable and not detrimental to the non-interested shareholders of KPJ.**
Section 8	Basis and justifications for the Sale Consideration	The Sale Consideration for the Proposed Sale was arrived at on a "willing buyer-willing seller" basis after taking into consideration the market value of the Disposal Properties amounting to RM241.00 million as ascribed by Cheston, vide the valuation report dated 25 March 2025. As such, in evaluating the Sale Consideration, we have relied on the information in the valuation reports and valuation certificates of the Disposal Properties. Premised on the foregoing, we are of the view that:- (i) the adoption of the DRC method as the sole valuation methodology for the valuation of APSH New Building is **reasonable** and that the market value of APSH New Building of RM131.00 million as ascribed by Cheston is **fair**; and (ii) the adoption of the DRC method as the sole valuation methodology for the valuation of PSH New Building is **reasonable** and that the market value of PSH New Building of RM110.00 million as ascribed by Cheston is **fair**.

Section in this IAL	Area of evaluation	Our Evaluation
		The Sale Consideration for both APSH New Building and PSH New Building are equivalent to the respective market values as ascribed by Cheston. As such, we are of the view that the Sale Consideration of the Disposal Properties are fair.
Section 9	Basis and justification for the rental rate for the Proposals	First rental term The rental for the first year of the first rental term is calculated by multiplying the rental rate of 6.25% with the market value of the Disposal Properties and Lease Renewal Properties. We noted that the rental rate of 6.25% per annum was arrived at after taking into consideration, amongst others, the following:- (i) the net property yields of commercial properties acquired by Malaysian real estate investment trusts listed on Bursa Securities, which ranges from 2.08% to 8.64% between 2022 and 2023; and (ii) the fair net rental yields of the Disposal Properties and Lease Renewal Properties, as ascribed by Cheston, which ranges between 5.50% to 6.50%. We noted the estimated net rental yield for the Disposal Properties (5.93%) and the estimated net rental yield for the Lease Renewal Properties (5.85%), after deducting direct expenses such as assessment, takaful, maintenance, and quit rent (borne by Al-`Aqar), are both within the fair net rental yields range of 5.50% to 6.50% as ascribed by Cheston. **Premised on the foregoing, we are of the view that the rental rate of 6.25% for Year 1 for both the Disposal Properties and Lease Renewal Properties is fair.** In addition, we noted that the annual incremental increase of 2.00% was determined after taking into consideration the 10-year average inflation rate of Malaysia of approximately 2.20%. **Premised on the foregoing, we are of the view that the annual rent incremental increase of 2.00% for the 2nd and 3rd year of the first rental term is fair.** Succeeding rental term The succeeding rents shall be based on the Open Market Value of the respective properties at the point of review while also limiting the potential incremental increase to 2.00% of the rent of the preceding year. **Whilst the Open Market Value of the respective properties may be varied subject to mutual agreement by KPJ, ART and JLGRM, we are of the view that using the Open Market Value in calculating the rent payable is reasonable and not detrimental to KPJ and its non-interested shareholders as the maximum increase in rent payable for the 1st year of every succeeding rental term is capped at 2.00% of the rent for the preceding year. We are also of the view that a 2.00% incremental increase to rent payable is fair. As such, we are of the view that the rent review formula is fair.**

Section in this IAL	**Area of evaluation**	**Our Evaluation**
Section 10	Evaluation of the salient terms of the SPAs	Based on our evaluation, we are of the view that the salient terms of the respective SPAs are **reasonable**.
Section 11	Evaluation of the salient terms of the Lease Agreements	Based on our evaluation, we are of the view that the salient terms of the respective Lease Agreements for the Proposed Leaseback and Lease Agreements for the Proposed Lease Renewal are **reasonable.**
Section 12	Effects of the Proposals	We noted that the Proposals will not have any effect on share capital as well as substantial shareholders' shareholdings in KPJ as they do not involve issuance of shares in KPJ. The Proposals have no material impact on KPJ Group's consolidated NA and NA per share. We noted that the proforma gearing of KPJ Group will decrease from 0.66 times to 0.62 times due to the repayment of banking facility. We also noted that the existing basic EPS of KPJ Group will decrease from of 8.11 sen to 7.24 sen largely due to the additional depreciation and finance charges arising from the MFRS 16 from both the Proposed Leaseback and Proposed Lease Renewal. **Premised on the above, the overall effect from the Proposals is reasonable and not detrimental to the interests of the non-interested shareholders of KPJ.**
Section 14	Risks relating to the Proposals	In considering the Proposals, the non-interested shareholders of KPJ are advised to give careful consideration to the following risk factor:- (i) Non-completion of the Proposed Sale and Leaseback (ii) Non-renewal of the leases We take note of the highlighted risk factors in the Proposals. While we noted that measures would be taken by KPJ Group to mitigate such risk associated with the Proposals, no assurance can be given that the risk factors will not occur and give rise to material adverse impact on the financial, business and operation of KPJ Group. In evaluating the Proposals, non-interested shareholders of KPJ Group should carefully consider the said risk factors and their respective mitigating factors prior to voting on the ordinary resolutions pertaining to the Proposals at the forthcoming EGM. Non-interested shareholders of KPJ Group should also note that the risk factors mentioned are not meant to be exhaustive.

3. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors as set out in this IAL. Based on this, BDOCC views that the Proposals are **fair** and **reasonable** and is **not detrimental** to the non-interested shareholders of KPJ.

Accordingly, we advise and recommend that the non-interested shareholders **vote in favour** of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

BDO

4 June 2025

To: The non-interested shareholders of KPJ Healthcare Berhad

Dear Sir / Madam,

KPJ HEALTHCARE BERHAD ("KPJ" OR THE "COMPANY")

INDEPENDENT ADVICE LETTER ("IAL") TO THE NON-INTERESTED SHAREHOLDERS OF KPJ IN RELATION TO THE PROPOSALS

1. INTRODUCTION

On 27 March 2025, on behalf of the Board, AmInvestment Bank announced that the Subject Subsidiaries (as listed in **Section 2.1 of Part A of the Circular**) entered into two (2) separate conditional SPAs with ART, being the trustee for Al-`Aqar for the sale of the Disposal Properties to Al-`Aqar for a total consideration of RM241.00 million.

As a condition to the Proposed Sale, each of the Subject Subsidiary will enter into a lease agreement with the Trustee (acting on behalf of Al-`Aqar), and JLGRM, being the manager of Al-`Aqar, for the lease of the Disposal Properties (as detailed in **Section 2.2 of Part A of the Circular**) back to the respective Subject Subsidiaries upon the terms and conditions of the Lease Agreement for Proposed Leaseback. For information, each of the Subject Subsidiaries, the Trustee (acting on behalf of Al-`Aqar), and JLGRM had on 27 March 2025 executed the Lease Agreements for Proposed Leaseback in escrow, and agreed that the Lease Agreements for Proposed Leaseback are to be dated upon the completion of the SPAs.

The Proposed Sale and Proposed Leaseback are inter-conditional and are collectively referred to as "**Proposed Sale and Leaseback**".

The Lease Renewal Subsidiaries (as listed in **Section 4.1 of Part A of the Circular**) has also executed four (4) separate lease renewal agreements with the Lessor and JLGRM in escrow, to renew the lease of the Lease Renewal Properties (as detailed in **Section 4.2 of Part A of the Circular**) upon the terms and conditions agreed between the aforesaid parties.

The Proposals are related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interest of the Directors and the Major Shareholders of KPJ as detailed in **Section 12 of Part A of the Circular**. Accordingly, in compliance with Paragraph 10.08(2)(c) of the Listing Requirements, BDOCC has been appointed on 2 August 2024 and 20 September 2024 to act as the Independent Adviser for the Proposed Sale and Leaseback and the Proposed Lease Renewal, respectively, to advise the non-interested Directors and non-interested shareholders of KPJ on the fairness and reasonableness of the Proposals, and whether the Proposals are detrimental to the non-interested shareholders of KPJ.

The purpose of this IAL is to provide the non-interested shareholders of KPJ with an independent evaluation on the fairness and reasonableness of the Proposals, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.

NON-INTERESTED SHAREHOLDERS OF KPJ ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR, TOGETHER WITH THE ACCOMPANYING APPENDICES, AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

The Proposals is deemed to be a related party transaction pursuant to the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholder as set out in **Section 12 of Part A of the Circular**.

3. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSALS

BDOCC was not involved in the formulation of the Proposals and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposals. BDOCC's terms of reference as an Independent Adviser are limited to expressing an independent evaluation of the Proposals based on the information provided to us or made available to us, including but not limited to the following:-

(i) The information contained in **Part A of the Circular** and the appendices attached thereto;

(ii) Sale and purchase agreements dated 27 March 2025 executed between the Trustee (as the Purchaser for and on behalf of Al-`Aqar in its capacity as the Trustee) and the Subject Subsidiaries (as the Vendors) for the sale and purchase of the Disposal Properties;

(iii) The Lease Agreements for the Proposed Leaseback executed in escrow between ART, the respective Disposal Subsidiaries and JLGRM for the lease of the Disposal Properties;

(iv) The Lease Agreements for the Proposed Lease Renewal executed in escrow between ART, the respective Lease Renewal Subsidiaries and JLGRM for the lease renewal of the Lease Renewal Properties;

(v) Valuation reports and valuation certificates dated 25 March 2025 by Cheston in relation to the valuation of the Disposal Properties;

(vi) Valuation reports and valuation certificates dated 25 March 2025 by Cheston in relation to the valuation of the Lease Renewal Properties;

(vii) Other relevant information, documents, confirmations and representations furnished to us by the Board and management of KPJ; and

(viii) Other publicly available information which we deemed to be relevant for our evaluation.

We have made such reasonable enquiries to the Board and management of KPJ and have relied upon the information and/or documents as mentioned above as well as the relevant facts and information and/or representations necessary for our evaluation of the Proposals that have been disclosed to us, and that such information is accurate, valid and there is no omission of material facts which would make any information provided to us to be incomplete, misleading or inaccurate. We have also cross-checked the information and/or documents provided, where possible, against available supporting documents and publicly available information such as consumer price index report issued by the Department of Statistics Malaysia and the Economic Outlook 2025 issued by the Ministry of Finance Malaysia. However, we express no opinion on any such information and have not undertaken any independent investigation into the business and affairs of KPJ and all relevant parties involved in the Proposals. Based on the above, we are satisfied with the information and documents provided by KPJ and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. After making all reasonable enquiries and to the best of our knowledge and belief, the information used is reasonable, accurate, complete and free from material omission.

In rendering our advice, BDOCC had taken note of pertinent issues, which we believe are necessary and important to an assessment of the implications of the Proposals and therefore of general concern to the non-interested shareholders of KPJ. As such:-

(i) The scope of BDOCC's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the terms and conditions of the Proposals as well as other implications of the Proposals only. Comments or points of consideration which may be commercially oriented such as the rationale of the Proposals are included in our overall evaluation as we deem necessary for disclosure purposes to enable the non-interested shareholders of KPJ to consider and form their views thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposals;

(ii) BDOCC's views and advice as contained in this IAL only cater to the non-interested shareholders of KPJ at large and not to any shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual shareholder or any specific group of shareholders; and

(iii) We recommend that any individual shareholder or group of shareholders of KPJ who are in doubt as to the action to be taken or require advice in relation to the Proposals in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, shall consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions and the information and/or documents made available to us as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account the information, events and conditions arising after the LPD.

The Board has seen and approved the contents of this IAL. They collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this IAL (save for the assessment, evaluation and opinion of BDOCC) and confirm that, after making all enquiries as were reasonable in the circumstances 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 information in this IAL false or misleading.

The responsibility of the Board in respect of the independent advice and expression of opinion by BDOCC in relation to the Proposals as set out in **Section 1, Appendix IV of the Circular**, is to ensure that accurate information in relation to KPJ was provided to BDOCC for its evaluation of the Proposals and to ensure that all information in relation to KPJ that is relevant to BDOCC's evaluation of the Proposals have been completely disclosed to BDOCC and that there is no omission of material facts which would make any information provided to BDOCC false or misleading.

We shall notify the shareholders of KPJ if, after the despatch of this IAL, we become aware of the following:-

(i) significant change affecting the information contained in this IAL;

(ii) there is a reasonable ground to believe that the statements in this IAL are misleading / deceptive; and

(iii) there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the shareholders of KPJ.

4. DECLARATION OF CONFLICT OF INTEREST

BDOCC confirms that it is not aware of any existing conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of BDOCC's appointment as the Independent Adviser in respect of the Proposals.

Save as disclosed below and BDOCC's current appointment as the Independent Adviser for the Proposals, BDOCC did not have any other professional relationship with KPJ at any time during the past 2 years prior to the date of this IAL:-

(i) Appointment as the independent adviser on 19 April 2023 in relation to the proposed lease renewal of 4 real property assets involving subsidiaries of KPJ, namely Kajang Specialist Hospital Sdn Bhd, Perdana Specialist Hospital Sdn Bhd, Sentosa Medical Centre and Kuantan Wellness Center Sdn Bhd with Al-`Aqar, in view of the interests of:-

   a. the interested major shareholder of KPJ, namely JCorp, where JLGRM, being the manager of Al-`Aqar is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, which in turn is a wholly-owned subsidiary of JCorp; and

   b. the interested directors of KPJ, namely Datuk Md Arif Bin Mahmood (being a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ), Dato' Mohd Redza Shah Bin Abdul Wahid (being an Independent Non-Executive Chairman of JLGRM), Rozaini Bin Mohd Sani (being a senior management of JCorp and a director of Damansara Assets Sdn Bhd) and Shamsul Anuar Bin Abdul Majid (being a Non-Independent Non-Executive Director of JLGRM and also a senior management of JCorp).

   Our independent advice letter was issued on 31 July 2023.

The services provided above are not related to the Proposals.

5. CREDENTIALS, EXPERIENCE AND EXPERTISE OF BDOCC

BDOCC is a corporate advisory firm in Malaysia with a corporate finance advisory team which provides an extensive range of services to both the corporate and financial sectors as well as the investment community. The areas of expertise include valuation services, capital market transactions as well as mergers and acquisitions.

The credentials and experience of BDOCC as an Independent Adviser, where we have been appointed in the past two (2) years prior to the date of this IAL, include the following proposals:-

(i) Appointment by Tropicana Corporation Berhad ("**TCB**") as the independent adviser in relation to the proposed capitalisation of the advances amounting to RM180.00 million via issuance of new ordinary shares in TCB. Our independent advice letter was issued on 8 June 2023;

(ii) Appointment by DPS Resources Berhad as the independent adviser in relation to the proposed exemptions by Tan Sri (Dr) Sow Chin Chuan and persons acting in concert with him from the obligation to undertake a mandatory offer for the remaining shares and convertible securities in DPS Resources Berhad not already held by them. Our independent advice letter was issued on 14 June 2023;

(iii) Appointment by PTT Synergy Group Berhad (**"PTT"**) as the independent adviser in relation to the proposed acquisition by PTT of the entire equity interest in Pembinaan Tetap

Teguh Sdn Bhd for a total purchase consideration of RM152.00 million. Our independent advice letter was issued on 30 June 2023;

(iv) Appointment by KPJ Healthcare Berhad as the independent adviser in relation to the proposed renewal of lease of specialist medical centres involving the interest of related parties. Our independent advice letter was issued on 31 July 2023;

(v) Appointment by Maybulk Berhad as the independent adviser in relation to the proposed acquisition of a piece of freehold land for a cash consideration of RM165.00 million, proposed joint venture between Maybulk Berhad and Golden Valley Ventures Sdn Bhd to jointly acquire and develop the land and proposed diversification of the existing principal activities of Maybulk Berhad and its subsidiaries to include industrial property development and property investment. Our independent advice letter was issued on 9 November 2023;

(vi) Appointment by Berjaya Corporation Berhad as the independent adviser in relation to the proposed disposal of 100% equity interest in Berjaya Enviro Holdings Sdn Bhd to Naza Corporation Holdings Sdn Bhd for a cash consideration of RM700.00 million. Our independent advice letter was issued on 14 November 2023;

(vii) Appointment by Ajiya Berhad as the independent adviser for the unconditional mandatory take-over offer by Chin Hin Group Berhad (“**Chin Hin**”) to acquire the offer shares for a cash consideration of RM1.53 per offer share. Our independent advice circular was issued on 26 December 2023;

(viii) Appointment by Comintel Corporation Bhd as the independent adviser for the proposed acquisition of construction equipment for a cash consideration of RM35.00 million and proposed renounceable rights issue to raise proceeds amounting to RM36.20 million which involves the interest of related parties. Our independent advice letter was issued on 8 February 2024;

(ix) Appointment by Maybulk Berhad as the independent adviser in relation to the proposed exemption by Dato’ Goh Cheng Huat and persons acting in concert with him from the obligation to undertake a mandatory offer for all the remaining shares in Maybulk Berhad not already owned by them. Our independent advice letter was issued on 10 May 2024;

(x) Appointment by NCT Alliance Berhad (“**NCT**”) as the independent adviser in relation to the proposed acquisition of the entire equity interest in NCT Builders Group Holdings Sdn Bhd from NCT Venture Corporation Sdn Bhd for a purchase consideration of RM100.89 million to be satisfied via cash consideration of RM65.49 million and the balance of RM35.40 million by way of issuance of 110,625,000 new ordinary shares in NCT at an issue price of RM0.32 per NCT share. Our independent advice letter was issued on 17 May 2024;

(xi) Appointment by OCR Group Berhad (“**OCR**”) as the independent adviser in relation to the proposed settlement of advances owing by Stack Builder Sdn Bhd, a 50.5%-owned subsidiary of OCR, to Ong Kah Hoe (“**OKH**”) and Tan Chin Hoong (“**TCH**”) amounting to RM43,296,795 to be satisfied entirely via the issuance of 618,525,646 new ordinary shares in OCR at the issue price of RM0.0700 per share and proposed exemptions by OKH, TCH and persons acting in concert with them from the obligation to undertake mandatory offers for all the remaining shares in OCR not already owned by them. Our independent advice letter was issued on 10 June 2024;

(xii) Appointment by Eurospan Holdings Berhad as the independent adviser for the unconditional mandatory take-over offer by Dato’ Sri Tan Han Chuan to acquire the offer shares for a cash consideration of RM1.70 per offer share. Our independent advice circular was issued on 24 June 2024;

(xiii) Appointment by Chin Hin Group Property Berhad (“**CHGP**”) as the independent adviser for the proposed disposal of 4 levels of office space with 200 car parking bays and a rooftop retail unit with accessorised rooftop open area within an ongoing high-rise office tower development known as Solarvest Tower by BK Alliance Sdn Bhd, a wholly-owned subsidiary of BKG Development Sdn Bhd, which in turn a wholly-owned subsidiary of CHGP, to Solarvest Energy Sdn Bhd for a total cash consideration of RM48.73 million. Our independent advice letter was issued on 10 September 2024;

(xiv) Appointment by CHGP as the independent adviser for the proposed disposal of the entire equity interest in Chin Hin Construction Engineering Sdn Bhd, a wholly owned subsidiary company of CHGP, to Chin Hin for a cash consideration of RM16.5 million and 95% equity interest in Kayangan Kemas Sdn Bhd to Chin Hin for a cash consideration of RM93.5 million. Our independent advice letter was issued on 8 November 2024; and

(xv) Appointment by CHGP as the independent adviser for the proposed joint ventures between BKG Development Sdn Bhd, a wholly-owned subsidiary of CHGP, and Fiamma Holdings Berhad for the joint development of 2 development projects. Our independent advice letter was issued on 28 January 2025.

Premised on the foregoing, BDOCC is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested shareholders in relation to the Proposals.

6. EVALUATION OF THE PROPOSALS

In evaluating the Proposals, we have taken into consideration the following factors in forming our opinion:-

		Section in this IAL
(i)	Rationale and benefits of the Proposals	7
(ii)	Basis and justifications for the Sale Consideration	8
(iii)	Basis and justification for the rental rate for the Proposals	9
(iv)	Evaluation of the salient terms of the SPAs	10
(v)	Evaluation of the salient terms of the Lease Agreements	11
(vi)	Effects of the Proposals	12
(vii)	Economic and market overview	13
(viii)	Risks relating to the Proposals	14

7. RATIONALE AND BENEFITS OF THE PROPOSALS

7.1 Rationale and benefits of the Proposed Sale and Leaseback

We take cognisance of the rationale and benefits for the Proposed Sale and Leaseback as set out in **Section 8 of Part A of the Circular.**

We noted that the Proposed Sale and Leaseback will enable KPJ Group to achieve the following:-

(i) Provides KPJ Group with certainty that on-going business operations of KPJ Group will remain uninterrupted;

(ii) Allow KPJ Group to dispose of the Disposal Properties to Al-`Aqar, on whose land the Disposal Properties are currently erected on; and

(iii) Enable KPJ Group to unlock the value of the Disposal Properties at an opportune time, given there is no upside potential in land value appreciation as the land is owned by Al-`Aqar and the building value will continue to depreciate.

(iv) Cash proceeds of RM241.00 million arising from the Proposed Sale would be utilised for the purpose as detailed below:-

Details of utilisation	Expected utilisation timeframe from Completion Date	Amount RM'mil
Repayment of bank facilities	Within 12 months	100.00
Working capital	Within 12 months	139.00
Estimated expenses for the Proposed Sale and Leaseback	Within 1 months	2.00
	Total	**241.00**

We noted that KPJ Group intends to utilise RM100.00 million of the cash proceeds for partial early repayment of banking facilities. The savings on interest (i.e. finance cost from Islamic financing) is expected to be RM4.11 million a year based on profit rate as at LPD ranging from 4.00% to 4.54% per annum.

Based on the audited consolidated financial statements of KPJ for FY 2024, the proforma gearing of KPJ Group is expected to reduce from 0.66 times to 0.62 times after the repayment of bank facilities.

We also noted that KPJ Group intends to utilise RM139.00 million of the cash proceeds for KPJ Group's working capital requirements. The working capital requirement will be utilised for the payment of operating and administrative expenses, which include, but are not limited to rental, payment and utilities.

Premised on the above, we are of the view that the rationale and benefits of the Proposed Sale and Leaseback is reasonable and not detrimental to the non-interested shareholders of KPJ. Nevertheless, non-interested shareholders of KPJ should note that the potential benefits arising from the Proposed Sale and Leaseback are subject to the risk factor as disclosed in Section 9 of Part A of the Circular.

7.2 Rationale and benefits of the Proposed Lease Renewal

We take cognisance of the rationale and benefits for the Proposed Lease Renewal as set out in **Section 8 of Part A of the Circular.**

We noted that the Proposed Lease Renewal will ensure that there are no disruptions to the ongoing operations of KPJ Group, and its Lease Renewal Subsidiaries are able to continue operating at their existing locations.

Premised on the above, we are of the view that the rationale and benefits of the Proposed Lease Renewal is reasonable and not detrimental to the non-interested shareholders of KPJ. Nevertheless, non-interested shareholders of KPJ should note that the potential benefits arising from the Proposed Lease Renewal are subject to the risk factor as disclosed in Section 9 of Part A of the Circular.

8. BASIS AND JUSTIFICATIONS FOR THE SALE CONSIDERATION

As set out in **Section 2.3 of Part A of the Circular**, the Sale Consideration for the Proposed Sale was arrived at on a "willing buyer-willing seller" basis after taking into consideration the market value of the Disposal Properties amounting to RM241.00 million as ascribed by Cheston, vide the valuation report dated 25 March 2025.

The valuation for the Disposal Properties has been carried out using the following valuation method:-

Disposal Properties	Valuation method	Market value (RM'mil)
APSH New Building	Depreciated Replacement Cost ("**DRC**") Method	131.00
PSH New Building		110.00
	Total	**241.00**

We have reviewed the contents of the valuation reports which were prepared in compliance 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. Accordingly, we are satisfied with the bases and assumptions adopted by Cheston in arriving at the market value of the Disposal Properties. Please refer to **Section 8.1 and Section 8.2 of this IAL** for our assessment of the valuation of the Disposal Properties.

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 property marketing where the parties had each acted knowledgeably, prudently and without compulsion".

The details of the Disposal Properties are disclosed in **Section 2.2 of Part A of the Circular**.

We noted that Cheston had adopted the DRC method as the sole valuation methodology in deriving the market value of the Disposal Properties. This method is adopted for the valuation of buildings excluding the land component and when there is either very limited or no evidence of sale transactions. The DRC method estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. This method is also 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).

8.1 Valuation of APSH New Building

The value of APSH New Building is derived using the DRC method. Under the DRC Method, the value of the building is determined by estimating the gross current reproduction/replacement cost new ("**GCRCN**") of the building and improvements, and then, deducting estimated depreciation derived based on the GCRCN as of the valuation date which includes physical, functional and economical obsolescence.

In arriving at the GCRCN of APSH New Building, Cheston have adopted the following development cost assumptions for the respective components of the building:-

Components of building	Gross Floor Area ("GFA"), sq. ft.	Development cost [(i)], RM psf.
15 storey private specialist medical centre with part of the oncology department at basement level	247,215	440.00
A single storey refuse chamber	441	60.00
4 Levels of elevated car parks and 2 levels of basement car parks	269,211	140.00

Note:

(i) *The development cost was adopted by Cheston after taking into consideration the actual construction cost of the new building, construction cost of similar type of buildings, historical records of similar developments, enquires with contractors and quantity surveyors and references to JUBM Group Construction Cost Handbook Malaysia 2023.*

Based on development costs of the respective components of the APSH New Building (i.e. private specialist medical centre, refuse chamber and car parks), the GCRCN of APSH New Building is RM146.49 million.

In addition to this, Cheston has adopted a straight-line depreciation at a rate of 2.00% per annum and the estimated life span of the building adopted is about 50 years as per the practice in the industry for similar type of properties after consultation with contractors and quantity surveyors by Cheston. As of the valuation date of 21 February 2025, the estimated depreciation derived based on the GCRCN of APSH New Building for 5.37 years is RM15.73 million.

Subject	RM' mil
GCRCN of APSH New Building	146.49
Less: Estimated depreciation of APSH New Building (based on 5.37 years of depreciation of the GCRCN of RM146.49 million)	(15.73)
Total	130.76
Market value of APSH New Building (rounded up to the nearest million)	**131.00**

BDOCC's Comments:

We noted that the DRC method is a method adopted for the valuation of buildings without the land component.

Other valuation methodologies such as the income approach by profit method (Discounted Cash Flow ("**DCF**")) are less commonly adopted as the operations of APSH New Building are carried out together with APSH Main Building and that the profit and loss from operations are recorded as a single entity and cannot be segregated or apportioned.

As such, the DRC method was adopted by Cheston as the sole valuation methodology which reflects a fair representation of the market value of APSH New Building.

We noted that the GCRCN of APSH New Building is derived based on the summation of three (3) components of the building, namely the private specialist medical centre, refuse chamber and car parks. We have evaluated the fairness of the GCRCN of APSH New Building based on the private specialist medical centre and car parks only as these two (2) components make up 99.98% of the market value of APSH New Building.

We are of the view that the development cost for the private specialist medical centre of RM440.00 psf adopted by Cheston is fair as it is within the range of the construction costs for government hospitals of RM377.00 psf to RM550.00 psf as noted from the JUBM Group Construction Cost Handbook Malaysia 2023.

In addition, we are of the view that the development cost for the car park of RM140.00 psf adopted by Cheston is fair as it is within the range of the construction costs for elevated car parks of RM96.00 psf to RM168.00 psf as noted from the JUBM Group Construction Cost Handbook Malaysia 2023.

We are of the view that the straight-line depreciation at 2.00% per annum adopted by Cheston is fair as the estimated life span of the building of 50 years is consistent with KPJ's depreciation policy for its buildings.

Premised on the above we are of the view that the adoption of DRC method as the sole valuation methodology is reasonable and that the market value of APSH New Building of RM131.00 million adopted by Cheston is fair.

8.2 Valuation of PSH New Building

The value of PSH New Building is derived using the DRC method. Under the DRC Method, the value of the building is determined by estimating the GCRCN of the building and improvements, and then, deducting estimated depreciation derived based on the GCRCN as of the valuation date which includes physical, functional and economical obsolescence.

In arriving at the GCRCN of PSH New Building, Cheston have adopted the following development cost assumptions for the respective components of the building :-

Components of building	**GFA, sq. ft.**	**Development cost [(i)], RM psf.**
An annexed 10 storey private specialist medical centre	211,437	530.00
Overlapping area connecting new block (South Wing) annexed with old block (North Wing)	12,642	160.00
A double storey mechanical and electrical building and a vie tank farm	4,423	160.00
A single storey guard house	67	- [(ii)]

Notes:

(i) The development cost was adopted by Cheston after taking into consideration the actual construction cost of the new building, construction cost of similar type of buildings, references to the records of similar developments, references with various contractors awarded, enquires with contractors and quantity surveyors and references to JUBM Group Construction Cost Handbook Malaysia 2023.

(ii) Cheston have adopted a GCRCN of RM59,412 for the single storey guard house.

Based on development costs of the respective components of the PSH New Building (i.e. the private specialist medical centre, mechanical and electrical building and guard house), the GCRCN of PSH New Building is RM115.94 million.

In addition to this, Cheston has adopted a straight-line depreciation at a rate of 2.00% per annum and the estimated life span of the building adopted is about 50 years as per the practice in the industry for similar type of properties after consultation with contractors and quantity surveyors by Cheston. As of the valuation date of 21 February 2025, the estimated depreciation derived based on the GCRCN of PSH New Building for 2.56 years is RM5.93 million.

Subject	**RM' mil**
GCRCN of PSH New Building	115.94
Less: Estimated depreciation of PSH New Building (based on 2.56 years of depreciation of the GCRCN of RM115.94 million)	(5.93)
Total	110.01
Market value of PSH New Building (rounded down to the nearest million)	**110.00**

BDOCC's Comments:

We noted that the DRC method is a method adopted for the valuation of buildings without the land component.

Other valuation methodologies such as the income approach by profit method (DCF) are less commonly adopted as the operations of PSH New Building are carried out together with PSH Main Building and that the profit and loss from operations are recorded as a single entity and cannot be segregated or apportioned.

As such, the DRC method was adopted by Cheston as the sole valuation methodology which reflects a fair representation of the market value of PSH New Building.

We noted that the GCRCN of PSH New Building is derived based on the summation of four (4) components of the building, namely the private specialist medical centre, connecting area, mechanical and electrical building and guard house. We have evaluated the fairness of the GCRCN of PSH New Building based on the private specialist medical centre only as this component makes up 98.00% of the market value of PSH New Building.

We are of the view that the development cost for the private specialist medical centre of RM530.00 psf adopted by Cheston is fair as it is within the range of the construction costs for government hospitals of RM377.00 psf to RM550.00 psf as noted from the JUBM Group Construction Cost Handbook Malaysia 2023.

We are of the view that the straight-line depreciation at 2.00% per annum adopted by Cheston is <u>fair</u> as the estimated life span of the building of 50 years is consistent with KPJ's depreciation policy for its buildings.

Premised on the above we are of the view that the adoption of DRC method as the sole valuation methodology is <u>reasonable</u> and that the market value of PSH New Building of RM110.00 million adopted by Cheston is <u>fair</u>.

8.3 Evaluation of the Sale Consideration

In arriving at the fairness evaluation of the Sale Consideration, we have compared the Sale Consideration against the market value of the Disposal Properties as ascribed by Cheston as follows:-

Properties	**Market value as ascribed by Cheston (RM'mil)**	**Sale Consideration (RM'mil)**
APSH New Building	131.00	131.00
PSH New Building	110.00	110.00
Total	**241.00**	**241.00**

We noted that the Sale Consideration for both APSH New Building and PSH New Building are equivalent to the respective market values as ascribed by Cheston. As such, we are of the view that the Sale Consideration of the Disposal Properties are **<u>fair</u>**.

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9. BASIS AND JUSTIFICATION FOR THE RENTAL RATE FOR THE PROPOSALS

As set out in **Section 3 and Section 4.1 of Part A of the Circular**, the property type and contractual lease terms for the Disposal Properties and Lease Renewal Properties are as follows:-

	Property type	Lease period	Option to extend
Disposal Properties			
APSH New Building	Hospital	11 years	15 years
PSH New Building	Hospital	15 years	15 years
Lease Renewal Properties			
PSH Main Building	Hospital	15 years	15 years
TMC	Medical centre and healthcare centre	3 years	2 years
SSH	Hospital	15 years	15 years
KPJU	College	5 years 8 months	15 years
KPJCP	College	1 year	1 year

As set out in **Section 3 and Section 4.1 of Part A of the Circular,** the rent and rent review formula for the Proposals are as follows:-

Rental term	Year	Rent and rent review formula for the Proposals
(A) First rental term		
1st year of first rental term	1	6.25% per annum x Open Market Value of the property ("**Base Rent**")
2nd and 3rd year of first rental term	2, 3	2.00% increase over the rent for the preceding year.
(B) Succeeding rental term		
1st year of every succeeding rental term	4, 7, 10, 13	6.25% per annum x Open Market Value at point of review, subject to: (i) a minimum of the Base Rent; and (ii) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.
2nd and 3rd year of every succeeding rental term	5, 6, 8, 9, 11, 12, 14, 15	2.00% increase over the rent for the preceding year.

In evaluating the basis and justifications for the rental rate for the Proposals, we have taken into consideration the following factors in forming our opinion:-

(A) First Rental Term

		Section in this IAL
(i)	Evaluation of the Open Market Value of properties	9.1
(ii)	Evaluation of the rental rate for Year 1	9.2
(iii)	Evaluation of the annual rent incremental increase for Year 2 and 3	9.3

(B) Succeeding Rental Term

		Section in this IAL
(iv)	Evaluation of the rent review formula	9.4

(A) First Rental Term

9.1 Evaluation of the Open Market Value of properties

We noted that the Open Market Value adopted for the Proposals is determined based on the market value of the Disposal Properties and Lease Renewal Properties as ascribed by Cheston. As such we have evaluated the market value of the Disposal Properties and Lease Renewal Properties as ascribed by Cheston to determine the fairness of the Open Market Value of the Disposal Properties and Lease Renewal Properties.

The valuation for the Disposal Properties has been carried out using the following valuation method:-

Disposal Properties	Valuation method	Market value (RM'mil)
APSH New Building	DRC Method	131.0
PSH New Building		110.0
	Total	**241.0**

Further details on the Disposal Properties are disclosed in **Section 2.2 of Part A of the Circular**.

The valuation for the Lease Renewal Properties has been carried out using the following valuation methods:-

Lease Renewal Properties	Property type	Valuation method	Market Value (RM'mil)
PSH Main Building	Hospital	Primary: Income approach by profits method (DCF) Cross-check: Cost approach via comparison method and DRC method	67.50
TMC	Medical centre and healthcare centre		23.00
SSH	Hospital		165.00
KPJU	College	Cost approach via comparison method and DRC method	25.70
KPJCP	College		15.35
		Total	**296.55**

Further details on the Lease Renewal Properties are disclosed in **Section 4.2 of Part A of the Circular**.

We have reviewed the contents of the valuation reports which were prepared in compliance 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. Accordingly, we are satisfied with the bases and assumptions adopted by Cheston in arriving at the market value of the Disposal Properties and Lease Renewal Properties.

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 property marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

A brief description of the various valuation methods adopted by Cheston is as follows:-

(i) Income Approach by Profits Method (DCF)

This method is adopted where revenues/earnings, expenses and profits are the essence to the value of the subject property (property-based business). This method capitalises future net profits from operating the subject property as a basis for estimating the market value of a subject property as a going concern basis, inclusive of goodwill, hospital operating equipment, furniture, fittings, plant, machinery and equipment.

(ii) Comparison Method (Cost Approach)

This method is premised on the principle that comparison is made on the subject property under valuation against sales of other similar properties. Where dissimilarities exist, adjustments will be subsequently made.

(iii) DRC Method (Cost Approach)

Please refer to **Section 8 of this IAL** for the full description.

In arriving at the fairness evaluation of the Open Market Value of the Disposal Properties, we have evaluated the market value of the Disposal Properties as ascribed by Cheston. Please refer to **Section 8 of this IAL** for further information in relation to our evaluation on the market value of the Disposal Properties as ascribed by Cheston.

Premised on our analysis on the market value of the Disposal Properties, we are of the view that the adoption of DRC method as the sole valuation methodology is reasonable and that the market value of APSH New Building of RM131.00 million and PSH New Building of RM110.00 million adopted by Cheston is fair.

In arriving at the fairness evaluation of the Open Market Value of the Lease Renewal Properties, we have evaluated the market value of the Lease Renewal Properties as ascribed by Cheston. Please refer to the **Attachment to this IAL** for further information in relation to our evaluation on the market value of the Lease Renewal Properties as ascribed by Cheston.

Premised on our analysis on the market value of the Lease Renewal Properties, we are of the view that the adopted valuation methodologies on the respective Lease Renewal Properties are reasonable and that the market values of the respective Lease Renewal Properties adopted by Cheston is fair.

9.2 Evaluation of the rental rate for Year 1

The basis and justification for arriving at the rental rate of the respective Disposal Properties and Lease Renewal Properties are set out in **Section 5, Part A** of the Circular.

We noted that the rental to be paid by KPJ Group of the first year of the first rental term is 6.25% multiplied with the Open Market Value of the respective Disposal Properties and Lease Renewal Properties, which was negotiated between the parties after taking into consideration amongst others, the market value appraised by Cheston.

The rental rate of 6.25% was arrived at after taking into consideration of, amongst others, the following:-

(i) the net property yields of commercial properties acquired by Malaysian real estate investment trusts listed on Bursa Securities which ranges from 2.08% - 8.64% between 2022 and 2023; and

(ii) the fair net rental yields of the Disposal Properties and Lease Renewal Properties which ranges from 5.50% to 6.50%, as ascribed by Cheston.

Pursuant to the lease agreements, Al-`Aqar is responsible for direct expenses such as assessment, takaful, maintenance and quit rent in respect of both the Disposal Properties and the Lease Renewal Properties. Accordingly, the estimated net rental yields of the Disposal Properties and the Lease Renewal Properties, after deducting the direct expenses, are approximately 5.93% and 5.85%, respectively.

In evaluating the fairness of the rental rate for Year 1 of 6.25%, we have compared the estimated net rental yield of the Disposal Properties of 5.93% and the estimated net rental yield of the Lease Renewal Properties of 5.85% against the fair net rental yields of the Disposal Properties and Lease Renewal Properties of 5.50% - 6.50% as ascribed by Cheston.

As the estimated net rental yield of the Disposal Properties of 5.93% and the estimated net rental yield of the Lease Renewal Properties of 5.85% are both within the range of the fair net rental yields of 5.50% - 6.50% as ascribed by Cheston, we are of the view that the rental rate for Year 1 of 6.25% for both the Disposal Properties and the Lease Renewal Properties is fair.

9.3 Evaluation of the annual rent incremental increase for Years 2 and 3

We noted that the basis and justification for arriving at the 2.00% annual rent incremental increase is set out in **Section 5 of Part A of the Circular**.

We noted that the basis for the 2.00% incremental increase per annum over the rent amount for the preceding year for the 2nd and 3rd year of the first rental term was arrived at after taking into consideration the average of the ten (10)-year consumer price index year-on-year movement of approximately 2.20%.

For clarification, the contractual lease term for KPJCP is an initial lease term of one (1) year only, with the option to renew the lease term for another one (1) year. The rental rate of KPJCP during the renewed lease term of the additional one (1) year is a 2.00% annual rent incremental increase over the rent amount of Year 1. The 2.00% annual incremental increase for KPJCP was also arrived at after taking into consideration the average of the ten (10)-year consumer price index year-on-year movement of approximately 2.20%.

As such, we have compared the annual rent incremental increase of 2.00% against the annual inflation rates of Malaysia for the past ten (10) years as recorded by the Department of Statistics Malaysia. The annual inflation rates of Malaysia are as follows:-

Date	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Inflation rate, %[(i)]	2.1	2.1	3.8	1.0	0.7	(1.1)[(ii)]	2.5	3.4	2.5	1.8
								High	*3.80*	
								Low	*0.70*	
								Average	*2.21*	

Notes:

(i) Inflation rate figures are represented by the year over year percentage changes of the Malaysia's Consumer Price Index (CPI) reported monthly by the Department of Statistic Malaysia.

(ii) Excluded due to being an outlier.

Based on the table above, we noted that the 2.00% annual rent incremental increase is 0.21% lower than Malaysia's ten (10)-year average inflation rate of 2.21%. In addition, the three (3)-year average inflation of Malaysia (i.e. years 2022 to 2024) is 2.57%, which is 0.57% higher than the 2.00% annual rent incremental increase.

Premised on the above, we are of the view that the 2.00% annual rent incremental increase for the 2nd and 3rd year of the first rental term is fair.

For information purpose, the net rental yield of Disposal Properties is expected to increase from 5.93% to 6.05% in the 2nd year and 6.17% in the 3rd year while the net rental yield of Lease Renewal Properties is expected to increase from 5.85% to 5.97% in the 2nd year and 6.09% in the 3rd year. These net rental yields are still within the range of fair net rental yields of 5.50% to 6.50%, as ascribed by Cheston.

(B) Succeeding Rental Term

9.4 Evaluation of the rent review formula

As disclosed in **Section 3 and Section 4.1 of Part A of the Circular**, we noted that the rent review formula for the 1st year of every succeeding rental term (i.e. Years 4, 7, 10 and 13) was arrived at to cater for potential upward revision to the Open Market Value of the Disposal Properties and Lease Renewal Properties arising from a revaluation by an independent valuer, to be appointed jointly or severally and/or mutually agreed to by the parties to the Lease Agreement for Proposed Leaseback and Lease Agreement for Proposed Lease Renewal. The Open Market Value will then be determined by the parties accordingly. In such cases, there may be a potential increase in rent payable by KPJ, but such increase would be capped at 2.00% over the rent for the preceding year.

We further noted that if there is any increase to the gross floor area of the respective properties as a result of any expansion or new development as defined in the respective lease agreements, a new lease agreement or supplemental lease agreement will be executed for the lease of such expansion and/or new development. The total rent amount payable will then be revised accordingly to include the rent payable by the Leaseback Lessees and Lease Renewal Lessees for the expansion and/or new development, subject to the terms and conditions of the new lease agreement or supplemental lease agreement. Please refer to **Section 11 of this IAL** for our evaluation of the salient terms of the Lease Agreement for Proposed Leaseback and Lease Agreement for Proposed Lease Renewal.

For clarification, the rent review formula of 6.25% on the Open Market Value for the respective properties at the point of review is the basis for determining the rent amount. At each succeeding rental term, the lowest rent amount that can be charged is the Base Rent of each respective properties. Assuming that the Open Market Value remains unchanged, the maximum rent amount is a 2.00% incremental increase over the rent for the preceding year.

We noted that the succeeding rents shall be based on the Open Market Value of the respective properties at the point of review while also limiting the potential incremental increase to 2.00% of the rent of the preceding year.

Whilst the Open Market Value of the respective properties may be varied subject to mutual agreement by KPJ, ART and JLGRM, we are of the view that using the Open Market Value in calculating the rent payable is reasonable and not detrimental to KPJ and its non-interested shareholders as the maximum increase in rent payable for the 1st year of every succeeding rental term is capped at 2.00% of the rent for the preceding year. We are also of the view that a 2.00% incremental increase to rent payable is fair as per the analysis in Section 9.3 of this IAL.

In addition, we also noted that the total rent amount payable will be revised accordingly to include the rent payable by the Leaseback Lessees and Lease Renewal Lessees for the expansion and/or new development, subject to the terms and conditions of the new or supplemental lease agreement.

Premised on the above, we are of the view that the rent review formula is fair.

10. EVALUATION OF THE SALIENT TERMS OF THE SPAs

In evaluating the salient terms of the SPAs of the respective Disposal Properties, we have considered the following salient terms:-

(i) Sale consideration;

(ii) Conditions Precedent;

(iii) Events of default by the Vendors or the Purchaser and consequences under the SPAs;

(iv) Physical Condition of the Disposal Properties; and

(v) Covenants and Indemnity by the Vendor.

Based on our evaluation shown below, we are of the view that the salient terms of the respective SPAs are <u>reasonable</u>.

Please refer to our comments below on the salient terms of the respective SPAs:-

<table>
<tr><th></th><th>Proposed Sale</th></tr>
<tr><td>1.</td><td><u>Sale Consideration</u>

<u>APSH New Building</u>
In relation to APSH SPA, the deposit which is 5.00% of the sale consideration amounting to RM6.55 million shall be paid upon the execution of the APSH SPA and the balance sale consideration which is 95.00% of the sale consideration amounting to RM124.45 million shall be satisfied on or before the expiry of three (3) months from the date the APSH SPA becoming unconditional.

<u>PSH New Building</u>
In relation to PSH SPA, the deposit which is 5.00% of the sale consideration amounting to RM5.50 million shall be paid upon the execution of the PSH SPA and the balance sale consideration which is 95.00% of the sale consideration amounting to RM104.50 million shall be satisfied on or before the expiry of three (3) months from the date the PSH SPA becoming unconditional.</td></tr>
<tr><td colspan="2"><u>BDOCC's comments</u>:

The respective Sale Consideration is reasonable as it is arrived at on a 'willing-buyer willing-seller' basis after taking into consideration the market value of the Disposal Properties as ascribed by Cheston. Please refer to Section 8 of this IAL for our assessment on the Sale Consideration.</td></tr>
</table>

	Proposed Sale
We noted that the deposit of 5.00% of the respective Sale Consideration upon the execution of the respective SPAs is reasonable as it serves to protect the interest of KPJ Group. **We further noted that the balance 95.00% of the respective Sale Consideration shall be satisfied on or before the expiry of three (3) months from the date the respective SPAs becoming unconditional is also reasonable to ensure timely completion of the SPAs and serve to protect the interest of KPJ Group.**	
2.	**<u>Conditions Precedent</u>** (i) The SPAs for the Disposal Properties are conditional on the following:- (a) Approval from the board of directors and shareholders of KPJ and the relevant Vendor for the Proposed Sale and Leaseback of each relevant Disposal Property; (b) Approval from and notification to the appropriate authorities on the Proposed Sale; (c) Approval from the board of directors of the Trustee and Manager and the unitholders of Al-`Aqar; (d) Approval from the existing financiers, creditors or lenders of Al-`Aqar (if any); (e) The letter of offer or letter of commitment in relation to the financing of the relevant Disposal Property has been issued by the Purchaser's financier and accepted by the Purchaser or Al-`Aqar's special purpose vehicle company which will be used for the purposes of such financing; (f) Certificate of Completion and Compliance of the Disposal Property has been duly obtained; (g) Execution of the Lease Agreements for Proposed Leaseback in escrow and the relevant documents to give effect to the said Lease Agreements for Proposed Leaseback; and (h) Confirmation by solicitors certifying that the conditions precedent are satisfied, (collectively referred to as "**Conditions Precedent**"). (ii) The time period for fulfilment of all Conditions Precedent is six (6) months from the date of the SPAs or any extension thereof agreed between the parties of the SPAs.

<table>
<tr><th></th><th>Proposed Sale</th></tr>
<tr><td></td><td>(iii) The completion period is a period of three (3) months from the date that the SPAs become unconditional (“Completion Date”).

(iv) In the event, the SPAs are not completed by the Completion Date, the SPAs would be extended for an additional three (3) months from the Completion Date subject to the Purchaser paying to the Vendor late payment compensation at the rate of five per centum (5%) per annum on the balance sale consideration or any part outstanding thereof commencing from the date next after the Completion Date until the date of full payment of the balance sale consideration.</td></tr>
<tr><td colspan="2"><u>BDOCC’s comments</u>:

The Conditions Precedent to the SPAs are reasonable as they require both KPJ and Al-`Aqar to procure relevant requisite approvals and to be in compliance with the applicable laws and regulatory requirements.

We noted that the SPAs are conditional upon the Conditions Precedent being fulfilled within a timeframe of six (6) months or any extension thereof agreed between the parties of the SPAs. The SPAs shall become unconditional when the Conditions Precedent are satisfied by the parties. We also noted that the completion period is a period of three (3) months from the date that the SPAs become unconditional and if the SPAs are not completed by the Completion Date, the SPAs would be extended for an additional three (3) months from the Completion Date.

We are of the view that the terms are reasonable as they provide flexibility and extension of time for the parties involved to fulfil the Conditions Precedent as well as the completion of the SPAs.</td></tr>
<tr><td>3.</td><td><u>Events of default by the Vendors or the Purchaser and consequences under the SPAs</u>

Please refer to Appendix I of the Circular on the events of default for more details.</td></tr>
<tr><td colspan="2"><u>BDOCC’s comments:</u>

We noted that in the event of default by the Vendors (i.e., Subject Subsidiaries), the Subject Subsidiaries shall refund the Purchaser all monies received under the SPAs (excluding any late payment compensation which shall be paid by the Purchaser) free of interest and the Subject Subsidiaries shall pay to the Purchaser an amount equivalent to the deposit as liquidated damages failing which the Vendor shall pay the Purchaser damages on the said amount calculated at the rate of 8.00% per annum on a daily basis commencing from the expiry of the termination notice of the SPAs until the date of actual payment.

We noted that the Purchaser’s obligation to pay late payment compensation arises only if the balance purchase price (i.e. 95% of the purchase price) is not paid on or before the Completion Date. If such default occurs after the Completion Date, notwithstanding any default on the part of the Vendors, the Vendors remain entitled to late payment compensation, as it reflects the Purchaser’s delay in fulfilling its</td></tr>
</table>

	Proposed Sale
	payment obligation prior to the Vendor's default. We are of the view that this clause is fair and reasonable as it ensures that late payment by the Purchaser is appropriately compensated regardless of subsequent default by the Vendors. **We also noted that in the event of default by the Purchaser, the Subject Subsidiaries shall refund the Purchaser all monies received under the SPAs (excluding any late payment compensation which shall be paid by the Purchaser) free of interest, except for the deposit paid, which shall be forfeited by the Subject Subsidiaries as agreed liquidated damages, which is beneficial to the Subject Subsidiaries.** **We are of the view that the above terms are common commercial terms in an agreement for similar transactions to the Proposed Sale and are reasonable and not detrimental to the interest of the non-interested shareholders of KPJ.**
4.	**Physical Condition of the Disposal Properties** Audit of the Disposal Properties: The Purchaser or its agent has performed an audit on the Disposal Properties prior to execution of the SPAs and in the case where the building audit conducted by the Purchaser on the Disposal Properties requires any repair, rectification, remedial or replacement works ("**Rectification Works**") to be carried out on the Disposal Properties, the respective Vendor covenants with the Purchaser that the respective Vendor shall undertake and complete the Rectification Works on the Disposal Properties at the Vendor's own cost within a period of twelve (12) months from execution of this SPA ("**Rectification Period**"). For purposes of clarity, the type of Rectification Works to be done by the Vendor are to be mutually agreed in writing between the respective Vendor and the Purchaser prior to the execution of the SPA. The Parties agree that upon failure of the Vendor to complete the required Rectification Works as agreed by the Vendor within the Rectification Period, the Purchaser shall have the option to proceed to complete such Rectification Works at its own costs after the expiry of the Rectification Period and after giving a written notice to the Vendor informing that the Purchaser will exercise this option and the Vendor agrees to reimburse the Purchaser for all the cost incurred by the Purchaser within sixty (60) calendar days from the date of receipt of the reimbursement notice from the Purchaser setting out the reimbursements costs incurred by the Purchaser ("**Reimbursement Cost Payment Date**"), failing which, the Purchaser is entitled to impose late payment compensation at the rate of 5.00% per annum on the reimbursement costs calculated from the date after the expiry of the Reimbursement Cost Payment Date until the date of the full payment of the reimbursement cost. For the avoidance of doubt, such late payment compensation sum shall be payable by the Vendor to the Purchaser together with payment of the reimbursement costs.
	BDOCC's comments: **We noted that any Rectification Works that will be carried out on the Disposal Properties shall be at the expense of KPJ Group. However, the type of Rectification Works to be done are to be mutually agreed in writing between KPJ Group and the Purchaser prior to the execution of the SPAs.** **We noted that in the event KPJ Group fails to complete the required Rectification Works as agreed by KPJ Group within the Rectification Period, the Purchaser shall have the option to proceed to complete such Rectification Works at its own cost after the expiry of the Rectification Period and KPJ Group to reimburse all the costs incurred by the Purchaser within sixty (60) days from the acceptance of the reimbursement notice from the Purchaser, failing which, the Purchaser is entitled to impose late payment compensation of 5% per annum on the reimbursement cost.**

	Proposed Sale
	We noted that on 25 February 2025, the Subject Subsidiaries and the Purchaser had mutually agreed for KPJ Group to carry out the Rectification Works on the Disposal Properties which include civil and structure works and mechanical and electrical services, at the estimated total cost of RM780,000, to be completed within twelve (12) months from the execution of the SPA. Please refer to Section 2.4 of Part A of the Circular for the detailed breakdown of the Rectification Works. We are of the view that the scope of the Rectification Works and the estimated total cost are reasonable, as they are based on the building due diligence audit assessment performed by a property consultant. In addition, the proposed timeline for KPJ Group to carry out the works within 12 months from the execution of the SPAs is also aligned with the provision of the SPAs. **We are of the view that the above terms are reasonable as the Rectification Works to be done must be mutually agreed between KPJ Group and the Purchaser.**
5.	<u>**Covenants and Indemnity by the Vendor**</u> (i) The Vendor acknowledges that the Disposal Property is erected on the land which is registered in the name of the Purchaser (“**Land**”). In the event the sale and purchase of the Disposal Property cannot be completed in accordance with the terms of the SPA, the Vendor covenants to the Purchaser in respect of the following:- (a) that the Vendor shall continue to bear all the costs in relation to outgoings as listed in the SPA with regard to the Disposal Property; (b) that the Vendor shall not without the prior written consent of the Purchaser (provided that such consent shall not be unreasonably withheld), sell or let the entire Disposal Property; (c) that the Vendor may rent out part of the Disposal Property provided always that a notification of not less than seven (7) calendar days is to be provided to the Purchaser; (d) that the Vendor will do or cause to be done everything necessary to ensure that the Purchaser’s interests and title in relation to the Land are not jeopardised in any manner whatsoever; and (e) that the Vendor shall comply at the Vendor’s costs with the provisions of all statutes for the time being in force and every notice, order, direction, licence, consent or permission given thereunder and the requirements of any competent authority so far as they relate to the Disposal Property or its use. (ii) In the event of breach of the above covenants, the Vendor shall indemnify the Purchaser and hold the Purchaser harmless from and against any damages, losses, costs, liabilities and expenses (including legal fees and disbursements) suffered by the Purchaser arising from any breach of the abovesaid covenants provided always that such breach is not due to any act, omission, or negligence on the part of the Purchaser (including but not limited to its agents, employees, customers, visitors, guests, invitees and representatives).

	Proposed Sale
BDOCC’s comments: **We are of the view that the Vendor’s covenants clause is fair and reasonable given that the Disposal Property is erected on land registered in the name of the Purchaser. In the event the Proposed Sale cannot be completed in accordance with the SPAs, the Vendor remains in control and possession of the property despite not holding legal title to the land, which justifies the requirement for the Vendor to maintain the property, comply with legal requirements, and protect the Purchaser’s interest and title in the Land.** **We are also of the view that the indemnity clause is fair and reasonable as it is limited to covering losses arising from the Vendor’s breach of its covenants, and expressly excludes any liability resulting from acts, omissions, or negligence on the part of the Purchaser or its representatives. This ensures that the Vendor is only held responsible for matters within its control and is not exposed to risks caused by the Purchaser.**	

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11. EVALUATION OF THE SALIENT TERMS OF THE LEASE AGREEMENTS

11.1 Lease Agreements for the Proposed Leaseback

In evaluating the salient terms of the Lease Agreements for the Proposed Leaseback of the respective Disposal Properties, we have considered the following salient terms:-

(i) Lease and use of Disposal Properties;

(ii) Conditions Precedent;

(iii) Rent;

(iv) Registration of Lease Instrument;

(v) Expansion;

(vi) New Development; and

(vii) Events of default and Termination.

Based on our evaluation shown below, we are of the view that the salient terms of the respective Lease Agreements for the Proposed Leaseback are <u>reasonable</u>.

Please refer to our comments below on the salient terms of the respective Lease Agreements for the Proposed Leaseback:-

	APSH New Building	**PSH New Building**
1.	**<u>Lease and use of Disposal Properties</u>** The Vendors will respectively enter into Lease Agreements for the Proposed Leaseback with ART and JLGRM for the Disposal Properties as follows:- (i) APSHSB to enter into a lease agreement for the lease of APSH New Building for a period of eleven (11) years commencing from the date of completion of Proposed Sale of APSH New Building with an option to renew for another fifteen (15) years (at the discretion of the Lessor); and	

<table>
<tr><th></th><th>APSH New Building</th><th>PSH New Building</th></tr>
<tr><td></td><td colspan="2">(ii) PSHSB to enter into a lease agreement for the lease of PSH New Building (together with PSH Main Building) for a period of fifteen (15) years commencing from the date of completion of Proposed Sale of PSH New Building with an option to renew for another fifteen (15) years (at the discretion of the Lessor).
(the period of the respective lease agreements is referred to as “Contractual Term”).
The Lessor and the Leaseback Lessees agree that the Disposal Property shall be used strictly for the purpose of operating a healthcare facility which operation and usage shall not be contrary to Shariah principles.</td></tr>
<tr><td colspan="3"><u>BDOCC’s comments</u>:
We noted that the Contractual Term for APSH of eleven (11) years and PSH of fifteen (15) years with the option to renew both for another fifteen (15) years from the expiry of the Contractual Term at the option of the Leaseback Lessees is reasonable as it provides long term commitment by the Lessor to make available APSH and PSH for KPJ Group to operate its business. We noted the lease tenure for both Disposal Properties was agreed upon by the parties to align with the existing lease tenure for PSH Main Building and the main building of APSH. The Contractual Term with an option to renew for another fifteen (15) years will allow KPJ Group to plan ahead on the business continuity of KPJ Group.
In addition, we noted that at present, the Disposal Properties are being operated as healthcare facilities and there is no intention for the Disposal Properties to be utilised for any other purpose other than healthcare facilities. Hence, we are of the view that the term is reasonable.</td></tr>
<tr><td>2.</td><td colspan="2"><u>Conditions precedent to the Lease Agreements for the Proposed Leaseback</u>
The Lease Agreement for the Proposed Leaseback is conditional upon the fulfilment of the following conditions:-
(i) the approval of the shareholders of the Leaseback Lessee’s ultimate holding company, KPJ, being obtained in respect of the Proposed Leaseback;
(ii) the approval of the unitholders of Al-`Aqar being obtained in respect of the Proposed Leaseback; and
(iii) the completion of the SPAs.</td></tr>
</table>

<table>
<tr><th></th><th>APSH New Building</th><th>PSH New Building</th></tr>
<tr><td colspan="3"><u>BDOCC's comments:</u>

The conditions precedent to the Lease Agreements for the Proposed Leaseback of the Disposal Properties are reasonable as they require the completion of the SPAs as well as for both KPJ and Al-`Aqar to procure the relevant requisite approvals from each respective shareholders or unitholders.</td></tr>
<tr><td>3.</td><td><u>Rent</u>

The rent shall be denominated in RM and the formula for determination of the rent in the Lease Agreement for the Proposed Leaseback are as follows:-

(i) <u>Rent formula</u>
<table>
<tr><th>First Rental Term</th><th>Rent Formula</th></tr>
<tr><td>1st year</td><td>6.25% per annum x Open Market Value of the APSH New Building ("APSH New Building Base Rent"). For the avoidance of doubt, the APSH New Building Base Rent is RM8,187,500</td></tr>
<tr><td>2nd year & 3rd year</td><td>2.00% incremental increase x the rent for the preceding year</td></tr>
</table>
(ii) <u>Rent review formula</u>

The rent for every succeeding rental term shall be calculated based on the following formula:-
<table>
<tr><th>Succeeding Rental Terms</th><th>Rent Review Formula</th></tr>
<tr><td>1st year of every succeeding rental term (Years 4, 7 and 10)</td><td>6.25% per annum x Open Market Value of the APSH New Building at the point of review, subject to:-
(i) a minimum of the APSH New Building Base Rent; and</td></tr>
</table>
</td><td>

The rent shall be denominated in RM and the formula for determination of the rent in the Lease Agreement for the Proposed Leaseback are as follows:-

(i) <u>Rent formula</u>
<table>
<tr><th>First Rental Term</th><th>Rent Formula</th></tr>
<tr><td>1st year</td><td>6.25% per annum x Open Market Value of the PSH New Building ("PSH New Building Base Rent"). For the avoidance of doubt, the PSH New Building Base Rent is RM6,875,000</td></tr>
<tr><td>2nd year & 3rd year</td><td>2.00% incremental increase x the rent for the preceding year</td></tr>
</table>
(ii) <u>Rent review formula</u>

The rent for every succeeding rental term shall be calculated based on the following formula:-
<table>
<tr><th>Succeeding Rental Terms</th><th>Rent Review Formula</th></tr>
<tr><td>1st year of every succeeding rental term (Years 4, 7, 10 and 13)</td><td>6.25% per annum x Open Market Value of the PSH New Building at the point of review, subject to:-
(i) a minimum of the PSH New Building Base Rent; and</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th></th><th>APSH New Building</th><th>PSH New Building</th></tr>
<tr><td></td><td>
<table>
<tr><td></td><td>(ii) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.</td></tr>
<tr><td>2nd & 3rd year of every succeeding rental term (Years 5, 6, 8, 9 and 11)</td><td>2.00% incremental increase over the rent for the preceding year</td></tr>
</table>
<p>The security deposit is equivalent to two (2) times the prevailing monthly rent to be paid (and shall be revised to correspond with the said aggregate sum for every rental term) to the Lessor and retained on trust by the Trustee throughout the Contractual Term.</p>
<p>The Lessor shall during the Contractual Term inter alia:-</p>
<p>(i) pay for all rates, taxes, assessments, duties, charges, impositions, levies and outgoings which in relation to the APSH New Building;</p>
<p>(ii) pay for quit rent and assessment of the APSH New Building;</p>
<p>(iii) appoint and pay to the property manager for the maintenance and management services rendered by the property manager in relation to the APSH New Building; and</p>
<p>(iv) be responsible to make good any major repair or total replacement of the Lessor’s fixtures and fittings attached to the APSH New Building.</p>
<p>The Leaseback Lessee shall during the Contractual Term inter alia bear and pay or otherwise be responsible for all costs of all services and maintenance charges (where applicable) including without limitation services charges, utility charges, statutory payments (save for quit rent and assessments), and/or any other payments/ costs related to the</p>
</td><td>
<table>
<tr><td></td><td>(ii) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.</td></tr>
<tr><td>2nd & 3rd year of every succeeding rental term (Years 5, 6, 8, 9, 11, 12, 14, 15)</td><td>2.00% incremental increase over the rent for the preceding year</td></tr>
</table>
<p>The security deposit is equivalent to two (2) times the prevailing monthly rent to be paid (and shall be revised to correspond with the said aggregate sum for every rental term) to the Lessor and retained on trust by the Trustee throughout the Contractual Term.</p>
<p>The Lessor shall during the Contractual Term inter alia:-</p>
<p>(i) pay for all rates, taxes, assessments, duties, charges, impositions, levies and outgoings which in relation to the PSH New Building;</p>
<p>(ii) pay for quit rent and assessment of the PSH New Building;</p>
<p>(iii) appoint and pay to the property manager for the maintenance and management services rendered by the property manager in relation to the PSH New Building; and</p>
<p>(iv) be responsible to make good any major repair or total replacement of the Lessor’s fixtures and fittings attached to the PSH New Building.</p>
<p>The Leaseback Lessee shall during the Contractual Term inter alia bear and pay or otherwise be responsible for all costs of all services and maintenance charges (where applicable) including without limitation services charges, utility charges, statutory payments (save for quit rent and assessments), and/or any other payments/ costs related to the</p>
</td></tr>
</table>

	APSH New Building	PSH New Building
	APSH New Building that the Leaseback Lessee is responsible for during the Contractual Term. The Leaseback Lessee shall be given first right of refusal, should the Lessor intend to sell the APSH New Building, by way of written notice from the Lessor to sell the APSH New Building at the prevailing/open market value, to which notice the Leaseback Lessee shall reply within 60 calendar days thereof.	PSH New Building that the Leaseback Lessee is responsible for during the Contractual Term. The Leaseback Lessee shall be given first right of refusal, should the Lessor intend to sell the PSH New Building, by way of written notice from the Lessor to sell the PSH New Building at the prevailing/open market value, to which notice the Leaseback Lessee shall reply within 60 calendar days thereof.

BDOCC's comments:

We noted that the rent formula and the rent review formula of the respective Disposal Properties throughout the respective Contractual Term were mutually agreed between the parties involved in the Lease Agreements for the Proposed Leaseback.

Based on our evaluation of the base rent rate for Year 1 as set out in Section 9.2 of this IAL, we are of the view that the APSH New Building Base Rent of RM8,187,500 and PSH New Building Base Rent of RM6,875,000 is fair. In addition, based on our evaluation of the annual rent incremental increase in Years 2 and 3 in Section 9.3 of this IAL, we are of the view that the 2.00% incremental increase per annum is fair.

We take cognisance the use of the Open Market Value of the respective Disposal Properties in the rent review formula. We are of the view that the term is reasonable as it ensures that the succeeding rental rate reflects the market value of the Disposal Properties at the point of review. For the purpose of determining the succeeding rental term, the respective parties are entitled to appoint independent valuers to determine the Open Market Value of the respective Disposal Properties. For avoidance of doubt, the parties have the right to mutually agree to vary the Open Market Value determined by the independent valuer and adopt a varied Open Market Value. In the event of any disagreement on the varied Open Market Value, parties shall form a dispute resolution committee comprising two (2) appointed representatives each from the Lessor, Manager and Leaseback Lessees. Where necessary, the dispute resolution committee may appoint an independent expert to advise on that matter and the appointment of the independent expert shall be unanimously agreed by the representatives of all parties. We noted that the inclusion of two representatives from the Leaseback Lessees in the dispute resolution committee provides KPJ with direct participation in the resolution process and enables KPJ to safeguard its interest and its non-interested shareholders. We are of the view that the dispute resolution committee arrangement is fair and reasonable as it ensures KPJ is adequately represented, allow for independent professional input where needed and incorporates safeguard to prevent unilateral decision-making. As such, we are of the view that the agreed approach is not detrimental to KPJ Group and its non-interested shareholders.

We noted that the Lessor shall during the Contractual Term, among others, pay for all outgoing charges in relation to the Disposal Properties and pay for quit rent and assessment of the Disposal Properties. We are of the view that it is reasonable for the Lessor to be responsible for the charges pertaining to the Disposal Properties since the Lessor will be the registered proprietor of the Disposal Properties upon the completion of Proposed Sale.

<table>
<tr><th></th><th>APSH New Building</th><th>PSH New Building</th></tr>
<tr><td colspan="3">We also noted that the Leaseback Lessees shall during the Contractual Term, among others, bear and pay for all costs of all services and maintenance charges of the respective Disposal Properties. This term is commonly found within contracts, terms and conditions of transactions in similar nature. For avoidance of doubt, the general cleaning, upkeep and maintenance of the Disposal Properties are in the responsibilities of the Leaseback Lessees at their own cost and expense.

For avoidance of doubt, the general upkeep and maintenance of the Properties such as, among others, interior flooring, walls and ceiling surface, light fittings and general cleaning are the responsibilities of the Leaseback Lessees at their own cost and expense.

In addition, we noted that the Lessor shall at its own cost and expense, carry out such structural repairs and works necessary to maintain the external and internal structure of the Disposal Properties. For avoidance of doubt, structural parts of the Disposal Properties shall include the foundation, main walls, structural slabs of the floors boundary walls, columns and beams

We further noted that the Leaseback Lessees shall be given the first right of refusal in the event that the Lessor intends to sell the Disposal Properties during the Contractual Term. We are of the view that this term is reasonable as it presents an opportunity for the Leaseback Lessees to purchase the Disposal Properties in the event that the Lessor intends to sell the Disposal Properties during the Contractual Term.

Overall, we are of the view the above terms are fair and reasonable.</td></tr>
<tr><td>4.</td><td colspan="2"><u>Registration of Lease Instrument</u>

Notwithstanding the Rent Commencement Date, if required, the Leaseback Lessee shall, upon execution of the Lease Agreement for Proposed Leaseback, apply to the authorities for consent for the creation of the lease for the Contractual Term in favour of the Leaseback Lessee pursuant to the Lease Agreement for Proposed Leaseback.

“Rent Commencement Date” means the date of commencement of the lease and rent of the Disposal Properties payable by the Leaseback Lessee.

Subject to the prior consent of the Lessor’s financier having been obtained by the Lessor (if required), on the Rent Commencement Date:-

(i) the Lessor and the Leaseback Lessee shall execute the Form 15A of the National Land Code (“Lease Instrument”) for the registration of the lease with the Registrar of Titles or Land Administrator (whichever is applicable); and

(ii) the Lessor shall forward the original issue document of title to the land on which the Disposal Property is located (“Land”) to the Leaseback Lessee.</td></tr>
</table>

<table>
<tr><th></th><th>APSH New Building</th><th>PSH New Building</th></tr>
<tr><td></td><td colspan="2">In the event the registration of the lease is not or cannot be effected or perfected for any reason whatsoever not due to any fault of the parties, the parties agree that the Lessor shall grant and the Leaseback Lessee shall take on a tenancy of the Disposal Properties on the terms and conditions as stipulated whereupon the Contractual Term shall be for a fixed period of three (3) years with an automatic renewal for additional four (4) terms of three (3) years each for a period. For the avoidance of doubt, the Contractual Term for APSH New Building shall be for a fixed period of three (3) years with an automatic renewal for additional two (2) terms of three (3) years each and one (1) term of two (2) years (up until 29 June 2036). The Leaseback Lessee shall have the option to procure the said tenancy to be endorsed on the original issue document of title to the Land with the Registrar of Titles or Land Administrator (whichever is applicable).
In the event the Land is duly charged by the Lessor or any other party having such right to charge the Land, the Leaseback Lessee shall first obtain the written consent of the chargee by procuring the chargee's signature on the Lease Instrument prior to attending to the registration of the Lease with the Registrar of Titles or Land Administrator (whichever is applicable) in accordance with Section 226 of National Land Code.
The Leaseback Lessee shall attend to the following:-
(i) to submit the Lease Instrument for adjudication for assessment of stamp duty at the relevant stamp office;
(ii) to pay the stamp duty of the Lease Instrument;
(iii) to present the duly stamped Lease Instrument together with other relevant documents to the relevant land registry for registration of the lease in its favour; and
(iv) upon completion of the registration of the Lease Instrument to extract and forward the original issue document of title to the Land to the Lessor for the Lessor's or its financier's (if any) safekeeping and retention.
The Lessor and the Leaseback Lessee agree that they shall work together, as may reasonably be required, to complete and register the Lease Instrument in favour of the Leaseback Lessee.
The parties acknowledge that the non-registration of the Lease Instrument for any reason whatsoever shall not affect the contractual operation of the lease and that the Lease Agreement for Proposed Leaseback will remain valid and enforceable under the law of contract.</td></tr>
<tr><td colspan="3"><u>BDOCC's comments:</u>
We noted that this term requires the Leaseback Lessees, if applicable, to register its lease with either the Registrar of Titles or Land Administrator. We also noted that the non-registration of the Lease Instrument will not affect the contractual operation of the Lease. As such, we are of the view that the term is reasonable.</td></tr>
</table>

<table>
<tr><th></th><th>APSH New Building</th><th>PSH New Building</th></tr>
<tr><td>5.</td><td colspan="2"><u>Expansion</u>

(i) “Expansion” means the construction, renovations and/or refurbishment works within the building of the Disposal Property and/or attached to the building of the Disposal Property, undertaken by the Lessor or Leaseback Lessee for the purposes of expansion of its business operations resulting:-

(a) in the increase of the gross floor area of the building of the Disposal Properties; and

(b) in the increase of rent pursuant to the Lease Agreement for the Proposed Leaseback.

(ii) Option 1 of the Expansion

In the event the Leaseback Lessee requests for Expansion and the Lessor and the Manager agree to meet the Expansion request of the Lessee according to Leaseback Lessee’s specification, the Lessor may, subject to the terms and conditions in the Lease Agreement for Proposed Leaseback, make the necessary arrangements, coordinate, manage, monitor and supervise any major structural alterations or additions to the building of the Disposal Property or work which may affect the:-

(a) structure of the Disposal Property (including but not limited to the roof and the foundation);

(b) mechanical or electrical installations of the Disposal Property; and

(c) provisions of any services in or to the Disposal Property.

The Lessor shall bear the development costs and expenses for, and related to the Expansion ("Expansion Costs”) and shall be solely responsible to procure the financing for the Expansion.

(iii) Option 2 of the Expansion

Notwithstanding option 1 above, subject to the agreement between the parties to the Lease Agreement for Proposed Leaseback, the Leaseback Lessee shall have the option to undertake the Expansion and bear the Expansion Costs, and the parties further agree that the Expansion Costs shall be reimbursed by the Lessor to the Leaseback Lessee (“Expansion Reimbursement Costs”) in accordance with the terms and conditions in the Lease Agreement for Proposed Leaseback.

(iv) If the expansion results in an increase in the gross floor area of the Disposal Property, the increase in the monthly rent shall be computed as follows:</td></tr>
</table>

<table>
<tr><th></th><th>APSH New Building</th><th>PSH New Building</th></tr>
<tr><td></td><td colspan="2"><i>Formula: (the rental rate to be agreed between the parties to the Lease Agreement for Proposed Leaseback x Expansion Reimbursement Costs or Expansion Costs, as the case may be)/12 calendar months.</i>
(v) In the event the increase in the rent is incurred during the middle of the relevant year of the Contractual Term, such rent shall be prorated to the full financial year before applying it in the rent formula for rent increment as set out in the Lease Agreement for Proposed Leaseback.
(vi) For the avoidance of doubt, in the event the rent has been increased pursuant to item (iv) above, the Base Rent amount shall be revised accordingly to include the incremental amount and thereafter, the aforesaid Base Rent shall be applied in the rent review formula under the Lease Agreement for Proposed Leaseback for determination of the rent for the relevant succeeding rental terms.</td></tr>
<tr><td colspan="3"><u>BDOCC's comments:</u>
We noted that the terms above provide the Leaseback Lessees with the option to renovate and/or refurbish the Disposal Properties.
Based on option 1, we noted that the Expansion Costs will be solely incurred and financed by the Lessor, whereas under option 2, the Expansion Costs incurred by the Leaseback Lessees will be reimbursed by the Lessor.
Subsequent to an Expansion, any resultant increase in gross floor area due to the Expansion will result in an increase in monthly rent payable to the Lessor, of which, shall be based on the rental rate to be agreed between parties applied to the Expansion Costs. The Expansion Costs shall be agreed by the Leaseback Lessee, taking into account the value of the Expansion as recommended by an independent valuer to be appointed by the Lessor at the Lessor's own cost and expense.
Hence, we are of the view that the above terms are reasonable and beneficial for the Leaseback Lessees as they cater for any potential future expansion plans by the Leaseback Lessees to support the Leaseback Lessees' operations at the Disposal Properties.</td></tr>
<tr><td>6.</td><td colspan="2"><u>New Development</u>
(i) New Development means the planning, design, and construction of a new building(s), carpark and/or other structures on the land where the Disposal Property is situated or any part thereof complete with inter alia the interior design, the landscape and the infrastructures related thereto.
(ii) Option 1 of the New Development
The Lessor grants to the Leaseback Lessee the right to undertake the New Development on the land where the Disposal Property is situated for the Leaseback Lessee's business operations.</td></tr>
</table>

	APSH New Building	PSH New Building

Notwithstanding the paragraph above, the Lessor shall have the option to undertake the New Development and bear the development costs and expenses for, and related to the New Development (“**New Development Costs**”) and shall be solely responsible to procure the financing for the New Development, subject to the terms and conditions in the Lease Agreement for Proposed Leaseback.

(iii) Option 2 of the New Development

Notwithstanding option 1 above, subject to the agreement between the parties to the Lease Agreement for Proposed Leaseback, the Leaseback Lessee shall have the option to undertake the New Development and bear the New Development Costs, and the parties to the Lease Agreement for Proposed Leaseback further agree that the New Development shall be acquired by the Lessor from the Leaseback Leaseback Lessee in accordance with the terms and conditions in the Lease Agreement for Proposed Leaseback.

(iv) The new rent for the New Development shall be governed by the terms and conditions of the new lease agreement or supplemental lease agreement to be entered into between the Leaseback Lessees, the Lessor and the Manager for the lease of the New Development.

BDOCC's comments:

We noted that the terms above provide the Leaseback Lessees an avenue to plan, design and construct building(s) and structures on the land where the Disposal Properties are situated.

Based on option 1, we noted that the New Development Costs will be solely incurred and financed by the Lessor, whereas under option 2, the New Development undertaken by the Leaseback Lessees shall be acquired by the Lessor and leased back to the Leaseback Lesses under a new or supplemental lease agreement.

Subsequent to a New Development, the new rent for the New Development shall be governed by the new or supplemental lease agreement, of which, shall be mutually agreed upon between the parties.

Hence, we are of the view that the above terms are reasonable and beneficial for the Leaseback Lessees as they cater for any potential future new development plans by the Leaseback Lessees to support the Leaseback Lessees' operations at the Disposal Properties.

7. Events of default and termination

Please refer to **Part (A) Appendix II of the Circular** on the events of default and termination for more details.

<table>
<tr><th></th><th>APSH New Building</th><th>PSH New Building</th></tr>
<tr><td colspan="3">BDOCC’s comments:

We noted that the terms lay out the events that would constitute default by the Leaseback Lessees’ failure in fulfilling its obligations under the terms of the Lease Agreements for the Proposed Leaseback, of which the Lessor will have the right to exercise for remedies from the Leaseback Lessees.

We further noted that in the event of default by the Leaseback Lessees, the Leaseback Lessees shall be liable to pay the Lessor a sum equivalent to the rent for the unexpired period of the Contractual Term as liquidated damages. Notwithstanding the above, the Leaseback Lessees shall have an option to source for a replacement lessee or tenant approved by the Lessor for the unexpired period of the Contractual Term, and the Lessor shall take all reasonable efforts to lease or let the Disposal Properties to any other lessees or tenants.

In the event that the Lessor or the Leaseback Lessees is/are able to lease or let the Disposal Properties to any other lessees and tenants acceptable to the Lessor, the Leaseback Lessees shall only compensate the Lessor in lump sum for the deficiency between the originally schedules rent and the rent received or to be received from the other lessees. As such, we are of the view that the term is reasonable.

Save for the event of default and termination as detailed in the Part (A) Appendix II of the Circular, we noted that neither party is allowed to terminate the Lease Agreements for the Proposed Leaseback at its discretion and this works in the interest of both parties for the continuity of the lease terms as mutually negotiated and agreed upon. As such, we are of the view that the term is reasonable.

We noted that the Lease Agreements do not include a termination clause that allows the Leaseback Lessees to terminate the lease in the event of a default by the Lessor. Notwithstanding this, we are of the view that the absence of such termination clause is fair and reasonable and is not detrimental to KPJ and the interests of the non-interested shareholders of KPJ, as the Leaseback Lessees’ main priority is to maintain uninterrupted use of the premises for its business operations, which are preserved through other provisions in the Lease Agreements, including the obligation of specific performance by the Lessor. In addition, Leaseback Lessees retain their legal rights under applicable law to pursue remedies such as injunction, specific performance and other equitable relief in the event of breach of the Lease Agreement by the Lessor.</td></tr>
</table>

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11.2 Lease Agreements for the Proposed Lease Renewal

In evaluating the salient terms of the Lease Agreements for the Proposed Lease Renewal of the respective Lease Renewal Properties, we have considered the following salient terms:-

(i) Lease and use of Lease Renewal Properties;

(ii) Rent;

(iii) Registration of Lease Instrument;

(iv) Expansion;

(v) New Development;

(vi) Events of default and Termination; and

(vii) First Right of Refusal to Purchase the Lease Renewal Property.

Based on our evaluation shown below, we are of the view that the salient terms of the respective Lease Agreements for the Proposed Lease Renewal are <u>reasonable</u>.

Please refer to our comments below on the salient terms of the respective Lease Agreements for the Proposed Lease Renewal:-

	Proposed Lease Renewal
1.	**<u>Lease and use of Lease Renewal Properties</u>** The Lease Renewal Lessees will respectively enter into a lease agreement with the Lessor and the Manager as follows:- (i) PSHSB for the lease of PSH Main Building(1) together with its land at the rental rate of 6.25% per annum for a period of fifteen (15) years commencing from 1 August 2025, after the expiry of the Memorandum of Extension and Second Memorandum of Extension, with an option to renew for another fifteen (15) years; (ii) PSHSB for the lease of TMC together with its land at the rental rate of 6.25% per annum for a period of three (3) years commencing from 1 August 2025, after the expiry of the Memorandum of Extension and Second Memorandum of Extension, with an option to renew for another two (2) years;

<table>
<tr><th></th><th>Proposed Lease Renewal</th></tr>
<tr><td></td><td>(iii) MSHSB for the lease of SSH together with its land at the rental rate of 6.25% per annum for a period of fifteen (15) years commencing from 1 August 2025, after the expiry of the Memorandum of Extension on 31 December 2024 and Second Memorandum of Extension, with an option to renew for another fifteen (15) years;
(iv) KPJUSB for the lease of KPJU together with its land at the rental rate of 6.25% per annum for a period of five (5) years and eight (8) months commencing from 1 August 2025, after the expiry of the Memorandum of Extension and Second Memorandum of Extension, with an option to renew for another fifteen (15) years; and
(v) KPJUSB for the lease of KPJCP together with its land at the rental rate of 6.25% per annum for a period of one (1) year commencing from 1 August 2025, after the expiry of the Memorandum of Extension and Second Memorandum of Extension, with an option to renew for another one (1) year.
Note:-
(1) *In respect of PSH New Building, since PSH New Building is the expansion/new development of PSH Main Building and both situated on the same plot of land bearing land title particulars Geran Mukim 1453, Lot 10150 Mukim 7, Daerah of Seberang Perai Tengah, Negeri Pulau Pinang, ART, being the trustee for and on behalf of Al-`Aqar, and JLGRM, being the manager of Al-`Aqar, and PSHSB have mutually agreed that the lease back of PSH New Building and the renewal of PSH Main Building for the contractual term of fifteen (15) years with an option to renew/extend for another fifteen (15) years shall be covered under a single lease agreement. Notwithstanding this, in the event that the Proposed Sale for PSH New Building is not approved under* ***Section 11 of Part A of the Circular****, then the lease agreement shall be adopted for the Proposed Lease Renewal of PSH Main Building only.*
The Lessor and the Lease Renewal Lessees agree that the Lease Renewal Properties shall be used strictly for the purpose of operating the Lessees' principal business activities which include healthcare facility/hospital, wellness centre and college which operation and usage shall not be contrary to Shariah principles.</td></tr>
<tr><td colspan="2">**BDOCC's comments:**
We noted that the Contractual Term for PSH and SSH of fifteen (15) years and KPJU of five (5) years eight (8) months with the option to renew for another fifteen (15) years from the expiry of the Contractual Term at the option of the Lease Renewal Lessees is reasonable as it provides long term commitment by the Lessor to make available PSH, SSH and KPJU for KPJ Group to operate its business. The Contractual Term with an option to renew for another fifteen (15) years will allow KPJ Group to plan ahead on the business continuity of KPJ Group.
We also noted that the Contractual Term for TMC of three (3) years with option to renew for another two (2) years and KPJCP of one (1) year with the option to renew for another one (1) year from the expiry of the Contractual Term at the option of the Lease Renewal Lessees is reasonable as KPJ Group is currently deliberating on the future business direction for both TMC and KPJCP. In view of this, KPJ has decided to seek for shorter renewal lease period of ranging one (1) to three (3) years for TMC and KPJCP. As such, the Contractual Term of three (3) years and one (1) year will give KPJ flexibility in the decision of the future business direction for TMC and KPJCP.</td></tr>
</table>

Proposed Lease Renewal

In addition, we noted that at present, the Lease Renewal Properties are being operated as healthcare facility/hospital, wellness centre as well as college and there is no intention for the Lease Renewal Properties to be utilised for any other purpose other than as aforementioned. Hence, we are of the view that the term is reasonable.

2. **Rent**

The rent shall be denominated in RM and the formula for determination of the rent in the Lease Agreement for the Proposed Lease Renewal are as follows:-

PSH Main Building, TMC and SSH

(i) Rent formula

First Rental Term	Rent Formula
1st year	6.25% per annum x Open Market Value of the PSH Main Building, TMC and SSH (“**PSH Main Building, TMC and SSH Base Rent**”). For the avoidance of doubt, the PSH Main Building, TMC and SSH Base Rent are as follows:- i. PSH Main Building: RM4,218,750 ii. TMC: RM1,437,500 iii. SSH: RM10,312,500
2nd year & 3rd year	2.00% incremental increase x the rent for the preceding year

(ii) Rent review formula

The rent for every succeeding rental term shall be calculated based on the following formula:-

Lease Renewal Property	Succeeding Rental Terms	Rent Review Formula
PSH Main Building and SSH	1st year of every succeeding rental term (Years 4, 7, 10 and 13)	6.25% per annum x Open Market Value of PSH Main Building and SSH at the point of review, subject to:- (i) a minimum of PSH Main Building and SSH Base Rent; and

Proposed Lease Renewal

		(ii) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.
	2nd & 3rd year of every succeeding rental term (Years 5, 6, 8, 9, 11, 12, 14, 15)	2.00% incremental increase over the rent for the preceding year

KPJU

(i) Rent formula

First Rental Term	Rent Formula
1st year	6.25% per annum x Open Market Value of KPJU (“**KPJU Base Rent**”). For the avoidance of doubt, KPJU Base Rent is RM1,606,250.
2nd year & 3rd year	2.00% incremental increase x the rent for the preceding year

(ii) Rent review formula

The rent for every succeeding rental term shall be calculated based on the following formula:-

Succeeding Rental Terms	Rent Review Formula
1st year of the succeeding rental term (Year 4)	6.25% per annum x Open Market Value of KPJU at the point of review, subject to:- (i) a minimum of KPJU Base Rent; and (ii) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.
2nd & 3rd year of every succeeding rental term (Year 5 plus eight (8) months)	2.00% incremental increase over the rent for the preceding year

Proposed Lease Renewal

KPJCP

(i) Rent formula

First Rental Term	**Rent Formula**
1st year	6.25% per annum x Open Market Value of KPJCP (“**KPJCP Base Rent**”). For the avoidance of doubt, KPJCP Base Rent is RM959,375.

The security deposit is equivalent to two (2) times the prevailing monthly rent to be paid (and shall be revised to correspond with the said aggregate sum for every rental term) to the Lessor and retained on trust by the Trustee throughout the Contractual Term.

The Lessor shall during the Contractual Term, amongst others:-

(i) pay for all rates, taxes, assessments, duties, charges, impositions, levies and outgoings in relation to the Lease Renewal Properties;

(ii) pay quit rent and assessment of the Lease Renewal Properties;

(iii) maintain takaful coverage in respect of the Lease Renewal Properties and the Lessor’s fixtures and fittings, equipment and machinery in the Lease Renewal Properties against fire and allied perils;

(iv) appoint and pay to the property manager for the maintenance and management services rendered by the property manager in relation to the Lease Renewal Properties; and

(v) be responsible to make good any major repair or total replacement of the Lessor’s fixtures and fittings attached to the Lease Renewal Properties.

The Lease Renewal Lessees shall during the Contractual Term inter alia bear and pay or otherwise be responsible for all costs of all services and maintenance charges (where applicable) including without limitation services charges, utilities charges, statutory payments (save for quit rent and assessments), and/or any other payments/costs related to the Lease Renewal Properties that the Lease Renewal Lessees are responsible for during the Contractual Term.

Proposed Lease Renewal

BDOCC's comments:

We noted that the rent formula and the rent review formula of the respective Lease Renewal Properties throughout the respective Contractual Term were mutually agreed between the parties involved in the Lease Agreements for the Proposed Lease Renewal.

Based on our evaluation of the base rent rate for Year 1 as set out in Section 9.2 of this IAL, PSH Main Building Base Rent of RM4,218,750, TMC Base Rent of RM1,437,500, SSH Base Rent of RM10,312,500, KPJU Base Rent of RM1,606,250 and KPJCP Base Rent of RM959,375 are fair. In addition, based on our evaluation of the annual rent incremental increase in Years 2 and 3 as set out in Section 9.3 of this IAL, we are of the view that the 2.00% incremental increase per annum is fair.

We take cognisance the use of the Open Market Value of the respective Lease Renewal Properties in the rent review formula. We are of the view that the term is reasonable as it ensures that the succeeding rental rate reflects the market value of the Lease Renewal Properties at the point of review. For the purpose of determining the succeeding rental term, the respective parties are entitled to appoint independent valuers to determine the Open Market Value of the respective Lease Renewal Properties. For avoidance of doubt, the parties have the right to mutually agree to vary the Open Market Value determined by the independent valuer and adopt a varied Open Market Value. In the event of any disagreement on the varied Open Market Value, parties shall form a dispute resolution committee comprising two (2) appointed representatives each from the Lessor, Manager and Lease Renewal Properties Lessees. Where necessary, the dispute resolution committee may appoint an independent expert to advise on that matter and the appointment of the independent expert shall be unanimously agreed by the representatives of all parties. We noted that the inclusion of two representatives from the Lease Renewal Lessees in the dispute resolution committee provides KPJ with direct participation in the resolution process and enables KPJ to safeguard its interest and its non-interested shareholders. We are of the view that the dispute resolution committee arrangement is fair and reasonable as it ensures KPJ is adequately represented, allow for independent professional input where needed and incorporates safeguard to prevent unilateral decision-making. As such, we are of the view that the agreed approach is not detrimental to KPJ Group and its non-interested shareholders.

We noted that the Lessor shall during the Contractual Term, among others, pay for all outgoing charges in relation to the Lease Renewal Properties, pay for quit rent and assessment of the Lease Renewal Properties, maintain takaful coverage, appoint and pay the maintenance manager and be responsible to make good on major repairs and replacements of fixtures and fittings. We are of the view that it is reasonable for the lessor to be responsible for the charges pertaining to the land and buildings of the Lease Renewal Properties since the Lessor is the registered owner of the Lease Renewal Properties.
We also noted that the Lease Renewal Lessees shall during the Contractual Term, among others, bear and pay for all costs of all services and maintenance charges of the respective Lease Renewal Properties. The term is typical and a norm in transactions of similar nature. Hence, we are of the view that the terms above are reasonable.

Overall, we are of the view the above terms are fair and reasonable.

	Proposed Lease Renewal
3.	<u>**Registration of Lease Instrument**</u> Notwithstanding the Rent Commencement Date, the Lessee shall, upon execution of the Lease Agreement for Proposed Lease Renewal, apply to the authorities for consent for the creation of the lease for the Contractual Term in favour of the Lessee pursuant to the Lease Agreement for Proposed Lease Renewal. "**Rent Commencement Date**" means the date of commencement of the lease and rent of the Lease Renewal Property payable by the Lessee. Subject to the prior consent of the Lessor's financier having been obtained by the Lessor (if required), on the Rent Commencement Date:- (i) the Lessor and the Lessee shall execute the Form 15A of the National Land Code ("**Lease Instrument**") for the registration of the lease with the Registrar of Titles or Land Administrator (whichever is applicable); and (ii) the Lessor shall forward the original issue document of title to the land on which the Lease Renewal Property is located ("**Land**") to the Lessee. In the event the registration of the lease is not or cannot be effected or perfected for any reason whatsoever not due to any fault of the parties, the parties agree that the Lessor shall grant and the Lessee shall take on a tenancy of the Lease Renewal Property based on the Contractual Term of the Lease Renewal Property and the terms and conditions as stipulated in the Lease Agreement for Proposed Lease Renewal. The Lessee shall have the option to procure the said tenancy to be endorsed on the original issue document of title to the Land with the Registrar of Titles or Land Administrator (whichever is applicable). In the event the Land is duly charged by the Lessor or any other party having such right to charge the Land, the Lessee shall first obtain the written consent of the charge by procuring chargee's signature on the Lease Instrument prior to attending to the registration of the Lease with the Registrar of Titles or Land Administrator (whichever is applicable) in accordance with Section 226 of National Land Code. The Lessee shall attend to the following:- (i) to submit the Lease Instrument for adjudication for assessment of stamp duty at the relevant stamp office; (ii) to pay the stamp duty of the Lease Instrument; and (iii) to present the duly stamped Lease Instrument to extract and forward the original issue document of title to the Land to the Lessor for the Lessor's or its financier's (if any) safekeeping and retention.

	Proposed Lease Renewal
	The Lessor and the Lessee agree that they shall work together, as may reasonably be required, to complete and register the Lease Instrument in favour of the Lessee. The parties acknowledge that the non-registration of the Lease Instrument for any reason whatsoever shall not affect the contractual operation of the lease and that the Lease Agreement for Proposed Lease Renewal will remain valid and enforceable under the law of the contract.
<u>BDOCC's comments:</u> **We noted that this term requires the Lease Renewal Lessees, if applicable, to register its lease with either the Registrar of Titles or Land Administrator. We also noted that the non-registration of the Lease Instrument will not affect the contractual operation of the Lease. As such, we are of the view that the term is reasonable.**	
4.	<u>Expansion</u> (i) "**Expansion**" means the construction, renovations and/or refurbishment works within the building of the Lease Renewal Property and/or attached to the building of the Lease Renewal Property, undertaken by the Lessor or Lessee for the purposes of expansion of its business operations resulting:- (a) in the increase of the gross floor area of the building of the Lease Renewal Property; and (b) in the increase of rent pursuant to the Lease Agreement for Proposed Lease Renewal. (ii) Option 1 of the Expansion In the event the Lessee requests for Expansion and the Lessor and the Manager agree to meet the Expansion request of the Lessee according to the Lessee's specification, the Lessor may, subject to the terms and conditions in the Lease Agreement for Proposed Lease Renewal, make the necessary arrangements, coordinate, manage, monitor and supervise any major structural alterations or additions to the building of the Lease Renewal Property or work which may affect the:- (a) structure of the Lease Renewal Property (including but not limited to the roof and the foundation); (b) mechanical or electrical installations of the Lease Renewal Property; or (c) provisions of any services in or to the Lease Renewal Property. The Lessor shall bear the development costs and expenses for, and related to the Expansion ("**Expansion Costs**") and shall be solely responsible to procure the financing for the Expansion.

Proposed Lease Renewal

(iii) Option 2 of the Expansion

Notwithstanding option 1 above, subject to the agreement between the parties to the Lease Agreement for Proposed Lease Renewal, the Lessee shall have the option to undertake the Expansion and bear the Expansion Costs, and the parties further agree that the Expansion Costs shall be reimbursed by the Lessor to the Lessee ("**Expansion Reimbursement Costs**") in accordance with the terms and conditions in the Lease Agreement for Proposed Lease Renewal.

(iv) If the expansion results in an increase in the gross floor area of the Lease Renewal Property, the increase in the monthly rent shall be computed as follows:-

Formula: (the rental rate to be agreed between the parties to the Lease Agreement for Proposed Lease Renewal x Expansion Reimbursement Costs or Expansion Costs, as the case may be) / 12 calendar months.

(v) In the event the increase in the rent is incurred during the middle of the relevant year of the Contractual Term, such rent shall be prorated to the full financial year before applying it in the rent formula for rent increment as set out in the Lease Agreement for Proposed Lease Renewal.

(vi) For the avoidance of doubt, in the event the rent has been increased pursuant to item (iv) above, the Base Rent amount shall be revised accordingly to include the incremental amount and thereafter, the aforesaid Base Rent shall be applied in the rent review formula under the Lease Agreement for Proposed Lease Renewal for determination of the rent for the relevant succeeding Rental Terms.

BDOCC's comments:

We noted that the terms above provide the Lease Renewal Lessees with the option to renovate and/or refurbish the Lease Renewal Properties.

Based on option 1, we noted that the Expansion Costs will be solely incurred and financed by the Lessor, whereas under option 2, the Expansion Costs incurred by the Lease Renewal Lessees will be reimbursed by the Lessor.

Subsequent to an Expansion, any resultant increase in gross floor area due to the Expansion will result in an increase in monthly rent payable to the Lessor, of which, shall be based on the rental rate to be agreed between parties applied to the Expansion Costs. The Expansion Costs shall be agreed by the Lessee, taking into account the value of the Expansion as recommended by an independent valuer to be appointed by the Lessor at the Lessor's own cost and expense.

Hence, we are of the view that the above terms are reasonable and benefit the Lease Renewal Lessees as they cater for any potential future expansion plans by the Lease Renewal Lessees to support the Lease Renewal Lessees operations at the Lease Renewal Properties.

Proposed Lease Renewal

5. **New Development**

(i) New Development means the planning, design, and construction of a new building(s), carpark and/or other structures on the land where the Lease Renewal Property is situated or any part thereof complete with inter alia the interior design, the landscape and the infrastructures related thereto.

(ii) Option 1 of the New Development

The Lessor grants to the Lessee the right to undertake the New Development on the land where the Lease Renewal Property is situated for the Lessee's business operations.

Notwithstanding the paragraph above, the Lessor shall have the option to undertake the New Development and bear the development costs and expenses for, and related to the New Development ("**New Development**") and shall be solely responsible to procure the financing of the New Development, subject to the terms and conditions in the Lease Agreement for Proposed Lease Renewal.

(iii) Option 2 of the New Development

Notwithstanding option 1 above, subject to the agreement between the parties to the Lease Agreement for Proposed Lease Renewal, the Lessee shall have the option to undertake the New Development and bear the New Development Costs, and the parties to the Lease Agreement for Proposed Lease Renewal further agree that the New Development shall be acquired by the Lessor from the Lessee in accordance with the terms and conditions in the Lease Agreement for Proposed Lease Renewal.

(iv) The new rent for the New Development shall be governed by the terms and conditions of the new lease agreement or supplemental lease agreement to be entered into between the Lease Renewal Lessees, the Lessor and the Manager for the lease of the New Development.

BDOCC's comments:

We noted that the terms above provide the Lease Renewal Lessees an avenue to plan, design and construct building(s) and structures on the land where the properties are situated.

Based on option 1, we noted that the Development Costs will be solely incurred and financed by the Lessor, whereas under option 2 the New Development undertaken by the Lease Renewal Lessees shall be acquired by the Lessor and leased back to the Lease Renewal Lessees under a new or supplemental lease agreement.

Subsequent to a New Development, the new rent for the New Development shall be governed by a new or supplemental lease agreement, of which, shall be mutually agreed upon between the parties.

<table>
<tr><th></th><th>Proposed Lease Renewal</th></tr>
<tr><td colspan="2">**The above terms are reasonable and benefit the Lease Renewal Lessees as they cater for any potential future new development plans by the Lease Renewal Lessees to support the Lease Renewal Lessees' operations at the Lease Renewal Properties.**</td></tr>
<tr><td>6.</td><td>**Events of default and Termination**
Please refer to **Part (B) Appendix II of the Circular** on the events of default and termination for more details.</td></tr>
<tr><td colspan="2">**BDOCC's comments:**
We noted that the terms lay out the events that would constitute default by the Lease Renewal Lessees' failure in fulfilling its obligations under the terms of the Lease Agreements for the Proposed Lease Renewal, of which the Lessor will have the right to exercise for remedies from the Lease Renewal Lessees.
We further noted that in the event of default by the Lease Renewal Lessees, the Lease Renewal Lessees shall be liable to pay the Lessor a sum equivalent to the rent for the unexpired period of the Contractual Term as liquidated damages. Notwithstanding the above, the Lease Renewal Lessees shall have an option to source for a replacement lessee or tenant approved by the Lessor for the unexpired period of the Contractual Term, and the Lessor shall take all reasonable efforts to lease or let the Lease Renewal Properties to any other lessees or tenants.
In the event that the Lessor or the Lease Renewal Lessees is/are able to lease or let the Lease Renewal Properties to any other lessees and tenants acceptable to the Lessor, the Lease Renewal Lessees shall only compensate the Lessor in lump sum for the deficiency between the originally schedules rent and the rent received or to be received from the other lessees. As such, we are of the view that the term is reasonable.
We also noted that neither party is allowed to terminate the Lease Agreements for the Proposed Lease Renewal at its discretion and this works in the interest of both parties for the continuity of the lease terms as mutually negotiated and agreed upon. As such, we are of the view that the term is reasonable.</td></tr>
</table>

<table>
<tr><th></th><th>Proposed Lease Renewal</th></tr>
<tr><td>7.</td><td>First Right of Refusal to Purchase the Lease Renewal Property
(i) The Lessor hereby agrees and undertakes to the Lease Renewal Lessee that if the Lessor shall during the Contractual Term intend to sell the Lease Renewal Property, the Lease Renewal Lessee shall be given the first right of refusal to purchase the Lease Renewal Property by way of a written notice from the Lessor to the Lease Renewal Lessee offering to sell the Lease Renewal Property to the Lease Renewal Lessee on such terms and at the reasonable and fair prevailing/open market value in respect of the Lease Renewal Property and in accordance with the applicable laws and requirements including the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia, the relevant guidelines issued by the Securities Commission Malaysia, the Capital Markets and Services Act 2007 and the Listing Requirements, to which notice the Lease Renewal Lessee shall reply within sixty (60) calendar days thereof.
(ii) The first right of refusal hereby granted shall be valid but shall not be applicable and shall not extend beyond the Contractual Term. For the avoidance of doubt, the right of first refusal hereby granted shall not be enforceable and no longer applicable if the Lease Agreement for Proposed Lease Renewal is terminated pursuant to the terms and conditions thereunder.</td></tr>
<tr><td colspan="2"><u>BDOCC's comments:</u>
We further noted that the Lease Renewal Lessees shall be given the first right of refusal in the event that the Lessor intends to sell the Lease Renewal Properties during the Contractual Term. We are of the view that this term is reasonable as it presents an opportunity for the Lease Renewal Lessees to purchase the Lease Renewal Properties in the event that the Lessor intends to sell the Lease Renewal Properties during the Contractual Term.</td></tr>
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12. EFFECTS OF THE PROPOSALS

In evaluating the Proposals, we have taken note of the effects of the Proposals as set out in **Section 10 of Part A of the Circular**. Our comments for the effects of the Proposed Lease Renewal are as follows.

12.1 Issued share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the share capital as well as substantial shareholders' shareholdings in KPJ as they do not involve issuance of KPJ Shares.

12.2 NA, NA per Share and gearing

For illustration purposes, based on the audited consolidated financial statements of KPJ for the FY 31 December 2024 and assuming that the Proposals had been effected on the last day of the financial year, the financial impact to the NA and NA per share and gearing of KPJ for FY 31 December 2024 are as follows:-

		Proforma I	**Proforma II**
	Audited as at 31 December 2024 RM'000	**After the Proposed Sale and Leaseback RM'000**	**After Proforma I and the Proposed Lease Renewal RM'000**
Share Capital	999,190	999,190	999,190
Less: Treasury Shares	(155,310)	(155,310)	(155,310)
Reserves	1,692,781	(i)1,688,140	(ii)1,688,020
NA attributable to shareholders	2,536,661	2,532,020	2,531,900
Non-controlling interests	200,937	200,937	200,937
Total equity	**2,737,598**	**2,732,957**	**2,732,837**
No of KPJ Shares ('000)	4,364,301	4,364,301	4,364,301
NA per KPJ Share (RM)	0.58	0.58	0.58
Total borrowings(iii)	1,676,258	(iv)1,576,258	1,576,258
Gearing (times)	0.66	0.62	0.62

Notes:

(i) *After taking into consideration the loss on sale of the Disposal Properties of RM2.64 million and after deducting the estimated expenses for the Proposed Sale and Leaseback of RM2.00 million.*

(ii) *After deducting the stamp duty for the Proposed Lease Renewal of RM0.12 million.*

(iii) *Excluding lease liabilities.*

(iv) *After repayment of banking facility amounting to RM100.00 million from the proceeds of the Proposed Sale.*

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12.3 Earnings and EPS

For illustration purposes, based on the audited consolidated financial statements of KPJ for FY 31 December 2024, assuming the Proposals were completed at the beginning of the financial year, the financial effects of the Proposals on the earnings and EPS of KPJ are as follows:-

Proforma Effects	RM'000
Audited profit attributable to the owners of KPJ	353,817
Proposed Sale and Leaseback	
Add: Savings on interest for repayment of bank borrowing[(i)]	4,108
(Less): Loss on sale of Disposal Properties[(ii)]	(2,641)
Add: Existing depreciation on the buildings to be disposed of	4,897
Add: Expenses that will be borne by Al-`Aqar instead of KPJ upon commencement of the lease	772
(Less): Tax impact	(2,502)
(Less): Additional depreciation and finance charge (Malaysian Financial Reporting Standard ("**MFRS**") 16 - lease impact)	(23,453)
Proforma profit after Proposed Sale and Leaseback	**334,998**
Proposed Lease Renewal	
(Less): Tax impact	(2,431)
(Less): Additional depreciation and finance charge (MFRS 16 - lease impact)	(14,665)
Proforma profit after Proposed Lease Renewal	**317,902**
(Less): Estimated expenses in relation to the Proposals[(iii)]	(2,120)
Proforma profit after the Proposals	**315,782**
Existing basic EPS (sen)[(iv)]	8.11
Proforma basic EPS (sen)[(iv)]	7.24

Notes:

(i) *The early repayment of a banking facility amounting to RM100.00 million at a profit rate as at LPD ranging from 4.00% to 4.54% per annum.*

(ii) *After taking into consideration the impact of the Proposed Leaseback as follows:-*

	RM'000
APSH New Building	
Market value of APSH New Building	*131,000*
(Less): Net book value as at 27 March 2025	*(119,827)*
	11,173
(Times): Proportion of property, plant and equipment that relates to the rights transferred	*(17.40%)*
Loss on sale of APSH New Building	***(1,944)***
PSH New Building	
Market value of PSH New Building	*110,000*
(Less): Net book value as at 27 March 2025	*(107,636)*
	2,364
(Times): Proportion of property, plant and equipment that relates to the rights transferred[(a)]	*(29.50%)*
Loss on sale of APSH New Building	***(697)***
Total loss on sale of Disposal Properties	***(2,641)***

Note:-

(a) *Based on the present value of monthly lease payments discounted at 4.54% (based on KPJ Group's Sukuk rate) divided by the market value of the Disposal Properties.*

(iii) *The estimated expenses include, amongst others, expenses relating to fees for solicitor, Independent Valuer and principal adviser as well as stamp duty.*

(iv) *Based on weighted average number of ordinary shares in issue of 4.36 billion.*

BDOCC's Comments:

We noted that the Proposals will not have any effect on share capital as well as substantial shareholders' shareholdings in KPJ as they do not involve issuance of shares in KPJ. The Proposals have no material impact on KPJ Group's consolidated NA and NA per share.

Based on the proforma, we noted that the gearing of KPJ Group will decrease from 0.66 times to 0.62 times due to the repayment of banking facility, amounting to RM100.00 million from the proceeds of the Proposed Sale upon completion of the Proposed Sale and Leaseback.

Notwithstanding that the market values of the Disposal Properties are higher than its respective net book value, we noted that the Proposed Sale and Leaseback would result in an accounting loss of RM2.64 million. This accounting loss arises from the application of MFRS 16, as the Disposal Properties are to be leased back by KPJ Group. Under MFRS 16, only gain or loss relating to the rights transferred to the buyer-lessor (i.e. Purchaser) is recognised, and not the entire difference between the Sale Consideration and the carrying amount of the Disposal Properties.

Based on the proforma, we noted that the existing basic EPS of KPJ Group will decrease from of 8.11 sen to 7.24 sen largely due to the additional depreciation and finance charges arising from the MFRS 16 from both the Proposed Leaseback and Proposed Lease Renewal, amounting to RM38.12 million. This accounting treatment reflects the capitalisation of the right-of-use assets and the interest charges from lease liabilities under MFRS 16. We noted that the additional depreciation and finance charges for the Proposed Sales and Leaseback is due to the difference in the useful life of the Disposal Properties (i.e. 50 years) adopted by KPJ prior to the Proposed Sale and Leaseback as compared to the lease period of right-of-use assets recognised (i.e. 26 years and 30 years for APSH New Building and PSH New Building, respectively) based on the renewed lease period with the extension period of the respective Disposal Properties. As for Proposed Lease Renewal, we noted that the higher depreciation and finance charges of the lease liabilities is due to the recognition of new right-of-use assets and lease liabilities under the renewed terms. The effect from the MFRS 16 accounting treatment is partially offset by the savings on interest (i.e. finance cost from Islamic financing) from the repayment of bank facilities and savings on existing depreciation on the Disposal Properties.

Premised on the above, the overall effect from the Proposals is reasonable and not detrimental to the interests of the non-interested shareholders of KPJ.

13. ECONOMIC AND MARKET OVERVIEW

We are of the view that the long-term prospect of KPJ Group to be encouraging underpinned by the following key factors:-

(i) Malaysia's economy remained resilient in Q4 2024, posting a 5.0% year-on-year growth, exceeding market expectations and the official advance estimate of 4.8 per cent. This growth was driven by strong domestic demand, increased investment, and household spending. For the full year, GDP expanded by 5.1%, the strongest growth in 12 years, marking a sharp recovery from 3.6% in 2023; and

(ii) The private health sub-sector in Q4 2024 recorded 15.8% year-on-year growth supported by rising demand for healthcare. The private health sub-sector continued to expand, bolstered by growing demand for hospital services (YoY Q4:16.0%) and clinic services (YoY Q4: 16.1%), as well as rising interest in wellness and preventive healthcare (YoY Q4:12.7%).

(Source: Malaysian Economic Statistics Review Vol. 2 2025, Department of Statistics Malaysia)

(iii) Growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for electrical &

electronic goods. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives;

(iv) In 2023, revenue generated from medical tourism in Malaysia reached RM2.25 billion, nearly a four-fold increase compared to 2021. The Malaysian government has been promoting medical tourism through strategic policies aimed at easing visa restrictions, investing in healthcare infrastructure and actively promoting the country as a medical tourism hub;

(v) The Malaysian government plans to capitalise on the Malaysia My Second Home ("**MM2H**") programme to attract high-net worth foreign nationals to reside in Malaysia on a long-term basis. Enrolment will be facilitated through favourable conditions to encourage higher participation in this programme, targeting retirees, expatriates, medical tourists and foreign investors. The focus on MM2H will generate spillover effects to the domestic economy, particularly in the real estate, healthcare, and education; and

(vi) The Malaysia Healthcare Travel Council ("**MHTC**") will engage in reinvigorating the healthcare tourism industry in an effort to establish a larger market base, especially in targeted markets such as China, India and Indonesia. In 2025, the MHTC estimates the industry's revenue at RM2.90 billion, supported by more focused and segmented campaigns.

(Source: Economic Outlook 2025, Ministry of Finance)

Premised on the above, we are of the view that the economic and market conditions appear to be favourable to the operations of KPJ Group.

14. RISKS RELATING TO THE PROPOSALS

In considering the Proposals, the non-interested shareholders of KPJ are advised to give careful consideration to the risk factor as set out in **Section 9 of Part A of the Circular**.

14.1 Non-completion of the Proposed Sale and Leaseback

We noted that the Proposed Sale and Leaseback is conditional upon the fulfilment of the conditions precedent as set out in **Appendix I and II of the Circular**. Whilst KPJ Group endeavours to take all reasonable steps to facilitate the fulfilment of the conditions precedent and terms pursuant to the SPAs and Lease Agreements for Proposed Leaseback, there is no assurance that the conditions precedent can be completed within the stipulated time in the SPAs and in the event of non-fulfilment of the conditions precedent within the stipulated time period, the relevant SPAs may be terminated.

14.2 Non-renewal of the leases

We noted that the non-renewal of the lease of the Lease Renewal Properties will result in the Lease Renewal Subsidiaries not being able to continue its ongoing operations at the Lease Renewal Properties and may have an impact on the long-term sustainability of KPJ Group's business. In such event, KPJ Group would use its best endeavours to identify other properties to carry out its operations. However, as the properties must be purpose-built hospitals, there can be no assurance that KPJ Group would be able to identify suitable properties to continue its operations and that such relocation would not have a material adverse impact on the financial performance and position of KPJ Group.

We take note of the highlighted risk factors in the Proposals. While we noted that measures would be taken by KPJ Group to mitigate such risk associated with the Proposals, no assurance can be given that the risk factors will not occur and give rise to material adverse impact on the financial, business and operation of KPJ Group.

In evaluating the Proposals, non-interested shareholders of KPJ Group should carefully consider the said risk factors and their respective mitigating factors prior to voting on the ordinary resolutions pertaining to the Proposals at the forthcoming EGM. Non-interested shareholders of KPJ Group should also note that the risk factors mentioned in Part A of the Circular and this IAL are not meant to be exhaustive.

15. CONCLUSION AND RECOMMENDATION

You should carefully consider the terms of the Proposals based on all relevant and pertinent factors including those set out above, and other considerations as set out in this IAL, the Circular and any other publicly available information.

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors which are summarised as follows:-

Section in this IAL	Area of evaluation	Our Evaluation
Section 7	Rationale and benefits of the Proposals	Proposed Sale and Leaseback We noted that KPJ Group intends to utilise RM100.00 million of the cash proceeds for partial early repayment of banking facilities. The savings on interest (i.e. finance cost from Islamic financing) is expected to be RM4.11 million a year based on profit rate as at LPD ranging from 4.00% to 4.54% per annum. Based on the audited consolidated financial statements of KPJ for FY 2024, the proforma gearing of KPJ Group is expected to reduce from 0.66 times to 0.62 times after the repayment of bank facilities. We also noted that KPJ Group intends to utilise RM139.00 million of the cash proceeds for KPJ Group's working capital requirements. The working capital requirement will be utilised for the payment of operating and administrative expenses, which include, but are not limited to rental, payment and utilities. **Premised on the above, we are of the view that the rationale and benefits of the Proposed Sale and Leaseback is reasonable and not detrimental to the non-interested shareholders of KPJ.** Proposed Lease Renewal We noted that the Proposed Lease Renewal will ensure that there are no disruptions to the ongoing operations of KPJ Group, and its Lease Renewal Subsidiaries are able to continue operating at their existing locations. **Premised on the above, we are of the view that the rationale and benefits of the Proposed Lease Renewal is reasonable and not detrimental to the non-interested shareholders of KPJ.**
Section 8	Basis and justifications for the Sale Consideration	The Sale Consideration for the Proposed Sale was arrived at on a "willing buyer-willing seller" basis after taking into consideration the market value of the Disposal Properties amounting to RM241.00 million as ascribed by Cheston, vide the valuation report dated 25 March 2025. As such, in evaluating the Sale Consideration, we have relied on the information in the valuation reports and valuation certificates of the Disposal Properties.

Section in this IAL	Area of evaluation	Our Evaluation
		Premised on the foregoing, we are of the view that:- (i) That the adoption of the DRC method as the sole valuation methodology for the valuation of APSH New Building is **reasonable** and that the market value of APSH New Building of RM131.00 million as ascribed by Cheston is **fair**; and (ii) That the adoption of the DRC method as the sole valuation methodology for the valuation of PSH New Building is **reasonable** and that the market value of PSH New Building of RM110.00 million as ascribed by Cheston is **fair**. **The Sale Consideration for both APSH New Building and PSH New Building are equivalent to the respective market values as ascribed by Cheston. As such, we are of the view that the Sale Consideration of the Disposal Properties are fair.**
Section 9	Basis and justification for the rental rate for the Proposals	First rental term The rental for the first year of the first rental term is calculated by multiplying the rental rate of 6.25% with the market value of the Disposal Properties and Lease Renewal Properties. We noted that the rental rate of 6.25% per annum was arrived at after taking into consideration, amongst others, the following: (i) the net property yields of commercial properties acquired by Malaysian real estate investment trusts listed on Bursa Securities, which ranges from 2.08% to 8.64% between 2022 and 2023; and (ii) the fair net rental yields of the Disposal Properties and Lease Renewal Properties, as ascribed by Cheston, which ranges from 5.50% to 6.50%. We noted the estimated net rental yield for the Disposal Properties (5.93%) and the estimated net rental yield Lease Renewal Properties (5.85%), after deducting direct expenses such as assessment, takaful, maintenance, and quit rent (borne by Al-`Aqar), are both within the fair net rental yield range of 5.50% to 6.50% as ascribed by Cheston. **Premised on the foregoing, we are of the view that the rental rate of 6.25% for Year 1 for both the Disposal Properties and Lease Renewal Properties is fair.** In addition, we noted that the annual incremental increase of 2.00% was determined after taking into consideration the 10-year average inflation rate of Malaysia of approximately 2.20%. **Premised on the foregoing, we are of the view that the annual rent incremental increase of 2.00% for the 2nd and 3rd year of the first rental term is fair.** Succeeding rental term The succeeding rents shall be based on the Open Market Value of the respective properties at the point of review while also limiting the potential incremental increase to 2.00% of the rent of the preceding year.

Section in this IAL	Area of evaluation	Our Evaluation
		Whilst the Open Market Value of the respective properties may be varied subject to mutual agreement by KPJ, ART and JLGRM, we are of the view that using the Open Market Value in calculating the rent payable is <u>reasonable</u> and <u>not detrimental</u> to KPJ and its non-interested shareholders as the maximum increase in rent payable for the 1st year of every succeeding rental term is capped at 2.00% of the rent for the preceding year. We are also of the view that a 2.00% incremental increase to rent payable is <u>fair</u>. As such, we are of the view that the rent review formula is <u>fair</u>.
Section 10	Evaluation of the salient terms of the SPAs	Based on our evaluation, we are of the view that the salient terms of the respective SPAs are **<u>reasonable</u>**.
Section 11	Evaluation of the salient terms of the Lease Agreements	Based on our evaluation, we are of the view that the salient terms of the respective Lease Agreements for the Proposed Leaseback and Lease Agreements for the Proposed Lease Renewal are **<u>reasonable</u>.**
Section 12	Effects of the Proposals	We noted that the Proposals will not have any effect on share capital as well as substantial shareholders' shareholdings in KPJ as they do not involve issuance of shares in KPJ. The Proposals have no material impact on KPJ Group's consolidated NA and NA per share. We noted that the proforma gearing of KPJ Group will decrease from 0.66 times to 0.62 times due to the repayment of banking facility. We also noted that the existing basic EPS of KPJ Group will decrease from of 8.11 sen to 7.24 sen largely due to the additional depreciation and finance charges arising from the MFRS 16 from both the Proposed Leaseback and Proposed Lease Renewal. **Premised on the above, the overall effect from the Proposals is <u>reasonable</u> and <u>not detrimental</u> to the interests of the non-interested shareholders of KPJ.**
Section 14	Risks relating to the Proposals	In considering the Proposals, the non-interested shareholders of KPJ are advised to give careful consideration to the following risk factor:- (i) Non-completion of the Proposed Sale and Leaseback (ii) Non-renewal of the leases We take note of the highlighted risk factors in the Proposals. While we noted that measures would be taken by KPJ Group to mitigate such risk associated with the Proposals, no assurance can be given that the risk factors will not occur and give rise to material adverse impact on the financial, business and operation of KPJ Group. In evaluating the Proposals, non-interested shareholders of KPJ Group should carefully consider the said risk factors and their respective mitigating factors prior to voting on the ordinary resolutions pertaining to the Proposals at the forthcoming EGM. Non-interested shareholders of KPJ Group should also note that the risk factors mentioned are not meant to be exhaustive.

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors as set out in this IAL. Based on this, BDOCC views that the Proposals are **fair** and **reasonable** and is **not detrimental** to the non-interested shareholders of KPJ.

Accordingly, we advise and recommend that the non-interested shareholders **vote in favour** of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

Yours faithfully
for and on behalf of
BDO CAPITAL CONSULTANTS SDN BHD

ENG CHA LUN	**HASANUDDIN BIN AMIRUDDIN**
Executive Director - Advisory	*Director - Advisory*

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1. VALUATION OF PSH MAIN BUILDING

We noted that Cheston has conducted a valuation of PSH, comprising the north wing (i.e. PSH Main Building) and the south wing (i.e. PSH New Building). The market value of PSH Main Building, as adopted for the Proposed Lease Renewal, is derived based on the market value of the PSH excluding PSH New Building. To determine the market value of PSH Main Building, the market value of PSH New Building is deducted from the market value of PSH as ascribed by Cheston.

We noted that to arrive at the valuation of PSH, Cheston has adopted the income approach by profits method (DCF) as the primary valuation methodology and the cost approach as a secondary cross-check.

1.1 Income Approach by Profits Method (DCF)

In using the income approach by profits method (DCF), we noted that Cheston has relied on the 5-year forecasted profits of PSH. The terminal value of PSH is derived based on the fifth year's net profit for the remaining term of the tenure.

The key parameters adopted in deriving the 5-year forecasted profits of PSH as well as the assumptions used in the valuation of PSH are set out below:-

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr>
<td>**1.**</td>
<td>**Occupancy rate of beds**

The occupancy rates adopted by Cheston are as follows:-
<table>
<tr><th>Year</th><th>Occupancy rate</th></tr>
<tr><td>1</td><td>63.5%</td></tr>
<tr><td>2</td><td>66.0%</td></tr>
<tr><td>3</td><td>68.5%</td></tr>
<tr><td>4</td><td>71.0%</td></tr>
<tr><td>5</td><td>73.5%</td></tr>
</table>
</td>
<td>The historical occupancy rate of beds of PSH are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Occupancy rate</td><td>73.8%</td><td>75.0%</td><td>78.5%</td><td>80.4%</td><td>51.9%</td><td>41.4%</td><td>67.1%</td><td>70.0%</td><td>63.5%</td></tr>
<tr><td>*Changes*</td><td>-</td><td>*+1.2%*</td><td>*+3.5%*</td><td>*+1.9%*</td><td>*-28.5%*</td><td>*-10.5%*</td><td>*+25.7%*</td><td>*+2.9%*</td><td>*-6.5%*</td></tr>
</table>

We noted that the decrease in occupancy rate of 6.5% in the year 2024 is mainly due to the opening of a new ward in the south wing which has increased the number of operational beds from 247 beds to 280 beds.

We are of the view that the projected occupancy rate of 63.5% for Year 1 forecast is reasonable as it is based on the historical occupancy rate of year 2024.

We noted that Cheston has projected a 2.5% increase per annum in the occupancy rate starting from 63.5% in Year 1 forecasted to reflect the highest and best possible occupancy rates achievable by PSH with the expanded number of operation beds arising from the opening of a new ward in the south wing. We are of the view that the projected 2.5% gradual increase and the highest occupancy rate of 73.5% is reasonable as the range of projected occupancy rates is within the range of historical occupancy rates of PSH.</td>
</tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>2.</td><td><u>Number of inpatient admitted days</u>

Cheston has adopted <u>2.79 days</u> as the projected number of inpatient admitted days for the forecasted profits of PSH.</td><td>The number of inpatient admitted days in a year is derived from the total occupied beds divided by the number of inpatients admitted.

The historical number of days every inpatient admitted are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Average inpatient admission days</td><td>2.71</td><td>2.63</td><td>2.62</td><td>2.65</td><td>2.60</td><td>2.44</td><td>2.57</td><td>2.82</td><td>2.75</td></tr>
</table>
We are of the view that the projected number of inpatient admitted days of 2.79 days is reasonable as it is based on the average historical number of inpatient admitted days for FY 2023 and FY 2024 which reflect PSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
<tr><td>3.</td><td><u>Ratio of outpatient to inpatient</u>

Cheston has adopted <u>6.04</u> as the ratio of outpatient to inpatient.</td><td>We noted that the projected ratio of outpatient to inpatient is used to derive the projected number of outpatients in the forecasted profits of PSH.

The historical ratio of outpatient to inpatient is as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Ratio of outpatient to inpatient</td><td>5.70</td><td>5.73</td><td>5.93</td><td>6.06</td><td>8.04</td><td>8.62</td><td>7.10</td><td>6.06</td><td>6.02</td></tr>
</table>
We are of the view that the projected ratio of 6.04 is reasonable as it is based on the average historical ratio of outpatient to inpatient for FY 2023 and FY 2024 which reflect PSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>4.</td><td>**Consultant revenue per occupied bed**

Cheston has adopted RM692 as the consultant revenue per occupied bed.</td><td>We noted that the consultant revenue from inpatients is derived by multiplying the total projected beds occupied for the year with the estimated consultant revenue per occupied bed.

The historical consultant revenue per occupied bed are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Consultant revenue per occupied bed (RM)</td><td>667</td><td>670</td><td>643</td><td>659</td><td>729</td><td>844</td><td>728</td><td>660</td><td>723</td></tr>
</table>
We are of the view that the estimated consultant revenue per occupied bed of RM692 is reasonable as it is based on the average historical consultant revenue per occupied bed for FY 2023 and FY 2024 which reflect PSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
<tr><td>5.</td><td>**Consultant revenue per outpatient**

Cheston has adopted RM112 as the consultant revenue per outpatient.</td><td>We noted that the consultant revenue from outpatients is derived by multiplying the total projected outpatient visits to PSH for the year with the estimated consultant revenue per outpatient.

The historical consultant revenue per outpatient is as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Consultant revenue per outpatient (RM)</td><td>90</td><td>94</td><td>94</td><td>93</td><td>89</td><td>100</td><td>99</td><td>106</td><td>118</td></tr>
</table>
We are of the view that the estimated consultant revenue per outpatient of RM112 is reasonable as it is based on the average historical consultant revenue per outpatient for FY 2023 and FY 2024 which reflect PSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>6.</td><td>Hospital revenue per occupied bed

Cheston has adopted RM2,373 as the hospital revenue per occupied bed.</td><td>We noted that the hospital revenue from inpatients is derived by multiplying the total projected occupied beds for the year with the estimated hospital revenue per occupied bed.

The historical hospital inpatient revenue per occupied bed is as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Hospital revenue per occupied bed (RM)</td><td>1,620</td><td>1,732</td><td>1,689</td><td>1,782</td><td>1,992</td><td>2,542</td><td>2,304</td><td>2,215</td><td>2,531</td></tr>
</table>

We are of the view that the estimated hospital revenue per occupied bed of RM2,373 is reasonable as it is based on the average historical hospital revenue per occupied bed for FY 2023 and FY 2024 which reflect PSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
<tr><td>7.</td><td>Hospital revenue per outpatient

Cheston has adopted RM309 as the hospital revenue per outpatient.</td><td>We noted that the hospital revenue from outpatient is derived by multiplying the total projected outpatient visits to PSH for the year with the estimated hospital revenue per outpatient.

The historical hospital revenue per outpatient is as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Hospital revenue per outpatient (RM)</td><td>212</td><td>218</td><td>222</td><td>226</td><td>253</td><td>322</td><td>287</td><td>292</td><td>326</td></tr>
</table>

We are of the view that the estimated hospital revenue per outpatient of RM309 is reasonable as it is based on the average historical hospital revenue per outpatient for FY 2023 and FY 2024 which reflect PSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr>
<td>8.</td>
<td>
<p><u>Cost of sales</u></p>
<p>The cost of sales parameters adopted by Cheston are as follows:-</p>
<table>
<tr><td>Material cost</td><td>28.0% of hospital revenue⁽¹⁾ generated from inpatients and outpatients.</td></tr>
<tr><td>Direct staff cost</td><td>14.8% of gross operating revenue⁽²⁾ before deducting hospital discount and appropriation to consultants.</td></tr>
<tr><td>Operating overhead</td><td>8.0% of gross operating revenue before deducting hospital discount and appropriation to consultants.</td></tr>
</table>
<p><u><i>Notes:-</i></u></p>
<p><i>(1) Revenue generated solely from hospital operations.</i></p>
<p><i>(2) Gross operating revenue comprises hospital revenues and consultation revenues.</i></p>
</td>
<td>
<p>The historical material costs in relation to hospital revenue generated from inpatients and outpatients are as follows:-</p>
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Material cost</td><td>27.3%</td><td>27.5%</td><td>27.1%</td><td>27.1%</td><td>25.6%</td><td>25.6%</td><td>23.9%</td><td>21.5%</td><td>22.2%</td></tr>
</table>
<p>It is noted that historically, material cost moved in tandem with the hospital revenue generated from inpatients and outpatients. We noted that the material cost percentage of 28.0% is adopted after taking into consideration pre-COVID-19 (i.e. years 2016 to 2019) material cost percentages and historical analysis of other KPJ specialist medical centres for years 2023 and 2024.</p>
<p>We are of the view that the estimated material cost percentage of 28.0% is reasonable after taking into consideration the four (4)-year average material cost of PSH during pre-COVID-19 (i.e. years 2016 to 2019) of 27.3% as well as the historical material cost percentage of other KPJ specialist medical centres for years 2023 (24.0% to 31.9%) and 2024 (23.8% and 31.4%).</p>
<p>The historical direct staff costs in relation to gross operating revenue before deducting hospital discount and appropriation to consultants are as follows:-</p>
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Direct staff cost</td><td>12.5%</td><td>12.5%</td><td>13.1%</td><td>12.5%</td><td>14.6%</td><td>15.8%</td><td>14.4%</td><td>16.2%</td><td>13.4%</td></tr>
</table>
<p>It is noted that historically, direct staff cost moved in tandem with the gross operating revenue before deducting hospital discount and appropriation to consultants. We are of the view that the estimated direct staff cost percentage of 14.8% is reasonable as it is based on the average historical direct staff cost percentage for FY 2023 and FY 2024 which reflect PSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</p>
<p>The historical operating overheads in relation to gross operating revenue before deducting hospital discount and appropriation to consultants are as follows:-</p>
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Operating overhead</td><td>8.0%</td><td>7.8%</td><td>6.6%</td><td>6.0%</td><td>8.2%</td><td>10.0%</td><td>7.8%</td><td>7.9%</td><td>8.1%</td></tr>
</table>
<p>It is noted that historically, operating overhead moved in tandem with the gross operating revenue before deducting hospital discount and appropriation to consultants. We are of the view that the estimated operating overhead percentage of 8.0% is reasonable as it is based on the average historical operating overhead percentage for FY 2023 and FY 2024 which reflect PSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</p>
</td>
</tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr>
<td>**9.**</td>
<td>
Undistributed operating expenses

The undistributed operating expenses parameters adopted by Cheston are as follows:-
<table>
<tr><td>**Administration and general**</td><td>12.24%</td><td rowspan="3">Of gross operating revenue after deducting hospital discount and appropriation to consultants</td></tr>
<tr><td>**Sales and marketing**</td><td>0.25%</td></tr>
<tr><td>**Property operations maintenance and energy cost (“POMEC”)**</td><td>5.20%</td></tr>
</table>
</td>
<td>
The historical administration and general expenses in relation to gross operating revenue after hospital discount and appropriation to consultants are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Administrative and general</td><td>17.9%</td><td>17.5%</td><td>16.8%</td><td>12.7%</td><td>14.2%</td><td>11.9%</td><td>10.8%</td><td>12.1%</td><td>10.4%</td></tr>
</table>

The historical Sales and marketing expenses in relation to gross operating revenue after hospital discount and appropriation to consultants are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Sales and marketing</td><td>0.4%</td><td>0.6%</td><td>0.3%</td><td>0.4%</td><td>0.3%</td><td>0.3%</td><td>0.3%</td><td>0.2%</td><td>0.3%</td></tr>
</table>

The historical POMEC expenses in relation to gross operating revenue after hospital discount and appropriation to consultants are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>POMEC</td><td>5.1%</td><td>5.3%</td><td>4.5%</td><td>6.1%</td><td>6.4%</td><td>6.0%</td><td>5.2%</td><td>5.3%</td><td>5.1%</td></tr>
</table>

From the analysis of the historical expenses of PSH performed by Cheston, it is noted that all categories of the undistributed operating expenses moved in tandem with the gross operating revenue after hospital discount and appropriation to consultants.

The percentage of undistributed operating expenses over the gross operating revenue after hospital discount and appropriation to consultants are derived based on the average historical undistributed operating expenses percentage for years 2023 and 2024, with the exception to the administration and general expenses.

For the administration and general expenses, an additional 0.99% has been added to account for the expected rental for use of car park land as part of the administration and general cost of PSH, resulting in a total percentage of 12.24% (i.e. 11.25% + 0.99%). We noted that after the construction of the south wing, the car parks of PSH have reduced from 220 bays to 69 bays. To overcome the shortage of car parks, adjoining parcels of commercial lands were converted into a surface car park. As such, Cheston have reflected the land rental for the use of car park land as an additional charge of 0.99% to the administration and general cost of PSH.

Based on the above, we are of the view that the administrative and general expense, the sales and marketing expense as well as the POMEC are reasonable as they are derived based on the average historical undistributed operating expenses percentage for FY 2023 and FY 2024 which reflect PSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).
</td>
</tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>10.</td><td><u>Other operating expenses</u>

Other operating expense parameters adopted by Cheston are as follows:-
<table>
<tr><td>Hospital management fees</td><td>2.2% of gross operating revenue after hospital discount and before appropriation to consultants</td></tr>
<tr><td>Quit rent</td><td>RM19,158 per annum based on actual amount payable for year 2025</td></tr>
<tr><td>Assessment expense</td><td>RM272,916 per annum based on actual amount payable for year 2025</td></tr>
<tr><td>Insurance premium expense</td><td>RM380,058 per annum based on actual insurance premium payable for year 2025</td></tr>
<tr><td>Incentive management fee</td><td>40% of gross operating profit</td></tr>
<tr><td>Capital reserve fund for asset replacement</td><td>RM45,400 per bed for Year 1 and gradually increased by RM5,000 per annum in the subsequent years.</td></tr>
</table>
</td><td>We noted that hospital management fees of 2.2% of gross operating revenue after hospital discount and before appropriation to consultants is based on the historical hospital management fee for FY 2024 of PSH being the latest management fee chargeable to all subsidiaries under KPJ Group.

We also noted that quit rent, assessment and insurance premium expenses are adopted based on current actual payable amounts for year 2025. We further noted that these expenses are projected to remain fixed throughout the projection period.

We further noted that the incentive management fee of 40% over gross operating profit is to reflect the operator's risk, management advisory and skill to operate the various income-generating resources of the medical centre.

We noted that the projected capital reserve fund for asset replacement expense of RM45,400 per year for Year 1, as adopted by Cheston, is derived after considering the 5-year average historical expenditures of PSH of RM45,377 per bed. We also noted that the capital reserve fund for asset replacement expenses gradually increase by RM5,000 per annum in the subsequent years.

Based on the above, the bases for the above assumptions are reasonable.</td></tr>
</table>

No.	Key parameter	Our comments
11.	**Terminal capitalisation rate** Cheston has adopted 8.0% as the terminal capitalisation rate in arriving at the terminal value of PSH.	We noted that in arriving at the terminal value of PSH, the net operating profit for the 5th year (final year) of the projection period is to be capitalised by an appropriate capitalisation rate. We also noted that the capitalisation rate adopted reflects investors' expected investment rate of return of PSH. We noted that Cheston has adopted a market corroborated capitalisation rate as the market-based rate is the most frequent adopted methodology by participants in the property industry in Malaysia as it reflects the inherent risk associated with the investment. We noted that the yields of the comparable sales of Sunway Medical Centre (transacted on 31 December 2012) and KPJ Batu Pahat Specialist Hospital (transacted on 26 August 2019) referred to by Cheston range between 7.19% and 9.79%. We further noted that the terminal capitalisation rate of PSH of 8.0% is adopted after taking into consideration the time, location, quality, characteristics and tenure of PSH in comparison with the abovementioned comparable sales as well as the current economic condition, the existing and future demand and supply of the private specialist medical centre segment. In addition, we also noted that the terminal capitalisation rate adopted for the lease renewal in year 2021 for 6 hospitals operated by KPJ Group, namely KPJ Ampang Puteri Specialist Hospital, KPJ Damansara Specialist Hospital, KPJ Johor Specialist, KPJ Puteri Specialist Hospital, KPJ Selangor Specialist Hospital and KPJ Ipoh Specialist Hospital, which ranges from 8.00% to 11.25%. The terminal capitalisation rate of 8.00% adopted above is within the range of 8.00% to 11.25%. We further noted that the terminal capitalisation rate adopted for the lease renewal in year 2023 for 3 hospitals and 1 wellness centre operated by KPJ Group, namely KPJ Kajang Specialist Hospital, KPJ Perdana Specialist Hospital, KPJ Sentosa KL Specialist Hospital and Kedah Medical Centre, which ranges from 7.00% to 9.50%. The terminal capitalisation rate of 8.00% adopted above is within the range of 7.00% to 9.50%. Based on the above, we are of the view that the basis for the above assumption is reasonable.
12.	**Discount rate** Cheston has adopted 10.0% as the discount rate.	We noted that Cheston has adopted the discount rate of 10.00% which is 2.00% higher than the terminal capitalisation rate to reflect higher risk on the future business and revenue of PSH, the prospect of the Malaysian healthcare industry and the Malaysian economy. As such, we are of the view that the basis for the assumption is reasonable.

1.2 Cost Approach

The cost approach entails the summation of the market value of the commercial land which is derived from the comparison method and the value of the building which is derived using the DRC method.

(a) Land component valuation

In arriving at the market value of the commercial land, we noted that Cheston has adopted the market/comparison approach which is premised on the principle that comparison is made between the property under valuation with sales of other similar properties. As such, a survey was made by Cheston on the property sales that have occurred in recent past within similar areas as PSH.

	PSH	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Title no.:	Geran 1453	Geran Mukim 1167		Geran Mukim 1193		Geran 115320		Geran Mukim 2728 & 2730	
Property type:	A parcel of commercial land (Corner)	A parcel of development land (Intermediate)		A parcel of commercial land (Corner))		A parcel of development land (Intermediate)		Two (2) adjoining parcels of development land (Intermediate)	
Location	Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang.	LB 3832, Jalan Permatang Pauh, Permatang Pauh, Pulau Pinang		PT 805, Jalan Perda Selatan, Bukit Mertajam, Pulau Pinang		PMT 5119, Lorong Sungai Nyior Indah, Butterworth		Lots 10650 & 10648, Jalan Permatang Pauh, Permatang Pauh	
Category of land use/ Town planning	First Grade/ Commercial	First Grade / Commercial		First Grade / Commercial		First Grade / Commercial		First Grade / Commercial	
Tenure	Interest in perpetuity	Interest in perpetuity		Interest in perpetuity		Interest in perpetuity		Interests in perpetuity, in respective of all titles	
Land area (sq. ft.)	190,930.24	71,329.38		84,367.53		16,652.00		82,107.00	
Consideration	-	RM8,000,000		RM9,280,428		RM2,993,736		RM9,442,318	
Date of transaction	-	21 June 2024		18 October 2023		11 November 2022		19 May 2022	
Transacted price (psf)	**-**	**RM112.16**		**RM110.00**		**RM179.78**		**RM115.00**	
Adjustments:									
Market condition (time)	-	Transacted on 21 June 2024	+3.4%$^{(i)}$	Transacted on 18 October 2023	+6.8%$^{(i)}$	Transacted on 11 November 2022	+11.5%$^{(i)}$	Transacted on 19 May 2022	+13.9%$^{(i)}$
Location and accessibility	Fronting onto Jalan Berda Utama and proximity to Bukit Mertajam town.	Area is undeveloped development land and residential area which lacks commercial activities.	+5.0%$^{(ii)}$	Area fronts onto Jalan Perda Selatan which is an interior road	+5.0%$^{(ii)}$	Area is active and busy commercial and business activities	-10.0%$^{(iii)}$	Area is located in an active commercial and business area.	-

Corner premium	Corner lot	Intermediate lot	+5.0%(iv)	Intermediate lot	+5.0%(iv)	Intermediate lot	+5.0%(iv)	Intermediate lot	+5.0%(iv)
Shape	Triangular	Irregular	-	Rectangular	-5.0%(v)	Rectangular	-5.0%(v)	Irregular	-
Size/ Quantum allowance	190,930.24 sq. ft.	2.68 times smaller	-4.2%(vi)	2.26 times smaller	-3.2%(vi)	11.47 times smaller	-26.2%(vi)	2.33 times smaller	-3.3%(vi)
Restriction in interest	No restriction in interest	No restriction in interest	-	Subject to state consent to transfer, charge and lease.	+2.5%(vii)	No restriction in interest	-	No restriction in interest	-
Total adjustment (RM psf)	**-**	**+10.34**	**+9.2%**	**+12.24**	**+11.1%**	**(44.44)**	**-24.7%**	**+17.88**	**-15.6%**
Adjusted value of land (psf)	**-**	**RM122.50**		**RM122.24**		**RM135.34**		**RM132.88**	

(Source: Valuation report dated 25 March 2025 by Cheston in relation to the valuation of PSH)

Notes:

(i) Cheston has made upward adjustments of +3.4%, +6.8%, +11.5% and +13.9% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect better market condition as at the date of valuation.

(ii) Cheston has made upward adjustments of +5.0% to comparable 1 and comparable 2, respectively, to reflect that PSH is located in a superior location as compared to the comparable.

(iii) Cheston has made downward adjustments of -10.0% to comparable 3 to reflect that the comparable is located in a superior location as compared to the PSH.

(iv) Cheston has made upward adjustments of +5.0% to all comparables to reflect that PSH has better exposure and access as it is a corner lot.

(v) Cheston has made downward adjustments of -5.0% to comparable 2 and comparable 3, respectively, to reflect that the comparable lands have better site efficiency for better development of buildings compared to PSH.

(vi) Cheston has made downward adjustments of -4.2%, -3.2%, -26.2% and -3.3% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect that the comparable lands are easier to dispose and has a larger/affordable market compared to PSH.

(vii) Cheston has made an upward adjustment of +2.5% to comparable 2 to reflect that comparable 2 is subject to state consent to transfer, charge and lease.

We are of the view that the market value for the valuation of the commercial land of RM23.39 million which was derived based on the adjusted land value of comparable 1, is fair due to the following:

(i) The bases and assumptions used by Cheston in deriving the respective adjusted values of the comparable lands are reasonable; and

(ii) The selection of comparable 1 as the best comparable is reasonable as comparable 1 has the least adjustments for dissimilarities as fair representation when compared to PSH.

(b) Building component valuation

The value of PSH buildings (i.e PSH Main Building and PSH New Building) is derived using the DRC method. Under the DRC Method, the value of the building is determined by estimating the GCRCN of the building and improvements, and then, deducting the estimated depreciation derived based on the GCRCN as of the valuation date which includes physical, functional and economical obsolescence.

In arriving at the GCRCN of the PSH buildings, Cheston has adopted RM530.00 psf and RM160.00 psf in respect of the PSH New Building comprising an annexed ten (10)-storey private specialist medical centre together with a two (2)-storey mechanical and electrical building and a single storey guard house. Cheston has also adopted RM380.00 psf and RM60.00 psf in respect of the PSH Main Building comprising a five (5)-storey private specialist medical centre and two (2)-units of guard houses. The GCRCN of the buildings was adopted after taking into consideration the actual construction cost of PSH, construction cost of similar type of buildings, reference made to the records of other similar developments and various contracts awarded, enquiries made by Cheston with the contractors and quantity surveyors and reference made to JUBM Group Construction Cost Handbook Malaysia 2023. The GCRCN of the PSH buildings adopted by Cheston is RM180.08 million.

Additionally, Cheston has adopted a straight-line depreciation at a rate of 2.00% per annum and the estimated life span of the PSH buildings of 50 years as per the practice in the industry for similar type of properties after consultation with contractors and quantity surveyors. The estimated depreciation derived based on the GCRCN of the PSH buildings amounts to RM26.35 million.

Subsequently, the DRC of the PSH buildings of RM153.73 million is arrived at by deducting the estimated depreciation of RM26.35 million from the GCRCN of RM180.08 million.

(c) Summation of market value of land and buildings

The cost approach entails the summation of the market value of land which is derived from comparison method and depreciated replacement cost of the PSH buildings by DRC method as follows:-

PSH	RM' mil
DRC of PSH buildings	153.73
Market value of commercial land	23.39
Total	177.12
Market value based on cost approach (rounded down to nearest million by Cheston)	**177.00**

Premised on the above, we noted that the market value of PSH based on the cost approach is RM177.00 million.

1.3 Summary of PSH Main Building valuation

The primary and secondary market value of PSH as well as the computation to arrive at the market value of PSH Main Building are as follows:-

		(RM' mil)
Income approach by profits method (DCF)	(Primary)	177.50
Cost approach	(Secondary)	177.00
Market value of PSH as ascribed by Cheston		**177.50**
Less: Market value of PSH New Building(1)		(110.00)
Market value of PSH Main Building		**67.50**

Note:

(i) Market value of PSH New Building as ascribed by Cheston. Please refer to ***Section 8.2 of this IAL*** *for our assessment on the valuation of PSH New Building.*

We noted that for the valuation of PSH, Cheston has adopted the income approach using the profits method (DCF) as the primary valuation methodology because PSH being a private specialist medical centre is a specialised property with various sources of revenue from operating the property as a business entity. As such, Cheston has given greater emphasis on the income approach as the valuation method to arrive at the fair and accurate market value of a private specialist medical centre.

We further noted that the cost approach which is derived from the market value of the land and DRC of the PSH buildings does not reflect the investment characteristics of PSH. However, the cost approach can provide a guide on the market value of PSH due to the availability of comparable lands and accurate estimated cost of development of the specifically designed and constructed private medical centre.

In arriving at the market value of PSH Main Building, the market value of PSH New Building is subtracted from the market value of PSH. Premised on the analysis conducted, we are of the view that the adoption of the income approach by profits method (DCF) as the primary method of valuation for PSH is **reasonable** and that the market value of PSH Main Building of RM67.50 million is **fair**.

2. VALUATION OF TMC

We noted that to arrive at the valuation of TMC, Cheston has adopted the income approach by profits method (DCF) as the primary valuation methodology and the cost approach as a secondary cross-check.

2.1 Income Approach by Profit Method (DCF)

In using the income approach by profits method (DCF), we noted that Cheston has relied on the 5-year forecasted profits of TMC, after which the terminal value of TMC is derived based on the fifth year's net profit for the remaining term of the tenure.

The key parameters adopted in deriving the 5-year forecasted profits of TMC as well as the assumptions used in the valuation of TMC are set out below:-

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>1.</td><td><u>Occupancy rate of beds</u>

The occupancy rates adopted by Cheston are as follows:-
<table>
<tr><th>Year</th><th>Occupancy rate</th></tr>
<tr><td>1</td><td>63.0%</td></tr>
<tr><td>2</td><td>68.0%</td></tr>
<tr><td>3</td><td>73.0%</td></tr>
<tr><td>4</td><td>78.0%</td></tr>
<tr><td>5</td><td>83.0%</td></tr>
</table></td><td>The historical occupancy rate of beds of TMC is as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Occupancy rate</td><td>44.7%</td><td>43.3%</td><td>43.5%</td><td>34.7%</td><td>32.4%</td><td>54.2%</td><td>62.4%</td><td>59.9%</td></tr>
<tr><td><i>Change</i></td><td>-</td><td><i>-1.4%</i></td><td><i>+0.2%</i></td><td><i>-8.8%</i></td><td><i>-2.3%</i></td><td><i>+21.8%</i></td><td><i>+8.2%</i></td><td><i>-2.5%</i></td></tr>
</table>

We are of the view that the projected occupancy rate of 63.0% in Year 1 of the forecast is reasonable, taking into account the 21.8% increase in occupancy rate in 2022 following the COVID-19 pandemic and the occupancy rates of 62.4% in 2023 and 59.9% in 2024. Furthermore, we noted that the recorded occupancy rate for 2022, 2023 and 2024 exceed the pre-COVID-19 average occupancy rate, which ranges from 43.3% to 44.7% between 2017 and 2019.

We noted that Cheston has projected a 5.0% increase per annum in the occupancy rate starting from 63.0% in Year 1 forecasted to reflect the highest and best possible occupancy rates achievable by TMC as well as to reflect the scarcity of operational beds given that TMC is projected to have 48 operational beds throughout the projection period.

We are of the view that the projected 5.0% increase is reasonable after taking into consideration the post-COVID-19 trend, where the occupancy rates increased by an average of 9.2% per annum between 2022 and 2024. Furthermore, with only 48 operational beds throughout the projection period, the limited availability of beds is expected to support a steady rise in occupancy rate over time.</td></tr>
<tr><td>2.</td><td><u>Number of inpatient admitted days</u>

Cheston has adopted <u>2.38 days</u> as the projected number of days every inpatient admitted.</td><td>The number of inpatient admitted days in a year is derived from the total occupied beds divided by the number of inpatients admitted.

The historical number of days every inpatient admitted is as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Average inpatient admission days</td><td>2.57</td><td>2.49</td><td>2.24</td><td>2.05</td><td>1.99</td><td>2.33</td><td>2.36</td><td>2.39</td></tr>
</table>

We are of the view that the projected number of inpatient admitted days of 2.38 days is reasonable as it is based on the average historical number of inpatient admitted days for FY 2023 and FY 2024 which reflect TMC’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>3.</td><td><u>Ratio of outpatient to inpatient</u>

Cheston has adopted <u>11.80</u> as the ratio of outpatient to inpatient.</td><td>We noted that the projected ratio of outpatient to inpatient is used to derive the projected number of outpatients in the forecasted profits of TMC.

The historical ratio of outpatient to inpatient is as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Ratio of outpatient to inpatient</td><td>15.33</td><td>15.55</td><td>13.78</td><td>13.78</td><td>14.11</td><td>12.78</td><td>11.66</td><td>11.94</td></tr>
</table>

We are of the view that the projected ratio of 11.80 is reasonable as it is based on the average historical ratio of outpatient to inpatient for FY 2023 and FY 2024 which reflect TMC's historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
<tr><td>4.</td><td><u>Consultant revenue per occupied bed</u>

Cheston has adopted <u>RM821</u> as the consultant revenue per occupied bed.</td><td>We noted that the consultant revenue from inpatients is derived by multiplying the total projected beds occupied for the year with the estimated consultant revenue per occupied bed.

The historical consultant revenue per occupied bed are as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Consultant revenue per occupied bed (RM)</td><td>675</td><td>682</td><td>779</td><td>909</td><td>1,034</td><td>854</td><td>801</td><td>841</td></tr>
</table>

We are of the view that the estimated consultant revenue per occupied bed of RM821 is reasonable as it is based on the average historical consultant revenue per occupied bed for FY 2023 and FY 2024 which reflect TMC's historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>5.</td><td>**Consultant revenue per outpatient**

Cheston has adopted RM67 as the consultant revenue per outpatient.</td><td>We noted that the consultant revenue from outpatients is derived by multiplying the total projected outpatient visits to TMC for the year with the estimated consultant revenue per outpatient.

The historical consultant revenue per outpatient is as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Consultant revenue per outpatient (RM)</td><td>57</td><td>62</td><td>66</td><td>66</td><td>65</td><td>68</td><td>67</td><td>67</td></tr>
</table>
We are of the view that the estimated consultant revenue per outpatient of RM67 is reasonable as it is based on the average historical consultant revenue per outpatient for FY 2023 and FY 2024 which reflect TMC’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
<tr><td>6.</td><td>**Hospital revenue per occupied bed**

Cheston has adopted RM2,102 as the hospital revenue per occupied bed.</td><td>We noted that the hospital revenue from inpatients is derived by multiplying the total projected occupied beds for the year with the estimated hospital revenue per occupied bed.

The historical hospital inpatient revenue per occupied bed is as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Hospital revenue per occupied bed (RM)</td><td>930</td><td>1,039</td><td>1,228</td><td>1,439</td><td>1,636</td><td>1,780</td><td>2,011</td><td>2,192</td></tr>
</table>
We are of the view that the estimated hospital revenue per occupied bed of RM2,102 is reasonable as it is based on the average historical hospital revenue per occupied bed for FY 2023 and FY 2024 which reflect TMC’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>7.</td><td>**Hospital revenue per outpatient**

Cheston has adopted RM124 as the hospital revenue per outpatient.</td><td>We noted that the hospital revenue from outpatient is derived by multiplying the total projected outpatient visits to TMC for the year with the estimated hospital revenue per outpatient.

The historical hospital revenue per outpatient is as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Hospital revenue per outpatient (RM)</td><td>103</td><td>105</td><td>110</td><td>130</td><td>194</td><td>125</td><td>117</td><td>131</td></tr>
</table>
We are of the view that the estimated hospital revenue per outpatient of RM124 is reasonable as it is based on the average historical hospital revenue per outpatient for FY 2023 and FY 2024 which reflect TMC’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr>
<td>8.</td>
<td>
<p><u>Cost of sales</u></p>
<p>The cost of sales parameters adopted by Cheston are as follows:-</p>
<table>
<tr><td>Material cost</td><td>22.2% of hospital revenue$^{(1)}$ generated from inpatients and outpatients.</td></tr>
<tr><td>Direct staff cost</td><td>17.5% of gross operating revenue$^{(2)}$ before deducting hospital discount and appropriation to consultants.</td></tr>
<tr><td>Operating overhead</td><td>7.4% of gross operating revenue before deducting hospital discount and appropriation to consultants.</td></tr>
</table>
<p><i><u>Notes:-</u></i></p>
<p><i>(1) Revenue generated solely from hospital operations.</i></p>
<p><i>(2) Gross operating revenue comprises hospital revenues and consultation revenues.</i></p>
</td>
<td>
<p>The historical material costs in relation to hospital revenue generated from inpatients and outpatients are as follows:-</p>
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Material cost</td><td>27.6%</td><td>28.2%</td><td>26.9%</td><td>26.3%</td><td>23.6%</td><td>23.2%</td><td>22.5%</td><td>21.9%</td></tr>
</table>
<p>We noted that historically, material cost moved in tandem with the hospital revenue generated from inpatients and outpatients. We are of the view that the estimated material cost percentage of 22.2% is reasonable as it is based on the average historical material cost percentage for FY 2023 and FY 2024 which reflect TMC’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</p>
<p>The historical direct staff costs in relation to gross operating revenue before deducting hospital discount and appropriation to consultants are as follows:-</p>
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Direct staff cost</td><td>18.4%</td><td>17.9%</td><td>16.7%</td><td>17.6%</td><td>16.8%</td><td>16.0%</td><td>17.7%</td><td>17.2%</td></tr>
</table>
<p>We noted that historically, direct staff cost moved in tandem with the gross operating revenue before deducting hospital discount and appropriation to consultants. We are of the view that the estimated direct staff cost percentage of 17.5% is reasonable as it is based on the average historical direct staff cost percentage for FY 2023 and FY 2024 which reflect TMC’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</p>
<p>The historical operating overheads in relation to gross operating revenue before deducting hospital discount and appropriation to consultants are as follows:-</p>
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Operating overhead</td><td>8.8%</td><td>9.3%</td><td>9.7%</td><td>12.4%</td><td>15.2%</td><td>9.9%</td><td>7.9%</td><td>6.9%</td></tr>
</table>
<p>We noted that historically, operating overhead moved in tandem with the gross operating revenue before deducting hospital discount and appropriation to consultants. We are of the view that the estimated operating overhead percentage of 7.4% is reasonable as it is based on the average historical operating overhead percentage for FY 2023 and FY 2024 which reflect TMC’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</p>
</td>
</tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr>
<td>9.</td>
<td><u>Undistributed operating expenses</u>
The undistributed operating expenses parameters adopted by Cheston are as follows:-
<table>
<tr><td>Administration and general</td><td>15.75%</td><td rowspan="3">Of gross operating revenue after deducting hospital discount and appropriation to consultants</td></tr>
<tr><td>Sales and marketing</td><td>0.15%</td></tr>
<tr><td>POMEC</td><td>4.35%</td></tr>
</table>
</td>
<td>The historical administration and general expenses in relation to gross operating revenue after hospital discount and appropriation to consultants are as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Administrative and general</td><td>27.3%</td><td>25.4%</td><td>22.4%</td><td>20.1%</td><td>18.8%</td><td>16.2%</td><td>15.9%</td><td>15.6%</td></tr>
</table>
The historical sales and marketing expenses in relation to gross operating revenue after hospital discount and appropriation to consultants are as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Sales and marketing</td><td>0.6%</td><td>0.4%</td><td>0.1%</td><td>0.2%</td><td>0.1%</td><td>0.2%</td><td>0.1%</td><td>0.2%</td></tr>
</table>
The historical POMEC expenses in relation to gross operating revenue after hospital discount and appropriation to consultants are as follows:-
<table>
<tr><th>Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>POMEC</td><td>4.8%</td><td>5.2%</td><td>4.7%</td><td>4.2%</td><td>5.2%</td><td>4.9%</td><td>4.4%</td><td>4.3%</td></tr>
</table>
From the analysis of the historical expenses of TMC performed by Cheston, it is noted that all categories of the undistributed operating expenses moved in tandem with the gross operating revenue after hospital discount and appropriation to consultants. The percentage of undistributed operating expenses over the gross operating revenue after hospital discount and appropriation to consultants is derived based on the average historical undistributed operating expenses percentage for years 2023 and 2024.

Based on the above, we are of the view that the administrative and general expense, the sales and marketing expense as well as the POMEC are reasonable as they are derived based on the average historical undistributed operating expenses percentage for FY 2023 and FY 2024 which reflect TMC’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td>
</tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>10.</td><td><u>Other operating expenses</u>

Other operating expense parameters adopted by Cheston are as follows:-
<table>
<tr><td>Hospital management fees</td><td>2.3% of gross operating revenue after hospital discount and before appropriation to consultants</td></tr>
<tr><td>Quit rent</td><td>RM10,272 per annum based on actual amount in year 2025</td></tr>
<tr><td>Assessment expense</td><td>RM30,696 per annum based on actual amount in year 2025</td></tr>
<tr><td>Insurance premium expense</td><td>RM72,013 per annum based on actual insurance premium expense in year 2025</td></tr>
<tr><td>Incentive management fee</td><td>40% of gross operating profit</td></tr>
<tr><td>Capital reserve fund for asset replacement</td><td>RM45,100 per bed for Year 1 and gradually increased by RM2,500 per annum in the subsequent years.</td></tr>
</table></td><td>We noted that hospital management fees of 2.3% of gross operating revenue after hospital discount and before appropriation to consultants is based on the historical hospital management fee for FY 2024 of TMC being the latest management fee chargeable to all subsidiaries under KPJ Group.

We also noted that quit rent, assessment and insurance premium expenses are adopted based on current actual payable amounts for year 2025. We further noted that these expenses are projected to remain fixed throughout the projection period.

We further noted that the incentive management fee of 40% over gross operating profit is to reflect the operator’s risk, management advisory and skill to operate the various income-generating resources of the medical centre.

We noted that the projected capital reserve fund for asset replacement expense of RM45,100 per year for Year 1, as adopted by Cheston, is derived after considering the 5-year average historical expenditures of TMC of RM45,071 per bed. We also noted that the capital reserve fund for asset replacement expenses gradually increase by RM2,500 per annum in the subsequent years.

Based on the above, the bases for the above assumptions are reasonable.</td></tr>
</table>

No.	Key parameter	Our comments
11.	**Terminal capitalisation rate** Cheston has adopted 9.5% as the terminal capitalisation rate in arriving at the terminal value of TMC.	We noted that in arriving at the terminal value of TMC, the net operating profit for the 5th year (final year) of the projection period is to be capitalised by an appropriate capitalisation rate. We also noted that the capitalisation rate adopted reflects investors' expected investment rate of return of TMC. We noted that Cheston has adopted a market corroborated capitalisation rate as the market-based rate is the most frequent adopted methodology by participants in the property industry in Malaysia as it reflects the inherent risk associated with the investment. We noted that the yields of the comparable sales of Sunway Medical Centre (transacted on 31 December 2012) and KPJ Batu Pahat Specialist Hospital (transacted on 26 August 2019) referred to by Cheston range between 7.19% and 9.79%. We further noted that the terminal capitalisation rate of TMC of 9.5% is adopted after taking into consideration the time, location, quality, characteristics and tenure of TMC in comparison with the abovementioned comparable sales as well as the current economic condition, the existing and future demand and supply of the private specialist medical centre segment. In addition, we also noted that the terminal capitalisation rate adopted for the lease renewal in year 2021 for 6 hospitals operated by KPJ Group, namely KPJ Ampang Puteri Specialist Hospital, KPJ Damansara Specialist Hospital, KPJ Johor Specialist, KPJ Puteri Specialist Hospital, KPJ Selangor Specialist Hospital and KPJ Ipoh Specialist Hospital, which ranges from 8.00% to 11.25%. The terminal capitalisation rate of 9.50% adopted above is within the range of 8.00% to 11.25%. We further noted that the terminal capitalisation rate adopted for the lease renewal in year 2023 for 3 hospitals and 1 wellness centre operated by KPJ Group, namely KPJ Kajang Specialist Hospital, KPJ Perdana Specialist Hospital, KPJ Sentosa KL Specialist Hospital and Kedah Medical Centre, which ranges from 7.00% to 9.50%. The terminal capitalisation rate of 9.50% adopted above is within the range of 7.00% to 9.50%. Based on the above as well as the projected occupancy rate of TMC, we are of the view that the basis for the above assumption is reasonable.
12.	**Discount rate** Cheston has adopted 11.5% as the discount rate.	We noted that Cheston has adopted the discount rate of 11.50% which is 2.00% higher than the terminal capitalisation rate to reflect higher risk on the future business and revenue of TMC, the prospect of the Malaysian healthcare industry and the Malaysian economy. As such, we are of the view that the basis for the assumption is reasonable.

2.2 Cost Approach

The cost approach entails the summation of the market value of the commercial land which is derived from the comparison method and the value of the building which is derived using the DRC method.

(a) Land component valuation

In arriving at the market value of the commercial land, we noted that Cheston has adopted the market/comparison approach which is premised on the principle that comparison is made between the property under valuation with sales of other similar properties. As such, a survey was made by Cheston on the property sales that have occurred in recent past within similar areas as TMC.

	TMC	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Title no.:	Pajakan Negeri 235465, 235466, 235467, 235468, 235470, 235471, 361304	Geran 48246		Pajakan Negeri 379152		Pajakan Negeri 154960		Geran 182263	
Property type:	7 parcels of commercial land	A parcel of commercial land		A parcel of commercial land		A parcel of development land with potential for commercial use		A parcel of commercial land	
Location	Nos. 39, 41, 43, 45, 47 & 49, Jalan Medan Taiping 2 and Lot 3140, Medan Taiping, 34000 Taiping, Perak Darul Ridzuan.	Jalan Convent, 34000 Taiping, Perak Darul Ridzuan		Jalan Simpang, 34000 Taiping, Perak Darul Ridzuan		Jalan Asam Kumbang, 34000 Taiping, Perak Darul Ridzuan		Jalan Toh Khay Beng, 34000 Taiping, Perak Darul Ridzuan	
Shape	Triangular	Rectangular		Rectangular		Rectangular		Rectangular	
Category of land use/ Town planning	Building/Commercial	Building/Commercial		Building/Commercial		Nil/Commercial		Building/Commercial	
Tenure	99-year leasehold interest expiring on 25 July 2088	Interest in Perpetuity		99-year leasehold interest expiring on 14 January 2112		999-year leasehold interest expiring on 14 September 2896		Interest in Perpetuity	
Land area (sq. ft.)	47,845	27,062		22,863		18,783		33,110	
Consideration	-	RM3,000,000		RM2,291,637		RM1,878,525		RM4,000,000	
Date of transaction	-	31 March 2023		22 March 2023		7 January 2021		14 December 2020	
Transacted price (psf)	**-**	**RM110.86**		**RM100.24**		**RM100.01**		**RM120.81**	
Adjustments:									
Market condition (time)	-	Transacted on 31 March 2023	+9.5%(i)	Transacted on 22 March 2023	+9.7%(i)	Transacted on 7 January 2021	+15.8%(i)	Transacted on 14 December 2020	+15.8%(i)

Location and accessibility	Located off Taiping town within well-established development and easy access from various roads.	Located along internal road with less activity.	+5.0%(ii)	Similar commercial area with accessibility, infrastructure, amenities and facilities.	-	Similar commercial area with accessibility, infrastructure, amenities and facilities.	-	Located within bustling commercial and business centre of Taiping.	-5.0%(iii)
Size	47,845 sq. ft.	1.77 times smaller.	-1.9%(iv)	2.09 times smaller.	-2.7%(iv)	2.55 times smaller.	-3.9%(iv)	1.45 times smaller.	-1.1%(iv)
Shape	Triangular (38,255 sq. ft.) Rectangular (9,590 sq. ft.)	Rectangular	-4.0%(v)	Rectangular	-4.0%(v)	Rectangular	-4.0%(v)	Rectangular	-4.0%(v)
Tenure	99-year leasehold interest expiring on 25 July 2088	Interest in perpetuity	-32.9%(vi)	88.9 years remaining	-21.9%(vii)	876.3 years remaining (treated as interest in perpetuity)	-36.4%(vi)	Interest in perpetuity	-30.1%(vi)
Corner / End premium	Corner lot	Corner lot	-	Intermediate lot with dual frontage	+2.5%(viii)	Intermediate lot	+5.0%(viii)	Corner lot	-
Category of land use / Express condition	Commercial	Commercial	-	Commercial	-	Development land with potential for commercial use.	+10.0%(ix)	Commercial	-
Restriction in interest	Subject to state consent to transfer, charge and lease.	No restriction in interest	-2.5%(x)	Subject to state consent to transfer, charge and lease.	-	No restriction in interest	-2.5%(x)	No restriction in interest	-2.5%(x)
Total adjustment (RM psf)	**-**	**(29.64)**	**-26.7%**	**(16.49)**	**-16.5%**	**(16.02)**	**-16.0%**	**(32.61)**	**-27.0%**
Adjusted value of land (psf)	**-**	**RM81.22**		**RM83.75**		**RM83.99**		**RM88.20**	

(Source: Valuation report dated 25 March 2025 by Cheston in relation to the valuation of TMC)

Notes:

(i) Cheston has made upward adjustments of +9.5%, +9.7%, +15.8% and +15.8% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect better market condition as at the date of valuation.

(ii) Cheston has made an upward adjustment of +5.0% to comparable 1 to reflect that TMC is located in a better location as compared to the comparable.

(iii) Cheston has made a downward adjustment of -5.0% to comparable 4 to reflect that the comparable is located in a better location as compared to TMC.

(iv) Cheston has made downward adjustments of -1.9%, -2.7%, -3.9% and -1.1% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect that the comparable lands are easier to dispose and has a larger/affordable market compared to TMC.

(v) Cheston has made downward adjustments of -4.0% to all comparables to reflect that the comparable lands have better site efficiency for better development of buildings compared to TMC.

(vi) *Cheston has made downward adjustments of -32.9%, -36.4% and -30.1% to comparable 1, comparable 3 and comparable 4, respectively, to reflect that comparable 1, comparable 3 and comparable 4 have interest in perpetuity tenure as TMC has an unexpired leasehold tenure of 63.5 years. The methodology adopted by Cheston to arrive at the adjustment to the comparable is to derive the approximate conversion premium to convert TMC land into an interest in perpetuity. The adjustment to the comparable is derived based on the following steps:*

Step 1: Cheston estimates that the approximate premium payable to extend the lease of TMC land to a 99-year leasehold to be RM30.66 psf.
Step 2: Cheston estimates that the approximate premium difference between a 99-year leasehold to an interest in perpetuity to be RM5.75 psf.
Step 3: The total premium adjustment of RM36.41 psf is then adopted by Cheston as the approximate conversion premium to convert an unexpired leasehold tenure of 63.5 years into an interest in perpetuity.

The percentage adjustments are derived as follows:

	Transacted price, RM psf	**Adjustment, RM psf**	**Adjustment (%)**
	A	**B**	**C = B / A**
Comparable 1	RM110.86 psf	(RM36.41) psf	-32.9%
Comparable 3	RM100.01 psf	(RM36.41) psf	-36.4%
Comparable 4	RM120.81 psf	(RM36.41) psf	-30.1%

(vii) *Cheston has made a downward adjustment -21.9% to comparable 2 to reflect that comparable 2 has 88.9 years of tenure remaining. The approximate downward adjustment to comparable 2 is RM21.92 psf. Since comparable 2 and TMC are leasehold tenure, there are not additional adjustments. The percentage adjustments are derived as follows:*

	Transacted price, RM psf	**Adjustment, RM psf**	**Adjustment (%)**
	A	**B**	**C = B / A**
Comparable 2	RM100.24 psf	(RM21.92) psf	-21.9%

(viii) *Cheston has made upward adjustments of +2.5% and +5.0% to comparable 2 and comparable 3, respectively, to reflect that TMC has better exposure and access as it is a corner lot.*

(ix) *Cheston has made an upward adjustment of +10.0% to comparable 3 to reflect the conversion premium to convert from development land to commercial land.*

(x) *Cheston has made downward adjustments of -2.5%, -2.5% and -2.5% to comparable 1, comparable 3 and comparable 4, respectively, to reflect that the TMC land is subject to state consent to transfer, charge and lease.*

We are of the view that the market value for the valuation of the commercial land of RM4.02 million which was derived based on the adjusted land value of comparable 3, is fair due to the following:

(i) The bases and assumptions used by Cheston in deriving the respective adjusted values of the comparable lands are reasonable; and

(ii) The selection of comparable 3 as the best comparable is reasonable as comparable 3 has the least adjustments for dissimilarities as fair representation when compared to TMC.

(b) Building component valuation

The value of TMC building is derived using the DRC method. Under the DRC Method, the value of the building is determined by estimating the GCRCN of the building and improvements, and then, deducting the estimated depreciation derived based on the GCRCN as of the valuation date which includes physical, functional and economical obsolescence.

In arriving at the GCRCN of the TMC building, Cheston has adopted RM510.00 psf, RM65.00 psf, RM60.00 psf and RM215.00 psf in respect of TMC building comprising a four (4)-storey private ambulatory care centre together with the mechanical and electrical building accommodating a main switch board room, a generator set (genset) room, a telephone room and a metre room, a medical gas building and a four (4)-storey private medical centre. The GCRCN of the TMC building was adopted after taking into consideration the actual construction cost of TMC building, construction cost of similar type of buildings, reference made to the records of other similar developments and various contracts awarded, enquiries made by Cheston with the contractors and quantity surveyors and reference made to the JUBM Group Construction Cost Handbook Malaysia 2023. The GCRCN of the TMC building adopted by Cheston is RM25.06 million.

Additionally, Cheston has adopted a straight-line depreciation at a rate of 2.00% per annum and the estimated life span of the TMC building of 50 years as per the practice in the industry for similar type of properties after consultation with contractors and quantity surveyors. The estimated depreciation derived based on the GCRCN of the TMC building amounts to RM6.30 million.

Subsequently, the DRC of the TMC building of RM18.76 million is arrived at by deducting the estimated depreciation of RM6.30 million from the GCRCN of RM25.06 million.

(c) Summation of market value of land and building

The cost approach entails the summation of the market value of land which is derived from comparison method and depreciated replacement cost of the TMC building by DRC method as follows:-

TMC	**RM' mil**
DRC of TMC building	18.76
Market value of commercial land	4.02
Total	22.78
Market value based on cost approach (rounded up to nearest hundred thousand by Cheston)	**22.80**

Premised on the above, we noted that the market value of TMC based on the cost approach is RM22.80 million.

2.3 Summary of TMC valuation

The primary and secondary market value of TMC are as follows:-

		(RM' mil)
Income approach by profits method (DCF)	(Primary)	23.00
Cost approach	(Secondary)	22.80
Market value of TMC as ascribed by Cheston		**23.00**

We noted that for the valuation of TMC, Cheston has adopted the income approach using the profits method (DCF) as the primary valuation methodology because TMC being a private specialist medical centre is a specialised property with various sources of revenue from operating the property as a business entity. As such, Cheston has given greater emphasis on the income approach as the valuation method to arrive at the fair and accurate market value of a private specialist medical centre.

We further noted that the cost approach which is derived from the market value of the land and DRC of the TMC building does not reflect the investment characteristics of TMC. However, the cost approach can provide a guide on the market value of TMC due to the availability of comparable lands and accurate estimated cost of development of the specifically designed and constructed private medical centre.

Premised on the analysis conducted, we are of the view that the adoption of the income approach by profits method (DCF) as the primary method of valuation is **reasonable** and that the market value of PSH of RM23.00 million is **fair**.

3. VALUATION OF SSH

We noted that to arrive at the valuation of SSH, Cheston has adopted the income approach by profits method (DCF) as the primary valuation methodology and the cost approach as a secondary cross-check.

3.1 Income Approach by Profit Method (DCF)

In using the income approach by profits method (DCF), we noted that Cheston has relied on the 5-year forecasted profits of SSH, after which the terminal value of SSH is derived based on the fifth year's net profit for the remaining term of the tenure.

The key parameters adopted in deriving the 5-year forecasted profits of SSH as well as the assumptions used in the valuation of SSH are set out below:-

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr>
<td>1.</td>
<td>
<p><u>Occupancy rate of beds</u></p>
<p>The occupancy rates adopted by Cheston are as follows:-</p>
<table>
<tr><th>Year</th><th>Occupancy rate</th></tr>
<tr><td>1</td><td>61.5%</td></tr>
<tr><td>2</td><td>66.5%</td></tr>
<tr><td>3</td><td>71.5%</td></tr>
<tr><td>4</td><td>76.5%</td></tr>
<tr><td>5</td><td>81.5%</td></tr>
</table>
</td>
<td>
<p>The historical occupancy rate of beds of SSH are as follows:-</p>
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Occupancy rate</td><td>72.7%</td><td>71.2%</td><td>70.4%</td><td>53.7%</td><td>43.3%</td><td>41.2%</td><td>54.8%</td><td>62.8%</td><td>61.5%</td></tr>
<tr><td><i>Changes</i></td><td>-</td><td><i>-1.5%</i></td><td><i>-0.8%</i></td><td><i>-16.7%</i></td><td><i>-10.4%</i></td><td><i>-2.1%</i></td><td><i>+13.6%</i></td><td><i>+8.0%</i></td><td><i>-1.3%</i></td></tr>
</table>
<p>We are of the view that the projected occupancy rate of 61.5% for Year 1 forecast is reasonable as it is based on the historical occupancy rate of year 2024.</p>
<p>We noted that Cheston has projected a 5.0% increase per annum in the occupancy rate starting from 61.5% in Year 1 forecasted to reflect the highest and best possible occupancy rates achievable by SSH as well as to reflect the scarcity of operational beds given that SSH is projected to have 223 operational beds throughout the projection period.</p>
<p>We are of the view that the projected 5.0% increase is reasonable after taking into consideration the post-COVID-19 trend, where the occupancy rates increased by an average of 6.8% per annum between 2022 and 2024.</p>
</td>
</tr>
<tr>
<td>2.</td>
<td>
<p><u>Number of inpatient admitted days</u></p>
<p>Cheston has adopted <u>2.66 days</u> as the projected number of inpatient admitted days for the forecasted profits of SSH.</p>
</td>
<td>
<p>The number of inpatient admitted days in a year is derived from the total occupied beds divided by the number of inpatients admitted.</p>
<p>The historical number of days every inpatient admitted are as follows:-</p>
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Average inpatient admission days</td><td>2.52</td><td>2.55</td><td>2.48</td><td>2.42</td><td>2.52</td><td>2.48</td><td>2.73</td><td>2.69</td><td>2.62</td></tr>
</table>
<p>We are of the view that the projected number of inpatient admitted days of 2.66 days is reasonable as it is based on the average historical number of inpatient admitted days for FY 2023 and FY 2024 which reflect SSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</p>
</td>
</tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>3.</td><td>**Ratio of outpatient to inpatient**

Cheston has adopted 9.35 as the ratio of outpatient to inpatient.</td><td>We noted that the projected ratio of outpatient to inpatient is used to derive the projected number of outpatients in the forecasted profits of SSH.

The historical ratio of outpatient to inpatient is as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Ratio of outpatient to inpatient</td><td>8.75</td><td>9.11</td><td>9.49</td><td>9.48</td><td>11.47</td><td>13.06</td><td>11.37</td><td>9.66</td><td>9.04</td></tr>
</table>
We are of the view that the projected ratio of 9.35 is reasonable as it is based on the average historical ratio of outpatient to inpatient for FY 2023 and FY 2024 which reflect SSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
<tr><td>4.</td><td>**Consultant revenue per occupied bed**

Cheston has adopted RM1,006 as the consultant revenue per occupied bed.</td><td>We noted that the consultant revenue from inpatients is derived by multiplying the total projected beds occupied for the year with the estimated consultant revenue per occupied bed.

The historical consultant revenue per occupied bed are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Consultant revenue per occupied bed (RM)</td><td>914</td><td>952</td><td>957</td><td>982</td><td>1,040</td><td>1,146</td><td>1,011</td><td>1,015</td><td>997</td></tr>
</table>
We are of the view that the estimated consultant revenue per occupied bed of RM1,006 is reasonable as it is based on the average historical consultant revenue per occupied bed for FY 2023 and FY 2024 which reflect SSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>5.</td><td>**Consultant revenue per outpatient**

Cheston has adopted RM108 as the consultant revenue per outpatient.</td><td>We noted that the consultant revenue from outpatients is derived by multiplying the total projected outpatient visits to SSH for the year with the estimated consultant revenue per outpatient.

The historical consultant revenue per outpatient is as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Consultant revenue per outpatient (RM)</td><td>83</td><td>85</td><td>85</td><td>88</td><td>91</td><td>90</td><td>100</td><td>107</td><td>109</td></tr>
</table>
We are of the view that the estimated consultant revenue per outpatient of RM108 is reasonable as it is based on the average historical consultant revenue per outpatient for FY 2023 and FY 2024 which reflect SSH's historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
<tr><td>6.</td><td>**Hospital revenue per occupied bed**

Cheston has adopted RM2,895 as the hospital revenue per occupied bed.</td><td>We noted that the hospital revenue from inpatients is derived by multiplying the total projected occupied beds for the year with the estimated hospital revenue per occupied bed.

The historical hospital inpatient revenue per occupied bed is as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Hospital revenue per occupied bed (RM)</td><td>1,823</td><td>2,067</td><td>2,198</td><td>2,373</td><td>2,534</td><td>2,647</td><td>2,523</td><td>2,729</td><td>3,060</td></tr>
</table>
We are of the view that the estimated hospital revenue per occupied bed of RM2,895 is reasonable as it is based on the average historical hospital revenue per occupied bed for FY 2023 and FY 2024 which reflect SSH's historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr><td>7.</td><td>Hospital revenue per outpatient

Cheston has adopted RM276 as the hospital revenue per outpatient.</td><td>We noted that the hospital revenue from outpatient is derived by multiplying the total projected outpatient visits to SSH for the year with the estimated hospital revenue per outpatient.

The historical hospital revenue per outpatient is as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Hospital revenue per outpatient (RM)</td><td>233</td><td>243</td><td>237</td><td>235</td><td>258</td><td>282</td><td>280</td><td>267</td><td>285</td></tr>
</table>
We are of the view that the estimated hospital revenue per outpatient of RM276 is reasonable as it is based on the average historical hospital revenue per outpatient for FY 2023 and FY 2024 which reflect SSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</td></tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr>
<td>8.</td>
<td>
<u>Cost of sales</u>
The cost of sales parameters adopted by Cheston are as follows:-
<table>
<tr><td>Material cost</td><td>27.6% of hospital revenue(1) generated from inpatients and outpatients.</td></tr>
<tr><td>Direct staff cost</td><td>15.3% of gross operating revenue(2) before deducting hospital discount and appropriation to consultants.</td></tr>
<tr><td>Operating overhead</td><td>6.7% of gross operating revenue before deducting hospital discount and appropriation to consultants.</td></tr>
</table>
<u>Notes:-</u>
<i>(1) Revenue generated solely from hospital operations.</i>
<i>(2) Gross operating revenue comprises hospital revenues and consultation revenues.</i>
</td>
<td>
The historical material costs in relation to hospital revenue generated from inpatients and outpatients are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Material cost</td><td>32.0%</td><td>31.5%</td><td>29.6%</td><td>29.6%</td><td>29.2%</td><td>28.7%</td><td>27.5%</td><td>28.5%</td><td>26.6%</td></tr>
</table>
We noted that historically, material cost moved in tandem with the hospital revenue generated from inpatients and outpatients. We are of the view that the estimated material cost percentage of 27.6% is reasonable as it is based on the average historical material cost percentage for FY 2023 and FY 2024 which reflect SSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).

The historical direct staff costs in relation to gross operating revenue before deducting hospital discount and appropriation to consultants are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Direct staff cost</td><td>13.8%</td><td>14.8%</td><td>16.3%</td><td>16.0%</td><td>17.2%</td><td>16.8%</td><td>15.4%</td><td>15.1%</td><td>15.5%</td></tr>
</table>
We noted that historically, direct staff cost moved in tandem with the gross operating revenue before deducting hospital discount and appropriation to consultants. We are of the view that the estimated direct staff cost percentage of 15.3% is reasonable as it is based on the average historical direct staff cost percentage for FY 2023 and FY 2024 which reflect SSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).

The historical operating overheads in relation to gross operating revenue before deducting hospital discount and appropriation to consultants are as follows:-
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Operating overhead</td><td>5.7%</td><td>5.5%</td><td>6.5%</td><td>6.6%</td><td>9.3%</td><td>9.8%</td><td>8.5%</td><td>6.6%</td><td>6.7%</td></tr>
</table>
We noted that historically, operating overhead moved in tandem with the gross operating revenue before deducting hospital discount and appropriation to consultants. We are of the view that the estimated operating overhead percentage of 6.7% is reasonable as it is based on the average historical operating overhead percentage for FY 2023 and FY 2024 which reflect SSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).
</td>
</tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr>
<td>9.</td>
<td>
<p><u>Undistributed operating expenses</u></p>
<p>The undistributed operating expenses parameters adopted by Cheston are as follows:-</p>
<table>
<tr><td>Administration and general</td><td>12.2%</td><td rowspan="3">Of gross operating revenue after deducting hospital discount and appropriation to consultants</td></tr>
<tr><td>Sales and marketing</td><td>0.2%</td></tr>
<tr><td>POMEC</td><td>7.4%</td></tr>
</table>
</td>
<td>
<p>The historical administration and general expenses in relation to gross operating revenue after hospital discount and appropriation to consultants are as follows:-</p>
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Administrative and general</td><td>14.8%</td><td>14.9%</td><td>13.2%</td><td>12.5%</td><td>9.5%</td><td>10.4%</td><td>10.7%</td><td>12.4%</td><td>12.0%</td></tr>
</table>
<p>The historical sales and marketing expenses in relation to gross operating revenue after hospital discount and appropriation to consultants are as follows:-</p>
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>Sales and marketing</td><td>0.1%</td><td>0.1%</td><td>0.1%</td><td>0.1%</td><td>0.1%</td><td>0.1%</td><td>0.1%</td><td>0.2%</td><td>0.2%</td></tr>
</table>
<p>The historical POMEC expenses in relation to gross operating revenue after hospital discount and appropriation to consultants are as follows:-</p>
<table>
<tr><th>Year</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>Unaudited 2024</th></tr>
<tr><td>POMEC</td><td>6.3%</td><td>6.5%</td><td>6.6%</td><td>7.8%</td><td>7.4%</td><td>7.9%</td><td>7.1%</td><td>7.4%</td><td>7.4%</td></tr>
</table>
<p>From the analysis of the historical expenses of SSH performed by Cheston, it is noted that all categories of the undistributed operating expenses moved in tandem with the gross operating revenue after hospital discount and appropriation to consultants. The percentage of undistributed operating expenses over the gross operating revenue after hospital discount and appropriation to consultants is derived based on the average historical undistributed operating expenses percentage for years 2023 and 2024.</p>
<p>Based on the above, we are of the view that the administrative and general expense, the sales and marketing expense as well as the POMEC are reasonable as they are derived based on the average historical undistributed operating expenses percentage for FY 2023 and FY 2024 which reflect SSH’s historical performance during the post-COVID-19 period (i.e. years 2023 to 2024).</p>
</td>
</tr>
</table>

<table>
<tr><th>No.</th><th>Key parameter</th><th>Our comments</th></tr>
<tr>
<td>10.</td>
<td><u>Other operating expenses</u>

Other operating expense parameters adopted by Cheston are as follows:-
<table>
<tr><td>Hospital management fees</td><td>1.9% of gross operating revenue after hospital discount and before appropriation to consultants</td></tr>
<tr><td>Quit rent</td><td>RM10,561 per annum based on actual amount in year 2025</td></tr>
<tr><td>Assessment expense</td><td>RM309,400 per annum based on actual amount in year 2025</td></tr>
<tr><td>Insurance premium expense</td><td>RM239,664 per annum based on historical insurance premium expense in year 2025</td></tr>
<tr><td>Incentive management fee</td><td>40% of gross operating profit</td></tr>
<tr><td>Capital reserve fund for asset replacement</td><td>RM55,000 per bed for Year 1 and gradually increased by RM5,000 per annum in the subsequent years.</td></tr>
</table>
</td>
<td>We noted that hospital management fees of 1.9% of gross operating revenue after hospital discount and before appropriation to consultants is based on the historical hospital management fee for FY 2024 of SSH being the latest management fee chargeable to all subsidiaries under KPJ Group.

We also noted that quit rent, assessment and insurance premium expenses are adopted based on current actual payable amounts for year 2025. We further noted that these expenses are projected to remain fixed throughout the projection period.

We further noted that the incentive management fee of 40% over gross operating profit is to reflect the operator’s risk, management advisory and skill to operate the various income-generating resources of the medical centre.

We noted that the projected capital reserve fund for asset replacement expense of RM55,000 per year for Year 1, as adopted by Cheston, is derived after considering the 5-year average historical expenditures of SSH of RM54,983 per bed. We also noted that the capital reserve fund for asset replacement expenses gradually increased by RM5,000 per annum in the subsequent years.

Based on the above, the bases for the above assumptions are reasonable.</td>
</tr>
</table>

No.	Key parameter	Our comments
11.	**Terminal capitalisation rate** Cheston has adopted 8.0% as the terminal capitalisation rate in arriving at the terminal value of SSH.	We noted that in arriving at the terminal value of SSH, the net operating profit for the 5th year (final year) of the projection period is to be capitalised by an appropriate capitalisation rate. We also noted that the capitalisation rate adopted reflects investors' expected investment rate of return of SSH. We noted that Cheston has adopted a market corroborated capitalisation rate as the market-based rate is the most frequent adopted methodology by participants in the property industry in Malaysia as it reflects the inherent risk associated with the investment. We noted that the yields of the comparable sales of Sunway Medical Centre (transacted on 31 December 2012) and KPJ Batu Pahat Specialist Hospital (transacted on 26 August 2019) referred to by Cheston range between 7.19% and 9.79%. We further noted that the terminal capitalisation rate of SSH of 8.0% is adopted after taking into consideration the time, location, quality, characteristics and tenure of SSH in comparison with the abovementioned comparable sales as well as the current economic condition, the existing and future demand and supply of the private specialist medical centre segment. In addition, we also noted that the terminal capitalisation rate adopted for the lease renewal in year 2021 for 6 hospitals operated by KPJ Group, namely KPJ Ampang Puteri Specialist Hospital, KPJ Damansara Specialist Hospital, KPJ Johor Specialist, KPJ Puteri Specialist Hospital, KPJ Selangor Specialist Hospital and KPJ Ipoh Specialist Hospital, which ranges from 8.00% to 11.25%. The terminal capitalisation rate of 8.00% adopted above is within the range of 8.00% to 11.25%. We further noted that the terminal capitalisation rate adopted for the lease renewal in year 2023 for 3 hospitals and 1 wellness centre operated by KPJ Group, namely KPJ Kajang Specialist Hospital, KPJ Perdana Specialist Hospital, KPJ Sentosa KL Specialist Hospital and Kedah Medical Centre, which ranges from 7.00% to 9.50%. The terminal capitalisation rate of 8.00% adopted above is within the range of 7.00% to 9.50%. Taking into consideration the above as well as the projected occupancy rate of SSH, we are of the view that the basis for the above assumption is reasonable.
12.	**Discount rate** Cheston has adopted 10.0% as the discount rate.	We noted that Cheston has adopted the discount rate of 10.00% which is 2.00% higher than the terminal capitalisation rate to reflect higher risk on the future business and revenue of SSH, the prospect of the Malaysian healthcare industry and the Malaysian economy. As such, we are of the view that the basis for the assumption is reasonable.

3.2 Cost Approach

The cost approach entails the summation of the market value of the commercial land which is derived from the comparison method and the value of the building which is derived using the DRC method.

(a) Land component valuation

In arriving at the market value of the commercial land, we noted that Cheston has adopted the market/comparison approach which is premised on the principle that comparison is made between the property under valuation with sales of other similar properties. As such, a survey was made by Cheston on the property sales that have occurred in recent past within similar areas as SSH.

	SSH	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Title no.:	Geran 277698	Geran 258382		HS(D) 97370		HS(D) 230616		Geran 175307	
Property type:	A parcel of commercial land (Corner)	A parcel of commercial land (Corner)		A parcel of commercial land (Corner)		A parcel of commercial land (Corner)		A parcel of commercial land (Corner)	
Location	KPJ Seremban Specialist Hospital, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan Darul Khusus	Lot 51512, Jalan SP 2, Pusat Komersial Saujana (Plazo)		PT. No. 10217 (Lot 21309), Persiaran Rasah Kemayan 1, Rasah Kemayan (Kemayan Country Township)		PT. No 3178 (Lot 22178), Jalan Haruan 5, Oakland Commercial Centre		Lot 33692, Persiaran Utama S2/1, Garden Homes @ Seremban 2	
Category of land use/ Town planning	Building / Commercial	Building / Commercial		Building / Commercial		Building / Commercial		Building / Commercial	
Tenure	Interest in perpetuity	Interest in perpetuity		Interest in perpetuity		Interest in perpetuity		Interest in perpetuity	
Land area (sq. ft.)	241,865	45,650		238,204		46,443.75		65,305	
Consideration	-	RM4,108,317		RM19,800,000		RM5,000,000		RM5,877,400	
Date of transaction	-	31 March 2024		7 November 2023		29 August 2023		11 May 2022	
Transacted price (psf)	**-**	**RM90.00**		**RM83.12**		**RM107.66**		**RM90.00**	
Adjustments:									
Market condition (time)	-	Transacted on 31 March 2024	+4.6%$^{(i)}$	Transacted on 7 November 2023	+6.5%$^{(i)}$	Transacted on 29 August 2023	+7.5%$^{(i)}$	Transacted on 11 May 2022	+14.0%$^{(i)}$
Location and accessibility	Located within established development area along Jalan Sugai Ujong, the main access road to Seremban town.	Area is less developed and mainly residential in nature.	+30.0%$^{(ii)}$	Area is less developed and mainly residential in nature.	+30.0%$^{(ii)}$	Area has lesser commercial activities and mainly industrial in nature	+15.0%$^{(ii)}$	Area is less developed and mainly residential in nature.	+25.0%$^{(ii)}$
Shape	Irregular	Rectangular	-5.0%$^{(iii)}$	Rectangular	-5.0%$^{(iii)}$	Rectangular	-5.0%$^{(iii)}$	Rectangular	-5.0%$^{(iii)}$

	SSH	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Size/ Quantum allowance	241,865 sq. ft.	5.30 times smaller	-10.8%(iv)	1.02 times smaller	-0.1%(iv)	5.21 times smaller	-10.5%(iv)	3.70 times smaller	-6.8%(iv)
Restriction in interest	Subject to state consent to transfer, charge and lease	No restriction in interest	-2.5%(v)	No restriction in interest	-2.5%(v)	No restriction in interest	-2.5%(v)	Subject to state consent to transfer, charge and lease.	-
Total adjustment (RM psf)	-	**+14.67**	**16.3%**	**+24.08**	**29.0%**	**+4.80**	**+4.5%**	**+24.50**	**27.2%**
Adjusted value of land (psf)	-	**RM104.66**		**RM107.20**		**RM112.45**		**RM114.50**	

(Source: Valuation report dated 25 March 2025 by Cheston in relation to the valuation of SSH)

Notes:

(i) Cheston has made upward adjustments of +4.6%, +6.5%, +7.5% and +14.0% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect better market condition as at the date of valuation.

(ii) Cheston has made upward adjustments of +30.0%, +30.0%, +15.0% and +25.0% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect that SSH is located in a superior location as compared to the comparable.

(iii) Cheston has made downward adjustments of -5.0% to all comparables to reflect that the comparable lands have better site efficiency for better development of buildings compared to SSH.

(iv) Cheston has made downward adjustments of -10.8%, -0.1%, -10.5% and -6.8% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect that the comparable lands are easier to dispose and has a larger/affordable market compared to SSH.

(v) Cheston has made downward adjustment of -2.50% to comparable 1, comparable 2 and comparable 3, respectively, to reflect that the respective comparable has no restrictions in interest.

We are of the view that the market value for the valuation of the commercial land of RM27.20 million which was derived based on the adjusted land value of comparable 3, is fair due to the following:

(i) The bases and assumptions used by Cheston in deriving the respective adjusted values of the comparable lands are reasonable; and

(ii) The selection of comparable 3 as the best comparable is reasonable as comparable 3 has the least adjustments for dissimilarities as fair representation when compared to SSH.

(b) Building component valuation

The value of SSH building is derived using the DRC method. Under the DRC Method, the value of the building is determined by estimating the GCRCN of the building and improvements, and then, deducting the estimated depreciation derived based on the GCRCN as of the valuation date which includes physical, functional and economical obsolescence.

In arriving at the GCRCN of the SSH building, Cheston has adopted RM390.00 psf, RM440.00 psf, RM510.00 psf, RM180.00 psf, RM65.00 psf, RM60.00 psf and RM50.00 psf, respectively, in respect of the five (5)-storey private specialist medical centre with a basement level, an eight (8)-storey private consultant block, an annexed six (6)-storey private specialist medical centre with a ground floor car park, a two (2)-storey mechanical & electrical building, a single storey medical gas storage building and a single storey refuse chamber building. The GCRCN of the SSH building was adopted after taking into consideration the actual construction cost of SSH, construction cost of similar type of buildings, reference made to the records of other similar developments and various contracts awarded, enquiries made by Cheston with the contractors and quantity surveyors and reference made to the JUBM Group Construction Cost Handbook Malaysia 2023. The GCRCN of the SSH building adopted by Cheston is RM170.51 million.

Additionally, Cheston has adopted a straight-line depreciation at a rate of 2.00% per annum and the estimated life span of the SSH building of 50 years as per the practice in the industry for similar type of properties after consultation with contractors and quantity surveyors. The estimated depreciation derived based on the GCRCN of the SSH building amounts to RM41.40 million.

Subsequently, the DRC of the SSH building of RM129.11 million is arrived at by deducting the estimated depreciation of RM41.40 million from the GCRCN of RM170.51 million.

(c) Summation of market value of land and building

The cost approach entails the summation of the market value of land which is derived from comparison method and depreciated replacement cost of the SSH building by DRC method as follows:-

SSH	RM' mil
DRC of SSH building	129.11
Market value of commercial land	27.20
Total	156.31
Market value based on cost approach (rounded down to nearest million by Cheston)	**156.00**

Premised on the above, we noted that the market value of SSH based on the cost approach is RM156.00 million.

3.3 Summary of SSH Valuation

The primary and secondary market value of SSH are as follows:-

		(RM' mil)
Income approach by profits method (DCF)	(Primary)	165.00
Cost approach	(Secondary)	156.00
Market value of SSH as ascribed by Cheston		**165.00**

We noted that for the valuation of SSH, Cheston has adopted the income approach using the profits method (DCF) as the primary valuation methodology because SSH being a private specialist medical centre is a specialised property with various sources of revenue from operating the property as a business entity. As such, Cheston has given greater emphasis on the income approach as the valuation method to arrive at the fair and accurate market value of a private specialist medical centre.

We further noted that the cost approach which is derived from the market value of the land and DRC of the SSH building does not reflect the investment characteristics of SSH. However, the cost approach can provide a guide on the market value of SSH due to the availability of comparable lands and accurate estimated cost of development of the specifically designed and constructed private medical centre.

Premised on the analysis conducted, we are of the view that the adoption of the income approach by profits method (DCF) as the primary method of valuation is **reasonable** and that the market value of SSH of RM165.00 million is **fair**.

4. VALUATION OF KPJU

We noted that to arrive at the valuation of KPJU, Cheston has adopted the cost approach as the sole valuation methodology.

4.1 Cost approach

The cost approach entails the summation of the market value of the commercial land and residential land which is derived from the comparison method and the value of the building (Academic and Residential) which is derived using the DRC method.

(a) Land component valuation

In arriving at the market value of the commercial and residential land, we noted that Cheston has adopted the market/comparison approach which is premised on the principle that comparison is made between the property under valuation with sales of other similar properties. As such, a survey was made by Cheston on the property sales that have occurred in recent past within similar areas as KPJU.

ATTACHMENT TO IAL – VALUATION OF THE LEASE RENEWAL PROPERTIES

Commercial land

	KPJU	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Title no.:	HS(D) 246827	Geran 144987		Geran 193370		Geran 209405		Geran 239675	
Property type:	A parcel of commercial land (corner)	A parcel of commercial land (corner)		A parcel of commercial land (corner)		A parcel of commercial land (intermediate – dual frontage)		A parcel of commercial land (intermediate)	
Location	Along Persiaran Seriemas Utama	Along Jalan BBN 1/3A, off Persiaran Pusat Bandar, Negeri Sembilan Darul Khusus		Along Jalan Square Utama, Nilai, Negeri Sembilan Darul Khusus		Along Jalan Nilai – Salak, Nilai, Negeri Sembilan Darul Khusus		Along Persiaran Perbandaran, Nilai, Negeri Sembilan Darul Khusus	
Category of land use/ Town planning	Building / Commercial	Commercial / Commercial		Building / Commercial		Commercial / Commercial		Commercial – Petrol station use / Commercial	
Tenure	Interest in perpetuity	Interest in perpetuity		Interest in perpetuity		Interest in perpetuity		Interest in perpetuity	
Land area (sq. ft.)	136,314.16	21,732		42,270		33,702		32,292	
Consideration	-	RM1,847,248		RM3,800,000		RM2,292,000		RM2,900,000	
Date of transaction	-	3 September 2024		23 June 2023		5 September 2022		30 June 2022	
Transacted price (psf)	**-**	**RM85.00**		**RM89.90**		**RM68.01**		**RM89.81**	
<u>Adjustments</u>:									
Market condition (time)	-	Transacted on 3 September 2024	+1.6%(i)	Transacted on 23 June 2023	+5.8%(i)	Transacted on 5 September 2022	+8.6%(i)	Transacted on 30 June 2022	+9.3%(i)
Location and accessibility	Area is located nearby a university village.	Area is in the vicinity of main business centre of Nilai town	-15.0%(ii)	Area is within main business centre of Nilai town	-25.0%(ii)	Area is at outskirt of commercial area and along main road.	-5.0%(ii)	Area is in bustling centre of the town with retail and business activities.	-25.0%(ii)
Corner premium	Corner lot	Corner lot	-	Corner lot	-	Intermediate lot – Dual frontage	+2.5%(iii)	Intermediate lot	+5.0%(iii)
Size/ Quantum allowance	136,314.16 sq. ft.	6.27 times smaller	-13.2%(iv)	3.22 times smaller	-5.6%(iv)	4.04 times smaller	-7.6%(iv)	4.22 times smaller	-8.1%(iv)
Total adjustment (RM psf)	**-**	**(23.87)**	**-26.6%**	**(22.24)**	**-24.7%**	**(1.02)**	**-1.5%**	**(16.88)**	**-18.8%**
Adjusted value of land (psf)	**-**	**RM61.13**		**RM67.66**		**RM66.99**		**RM72.93**	

(Source: Valuation report dated 25 March 2025 by Cheston in relation to the valuation of KPJU)

ATTACHMENT TO IAL – VALUATION OF THE LEASE RENEWAL PROPERTIES

Notes:

(i) Cheston has made upward adjustments of +1.6%, +5.8%, +8.6% and +9.3% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect better market condition as at the date of valuation.

(ii) Cheston has made downward adjustments of -15.0%, -25.0%, -5.0% and -25.0% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect that each comparable is in a superior location as compared to KPJU.

(iii) Cheston has made upward adjustments of +2.5% and +5.0% to comparable 3 and comparable 4, respectively, to reflect that the KPJU has better exposure and access as it is a corner lot.

(iv) Cheston has made downward adjustment of -13.2%, -5.6%, -7.6% and -8.1% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect that the comparable lands are easier to dispose and has a larger/affordable market compared to the KPJU.

We are of the view that the market value for the valuation of the commercial land of RM9.13 million which was derived based on the adjusted land value of comparable 3, is fair due to the following:

(i) The bases and assumptions used by Cheston in deriving the respective adjusted values of the comparable lands are reasonable; and

(ii) The selection of comparable 3 as the best comparable is reasonable as comparable 3 has the least adjustments for dissimilarities as fair representation when compared to KPJU.

Residential land

	KPJU	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Title no.:	Geran 211809 and Geran 211810	Geran Mukim 770	Geran Mukim 788	Geran Mukim 2206	Geran Mukim 2314
Property type:	A parcel of residential land (corner)	A parcel of development land with potential for residential use (corner)	A parcel of development land with potential for residential use (intermediate)	A parcel of development land with potential for residential use (corner)	A parcel of development land with potential for residential use (end)
Location	Along Persiaran Seriemas Utama	Off Pajam – Nilai Main Road, Nilai, Negeri Sembilan Darul Khusus	Off Pajam – Nilai Main Road, Nilai, Negeri Sembilan Darul Khusus	Along Jalan Mantin, off Jalan Besar, Mantin, Negeri Sembilan Darul Khusus	Along Jalan Pajam – Mantin, Mantin, Negeri Sembilan Darul Khusus
Category of land use/ Town planning	Residential	Agricultural / Residential	Agricultural / Residential	Agricultural / Residential	Agricultural / Residential
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land area (sq. ft.)	70,578.96	86,632	89,607	251,832	57,146
Consideration	-	RM2,555,290	RM2,557,210	RM6,675,00	RM1,480,000

ATTACHMENT TO IAL – VALUATION OF THE LEASE RENEWAL PROPERTIES

	KPJU	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Date of transaction	-	10 June 2024		29 September 2023		6 April 2023		1 June 2022	
Transacted price (psf)	-	**RM29.50**		**RM28.54**		**RM26.51**		**RM25.90**	
Adjustments:									
Market condition (time)	-	Transacted on 10 June 2024	+2.4%(i)	Transacted on 29 September 2023	+4.9%(i)	Transacted on 6 April 2023	+6.6%(i)	Transacted on 1 June 2022	+9.5%(i)
Location and accessibility	Area is well planned and designed city.	Area is less preferred and surrounded by housing schemes.	+10.0%(ii)	Area is less preferred and surrounded by housing schemes.	+10.0%(ii)	Area is a less preferred residential location.	+10.0%(ii)	Area is a less preferred residential location.	+10.0%(ii)
Corner premium	Corner lot	Corner lot	-	Intermediate lot	+5.0%(iii)	Corner lot	-	End lot	+2.5%(iii)
Category of land use	Building	Development land under residential zoning area	+20.0%(iv)	Development land under residential zoning area	+20.0%(iv)	Development land under residential zoning area	+20.0%(iv)	Development land under residential zoning area	+20.0%(iv)
Size/ Quantum allowance	70,579 sq. ft.	1.23 times larger	+0.6%(v)	1.27 times larger	+0.7%(v)	3.57 times larger	+6.4%(v)	1.24 times smaller	-0.6%(vi)
Restriction in interest	Subject to state consent to transfer, charge and lease	No restriction in interest	-2.5%(vii)	No restriction in interest	-2.5%(vii)	No restriction in interest	-2.5%(vii)	No restriction in interest	-2.5%(vii)
Total adjustment (RM psf)	-	**+8.70**	**+30.5%**	**+10.86**	**+38.1%**	**+10.73**	**+40.5%**	**+10.09**	**+38.9%**
Adjusted value of land (psf)	-	**RM38.20**		**RM39.40**		**RM37.24**		**RM35.99**	

(Source: Valuation report dated 25 March 2025 by Cheston in relation to the valuation of KPJU)

Notes:

(i) Cheston has made upward adjustments of +2.4%, +4.9%, +6.6% and +9.5% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect better market condition as at the date of valuation.

(ii) Cheston has made upward adjustments of +10.0% to all comparables to reflect that KPJU is located in a superior location as compared to each comparable.

(iii) Cheston has made upward adjustments of +5.0% and +2.5% to comparable 2 and comparable 4, respectively, to reflect that the KPJU has better exposure and access as it is a corner lot.

(iv) Cheston has made upward adjustments of +20.0% to all comparables to reflect the conversion premium to convert from agricultural land to building land.

(v) Cheston has made upward adjustments of +0.6%, +0.7% and +6.4% to comparable 1, comparable 2 and comparable 3, respectively, to reflect that KPJU is easier to dispose and has a larger/affordable market compared to the comparable.

(vi) Cheston has made downward adjustment of -0.6% to comparable 4 to reflect that the comparable land is easier to dispose and has a larger/affordable market compared to KPJU.

(vii) Cheston has made downward adjustment of -2.5% to all comparables to reflect that the respective comparable has no restrictions in interest.

We are of the view that the market value for the valuation of the residential land of RM2.70 million which was derived based on the adjusted land value of comparable 1, is fair due to the following:

(i) The bases and assumptions used by Cheston in deriving the respective adjusted values of the comparable lands are reasonable; and

(ii) The selection of comparable 1 as the best comparable is reasonable as comparable 1 has the least adjustments for dissimilarities as fair representation when compared to KPJU.

(b) Building component valuation

Academic Building

The value of KPJU academic building is derived using the DRC method. Under the DRC Method, the value of the building is determined by estimating the GCRCN of the building and improvements, and then deducting the estimated depreciation derived based on the GCRCN as of the valuation date which includes physical, functional and economical obsolescence.

In arriving at the GCRCN of the KPJU academic building, Cheston have adopted RM205.00 psf in respect of the three (3)-storey administrative cum academic block, RM195.00 psf in respect of the two (2)-storey lecture halls, RM100.00 psf in respect of the single storey cafeteria, RM80.00 psf in respect of the guard house, RM50.00 psf in respect of the refuse compartment and RM5.00 psf in respect of the site improvement. The GCRCN of the KPJU academic building was adopted after taking into consideration the actual construction cost of KPJU academic building, construction cost of similar type of buildings, reference made to the records of other similar developments and various contracts awarded, enquiries made by Cheston with the contractors and quantity surveyors and reference made to the JUBM Group Construction Cost Handbook Malaysia 2023. The GCRCN of the KPJU academic building adopted by Cheston is RM12.10 million.

Additionally, Cheston has adopted a straight-line depreciation at a rate of 2.00% per annum and the estimated life span of the KPJU academic building of 50 years as per the practice in the industry for similar type of properties after consultation with contractors and quantity surveyors. The estimated depreciation derived based on the GCRCN of the KPJU academic building amounts to RM4.59 million.

Subsequently, the DRC of the KPJU academic building of RM7.51 million is arrived at by deducting the estimated depreciation of RM4.59 million from the GCRCN of RM12.10 million.

Residential Building

The value of TMC building is derived using the DRC method. Under the DRC Method, the value of the building is determined by estimating from the GCRCN of the building and improvements, and then deducting the estimated depreciation derived based on the GCRCN as of the valuation date which includes physical, functional and economical obsolescence.

In arriving at the GCRCN of the KPJU residential building, Cheston have adopted RM170.00 psf in respect of the five (5)-storey apartment block, RM80.00 psf in respect of two (2)-units of guard houses, RM50.00 psf in respect of the refuse compartment and RM5.00 psf in respect of the site improvement. The GCRCN of the KPJU residential building was adopted after taking into consideration the actual construction cost of KPJU, construction cost of similar type of buildings, reference made to the records of other similar developments and various contracts awarded, enquiries made by Cheston with the contractors and quantity surveyors and reference made to the JUBM Group Construction Cost Handbook Malaysia 2023. The GCRCN of the KPJU residential building adopted by Cheston is RM10.23 million.

Additionally, Cheston has adopted a straight-line depreciation at a rate of 2.00% per annum and the estimated life span of the KPJU residential building of 50 years as per the practice in the industry for similar type of properties after consultation with contractors and quantity surveyors. The estimated depreciation derived based on the GCRCN of the KPJU residential building amounts to RM3.88 million.

Subsequently, the DRC of the KPJU residential building of RM6.35 million is arrived at by deducting the estimated depreciation of RM3.88 million from the GCRCN of RM10.23 million.

(c) Summation of market value of land and building

The cost approach entails the summation of the market value of land which is derived from comparison method and depreciated replacement cost of the KPJU academic building and KPJU residential building by DRC method as follows:-

KPJU	**RM' mil**
DRC of KPJU academic building	7.51
DRC of KPJU residential building	6.35
Add: Market value of commercial land	9.13
Add: Market value of residential land	2.70
Total	25.69
Market value based on cost approach (rounded up to nearest hundred thousand by Cheston)	**25.70**

Premised on the above, we noted that the market value of KPJU based on the cost approach is RM25.70 million.

4.2 Summary of KPJU Valuation

The market value of KPJU is as follows:-

	(RM' mil)
Cost approach (Sole method)	25.70
Market value of KPJU as ascribed by Cheston	**25.70**

We noted that for the valuation of KPJU, Cheston has adopted the cost approach as the sole valuation methodology for the valuation of institutional premises such as KPJU.

We further noted that Cheston was unable to assess the market value of KPJU using the income approach by profit method (DCF) as KPJU as there are limited comparable rental evidence of similar type of properties in the locality. Institutional premises in the locality are generally owner occupied or operated and are seldom purchased for investment purposes. As such, rental comparable properties are rare.

Given the above, the cost approach is the best alternative to derive the market value of KPJU due to the availability of comparable lands and accurate estimated cost of development of the specifically designed and constructed private institutional centre.

Premised on the analysis conducted, we are of the view that the adoption of the cost approach as the sole method of valuation is **reasonable** and that the market value of KPJU of RM25.70 million is **fair**.

5. VALUATION OF KPJCP

We noted that to arrive at the valuation of KPJCP, Cheston has adopted the cost approach as the sole valuation methodology.

5.1 Cost approach

The cost approach entails the summation of the market value of the commercial land which is derived from the comparison method and the value of the building which is derived using the DRC method.

(a) Land component valuation

In arriving at the market value of the commercial land, we noted that Cheston has adopted the market/comparison approach which is premised on the principle that comparison is made between the property under valuation with sales of other similar properties. As such, a survey was made by Cheston on the property sales that have occurred in recent past within similar areas as KPJCP.

	KPJCP	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Title no.:	Geran 179267 & Geran 41544	Geran 33526		Geran Mukim 1461		Geran 14956		Geran Mukim 904	
Property type:	A six (6) storey institutional building together with a basement level	A parcel of development land (intermediate)		A parcel of development land (intermediate)		A parcel of development land (intermediate)		A parcel of development land (intermediate)	
Location	KPJ International College of Nursing and Health Sciences, No. 565, Jalan Sungai Rambai, 14000 Bukit Mertajam, Pulau Pinang	Lot 609, Off Jalan Maju, 14000 Bukit Mertajam, Pulau Pinang		Lot 4061, Off Jalan Pengkalan, 14000 Bukit Mertajam, Pulau Pinang		Lot 6892, Fronts Jalan Rozhan, 14000 Bukit Mertajam, Pulau Pinang		Located off Jalan Kulim, 14000 Bukit Mertajam, Pulau Pinang	
Category of land use/ Town planning	Commercial	First Grade / Commercial		First Grade / Commercial		First Grade / Commercial		First Grade / Commercial	
Tenure	Interest in perpetuity	Interest in perpetuity		Interest in perpetuity		Interest in perpetuity		Interest in perpetuity	
Land area (sq. ft.)	126,237.79	61,553.98		49,567.81		30,791.69		34,285.69	
Consideration	-	RM4,616,549.00		RM5,700,297.00		RM4,000,000.00		RM3,427,299.00	
Date of transaction	-	12 September 2024		22 March 2024		30 January 2024		17 January 2023	
Transacted price (psf)	**-**	**RM75.00**		**RM115.00**		**RM129.91**		**RM99.96**	
Adjustments:									
Market condition (time)	-	Transacted on 12 September 2024	+1.6%(i)	Transacted on 22 March 2024	+3.2%(i)	Transacted on 30 January 2024	+3.7%(i)	Transacted on 17 January 2023	+7.4%(i)
Location and accessibility	Area with limited business activity	Area with limited access and minimal business activity.	+20.0%(ii)	Area with superior accessibility as direct exposure to the North-South Expressway	-20.0%(iii)	Area is a well-established commercial area with active business and commercial operations.	-20.0%(iii)	Area is active with business and commercial activities	-10.0%(iii)
Corner premium	Intermediate lot – Dual frontages	Intermediate lot	+2.5%(iv)	Intermediate lot	+2.5%(iv)	Intermediate lot	+2.5%(iv)	Intermediate lot	+2.5%(iv)

	KPJCP	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Shape	Irregular	Irregular – Less suitable configuration	+2.5%(v)	Almost rectangular	-2.5%(vi)	Irregular	-	Almost rectangular	-2.5%(vi)
Size/ Quantum allowance	126,237.79 sq. ft.	2.05 times smaller	-2.6%(vii)	2.55 times smaller	-2.6%(vii)	4.10 times smaller	-7.0%(vii)	3.68 times smaller	-6.7%(vii)
Total adjustment (RM psf)	-	**+17.96**	**+24.0%**	**(22.23)**	**-19.3%**	**(26.90)**	**-20.7%**	**(9.33)**	**-9.3%**
Adjusted value of land (psf)	-	**RM92.96**		**RM92.77**		**RM103.00**		**RM90.63**	

(Source: Valuation report dated 25 March 2025 by Cheston in relation to the valuation of KPJCP)

Notes:

(i) Cheston has made upward adjustments of +1.6%, +3.2%, +3.7% and +7.4% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect better market condition as at the date of valuation.

(ii) Cheston has made upward adjustment of +20.0% to comparable 1 to reflect that KPJCP is in a superior location as compared to comparable 1.

(iii) Cheston has made downward adjustments of -20.0%, -20.0% and -10.0% to comparable 2, comparable 3 and comparable 4, respectively, to reflect that these comparable is in a superior location as compared to KPJCP.

(iv) Cheston has made upward adjustments of +2.5% to all comparables to reflect that KPJCP has better exposure and access as it is a dual frontage lot.

(v) Cheston has made upward adjustments of +2.5% to comparable 1 to reflect that KPJCP have better site efficiency for better development of buildings compared to comparable lands.

(vi) Cheston has made downward adjustments of -2.5% to comparable 2 and comparable 4, respectively, to reflect that comparable have better site efficiency for better development of buildings compared to KPJCP.

(vii) Cheston has made downward adjustments of -2.6%, -2.6%, -7.0% and -6.7% to comparable 1, comparable 2, comparable 3 and comparable 4, respectively, to reflect that the comparable lands are easier to dispose and has a larger/affordable market compared to KPJCP.

We are of the view that the market value for the valuation of the commercial land of RM11.44 million which was derived based on the adjusted land value of comparable 4, is fair due to the following:-

(i) The bases and assumptions used by Cheston in deriving the respective adjusted values of the comparable lands are reasonable; and

(ii) The selection of comparable 4 as the best comparable is reasonable as comparable 4 has the least adjustments for dissimilarities as fair representation when compared to KPJCP.

(b) Building component valuation

The value of KPJCP building is derived using the DRC method. Under the DRC Method, the value of the building is determined by estimating the GCRCN of the building and improvements, and then, deducting the estimated depreciation derived based on the GCRCN as of the valuation date which includes physical, functional and economical obsolescence.

In arriving at the GCRCN of the KPJCP building, Cheston have adopted RM226 psf in respect of the six (6)-storey institutional building together with a basement level. The GCRCN of the KPJCP building was adopted after taking into consideration the actual construction cost of KPJCP building, construction cost of similar type of buildings, reference made to the records of other similar developments and various contracts awarded, enquiries made by Cheston with the contractors and quantity surveyors and reference made to the JUBM Group Construction Cost Handbook Malaysia 2023. The GCRCN of the KPJCP building adopted by Cheston is RM9.77 million.

Additionally, Cheston has adopted a straight-line depreciation at a rate of 2.00% per annum and the estimated life span of the KPJCP building of 50 years as per the practice in the industry for similar type of properties after consultation with contractors and quantity surveyors. The estimated depreciation derived based on the GCRCN of the KPJCP building amounts to RM5.85 million.

Subsequently, the DRC of the KPJCP building of RM3.92 million is arrived at by deducting the estimated depreciation of RM5.85 million from the GCRCN of RM9.77 million.

(c) Summation of market value of land and building

The cost approach entails the summation of the market value of land which is derived from comparison method and depreciated replacement cost of the KPJCP building by DRC method as follows:-

KPJCP	RM' mil
DRC of KPJCP building	3.92
Add: Market value of commercial land	11.44
Total	15.36
Market value based on cost approach (rounded down to nearest ten thousand by Cheston)	**15.35**

Premised on the above, we noted that the market value of KPJCP based on the cost approach is RM15.35 million.

5.2 Summary of KPJCP Valuation

The market value of KPJCP is as follows:-

	(RM' mil)
Cost approach (Sole method)	15.35
Market value of KPJCP as ascribed by Cheston	**15.35**

We noted that for the valuation of KPJCP, Cheston has adopted the cost approach as the sole valuation methodology for the valuation of institutional premises such as KPJCP.

We further noted that Cheston was unable to assess the market value of KPJCP using the income approach by profit method (DCF) as KPJCP as there are limited comparable rental evidence of similar type of properties in the locality. Institutional premises in the locality are generally owner occupied or operated and are seldom purchased for investment purposes. As such, rental comparable properties are rare.

Given the above, the cost approach is the best alternative to derive the market value of KPJCP due to the availability of comparable lands and accurate estimated cost of development of the specifically designed and constructed private institutional centre.

Premised on the analysis conducted, we are of the view that the adoption of the cost approach as the sole method of valuation is **reasonable** and that the market value of KPJCP of RM15.35 million is **fair**.

APPENDIX I: SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:-

Sale consideration

(i) In relation to APSH SPA, the deposit which is 5% of the sale consideration amounting to RM6.55 million shall be paid upon the execution of the APSH SPA and the balance sale consideration which is 95% of the sale consideration amounting to RM124.45 million shall be satisfied on or before the expiry of three (3) months from the date the APSH SPA becoming unconditional.

(ii) In relation to PSH SPA, the deposit which is 5% of the sale consideration amounting to RM5.5 million shall be paid upon the execution of the PSH SPA and the balance sale consideration which is 95% of the sale consideration amounting to RM104.5 million shall be satisfied on or before the expiry of three (3) months from the date the PSH SPA becoming unconditional.

Conditions Precedent

(i) The SPAs for the Disposal Properties are conditional on the following:-

  (a) Approval from the board of directors and shareholders of KPJ and the relevant Vendor for the Proposed Sale and Leaseback of each relevant Disposal Property;

  (b) Approval from and notification to the appropriate authorities on the Proposed Sale;

  (c) Approval from the board of directors of the Trustee and Manager and the unitholders of Al-`Aqar;

  (d) Approval from the existing financiers, creditors or lenders of Al-`Aqar (if any);

  (e) The letter of offer or letter of commitment in relation to the financing of the relevant Disposal Property has been issued by the Purchaser's financier and accepted by the Purchaser or Al-`Aqar's special purpose vehicle company, which will be used for the purposes of such financing;

  (f) Certificate of Completion and Compliance of the Disposal Property has been duly obtained;

  (g) Execution of the Lease Agreements for Proposed Leaseback in escrow and the relevant documents to give effect to the said Lease Agreements for Proposed Leaseback; and

  (h) Confirmation by solicitors certifying that the conditions precedent are satisfied,

  (collectively referred to as "**Conditions Precedent**")

(ii) The time period for fulfilment of all Conditions Precedent is six (6) months from the date of the SPAs or any extension thereof agreed between the parties of the SPAs.

(iii) The completion date is within three (3) months from the date that the SPAs become unconditional ("**Completion Date**").

(iv) In the event the SPAs are not completed by the Completion Date, the SPAs would be extended for an additional three (3) months from the Completion Date subject to the Purchaser paying to the Vendor late payment compensation at the rate of five per centum (5%) per annum on the balance sale consideration or any part outstanding thereof commencing from the date next after the Completion Date until the date of full payment of the balance sale consideration.

Events of default by the Vendors and consequences under the SPAs:-

(i) Events of default by the Vendors and consequences under the SPAs:-

In the event that:

(a) there is a default by the Vendor to complete the sale of the Disposal Property in accordance with the terms and conditions of the SPA; or

(b) the Vendor fails, neglects or refuses to perform or comply with any of its obligations on its part herein to be performed under the SPAs in any material respect and where remediable, fails to remedy the same within fourteen (14) business days from the date of a written notice from the Purchaser requiring the same to be remedied; or

(c) any representation, warranty or undertaking of the Vendor is not true or accurate or is not complied with in any material respect, or

(d) an encumbrancer takes possession of, or a trustee, receiver or similar officer is appointed in respect of, all or any substantial part of the business or assets of the Vendor; or

(e) the Vendor becomes insolvent; or

(f) (a) any party takes any action or any legal proceedings are started or other steps taken for the Vendor to be adjudicated or found insolvent, (b) the winding-up, dissolution of the Vendor either by an order of a court of competent jurisdiction or by way of voluntary winding-up save and except to effect a reorganisation of the business of the Vendor (c) the appointment of a liquidator, trustee receiver or similar officer of the Vendor over the whole or any part of the Vendor's or any of its respective undertaking(s), concession, rights or revenues other than a winding-up of the Vendor for the purpose of amalgamation or reconstruction;

at any time prior to the completion of the SPAs, then subject always to the Purchaser having observed and fulfilled the provisions of the SPAs required on its part to be observed or performed, the Purchaser shall give to the Vendor a forty-five (45) business days' notice or such later period as the parties may mutually agree in writing to rectify the alleged breach or default as stipulated in the said notice. For the avoidance of doubt, no remedy period is to be given to the Vendor in respect of any breach referred to under items (d) to (f) above. In the event that the Vendor fails to rectify the alleged breach or default within the said forty-five (45) business days or such later period as the parties may mutually agree to in writing, the Purchaser shall be entitled at the Purchaser's sole and absolute discretion to do either of the following (by notice in writing to the Vendor):-

(a) to require specific performance of the SPAs; or

(b) to claim damages for the breach of the SPAs by the Vendor; or

(c) to terminate the SPAs by notice in writing to the Vendor and the parties shall within fourteen (14) business days of receipt by the Vendor of such written notice do the following at the Vendor's own cost and expense:-

  (aa) the Vendor shall refund to the Purchaser all monies received by the Vendor under the SPAs (save for any late payment compensation which shall be paid by the Purchaser) free of interest;

  (bb) the Vendor pays to the Purchaser an amount equivalent to the deposit as liquidated damages failing which the Vendor shall pay the Purchaser damages on the aforesaid money calculated at the rate of eight per centum (8%) per annum on a daily basis commencing from the expiry of the aforesaid fourteen (14) business days until the date of the actual payment;

(cc) the Purchaser shall return and procure the Purchaser's solicitors to return all documents received by the Purchaser and/or the Purchaser's solicitors pursuant to the SPAs, to the Vendor in their original state and condition (fair wear and tear excepted);

(dd) the Vendor shall return all documents received by the Vendor and or/ the Vendor's solicitors pursuant to the SPAs, to the Purchaser in their original state and condition (fair wear and tear excepted); and

(ee) the Purchaser shall re-deliver the possession of the Disposal Property to the Vendor, if the same has been duly delivered to the Purchaser pursuant to the SPAs in its original state and condition.

Thereafter, subject to the covenants and indemnity by the respective Vendor as stated in the SPAs which will survive the termination of the SPAs, the SPAs shall become null and void and be of no further effect and neither party thereto shall have any further claims action or proceedings against the other in respect of or arising out of the SPAs, save and except for any claim arising from any antecedent breach and as provided in the SPAs. For the avoidance of doubt, in the event of termination of the SPAs, the covenants and indemnity by the respective Vendor as stated in the SPAs shall be applicable.

(ii) Events of default by the Purchaser and consequences under the SPAs:-

In the event that:

(a) the Purchaser shall fail to satisfy the sale consideration or any part thereof or to complete the sale and purchase of the Disposal Property in accordance with the terms and conditions of the SPAs; or

(b) the Purchaser fails, neglects or refuses to perform or comply with any of its obligations on its part herein to be performed under the SPAs in any material respect and where remediable, fails to remedy the same within fourteen (14) business days from the date of a written notice from the Vendor requiring the same to be remedied; or

(c) any representation, warranty or undertaking of the Purchaser is not true or accurate or is not complied with in any material respect, or

(d) an encumbrancer takes possession of, or a trustee, receiver or similar officer is appointed in respect of, all or any substantial part of the business or assets of the Purchaser; or

(e) the Purchaser becomes insolvent;

(f) (a) any party takes any action or any legal proceedings are started or other steps taken for the Purchaser to be adjudicated or found insolvent, (b) the winding-up, dissolution of the Purchaser either by an order of a Court of competent jurisdiction or by way of voluntary winding-up save and except to effect a reorganisation of the business of the Purchaser (c) the appointment of a liquidator, trustee receiver or similar officer of the Purchaser over the whole or any part of the Purchaser's or any of its respective undertaking(s), concession, rights or revenues other than a winding-up of the Purchaser for the purpose of amalgamation or reconstruction; or

(g) the commencement of any proceedings pursuant to Section 366 of the Act in relation to the Purchaser (except for the purpose of and followed by reconstruction, amalgamation or reorganisation which does not in the opinion of the other party have a material adverse effect);

then subject always to the Vendor having observed and fulfilled the provisions of the SPAs required on its part to be observed or performed, the Vendor shall give to the Purchaser forty-five (45) business days' notice or such later period as the parties may mutually agree to in writing to rectify the alleged breach or default as stipulated in the said notice. For the avoidance of doubt, no remedy period is to be given to the Purchaser in respect of any breach referred to under items (d) to (g) above. In the event that the Purchaser fails to rectify the alleged breach or default within the said forty-five (45) business days or such later period as the parties may mutually agree to in writing, the Vendor shall be entitled at the Vendor's sole and absolute discretion to do either of the following (by notice in writing to the Purchaser):-

(a) to require specific performance of the SPAs; or

(b) to claim damages for the breach of the SPAs by the Purchaser; or

(c) to terminate the SPAs by notice in writing to the Purchaser and the parties shall, within fourteen (14) business days of receipt by the Purchaser of such written notice, do the following at the Purchaser's own cost and expense:

  (aa) the Vendor shall refund to the Purchaser all monies (save and except for the deposit, which shall be forfeited by the Vendor as the agreed liquidated damages) received by the Vendor under the SPA (save for any late payment compensation which shall be paid by the Purchaser) free of interest;

  (bb) the Purchaser shall return and procure the Purchaser's solicitors to return all documents received by the Purchaser and/or the Purchaser's solicitors pursuant to the SPAs to the Vendor in their original state and condition (fair wear and tear excepted);

  (cc) the Vendor shall return all documents received by the Vendor pursuant to the SPAs to the Purchaser in their original state and condition (fair wear and tear excepted);

  (dd) the Purchaser shall re-deliver the possession of the Disposal Property to the Vendor, if the same has been duly delivered to the Purchaser pursuant to the SPAs in its original state and condition.

Thereafter, subject to the covenants and indemnity by the respective Vendor as stated in the SPAs which will survive the termination of the SPAs, the SPAs shall become null and void and be of no further effect and neither party thereto shall have any further claims action or proceedings against the other in respect of or arising out of the SPAs, save and except for any claim arising from any antecedent breach and as provided in the SPAs. For the avoidance of doubt, in the event of termination of the SPAs, the covenants and indemnity by the respective Vendor as stated in the SPAs shall be applicable.

Physical Condition of the Disposal Properties

Audit of the Disposal Properties: The Purchaser or its agent has performed an audit on the Disposal Properties prior to execution of the SPAs and in the case where the building audit conducted by the Purchaser on the Disposal Properties requires any repair, rectification, remedial or replacement works ("**Rectification Works**") to be carried out on the Disposal Properties, the respective Vendor covenants with the Purchaser that the respective Vendor shall undertake and complete the Rectification Works on the Disposal Properties at the Vendor's own cost within a period of twelve (12) months from execution of this SPA ("**Rectification Period**"). For purposes of clarity, the type of Rectification Works to be done by the Vendor are to be mutually agreed in writing between the respective Vendor and the Purchaser prior to the execution of the SPA.

The Parties agree that upon failure of the Vendor to complete the required Rectification Works as agreed by the Vendor within the Rectification Period, the Purchaser shall have the option to proceed to complete such Rectification Works at its own costs after the expiry of the Rectification Period and after giving a written notice to the Vendor informing that the Purchaser will exercise this option and the Vendor agrees to reimburse the Purchaser for all the cost incurred by the Purchaser within sixty (60) calendar days from the date of receipt of the reimbursement notice from the Purchaser setting out the reimbursements costs incurred by the Purchaser ("**Reimbursement Cost Payment Date**"), failing which, the Purchaser is entitled to impose late payment compensation at the rate of 5% per annum on the reimbursement costs calculated from the date after the expiry of the Reimbursement Cost Payment Date until the date of the full payment of the reimbursement cost. For the avoidance of doubt, such late payment compensation sum shall be payable by the Vendor to the Purchaser together with payment of the reimbursement costs.

Covenants and Indemnity by the Vendor

(i) The Vendor acknowledges that the Disposal Property is erected on the land which is registered in the name of the Purchaser ("**Land**"). In the event the sale and purchase of the Disposal Property cannot be completed in accordance with the terms of the SPA, the Vendor covenants to the Purchaser in respect of the following :

  (a) that the Vendor shall continue to bear all the costs in relation to outgoings as listed in the SPA with regard to the Disposal Property;

  (b) that the Vendor shall not without the prior written consent of the Purchaser (provided that such consent shall not be unreasonably withheld), sell or let the entire Disposal Property;

  (c) that the Vendor may rent out part of the Disposal Property Provided Always that a notification of not less than seven (7) calendar days is to be provided to the Purchaser;

  (d) that the Vendor will do or cause to be done everything necessary to ensure that the Purchaser's interests and title in relation to the Land are not jeopardised in any manner whatsoever;

  (e) that the Vendor shall comply at the Vendor's costs with the provisions of all statutes for the time being in force and every notice, order, direction, licence, consent or permission given thereunder and the requirements of any competent authority so far as they relate to the Disposal Property or its use.

(ii) In the event of breach of the above covenants, the Vendor shall indemnify the Purchaser and hold the Purchaser harmless from and against any damages, losses, costs, liabilities and expenses (including legal fees and disbursements) suffered by the Purchaser arising from any breach of the abovesaid covenants Provided Always that such breach is not due to any act, omission, or negligence on the part of the Purchaser (including but not limited to its agents, employees, customers, visitors, guests, invitees and representatives).

APPENDIX II: SALIENT TERMS OF THE LEASE AGREEMENTS

The salient terms of the Lease Agreements for Proposed Leaseback and Proposed Lease Renewal are as follows:-

A. Salient terms of the Lease Agreements for Proposed Leaseback

(i) The Vendors will respectively enter into Lease Agreements for Proposed Leaseback with ART and JLGRM for the Disposal Properties as follows:-

  (a) APSHSB to enter into a lease agreement for the lease of APSH New Building for a period of eleven (11) years commencing from the date of completion of Proposed Sale of APSH New Building with an option to renew for another fifteen (15) years (at the discretion of the Lessor);

  (b) PSHSB to enter into a lease agreement for the lease of PSH New Building (together with the existing building of PSH) for a period of fifteen (15) years commencing from the date of completion of Proposed Sale of PSH New Building with an option to renew for another fifteen (15) years (at the discretion of the Lessor); and

  (the period of the respective lease agreements is referred to as "**Contractual Term**").

(ii) The Lessor and the Leaseback Lessees agree that the Disposal Property shall be used strictly for the purpose of operating a healthcare facility, which operation and usage shall not be contrary to Shariah principles.

<u>Conditions Precedent</u>

(i) The Lease Agreement for Proposed Leaseback is conditional upon the fulfilment of the following conditions:-

  (a) the approval of the shareholders of the Leaseback Lessee's ultimate holding company, KPJ, being obtained in respect of the Proposed Leaseback;

  (b) the approval of the unitholders of Al-`Aqar being obtained in respect of the Proposed Leaseback; and

  (c) the completion of the SPAs.

<u>Rent</u>

(i) The rent shall be denominated in RM and the formula for determination of the rent in the Lease Agreements for Proposed Leaseback is as follows:-

  <u>APSH New Building</u>

  (a) Rent formula

First Rental Term	**Rent Formula**
1st year	6.25% per annum x Open Market Value of the Disposal Property ("**Base Rent**").
2nd year & 3rd year	2.00% incremental increase x the rent for the preceding year

(b) Rent review formula

The rent for every succeeding rental term shall be calculated based on the following formula:-

Succeeding Rental Terms	**Rent Review Formula**
1st year of every succeeding rental term (Years 4, 7 and 10)	6.25% per annum x Open Market Value of the Disposal Property at the point of review, subject to: - (a) a minimum rent of the Base Rent; and (b) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.
2nd & 3rd year of every succeeding rental term (Years 5, 6, 8, 9, 11)	2.00% incremental increase over the rent for the preceding year.

<u>PSH New Building</u>

(a) Rent formula

First Rental Term	**Rent Formula**
1st year	6.25% per annum x Open Market Value of the Disposal Property ("**Base Rent**").
2nd year & 3rd year	2.00% incremental increase x the rent for the preceding year

(b) Rent review formula

The rent for every succeeding rental term shall be calculated based on the following formula:-

Succeeding Rental Terms	**Rent Review Formula**
1st year of every succeeding rental term (Years 4, 7, 10 and 13)	6.25% per annum x Open Market Value of the Disposal Property at the point of review, subject to: - (a) a minimum rent of the Base Rent; and (b) any adjustment to the rent shall not be more than 2.00% incremental increase over the rent for the preceding year.
2nd & 3rd year of every succeeding rental term (Years 5, 6, 8, 9, 11, 12, 14, 15)	2.00% incremental increase over the rent for the preceding year.

(ii) The security deposit is equivalent to two (2) times the prevailing monthly rent to be paid (and shall be revised to correspond with the said aggregate sum for every rental term) to the Lessor and retained on trust by the Trustee throughout the Contractual Term.

(iii) The Lessor shall, during the Contractual Term *inter alia*:-

(a) pay for all rates, taxes, assessments, duties, charges, impositions, levies and outgoings which in relation to the Disposal Properties;

(b) pay for quit rent and assessment of the Disposal Properties;

(c) appoint and pay to the property manager for the maintenance and management services rendered by the property manager in relation to the Disposal Properties; and

(d) be responsible to make good any major repair or total replacement of the Lessor's fixtures and fittings attached to the Disposal Properties.

The Leaseback Lessees shall during the Contractual Term inter alia bear and pay or otherwise be responsible for all costs of all services and maintenance charges (where applicable) including without limitation services charges, utility charges, statutory payments (save for quit rent and assessments), and/or any other payments/ costs related to the Disposal Properties that the Leaseback Lessees are responsible for during the Contractual Term.

(iv) The Leaseback Lessees shall be given first right of refusal, should the Lessor intend to sell the Disposal Properties, by way of written notice from the Lessor to sell the Disposal Properties at the prevailing/open market value, to which notice the Leaseback Lessees shall reply within sixty (60) calendar days thereof.

Registration of Lease Instrument

(i) Notwithstanding the Rent Commencement Date, if required, the Lessee shall, upon execution of the Lease Agreement for Proposed Leaseback, apply to the authorities for consent for the creation of the lease for the Contractual Term in favour of the Leaseback Lessee pursuant to the Lease Agreement for Proposed Leaseback.

"**Rent Commencement Date**" means the date of commencement of the lease and rent of the Disposal Properties payable by the Leaseback Lessee.

(ii) Subject to the prior consent of the Lessor's financier having been obtained by the Lessor (if required), on the Rent Commencement Date:-

(a) the Lessor and the Leaseback Lessee shall execute the Form 15A of the National Land Code ("**Lease Instrument**") for the registration of the lease with the Registrar of Titles or Land Administrator (whichever is applicable); and

(b) the Lessor shall forward the original issue document of title to the land on which the Disposal Property is located ("**Land**") to the Leaseback Lessee.

In the event the registration of the lease is not or cannot be effected or perfected for any reason whatsoever not due to any fault of the parties, the parties agree that the Lessor shall grant and the Leaseback Lessee shall take on a tenancy of the Disposal Properties on the terms and conditions as stipulated whereupon the Contractual Term shall be for a fixed period of three (3) years with an automatic renewal for additional four (4) terms of three (3) years each for a period. For the avoidance of doubt, the Contractual Term for APSH New Building shall be for a fixed period of three (3) years with an automatic renewal for additional two (2) terms of three (3) years each and one (1) term of two (2) years (up until 29 June 2036). The Leaseback Lessee shall have the option to procure the said tenancy to be endorsed on the original issue document of title to the Land with the Registrar of Titles or Land Administrator (whichever is applicable).

(iii) In the event the Land is duly charged by the Lessor or any other party having such right to charge the Land, the Leaseback Lessee shall first obtain the written consent of the chargee by procuring the chargee's signature on the Lease Instrument prior to attending to the registration of the Lease with the Registrar of Title or Land Administrator (whichever is applicable) in accordance with Section 226 of National Land Code.

(iv) The Leaseback Lessee shall attend to the following:-

- (a) to submit the Lease Instrument for adjudication for assessment of stamp duty at the relevant stamp office;
- (b) to pay the stamp duty of the Lease Instrument;
- (c) to present the duly stamped Lease Instrument together with other relevant documents to the relevant land registry for registration of the lease in its favour; and
- (d) upon completion of the registration of the Lease Instrument to extract and forward the original issue document of title to the Land to the Lessor for the Lessor's or its financier's (if any) safekeeping and retention.

(v) The Lessor and the Leaseback Lessee agree that they shall work together, as may reasonably be required, to complete and register the Lease Instrument in favour of the Leaseback Lessee.

(vi) The parties acknowledge that the non-registration of the Lease Instrument for any reason whatsoever shall not affect the contractual operation of the lease and that the Lease Agreement for Proposed Leaseback will remain valid and enforceable under the law of contract.

Expansion

(i) "**Expansion**" means the construction, renovations and/or refurbishment works within the building of the Disposal Property and/or attached to the building of the Disposal Property, undertaken by the Lessor or Leaseback Lessee for the purposes of expansion of its business operations resulting:-

- (a) in the increase of the gross floor area of the building of the Disposal Property; and
- (b) in the increase of rent pursuant to the Lease Agreement for Proposed Leaseback.

(ii) Option 1 of the Expansion

In the event the Leaseback Lessee requests for Expansion and the Lessor and the Manager agree to meet the Expansion request of the Leaseback Lessee according to Leaseback Lessee's specification, the Lessor may, subject to the terms and conditions in the Lease Agreement for Proposed Leaseback, make the necessary arrangements, coordinate, manage, monitor and supervise any major structural alterations or additions to the building of the Disposal Property or work which may affect the:-

- (a) structure of the Disposal Property (including but not limited to the roof and the foundation);
- (b) mechanical or electrical installations of the Disposal Property; or
- (c) provisions of any services in or to the Disposal Property.

The Lessor shall bear the development costs and expenses for, and related to, the Expansion ("**Expansion Costs**") and shall be solely responsible to procure the financing for the Expansion.

(iii) Option 2 of the Expansion

Notwithstanding Option 1 above, subject to the agreement between the parties to the Lease Agreement for Proposed Leaseback, the Leaseback Lessee shall have the option to undertake the Expansion and bear the Expansion Costs, and the parties further agree that the Expansion Costs shall be reimbursed by the Lessor to the Leaseback Lessee ("**Expansion Reimbursement Costs**") in accordance with the terms and conditions in the Lease Agreement for Proposed Leaseback.

(iv) If the expansion results in an increase in the gross floor area of the Disposal Property, the increase in the monthly rent shall be computed as follows:

Formula: (the rental rate to be agreed between the parties to the Lease Agreement for Proposed Leaseback x Expansion Reimbursement Costs or Expansion Costs, as the case may be)/12 calendar months.

(v) In the event the increase in the rent is incurred during the middle of the relevant year of the Contractual Term, such rent shall be prorated to the full financial year before applying it in the rent formula for rent increment as set out in the Lease Agreement for Proposed Leaseback.

(vi) For the avoidance of doubt, in the event the rent has been increased pursuant to item (iv) above, the Base Rent amount shall be revised accordingly to include the incremental amount and thereafter, the aforesaid Base Rent shall be applied in the rent review formula under the Lease Agreement for Proposed Leaseback for determination of the rent for the relevant succeeding rental terms.

New Development

(i) New Development means the planning, design, and construction of a new building(s), carpark and/or other structures on the land where the Disposal Property is situated or any part thereof, complete with *inter alia* the interior design, the landscape and the infrastructures related thereto.

(ii) Option 1 of the New Development

The Lessor grants to the Leaseback Lessee the right to undertake the New Development on the land where the Disposal Property is situated for the Leaseback Lessee's business operations.

Notwithstanding the paragraph above, the Lessor shall have the option to undertake the New Development and bear the development costs and expenses for and related to the New Development ("**New Development Costs**") and shall be solely responsible to procure the financing for the New Development, subject to the terms and conditions in the Lease Agreement for Proposed Leaseback.

(iii) Option 2 of the New Development

Notwithstanding Option 1 above, subject to the agreement between the parties to the Lease Agreement for Proposed Leaseback, the Leaseback Lessee shall have the option to undertake the New Development and bear the New Development Costs, and the parties to the Lease Agreement for Proposed Leaseback further agree that the New Development shall be acquired by the Lessor from the Leaseback Lessee in accordance with the terms and conditions in the Lease Agreement for Proposed Leaseback.

(iv) The new rent for the New Development shall be governed by the terms and conditions of the new lease agreement or supplemental lease agreement to be entered into between the Leaseback Lessees, the Lessor and the Manager for the lease of the New Development.

Events of Default and Termination

The following are the events of default by the Leaseback Lessees and the consequences under the Lease Agreements for Proposed Leaseback:-

(i) a failure or refusal on the part of the Leaseback Lessee:

    (a) to pay the monthly rent for two (2) consecutive calendar months under the terms of the Lease Agreement for Proposed Leaseback on the day such payment is required to be made under the terms of the Lease Agreement for Proposed Leaseback (whether the same shall have been formally demanded or not); or

(b) to pay any sum (other than the rent) due under the terms of the Lease Agreement for Proposed Leaseback on the day such payment is required to be made under the terms of the Lease Agreement for Proposed Leaseback (whether the same shall have been formally demanded or not); or

(c) to duly observe or perform any of the covenants and conditions and/or agreements of the Leaseback Lessee contained in the Lease Agreement for Proposed Leaseback of which is not capable of being remedied or if capable of being remedied such breach is not remedied by the Leaseback Lessee within a period of thirty (30) calendar days from the date after receipt of written notice thereof from the Lessor to the Leaseback Lessee requesting action to remedy the same; or

(ii) the Leaseback Lessee is in breach of any agreement which has a material adverse effect on the business and/or operations of the Leaseback Lessee and which affects its ability to fulfil its obligations under the Lease Agreement for Proposed Leaseback; or

(iii) the Leaseback Lessee shall suffer or do any act or thing whereby the Lessor's and/or the Manager's rights shall or may be prejudiced; or

(iv) a judgment is obtained by the Leaseback Lessee for the purpose of Section 466 of the Act and as such, the Leaseback Lessee is deemed to be unable to pay its debts as they fall due or suspends or threatens to suspend making payments (whether of principal or other payments) with respect to all or any class of its debts, or any other event set out in Section 465 of the Act occurs or the Leaseback Lessee commences negotiations or takes or institutes proceedings whether under law or otherwise with a view to obtaining a restraining order against creditors under any law or for adjustment or deferment or compromise or rescheduling of its indebtedness or any part thereof or enters into or makes a general assignment or arrangement or composition with or for the benefit of its creditors or declares a moratorium on the repayment of its indebtedness or part thereof or any creditor of the Leaseback Lessee assumes management of the Leaseback Lessee and in the case of any of the events aforementioned, the financial condition of the Leaseback Lessee or the ability of the Leaseback Lessee to perform its obligation under the Lease Agreement for Proposed Leaseback is materially and adversely affected; or

(v) a petition is presented or an order is made or a resolution is passed or any other action or step is taken by the Leaseback Lessee for the winding up of the Leaseback Lessee or a liquidator or trustee or receiver or receiver and manager is appointed over the whole or any part of the assets or rights or revenues or undertaking of the Leaseback Lessee and the same is not discharged, withdrawn, set aside or discontinued within thirty (30) calendar days; or

(vi) the Leaseback Lessee is unable to pay its debt within the meaning of the Act, which inability may have a material adverse effect.

In the event that the event of default has occurred and is continuing, the Lessor shall be at liberty to take any one or more of the following remedies without being responsible or liable for any loss, damage or expense caused to the Leaseback Lessee as a consequence of such action:

(i) serve a forfeiture notice upon the Leaseback Lessee pursuant to Section 235 of the National Land Code (Revised 2020) and it is hereby mutually agreed and deemed that the period stipulated in the forfeiture notice shall be thirty (30) calendar days for the occurrence of the event set out in the paragraph above, and where the breach has not been remedied within the stipulated time of thirty (30) calendar days, to re-enter upon the Disposal Property or any part thereof in the name of the whole, and thereupon the Lease Agreement for Proposed Leaseback shall absolutely terminate;

(ii) to claim for the monthly rent and all other sums due and payable as stipulated in the Lease Agreement for Proposed Leaseback;

(iii) the Lessor shall be entitled to utilise the security deposits pursuant to the Lease Agreement for Proposed Leaseback towards payment or reduction of all sums payable by the Leaseback Lessee under the Lease Agreement for Proposed Leaseback without prejudice to the Leaseback Lessee's liability for any shortfall;

(iv) (a) the Leaseback Lessee shall be liable to pay the Lessor a sum equivalent to the rent for the unexpired period of the Contractual Term as liquidated damages for the loss of rent suffered by the Lessor resulting from termination of the Lease Agreement for Proposed Leaseback due to an event of default;

(b) Notwithstanding the paragraph (iv)(a) above, the Leaseback Lessee shall have an option to source for a replacement lessee or tenant approved by the Lessor for the unexpired period of the Contractual Term (or any part thereof) at such rental and upon such terms and conditions acceptable to the Lessor, and the Lessor shall take all reasonable efforts to lease or let the Disposal Property to any other lessees or tenants.

In the event that the Lessor or the Leaseback Lessee is able to lease or let the Disposal Property to any other lessees and tenants at such rental and upon such terms and conditions acceptable to the Lessor, the Leaseback Lessee shall compensate the Lessor in lump sum for the deficiency between the originally scheduled rent under the Lease Agreement for Proposed Leaseback and the rent received or to be received from the other lessees or tenants of the Disposal Property for the unexpired period of the Contractual Term. Upon receipt of the first monthly rental of the Disposal Property from such replacement lessees and tenants, and save for any antecedent breach of the Lease Agreement for Proposed Leaseback, any balance of sum received pursuant to paragraph (iv)(a) above shall be returned by the Lessor to the Leaseback Lessee within sixty (60) calendar days or any other period as agreed between the parties in writing; or

(v) to sue and take any other action that the Lessor deems fit (including the remedy of specific performance against the Leaseback Lessee) to recover all moneys due and owing to the Lessor and the costs and expenses incurred by the Lessor including legal fees (on a solicitor-client basis and on full indemnity basis) of all such actions taken shall be borne by the Leaseback Lessee.

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B. Salient terms of the Lease Agreements for Proposed Lease Renewal

(i) The Lease Renewal Lessees will respectively enter into a lease agreement with the Lessor and the Manager as follows:-

(a) PSHSB for the lease of PSH Main Building(1) together with its land at the rental rate of 6.25% per annum for a period of fifteen (15) years commencing from 1 August 2025, after the expiry of the Memorandum of Extension and Second Memorandum of Extension, with an option to renew for another fifteen (15) years.

(b) PSHSB for the lease of TMC together with its land at the rental rate of 6.25% per annum for a period of three (3) years commencing from 1 August 2025, after the expiry of the Memorandum of Extension and Second Memorandum of Extension, with an option to renew for another two (2) years.

(c) MSHSB for the lease of SSH together with its land at the rental rate of 6.25% per annum for a period of fifteen (15) years commencing from 1 August 2025, after the expiry of the Memorandum of Extension on 31 December 2024 and Second Memorandum of Extension, with an option to renew for another fifteen (15) years.

(d) KPJUSB for the lease of KPJU together with its land at the rental rate of 6.25% per annum for a period of five (5) years and eight (8) months commencing from 1 August 2025, after the expiry of the Memorandum of Extension and Second Memorandum of Extension, with an option to renew for another fifteen (15) years.

(e) KPJUSB for the lease of KPJCP together with its land at the rental rate of 6.25% per annum for a period of one (1) year commencing from 1 August 2025, after the expiry of the Memorandum of Extension and Second Memorandum of Extension, with an option to renew for another one (1) year.

Note:-

(1) In respect of PSH New Building, since PSH New Building is the expansion/new development of PSH Main Building and both situated on the same plot of land bearing land title particulars Geran Mukim 1453, Lot 10150 Mukim 7, Daerah of Seberang Perai Tengah, Negeri Pulau Pinang, ART, being the trustee for and on behalf of Al-`Aqar, and JLGRM, being the manager of Al-`Aqar, and PSHSB have mutually agreed that the lease back of PSH New Building and the renewal of PSH Main Building for the contractual term of fifteen (15) years with an option to renew/extend for another fifteen (15) years shall be covered under a single lease agreement. Notwithstanding this, in the event that the Proposed Sale for PSH New Building is not approved under Section 11 of Part A of this Circular, then the lease agreement shall be adopted for the Proposed Lease Renewal of PSH Main Building only.

(ii) The Lessor and the Lease Renewal Lessees agree that the Lease Renewal Properties shall be used strictly for the purpose of operating the Lease Renewal Lessees' principal business activities, which include a healthcare facility/hospital, wellness centre and college which operation and usage shall not be contrary to Shariah principles.

(iii) The Lessor shall, during the Contractual Term, amongst others:-

(a) pay for all rates, taxes, assessments, duties, charges, impositions, levies and outgoings in relation to the Lease Renewal Properties;

(b) pay the quit rent and assessment of the Lease Renewal Properties;

(c) maintain takaful coverage in respect of the Lease Renewal Properties and the Lessor's fixtures and fittings, equipment and machinery in the Lease Renewal Properties against fire and allied perils;

(d) appoint and pay to the property manager for the maintenance and management services rendered by the property manager in relation to the Lease Renewal Properties; and

(e) be responsible to make good any major repair or total replacement of the Lessor's fixtures and fittings attached to the Lease Renewal Properties.

(iv) The Lease Renewal Lessees shall during the Contractual Term inter alia bear and pay or otherwise be responsible for all costs of all services and maintenance charges (where applicable) including without limitation services charges, utilities charges, statutory payments (save for quit rent and assessments), and/or any other payments/costs related to the Lease Renewal Properties that the Lease Renewal Lessees are responsible for during the Contractual Term.

(v) Registration of Lease Instrument

(a) Notwithstanding the Rent Commencement Date, the Lease Renewal Lessee shall, upon execution of the Lease Agreement for Proposed Lease Renewal, apply to the authorities for consent for the creation of the lease for the Contractual Term in favour of the Lease Renewal Lessee pursuant to the Lease Agreement for Proposed Lease Renewal.

"**Rent Commencement Date**" means the date of commencement of the lease and rent of the Lease Renewal Property payable by the Lease Renewal Lessee.

(b) Subject to the prior consent of the Lessor's financier having been obtained by the Lessor (if required), on the Rent Commencement Date:-

(aa) the Lessor and the Lease Renewal Lessee shall execute the Form 15A of the National Land Code ("**Lease Instrument**") for the registration of the lease with the Registrar of Titles or Land Administrator (whichever is applicable); and

(bb) the Lessor shall forward the original issue document of title to the land on which the Lease Renewal Property is located ("**Land**") to the Lease Renewal Lessee.

In the event the registration of the lease is not or cannot be effected or perfected for any reason whatsoever not due to any fault of the parties, the parties agree that the Lessor shall grant and the Lease Renewal Lessee shall take on a tenancy of the Lease Renewal Property based on the Contractual Term of the Lease Renewal Property and the terms and conditions as stipulated in the Lease Agreement for Proposed Lease Renewal.

The Lease Renewal Lessee shall have the option to procure the said tenancy to be endorsed on the original issue document of title to the Land with the Registrar of Titles or Land Administrator (whichever is applicable).

(c) In the event the Land is duly charged by the Lessor or any other party having such right to charge the Land, the Lease Renewal Lessee shall first obtain the written consent of the charge by procuring chargee's signature on the Lease Instrument prior to attending to the registration of the Lease with the Registrar of Title or Land Administrator (whichever is applicable) in accordance with Section 226 of National Land Code.

(d) The Lease Renewal Lessee shall attend to the following:-

(aa) to submit the Lease Instrument for adjudication for assessment of stamp duty at the relevant stamp office;

(bb) to pay the stamp duty of the Lease Instrument;

(cc) to present the duly stamped Lease Instrument to extract and forward the original issue document of title to the Land to the Lessor for the Lessor's or its financier's (if any) safekeeping and retention.

(e) The Lessor and the Lease Renewal Lessee agree that they shall work together, as may reasonably be required, to complete and register the Lease Instrument in favour of the Lease Renewal Lessee.

The parties acknowledge that the non-registration of the Lease Instrument for any reason whatsoever shall not affect the contractual operation of the lease and that the Lease Agreement for Proposed Lease Renewal will remain valid and enforceable under the law of the contract.

(vi) Expansion

(a) "**Expansion**" means the construction, renovations and/or refurbishment works within the building of the Lease Renewal Property and/or attached to the building of the Lease Renewal Property, undertaken by the Lessor or Lease Renewal Lessee for the purposes of expansion of its business operations resulting:-

(aa) in the increase of the gross floor area of the building of the Lease Renewal Property; and

(bb) in the increase of rent pursuant to the Lease Agreement for Proposed Lease Renewal.

(b) Option 1 of the Expansion

In the event the Lease Renewal Lessee requests for Expansion and the Lessor and the Manager agree to meet the Expansion request of the Lease Renewal Lessee according to the Lease Renewal Lessee's specification, the Lessor may, subject to the terms and conditions in the Lease Agreement for Proposed Lease Renewal, make the necessary arrangements, coordinate, manage, monitor and supervise any major structural alterations or additions to the building of the Lease Renewal Property or work which may affect the:-

(aa) structure of the Lease Renewal Property (including but not limited to the roof and the foundation);

(bb) mechanical or electrical installations of the Lease Renewal Property; or

(cc) provisions of any services in or to the Lease Renewal Property.

The Lessor shall bear the development costs and expenses for and related to the Expansion ("**Expansion Costs**") and shall be solely responsible to procure the financing for the Expansion.

(c) Option 2 of the Expansion

Notwithstanding Option 1 above, subject to the agreement between the parties to the Lease Agreement for Proposed Lease Renewal, the Lease Renewal Lessee shall have the option to undertake the Expansion and bear the Expansion Costs, and the parties further agree that the Expansion Costs shall be reimbursed by the Lessor to the Lease Renewal Lessee ("**Expansion Reimbursement Costs**") in accordance with the terms and conditions in the Lease Agreement for Proposed Lease Renewal.

(d) If the expansion results in an increase in the gross floor area of the Lease Renewal Property, the increase in the monthly rent shall be computed as follows:-

Formula: (the rental rate to be agreed between the parties to the Lease Agreement for Proposed Lease Renewal x Expansion Reimbursement Costs or Expansion Costs, as the case may be) / 12 calendar months.

(e) In the event the increase in the rent is incurred during the middle of the relevant year of the Contractual Term, such rent shall be prorated to the full financial year before applying it in the rent formula for rent increment as set out in the Lease Agreement for Proposed Lease Renewal.

(f) For the avoidance of doubt, in the event the rent has been increased pursuant to item (d) above, the Base Rent amount shall be revised accordingly to include the incremental amount and thereafter, the aforesaid Base Rent shall be applied in the rent review formula under the Lease Agreement for Proposed Lease Renewal for determination of the rent for the relevant succeeding Rental Terms.

(vii) New Development

(a) New Development means the planning, design, and construction of a new building(s), carpark and/or other structures on the land where the Lease Renewal Property is situated or any part thereof, complete with *inter alia* the interior design, the landscape and the infrastructures related thereto.

(b) Option 1 of the New Development

The Lessor grants to the Lease Renewal Lessee the right to undertake the New Development on the land where the Lease Renewal Property is situated for the Lease Renewal Lessee's business operations.

Notwithstanding the paragraph above, the Lessor shall have the option to undertake the New Development and bear the development costs and expenses for and related to the New Development ("**New Development**") and shall be solely responsible to procure the financing of the New Development, subject to the terms and conditions in the Lease Agreement for Proposed Lease Renewal.

(c) Option 2 of the New Development

Notwithstanding Option 1 above, subject to the agreement between the parties to the Lease Agreement for Proposed Lease Renewal, the Lease Renewal Lessee shall have the option to undertake the New Development and bear the New Development Costs, and the parties to the Lease Agreement for Proposed Lease Renewal further agree that the New Development shall be acquired by the Lessor from the Lease Renewal Lessee in accordance with the terms and conditions in the Lease Agreement for Proposed Lease Renewal.

(d) The new rent for the New Development shall be governed by the terms and conditions of the new lease agreement or supplemental lease agreement to be entered into between the Lease Renewal Lessees, the Lessor and the Manager for the lease of the New Development.

(viii) Events of default and Termination

The following are the events of default by the Lease Renewal Lessees and the consequences thereof under the Lease Agreements for Proposed Lease Renewal:-

(a) a failure or refusal on the part of the Lease Renewal Lessee:-

(aa) to pay the monthly rent for two (2) consecutive calendar months under the terms of the Lease Agreement for Proposed Lease Renewal on the day such payment is required to be made under the terms of the Lease Agreement for Proposed Lease Renewal (whether the same shall have been formally demanded or not); or

(bb) to pay any sum (other than the rent) due under the terms of the Lease Agreement for Proposed Lease Renewal on the day such payment is required to be made under the terms of the Lease Agreement for Proposed Lease Renewal (whether the same shall have been formally demanded or not); or (cc) to duly observe or perform any of the covenants and conditions and/or agreements of the Lease Renewal Lessee contained in the Lease Agreement for Proposed Lease Renewal of which is not capable of being remedied or if capable of being remedied such breach is not remedied by the Lease Renewal Lessee within a period of thirty (30) calendar days from the date after receipt of written notice thereof from the Lessor to the Lease Renewal Lessee requesting action to remedy the same; or

(b) the Lease Renewal Lessee is in breach of any agreement which has a material adverse effect on the business and/or operations of the Lease Renewal Lessee and which affects its ability to fulfil its obligations under the Lease Agreement for Proposed Lease Renewal; or

(c) the Lease Renewal Lessee shall suffer or do any act or thing whereby the Lessor's and/or the Manager's rights shall or may be prejudiced; or

(d) a judgment is obtained by the Lease Renewal Lessee for the purpose of Section 466 of the Act and as such, the Lease Renewal Lessee is deemed to be unable to pay its debts as they fall due or suspends or threatens to suspend making payments (whether of principal or other payments) with respect to all or any class of its debts, or any other event set out in Section 465 of the Act occurs or the Lease Renewal Lessee commences negotiations or takes or institutes proceedings whether under law or otherwise with a view to obtaining a restraining order against creditors under any law or for adjustment or deferment or compromise or rescheduling of its indebtedness or any part thereof or enters into or makes a general assignment or arrangement or composition with or for the benefit of its creditors or declares a moratorium on the repayment of its indebtedness or part thereof or any creditor of the Lease Renewal Lessee assumes management of the Lease Renewal Lessee and in the case of any of the events aforementioned, the financial condition of the Lease Renewal Lessee or the ability of the Lease Renewal Lessee to perform its obligation under the Lease Agreement for Proposed Lease Renewal is materially and adversely affected; or

(e) a petition is presented or an order is made or a resolution is passed or any other action or step is taken by the Lease Renewal Lessee for the winding up of the Lease Renewal Lessee or a liquidator or trustee or receiver or receiver and manager is appointed over the whole or any part of the assets or rights or revenues or undertaking of the Lease Renewal Lessee and the same is not discharged, withdrawn, set aside or discontinued within thirty (30) calendar days; or

(f) the Lease Renewal Lessee is unable to pay its debt within the meaning of the Act, which inability may have a material adverse effect

If the event of default has occurred and is continuing, the Lessor shall be at liberty to take any one or more of the following remedies without being responsible or liable for any loss, damage or expense caused to the Lease Renewal Lessee as a consequence of such action:-

(a) serve a forfeiture notice upon the Lease Renewal Lessee pursuant to Section 235 of the National Land Code (Revised 2020) and it is hereby mutually agreed and deemed that the period stipulated in the forfeiture notice shall be thirty (30) calendar days for the occurrence of the event set out in the paragraph above, and where the breach has not been remedied within the stipulated time of thirty (30) calendar days, to re-enter upon the Lease Renewal Property or any part thereof in the name of the whole, and thereupon the Lease Agreement for Proposed Lease Renewal shall absolutely terminate;

(b) to claim for the monthly rent and all other sums due and payable as stipulated in the Lease Agreement for Proposed Lease Renewal;

(c) the Lessor shall be entitled to utilise the security deposits pursuant to the Lease Agreement for Proposed Lease Renewal towards payment or reduction of all sums payable by the Lease Renewal Lessee under the Lease Agreement for Proposed Lease Renewal without prejudice to the Lease Renewal Lessee's liability for any shortfall;

(aa) the Lease Renewal Lessee shall be liable to pay the Lessor a sum equivalent to the rent for the unexpired period of the Contractual Term as liquidated damages for the loss of rent suffered by the Lessor resulting from termination of the Lease Agreement for Proposed Lease Renewal due to an event of default;

(bb) notwithstanding the paragraph (c)(aa) above, the Lease Renewal Lessee shall have an option to source for a replacement lessee or tenant approved by the Lessor for the unexpired period of the Contractual Term (or any part thereof) at such rental and upon such terms and conditions acceptable to the Lessor, and the Lessor shall take all reasonable efforts to lease or let the Lease Renewal Property to any other lessees or tenants.

In the event that the Lessor or the Lease Renewal Lessee is able to lease or let the Lease Renewal Property to any other lessees and tenants at such rental and upon such terms and conditions acceptable to the Lessor, the Lease Renewal Lessee shall compensate the Lessor in lump sum for the deficiency between the originally scheduled rent under the Lease Agreement for Proposed Lease Renewal and the rent received or to be received from the other lessees or tenants of the Lease Renewal Property for the unexpired period of the Contractual Term. Upon receipt of the first monthly rental of the Lease Renewal Property from such replacement lessees and tenants, and save for any antecedent breach of the Lease Agreement for Proposed Lease Renewal, any balance of sum received pursuant to paragraph (c)(aa) above shall be returned by the Lessor to the Lease Renewal Lessee within sixty (60) calendar days or any other period as agreed between the parties in writing; or

(d) to sue and take any other action that the Lessor deems fit (including the remedy of specific performance against the Lease Renewal Lessee) to recover all moneys due and owing to the Lessor and the costs and expenses incurred by the Lessor including legal fees (on a solicitor-client basis and on full indemnity basis) of all such actions taken shall be borne by the Lease Renewal Lessee.

(ix) First Right of Refusal to Purchase the Lease Renewal Property

(a) The Lessor hereby agrees and undertakes to the Lease Renewal Lessee that if the Lessor shall during the Contractual Term intend to sell the Lease Renewal Property, the Lease Renewal Lessee shall be given the first right of refusal to purchase the Lease Renewal Property by way of a written notice from the Lessor to the Lease Renewal Lessee offering to sell the Lease Renewal Property to the Lease Renewal Lease Renewal Lessee on such terms and at the reasonable and fair prevailing/open market value in respect of the Lease Renewal Property and in accordance with the applicable laws and requirements including the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia, the relevant guidelines issued by the Securities Commission Malaysia, the Capital Markets and Services Act 2007 and the Listing Requirements, to which notice the Lease Renewal Lessee shall reply within sixty (60) calendar days thereof.

(b) The first right of refusal hereby granted shall be valid but shall not be applicable and shall not extend beyond the Contractual Term. For the avoidance of doubt, the right of first refusal hereby granted shall not be enforceable and no longer applicable if the Lease Agreement for Proposed Lease Renewal is terminated pursuant to the terms and conditions thereunder.

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APPENDIX III: COMPARISON OF SALIENT TERMS BETWEEN THE PRINCIPAL LEASE AGREEMENTS AND THE LEASE AGREEMENTS FOR PROPOSED LEASE RENEWAL

A comparison between the salient terms of the Principal Lease Agreements and that of the current Lease Agreements for Proposed Lease Renewal is as follows:-

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
1.	**Contractual Term**	Please refer to Column 3, in Table no 2, Section 4.1 of the Circular.	Please refer Paragraph (i), Part B, Appendix II of the Circular.
2.	**Permitted Use**	In respect of PSH Main Building, SSH Old Building:- As a healthcare facility. SSH Vacant Land For amalgamation and expansion purpose. Taiping Medical Centre As a hospital building. KPJCP As a healthcare related facility. KPJU As a private institution of higher learning. SSH New Building and TMC Health Centre The Parties hereby agree that the Demised Premises shall be used strictly for the purpose of operating a healthcare facility which operation and usage shall not be contrary to Shariah principles.	The Lessor and the Lease Renewal Lessees agree that the Lease Renewal Properties shall be used strictly for the purpose of operating the Lease Renewal Lessees' principal business activities which include healthcare facility/hospital, wellness centre and college which operation and usage shall not be contrary to Shariah principles.
3.	**Lessor's Covenants**	The Lessor shall during the Contractual Term, amongst others:- (i) pay for all rates, taxes, assessments, duties, charges, impositions, levies and outgoings in relation to the Demised Premises;	The Lessor shall during the Contractual Term, amongst others:- (i) pay for all rates, taxes, assessments, duties, charges, impositions, levies and outgoings in relation to the Lease Renewal Properties;

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
		(ii) pay quit rent and assessment of the Demised Premises; (iii) maintain takaful coverage in respect of the Demised Premises and the Lessor's fixtures and fittings, equipment and machinery in the Demised Premises against fire and allied perils; (iv) appoint and pay to the property manager for the maintenance and management services rendered by the property manager in relation to the Demised Premises; and (v) be responsible to make good any major repair or total replacement of the Lessor's fixtures and fittings attached to the Demised Premises.	(ii) pay quit rent and assessment of the Lease Renewal Properties; (iii) maintain takaful coverage in respect of the Lease Renewal Properties and the Lessor's fixtures and fittings, equipment and machinery in the Lease Renewal Properties against fire and allied perils; (iv) appoint and pay to the property manager for the maintenance and management services rendered by the property manager in relation to the Lease Renewal Properties; and (v) be responsible to make good any major repair or total replacement of the Lessor's fixtures and fittings attached to the Lease Renewal Properties.
4.	**Lessee's Covenants**	The Lessee shall during the Contractual Term *inter alia* bear and pay or otherwise be responsible for all costs of all services and maintenance charges (where applicable) including without limitation services charges, utilities charges, statutory payments (save for quit rent and assessments), and/or any other payments/costs related to the Demised Premises that the Lessee is responsible for during the Contractual Term.	The Lease Renewal Lessees shall during the Contractual Term *inter alia* bear and pay or otherwise be responsible for all costs of all services and maintenance charges (where applicable) including without limitation services charges, utilities charges, statutory payments (save for quit rent and assessments), and/or any other payments/costs related to the Lease Renewal Properties that the Lease Renewal Lessees are responsible for during the Contractual Term.
5.	**Registration of Lease Instrument**	There was no clause on registration of lease instrument in the Principal Lease Agreements.	New insertion for all Lease Agreements for Proposed Lease Renewal Properties. Please refer to Paragraph (v), Part B, Appendix II of the Circular.

APPENDIX III: COMPARISON OF SALIENT TERMS BETWEEN THE PRINCIPAL LEASE AGREEMENTS AND THE LEASE AGREEMENTS FOR PROPOSED LEASE RENEWAL *(CONT'D)*

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
6.	**Expansion**	<u>In respect of PSH Main Building, Taiping Medical Centre, SSH Old Building, SSH Vacant Land, KPJU and KPJCP:-</u> For expansion requested by the Lessee(s), the Lessor and/or the Manager allows Lessee(s) to undertake expansion through expansion, refurbishment and renovation of the Lease Renewal Properties. The Lessor shall then reimburse the Lease Renewal Lessee(s) based on the recommendation of the Manager according to the work done and subject to verification by the Manager for all costs incurred by the Lease Renewal Lessee(s). However, subsequent to the Principal Lease Agreements, the following clause was incorporated either via renewal notices or lease agreements in relation to renewal of the subsequent rental terms within the Contractual Term. **Expansion** In the event the Lessee requests and the Lessor and/or the Manager desire to meet the expansion requirements of the Lessee through expansion, refurbishment and renovation of the Demised Premises, the 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 Demised Premises or work which may affect or may be likely to affect the structure of the Demised Premises (including but not limited to the roof and the foundation) or the mechanical or electrical installations of the Demised Premises or the provisions of any services in or to the Demised Premises. The Lessor shall then reimburse the Lessee 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 Lessee as recommended by either the auditors of Al-'Aqar, an	Please refer to Paragraph (vi) Expansion, Part B, Appendix II of the Circular.

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
		independent valuer or an independent quantity surveyor for the expansion, refurbishment and renovation of the Demised Premises at such dates and/or amount to be agreed mutually by the Lessor and/or the Manager and the Lessee. In respect of SSH New Building and TMC Health Centre:- The Principal Lease Agreements for SSH New Building and TMC Health Centre each have a clause on Expansion which is similar to Paragraph (vi) Expansion, Part B, Appendix **II** of the Circular.	
7.	New Development	Save for the Principal Lease Agreements of SSH New Building and TMC Health Care, there was no clause on New Development in the Principal Lease Agreements for the other Lease Renewal Properties. However, subsequent to the Principal Lease Agreements, the following clause was incorporated either via subsequent renewal notices or lease agreements in relation to renewal of the subsequent rental terms within the Contractual Term:- **Future Development** (i) The Lessor hereby grants to the Lessee the right to undertake future development on the land (where the Demised Premises is situated)("Land") for the expansion of the Lessee's business operations, subject to the following:- (a) the Lessee shall provide a written notification to the Manager providing the details of the proposed or future development on the Land; and	Please refer to Paragraph (vii) New Development, Part B, Appendix **II** of the Circular.

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
		(b) the Lessee shall obtain the prior written approval of the Lessor before commencing with the proposed or future development on the Land. (ii) The parties hereby further agree that any proposed or future development on the Land ("**New Development**") may be acquired by the Lessor, upon completion of its construction, at a price to be mutually agreed by the Parties based on the valuation to be conducted by an independent valuer or an independent quantity surveyor appointed by the Lessor, subject to the approval of relevant authorities', the approval of the unit holders of Al-`Aqar and/or shareholder of the Lessee and/or its holding company, KPJ (if required) and the terms and conditions of the agreement, to be entered into between the Lessor and the Lessee in connection with the New Development. (iii) The parties hereby agree that in the event that the New Development mentioned in Clause (b) above is acquired by the Lessor, upon completion of the acquisition of the New Development the Lessee will enter into a lease agreement with the Lessor and the Manager for the lease back of the New Development by the Lessee and the rental for the Demised Premises which shall include the New Development shall be revised accordingly and subject to the terms and conditions of a new lease agreement to be entered upon by the Lessor, the Lessee and the Manager.	

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
		In respect of SSH New Building and TMC Health Centre:- The Principal Lease Agreements for SSH New Building and TMC Health Centre each have a clause on New Development which is similar to Paragraph (vii) Expansion, Part B, Appendix II of the Circular.	
8.	**Events of default and Termination**	In respect of PSH Main Building, Taiping Medical Centre, SSH Old Building , SSH Vacant Land, KPJU and KPJCP:- The forfeiture and termination of the Principal Lease Agreement shall take place if and whenever during the Initial Contractual Term:- (i) the rent or any other sum due under the Principal Lease Agreement shall be in arrears and shall remain unpaid for thirty (30) working days after becoming payable (whether formally demanded or not); or (ii) there shall be any breach of non-performance or non-observance by the Lessee of any of the covenants and conditions contained in the Principal Lease Agreement of which is not capable of being remedied or if capable of being remedied such breach is not remedied within a reasonable time stipulates by the Lessor in its notices to the Lessee requesting action to remedy the same; or (iii) the Lessee is in breach of any agreement which has a material adverse effect on the business and/or operations of the Lessee which affects its ability to fulfill its obligations under the Principal Lease Agreement; or	Please refer to Paragraph (viii), Part B, Appendix II of the Circular. Events of default and Termination The following are the events of default by the Lease Renewal Lessees and the consequences thereof under the Lease Agreements for Proposed Lease Renewal:- (g) a failure or refusal on the part of the Lease Renewal Lessee:- (aa) to pay the monthly rent for two (2) consecutive calendar months under the terms of the Lease Agreement for Proposed Lease Renewal on the day such payment is required to be made under the terms of the Lease Agreement for Proposed Lease Renewal (whether the same shall have been formally demanded or not); or (bb) to pay any sum (other than the rent) due under the terms of the Lease Agreement for Proposed Lease Renewal on the day such payment is

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
		(iv) any provision of the Principal Lease Agreement is, or becomes for any reason whatsoever, invalid or unenforceable; or (v) the Lessee ceases or threatens to cease to carry on its business; or (vi) the Lessee is 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 Lessee or in respect of its assets; or (viii) the Lessee enters 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 Lessee or a petition for winding up or bankruptcy, as the case may be, is presented against the Lessee; or (x) a compromise or arrangement is proposed or is intended to be proposed between the Lessee and its creditors; or (xi) the Lessee enters into or proposes to enter into an arrangement or composition for the benefit of its creditors; or	required to be made under the terms of the Lease Agreement for Proposed Lease Renewal (whether the same shall have been formally demanded or not); or (cc) to duly observe or perform any of the covenants and conditions and/or agreements of the Lease Renewal Lessee contained in the Lease Agreement for Proposed Lease Renewal of which is not capable of being remedied or if capable of being remedied such breach is not remedied by the Lease Renewal Lessee within a period of thirty (30) calendar days from the date after receipt of written notice thereof from the Lessor to the Lease Renewal Lessee requesting action to remedy the same; or (h) the Lease Renewal Lessee is in breach of any agreement which has a material adverse effect on the business and/or operations of the Lease Renewal Lessee and which affects its ability to fulfil its obligations under the Lease Agreement for Proposed Lease Renewal; or (i) the Lease Renewal Lessee shall suffer or do any act or thing whereby the Lessor's and/or the Manager's rights shall or may be prejudiced; or

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
		(xii) the Lessee has or suffers any distress, execution, attachment or other legal process to be levied, enforced or sued out against its assets; or (xiii) the Lessee shall suffer or do any act or thing whereby the Lessor's and/or the Manager's rights shall or may be prejudiced; or (xiv) in the event that the Demised Premises or any part thereof shall at any time during the Initial 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 Lessee 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 Demised Premises shall have been rendered fit for occupation and use provided always that in the event that the Lessor shall be unable to restore or render the Demised Premises fit for occupation within three (3) months from the date hereof, the Lessee shall have an option either to terminate the Principal Lease Agreement created or to continue suspending and ceasing payment of the rent reserved or a proportionate part thereof according to the extent of damage or destruction until the date the Demised Premises shall be rendered fit for occupation or use by the Lessor. In the event the Lessee decides to terminate the Principal Lease Agreement, the Lessor shall within fourteen (14) days thereof, refund the security deposit to the Lessee less all payment due and payable under the Principal Lease Agreement;	(j) a judgment is obtained by the Lease Renewal Lessee for the purpose of Section 466 of the Act and as such, the Lease Renewal Lessee is deemed to be unable to pay its debts as they fall due or suspends or threatens to suspend making payments (whether of principal or other payments) with respect to all or any class of its debts, or any other event set out in Section 465 of the Act occurs or the Lease Renewal Lessee commences negotiations or takes or institutes proceedings whether under law or otherwise with a view to obtaining a restraining order against creditors under any law or for adjustment or deferment or compromise or rescheduling of its indebtedness or any part thereof or enters into or makes a general assignment or arrangement or composition with or for the benefit of its creditors or declares a moratorium on the repayment of its indebtedness or part thereof or any creditor of the Lease Renewal Lessee assumes management of the Lease Renewal Lessee and in the case of any of the events aforementioned, the financial condition of the Lease Renewal Lessee or the ability of the Lease Renewal Lessee to perform its obligation under the Lease Agreement for Proposed Lease Renewal is materially and adversely affected; or (k) a petition is presented or an order is made or a resolution is passed or any other action or step is taken by the Lease Renewal Lessee for the winding up of the Lease Renewal Lessee or a

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
		In respect of SSH New Building and TMC Health Centre: The clause for Events of Default and Termination is similar to the clause for Events of Default and Termination in Paragraph (viii), Part B, Appendix II of the Circular.	liquidator or trustee or receiver or receiver and manager is appointed over the whole or any part of the assets or rights or revenues or undertaking of the Lease Renewal Lessee and the same is not discharged, withdrawn, set aside or discontinued within thirty (30) calendar days; or (l) the Lease Renewal Lessee is unable to pay its debt within the meaning of the Act which inability may have a material adverse effect
9.	**Remedies for default**	In respect of PSH Main Building, Taiping Medical Centre, SSH Old Building , SSH Vacant Land, KPJU and KPJCP:- (i) The contemplation preparation and service of a notice under Section 235 of the National Land Code or incurred by or in contemplation of proceedings under Sections 234 or 235 of the National Land Code notwithstanding that forfeiture is avoided otherwise than by relief granted by the court; (ii) The recovery or attempted recovery of arrears of Rent or other sums due from the Lessee under the Principal Lease Agreement; (iii) The security deposit and the utilities deposit will be retained by the Lessor and/or the Manager throughout the duration of the Initial Contractual Term and thereafter until returned to the Lessee within thirty (30) days after the expiration of the Initial Contractual Term less such sum or sums as made by the Lessor and/or the Manager (provided that any deduction made by the Lessor and/or the manager from the security deposit or the utilities	If the event of default has occurred and is continuing, the Lessor shall be at liberty to take any one or more of the following remedies without being responsible or liable for any loss, damage or expense caused to the Lease Renewal Lessee as a consequence of such action:- (i) serve a forfeiture notice upon the Lease Renewal Lessee pursuant to Section 235 of the National Land Code (Revised 2020) and it is hereby mutually agreed and deemed that the period stipulated in the forfeiture notice shall be thirty (30) calendar days for the occurrence of the event set out in the paragraph above, and where the breach has not been remedied within the stipulated time of thirty (30) calendar days, to re-enter upon the Lease Renewal Property or any part thereof in the name of the whole, and thereupon the Lease Agreement for Proposed Lease Renewal shall absolutely terminate;

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
		deposit shall not prejudice any claims rights or remedies of the Lessor and/or the Manager under or in connection with this Principal Lease Agreement) subject to the security deposit or the utilities deposit being applied from time to time by the Lessor and/or the Manager (in its absolute discretion) in or towards making good any breach of any of the terms and conditions on the part of the Lessee to be observed and performed contained in the Principal Lease Agreement provided always that any such application by the Lessor and/or the Manager of the security deposit or the utilities deposit shall not prejudice any claims rights or remedies of the Lessor and/or the Manager under or in connection with the Principal Lease Agreement. (iv) Save as otherwise provided in Item No. 9 above or any other provision of the Principal Lease Agreement, neither party shall be entitled to terminate the Principal Lease Agreement during the Initial Contractual Term without the written consent of the other party. However, in the event of termination of the lease by the Lessee prior to the expiry of the Initial Contractual Term, the lessee shall be liable to pay to the Lessor all rent due and payable for the remaining and unutilised/unexpired period of the Initial Contractual Term as liquidated damages without prejudice to the other rights to claim by the Lessor for any antecedent breach by the Lessee. (v) In addition to the Lessor's and/or the Manager's right of specific performance and right of termination under Item(s) No. 9 (i) – (xiv), the Lessee shall compensate the Lessor for any breach by the Lessee of any term of the Principal Lease Agreement and the Lessor shall at all times be entitled to sue for and recover all losses, damages, costs	(ii) to claim for the monthly rent and all other sums due and payable as stipulated in the Lease Agreement for Proposed Lease Renewal; (iii) the Lessor shall be entitled to utilise the security deposits pursuant to the Lease Agreement for Proposed Lease Renewal towards payment or reduction of all sums payable by the Lease Renewal Lessee under the Lease Agreement for Proposed Lease Renewal without prejudice to the Lease Renewal Lessee's liability for any shortfall; (aa) the Lease Renewal Lessee shall be liable to pay the Lessor a sum equivalent to the rent for the unexpired period of the Contractual Term as liquidated damages for the loss of rent suffered by the Lessor resulting from termination of the Lease Agreement for Proposed Lease Renewal due to an event of default; (bb) notwithstanding the paragraph (c)(aa) above, the Lease Renewal Lessee shall have an option to source for a replacement lessee or tenant approved by the Lessor for the unexpired period of the Contractual Term (or any part thereof) at such rental and upon such terms and conditions acceptable to the Lessor, and the Lessor shall take all reasonable efforts to lease or let the

No.	**Subject Matter**	**Salient Terms of Principal Lease Agreements of the Lease Renewal Properties**	**Salient Terms of the Lease Agreements for Proposed Lease Renewal**
		and expenses of whatever nature from the Lessee in respect of any and all such breaches. In respect of SSH New Building and TMC Health Centre: The clause for Events of Default and Termination is similar to the clause for Events of Default and Termination in Paragraph (viii), Part B, Appendix II of the Circular.	Lease Renewal Property to any other lessees or tenants. In the event that the Lessor or the Lease Renewal Lessee is able to lease or let the Lease Renewal Property to any other lessees and tenants at such rental and upon such terms and conditions acceptable to the Lessor, the Lease Renewal Lessee shall compensate the Lessor in lump sum for the deficiency between the originally scheduled rent under the Lease Agreement for Proposed Lease Renewal and the rent received or to be received from the other lessees or tenants of the Lease Renewal Property for the unexpired period of the Contractual Term. Upon receipt of the first monthly rental of the Lease Renewal Property from such replacement lessees and tenants, and save for any antecedent breach of the Lease Agreement for Proposed Lease Renewal, any balance of sum received pursuant to paragraph (c)(aa) above shall be returned by the Lessor to the Lease Renewal Lessee within sixty (60) calendar days or any other period as agreed between the parties in writing; or (iv) to sue and take any other action that the Lessor deems fit (including the remedy of specific performance against the Lease Renewal Lessee) to recover all moneys due and owing to the Lessor and the costs and expenses incurred by the Lessor including legal fees (on a solicitor-client basis and on full

No.	Subject Matter	Salient Terms of Principal Lease Agreements of the Lease Renewal Properties	Salient Terms of the Lease Agreements for Proposed Lease Renewal
			indemnity basis) of all such actions taken shall be borne by the Lease Renewal Lessee.
10.	**First Right of Refusal to Purchase the Lease Renewal Property**	In respect of PSH Main Building, Taiping Medical Centre, SSH Old Building, SSH Vacant Land, KPJU and KPJCP:- First Right of Refusal to Purchase In the event the Lessor and/or the Manager intends to sell or dispose the Lease Renewal Property at any time during the Contractual Term, the first right of refusal to purchase the Lease Renewal Property shall be given to the Lessee. The Principal Lease Agreements for SSH New Building and TMC Health Centre, have clause which are similar to the First Right of Refusal to Purchase the Lease Renewal Property, Paragraph (ix), Part B, Appendix II of the Circular.	Please refer to Paragraph (ix)First Right of Refusal to Purchase the Lease Renewal Property, Part B, Appendix II of the Circular.

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25 March 2025

KPJ HEALTHCARE BERHAD
Level 15, Menara KPJ,
Jalan Tun Razak,
50400 KUALA LUMPUR

Dear Sirs,

CERTIFICATE OF VALUATION OF

a. **A FIFTEEN (15) STOREY PRIVATE SPECIALIST MEDICAL CENTRE (INCORPORATING 4 LEVELS OF ELEVATED CAR PARKS) TOGETHER WITH 2 LEVELS OF BASEMENT ONCOLOGY DEPARTMENT CUM CAR PARKS AND A SINGLE STOREY REFUSE CHAMBER (BUILDINGS ONLY) ("WEST WING") BEING THE EXPANSION/NEW DEVELOPMENT OF KPJ AMPANG PUTERI SPECIALIST HOSPITAL ("KPJAPSH") ("Property No. 1")**

b. **AN ANNEXED TEN (10) STOREY PRIVATE SPECIALIST MEDICAL CENTRE TOGETHER WITH A DOUBLE (2) STOREY MECHANICAL & ELECTRICAL ("M&E") BUILDING AND A SINGLE STOREY GUARD HOUSE (BUILDINGS ONLY) ("SOUTH WING") BEING THE EXPANSION/NEW DEVELOPMENT OF KPJ PENANG SPECIALIST HOSPITAL ("KPJPSH") ("Property No. 2")**

("SUBJECT PROPERTIES")

We were instructed by KPJ Healthcare Berhad ("KPJHB") to conduct valuation of the Subject Properties for the purposes of submission to Bursa Malaysia Securities Berhad in relation to the proposed sale and leaseback to Amanahraya Trustees Berhad as trustee of Al-Aqar Healthcare REIT (**"Al-'Aqar REIT"**) (**"Proposed Sale and Leaseback"**) and the details of the valuations are contained in our Valuation Reports bearing reference nos. V/KPJAA3PEB/SCB/7082223/i and V/KPJAA3PEB/SCB/7082223/iii, all dated 25 March 2025.

We have prepared this Certificate of Valuation for inclusion in the circulars to the shareholders of KPJHB in conjunction with the proposed sale and leaseback.

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 pepared 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 Cost Approach by Depreciated Replacement Cost ("DRC") Method as the sole valuation methodology.

1.1 By DRC Method - Building Component

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 Group Construction Cost Handbook Malaysia. 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. In arriving at the GCRCN of the Subject Properties, the following construction cost of government hospitals and private hospitals / medical centres, are noted, amongst others: -

No.	Description	Year of Construction	Construction Cost (RM Mil)	Analysis (RM psf over total GFA)
A	**Government Hospital**			
	Public Sector in Kuala Lumpur	-	-	377 to 550
B	**Private Hospital / Medical Centre**			
1	An annexed 10 storey private specialist medical centre together with a 2 storey mechanical and electrical ("M&E") building and a single storey guard house (buildings only) (South Wing) being the expansion/ new development of KPJ Penang Specialist Hospital	2019 - 2022	105.87 [*1] & [*2]	463.21
2	A 15 storey private specialist medical centre (incorporating 4 levels of elevated car parks) together with 2 levels of basement oncology department cum car parks and a single storey refuse chamber (buildings only) (West Wing) being the expansion/new development of KPJ Ampang Puteri Specialist Hospital [*3]	2015 – 2019	89.56 [*1] & [*2]	361.64
3	An 8 storey private consultant block, an annexed 6 storey private medical centre with a ground floor car park, a 2 storey M&E building, a single storey medical gas storage building and a single storey refuse chamber building which being the expansion/new development of of KPJ Seremban Specialist Hospital	2016 - 2018	87.85 [*1] & [*2]	408.03
4	An ambulatory care centre known as TMC Health Centre	2016 - 2017 / 2019 - 2020 (Extension)	14.56 [*1] & [*2]	448.04
5	KPJ Kluang Specialist Hospital	2017	79.32	427.65
6	KPJ Miri Specialist Hospital	2016	71.00	563.36
7	KPJ Bandar Dato' Onn Specialist Hospital, Johor	2016	204.00	374.51
8	KPJ Batu Pahat Specialist Hospital [*]	2016	64.94	374.00
9	KPJ BDC (Kuching) Specialist Hospital	2015	94.73	375.88
10	KPJ Pasir Gudang Specialist Hospital	2013	68.20	319.76
11	KPJ Pahang Specialist Hospital	2013	90.00	278.47
12	KPJ Bandar Maharani Specialist Hospital	2012	51.07	269.56

Source: Bursa Malaysia Securities Berhad's website / JUBM Group Construction Cost Handbook Malaysia / KPJ's Annual Reports / Cheston's Research

Note:
[*1] *The construction cost is excluding lessee's/tenant's improvements.*
[*2] *The construction cost is excluding elevated car parks.*
[*3] *As at the date completion, levels 11 and 12 were retained as 'shell and core' and reserved for future development.*
[*] *As at the date of completion, the finishes of the interior floor, ceiling and wall of level 7 were still unfinished whilst level 5 were partly finished.*

1.2 Valuation Rationale

The DRC method is the prevalently adopted method for the valuation of buildings only excluding the land component. This is due to capital and rental comparables involving the buildings only are relatively rare. The Subject Properties comprise the expansion/new development developed by KPJ as the long term Lessee on the undeveloped lands of the medical centres which belong to the Lessor, Al-Aqar Healthcare REIT in accordance with the Lease Agreements.

Therefore, other valuation methodologies are deemed indecorous to be applied as they include the land component and the nature of the Subject Properties being the unsold building component only. In addition, the operations of the Subject Properties are carried out together with the respective existing medical centres (the old blocks) being operated by KPJ Group and the profit and loss accounts are accounted and recorded as a single entity. Therefore, the income and expenses of the Subject Properties cannot be segregated or apportioned which require convoluted analysis. Insufficient and inaccurate data may lead to contorted outcome on the market value derived from Income Approach by Profits Method (DCF).

Hence, in arriving at our opinion of the Market Value of the Subject Properties, we have adopted the DRC Method as the reliable sole valuation methodology which reflects fair representation of the market values of the Subject Properties.

2.0 MARKET PROSPECT

The Malaysian economy expanded by 5.1 percent ("%") in year 2024 (2023: 3.6%) supported by continued expansion in domestic demand, growth in the exports, stronger household spending reflecting favourable labour market conditions and strong expansion in investment activities. The International Monetary Fund ("IMF") in January 2025, in its world economic outlook has projected the Malaysian economy to grow at 4.5% in year 2025 and the World Bank ("WB") in January 2025 in its global economic prospects, in congruent with IMF, has estimated the Malaysian economic growth to 4.5% amid moderate global economic prospects and fiscal policy challenges.

The Malaysian property market performance revived in year 2022 after devastated by the Covid-19 pandemic impact in years 2020 and 2021, with 389,107 transactions worth RM179.07 billion exhibiting an increase of 29.5% in volume and 23.6% in value compared to year 2021 in concordant with the sturdy economic growth of 8.7%. In year 2023, despite the moderate economic growth of 3.6%, the Malaysian property market sustained with the total of 399,008 transactions worth RM196.83 billion, an increase of 2.5% in volume and 9.9% in value compared to previous year. The Malaysian property market has strengthened in year 2024, with 420,545 transactions worth RM232.30 billion exhibiting an increase of 5.4% in volume and 18.0% in value. As Malaysia aims to transform its economic landscape via digitalisation and infrastructure projects, in year 2025, the Malaysian property market is expected to synchronise the growth momentum supported by various initiatives, multi-year investment projects and several on-going new infrastructure and mega projects outlined and implemented by government and private sectors.

Malaysia adopts a two-tiered healthcare system comprising government operated network of nationwide public hospitals and clinics co-exists with a private healthcare system. Malaysia, as one of the Asia's most recognized developing countries, has risen to its immense potential as a preferred healthcare travel destination for the world. Healthcare in Malaysia is an attractive proposition, offering quality healthcare, which is easily accessible and competitively affordable, for patients' peace of mind. The entrenched private healthcare facilities supported by internationally recognised professional doctors and well-trained medical officers/staffs have made Malaysia a top destination for medical travellers. Malaysia is a thriving medical tourism destination for particularly fertility, oncology, cardiology, orthopaedics and aesthetics.

Based on our analysis of the rental yields of the investment properties transacted in years 2019 and 2020 comprising UOA Corporate Tower, The Pinnacle Sunway and Menara Guoco, the net rental yields ranged between 4.96% to 6.28% whilst the net rental yields of IGB Commercial REIT which was launched in April 2021 ranged between 3.16% to 5.47%. The analysed rental yield (net) of the buyback of Sunway Medical Centre by Sunway Medical Sdn Bhd (Purchaser) from Sunway Real Estate Investment Trust (Vendor) was 6.15%. The rental yield on the sale of Menara CelcomDigi by Malaysian Resources Corp Berhad (MRCB) to Sentral Real Estate Investment Trust (Sentral REIT) in July 2023 was 6.50%.

The rental rates of the renewed 6 medical centres in the mid of 2021, between Al-Aqar Healthcare REIT (Lessor) and KPJ (Lessee) comprising KPJ Ampang Puteri Specialist Hospital, KPJ Damansara Specialist Hospital, KPJ Johor Specialist, KPJ Puteri Specialist Hospital, KPJ Selangor Specialist Hospital and KPJ Ipoh Specialist Hospital, ranged between RM1.52psf to RM2.09psf based on GFA (RM2.17psf to RM2.98psf based on the estimated net lettable area) which translated to the net rental yield of about 5.30%. The rental rate of KPJ Pasir Gudang Specialist Hospital vide Sale and Leaseback arrangement in year 2022 was RM2.13psf over GFA (RM3.04psf over estimated net lettable area) with the net rental yield of about 5.30%.

Whilst the newly renewed 5 medical centres in the mid of 2023, between the Lessor and the Lessee comprising KPJ Kajang Specialist Hospital, KPJ Perdana Specialist Hospital, KPJ Sentosa KL Specialist Hospital, Kuantan Care & Wellness Centre and Kedah Medical Centre ranged between RM1.62psf to RM1.94psf based on GFA (RM2.21psf to RM2.90psf based on the estimated net lettable area) which translated to the net rental yield ranging from 5.10% to 5.93% and/or overall of about 5.69%.

In light of the above, taking into consideration of the current state of the subdued global economy, moderate Malaysian economy, sustained Malaysian property market, potential healthcare industry, the current cost of financing, short to long term securities rates and after making comparisons with the broad spectrum of yields of various types of residential, commercial, industrial and agricultural properties in Malaysia, as well as taking into consideration of the age, current physical condition, the current viability and feasibility of each property to the present state of commercial market requirement due to changes in the evolution of the commercial industry, existing surroundings, location and infrastructure, we are of the view that the fair net rental yields of the Subject Properties are between 5.50% to 6.50%.

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 with vacant possession and subject to the titles being free of all encumbrances, good, marketable and registrable are as follows: -

Property No.	Description	Market Value (RM)
1	A fifteen (15) storey private specialist medical centre (incorporating 4 levels of elevated car parks) together with 2 levels of basement oncology department cum car parks and a single storey refuse chamber (buildings only) (West Wing) being the expansion/new development of KPJ Ampang Puteri Specialist Hospital (KPJAPSH)	131,000,000
2	An annexed ten (10) storey private specialist medical centre together with a double (2) storey mechanical & electrical (M&E) building and a single storey guard house (buildings only) (South Wing) being the expansion/new development of KPJ Penang Specialist Hospital (KPJPSH)	110,000,000
	TOTAL	**241,000,000**

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

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CHARTERED SURVEYOR
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APPENDIX 'A' – SALIENT DETAILS OF THE SUBJECT PROPERTIES

Property No. 1

a. Salient Details

Date of Inspection:	21 February 2025
Identification / Type of Property / Property Address:	A fifteen (15) storey private specialist medical centre (incorporating 4 levels of elevated car parks) together with 2 levels of basement oncology department cum car parks and a single storey refuse chamber (buildings only) ("**West Wing**") being the expansion/new development of KPJ Ampang Puteri Specialist Hospital ("**KPJAPSH**"), sited on Parent PT No. 25119 (New Lot 35523), Mukim of Ampang, District of Hulu Langat, Selangor Darul Ehsan, held under Parent Title No. HS(M) 26550, bearing postal address No 1, Jalan Memanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan. The subject property (West Wing) is the expansion of KPJAPSH and is sited on Parent PT No. 25119 (New Lot 35523). In accordance with Section 7 and 7A, Expansion and New Development of the Lease Agreement dated 30 June 2006 for an initial term of fifteen (15) years commenced on 30 June 2006 and expired on 29 June 2021 and the renewed Lease Agreement dated 22 June 2021 which had been subsequently renewed for a further term of fifteen (15) years commencing on 30 June 2021 and expiring on 29 June 2036, both agreements made between Al-Aqar REIT (formerly Al-'Aqar KPJ REIT) (being represented by its trustee AmanahRaya Trustees Berhad) (as Lessor) and Ampang Puteri Specialist Hospital Sdn Bhd ("APSHSB") (as Lessee). The Lessee has constructed Property No. 1 on part of Parent PT No. 25119. The Lessee has proposed to enter into a Sale and Leaseback arrangement with the Lessor. This valuation is carried out to establish a fair Market Value of the subject property in relation to the proposed sale and leaseback of Property No. 1.

Title Particulars of the Parent Lot:	Tenure:	99-year leasehold interest expiring on 17 April 2089 (unexpired term of about 64.37 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 / Express Condition:	Building / Commercial Building
	Encumbrance:	Charged to Maybank Investment Bank Berhad, registered on 11 May 2022
	Endorsements:	i) "Nombor Perserahan 66/1998 Jil 4 Fol. 167 Pengambilan Sebahagian Tanah -Borang K seluas lebih kurang 8.50 meter persegi didaftarkan pada 23 January 1998" ii) "A private caveat has been entered by Maybank Investment Bank Berhad, registered on 28 April 2021."

Location

The subject property forms part of KPJAPSH which is located within the commercial area of Taman Dato' Ahmad Razali famously known as Ampang Point at the periphery of Kuala Lumpur City. KPJAPSH is sited along the eastern (left) side of Jalan Hulu Kelang/Middle Ring Road II, travelling from Gombak/Hulu Kelang towards Cheras and along the northern (left) side of Jalan Ampang travelling from Kuala Lumpur City Centre towards Pekan Ampang. It is located about 6.0 kilometres ("**km**") to the east of the Kuala Lumpur City Centre.

KPJAPSH fronts onto Jalan Memanda 9 and is easily accessible from various parts of Kuala Lumpur and Selangor and directly from Ampang-Hulu Kelang Elevated Highway (AKLEH) exiting at Jalan Kerja Air Lama exit. Prominent developments located in the immediate vicinity are Ampang Point Shoppoing Complex, De Palma Hotel, M-City serviced apartment Development, Plaza Ampang City, Flamingo Hotel and Business Centre.

Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -

Name	Capacity (Bed)	Location	Distance from the subject property (km)
Private Medical Centre			
Gleneagles Kuala Lumpur	365	Jalan Ampang, 50450 Kuala Lumpur	1.5
Pantai Hospital Ampang	117	Jalan Perubatan 1, Pandan Indah, 55100 Kuala Lumpur	4.7
Prince Court Medical Centre	227	Jalan Kia Peng, 50450 Kuala Lumpur	5.5
Sunway Medical Centre Velocity	229	Lingkaran SV, Sunway Velocity, 55100 Kuala Lumpur	7.7
Pantai Hospital Cheras	127	Jalan 1/96A, Taman Cheras Makmur, 56100 Kuala Lumpur	8.0
Government Hospital			
Hospital Kuala Lumpur	2,300	Jalan Pahang, 50586 Kuala Lumpur	8.0
Hospital Ampang	562	Jalan Mewah Utara, 68000 Ampang, Selangor Darul Ehsan	7.0
Hospital Canselor Tuanku Muhriz UKM (HTCM) (Formerly Hospital Universiti Kebangsaan Malaysia (HUKM))	713	Jalan Yaacob Latif, Bandar Tun Razak, 56000 Kuala Lumpur	9.3

Source: Ministry of Health ("MOH")

The Parent Site

The parent site is a parcel of corner plot, regular in shape and has a frontage of about 227.036 metres (744 feet) onto Jalan Memanda 9, along its southern site boundary and a return frontage of about 84.687 metres (278 feet) onto the Middle Ring Road II (MRR 2), along part of its western site boundary.

The Buildings

Brief details of the development, extensions and renovations of Property No. 1 are as follows: -

Year of Construction / Approval	Development / Extension / Renovation	Date / Reference No. of the Approved Plan / Certificate of Fitness for Occupation ("CF") / Certificate of Completion and Compliance ("CCC")
2015 / 2018 / 2019	A 15 storey private medical centre (incorporating 4 levels of elevated car parks) together with 2 levels of basement oncology department cum car parks and a single storey refuse chamber (West Wing)	Approved by Majlis Perbandaran Ampang Jaya (MPAJ) vide plan no. MPAJ.BS.KB 740-1/5-61/14-1 on 28 September 2018. CCC bearing certificate no. LAM/WP/No. 30837 was issued by MPAJ on 11 October 2019.
2024	The part of basement and 6th floors of the 15 storey private medical centre was renovated and being used as Medical Record department and temporary consultant clinics, respectively.	Approved by MPAJ vide plan no. MPAJ.BS.KB 740-1/5-02A/2022(04) on 25 January 2022. CCC bearing certificate no. LAM/WP/No. 42450 was issued by MPAJ on 06 March 2024.

The above mentioned building, extensions and renovations are of similar construction and the details of the specifications are as follows: -

Buildings:	Constructed of reinforced concrete frame, beam and column with brick infills plastered on both sides supporting steel roof trusses and purlins laid over with colorbond XPD Pearlscent steel decking roofing sheets underlaid with rockwool insulation on double sided aluminium foil sisalation on British reinforced concrete (BRC) weldmesh partly concealed behind alucobond aluminium composite panel with fluorocarbon stove lacquered finishing and partly reinforced concrete parapet wall.
Ceilings:	Generally of suspended fibrous plaster boards with cornices incorporating downlights, calcium silicate flush joint ceiling panel, mineral fibre boards with suspended exposed tees incorporating fluorescent lights.
Internal Walls:	Generally of gypsum boards, gypsum boards incorporating glass panels. The lift lobbies are generally lined with glazed wall homogenous and marble tiles up to 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 is fitted with an electronically operated sliding frameless glass panelled door. Other doors are generally of fire rated timber door, timber flush door, decorative timber door, double leaf frameless glazing panel, double leaf sliding folding timber door, sliding glass door, timber sliding door and double leaf FRP doors.
Windows:	Generally of aluminium casements incorporating tinted glass panels, top hung units and fixed glass louved windows.
Floors:	Generally of ceramic tiles, vinyl tiles, homogeneous tiles and cement screed.

Generally, the buildings are equipped with centralised air-conditioning system, with some rooms are fitted with additional split-unit air conditioners. Vertical movement between floors is by means of four units of patient's lifts (each with a capacity of 1,635 kilogrammes / 24 persons); four units of visitor's lifts (each with a capacity of 1,635 kilogrammes / 24 persons), 3 units of car park lifts (each with a capacity of 1,090 kilogrammes / 19 persons), an oncology lift (with a capacity of 1,565 kilogrammes / 23 persons), a service/cargo lift (with a capacity of 1,635 kilogrammes / 24 persons) and four units of reinforced concrete staircases. Generally, all the buildings are equipped with the required fire fighting systems.

Car Park Bays

There are 609 elevated car park bays provided within the West Wing including 14 disabled person (orang kurang upaya / "OKU") bays, 14 green vehicle bays and 2 Ambulance parking bays.

GFA

The GFA computed by Arkitek Abu Hanapiah Bin Mohd Ali and provided by Ampang Puteri Specialist Hospital Sdn Bhd ("APHSB") 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 the buildings are tabulated as follows: -

Building	GFA		Age (Year)
	sq. m.	sq. ft.	
i) A 15 storey private specialist medical centre together with part of the oncology department at basement level	22,967.00	247,214.72	5.37
ii) A 4 levels of elevated car parks together with 2 levels of basement car parks	25,010.50	269,210.77	
iii) A single storey refuse chamber	41.00	441.32	
Total	**48,018.50**	**516,866.81**	

Accommodation

The main accommodation of Property No. 1 other than lift lobbies, waiting areas, M&E areas and toilets are as follows:-

Level	Main Accommodation	Level	Main Accommodation
Basement	Oncology unit and car park areas	6	Consultant clinics (temporary) (originally is ward) and pharmacy area
Lower Ground	Oncology department and car park bays	7, 8, 9 and 10	Wards, nurse station, staff pantry and billing room
Ground	Main entrance, accident & emergency ("A&E"), pharmacy/equipment stores	11 and 12	Future development (Retained as 'shell and core' and reserved for future development)
Mezzanine	Car park and motorcycle park areas	13	Infection control, talent management, finance / credit control / PR & marketing / information technology ("IT") departments
1 and 2	Linkbridge corridor to East Wing and car park areas	14	Hall, board / meeting rooms, ablution and waiting areas
3 and 4	Car park areas	Roof Top	Lift motor and mechanical rooms
5	HDU wards, operation threatre ("OT") and laboratory unit		

Beds of the Property No. 1 (West Wing)

Vide the renewed licence to operate bearing licence no. 131008-00044-01/2024 (Borang 7 No. Siri: 004751) with 1.95 years validity from 21 November 2024 to 01 November 2026 as approved by MOH on 04 December 2024, we note that KPJAPSH has been permitted to operate 297 beds (inclusive of intensive care unit ("ICU"), coronary care unit ("CCU") and isolation room), 23 cot beds, 16 basinets, 8 cots, 9 phototherapy cots, 28 dialysis chairs, 6 leaning chairs and 2 mobile dialysis machines. However, the Property No. 1 is permitted to operate 117 beds (inclusive isolation room) and 6 leaning chairs.

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/VVIP Suite	580 – 950 / 1,130 – 1,250	5	5
1-bedded			
- Executive Deluxe	230 – 590	35	35
- Deluxe	280 – 650	4	4
- Standard	250 – 380	31	31
2-bedded	160 – 250	21	42
Total Operational Beds		**96**	**117**
Daycare Oncology		0	2
Isolation	300 – 450	3	3
Total		**3**	**5**
Total Licenced Beds		99	122

Source: APSHSB

Facilities and Services:

Other medical facilities of the West Wing comprise as follows: -

Other medical facilities	No. of Room / Bed / Cot / Chair
Chemotherapy	6
Resuscitation	2

Source: APSHSB

KPJAPSH provides the following services: -

Clinical Disciplines	Facilities and Services
• General & Vascular Surgery • Obstetrics & gynaecology • General Medicine • Internal Medicine • Paediatrics & Paediatric surgery • Haematology • Anaesthesiology • Radiology • Oncology • Cardiology • Cardiothoracic Surgery • Nephrology & Urology • Orthopaedics • Gastroenterology • Otorhinolaryngology (Ear, Norse & Throat /ENT) • Nephrology & Urology • Neurology • Plastic & reconstructive surgery • Neurosurgery • Psychiatry • Respiratory Medicine • Dentistry • Dermatology • Opthalmology • Endorinology • Neonatology	• 24 hours Accident and Emergency and out-patient services with 24 hours ambulance services. • Operating theatres • Chemotherapy daycare unit • Radiotherapy & oncology unit • Nuclear medicine unit

Source: APSHSB

Consultants / Clinics:	KPJAPSH is supported by 32 consultants / doctors.
Planning Details:	KPJAPSH and Property No. 1 are located within an area designated for commercial use. All the buildings and renovation works are issued with CCC as per the details in the description of the buildings.
Occupancy Status:	Property No. 1 is currently being operated/occupied by APSHSB.

b. Valuation

1. Depreciated Replacement Cost (DRC) Method

Based on the bills of quantities (BQ) of the development cost prepared by Quantity Surveyor, ARH Jurukur Bahan Sdn Bhd, we note that the total actual development cost of the subject property between years 2018 to 2019 (inclusive) was RM134,103,070.66.

However, we note that the abovementioned development cost includes the cost of fit out works and lessee's/tenant's improvements incurred by the lessee and therefore, we have excluded the abovementioned lessee's/tenant's improvements in our valuation. Thus, the development cost excluding lessee's/tenant's improvements is RM121,753,993.66.

We note from the JUBM Group Construction Cost Handbook Malaysia, the construction cost of government hospitals ranged from RM377 psf to RM550 psf whilst construction cost of average standard office building and elevated car parks ranged from RM279 psf to RM368 psf and from RM96 psf to RM168 psf, respectively. Our analysis of the development cost of private medical centres from years 2012 to 2022 revealed within the range of RM269.56 psf to RM563.36 psf.

In arriving at the GCRCN of Property No. 1, we have adopted RM4,736.12 per square metre ("psm") (RM440.00 per square foot ("psf")), RM645.83 psm (RM60.00 psf) and RM1,506.95 psm (RM140.00 psf), in respect of the 15 storey private specialist medical centre together with part of the oncology department at basement level, a single storey refuse chamber and a 4 levels of elevated car parks and 2 levels of basement car parks, respectively. The GCRCN of the buildings is RM146,490,464.39. Depreciation is adopted at a rate of 2% per annum. The depreciation of the buildings is RM15,732,674.53. The DRC of the buildings is RM130,757,789.86. Thus, the Market Value derived from the DRC Method is RM130,757,789.86 and we have rounded up to RM131,000,000.00.

2. Valuation Rationale and Opinion of Value

Method of Valuation	Market Value Adopted	We have considered the market value derived from the Depreciated Replacement Cost (DRC) Method as fair and accurate representation of the market value of the subject property.
Depreciated Replacement Cost (DRC) Method	RM131,000,000	

Property No. 2

a. Salient Details

Date of Inspection:	26 February 2025
Identification / Type of Property / Property Address:	An annexed ten (10) storey private specialist medical centre together with a double (2) storey mechanical and electrical (**"M&E"**) building and a single storey guard house (buildings only) (**"South Wing"**) being the expansion/new development of KPJ Penang Specialist Hospital (**"KPJPSH"**), sited on Parent Lot 10150 (formerly PT No. 799), Mukim 7, District of Seberang Perai Tengah, Pulau Pinang, held under Parent Title No. Geran Mukim 1453 (formerly H.S.(M) 375), bearing postal address No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang. The subject property (South Wing) is the expansion of KPJPSH and is sited on Parent Lot No. 10150 (formerly PT No. 799). Vide a Lease Agreement dated 14 October 2009 made between Al-Aqar Healthcare REIT (being represented by its trustee AmanahRaya Trustees Berhad) (as Lessor) and Penang Specialist Hospital Sdn Bhd (formerly Bukit Mertajam Specialist Hospital Sdn Bhd) (as Lessee), we note that KPJSSH (old buildings) together with Parent Lot 10150 have been leased for an initial term of fifteen (15) years commencing on 14 October 2009 with an option to renew for a further term of fifteen (15) years. The Lessee has constructed the subject property on part of Parent Lot 10150. In accordance with Section 7 and 7A, Expansion and New Development, of the abovementioned Lease Agreement, the Lessee has proposed to enter into a Sale and Leaseback arrangement of Property No. 2 with the Lessor. This valuation is carried out to establish a fair Market Value of Property No. 2 in relation to the proposed sale and leaseback of Property No. 2.
Title Particulars of the Parent Lot:	Tenure: Interest in perpetuity Provisional Title Land Area: 17,738.00 sq. m. / 190,930.24 sq. ft. Registered Proprietor: AmanahRaya Trustees Berhad (as Trustee) Category of Land Use / Express Condition: Building / Hospital Encumbrance: Nil Endorsement: A private caveat has been entered by Maybank Investment Bank Berhad, registered on 5 May 2021.

Location

The subject property forms part of KPJPSH which is located within Bandar Perda, a self-contained township sited along the southern (right) side of Jalan Perda Utama, travelling from Seberang Perai towards Bukit Mertajam town. Georgetown, the state capital of Penang is located about 23.0 km to the north-west of the subject property whilst Bukit Mertajam town is located about 7.0 km to the south-east of the subject property. The Penang Bridge which connects Seberang Perai on the mainland and Gelugor on the island of Penang is located about 7.5 km to the west of the subject property. Penang International Airport is located about 25.0 km to the south-west of the subject property.

KPJPSH fronts Jalan Perda Utama and is accessible from North-South highway via exiting at the Perai Interchange, Jalan Baru and Jalan Permatang Pauh. In the immediate vicinity of KPJSSH are 'PETRONAS' and 'Caltex' petrol filling and service stations which are located about 750 metres and 1 km, respectively, to the west of the subject property.

Majlis Bandaraya Seberang Perai is located about 650 metres to the north of the subject property. Other office buildings in the vicinity include Bangunan Lembaga Hasil Dalam Negeri (LHDN) Bukit Mertajam Branch, Central Seberang Perai District Headquarters. Prominent hotel development of The Lights Hotel and Sunway Hotel Seberang Jaya are located about 8.1 km to the north-west. Mydin Mall Bukit Mertajam is located about 3.0 km to the west of the subject property. AEON Mall Bukit Mertajam and Lotus's Bukit Mertajam are located at about 8 km to 10 km to the south-east of the subject property whilst Sunway Carniwal Mall and Megamal Penang are located at about 6 km to 11 km to the north-west of the subject property. University Technology Mara UiTM Seberang Perai and the Seberang Perai Polytechnic are located about 3.0 km to the north-west of the subject property.

Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -

Name	Capacity (Bed)	Location	Distance from the subject property (km)
Private Medical Centre			
Bagan Specialist Centre	178	Jalan Bagan 1, 13400 Butterworth, Penang	10.8
Sunway Medical Centre Penang	132	3106, Lebuh Tenggiri 2 Pusat Bandar Seberang Jaya, 13700 Perai, Pulau Pinang	8.3
Government Hospital			
Bukit Mertajam Hospital	242	Jalan Kulim, 14000 Bukit Mertajam, Penang	5.3
Hospital Seberang Jaya	393	Jalan Tun Hussein Onn, Seberang Jaya, 13700 Perai, Penang	7.2

Source: MOH

The Parent Site

The parent site is a parcel of corner plot, trapezoidal in shape and enjoys dual frontages onto Jalan Perda Utama and Jalan Perda Utara.

The Buildings

Brief details of the development, extensions and renovations of Propety No. 2 are as follows: -

Year of Construction / Approval	Development / Extension / Renovation	Date / Reference No. of the Approved Plan / CCC
2019 / 2022	An annexed 10 storey private specialist medical centre building together with a 2 storey M&E building and a single storey guard house	Approved by Majlis Bandaraya Seberang Perai (**"MBSP"** / formerly Majlis Perbandaran Seberang Perai (MPSP)) vide plan no. Bil.28/2/12 dlm. MBSP 40-37/88 (PRI) dated 25th February 2022. CCC bearing certificate no. LAM/PP/No. 7403 was issued by MBSP on 08 August 2022.

The above mentioned building and extensions are of similar construction and the details of the specifications are as follows: -

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 colorbond lysaght steel roofing sheets underlaid with fibreglass wool on double sided aluminium foil on wire netting.
Ceilings:	Generally of gypsum 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 powder coated aluminium casements incorporating tinted/ clear glass panels and top hung units.
Floors:	Generally of ceramic tiles, glazed ceramic tiles, homogenouos tiles and cement screed.

Generally, the buildings are equipped with centralised air-conditioning system, with some rooms are fitted with additional split-unit air conditioners. Vertical movement between floors is by means of five units of passenger lifts (each with a capacity of 1,630 kilogrammes / 24 persons), a Bomba lift (with a capacity of 1,630 kilogrammes / 24 persons), a service/cargo lift (each with a capacity of 1,600 kilogrammes / 24 persons), two units of indoor escalators (with a capacity of 6,000 kilogrammes / 90 persons) serving ground to first floors and three units of reinforced concrete staircases. Generally, all the buildings are equipped with the required fire fighting systems.

GFA

The GFA computed by aZH Architects Sdn Bhd and provided by Penang Specialist Hospital Sdn Bhd ("PSHSB") are in line with our measurement in accordance with the Uniform Method of Measurement of Buildings, RISM. The GFA and age of the buildings are tabulated as follows: -

Building	GFA		Age (Year)
	sq. m.	sq. ft.	
i) An annexed 10 storey private specialist medical centre	19,643.10	211,436.61	2.56
ii) Overlapping area connecting new block (South Wing) annexed with old block (North Wing)	1,174.46	12,641.80	
iii) A double (2) storey M&E building and a vie tank farm	410.90	4,422.87	
iv) A single storey guard house	6.19	66.61	
Total	**21,234.65**	**228,567.89**	

Accommodation

The main accommodation of Property No. 2 other than M&E areas, lift lobbies, waiting areas and toilets are as follows:-

Level	Main Accommodation	Level	Main Accommodation
Ground	Main lobby, information counter, retail shops, customer service room, nappy room, store rooms, pharmacy area, housekeeping area, cancer care area, mortuary area and future development area	4	HDU area and future development area
1	Clinics and diaper room	5 to 8	Wards, nurse's stations and discharge counter
2	Discharge counter, future development area, nursery area, labour and delivery area, maternity wards, endoscopy area and OT	9	Offices for CEO / managing director (MD) / executive director (ED) / operation manager / HR / chief nursing officer (CNO), office area, conference room, discussion room, filing room and conference/hall area
3	Clinics, maintenance/biomedical area and physiotheraphy area	Roof Top	Lift motor room

Beds of the Property No. 2 (South Wing)

Vide the renewed licence to operate licence no. 130701-00240-01/2023 (Borang 7 No. Siri: 004841) with 0.88 year validity from 16 January 2025 to 02 December 2025 as approved by MOH on 27 January 2025, we note that PSH has been permitted to operate 319 beds (inclusive isolation room, ICU, HDU), 4 OT, 6 bassinets, 2 cots, a phototherapy cot, 20 dialysis chairs (19 non-Hepatitis and a Hepatitis C) and a dental chair. However, Property No. 2 is permitted to operate 126 beds (inclusive 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
1-bedded (including VVIP/VIP)	200	26	26
2-bedded	350	32	64
4-bedded	100	8	32
Isolation	150 - 250	4	4
Total		70	126

Source: SSHSB

Facilities and Services:

Other medical facilities of the South Wing comprise as follows: -

Other medical facilities	No. of Room / Bed / Cot / Chair
Endoscopy	4
Holding	3
Recovery	6

Source: PSHSB

KPJPSH provides the following services: -

Clinical Disciplines	Facilities and Services
• Radiology • Ophthalmology Critical Care • Cardiology • Otorhinolaryngology • Nephrology • Gastroenterology & Herpetology • Upper Gastrointestinal (GIT) Surgery • Oral & Maxillofacial Surgery • General Surgeon • Neurosurgery • Obstetrics & Gynaecologist • Orthopaedic • Paediatric • Respiratory Medicine • Medication • Psychiatry • Cardiothoracic Surgeon • Endoscopy • Haemodialysis	• 24-hour Accident & Emergency Services • Ambulatory • Anaesthesia • Radiology & Imaging (Mobile Radiography, General Radiography, Magnetic Resonance Imaging (MRI), Mammography, Ultrasound, General X-Ray, Mobile C-arm, CT Scanner, Fluoroscopy, Angiography) • Pharmaceutical • Recovery • Sterilisation • Dietetic Counselling Service • Nursing Care • Health Screening Unit (Treatment, Stress Test, Electrocardiogram (ECG), Lung Function Test, PAP Smear) • Intensive Care Unit (ICU) / Cardiac Care Unit (CCU) / High Dependency Care Unit (HDCU) • Delivery Suites • Laboratory

Source: PSHSB

Consultants / Clinics:	KPJPSH is supported by 54 consultants / doctors.
Planning Details:	KPJPSH and Property No. 2 are located within an area designated for commercial use. Property No. 2 has been issued with CCC as per the details in the description of the buildings.
Occupancy Status:	Property No. 2 is currently being operated/occupied by PSHSB.

b. Valuation

1. Depreciated Replacement Cost (DRC) Method

Based on the bills of quantities (BQ) of the development cost prepared by Quantity Surveyor, ARH Jurukur Bahan Sdn Bhd, we note that the total actual development cost of the subject property between years 2019 to 2022 (inclusive) was RM114,584,178.95.

However, we note that the abovementioned development cost includes the cost of fit out works and lessee's/tenant's improvements incurred by the lessee and therefore, we have excluded the abovementioned lessee's/tenant's improvements in our valuation. Thus, the development cost excluding lessee's/tenant's improvements is RM105,876,023.21.

We note from the JUBM Group Construction Cost Handbook Malaysia, the construction cost of government hospitals ranged from RM377 psf to RM550 psf. Our analysis of the development cost of private medical centres from years 2012 to 2022 revealed within the range of RM269.56 psf to RM563.36 psf.

In arriving at the GCRCN of the subject property, we have adopted RM5,704.87 psm (RM530.00 psf) and RM1,722.23 psm (RM160.00 psf), in respect of the annexed 10 storey private specialist medical centre together with a 2 storey M&E building and a single storey guard house, respectively. The GCRCN of the buildings is RM115,935,869.51. Depreciation is adopted at a rate of 2% per annum. The depreciation of the buildings is RM5,927,022.81. The DRC of the buildings is RM110,008,846.70. Thus, the Market Value derived from the DRC Method is RM110,008,846.70 and we have rounded down to RM110,000,000.00.

2. Valuation Rationale and Opinion of Value

Method of Valuation	Market Value Adopted	We have considered the market value derived from the Depreciated Replacement Cost (DRC) Method as fair and accurate representation of the market value of the subject property.
Depreciated Replacement Cost (DRC) Method	**RM110,000,000**	

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25 March 2025

KPJ HEALTHCARE BERHAD
Level 15, Menara KPJ,
Jalan Tun Razak,
50400 KUALA LUMPUR

Dear Sirs,

CERTIFICATE OF VALUATION OF

i. **KPJ PENANG SPECIALIST HOSPITAL ("Property No. 1" / "PSH")**
ii. **KPJ SEREMBAN SPECIALIST HOSPITAL ("Property No. 2" / "SSH")**
iii. **TAIPING MEDICAL CENTRE & TMC HEALTH CENTRE ("Property No. 3" / "TMC" & "TMCHC")**
iv. **KPJ HEALTHCARE UNIVERSITY (PHASE 1 OF NILAI CAMPUS) ("Property No. 4" / "KPJUC")**
v. **KPJ INTERNATIONAL COLLEGE OF NURSING AND HEALTH SCIENCE ("Property No. 5" / "KPJIC")**

("SUBJECT PROPERTIES")

We were instructed by KPJ Healthcare Berhad ("**KPJHB**") to conduct valuation of the Subject Properties for the purposes of submission to Bursa Malaysia Securities Berhad in relation to the proposed renewal of the existing leases between AmanahRaya Trustees Berhad ("**ART**") as trustee of Al-Aqar Healthcare REIT (the "**Lessor**") and Penang Specialist Hospital Sdn Bhd ("**PSHSB**") (formerly Bukit Mertajam Specialist Hospital Sdn Bhd) of Property No. 1 Maharani Specialist Hospital Sdn Bhd ("**MSHSB**") (formerly Seremban Specialist Hospital Sdn Bhd) of Property No. 2, Penang Specialist Hospital Sdn Bhd ("**PSHSB**") (formerly Taiping Medical Centre Sdn Bhd) of Property No. 3, KPJ Healthcare University College Sdn Bhd ("**KPJHUCSB**") (formerly Puteri Nursing College Sdn Bhd) of Property No. 4 and KPJ Healthcare University College Sdn Bhd ("**KPJHUCSB**") (formerly Bukit Mertajam Specialist Hospital Sdn Bhd) of Property No. 5 (the "**Lessees**") for a further term of 15 years in respect of PSH, SSH and TMC & TMCHC, 3 years in respect of THC, KPJUC and KPJIC and the details of the valuations are contained in our Valuation Reports bearing reference nos. V/KPJ6P4H2UC/SCB/7139924/i to V/KPJ6P4H2UC/SCB/7139924/v (inclusive), all dated 25 March 2025.

We have prepared this Certificate of Valuation for inclusion in the circular to the shareholders of 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 date of valuation 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 Subject Properties, we have adopted the Income Approach by Profits Method (Discounted Cash Flow / "**DCF**") as the primary valuation methodology and Cost Approach comprising the Comparison and Depreciated Replacement Cost ("**DRC**") Methods as check for Properties Nos. 1, 2 and 3, whilst, we have adopted the Cost Approach as the sole valuation methodology for Properties Nos. 4 and 5.

1.1 Income Approach by Profits Method (DCF) – Properties Nos. 1, 2 and 3

This method is adopted where revenues/earnings, expenses and profits are the essence to the value of the property (property-based business) and capitalises future net revenue (profit) as a basis for estimating the market values of the Subject Properties on a going concern basis inclusive of goodwill, hospital operating equipments, furniture, fittings, plant, machinery and equipments.

We have adopted a 5-year DCF and have forecasted the profits 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 Properties Nos. 1, 2 and 3 from years 2016 to 2024 (inclusive). We were also made available with the future projections of the medical centres by the entities/companies. We have forecasted the 5-year revenues and operating expenditures of Properties Nos. 1, 2 and 3 based on the analysis of the integrated operation of Properties Nos. 1, 2 and 3 in years 2023 and 2024 which were noted to be consistent with the past operating performances of the entities/companies prior to coronavirus disease 2019 ("**Covid-19**") pandemic. We have taken into consideration of the projections of the entities/companies, made necessary due diligence and have arrived at our independent projections as per the practice in the industry.

We note that the Subject Properties had been affected by the global economic crisis caused by the Covid-19 pandemic between years 2020 to 2022 (inclusive). The gross revenues and occupancy rates of Properties Nos. 1, 2 and 3 had been impacted due to the Movement Control Order ("**MCO**"), Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("**RMCO**") announced by the Malaysian government to control the spread of the virus in years 2020, 2021 and to the lesser extent in year 2022. We have taken into consideration of the above factor in our projections of the 5-year DCF.

In arriving at the past years' performances of Properties Nos. 1, 2 and 3, we note that the revenues and expenses of years 2020, 2021 and 2022 had been impacted by the Covid-19 pandemic. The performances of Properties Nos. 1, 2 and 3 had been fully impacted in years 2020 and 2021 whilst had been partially affected in year 2022. Recovery MCO was still effective up to the 1H 2022 and the international borders were only officially opened on 1st April 2022.

In light of the above, we have taken cognisance of the performances of years 2020, 2021 which had been substantially hampered and partially affected in year 2022 by the Covid-19 pandemic. We note that the performances in year 2022 were inconsistent among the medical centres and it is strenuous to establish reliable and reasonable performance measurement. Amongst the factors affected comprise all the KPJ Specialist Medical Centre had been conducting Covid-19 tests which resulted in higher number of outpatients and higher revenue from laboratory services. Also noted was higher fees charged for nursing procedures during Covid-19 pandemic which required stringent processes and procedures to avoid Covid-19 virus to spread to patients. Therefore, the performances of years 2020, 2021 and 2022 had been excluded from the analysis of historical performances as they do not reflect the actual / real performance of Properties Nos. 1, 2 and 3 in the normal circumstances.

Our analysis revealed that the performances of Properties Nos. 1, 2 and 3 had been consistent between years 2017 to 2019 (inclusive) prior to the Covid-19 pandemic with the performances of years 2023 and 2024, post Covid-19 pandemic.

In year 2023, the performances of all the KPJ Specialist Medical Centres were on the recovery phase by the management action plan to boost up the revenues of the hospitals post Covid-19 pandemic impact. Our analysis revealed that the performances of Properties Nos. 1, 2 and 3 from year 2023 onwards were on track with similar to years 2016 to 2019 (inclusive). In light of above, we have adopted the average analysis of revenues and expenses of years 2023 and 2024 which are consistent with the performance of Properties Nos. 1, 2 and 3 prior to the Covid-19 pandemic as well as the year of integrated operation of the old blocks/wings and new blocks/wings as reasonable and reflective of the performance of Properties Nos. 1, 2 and 3.

We also have analysed the occupancy rates of similar types of private medical centres ("**PMC**") as follows:-

Analysis of occupancy rates of Properties Nos. 1, 2 and 3 and other similar types of PMC.

No.	Name of Hospital	Age (Year)	Occupancy Rate (%)									
			Pre Covid-19				During Covid-19				Post Covid-19	
			Year 2017	Year 2018	Year 2019	Average 3 Years (2017-2019)	Year 2020	Year 2021	Year 2022	Average 3 Years (2020-2022)	Year 2023	Year 2024
1	KPJ Pasir Gudang SH	13	71.34	75.87	77.96	**75.06**	60.68	40.78	65.30	**55.59**	74.98	78.00
2	KPJ Johor SH	44	75.14	69.95	72.62	**72.57**	48.73	40.30	54.20	**47.74**	64.60	69.70
3	KPJ Puteri SH	39	72.07	73.88	82.19	**76.05**	59.71	45.80	57.10	**54.20**	71.88	73.30
4	KPJ Selangor SH	29	66.19	64.21	75.16	**68.52**	46.27	46.30	66.70	**53.09**	70.64	69.10
5	KPJ Ampang Puteri SH	33	80.21	73.24	71.29	**74.91**	44.74	45.80	59.70	**50.08**	69.77	65.90
6	KPJ Ipoh SH	44	91.37	84.84	79.29	**85.17**	73.74	52.30	68.50	**64.85**	76.50	79.70
7	Kedah Medical Centre	37	55.76	54.36	55.22	**55.11**	31.21	29.67	48.43	**36.44**	61.72	57.00
8	KPJ Perdana SH	27	68.62	69.12	73.43	**70.39**	56.72	50.09	71.03	**59.28**	63.71	70.10
9	KPJ Kajang SH	19	70.97	68.18	73.02	**70.72**	42.40	37.16	55.35	**44.97**	66.18	67.40
10	KPJ Penang SH	16	75.00	78.49	80.38	**77.96**	51.88	41.38	67.13	**53.46**	70.03	63.45
11	KPJ Seremban SH	20	71.18	70.37	53.65	**65.07**	43.25	41.24	54.81	**46.43**	62.79	61.47
12	Taiping Medical Centre and TMC Health Centre	24	44.69	43.32	43.51	**43.84**	34.66	32.40	54.24	**40.43**	62.35	59.86

Source: *KPJHB* (Note: SH = Specialist Hospital)

We note that the average occupancy rates of Properties Nos. 1, 2 and 3 from years 2017 to 2019 (inclusive) which were unaffected by the Covid-19 pandemic ranged between 43.84% to 77.96% (40.43% to 53.46% from years 2020 to 2022 during the Covid-19 pandemic) whilst similar medical centres ranged between 55.11% to 85.17% (36.44% to 64.85% from years 2020 to 2022 during the Covid-19 pandemic).

In our projections of the occupancy rates of Properties Nos. 1, 2 and 3, we have taken cognisance of the impact of the Covid-19 pandemic which had resulted in the decline in the Malaysian economic growth and the occupancy rates of Properties Nos. 1, 2 and 3. The occupancy rates had declined in year 2020 (GDP: -5.6%) and year 2021 (GDP: 3.1%), however, improved in year 2022 when the Malaysian economy rebounded to 8.7% with the gradual normalisation of the economic activity, reopening of the international borders and recovery in the labour market.

In year 2023, the occupancy rates of Properties Nos. 1, 2 and 3 noted to be recovered to their pre Covid-19 pandemic levels. However, in year 2024, we noted that the occupancy rates of Properties Nos. 1 and 2 have declined due to opening of new wards in new wing (new block) which have expanded number of operational beds.

We have adopted the following parameters in arriving at the market values of Properties Nos. 1, 2 and 3 using the Investment 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 and 366 days for leap year.
Occupancy Rate of Beds	The occupancy rate is derived based on the historical occupancy rates achieved by the medical centres since years 2016 to 2024 (inclusive). The occupancy rates had declined in years 2020, 2021 and rebounded in year 2022 due to the impact of the Covid-19 pandemic on the world and Malaysian economy mainly in years 2020 and 2021 and with the lesser impact in year 2022. In year 2023, post Covid-19 pandemic, the occupancy of the integrated operation of both old and new buildings/wings have normalised to pre Covid-19 level with a higher number of operational beds. Therefore, we have maintained the occupancy rate of year 2024 for year 1 of our projections for year 2025 to commensurate with the anticipated moderate world and Malaysian economic growth amid the moderate prospects and fiscal policy challenges and gradually increased the occupancy rate to reflect the highest and best possible occupancy rates achievable with the expanded number of operational beds over the 5-year projections.

No. of Inpatients Admitted Days	The numbers of inpatients admitted days in a year is derived from the total beds occupied divided by the numbers of inpatients admitted. We have adopted the average from years 2016 to 2019 (inclusive). However, in years 2023 and 2024, the average numbers have increased due to expanded numbers of beds available in hospital and due to completion of the new wing (new block). Thus, in arriving at our 5-year DCF projections, we have adopted the average numbers of inpatient admitted days based on average of years of 2023 and 2024 which is reflective of the performance of Properties Nos. 1, 2 and 3 post covid-19 pandemic with integrated operation of the new wing (new block).
Ratio of No. of Outpatients / Inpatients	We have adopted average ratio of no. of outpatients / inpatients of years 2023 and 2024 which was considered reasonable and consistent with the past performance from years 2016 to 2019 (inclusive) to project the number of outpatients for the 5-year DCF projections.
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 and adopted inpatient revenue per occupied bed based on average of years 2023 and 2024 as fair and reasonable which was consistent with the past performances from years 2016 to 2019 (inclusive).
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 revenue per person based on average of years 2023 and 2024 as revenue trend reflection of the escalation of the current prices as fair and reasonable.
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 revenue per occupied bed person based on average of years 2023 and 2024 as revenue trend for reflecting escalation in the current prices as fair and reasonable.
Hospital Outpatient Revenue	The revenue is derived by multiplying the total outpatients visited for the year with the outpatient revenue per patient per year. We have adopted revenue per person person based on average of years 2023 and 2024 as which was the latest revenue trend for reflecting escalation in the current prices as fair and reasonable.
Expenses	
Cost Of Sales	We have generally analysed the past nine years cost of sales i.e. material, direct staff cost, operating overhead and adopted the average percentage of years 2023 and 2024 as fair and reasonable representation of the business going forward. From our analysis of the historical cost of sales, 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 before hospital discount and appropriation to consultant. As the occupancy of the medical centre increases, so does the cost of sales, thus, both the revenue and cost of sales have a direct relationship.
Undistributed Operating Expenses	We have analysed the past nine years expenses i.e. administrative & general, sales & marketing, property operations maintenance & energy cost ("POMEC") and adopted the average of expenses of years 2023 and 2024 as fair and reasonable representation of the business going forward. From our analysis of the historical expenses, we note that the undistributed operating expenses moved in tandem with the gross operating revenue after hospital discount and appropriation to consultant. 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 ("HMF")	We have adopted the actual rate of gross operating revenue after hospital discount and before appropriation to consultant as HMF based on the latest year 2024 which KPJHB has implemented new mechanism/formula on management fee chargable to all subsidiaries under KPJ Group. The new approach is to ensure that the fees are adequately reflected on the actual cost incurred by KPJHB to cover their operational and administrative expenses from their subsidiaries.
Quit Rent & Assessment	We have adopted the actual quit rent and assessment of the medical centres for the current year of 2025 in our 5-year projections.
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"). We have adopted the insurance premium payable for the current year of 2025, throughout our 5-year projections.
Incentive Management Fee	The incentive management fee is to reflect the 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 / operator's profit in the profit based assets and adopted based on the percentage of gross operating profit (GOP) 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 projections.

Terminal Capitalisation Rate / All Risk Yield	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 over the investment horizon. 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 9.79% and 7.19%, respectively. 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 weaker global growth, volatility in the capital markets and geo political concern, 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 the risk involved in the operation of the medical centre to obtain the net revenue (profit). We have reflected the above factors accordingly and have adopted fair capitalisation rates to capitalise the net revenue (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 and the broad spectrum of various types of residential, commercial, industrial and agricultural properties.
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 and revenue of the Subject Properties, the prospect of the Malaysian healthcare industry and the 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.

1.2 Cost Approach comprising the Comparison and DRC Methods – Properties Nos. 1, 2 and 3 (as Check Methodology), 4 and 5 (as Sole Valuation Methodology)

In essence, this approach entails the summation of the market value of land and 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 determining the value of the commercial land by this method, a survey was made of property sales that have occurred in the localities of the Subject Properties 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, category of land use/express condition, size/quantum allowance, tenure, restriction in interest in the the title and conversion premium from development land to commercial land to render the sold properties as similar as possible with the Subject Properties.

The building value 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 Group Construction Cost Handbook Malaysia. 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 practice in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors which is a fair representation.

In arriving at the GCRCN of the Subject Properties, the following construction cost of government hospitals and private hospitals / medical centres, are noted, amongst others: -

No.	Description	Year of Construction	Construction Cost (RM Mil)	Analysis (RM psf over total GFA)
A	**Government Hospital**			
	Public Sector in Kuala Lumpur	-	-	377 to 550
B	**Private Hospital / Medical Centre**			
1	An annexed 10 storey private specialist medical centre together with a 2 storey mechanical and electrical ("M&E") building and a single storey guard house (buildings only) (South Wing) being the expansion/ new development of KPJ Penang Specialist Hospital	2019 - 2022	105.87 [*1] & [*2]	463.41
2	A 15 storey private specialist medical centre (incorporating 4 levels of elevated car parks) together with 2 levels of basement oncology department cum car parks and a single storey refuse chamber (buildings only) (West Wing) being the expansion/new development of KPJ Ampang Puteri Specialist Hospital [*3]	2015 – 2019	89.56 [*1] & [*2]	361.64
3	An 8 storey private consultant block, an annexed 6 storey private medical centre with a ground floor car park, a 2 storey M&E building, a single storey medical gas storage building and a single storey refuse chamber building which being the expansion/new development of KPJ Seremban Specialist Hospital	2016 - 2018	87.85 [*1] & [*2]	408.03
4	An ambulatory care centre known as TMC Health Centre	2016 - 2017 / 2019 - 2020 (Extension)	14.56 [*1] & [*2]	448.04
5	KPJ Kluang Specialist Hospital	2017	79.32	427.65
6	KPJ Miri Specialist Hospital	2016	71.00	563.36
7	KPJ Bandar Dato' Onn Specialist Hospital, Johor	2016	204.00	374.51
8	KPJ Batu Pahat Specialist Hospital [*□]	2016	64.94	374.00
9	KPJ BDC (Kuching) Specialist Hospital	2015	94.73	375.88
10	KPJ Pasir Gudang Specialist Hospital	2013	68.20	319.76
11	KPJ Pahang Specialist Hospital	2013	90.00	278.47
12	KPJ Bandar Maharani Specialist Hospital	2012	51.07	269.56

Source: Bursa Malaysia Securities Berhad's website / JUBM Group Construction Cost Handbook Malaysia / KPJ's Annual Reports / Cheston's Research

Note: [*1] *The construction cost is excluding lessee's/tenant's improvements.*

[*2] *The construction cost is excluding elevated car parks.*

[*3] *As at the date completion, levels 11 and 12 were retained as 'shell and core' and reserved for future development.*

[*□] *As at the date of completion, the finishes of the interior floor, ceiling and wall of level 7 were still unfinished whilst level 5 were partly finished.*

1.3 Summary and Reconciliation of Values / Valuation Rationale

Properties Nos. 1, 2 and 3

A private specialist medical centre is a specialised property of providing quality, highly skilled healthcare services utilising technologically advanced medical equipment with various sources of revenues generated from operating the property as a business entity and where revenues/earnings, expenses and profits are 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 investment asset and reflects its investment characteristics, 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 a private specialist medical centre which is designed and developed according to the specific use of a particular business and operational requirements is the Cost Approach which comprises summation of the land value and depreciated replacement cost of the building. It is the commonly adopted methodology in the industry for valuation of specialised assets. 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 neighbourhoods with similar locational benefits of Properties Nos. 1, 2 and 3 which can be relied upon to arrive at the accurate market values 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.

Based on our research and investigation, we note that there are either infrequent or very limited sale or rental evidences of private specialist medical centres in Malaysia as the medical centres are often constructed for owner operation, seldom held as an investment asset and are rarely transacted or leased/tenanted. Therefore, in the absence of sufficient sale and rental comparables, the Market/Comparison Approach and Income Approach by Investment Method may not be suitable approaches to determine the accurate market value of the private specialist medical centre. The capital and rental 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 heterogeneous where adjustments are numerous and more difficult to quantify, it will be difficult to make accurate adjustments using the Market/Comparison Approach. Thus, a fair and reasonable approach to determine accurate market rental values of the Subject Properties is to arrive at the open market capital value of the Subject Properties and applying current market based rental yield by benchmarking against similar types of income-generating PMC and commercial properties.

The market value of an income generating commercial property is a function of the future income stream derived from its operation and is best reflected in the Income Approach by Profits Method (DCF). The cash flows are subject to the specific nature of the particular business operation. It will be strenuous to make all the relevant qualitative and quantitative adjustments accurately for such properties using Market/Comparison Approach.

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 Properties Nos. 1, 2 and 3. Nevertheless, the Cost Approach is derived from the market value of the land and DRC of the building which does not reflect the investment characteristics of Properties Nos. 1, 2 and 3. However, the Cost Approach can provide a good guide on the market value of Properties Nos. 1, 2 and 3 due to easily available comparables for the land component and availability of accurate cost of development of the specifically designed and constructed private 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 Properties Nos. 1, 2 and 3 supported by the Cost Approach comprising Comparison and Depreciated Replacement Cost Methods.

Properties Nos. 4 and 5

The existing uses of Properties Nos. 4 and 5 are private institutional centres (PIC), thus, adopting Market/Comparison and Investment Approaches may result in distorted market value which does not reflect the true market value of Properties Nos. 4 and 5 as an institutional centres. The Cost Approach is the best alternative valuation methodology to arrive at market value of Properties Nos. 4 and 5 due to easily available comparables for the land component and availability if accurate cost of development of the specifically designed and constructed private institutional centre.

We were also unable to assess the market value of Properties Nos. 4 and 5 using the Income Approach by Investment Method as Properties Nos. 4 and 5 are specifically designed for a particular use and we are unable to obtain comparable rental evidences of similar type of properties in the locality. Institutional premises in the locality are generally owner occupied or operated and are seldom purchased for investment purposes. Thus, rental comparables are rare. If tenanted, the rental comparables are also subject to various covenants and responsibilities of landlords and tenants which the details of the covenants are not available and require further complicated analysis. Institutional premises are often developed accordingly to the specific use of a particular business or industrial requirement and are rarely leased / tenanted.

Therefore, taking into consideration of the nature of Properties Nos. 4 and 5 which are often developed according to the specific use of a particular industry and requirement, the market values of Properties Nos. 4 and 5 derived from the Cost Approach are considered as fair and accurate representation of the market values of Properties Nos. 4 and 5.

In light of the above, we have relied upon the Cost Approach as the best alternative method to arrive at the fair market values of Properties Nos. 4 and 5.

2.0 MARKET PROSPECT

The Malaysian economy expanded by 5.1 percent ("%") in year 2024 (2023: 3.6%) supported by continued expansion in domestic demand, growth in the exports, stronger household spending reflecting favourable labour market conditions and strong expansion in investment activities. The International Monetary Fund (**"IMF"**) in January 2025, in its world economic outlook has projected the Malaysian economy to grow at 4.5% in year 2025 and the World Bank ("WB") in January 2025 in its global economic prospects, in congruent with IMF, has estimated the Malaysian economic growth to 4.5% amid moderate global economic prospects and fiscal policy challenges.

The Malaysian property market performance revived in year 2022 after devastated by the Covid-19 pandemic impact in years 2020 and 2021, with 389,107 transactions worth RM179.07 billion exhibiting an increase of 29.5% in volume and 23.6% in value compared to year 2021 in concordant with the sturdy economic growth of 8.7%. In year 2023, despite the moderate economic growth of 3.6%, the Malaysian property market sustained with the total of 399,008 transactions worth RM196.83 billion, an increase of 2.5% in volume and 9.9% in value compared to previous year. The Malaysian property market has strengthened in year 2024, with 420,545 transactions worth RM232.30 billion exhibiting an increase of 5.4% in volume and 18.0% in value. As Malaysia aims to transform its economic landscape via digitalisation and infrastructure projects, in year 2025, the Malaysian property market is expected to synchronise the growth momentum supported by various initiatives, multi-year investment projects and several on-going new infrastructure and mega projects outlined and implemented by government and private sectors.

Malaysia adopts a two-tiered healthcare system comprising government operated network of nationwide public hospitals and clinics co-exists with a private healthcare system. Malaysia, as one of the Asia's most recognized developing countries, has risen to its immense potential as a preferred healthcare travel destination for the world. Healthcare in Malaysia is an attractive proposition, offering quality healthcare, which is easily accessible and competitively affordable, for patients' peace of mind. The entrenched private healthcare facilities supported by internationally recognised professional doctors and well-trained medical officers/staffs have made Malaysia a top destination for medical travellers. Malaysia is a thriving medical tourism destination for particularly fertility, oncology, cardiology, orthopaedics and aesthetics.

There is a dearth of rental evidence of private medical centres (PMC) in Malaysia as such assets are rarely leased/tenanted. As such, there is insufficient sale and rental comparables that can be relied upon to value the Subject Properties by using the Comparison Approach and Income Approach by Investment Method. In addition, we further affirm that specialised assets like the Subject Properties are physically, functionally and economically heterogeneous which are designed and constructed for the particular business nature. Thus, it will be arduous to make all the necessary adjustments accurately using Market/Comparison Approach to arrive at fair Market Value and Market Rental Value.

Nevertheless, as for general guide, we have compiled rental evidences of office space within the locality of the Subject Properties are located as tabulated below.

Property No.	State	Locality	Rental Range Of Office Building Over Net Lettable Area
1	Penang	Bandar Baru Perda	RM1.61 psf to RM3.41 psf
2	Negeri Sembilan	Seremban	RM1.79 psf to RM3.27 psf
3	Perak	Taiping	RM1.45 psf to RM2.50 psf
4	Negeri Sembilan	Nilai	RM1.30 psf to RM1.98 psf
5	Penang	Bukit Mertajam	RM0.32 psf to RM0.98 psf

Source: Jabatan Pemilaian dan Perkhidmatan Hartanah (JPPH) / Valuation and Property Services Department, Ministry of Finance

We wish to highlight that the abovementioned rental evidences are office space which has vast differences in terms of functional utility and investment characteristics compared to the Subject Properties. The rental evidences are tenanted to multiple tenants in smaller sizes compared to the Subject Properties which are tenanted to a single tenant on an en bloc basis. The office space is tenanted on net lettable area (NLA) basis whilst the Subject Properties are tenanted on a gross floor area ("GFA") basis.

Based on our analysis of the rental yields of the investment properties transacted in years 2019 and 2020 comprising UOA Corporate Tower, The Pinnacle Sunway and Menara Guoco, the net rental yields ranged between 4.96% to 6.28% whilst the net rental yields of IGB Commercial REIT which was launched in April 2021 ranged between 3.16% to 5.47%. The analysed rental yield (net) of the buyback of Sunway Medical Centre by Sunway Medical Sdn Bhd (Purchaser) from Sunway Real Estate Investment Trust (Vendor) was 6.15%. The rental yield on the sale of Menara CelcomDigi by Malaysian Resources Corp Berhad (MRCB) to Sentral Real Estate Investment Trust (Sentral REIT) in July 2023 was 6.50%.

The rental rates of the renewed 6 medical centres in the mid of 2021, between Al-Aqar Healthcare REIT (Lessor) and KPJ (Lessee) comprising KPJ Ampang Puteri Specialist Hospital, KPJ Damansara Specialist Hospital, KPJ Johor Specialist, KPJ Puteri Specialist Hospital, KPJ Selangor Specialist Hospital and KPJ Ipoh Specialist Hospital, ranged between RM1.52psf to RM2.09psf based on GFA (RM2.17psf to RM2.98psf based on the estimated net lettable area) which translated to the net rental yield of about 5.30%. The rental rate of KPJ Pasir Gudang Specialist Hospital vide Sale and Leaseback arrangement in year 2022 was RM2.13psf over GFA (RM3.04psf over estimated net lettable area) with the net rental yield of about 5.30%. Whilst the newly renewed 5 medical centres in the mid of 2023, between the Lessor and the Lessee comprising KPJ Kajang Specialist Hospital, KPJ Perdana Specialist Hospital, KPJ Sentosa KL Specialist Hospital, Kuantan Care & Wellness Centre and Kedah Medical Centre ranged between RM1.62psf to RM1.94psf based on GFA (RM2.21psf to RM2.90psf based on the estimated net lettable area) which translated to the net rental yield ranging from 5.10% to 5.93% and/or overall of about 5.69%.

In light of the above, taking into consideration of the current state of the subdued global economy, moderate Malaysian economy, sustained Malaysian property market, potential healthcare industry, the current cost of financing, short to long term securities rates and after making comparisons with the broad spectrum of yields of various types of residential, commercial, industrial and agricultural properties in Malaysia, as well as taking into consideration of the age, current physical condition, the current viability and feasibility of each property to the present state of commercial market requirement due to changes in the evolution of the commercial industry, existing surroundings, location and infrastructure, we are of the view that the fair net rental yields of the Subject Properties are between 5.50% to 6.50%.

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 fully operational private specialist medical centres in respect of Properties Nos. 1, 2 and 3, whilst on an as-is basis in respect of Properties Nos. 4 and 5 and subject to the titles being free of all encumbrances, good, marketable and registrable are as follows: -

Property No.	Subject Property	Market Value (RM)
1	KPJ Penang Specialist Hospital (PSH)	177,500,000
2	KPJ Seremban Specialist Hospital (SSH)	165,000,000
3	Taiping Medical Centre (TMC) and TMC Health Centre (TMCHC)	23,000,000
4	KPJ Healthcare University (Phase 1 of Nilai Campus) (KPJUC)	25,700,000
5	KPJ International College Of Nursing And Health Sciences (KPJIC)	15,350,000
	TOTAL	**406,550,000**

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

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APPENDIX 'A' – SALIENT DETAILS OF THE SUBJECT PROPERTIES

Property No. 1

a. Salient Details

Date of Inspection and Valuation:	26 February 2025
Identification / Type of Property / Property Address:	A private specialist medical centre known as KPJ Penang Specialist Hospital ("PSH") identified as Lot 10150 (formerly PT No. 799), Mukim 7, District of Seberang Perai Tengah, Pulau Pinang, held under Title No. Geran Mukim 1453 (formerly H.S.(M)) 375, bearing postal address No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang.
Title Particulars:	Tenure: Interest in perpetuity Title Land Area: 17,738.00 square metres ("sq. m.") (190,930.24 square feet ("sq. ft.")) Registered Proprietor: ART (as Trustee) Category of Land Use: Building Encumbrance: Nil Endorsement: A private caveat has been entered by Maybank Investment Bank Berhad, registered on 5 May 2021.

Location

PSH is located within Bandar Perda, a self-contained township sited along the southern (right) side of Jalan Perda Utama, travelling from Seberang Perai towards Bukit Mertajam town. Georgetown, the state capital of Penang is located about 23.0 kilometres ("km") to the north-west of PSH whilst Bukit Mertajam town is located about 7.0 km to the south-east of PSH. The Penang Bridge which connects Seberang Perai on the mainland and Gelugor on the island of Penang is located about 7.5 km to the west of PSH. Penang International Airport is located about 25.0 km to the south-west of PSH.

PSH fronts Jalan Perda Utama and is accessible from North-South highway via exiting at the Perai Interchange, Jalan Baru and Jalan Permatang Pauh. In the immediate vicinity of KPJSSH are 'PETRONAS' and 'Caltex' petrol filling and service stations which are located about 750 metres and 1 km, respectively, to the west of PSH.

Majlis Bandaraya Seberang Perai is located about 650 metres to the north of the subject property. Other office buildings in the vicinity include Bangunan Lembaga Hasil Dalam Negeri (LHDN) Bukit Mertajam Branch, Central Seberang Perai District Headquarters. Prominent hotel development of The Lights Hotel and Sunway Hotel Seberang Jaya are located about 8.1 km to the north-west. Mydin Mall Bukit Mertajam is located about 3.0 km to the west of the subject property. AEON Mall Bukit Mertajam and Lotus's Bukit Mertajam are located at about 8 km to 10 km to the south-east of the subject property whilst Sunway Carnival Mall and Megamal Penang are located at about 7.6 km and 5.3 km to the north-west of the subject property. University Technology Mara UiTM Seberang Perai and the Seberang Perai Polytechnic are located about 3.0 km to the north-west of PSH.

Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -

Name	Capacity (bed)	Location	Distance from PSH (km)
Private Medical Centre			
KS Wan & Liow Specialist Maternity Centre Sdn Bhd	4	No. 17 & 19, Lorong Tembikai 6, Pusat Komersial Sri Rambai, 14000 Bukit Mertajam, Pulau Pinang	3.0
Questra Bio-Clinical Research Centre	20	No. 6, Jalan Desa Pauh, Taman Desa Pauh, 13500 Permatang Pauh, Pulau Pinang	3.1
DBM Hospital	4	No. 18 & 20, Jalan Cermai 1, Taman Cermai, Jalan Sama Gagah, Permatang Pauh, 13500 Seberang Perai, Pulau Pinang	7.3
Sunway Medical Centre Penang	132	3106, Lebuh Tenggiri 2 Pusat Bandar Seberang Jaya, 13700 Perai, Pulau Pinang	8.3
Bagan Specialist Centre	178	Jalan Bagan 1, 13400 Butterworth, Penang	10.8
Lam Wah Ee Hospital	417	141, Jalan Tan Sri Teh Ewe Lim, 11600 Georgetown, Pulau Pinang	22.2
Optimax Eye Specialist Hospital	4	223, Jalan Masjid Negeri, 11600 Pulau Pinang.	22.9
Pantai Hospital Penang	204	82, Jalan Tengah, 11900 Bayan Lepas, Pulau Pinang	24.3
Georgetown Specialist Hospital (formely known as Carl Corrynton Medical Centre)	20	No. 12-A, Jalan Masjid Negeri, 11600 Pulau Pinang	24.5
Loh Guan Lye Specialist Centre	205	238, Macalister Road, 10400 Pulau Pinang	25.9
Peace Medical Centre	4	81, Lorong Selamat, 10400 Georgetown, Pulau Pinang	26.2
Hospital Kebajikan Kek Lok Si	22	No. 623, Jalan Balik Pulau, Ayer Itam, 11500 Pulau Pinang	26.6
Island Hospital	399	No. 308, Macalister Road, 10450 Pulau Pinang	27.0
Hope Children Hospital -Gottlieb	10	25B, C & D, Jalan Gottlieb, 10350 Georgetown, Pulau Pinang	27.3
Penang Adventist Hospital	261	465, Jalan Burmah, 10350 Georgetown, Pulau Pinang	27.4
Gleneagles Medical Centre Penang	333	1, Jalan Pangkor, 10050 Pulau Pinang	27.9
Mount Miriam Cancer Hospital	40	23, Jalan Bulan, Fettes Park, 11200 Tanjung Bungah, Pulau Pinang	30.8

Name	Capacity (bed)	Location	Distance from PSH (km)
Government Hospital			
Bukit Mertajam Hospital	242	Jalan Kulim, 14000 Bukit Mertajam, Penang	5.3
Hospital Seberang Jaya	393	Jalan Tun Hussein Onn, Seberang Jaya, 13700 Perai, Penang	7.2
Hospital Sungai Bakap	105	Sungai Jawi, 14200 Seberang Perai Selatan, Pulau Pinang	21.1
Hospital Kepala Batas	134	Jalan Bertam, Kepala Batas, 13200 Sebarang Perai Utara, Pulau Pinang	25.7
Hospital Pulau Pinang	1,163	Jalan Residensi, 10990 Timur Laut, Pulau Pinang	25.9
Hospital Balik Pulau	81	Balik Pulau, 11000 Barat Daya, Pulau Pinang	34.4

Source: Ministry of Health ("MOH")

The Site

The subject site is a parcel of corner plot, trapezoidal in shape and enjoys dual frontages onto Jalan Perda Utama and Jalan Perda Utara.

The Buildings

Brief details of the development, extension and renovation of PSH are as follows: -

Year of Construction / Approval	Development / Extension / Renovation	Date / Reference No. of the Approved Plans / Certificate of Fitness for Occupation ("CF") / Certificate of Completion and Compliance ("CCC")
2006 / 2009	The original 5 storey private specialist medical centre building	Building plans bearing reference no. MPSP 40/30-36/36 Bil. Pelan 24(A-K), and Bil. Pelan 51(A-K) and were approved by Majlis Perbandaran Seberang Perai ("MPSP") on 16th November 2006, and 14th January 2009, respectively. CF bearing certificate no. 50/T/09 was issued by MPSP on 27 March 2009.
2008 / 2009	Renovation / Extension of the original 5 storey private specialist medical centre building as follows:- i. Caféria ii. Chiller Plant Room iii. Trash Room (bilik sampah)	Building plans bearing reference no. 163864/5 were approved by the Fire and Rescue Department Malaysia (Jabatan Bomba dan Penyelamat Malaysia / "BOMBA") on 29th April 2009. N/A
2010 / 2011	Renovation / Extension of the original 5 storey private specialist medical centre building as follows:- i. Kitchen on the ground floor. ii. Additional 8 wards (22 beds) and supporting area on level 2.	Building plans bearing reference no. MPSP 40/40-36/242 were approved by MPSP on 21st October 2011. N/A
2013 / 2014	Renovation / Extension of the original 5 storey private specialist medical centre building	Building plans bearing reference no. MPSP 40/40-37/88 were approved by MPSP on 19th November 2014. N/A
2019 / 2022	An annexed 10 storey private specialist medical centre building together with a 2 storey M&E building and a single storey guard house.	Building plans bearing reference no. Bil.28/2/12 dlm. MBSP 40-37/88 (PRI) were approved by Majlis Bandaraya Seberang Perai ("MBSP" / formerly MPSP) on 25th February 2022. CCC bearing certificate no. LAM/PP/No. 7403 was issued by MBSP on 08 August 2022.

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

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 colorbond lysaght steel roofing sheets underlaid with fibreglass wool on double sided aluminium foil on wire netting.
Ceilings:	Generally of gypsum 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 powder coated aluminium casements incorporating tinted/ clear glass panels and top hung units.
Floors:	Generally of ceramic tiles, glazed ceramic tiles, homogenouos tiles and cement screed.

Generally, the buildings are equipped with centralised air-conditioning system, with some rooms are fitted with additional split-unit air conditioners. Vertical movement between floors is by means of:-

South Wing	
3 units of staircases	Reinforced concrete staircase, serving all levels
5 units of passenger's lifts	Type of 'Fujihd' with a capacity of 1,630 kilogrammes ("kg") / 24 persons, serving all levels
1 unit of BOMBA lift	Type of 'Fujihd' with a capacity of 1,630 kg / 24 persons, serving all levels
1 unit of service/cargo lift	Type of 'Fujihd' motorless with a capacity of 1,600 kg / 24 persons, serving all levels
2 units of indoor escalators	Type of 'Fujihd' with a capacity of 6,000 kg / 90 persons, serving ground to 1st levels
North Wing	
5 units of staircases	Reinforced concrete staircase, serving all levels
3 units of passenger's lifts	Type of 'Fuji' with a capacity of 1,630 kg / 24 persons, serving all levels
1 unit of BOMBA lift	Type of 'Fuji' with a capacity of 1,630 kg / 24 persons, serving all levels

Generally, all the buildings are equipped with the required fire fighting systems.

Car Park Bays

There are 69 surface and covered car park bays provided within PSH. 63 car park bays are located on the ground floor/level 1 of the annexed five (5) storey private specialist medical centre (old block / north wing) and 6 car park bays located on the ground floor/level 1 of the annexed ten (10) storey private specialist medical centre (new block / south wing). There are 496 car park bays provided within the adjoining PT No. 1031 which belong to KPJ are excluded from the valuation.

Gross Floor Area ("GFA")

The GFA of the buildings computed by aZH Architects Sdn Bhd and provided to us by Penang Specialist Hospital Sdn Bhd (**"PSHSB"**) 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.**	
South Wing			
An annexed ten (10) storey private specialist medical centre	19,643.10	211,436.61	2.56
Overlapping area connecting new block (South Wing) annexed with old block (North Wing)	1,174.46	12,641.80	
A double (2) storey mechanical and electrical (M&E) building and a vie tank farm	410.90	4,422.87	
A single storey guard house	6.19	66.61	
Sub-Total	**21,234.65**	**228,567.89**	
North Wing			
A five (5) storey private specialist medical centre	15,545.84	167,333.98	15.93 /
Two (2) units of single storey guard houses	12.38	133.22	2.56
Sub-Total	**15,558.21**	**167,467.20**	
Grand Total	**36,792.87**	**396,035.09**	

Beds

Vide a licence to operate bearing licence no. 130701-00240-01/2023 (Borang 7 No. Siri: 004841) with 0.88 year validity from 16 January 2025 to 02 December 2025 as approved by MOH on 27 January 2025, we note that PSH has been permitted to operate 319 beds (inclusive isolation room, intensive care unit ("ICU"), high dependency unit ("HDU")), 4 operation theatre ("OT"), 6 basinets, 2 cots, a phototherapy cot, 20 dialysis chairs (19 non-Hepatitis and a Hepatitis C) and a dental chair. From the circular of Al-'Aqar Healthcare REIT dated 04 February 2009, we note that originally there were 120 operational beds. Between years 2017 to 2022 (inclusive), the operational beds had increased to 184 beds (excluding 6 ICU and 3 HDU). The increase of the 64 beds was from old block (north wing) with decrease of 1 unit of 1-bedded of VVIP (-1), decrease of 4 units of 1-bedded of VIP (-4), decrease of 3 units of 3-bedded of daycare (-9), decrease of an open ward for 3-bedded of HDU (-3), addition of 4 units of 1-bedded of isolation (+4), addition of 18 units of 1-bedded (+18), addition of 2 units of 2-bedded (+4), addition of 9 units of 3-bedded (+27), addition of 2 units of 4-bedded (+8) and an addition of a unit of 6-bedded (+6). Overall, between years 2017 to 2022 (inclusive), the beds had increased from 120 to 184. In years 2023 and 2024, there were increase of 63 beds of the expansion/new development of an annexed ten (10) storey private specialist medical centre (south wing) which was completed in year 2022 comprising 13 units of 1-bedded (+13), 2 units of 1-bedded of isolation (+2), 16 units of 2-bedded (+32) and 4 units of 4-bedded (+16). Therefore, the operational beds at 247 beds from 184 beds. In year 2024 with the expansion of additional 33 operational beds at level 8 (7th floor) and in year 2025 with the expansion of 12 beds at level 3 (2nd floor) and 30 operational beds at level 9 (8th floor) of the south wing (new wing), contributed to the total operational beds from 247 beds to 322 beds (+75). Henceforth, we have reflected the total 322 operational beds throughout our projections. The configuration of operational beds and number of rooms in respect of both north and south wings as per licence are tabulated below: -

Description	**North Wing (2nd to 4th Floors) (Inclusive)**		**South Wing (5th to 8th Floors) ((Inclusive)**		**Total**	
	R	**B**	**R**	**B**	**R**	**B**
1-bedded (including VVIP/VIP)	35	35	26	26	61	61
2-bedded	13	26	32	64	45	90
3-bedded	27	81	-	-	27	81
4-bedded	8	32	8	32	16	64
6-bedded	1	6	-	-	1	6
Isolation	4	4	4	4	8	8
Total Operational Beds	**88**	**184**	**70**	**126**	**158**	**310**
ICU (including isolation)	3	6	-	-	3	6
HDU	1	3	-	-	1	3
Total	**4**	**9**	**0**	**0**	**4**	**9**
Total Licenced Beds	**92**	**193**	**70**	**126**	**162**	**319**

Notes: R = No. of Room / B = No. of Bed

The beds are classified into VVIP / VIP suite, 1-bedded (deluxe and standard), 2-bedded (deluxe and standard), 3-bedded (deluxe and standard), 4-bedded (deluxe and standard) and 6-bedded.

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

Description	Rate Per Bed Per Night		North Wing		South Wing		Total	
	North Wing	South Wing	R	B	R	B	R	B
VVIP Suite	RM600 - RM688	-	35	35	26	26	61	61
VIP Suite	RM400	-						
1-Bedded Deluxe Standard	 RM350 RM250	 RM200						
2-Bedded Deluxe Standard	 RM200 RM150	 RM350	13	26	32	64	45	90
3-Bedded Deluxe Standard	 RM150 RM100	 -	27	81	-	-	27	81
4-Bedded Deluxe Standard	 RM100 RM 80	 RM100	8	32	8	32	16	64
6-Bedded	RM 60	-	1	6	-	-	1	6
Isolation	RM150 - RM250	-	4	4	4	4	8	8
Total Operational Beds			**88**	**184**	**70**	**126**	**158**	**310**
ICU	RM250	-	3	6	-	-	3	6
HDU	RM150	-	1	3	-	-	1	3
Total			**4**	**9**	**-**	**-**	**4**	**9**
Total Licenced Beds			**92**	**193**	**70**	**126**	**162**	**319**

Source: PSHSB

Facilities and Services:

Other medical facilities provided in PSH comprise as follows: -

Other medical facilities	No. of Room / Bed / Bassinet / Cot	
	North Wing	South Wing
Operation Theatre (OT) Room	5	-
Treatment Room	1	-
Resusitation Room	1	-
Endoscopy, Holding and Recovery	-	4 / 3 / 6
Nursery	6	-
Special Care Nursery (SCN)	3	-
Dental	1	-
Dailysis	20	-

Source: PSHSB

PSH also provides the following services: -

Clinical Disciplines	Facilities and Services
• Radiology • Ophthalmology Critical Care • Cardiology • Otorhinolaryngology • Nephrology • Gastroenterology & Herpetology • Upper Gastrointestinal (GIT) Surgery • Oral & Maxillofacial Surgery • General Surgeon • Neurosurgery • Obstetrics & Gynaecologist • Orthopaedic • Paediatric • Respiratory Medicine • Medication • Psychiatry • Cardiothoracic Surgeon • Endoscopy • Haemodialysis	• 24-hour Accident & Emergency Services • Ambulatory • Anaesthesia • Radiology & Imaging (Mobile Radiography, General Radiography, Magnetic Resonance Imaging (MRI), Mammography, Ultrasound, General X-Ray, Mobile C-arm, CT Scanner, Fluoroscopy, Angiography) • Pharmaceutical • Recovery • Sterilisation • Dietetic Counselling Service • Nursing Care • Health Screening Unit (Treatment, Stress Test, Electrocardiogram (ECG), Lung Function Test, PAP Smear) • Intensive Care Unit (ICU) / Cardiac Care Unit (CCU) / High Dependency Care Unit (HDCU) • Delivery Suites • Laboratory

Source: PSHSB

Consultants: As at the date of valuation, as provided to us by the client, PSH is supported by 54 consultants / doctors.

Planning Details: PSH is located within an area designated for commercial use.

All the buildings, extension and renovation works are issued with CF/CCC as per the details in the description of the buildings.

Occupancy Status / Lease Details: A lease agreement has been duly executed in respect of the North Wing of PSH dated 14 October 2009 made between Al-'Aqar KPJ REIT (now known as Al-'Aqar Healthcare REIT) (being represented by its trustee ART) as a Lessor, Penang Specialist Hospital Sdn Bhd (formerly Bukit Mertajam Specialist Hospital Sdn Bhd) (the Lessee) and JLG REIT Sdn Bhd ("JLG REIT") (formerly Damansara REIT Managers Sdn Berhad) (the Manager) for an initial term of fifteen (15) years commencing from 14 October 2009 with an option to renew for another fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced on 14 October 2009 and expires on 13 October 2024 ("**Contractual Term**").

Occupancy Status / Lease Details:	Vide a letter of extension of renewal of leases from KPJHB (as Lessee) to ART (as Trustee) of Al-Aqar Healthcare REIT (as Lessor) and JLG REIT (as Manager) dated 5 July 2024, we note that KPJHB has requested the parties to extend the Contractual Term of North Wing of PSH which will expire on 13 October 2024 to a new commencement date of 1st January 2025 (New Extended Commencement Date). Vide a memorandum of extension ("MOE") in respect of the date of renewal of the lease of the North Wing had expired on 13 October 2024 has been executed between the parties to extend the Contractual Term commencing from 14 October 2024 and expiring on 31 December 2024. The parties also agreed to revise the New Extended Commencement Date to 1st January 2025 in order to facilitate on the negotiation of the commercial terms of the new agreements. However, we were informed by the client that the commencement of the Contractual Term has been further extended to 31 July 2025. This valuation is carried out pursuant to the proposed renewal of the abovementioned lease for a further term of fifteen (15) years in respect of the North Wing of PSH. The lease agreement for the South Wing of PSH will be executed for a similar term of fifteen (15) years to commence concurrently with the lease of the North Wing.

b. Valuation

1. Income Approach by Profits Method (DCF)

Parameters Adopted

The parameters adopted for PSH are as follows:-

a) Occupancy Rate Adopted

The occupancy rate is derived based on the historical occupancy rates achieved by PSH since years 2016 to 2024 (inclusive) as per the table below:

Historical Occupancy Rate of PSH

Description	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
Beds In Operation	181	181	184	184	184	184	184	247	280
Beds Available	66,246	66,065	67,160	67,160	67,344	67,160	67,160	90,155	102,480
No. of Inpatient Admitted	18,029	18,816	20,148	20,375	13,440	11,389	17,529	22,350	23,651
Total Occupied Beds	48,881	49,546	52,716	53,984	34,939	27,790	45,087	63,134	65,022
Occupancy Rate (%)	73.79	75.00	78.49	80.38	51.88	41.38	67.13	70.03	63.45

Source: PSHSB

We note that the occupancy rates for years 2016 to 2019 (inclusive) had been ascended from 73.79% to 80.38%. The occupancy rates had declined to 51.88% in year 2020 and 41.38% in year 2021 and rebounded to 67.13% in year 2022 due to the impact of the Covid-19 pandemic on the world and Malaysian economy mainly in years 2020 and 2021 with the lesser impact in year 2022. In year 2023, post Covid-19 pandemic, the occupancy of the integrated operation of the north wing (old block) and south wing (new block) of PSH has achieved 70.03% occupancy with a higher number of operational beds. In year 2024, we note that the occupancy rate of PSH has declined to 63.45% due to opening of a new ward in south wing (new block) which has expanded number of operational beds from 247 beds to 280 beds.

Occupancy Rate Adopted

Year	1 2025	2 2026	3 2027	4 2028	5 2029
Occupancy Rate Adopted	63.50%	66.00%	68.50%	71.00%	73.50%

The occupancy rates forecasted are fair, reasonable and in line with the occupancy rates of other similar private medical centres.

b)	No. of Inpatient Admitted Days	2.79
c)	Ratio of No. of Outpatient / Inpatient	6.04

Revenue

a)	Consultant Inpatient Revenue Per Occupied Bed	RM 692
b)	Consultant Outpatient Revenue Per Person	RM 112
c)	Hospital Inpatient Revenue Per Occupied Bed	RM2,373
d)	Hospital Outpatient Revenue Per Person	RM 309

Expenses

a)	Cost of Sales		
	i) Material Cost	28.0%	of hospital inpatient and outpatient revenues
	ii) Direct Staff Cost	14.8%	of gross operating revenue before hospital discount and appropriation to consultant
	iii) Operating Overhead	We have adopted the average percentage of years 2023 and 2024 of 8.0% over gross operating revenue before hospital discount and appropriation to consultant as direct staff cost throughout our projection as fair and reasonable representation of the business going forward	
b)	Undistributed Operating Expenses		
	i) Administrative & General	12.24%	of gross operating revenue after hospital discount and appropriation to consultant
	ii) Sales & Marketing	0.25%	
	iii) POMEC	5.20%	
c)	Quit Rent & Assessment Per Annum (Actual)	RM292,074	
d)	Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum (Actual)	RM380,058	

e)	Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX Adopted in Valuation Per Annum (RM per bed)		Year 2025	Year 2026	Year 2027	Year 2028	Year 2029
			45,200	50,200	55,200	60,200	65,200
f)	Terminal Capitalisation Rate	8.00%	PSH has an interest in perpetuity				
g)	Discount Rate	10.00%					

2. Cost Approach comprising the Comparison and DRC Methods

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
Particulars of Title Lot/PT No. / Mukim / District / State:	Lot 1282 / Mukim 06 / District of Seberang Perai Tengah / Pulau Pinang	Lot 10127 / Mukim 07 / District of Seberang Perai Tengah / Pulau Pinang	Lot 6264 Section 3 / Town of Butterworth / District of Seberang Perai Utara / Pulau Pinang	Lots 10650 & 10648 / Mukim 6 / District of Seberang Perai Tengah / Pulau Pinang
Title No.:	Geran Mukim 1167	Geran Mukim 1193	Geran 115320	Geran Mukim 2728 & Geran Mukim 2730
Property Type:	A parcel of development land (Intermediate)	A parcel of commercial land (Corner))	A parcel of development land (Intermediate)	Two (2) adjoining parcels of development land (Intermediate)
Location:	LB 3832, Jalan Permatang Pauh, Permatang Pauh, Pulau Pinang	PT 805, Jalan Perda Selatan, Bukit Mertajam, Pulau Pinang	PMT 5119, Lorong Sungai Nyior Indah, Butterworth	Lots 10650 & 10648, Jalan Permatang Pauh, Permatang Pauh
Category Of Land Use / Planning:	First Grade / Commercial	First Grade / Commercial	First Grade / Commercial	First Grade / Commercial
Tenure:	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interests in perpetuity, in respective of all titles
Land Area (sq. ft.):	71,329.38	84,367.53	16,652.00	82,107.00
Consideration (RM):	8,000,000	9,280,428	2,993,736	9,442,318
Date of Transaction:	21 June 2024	18 October 2023	11 November 2022	19 May 2022
Vendor:	Hup Soon Mechanical Works Sdn Bhd	Darul Ikon (M) Sdn Bhd	Praicon Corporation Sdn Bhd	Panglima Sejati Sdn Bhd
Purchaser:	Subaidah Holding Sdn Bhd	Jadem White Sdn Bhd	Eik Seng Machinery Sdn Bhd	Loyal Greenworld Sdn Bhd
Analysis (RM per sq. ft. / "psf"):	**112.16**	**110.00**	**179.78**	**115.00**
Adjustment Factors Considered:	Market condition (time), location and accessibility, corner/end premium, shape, category of land use/planning, size/quantum allowance, tenure and restriction in interest.			
Adjusted Value of Land (RMpsf)	122.50	122.24	135.34	132.88
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 is the latest transaction and 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 **RM122.50** psf from the adjustments of Comparable 1 as fair representation which translates into a market value of the commercial land of **RM23,388,547.46**.			

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

We note from the JUBM Group Construction Cost Handbook Malaysia, the construction cost of government hospital ranged from RM377 psf to RM550 psf. Our analysis of the development cost of private medical centres from years 2012 to 2022 revealed within the range of RM269.56 psf to RM563.36 psf.

In arriving at GCRCN of the subject property, we have adopted RM5,704.87 psm (RM530.00 psf) and RM1,722.23 psm (RM160.00 psf), respectively, in respect of the South Wing comprising an annexed 10 storey private specialist medical centre together with a 2 storey M&E building and a single storey guard house, whilst RM4,090.29 psm (RM380.00 psf) and RM645.83 psm (RM60.00 psf), in respect of the North Wing comprising a 5 storey private specialist medical centre and 2 units of guard houses.

The GCRCN of the buildings is RM180,079,930.24. Depreciation is adopted at a rate of 2% per annum. The depreciation of the buildings is RM26,349,360.50. The DRC of the buildings is RM153,730,569.75. Thus, the market value of the subject property derived from the Cost Approach is RM177,119,117.21 and we have rounded down to RM177,000,000.00.

3. Reconciliation and Opinion of Value

Method of Valuation	Market Value Derived	Market Value Adopted	
Income Approach by Profits Method (DCF)	RM177,500,000	**RM177,500,000**	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 comprising Comparison and DRC Methods.
Cost Approach	RM177,000,000		

Property No. 2

a. Salient Details

Date of Inspection and Valuation:	27 February 2025
Identification / Type of Property / Property Address:	A private specialist medical centre known as KPJ Seremban Specialist Hospital ("SSH"), identified as Lot 50604, Section 2, Pekan Bukit kepayang, District of Seremban, Negeri Sembilan Darul Khusus, held under Title No. Geran 277698, bearing postal address Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan Darul Khusus.
Title Particulars:	

Tenure:	Interest in perpetuity
Title Land Area:	22,470 sq. m. / 241,865 sq. ft.
Registered Proprietor:	ART (as Trustee)
Category of Land Use:	Building
Encumbrance:	Charged by ART to CIMB Islamic Bank Berhad, registered on 31 March 2023
Endorsements:	Two private caveats have been entered by CIMB Islamic Bank Berhad, both registered on 13 December 2022

Location

The subject property is located within the commercial area of Kemayan Square and is sited along the south-eastern side of Jalan Sungai Ujong, one of the primary and main access road to the Seremban city centre travelling from Seremban exit of North-South Expressway towards Seremban city centre. It is located about 2.5 km to the south-west of Seremban city centre and 0.65 km to the north-east of Seremban exit of North-South Expressway.

SSH fronts onto Jalan Sungai Ujong and Jalan Toman 1 and is easily accessible from Seremban city and Seremban exit of North-South Expressway via Jalan Sungai Ujong. In the immediate vicinity of SSH are SHELL and BHP petrol filling and service stations along Jalan Sungai Ujong whilst Seremban Gateway and McDonald's & McCafé restaurant with drive-through facility are 600 metres to the south-west.

Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -

Name	Capacity (bed)	Location	Distance from PSH (km)
Private Medical Centre			
Columbia Asia Hospital	149	292 & Lot PT 1904, Jalan Haruan 2, Oakland Commercial Centre, 70300 Seremban	2.0
Chinese Maternity Specialist Hospital (NSCMH)	66	Lot 3900, Jalan Tun Dr. Ismail, 70200 Seremban	4.0
Mawar Medical Centre	57	No. 71, Jalan Rasah, 70300 Seremban	4.5
Salam Senawang Specialist Hospital	95	No. 234-243, Jalan Lavender Height 2, Lavender Business Square, 70450 Senawang	14.0
Government Hospital			
Tuanku Ja'afar Hospital	1,070	Jalan Rasah, Bukit Rasah, 70300 Seremban	4.0

Source: MOH

The Site

The subject site is a parcel of corner plot, irregular in shape and enjoys frontage onto Jalan Sungai Ujong.

The Building

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
2004	A 5 storey private specialist medical centre with a basement level	Building plans bearing plan no. 165/2000 were approved by Majlis Perbandaran Seremban ("MPS") on 29 August 2000. CF bearing certificate no. 599/2004 was issued on 14 October 2004.
2010	A 5 storey private specialist medical centre with a basement level	Building plans bearing plan nos. 314/2009, 314(A)/2009 to 314(G)/2009 (inclusive) were approved by MPS on 17 July 2009. CCC bearing certificate no. LAM/WP/No. 0299 was issued on 12 March 2010.
2018	An 8 storey private consultant block, an annexed 6 storey private specialist medical centre with a ground floor car park, a 2 storey mechanical & electrical building, a single storey medical gas storage building and a single storey refuse chamber building	Building plans bearing plan nos. KB MPS/OSC/0071/18/02/PB were approved by MPS on 17 July 2018. CCC bearing certificate no. LAM/WP/No. 3982 was issued on 26 November 2018.

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 reinforced concrete flat roof concealed behind parapet walls and partly of steel roof trusses and purlins laid over with concrete roofing tiles.
Ceilings:	Generally of plaster boards with down light and air-conditioning ducting, mineral fibre boards incorporating fluorescent lights and cement plaster.
Internal Walls:	Generally of gypsum boards, gypsum boards incorporating glass panels. The lift lobbies, kitchen and the male and female toilets are lined with glazed wall tiles up to the ceiling height. The corridor on the 7th floor (level 8) is lined with laminated timber and glazed wall tiles up to the ceiling height.

Doors:	Generally, the main entrance to the reception area on the ground floor (level 1) is fitted with an electronically operated double leaf frameless glass panelled door. Other doors are generally of timber flush, magnetic timber panelled, timber and aluminium framed sliding door, glass door and fire rated door.
Windows:	Generally of aluminium casements incorporating glass panels, aluminium framed powder coated fixed glass panels and top hung units.
Floors:	Generally of ceramic tiles, glazed ceramic tiles, limited timber (6th and 7th floors of the 8 storey private consultant block) and cement screed.

Generally, the buildings are equipped with centralised air-conditioning system, with some rooms are fitted with additional split-unit air conditioners. Vertical movement between floors is by means of:

A five (5) storey private specialist medical centre with a basement level	
2 units of staircases	Reinforced concrete staircase, serving all levels.
4 units of passenger/service lift	1 unit of lift of type of 'Eita' with a capacity of 1,630 kg / 24 persons, serving all levels.
An eight (8) storey private consultant block	
2 units of staircases	Reinforced concrete staircases finished with ceramic tiles incorporating metal hand rail, serving all levels and a reinforced concrete staircase finished with ceramic tiles incorporating stainless steel hand rail with tampered glass, serving ground floor (level 1) to first floor (level 2).
3 units of passenger lift	1 unit of lift of type of 'Hyundai' with a capacity of 1,635 kg / 24 persons, serving all levels whilst 2 units of lifts of type of 'Hyundai' with a capacity of 1,635 kg / 24 persons, serving ground floor (level 1) to sixth floor (level 7).
1 unit of Bomba lift	Of type of 'Hyundai' with a capacity of 1,635 kg or 24 persons, serving to all levels.
An annexed six (6) storey private specialist medical centre with a ground floor car park	
2 units of staircases	Reinforced concrete staircase finished with ceramic tiles incorporating metal hand rail, serving all levels.
1 unit of Bomba lift	Of type of 'Hyundai' with a capacity of 1,635 kg / 24 persons, serving all levels as well as the seventh floor (level 8) of the eight (8) storey private consultant block.
1 unit of dirty lift	Of type of 'Hyundai' with a capacity of 615 kg / 10 persons, serving all levels. Dirty lift is to transport waste, dirty linen and equipments.
A double (2) storey mechanical & electrical building	
A unit of staircase	Metal staircase with metal steps incorporating metal hand rail and serving all levels.

Generally, all the buildings are equipped with the required fire fighting systems.

Car Park Bays

There are 214 surface car park bays within Lot 50604 and 13 car park bays located on the ground floor/level 1 of the annexed six (6) storey private medical centre. The surface car park area within Lot 50604 is located at the southern portion and partly at the periphery of the site.

GFA

The GFA computed by Arkitek Saifullizam Osman and provided by Seremban Specialist Hospital Sdn Bhd ("SSHSB") 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 five (5) storey private specialist medical centre with a basement level	16,909.47	182,012.00	20.39
An eight (8) storey private consultant block	13,191.32	141,990.14	6.26
An annexed six (6) storey private specialist medical centre with a ground floor car park	6,054.58 1,260.46	65,171.00 13,567.53	
A double (2) storey mechanical & electrical building	669.18	7,203.00	
A single storey medical gas storage building	65.03	700.00	
A single storey refuse chamber building	23.23	250.00	
Total	**38,173.27**	**410,893.67**	

Beds

Vide a licence to operate bearing licence no. 130505-00024-01/2023 (Borang 7 No. Siri: 004838) with 0.18 months validity from 01 January 2025 to 25 March 2025 as approved by MOH on 27 January 2025, we note that SSHSB has been permitted to operate 217 beds (inclusive isolation room, ICU, CICU and HDU), 4 OT, 9 basinets, 1 cot and 34 dialysis chairs (32 non-Hepatitis, a Hepatitis B and a Hepatitis C).

From the circular of Al-'Aqar Healthcare REIT dated 04 February 2009, we note that originally there were 107 operational beds. In years 2017 and 2018, the operational beds had increased to 140 beds (excluding 4 ICU, 3 CICU and 4 HDU). The increase of the 33 beds was from old block with decrease of 2 units of 1-bedded (VIP and isolation) (-2), addition of 7 units of 1-bedded (+7), addition of 5 units of 2-bedded (+10) and an addition of an open ward for 8-bedded (+8). In years 2019 and 2020, the operational beds had increased from 140 beds to 188 beds. The increase of the 48 beds (48 units of 1-bedded) (+48) was from the expansion/new development of an annexed six (6) storey private specialist medical centre which was completed in year 2018. In years 2021 and 2022, the operational beds had increased further from 188 beds to 195 beds. The increase of 7 beds was due to the decrease of 3 units of VIP / isolation beds, each (-6) and 3 units of 2-bedded (-6) whilst addition of 6 units of 1-bedded (+6) in old block and addition of 13 units of 1-bedded (+13) of the annexed six (6) storey private specialist medical centre. In year 2024, there was an increase of 11 units of 1-bedded (+11) of the annexed six (6) storey private specialist medical centre. Therefore, the current operational beds have increased to 206 beds from 195 beds. As at the end of year 2024, we note that there were additional 17 operational beds located at level 6 of the annexed six (6) storey private specialist medical centre which were currently already opened and in operational. Thus, as at the date of valuation, all these operational beds have been fully opened and in operation. Therefore, we were reflected 223 operational beds throughout our projections.

The beds are classified into VIP suite, executive suite including Azalea executive suite and Azalea single executive, deluxe room, single standard (Type A), single standard room, two bedded room, three bedded room, four bedded room, isolation room and day ward room.

A five (5) storey specialist medical centre with a basement level

Description	1st Floor		2nd Floor		3rd Floor (Level 4)				4th Floor (Level 5)				Total	
	Sri Tanjung		Sri Delima		Sri Menanti		Sri Selasih		Sri Angkasa		Sri Cempaka			
Type of Room	R	B	R	B	R	B	R	B	R	B	R	B	R	B
VIP Suite							1	1			1	1	2	2
1-bedded			10	10	10	10	7	7	10	10	10	10	47	47
2-bedded					4	8	5	10	5	10	3	6	17	34
4-bedded			2	8	2	8	4	16	1	4	1	4	10	40
8-bedded	1	8											1	8
Isolation					1	1			1	1	1	1	3	3
Total Operational Beds	1	8	12	18	17	27	17	34	17	25	16	22	80	134

Notes: R = No. of Room / B = No. of Bed

An annexed six (6) storey private specialist medical centre with a ground floor car park

Description	1st Floor		2nd Floor		3rd Floor		4th Floor		5th Floor		Total	
	Sakura		Anggerik		Ward		Tulip		Premier			
	R	B	R	B	R	B	R	B	R	B	R	B
VIP Suite												
1-bedded	23	23	23	23			23	23			69	69
2-bedded												
3-bedded												
Isolation	1	1	1	1			1	1			3	3
Total Operational Beds	24	24	24	24	-	-	24	24	-	-	72	72

The combined details of the existing operations beds

Grand Total Operational Beds											152	206
ICU			-	4							-	4
CCU			-	3							-	3
HDU			-	4							-	4
Total Beds	-	-	-	11	-	-	-	-	-	-	-	11
Grand Total (Licenced Beds)											152	217

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

Description	Rate per Bed per Night		A 5 storey specialist medical centre		An annexed 6 storey private specialist medical centre		Total	
	A 5 storey specialist medical centre	An annexed 6 storey private specialist medical centre	R	B	R	B	R	B
VIP Suite	RM300 - RM600	-	2	2	-	-	2	2
1-bedded	RM200 - RM300	RM200 - RM300	47	47	69	69	116	116
2-bedded	RM130 - RM150	-	17	34	-	-	17	34
4-bedded	RM100	-	10	40	-	-	10	40
8-bedded	RM280	-	1	8	-	-	1	8
Isolation	RM250 - RM280	-	3	3	3	3	6	6
Total Operational Bed			**80**	**134**	**72**	**72**	**152**	**206**
ICU/CICU	RM350	-	-	4	-	-	-	4
HDU	RM350	-	-	3	-	-	-	3
Day Care	RM80	-	-	4	-	-	-	4
Total			-	**11**	-	-	-	**11**
Total Licenced Bed			**79**	**144**	**72**	**72**	**152**	**217**

Source: MSHSB

Facilities and Services:

Other medical facilities provided in SSH comprise as follows: -

Other medical facilities	No. of Room / Bassinet / Chair
Operation Theatre (OT) Room	4
Labour Room	2
Nursery	1
Bassinet	9
Dialysis Centre	34

Source: MSHSB

<table>
<tr><td>Facilities and Services:</td><td>SSH provides the following services: -<table><tr><th>Clinical Disciplines</th><th>Facilities and Services</th></tr><tr><td>• Anaesthesiology
• Clinical Oncology
• Dermatology
• ENT, Head & Neck Surgeon
• General Surgeon
• General & vascular Surgeon
• Physician & neurologist
• Neuro Surgeon
• Obstetrician & Gynaecology
• Orthopaedic
• Ophthalmologist
• Paediatrics
• Paediatrics (Paediatric Infectious Diseases)
• General Physician
• Physician Nephrologist
• Physician Respiratory & Internal Medicine
• Physician & Cardiologist
• Psychiatrist
• Urologist
• Cardiothoracic Surgeon</td><td>• 24 Hours Accident & Emergency Services
• Delivery Suites
• Diagnostic Imaging which includes Magnetic Resonance Imaging (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, Electrocardiogram (ECG), Stress ECG & etc
• Dietetic Counselling 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
• Special Outpatient Centre
• Bone Mineral Densitometry</td></tr></table>*Source: MSHSB*</td></tr>
<tr><td>Consultants:</td><td>As at the date of valuation, as provided to us by the client, SSH is supported by 58 consultants / doctors.</td></tr>
<tr><td>Planning Details:</td><td>SSH is located within an area designated for commercial use.
All the buildings and renovation works are issued with CF/CCC as per the details in the description of the buildings.</td></tr>
<tr><td>Occupancy Status / Lease Details:</td><td>The lease agreements have been duly executed in respect of SSH's Existing Buildings dated 14 October 2009, New Land dated 05 November 2015 and New Buildings dated 23 December 2022, made between Al-'Aqar KPJ REIT (now known as Al-'Aqar Healthcare REIT) (being represented by its trustee ART) as a Lessor, Maharani Specialist Hospital Sdn Bhd (MSHSB) (formerly Seremban Specialist Hospital Sdn Bhd / SSHSB) (the Lessee) and JLG REIT (the Manager) for an initial term of fifteen (15) years commencing from 14 October 2009 in respect of 5 storey private specialist medical centre with a basement level, 05 November 2015 in respect of the Land (Lot 50459 (formerly PT No. 2466)) and 23 December 2022 in respect of the 8 storey private consultant block, an annexed 6 storey private specialist medical centre with a ground floor car park, a 2 storey mechanical & electrical building, a single storey medical gas storage building and a single storey refuse chamber building with an option to renew for another fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced on 14 October 2009, 05 November 2015 and 23 December 2022, respectively, and all will expire on 13 October 2024 (Contractual Term).
Vide a letter of extension of renewal of leases from KPJHB (as Lessee) to ART (as Trustee) of Al-Aqar Healthcare REIT (as Lessor) and JLG REIT (as Manager) dated 5 July 2024, we note that KPJHB has requested the parties to extend the Contractual Term of SSH's Existing Buildings, New Land and New Buildings which had expired on 13 October 2024 to a new commencement date of 1st January 2025 (New Extended Commencement Date). Vide three MOEs of the date of renewal of the leases of SSH which had expired on 13 October 2024 has been executed between the parties to extend the Contractual Terms commencing from 14 October 2024 and expiring on 31 December 2024. The parties also agreed to revise the New Extended Commencement Date to 1st January 2025 in order to facilitate the negotiation of the commercial terms of the new agreements.
However, we were informed by the client that the commencement of the Contractual Term has been further extended to 31 July 2025.
This valuation is carried out pursuant to the proposed renewal of the abovementioned leases of SSH for a further term of fifteen (15) years.</td></tr>
</table>

b. Valuation

1. Income Approach by Profits Method (DCF)

Parameters Adopted

The parameters adopted for SSH are as follows:-

a) Occupancy Rate Adopted

The occupancy rate is derived based on the historical occupancy rates achieved by SSH since years 2016 to 2024 (inclusive) as per the table below:

Historical Occupancy Rate of SSH

Description	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
Beds In Operation	140	140	140	188	188	195	195	195	206
Beds Available	51,240	51,100	51,100	68,620	68,808	71,175	71,175	71,175	75,396
No. of Inpatient Admitted	14,760	14,270	14,486	15,196	11,822	11,852	14,301	16,597	17,669
Total Occupied Beds	37,264	36,372	35,957	36,813	29,759	29,351	39,009	44,688	46,344
Occupancy Rate (%)	72.72	71.18	70.37	53.65	43.25	41.24	54.81	62.79	61.47

We note that the occupancy rates for years 2016 and 2017 were about 72.72% and 71.18%, respectively. In years 2018 and 2019, the occupancy rate had declined to 70.37% and 53.65%, respectively, due to the increased number of operational beds in SSH. The occupancy rates had further declined to 43.25% in year 2020 and 41.24% in year 2021 and recorded 54.81% in year 2022 due to the impact of the Covid-19 pandemic on the world and Malaysian economy mainly in years 2020 and 2021 with the lesser impact in year 2022. In year 2023, post Covid-19 pandemic, the occupancy of the integrated operation of the old and new buildings of SSH has achieved 62.79% with a higher number of operational beds. In year 2024, we note that the occupancy rate of SSH has declined to 61.47% due to opening of a new ward in the annexed block (new block) which has expanded the number of operational beds from 195 beds to 206 beds.

Occupancy Rate Adopted

Year	1	2	3	4	5
	2025	2026	2027	2028	2029
Occupancy Rate Adopted	61.50%	66.50%	71.50%	76.50%	81.50%

The occupancy rates forecasted are fair, reasonable and in consonant with the occupancy rates of other similar private medical centres.

b)	No. of Inpatient Admitted Days	2.66
c)	Ratio of No. of Outpatient / Inpatient	9.35

Revenue

a)	Consultant Inpatient Revenue Per Occupied Bed	RM1,006
b)	Consultant Outpatient Revenue Per Person	RM 108
c)	Hospital Inpatient Revenue Per Occupied Bed	RM2,895
d)	Hospital Outpatient Revenue Per Person	RM 276

Expenses

<table>
<tr><td>a)</td><td colspan="3">Cost of Sales</td></tr>
<tr><td></td><td>i) Material Cost</td><td>27.55%</td><td>of hospital inpatient and outpatient revenues</td></tr>
<tr><td></td><td>ii) Direct Staff Cost</td><td>15.30%</td><td>of gross operating revenue before hospital discount and appropriation to consultant</td></tr>
<tr><td></td><td>iii) Operating Overhead</td><td colspan="2">We have adopted the average percentage of years 2023 and 2024 of 6.65% over gross operating revenue before hospital discount and appropriation to consultant as direct staff cost throughout our projection as fair and reasonable representation of the business going forward</td></tr>
<tr><td>b)</td><td colspan="3">Undistributed Operating Expenses</td></tr>
<tr><td></td><td>i) Administrative & General</td><td>12.20%</td><td rowspan="3">of gross operating revenue after hospital discount and appropriation to consultant</td></tr>
<tr><td></td><td>ii) Sales & Marketing</td><td>0.20%</td></tr>
<tr><td></td><td>iii) POMEC</td><td>7.40%</td></tr>
<tr><td>c)</td><td colspan="2">Quit Rent & Assessment Per Annum (Actual)</td><td>RM319,961</td></tr>
<tr><td>d)</td><td colspan="2">Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum (Actual)</td><td>RM239,644</td></tr>
<tr><td>e)</td><td colspan="2">Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX Adopted in Valuation Per Annum (RM per bed)</td><td><table><tr><td>Year 2025</td><td>Year 2026</td><td>Year 2027</td><td>Year 2028</td><td>Year 2029</td></tr><tr><td>55,000</td><td>60,000</td><td>65,000</td><td>70,000</td><td>75,000</td></tr></table></td></tr>
<tr><td>f)</td><td>Terminal Capitalisation Rate</td><td>8.00%</td><td>SSH has an interest in perpetuity</td></tr>
<tr><td>g)</td><td>Discount Rate</td><td>10.00%</td><td></td></tr>
</table>

2. Cost Approach comprising the Comparison and DRC Methods

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
Particulars of Title Lot/PT No. / Mukim / District / State:	Lot 51512 / Mukim of Rasah / District of Seremban / Negeri Sembilan Darul Khusus	PT No. 10217 (Lot 21309) / Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus	PT No. 3178 (Lot 22178) / Pekan Bukit Kepayang, District of Seremban, Negeri Sembilan Darul Khusus	Lot 33692 / Town of Seremban Utama, District of Seremban, Negeri Sembilan Darul Khusus
Title No.:	Geran 258382	HS(D) 97370	HS(D) 230616	Geran 175307
Property Type:	A parcel of commercial land (Corner)	A parcel of commercial land (Corner)	A parcel of commercial land (Corner)	A parcel of commercial land (Corner)
Location:	Lot 51512, Jalan SP 2, Pusat Komersial Saujana (Plazo)	PT No. 10217 (Lot 21309), Persiaran Rasah Kemayan 1, Rasah Kemayan (Kemayan Country Township)	PT No. 3178 (Lot 22178), Jalan Haruan 5, Oakland Commercial Centre	Lot 33692, Persiaran Utama S2/1, Garden Homes @ Seremban 2
Category Of Land Use / Town Planning:	Building / Commercial	Building / Commercial	Building / Commercial	Building / Commercial
Tenure:	Interest in Perpetuity	Interest in Perpetuity	Interest in Perpetuity	Interest in Perpetuity
Land Area (sq. ft.):	45,650	238,204	46,443.75	65,305
Consideration:	RM4,108,317	RM19,800,000.00	RM5,000,000.00	RM5,877,400.00
Date of Transaction:	31 March 2024	7 November 2023	29 August 2023	11 May 2022
Vendor:	Seremban Two Holdings Sdn Bhd	PHJ Realty Sdn Bhd	DSO Holdings Berhad	Seremban Two Properties Sdn Bhd
Purchaser:	Ggate Sdn Bhd	Sunshine Haven Sdn Bhd	S2 Frozen Food Sdn Bhd	Anzac Properties Sdn Bhd
Analysis (psf):	**RM90.00**	**RM83.12**	**RM107.66**	**RM90.00**
Adjustment Factors Considered:	Market condition (time), location and accessibility, corner/end premium, shape, category of land use/planning, size/quantum allowance, tenure and restriction in interest.			
Adjusted Value Of Land (psf):	**RM104.66**	**RM107.20**	**RM112.45**	**RM114.50**
Market Value Of Land:	In arriving at the market value of the subject land using the Market/Comparison Approach, we have emphasized upon Comparable 3 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 **RM112.45 psf** from the adjustments of Comparable 3 as fair representation which translates into a market value of the commercial land of **RM27,198,357.71**.			

Source: Valuation and Property Services Department, Ministry of Finance

We note from the JUBM Group Construction Cost Handbook Malaysia, the construction cost of government hospital ranged from RM377 psf to RM550 psf. Our analysis of the development cost of private medical centres from years 2012 to 2022 revealed within the range of RM269.56 psf to RM563.36 psf.

In arriving at GCRCN of the subject property, we have adopted RM4,197.92 psm (RM390.00 psf), RM4,736.12 psm (RM440.00 psf), RM5,489.59 psm (RM510 psf), RM1,937.50 psm (RM180.00 psf), RM699.65 psm (RM65.00 psf), RM645.83 psm (RM60.00 psf) and RM538.20 psm (RM50.00 psf), respectively, in respect of the 5 storey private specialist medical centre with a basement level, an 8 storey private consultant block, an annexed 6 storey private specialist medical centre with a ground floor car park, a 2 storey mechanical & electrical building, a single storey medical gas storage building and a single storey refuse chamber building.

The GCRCN of the buildings is RM170,508,546.85. Depreciation is adopted at a rate of 2% per annum. The depreciation of the buildings is RM41,403,235.05. The DRC of the buildings is RM129,105,311.80. Thus, the market value of the subject property derived from the Cost Approach is RM156,303,669.52 and we have rounded down to RM156,000,000.00.

3. Reconciliation and Opinion of Value

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 SSH supported by the Cost Approach comprising the Comparison and DRC Methods.
Income Approach by Profits Method (DCF)	RM165,000,000	**RM165,000,000**	
Cost Approach	RM156,000,000		

Property No. 3

a. Salient Details

<table>
<tr><td>Date of Inspection and Valuation:</td><td colspan="2">25 February 2025</td></tr>
<tr><td>Identification / Type of Property / Property Address:</td><td colspan="2">A four storey private medical centre known as Taiping Medical Centre ("TMC") and a four storey ambulatory care centre known as TMC Health Centre ("TMCHC"), identified as Lots 3102 to 3107 (inclusive) and Lot 3140, all within Town of Taiping, District of Larut & Matang, Perak Darul Ridzuan, held under Title Nos. Pajakan Negeri 235465 to 235471 (exclusive Pajakan Negeri 235469) and Pajakan Negeri 361304, bearing postal addresses Premises Nos. 39, 41, 43, 45, 47 and 49, Jalan Medan Taiping 2, Medan Taiping, 34000 Taiping, Perak Darul Ridzuan and Lot 3140, Medan Taiping, 34000 Taiping, Perak Darul Ridzuan.</td></tr>
<tr><td rowspan="6">Title Particulars:</td><td>Tenure:</td><td>99-year leasehold interest expiring on 25 July 2088 (unexpired term of about 63.45 years), in respect of all the titles</td></tr>
<tr><td>Title Land Area:</td><td><table>
<tr><th rowspan="2">Lot No.</th><th colspan="2">Title Land Area</th></tr>
<tr><th>sq. m.</th><th>sq. ft.</th></tr>
<tr><td>3102 to 3107</td><td>891.00</td><td>9,590.00</td></tr>
<tr><td>3140</td><td>3,554.00</td><td>38,255.00</td></tr>
<tr><td>Total</td><td>4,445.00</td><td>47,845.00</td></tr>
</table></td></tr>
<tr><td>Registered Proprietor:</td><td>ART (as Trustee)</td></tr>
<tr><td>Category of Land Use:</td><td>Building</td></tr>
<tr><td>Encumbrance:</td><td>Charged by ART Berhad to CIMB Islamic Bank Berhad, registered on 04 April 2023, in respect of all the titles.</td></tr>
<tr><td>Endorsements:</td><td>A private caveat has been entered by CIMB Islamic Bank Berhad, registered on 13 December 2022, in respect of all the titles.</td></tr>
</table>

Location

The subject property is located within Medan Taiping, Taiping town and is sited about 1.5 km to the south-west of the famous Jalan Simpang/Taiping (Jalan Simpang), Jalan Taming Sari, Jalan Kota and Jalan Stesen junction. KPJTMC is situated about 300 metres due north-east of TMCHC. Lot 3140 within which TMCHC is sited enjoys triple frontages onto Jalan Medan Taiping 1, 2 and 5 and is easily accessible from Jalan Simpang via Jalan Raja Sulong or Jalan Stesen. Taiping is easily accessible via the Federal Route and the North-South Expressway (PLUS highway). The town has two highway exits. The Taiping north exit and Changkat Jering exit from the North-South Expressway (PLUS highway) are located about 16 km and 12 km to the north-west and south-west of Taiping town, respectively. Ipoh town the state capital of Perak is located about 67 km to the south-east of Taiping town whilst Kuala Lumpur city centre is located about 269 km to the south-east of Taiping town.

Prominent buildings in the vicinity include Pusat Giatmara Taiping, Wisma Palaniappa, Wisma Persekutuan, Bangunan Majlis Perbandaran Taiping, Medan Mara, Taiping Central and Wisma Hasil. Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -

Name	Capacity (bed)	Location	Distance from TMC/TMCHC (km)
Private Medical Centre			
Columbia Asia Hospital	62	5, Jalan Perwira, 34000 Taiping	3.0
Apollo Medical Centre	20	271, Jalan Taming Sari, Kampung Jambu, 34000 Taiping	1.5
Government Hospital			
Taiping General Hospital	608	Jalan Taming Sari, 34000 Taiping	1.5

Source: MOH

The Sites

KPJTMC is sited on six (6) contiguous parcels of terraced commercial plots consist of 5 intermediate plots and a corner plot (Lots 3102 to 3107 (inclusive)), almost rectangular in shape and enjoy frontage onto Jalan Medan Taiping 2. Lot 3140, a parcel of commercial plot, near triangular in shape and enjoys frontage onto Jalan Medan Taiping 1, 2 and 5.

The Buildings

Brief details of the development, extension and renovation of TMC and TMCHC are as follows: -

Year of Construction / Approval	Development / Extension / Renovation	Date / Reference No. of the Approved Plan / CF / CCC
1992 / 1993	A four (4) storey private medical centre known as TMC	Building plans bearing plan no. (2A) dlm.M.P.T 52/16 were approved by Majlis Perbandaran Taiping ("MPT") on 13 June 1993. CF was issued by MPT in year 1993.
1999 / 2000 / 2001	Extension and renovation works of the four (4) storey private medical centre	Building plans bearing plan nos. 1A-F dlm.MPT.G5/C/4/1999, 11A-B (Pindaan) and 27A-F (Pindaan) were approved by MPT on 09 July 1999, 13 July 2000 and 23 January 2001, respectively. CF bearing certificate no. 31/2001 was issued by MPT on 05 April 2001.
2016 / 2017 (Phase 1) *	A 4 storey ambulatory care centre known as TMC Health Centre (TMCHC). The M&E building accommodating a main switch board room, a generator set ("genset") room, a telephone room and a metre room A medical gas building	Building plans bearing plan no. M.P.T G4/C/6/2015 were approved by MPT on 28 September 2017. CCC bearing certificate no. LAM/Pk/No. 11581 was issued by MPT on 18 September 2018.

2019 / 2020 (Extension and Renovation) (Phase 2) *	Extension and renovation works comprising preliminaries, M&E services, demolition works, provisional sum, staircase and fit out of level 4	Building plans bearing plan no. M.P.T G5/C/12/2019 were approved by MPT on 13 May 2019. Vide a letter of certification on completion and compliance of extension and renovation works bearing reference no. Bil.(3) dlm.MPT.G4/C/12/2019 dated 1st June 2020 from Ou Yang Architect to Unit Pusat Setempat (OSC) and Jabatan Bangunan of MPT, we note that the extension and renovation works have been endorsed by MPT on 3rd June 2020. Our enquires with En. Helmi (Officer In Charge of the subject property) of MTP (Jabatan Bangunan) revealed that such extension and renovation works are considered minor renovation works and therefore do not require CCC.

* Phase 1 was completed on 18 September 2018 whilst Phase 2 was completed in June 2020.

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 a reinforced concrete flat roof concealed behind parapet walls and partly of metal roof trusses and purlins laid over with metal deck roofing sheets.
Ceilings:	Generally of plaster boards incorporating downlights, plaster boards incorporating fluorescent lights and cassette type air-conditioning system, plaster boards incorporating downlights and air-conditioning duct, with the exception of the toilets which are of flat ceiling sheets incorporating fluorescent lights.
Internal Walls:	Generally of gypsum boards and gypsum boards incorporating glass panels. The staff's pantry & 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, double leaf frameless glass panelled door, an automatically operated sliding door, aluminium framed foldable door incorporating decorative glass panel doors and metal roller shutters.
Windows:	Generally of aluminium casements incorporating glass panels and top hung units.
Floors:	Generally finished with glazed ceramic slabs, ceramic tiles, vinyl tiles, homogeneous tiles and cement screed.

Generally, the buildings are equipped with centralised air-conditioning system, with some rooms are fitted with additional split-unit air conditioners. Vertical movement between floors is by means of:-

TMCHC	
2 units of staircases	Serving all levels
1 unit of passenger lift	Type of ThyssenKrupp with a capacity of 1,365 kg / 24 persons, serving all levels
1 unit of service lift	Type of ThyssenKrupp with a capacity of 1,365 kg / 19 persons, serving all levels
TMC	
2 units of staircases	Serving all levels
1 unit of passenger lift	Type of ThyssenKrupp with a capacity of 1,365 kg / 24 persons, serving all levels
1 unit of service lift	Type of ThyssenKrupp with a capacity of 1,365 kg / 19 persons, serving all levels

Generally, all the buildings are equipped with the required fire fighting systems.

Car Park Bays

There are 81 car park bays, 2 bays for disabled person (OKU) and 34 surface motorcycle park bays provided within TMCHC.

GFA

The GFA of the buildings computed by Ou Yang Architect and provided by Penang Specialist Hospital Sdn Bhd ("PSHSB") are in line with our measurement in accordance with the Uniform Method of Measurement of Buildings, RISM. The GFA and age of the buildings are tabulated as follows: -

Building	GFA		Age (Year)
	sq. m.	sq. ft.	
TMCHC			
A 4-storey private ambulatory care centre	2,927.68	31,513.28	6.44
M&E building accommodating a main switch board room, a genset room, a telephone room and a metre room	56.21	605.00	
A medical gas building	14.40	155.00	
Total	**2,998.29**	**32,273.28**	
TMC			
A 4 storey private medical centre	3,795.82	40,858.00	23.91
Total	**3,795.82**	**40,858.00**	
Grand Total	**6,794.11**	**73,131.28**	

Beds

Vide a licence to operate bearing licence no. 130806-00118-01/2024 (Borang 4 No. Siri: 007499) with 2 years validity from 19 February 2024 to 18 February 2026 as approved by MOH on 16 April 2024, we note that TMC has been permitted to operate 48 beds (inclusive of isolation room, ICU and HDU), 2 OT, 2 labour rooms, 10 bassinets and 11 dialysis chairs (10 non-Hepatitis and a Hepatitis C) whilst licence no. 930806-00182-03/2025 (Borang 4 No. Siri: 008064) with 2 years validity from 04 January 2025 to 03 January 2027 as approved by MOH on 31 December 2024, we note that TMCHC has been permitted to operate 5 beds for daycare, a minor OT, a treatment room and an endoscopy room. Notwithstanding, these 5 beds for daycare ward have been excluded from the operational beds as the beds are being daycare bed not utilised for overnight stay as per the hospital operation practice.

From the Circular of Al-Aqar Healthcare REIT dated 04 February 2009, originally, there were 48 operational beds within TMC. However, in year 2024, we note that there have been changes in the internal layout of TMC (old building). The original treatment room at the multidiscipline ward on the first floor have been converted into a single bedded room.

Meanwhile, a 6-bedded room at the O&G ward on the second floor have been reduced to 5 beds. Other than that, original 2 of 3 rooms of 3-bedded rooms in paediatric ward have been converted into a 2-bedded room and a 4-bedded room. Despite the above internal changes, overall, the total operational beds in year 2024 have remained as 48 beds. Thus, we have adopted the 48 beds in our projections. Conversion from original operational beds to current operational beds of TMC are as follows:-

Description	Original Operational (2009)		Current Operational (2024)		Additional / Reduce	
	R	B	R	B	R	B
Multidiscipline Ward (First Floor)						
1-bedded (Executive Suite) room	1	1	1	1	0	0
Conversion from treatment room to 1-bedded room	-	-	1	1	1	1
2-bedded room	2	4	2	4	0	0
4-bedded room	3	12	3	12	0	0
HDU ward	1	4	1	4	0	0
Sub-Total	**7**	**21**	**8**	**22**	**1**	**1**
O&G Ward (Second Floor)						
2-bedded room	1	2	1	2	0	0
5-bedded room	-	-	1	5	1	5
6-bedded room	1	6	-	-	-1	-6
Sub-Total	**2**	**8**	**2**	**7**	**0**	**-1**
Paediatric Ward (Third Floor)						
1-bedded (Executive Suite) room	2	2	2	2	0	0
2-bedded room	-	-	1	2	1	2
3-bedded room	3	9	1	3	-2	-6
4-bedded room	2	8	3	12	1	4
Sub-Total	**7**	**19**	**7**	**19**	**0**	**0**
Total Operational Beds	**16**	**48**	**17**	**48**	**1**	**0**
Total Licenced Beds		**48**		**48**		

Source: PSHSB
Notes: R = No. of Room / B = No. of Bed

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

Description	Rate Per Bed Per Night	TMC		TMCHC		Total	
		R	B	R	B	R	B
Executive Suite	RM298.00	3	3	-	-	3	3
1-bedded	RM188.00	1	1	-	-	1	1
2-bedded	RM150.00	2	4	-	-	2	4
3-bedded	RM120.00	1	3	-	-	1	3
4-bedded	RM 98.00	7	28	-	-	7	28
5-bedded	RM 78.00	1	5	-	-	1	5
HDU	RM120.00	1	4	-	-	1	4
Total Operational Beds		**16**	**48**	**-**	**-**	**16**	**48**
Daycare	RM 98.00	-	-	1	5	1	5
Total		**-**	**-**	**1**	**5**	**1**	**5**
Total Licenced Beds		**16**	**48**	**1**	**5**	**17**	**53**

Source: PSHSB

Facilities and Services:

Other medical facilities provided in TMC and TMCHC comprise as follows: -

Description	No. of Room / Cot / Bassinet / Chair	
	TMC	TMCHC
Operation Theatre (OT)	3	-
Labour	2	-
Nursery	1	-
Bassinet	5	5
Dialysis Centre	11	-

Source: PSHSB

TMC and TMCHC also provides the following services: -

Clinical Disciplines	Facilities and Services
• Anaesthesiology • Ear, Nose & Throat, Head & Neck –Surgery • General Surgery • Internal Medicine • Nephrology • Orthopaedics • Obstetrician & Gynaecology • Ophthalmology • Paediatrics • Radiology	• 24 hours Accident & Emergency Services • Diagnostic Imaging which includes General Diagnostic Radiology / Computed Tomography (CT Scan) • 3D Ultrasound • Immunization and Vaccination • In House 24 Hour Pharmacy • Operation Theatres and Day Care Surgery • Health Screening • Renal & Dialysis Centre • Speech Delay Therapy

Source: PSHSB

Consultants:	As at the date of valuation, as provided to us by the client, TMC and TMCHC is supported by 22 consultants / doctors.
Planning Details:	Both TMC and TMCHC are located within an area designated for commercial use. All the buildings and extension and renovation works are issued with CF/CCC as per the details in the description of the buildings.
Occupancy Status / Lease Details:	The lease agreements have been duly executed in respect of TMC dated 1 May 2009 and TMCHC dated 23 December 2022 made between Al-'Aqar KPJ REIT (now known as Al-'Aqar Healthcare REIT) (being represented by its trustee ART) as a Lessor, Taiping Medical Centre Sdn Bhd for TMC and Penang Specialist Hospital Sdn Bhd (PSHSB) (formerly Taiping Medical Centre Sdn Bhd / TMCSB) for TMCHC (the Lessee) and JLG REIT (the Manager) for an initial term of fifteen (15) years commencing from 1 May 2009 for TMC and 23 December 2022 for TMCHC with an option to renew for another fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced on 1 May 2009 for TMC and 23 December 2022 for TMCHC and both expired on 30 April 2024 (Contractual Term). Vide a letter of extension of renewal of leases from KPJHB (as Lessee) to ART (as Trustee) of Al-Aqar Healthcare REIT (as Lessor) and JLG REIT (as Manager) dated 5 July 2024, we note that KPJHB has requested the parties to extend the Contractual Term which had expired on 30 April 2024 to a new commencement date of 1st January 2025 (New Extended Commencement Date). Vide two MOEs of the date of renewal of the leases of TMC and TMCHC which had expired on 30 April 2024 have been executed between the parties to extend the Contractual Terms commencing from 1 May 2024 and expiring on 31 December 2024. The parties also agreed to revise the New Extended Commencement Date to 1st January 2025 in order to facilitate the negotiation of the commercial terms of the new agreements. However, we were informed by the client that the commencement of the Contractual Term has been further extended to 31 July 2025. This valuation is carried out pursuant to the proposed renewal of the abovementioned leases of TMC and TMCHC for a further term of fifteen (15) years, each.

b. Valuation

1. Income Approach By Profits Method (DCF)

Parameters Adopted

The parameters adopted for TMC and TMCHC are as follows:-

a) Occupancy Rate Adopted

The occupancy rate is derived based on the historical occupancy rates achieved by TMC and TMCHC since years 2017 to 2024 (inclusive) as per the table below:

Historical Occupancy Rate of TMC and TMCHC

Description	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
Beds In Operation	48	48	48	48	48	48	48	48
Beds Available	17,520	17,520	17,520	17,568	17,520	17,520	17,520	17,568
No. of Inpatient Admitted	3,041	3,043	3,409	2,970	2,848	4,080	4,634	4,406
Total Occupied Beds	7,830	7,590	7,623	6,089	5,677	9,503	10,923	10,517
Occupancy Rate (%)	44.69	43.32	43.51	34.66	32.40	54.24	62.35	59.86

Source: PSHSB

We note that the occupancy rates for years 2017, 2018 and 2019 were about 44.69%, 43.32% and 43.51%, respectively. The occupancy rates had declined to 34.66% in year 2020, 32.40% in year 2021 and recorded 54.24% in year 2022 due to the impact of the Covid-19 pandemic on the world and Malaysian economy mainly in years 2020 and 2021 with the lesser impact in year 2022. In years 2023 and 2024, post Covid-19 pandemic, the occupancy rate of the integrated operation of the old and new buildings of TMC and TMCHC has achieved 62.35% and 59.86%, respectively which seem higher than performances in years 2017 to 2019 (inclusive) and post Covid-19 pandemic years (years 2020 to 2022 (inclusive)).

Occupancy Rate Adopted

Year	1	2	3	4	5
	2025	2026	2027	2028	2029
Occupancy Rate Adopted	63.00%	68.00%	73.00%	78.00%	83.00%

The occupancy rates forecasted are fair, reasonable and in line with the occupancy rates of other similar private medical centres.

b)	No. of Inpatient Admitted Days	2.38
c)	Ratio of No. of Outpatient / Inpatient	11.80

Revenue

a)	Consultant Inpatient Revenue Per Occupied Bed	RM 821
b)	Consultant Outpatient Revenue Per Person	RM 67
c)	Hospital Inpatient Revenue Per Occupied Bed	RM2,102
d)	Hospital Outpatient Revenue Per Person	RM 124

Expenses

a)	Cost of Sales		
	i) Material Cost	22.22%	of hospital inpatient and outpatient revenues
	ii) Direct Staff Cost	17.50%	of gross operating revenue before hospital discount and appropriation to consultant
	iii) Operating Overhead	We have adopted the average percentage of years 2023 and 2024 of 7.4% over gross operating revenue before hospital discount and appropriation to consultant as direct staff cost throughout our projection as fair and reasonable representation of the business going forward	
b)	Undistributed Operating Expenses		
	i) Administrative & General	15.75%	of gross operating revenue after hospital discount and appropriation to consultant
	ii) Sales & Marketing	0.15%	
	iii) POMEC	4.35%	
c)	Quit Rent & Assessment Per Annum (Actual)		RM40,968
d)	Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum (Actual)		RM72,013
e)	Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX Adopted in Valuation Per Annum (RM per bed)		Year 2025 45,100 Year 2026 47,600 Year 2027 50,100 Year 2028 52,600 Year 2029 55,100
f)	Terminal Capitalisation Rate	9.50%	TMC and TMCHC have an unexpired leasehold interest of about 63.45 years
g)	Discount Rate	11.50%	

2. Cost Approach comprising the Comparison and DRC Methods

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
Particulars of Title				
Lot/PT No. / Mukim / District / State:	Lot 2298 / Town of Taiping / District of Larut & Matang / Perak Darul Ridzuan	Lot 313398 / Mukim of Asam Kumbang / District of Larut & Matang / Perak Darul Ridzuan	Lot 1729 / Town of Taiping / District of Larut & Matang / Perak Darul Ridzuan	Lot 20197 / Town of Taiping / District of Larut & Matang / Perak Darul Ridzuan
Title No.:	Geran 48246	Pajakan Negeri 379152	Pajakan Negeri 154960	Geran 182263
Property Type:	A parcel of commercial land	A parcel of commercial land	A parcel of development land with potential for commercial use	A parcel of commercial land
Location:	Located along Jalan Convent, 34000 Taiping, Perak Darul Ridzuan	Located along Jalan Simpang, 34000 Taiping, Perak Darul Ridzuan	Located along Jalan Asam Kumbang, 34000 Taiping, Perak Darul Ridzuan	Located along Jalan Toh Khay Beng, 34000 Taiping, Perak Darul Ridzuan
Category Of Land Use / Town Planning:	Building / Commercial	Building / Commercial	Nil / Commercial	Building / Commercial
Tenure:	Interest in Perpetuity	99-year leasehold interest expiring on 14 January 2112 (unexpired term of about 88 years)	999-year leasehold interest expiring on 14 September 2896 (unexpired term of about 873.2 years)	Interest in Perpetuity
Land Area (sq. ft.):	27,062	22,863	18,783	33,110
Consideration:	RM3,000,000.00	RM2,291,637.00	RM1,878,525.00	RM4,000,000.00
Date of Transaction:	31 March 2023	22 March 2023	7 January 2021	14 December 2020
Vendor:	Syarikat Ban Aik Auto Supply Sdn Bhd	Anggun Tulen Sdn Bhd	K.H Lim Holdings Sdn Bhd	KL The Land & Development Sdn Bhd
Purchaser:	Ong Teng Joo	Taiping Premier Cars (TPC) Sdn Bhd	Cheong Eye Specialist Centre (Taiping) Sdn Bhd	Taiping Latex Products Sdn Bhd
Analysis (psf):	**RM110.86**	**RM100.24**	**RM100.01**	**RM120.81**
Adjustment Factors Considered:	Market condition (time), location and accessibility, corner/end premium, shape, category of land use/planning, size/quantum allowance, tenure and restriction in interest.			
Adjusted Value Of Land (psf):	**RM81.22**	**RM83.75**	**RM83.99**	**RM88.20**
Market Value Of Land:	In arriving at the market value of the subject land using the Market/Comparison Approach, we have emphasized upon Comparable 3 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 **RM83.99 psf** from the adjustments of Comparable 3 as fair representation which translates into a market value of the commercial land of **RM4,018,535.66.**			

Source: Valuation and Property Services Department, Ministry of Finance

We note from the JUBM Group Construction Cost Handbook Malaysia, the construction cost of government hospital ranged from RM377 psf to RM550 psf. Our analysis of the development cost of private medical centres from years 2012 to 2022 revealed within the range of RM269.56 psf to RM563.36 psf.

In arriving at the GCRCN of the Subject Property, we have adopted RM5,489.59 psm (RM510.00 psf), RM699.65 psm (RM65.00 psf) and RM645.83 psm (RM60.00 psf), respectively, in respect of TMCHC comprising a 4 storey private ambulatory care centre together with the M&E building accommodating a main switch board room, a generator set (genset) room, a telephone room and a metre room and a medical gas building, whilst RM2,314.24 psm (RM215.00 psf), in respect of the TMC comprising a 4 storey private medical centre.

The GCRCN of the buildings is RM25,058,092.80. Depreciation is adopted at a rate of 2% per annum. The depreciation of the buildings is RM6,297,952.36. The DRC of the buildings is RM18,760,140.44. Thus, the market value of the subject property derived from the Cost Approach is RM22,778,676.11 and we have rounded up to RM22,800,000.00.

3. Reconciliation and Opinion of Value

Method of Valuation	Market Value Derived	Market Value Adopted	
Income Approach by Profits Method (DCF)	RM23,000,000	**RM23,000,000**	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 TMC and TMCHC supported by the Cost Approach comprising the Comparison and DRC Methods.
Cost Approach	RM22,800,000		

Property No. 4

a. Salient Details

Date of Inspection and Valuation:	21 February 2025
Identification / Type of Property / Property Address:	An institutional premises comprising part of a parcel of commercial land erected with a three (3) storey administrative cum academic block, two double (2) storey lecture halls, a single storey cafeteria, a guard house and a refuse compartment and part of a parcel of residential land erected with a five (5) storey walk-up apartment block (students' hostel), two (2) guard houses and a refuse compartment (Phase 1 of Nilai Campus) known as KPJ Healthcare University ("KPJUC"), identified as part of Parent Lots PT No. 552 (New Lot 60705) and PT No. 551 (New Lot 60706), all within Town of Bandar Baru Kota Sri Mas, District of Seremban, Negeri Sembilan Darul Khusus, held under Title Nos. HS(D) 246827 and 246826, respectively, bearing postal address PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan Darul Khusus.

Title Particulars:

Parent Title Land Area of Old Nilai Campus:

Lot No.	Parent Title Land Area		Phase 1 of Nilai Campus	
	sq. m.	sq. ft.	sq. m.	sq. ft.
PT No. 552 (New Lot 60705)	69,394	746,951	12,664	136,314
PT No. 551 (New Lot 60706)	22,007	236,881	6,557	70,579
Total	91,401	983,832	19,221	206,893

Tenure:	Interest in perpetuity, in respect of all the titles
Registered Proprietor:	ART (as Trustee), in respect of all the titles
Category of Land Use:	Building, in respect of all the titles

Encumbrances:

PT No. 552 (New Lot 60705)	PT No. 551 (New Lot 60706)
Nil.	Charged by ART to OCBC Al-Amin Berhad, registered on 10 March 2020.

Endorsements:

PT No. 552 (New Lot 60705)	PT No. 551 (New Lot 60706)
A private caveat has been entered by OCBC Al-Amin Bank Berhad, registered on 25 November 2020.	A private caveat has been entered by OCBC Al-Amin Bank Berhad, registered on 11 December 2019.

Location

The Phase 1 of Nilai campus of KPJUC is located within Kota Seriemas and off the southern (left) side of Persiaran Negeri, travelling from Bandar Baru Nilai towards Bandar Baru Salak Tinggi and off the eastern (right) side of Bandar Baru Salak Tinggi – Sepang main road, travelling from Pekan Sepang towards Bandar Baru Salak Tinggi. It is located about 60 km to the south-east of Kuala Lumpur city centre and 32 km to the north-west of Seremban town centre. The Nilai Interchange of the North-South Highway is located about 13.5 km to the north-east. Bandar Baru Enstek is located about 5.2 km to the south-west, Bandar Baru Nilai is located about 9 km to the north and Bandar Baru Salak Tinggi is located about 8.5 km to the north north-west. The Government's Administrative Centre of Putrajaya is located about 35 km to the north-west of Phase 1 of Nilai Campus. The Phase 1 of Nilai campus fronts onto Persiaran Seriemas and is accessible from North-South Expressway via exiting at Nilai Interchange, Persiaran Negeri, Persiaran Korporat, Jalan BBN 6/1R, Jalan Pajam – Nilai – Salak and Persiaran Seriemas 2. Prominent developments in the immediate vicinity comprises Kota Seriemas Golf & Country Club, Mydin Kota Seriemas, PETRONAS Quarters KLIA, The National Audit Academy and EPSOM College Malaysia. AEON Mall Nilai, Lotus's Putra Nilai, Giant Hypermarket Nilai are located about 9.5 km to the north-east of Phase 1 of Nilai Campus, The Aurelius Hospital Negeri Sembilan is located about 8 km to the north and The Nilai Springs Golf and Country Club is located about 9 km to the north.

Prominent private and government institutionals located in the neighbourhood are as follows: -

Name	Distance from Phase 1 of Nilai Campus (km)
INTI International University	6.5
Nilai University	8.5
University Sains Islam Malaysia (USIM)	12.0
Manipal International University	9.0
ELMU University	3.7
Institut Latihan Keselamatan Perlindungan Malaysia	4.5
Akademi Kepimpinan Pengajian Tinggi Malaysia (AKEPT)	8.0
Institut Kepimpinan dan Pembangunan Universiti Teknologi MARA (UiTM)	
Nilai Education Complex comprise Tuanku Kurshiah College, Nilai Polytechnic and Institut Aminuddin Baki	

The Sites

The subject sites comprise two (2) parcels of corner plots, trapezoidal in shape and enjoy frontages onto Persiaran Seriemas.

The Buildings

Brief details of the development, extension and renovation of Old Nilai Campus are as follows: -

Year of Construction / Approval	Development / Extension / Renovation	Date / Reference No. of the Approved Plan / CF / CCC
2006	An institutional premises comprises a three (3) storey administrative cum academic block, two double (2) storey lecture halls, a five (5) storey walk-up apartment block (students' hostel), single storey cafeteria, three (3) guard houses and two (2) refuse compartments.	Building plans bearing plan no. 59/2005-59U/2005 were approved by Majlis Perbandaran Nilai ("MPN") on 03 March 2005. CF bearing certificate no. 0563 was issued by MPN on 08 March 2006.

2013	Internal renovation works for the Clinical Laboratory on the 2nd floor of the three (3) storey administrative cum academic block.	building plans bearing plan no. 199/2013 were approved by MPN.
2017	Internal renovation works for the five (5) storey walk-up apartment block (students' hostel).	The building plans bearing plan no. AE.KPJUC-5914 were approved by MPN on 11 October 2017.

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

Description:	3 storey administrative cum adacemic block	5 storey walk-up block (students' hostel)
Buildings:	Constructed of reinforced concrete frame with brick infills plastered on both sides supporting timber pitched concrete roof laid over with concrete roofing tiles.	Constructed of reinforced concrete frame with brick infills plastered on both sides supporting timber pitched concrete roof laid over with concrete roofing tiles.
Ceilings:	Generally of plaster boards incorporating down light, mineral fibre boards incorporating fluorescent lightings, mineral fibre boards, cement plaster and flat ceiling sheets.	Generally of cement plaster
Internal Walls:	Generally of gypsum boards, gypsum boards incorporating glass panels and timber boards. Internal walls of the male and female toilets are lined with glazed wall tiles up to 1.52 metres (5 feet) high.	Generally of gypsum boards and gypsum boards incorporating glass panels. The internal walls of the male and female toilets are lined with glazed wall tiles up to 1.52 metres (5 feet) high.
Doors:	Generally of double leaf frameless glass panelled door, fire rated door, double leaf timber framed door incorporating tinted glass panels, sliding timber framed door incorporating glass panels, timber framed door incorporating glass panels and timber flush.	Generally of timber panelled door and timber flush.
Windows:	Generally of timber and aluminium casements incorporating tinted glass panels and top hung units.	Generally of aluminium casements incorporating tinted glass panels and top hung units.
Floors:	Generally of with glazed ceramic slabs, ceramic tiles, wall-to-wall carpeting and cement screed.	Generally of with ceramic tiles and cement screed.

The buildings are equipped with cassette type and split air conditioning systems. Vertical movement between floors is by means of reinforced concrete staircases for each building. Generally, the buildings are installed with fire fighting systems.

GFA

The GFA computed by Focus Architects and Alma Architects & Partner Sdn Bhd and provided to us by KPJ Healthcare University College Sdn Bhd (formerly known as Puteri Nursing College Sdn Bhd) (KPJHCSB) 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 three (3) storey administrative cum academic block	3,965.81	42,688.00	19
A two double (2) storey lecture halls	1,384.70	14,905.00	
A single storey cafeteria	261.52	2,815.00	
A five (5) storey walk-up apartment block (students' hostel)	5,537.95	59,610.00	
Three (3) guard houses	48.50	522.00	
Two (2) refuse compartments	21.46	231.00	
Total	**11,219.94**	**120,771.00**	

Occupancy Status / Lease Details:

A lease agreement has been duly executed in respect of the Phase 1 of Nilai Campus of KPJ Healthcare University (KPJUC) dated 1 May 2009 made between Al-'Aqar KPJ REIT (being represented by its trustee ART) as a Lessor, KPJ Healthcare University College Sdn Bhd (formerly known as Puteri Nursing College Sdn Bhd) (PNCSB/Lessee) and JLG REIT (Manager) for an initial term of fifteen (15) years commencing from 1 May 2009 with an option to renew for another fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The Lease commenced from 1 May 2009 and expired on 30 April 2024 (Contractual Term).

Vide a letter of extension of renewal of leases from KPJHB (as Lessee) to AmanahRaya Trustees Berhad (as Trustee) on behalf of Al-Aqar Healthcare REIT (as Lessor) and JLG REIT (as Manager) dated 5 July 2024, we note that KPJHB has requested the parties to extend the Contractual Term of Phase 1 of Nilai Campus of KPJUC which expired on 30 April 2024 to a new commencement date of 1st January 2025 (New Extended Commencement Date).

However, we were informed by the Client that the commencement of the Contractual Term has been further extended to 31 July 2025.

This valuation is carried out pursuant to the proposed renewal of the abovementioned lease of Phase 1 of Nilai Campus of KPJUC for a further term of three (3) years.

b. Valuation

1. Cost Approach comprising the Comparison and DRC Methods

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

a) Commercial Land

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Particular of Title Lot No. / Mukim/Town / District / State:	Lot 20961 / Town of Nilai Utama / District of Seremban / Negeri Sembilan Darul Khusus	Lot 33612 / Town of Nilai Utama / District of Seremban / Negeri Sembilan Darul Khusus	Lot 18781 / Town of Nilai Utama / District of Seremban / Negeri Sembilan Darul Khusus	Lot 16071 / Town of Nilai Utama / District of Seremban / Negeri Sembilan Darul Khusus
Title No.:	Geran 144987	Geran 193370	Geran 209405	Geran 239675
Property Type:	A parcel of commercial land (corner)	A parcel of commercial land (corner)	A parcel of commercial land (intermediate – dual frontage)	A parcel of commercial land (intermediate)
Location:	Along Jalan BBN 1/3A, off Persiaran Pusat Bandar, Negeri Sembilan Darul Khusus	Along Jalan Square Utama, Nilai, Negeri Sembilan Darul Khusus	Along Jalan Nilai – Salak, Nilai, Negeri Sembilan Darul Khusus	Along Persiaran Perbandaran, Nilai, Negeri Sembilan Darul Khusus
Category of Land Use / Town Planning:	Commercial / Commercial	Building / Commercial	Commercial / Commercial	Commercial – Petrol Station Use / Commercial
Tenure:	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area:	21,732 sq. ft.	42,270 sq. ft.	33,702 sq. ft.	32,292 sq. ft.
Consideration:	RM1,847,248/-	RM3,800,000/-	RM2,292,000/-	RM2,900,000/-
Date Of Transaction:	3 September 2024	23 June 2023	5 September 2022	30 June 2022
Vendor:	N/A	Arus Ikhlas Sdn Bhd	Nilai Resources Properties Sdn Bhd	NS Township Development Sdn Bhd
Purchaser:	N/A	Soon Chong Motors (Nilai) Sdn Bhd	Prima Kembara Sdn Bhd	Azhar Bin Ismail
Analysis (psf):	**RM85.00**	**RM89.90**	**RM68.01**	**RM89.81**
Adjustments Factors Considered:	Market condition (time), location and accessibility, corner/end premium, shape, category of land use/planning, size/quantum allowance, tenure and restriction in interest.			
Adjusted Value of the Land (psf.):	**RM61.13**	**RM67.66**	**RM66.99**	**RM72.93**
Market Value Of Commercial 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 as fair representation of the market value of the land, as per practice in the industry. We have adopted the adjusted value of **RM66.99 psf** from the adjustments of Comparable 3 as fair representation which translates into a market value of the commercial land of **RM9,131,636.67**.			

Source: Valuation and Property Services Department, Ministry of Finance

b) Residential Land

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Particular of Title Lot No. / Mukim/Town / District / State:	Lot 4646 / Setul / Seremban / Negeri Sembilan Darul Khusus	Lot 4645 / Setul / Seremban / Negeri Sembilan Darul Khusus	Lot 1056 / Setul / Seremban / Negeri Sembilan Darul Khusus	Lot 1490 / Setul / Seremban / Negeri Sembilan Darul Khusus
Title No.:	Geran Mukim 770	Geran Mukim 788	Geran Mukim 2206	Geran Mukim 2314
Property Type:	A parcel of development land with potential for residential use (corner)	A parcel of development land with potential for residential use (intermediate)	A parcel of development land with potential for residential use (corner)	A parcel of development land with potential for residential use (intermediate)
Location:	Off Pajam – Nilai main road, Nilai, Negeri Sembilan Darul Khusus	Off Pajam – Nilai main road, Nilai, Negeri Sembilan Darul Khusus	Along Jalan Mantin, off Jalan Besar, Mantin, Negeri Sembilan Darul Khusus	Along Jalan Pajam – Mantin, Mantin, Negeri Sembilan Darul Khusus

Category of Land Use / Town Planning:	Agricultural / Residential	Agricultural / Residential	Agricultural / Residential	Agricultural / Residential
Tenure:	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area:	86,632 sq. ft.	89,607 sq. ft.	251,832 sq. ft.	57,146 sq. ft.
Consideration:	RM2,555,290/-	RM2,557,210/-	RM6,675,000/-	RM1,480,000/-
Date Of Transaction:	10 June 2024	29 September 2023	6 April 2023	1 June 2022
Vendor:	Midas Dragon Sdn Bhd	Midas Dragon Sdn Bhd	Lee Ong Oon @ Lee Ah Ng	Aluran Harapan Sdn Bhd
Purchaser:	Bagan Hasrat Sdn Bhd	Bagan Hasrat Sdn Bhd	Lai Loy & Sons Sdn Bhd	Hogyan Wire Metal Industry Sdn Bhd
Analysis (psf):	**RM29.50**	**RM28.54**	**RM26.51**	**RM25.90**
Adjustments Factors Considered:	Market condition (time), location and accessibility, corner/end premium, shape, category of land use/planning, size/quantum allowance, tenure and restriction in interest.			
Adjusted Value (psf):	**RM38.20**	**RM39.40**	**RM37.24**	**RM35.99**
Market Value Of Residential 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 **RM38.20 psf** from the adjustments of Comparable 1 as fair representation which translates into a market value of the commercial land of **RM2,696,404.13.**			

Source: Valuation and Property Services Department, Ministry of Finance

We note from the JUBM Group Construction Cost Handbook Malaysia, the construction of primary and secondary schools range from RM113.00 psf to RM145.00 psf, average standard apartments (highrise) range from RM135.69 psf to RM171.64 psf and standard offices range from RM270.88 psf to RM356.96 psf. In arriving at the GCRCN of the academic block, we have adopted RM2,206.60 psm (RM205.00 psf) in respect of the three (3) storey administrative cum academic block, RM2,098.96 psm (RM195.00 psf) in respect of the two (2) storey lecture halls, RM1,076.39 psm (RM100.00 psf) in respect of the single storey cafeteria, RM861.11 psm (RM80.00 psf) in respect of the guard house, RM538.20 psm (RM50.00 psf) in respect of the refuse compartment and RM53.82 psm (RM5.00 psf) in respect of the site improvement.

Whilst the construction of student hostels range from RM135.69 psf to RM171.64 psf and low cost flats (highrise) (<15 levels) range from RM107.34 psf to RM141.26 psf. In arriving at the GCRCN of the residential block, we have adopted RM1,829.86 psm (RM170.00 psf) in respect of the five (5) storey apartment block, RM861.11 psm (RM80.00 psf) in respect of 2 units of guard houses, RM538.20 psm (RM50.00 psf) in respect of the refuse compartment and RM53.82 psm (RM5.00 psf) in respect of the site improvement.

Parameter Adopted	Academic Block	Residential Block
Land Value	RM 9,131,636.67	RM 2,696,404.13
GCRCN	RM12,100,685.00	RM10,226,005.00
Depreciation is adopted at a rate of 2% per annum	RM 4,591,629.79	RM 3,880,278.61
DRC	RM 7,509,055.21	RM 6,345,726.39
Market Value	**RM16,640,691.89**	**RM 9,042,130.52**
Total Market Value	**RM25,682,822.40**	

Thus, the market value of the subject property derived from the Cost Approach is RM25,682,822.40 and we have rounded up to RM25,700,000.00.

2. Reconciliation and Opinion of Value

Method of Valuation	Market Value Adopted	We have considered the market value derived from the Cost Approach comprising the Comparison and DRC Methods as sole valuation methodology.
Cost Approach	**RM25,700,000**	

Property No. 5

a. Salient Details

Date of Inspection and Valuation:	24 February 2025
Identification / Type of Property / Property Address:	A six (6) storey institutional building together with a basement level known as KPJ International College Of Nursing And Health Science ("KPJIC"), identified as Lots 10093 & 55, both within Section 5, Town of Bukit Mertajam, District of Seberang Perai Tengah, Pulau Pinang, held under Title Nos. Geran 179267 and Geran 41544, respectively, bearing postal address No. 565, Jalan Sungai Rambai, 14000 Bukit Mertajam, Pulau Pinang.
Title Particulars:	Title Land Area:

Lot No.	Title Land Area	
	sq. m.	sq. ft.
10093 Section 5	9,197.0000	98,995.68
55 Section 5	2,530.8747	27,242.11
Total	11,727.8747	126,237.79

Tenure:	Interest in perpetuity, in respect of both titles
Registered Proprietor:	ART (as Trustee), in respect of both titles
Category of Land Use:	Building, in respect of all the titles
Encumbrances:	Nil
Endorsements:	A private caveat has been entered by OCBC Al-Amin Bank Berhad registered on 25 November 2020, in respect both titles

Location

KPJIC is located within Bukit Mertajam town and is sited along the southern (left) side of Jalan Sungai Rambai, travelling from Perai towards Bukit Mertajam. George Town, the state capital of Penang is located about 28.1 km to the north-west of KPJIC whilst Bukit Mertajam town is located about 1.2 km to the south-east of KPJIC, respectively. Penang Bridge which connects Seberang Perai on the mainland and Gelugor on the island of Penang is located about 8.6 km to the east of KPJIC. Penang International Airport is located about 31.3 km to the south-west of KPJIC. Bukit Mertajam railway station is the nearest station of Electrified Double Track Railway Line station providing alternative access other than by road and air from Gemas to Bangkok is located about 1.2 km to the north-west of KPJIC and further to the next railway station within Penang Sentral. Penang Sentral is located about 13.5 km to the north-west of KPJIC. The Jetty / Ferry Terminal Butterworth is located about 14.9 km to the north-west of KPJIC. The Port of Penang and the North Butterworth Container Terminal (NBCT) are located about 14.8 km and 15 km, respectively, to the north-west of KPJIC. KPJIC fronts onto Jalan Sungai Rambai and is easily accessible from North-South Expressway by exiting at the Perai Interchange, thence continuing onto Jalan Baru, Jalan Permatang Pauh and Jalan Padang Lalang. Alternatively, it is also easily accessible from Bukit Mertajam town via Jalan Kulim and Jalan Datuk Ooh Chooi Chong. Majlis Bandaraya Seberang Perai / MBSP Sport and Recreational Complex, Mahkamah Majistret Daerah Bukit Mertajam, Mahkamah Rendah Syariah Daerah Seberang Perai Tengah are located about 1.6 km, 1.8 km, 2 km, respectively, to the south-west of KPJIC. Prominent hotel developments in vicinity include Golden Wheel Hotel, Sri Indar Hotel (OYO 510), The Summit Hotel and BG Business Hotel. Other shopping destination of the locality is The Summit shopping centre which houses the Econsave is located about 4.7 km to the south-east of KPJIC. Sunway Carnival Mall, Billion Shopping Centre, Megamall/Pacific Shopping Centre, Carrefour Hypermarket, Tesco Hypermarket and Giant Hypermarket are located at the Seberang Jaya Town. The 'BHP' petrol filling and service stations are located about 200 metres to the north-west of KPJIC.

Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -

Name	Capacity (bed)	Location	Distance from KPJIC (km)
Private Medical Centre			
KS Wan & Liow Specialist Maternity Centre Sdn Bhd	4	No. 17 & 19, Lorong Tembikai 6, Pusat Komersial Sri Rambai, 14000 Bukit Mertajam, Pulau Pinang.	2.4
KPJ Penang Specialist Hospital	256	570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang.	3.1
Questra Bio-Clinical Research Centre	20	No. 6, Jalan Desa Pauh, Taman Desa Pauh, 13500 Permatang Pauh, Pulau Pinang.	7.6
DBM Hospital	4	No. 18 & 20, Jalan Cermai 1, Taman Cermai, Jalan Sama Gagah, Permatang Pauh, 13500 Seberang Perai, Pulau Pinang.	10.1
Sunway Medical Centre Penang	132	3106, Lebuh Tenggiri 2 Pusat Bandar Seberang Jaya, 13700 Perai, Pulau Pinang.	12.5
Bagan Specilist Centre	153	Jalan Bagan Satu, 13400 Butterworth, Pulau Pinang.	14
Lam Wah Ee Hospital	417	141, Jalan Tan Sri Teh Ewe Lim, 11600 Georgetown, Pulau Pinang.	22.8
Georgetown Specialist Hospital (formely known as Carl Corrynton Medical Centre)	20	No. 12-A, Jalan Masjid Negeri, 11600 Pulau Pinang.	23.7
Optimax Eye Specialist Hospital	4	223, Jalan Masjid Negeri, 11600 Pulau Pinang.	23.8
Island Hospital	445	No. 308, Macalister Road, 10450 Pulau Pinang.	25.8
Pantai Hospital Penang	204	82, Jalan Tengah, 11900 Bayan Lepas, Pulau Pinang.	26.7
Gleneagles Medical Centre Penang	348	1, Jalan Pangkor, 10050 Pulau Pinang.	27.2
Loh Guan Lye Specialist Centre	205	238, Macalister Road, 10400 Pulau Pinang.	27.3
Penang Adventist Hospital	261	465, Jalan Burmah, 10350 Georgetown, Pulau Pinang.	27.6
Peace Medical Centre	4	81, Lorong Selamat, 10400 Georgetown, Pulau Pinang.	29.4
Hospital Kebajikan Kek Lok Si	45	No. 623, Jalan Balik Pulau, Ayer Itam, 11500 Pulau Pinang.	30.3
Hope Children Hospital -Gottlieb	10	25B, C & D, Jalan Gottlieb, 10350 Georgetown, Pulau Pinang.	30.5
Mount Miriam Cancer Hospital	30	23, Jalan Bulan, Fettes Park, 11200 Tanjung Bungah, Pulau Pinang.	30.7

Government Hospital			
Hospital Bukit Mertajam	242	Jalan Bukit, Bukit Mertajam, 14000 Seberang Perai Tengah, Pulau Pinang.	3.8
Hospital Seberang Jaya	413	Jalan Tun Hussein Onn, 13700 Seberang Perai Tengah, Pulau Pinang.	9.2
Hospital Pulau Pinang	1,163	Jalan Residensi, 10990 Timur Laut, Pulau Pinang.	26.2
Hospital Kepala Batas	134	Jalan Bertam, Kepala Batas, 13200 Sebarang Perai Utara, Pulau Pinang.	27.3
Hospital Sungai Bakap	105	Sungai Jawi, 14200 Seberang Perai Selatan, Pulau Pinang	29.6
Hospital Balik Pulau	81	Balik Pulau, 11000 Barat Daya, Pulau Pinang.	44.9

The Sites

The subject sites comprise two (2) contiguous parcels of plots, irregular in shape and enjoy frontages onto Jalan Sungai Rambai along its northern site boundary in respect of Lot 10093 and onto Lorong Manggis 7 along part of its south-eastern site boundary in respect of Lot 55.

The Buildings

Brief details of the development, extension and renovation of Old Nilai Campus are as follows: -

Year of Construction / Approval	Development / Extension / Renovation	Date / Reference No. of the Approved Plan / CF / CCC
1995	A 6 storey institutional building together with a basement level	Building plans were approved by Majlis Perbandaran Seberang Perai ("MPSP"). However, the said building plans were not made available to us. CF bearing certificate no. 40/T/95 was issued by Majlis Perbandaran Seberang Perai on 23 March 1995.
2013	Amendment and extension to approved building for internal upgrading and refurbishment works.	Building plans bearing plan no. (23A) dlm.MPSP/40/40-56/56 were approved by MPSP on 7 November 2012. CCC bearing certificate no. LAM/PP/No. 0934 was issued by Lembaga Arkitek Malaysia on 8 April 2013.
2018	Permit of minor renovation for the six storey institutional building and motocycle bays	Building plans bearing plan no. (35A) dlm.MPSP/40/40-56/56 were approved by MBSP on 10 July 2018.

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 a reinforced concrete flat roof concealed behind parapet walls and partly steel frame and purlins laid over with metal deck roofing sheets. Majority of the northern (front) and southern (rear) and partly of eastern and western elevations are clad with metal strips.
Ceilings:	Generally of plaster boards with cornices incorporating downlights, plaster boards incorporating downlights, plaster boards, air-conditioner ductings, smoke detector and sprinklers, mineral fibre boards incorporating fluorescent lightings, cement plaster and flat ceiling sheets.
Internal Walls:	Generally of gypsum boards and gypsum boards incorporating glass panels. The internal walls of the lift lobbies and all the 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, timber panelled door incorporating glass panels, automatically operated single and double leaf frameless glass panelled door and PVC foldable doors.
Windows:	Generally of aluminium casements incorporating clear/tinted glass panels, top hung units as well as adjustable and fixed glass louvers in timber frames.
Floors:	Generally of glazed ceramic slabs, ceramic tiles, cement screed, carpeted, parquet.

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 reinforced concrete staircases for each building. Generally, the buildings are installed with fire fighting systems.

GFA

The GFA computed by Ar Ooi Chean Hong, Arkitek Profesional and provided to us by Puteri Nursing College Sdn Bhd (PNCSB) 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 institutional building together with a basement level	3,993.81	42,989.00	29.95
Total	**3,993.81**	**42,989.00**	

Occupancy Status / Lease Details:	A lease agreement has been duly executed in respect of the KPJIC dated 14 October 2009 made between Al-'Aqar KPJ REIT (now known as Al-'Aqar Healthcare REIT) (being represented by its trustee ART) as a Lessor, Puteri Nursing College Sdn Bhd (Lessee) and JLG REIT (Manager) for an initial term of fifteen (15) years commencing from 14 October 2009 with an option to renew for another fifteen (15) years, subject to the terms and conditions to be agreed by the parties. The lease commenced on 14 October 2009 and expires on 13 October 2024 (Contractual Term). Vide a letter of extension of renewal of leases from KPJHB (as Lessee) to ART (as Trustee) of Al-Aqar Healthcare REIT (as Lessor) and JLG REIT (as Manager) dated 5 July 2024, we note that KPJHB has requested the parties to extend the Contractual Term of KPJIC which will expire on 13 October 2024 to a new commencement date of 1st January 2025 (New Extended Commencement Date). However, we were informed by the Client that the commencement of the Contractual Term has been further extended to 31 July 2025. This valuation is carried out pursuant to the proposed renewal of the abovementioned lease of the KPJIC for a further term of one (1) year.

b. Valuation

1. Cost Approach comprising the Comparison and DRC Methods

In arriving at the Market Value of the commercial 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
Particulars of Title Lot No. / Town / District / State:	Lot 609, Section 6 / Bandar Bukit Mertajam / District of Seberang Perai Tengah / Pulau Pinang	Lot 4061 / Mukim 06 / District of Seberang Perai Tengah / Pulau Pinang	Lot 1373 / Mukim 15 / District of Seberang Perai Tengah / Pulau Pinang	Lot 1543 / Mukim 15 / District of Seberang Perai Tengah / Pulau Pinang
Title No.:	Geran 33526	Geran Mukim 1461	Geran 14956	Geran Mukim 904
Property Type:	A parcel of development land (Intermediate)	A parcel of development land (Intermediate)	A parcel of development land (Intermediate)	A parcel of development land (Intermediate)
Location:	Lot 609, Off Jalan Maju, 14000 Bukit Mertajam, Pulau Pinang	Lot 4061, Off Jalan Pengkalan, 14000 Bukit Mertajam, Pulau Pinang	Lot 6892, Fronts Jalan Rozhan, 14000 Bukit Mertajam, Pulau Pinang	Located off Jalan Kulim, 14000 Bukit Mertajam, Pulau Pinang
Category of Land Use / Town Planning:	First Grade / Commercial	First Grade / Commercial	First Grade / Commercial	First Grade / Commercial
Tenure:	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area (sq. ft.):	61,553.98	49,567.81	30,791.69	34,285.69
Consideration:	RM4,616,549.00	RM5,700,297.00	RM4,000,000.00	RM3,427,299.00
Date of Transaction:	12 September 2024	22 March 2024	30 January 2024	17 January 2023
Vendor:	Ng Yam Huat Fishery Sdn Bhd	Yew Chew Eng & Yee Sek Phoy	Tan Mooi Kim & Yeoh Lin Teik	Teh Hock Guan +1
Purchaser:	Beukitch Cabinet Sdn Bhd	Translace Logistics Sdn Bhd	Lau Chee Khim & Lee Kim Hong	Victions Malaysia Sdn Bhd
Analysis (psf)	RM75.00	RM115.00	RM129.91	RM99.96
Adjustment Factors Considered:	Market condition (time), location and accessibility, corner/end premium, shape, category of land use/planning, size/quantum allowance, tenure and restriction in interest.			
Effective Adjusted Value (psf)	**RM92.96**	**RM92.77**	**RM103.00**	**RM90.63**
Market Value Of Commercial Land:	In arriving at the market value using the Market/Comparison Approach, we have emphasized upon Comparable 4 which is 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 **RM90.63 psf** from the adjustments of Comparable 4 as fair representation which translates into a market value of the commercial land of **RM11,441,158.01**.			

Source: Valuation and Property Services Department, Ministry of Finance

We note from the JUBM Group Construction Cost Handbook Malaysia, the construction of primary and secondary schools range from RM113.00 psf to RM145.00 psf and standard offices range from RM270.88 psf to RM356.96 psf. In arriving at the GCRCN of the subject property, we have adopted RM2,432.64 psm (RM226 psf) in respect of the six (6) storey institutional building together with a basement level.

The GCRCN of the buildings is RM9,765,514.00. Depreciation is adopted at a rate of 2% per annum. The depreciation of the buildings is RM5,849,141.56. The DRC of the buildings is RM3,916,372.44. Thus, the market value of the subject property derived from the Cost Approach is RM15,357,530.45 and we have rounded down to RM15,350,000.00.

2. Reconciliation and Opinion of Value

Method of Valuation	Market Value Adopted	We have considered the market value derived from the Cost Approach comprising the Comparison and DRC Methods as sole valuation methodology.
Cost Approach	**RM15,350,000**	

1. RESPONSIBILITY STATEMENT

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

All information relating to Al-`Aqar as set out in Section 6 of Part A of this Circular has been obtained from publicly available documents. The sole responsibility of our Board has been to ensure that the said information has been reproduced accurately.

2. CONSENT

2.1 AmInvestment Bank Berhad

AmInvestment Bank, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name, 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 Principal Adviser in respect of the Proposals.

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 KPJ.

As at the LPD, the AmBank Group has extended credit facilities of which the amount outstanding is approximately RM101.6 million, to KPJ Group.

AmInvestment Bank is of the view that its role as the Principal Adviser for the Proposals 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 Proposals 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 Security Commission Malaysia 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 Principal Adviser in respect of the Proposals.

2.2 BDO Capital Consultant Sdn. Bhd.

BDOCC, being the Independent Adviser for the Proposals, confirmed that it has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular. BDOCC has also given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Independent Adviser in respect of the Proposals.

2.3 Cheston International (KL) Sdn. Bhd.

Cheston, being the Independent Valuer for the Proposals, confirmed that it 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 Disposal Properties and Lease Renewal Properties as set out in Appendix IV(A) and (B) respectively 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 or is likely to exist in its capacity as the Independent Valuer for the Proposals.

3. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by KPJ Group, which, upon becoming due or enforceable, may have a material impact on the financial position or business of KPJ Group:-

	Amount (RM'000)
Capital Expenditure	
- Approved by the Directors and contracted	73,730
- Approved by the Directors but not contracted	339,524
Total	**413,254**

4. CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by KPJ Group as at the LPD, which, upon becoming due or enforceable, may have a material impact on the financial position or business of KPJ Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of KPJ at Level 13, Menara KPJ, 238, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia following the date of this Circular from Monday to Friday (except public holidays) during business hours up to the date of the EGM:-

(i) the Constitution of KPJ;

(ii) the SPAs;

(iii) the Lease Agreements for Proposed Leaseback and Lease Agreements for Proposed Lease Renewal (executed in escrow);

(iv) Principal Lease Agreements;

(v) Memorandums of Extension and Second Memorandums of Extension;

(vi) the Valuation Reports and Valuation Certificates of the Disposal Properties and Lease Renewal Properties;

(vii) the audited consolidated financial statements of KPJ for FY 31 December 2023 and FY 31 December 2024, and the latest unaudited consolidated financial statements of KPJ for 3-month FP 31 March 2025; and

(viii) the letters of consent and declaration of conflict of interests referred to in Section 2 of Appendix V above.

KPJ healthcare
A JCORP Company

KPJ HEALTHCARE BERHAD

(Registration No. 199201015575 (247079-M))
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of KPJ Healthcare Berhad ("**KPJ**" or the "**Company**") will be held at Level 8A, Menara KPJ, 238, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia on Thursday, 26 June 2025 at 12:30 p.m. or immediately after the conclusion of the Thirty-Second Annual General Meeting ("**32nd AGM**") of KPJ scheduled to be held at the same venue and on the same day at 10:00 a.m., whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following ordinary resolutions:-

ORDINARY RESOLUTION 1

PROPOSED SALE OF PROPERTIES BY THE SUBSIDIARIES OF KPJ TO AMANAHRAYA TRUSTEES BERHAD (FOR AND ON BEHALF OF AL-`AQAR HEALTHCARE REIT AS THE TRUSTEE) ("PROPOSED SALE")

"THAT subject to the passing of the Ordinary Resolution 2, fulfilment of all conditions precedent under the conditional sale and purchase agreements dated 27 March 2025 entered with AmanahRaya Trustees Berhad ("**ART**"), being the trustee for and on behalf of Al-`Aqar Healthcare REIT ("**Al-`Aqar**"), and all approvals being obtained from the relevant authorities and/or parties (if required), approval be and is hereby given to the following subsidiaries of KPJ to dispose the properties listed below for a sale consideration of RM241,000,000 to be satisfied via cash:-

Subsidiaries	**Properties to be disposed**	**Consideration** **RM**
Ampang Puteri Specialist Hospital Sdn. Bhd.	KPJ Ampang Puteri Specialist Hospital new building located at HS(M) 26550, PT 25119, Mukim of Ampang, Daerah of Ulu Langat, Negeri Selangor Darul Ehsan, bearing postal address KPJ Ampang Puteri Specialist Hospital, No 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan.	131,000,000
Penang Specialist Hospital Sdn. Bhd.	KPJ Penang Specialist Hospital new building located at Geran Mukim 1453, Lot 10150, Mukim 7, Daerah of Seberang Perai Tengah, Negeri Pulau Pinang, bearing postal address KPJ Penang Specialist Hospital, No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang.	110,000,000
	Total	**241,000,000**

AND THAT the Directors of the Company 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 Sale with full powers to assent to any terms, conditions, modifications, variations and/or amendments as the Directors of the Company may deem fit, necessary and/or expedient in the interest of KPJ 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 Sale."

ORDINARY RESOLUTION 2

PROPOSED LEASEBACK OF THE PROPERTIES BY THE SUBSIDIARIES OF KPJ FROM ART (FOR AND ON BEHALF OF AL-`AQAR AS THE LESSOR) (“PROPOSED LEASEBACK”)

“THAT subject to the passing of the Ordinary Resolution 1 and all approvals being obtained from the relevant authorities and/or parties (if required), approval be and is hereby given to the following subsidiaries of KPJ listed below to enter into the lease agreements with ART, being the trustee for and on behalf of Al-`Aqar (“**Lessor**”) and JLG REIT Managers Sdn. Bhd. (formerly known as Damansara REIT Managers Sdn. Berhad) (“**JLGRM**”), being the manager of Al-`Aqar, to lease the following properties back to the following subsidiaries subsequent to the completion of the Proposed Sale:-

Subsidiaries	**Properties to be leaseback**
Ampang Puteri Specialist Hospital Sdn. Bhd.	KPJ Ampang Puteri Specialist Hospital new building located at HS(M) 26550, PT 25119, Mukim of Ampang, Daerah of Ulu Langat, Negeri Selangor Darul Ehsan, bearing postal address KPJ Ampang Puteri Specialist Hospital, No 1, Jalan Mamanda 9, Taman Dato’ Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan.
Penang Specialist Hospital Sdn. Bhd.	KPJ Penang Specialist Hospital new building located at Geran Mukim 1453, Lot 10150, Mukim 7, Daerah of Seberang Perai Tengah, Negeri Pulau Pinang, bearing postal address KPJ Penang Specialist Hospital, No. 570, Jalan Perda Utama, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang.

AND THAT the Directors of the Company 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 Leaseback with full powers to assent to any terms, conditions, modifications, variations and/or amendments as the Directors of the Company may deem fit, necessary and/or expedient in the interest of KPJ 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 Leaseback.”

ORDINARY RESOLUTION 3

PROPOSED LEASE RENEWAL OF PROPERTIES BETWEEN THE SUBSIDIARIES OF KPJ, ART (FOR AND ON BEHALF OF AL-`AQAR AS THE LESSOR) AND JLGRM (“PROPOSED LEASE RENEWAL”)

“THAT approval be and is hereby given to the following subsidiaries of KPJ to enter into the renewal lease agreements with ART, being the trustee for and on behalf of Al-`Aqar/Lessor and JLGRM, being the manager of Al-`Aqar, to renew the lease of the following hospitals, wellness centre and college held by the Lessor including the Lessor’s fixtures and fittings (as described in the circular to shareholder dated 4 June 2025):-

Lease Renewal Subsidiaries	**Lease Renewal Properties**	**Renewal lease period sought**
Penang Specialist Hospital Sdn. Bhd.	(i) KPJ Penang Specialist Hospital	15 years(i)
	(ii) Taiping Medical Centre and TMC Health Centre	3 years(ii)
Maharani Specialist Hospital Sdn. Bhd.	(i) KPJ Seremban Specialist Hospital (old building, new building and vacant land)	15 years(i)
KPJ Healthcare University Sdn. Bhd.	(i) KPJ Healthcare University	5 years and 8 months(i)
	(ii) KPJ Healthcare College Penang	1 year(iii)

Notes:-

(i) With an option to renew for another 15 years.
(ii) With an option to renew for another 2 years
(iii) With an option to renew for another 1 year.

AND THAT the Directors of the Company 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 Company may deem fit, necessary and/or expedient in the interest of KPJ 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,
KPJ HEALTHCARE BERHAD

Keh Ching Tyng (MAICSA 7050134)
(SSM Practising Certificate 202008002616)
Hana binti Ab Rahim @ Ali (MAICSA 7064336)
(SSM Practising Certificate 202408000758)
Company Secretaries

Kuala Lumpur
4 June 2025

Notes:-

Record of Depositors

1. In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at 19 June 2025 shall be eligible to attend the EGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries in the Record of Depositors after the said date shall be disregarded in determining the rights of any person to attend and vote at the EGM.

Appointment of Proxy

2. A member of the Company, who is entitled to attend, participate and vote at the EGM, is entitled to appoint a proxy or attorney or, in the case of a corporation, a duly authorised representative, to participate in his/her place. A proxy may, but need not be, a member of the Company.

3. A member of the Company is entitled to appoint more than one (1) proxy to attend, participate and vote at the EGM.

4. Where a member of the Company is an authorised nominee, as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an exempt authorised nominee, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act, which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies ("**Proxy Form**").

7. The appointment of proxy may be made in hard copy form or by electronic means in the following manner, and must be deposited with and received by the Company at least forty-eight (48) hours before the time appointed for holding the EGM:-

    (a) In hard copy form
    In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the poll administrator of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, drop it into the Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(b) By electronic form
The Proxy Form can be electronically lodged with the poll administrator of the Company via TIIH Online website at https://tiih.online. Please refer to the **Administrative Guide** on the procedures for electronic lodgement of Proxy Form via TIIH Online.

8. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

9. Last date and time for lodging the Proxy Form is **Tuesday, 24 June 2025 at 12:30 p.m.**

10. Any authority pursuant to which such appointment is made by a power of attorney must be deposited at the office of the poll administrator of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or drop it into the Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at https://tiih.online at least forty-eight (48) hours before the time appointed for holding the EGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

11. For a corporate member who has appointed a representative, please deposit the certificate of appointment at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or drop it into the Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at https://tiih.online. The certificate of appointment should be executed in the following manner:

    (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        (i) at least two (2) authorised officers, of whom one (1) shall be a director; or

        (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

KPJ healthcare
A JCORP Company

KPJ HEALTHCARE BERHAD (Registration No. 199201015575 (247079-M))
(Incorporated in Malaysia)

PROXY FORM

*I/We

Full Name (in block letters and as per NRIC/Passport/Certificate of Incorporation):	CDS account No.:	No. of shares held:
Address:	NRIC No./ Passport No./ Registration No.:	Contact No.:

being a member of KPJ Healthcare Berhad (Registration No. 199201015575 (247079-M)) ("**Company**"), do hereby appoint:

Full Name (in block letters and as per NRIC/Passport):	NRIC No./Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

*and/or

Full Name (in block letters and as per NRIC/Passport):	NRIC No./Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or failing *him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Level 8A, Menara KPJ, 238, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia on Thursday, 26 June 2025 at 12:30 p.m. or immediately after the conclusion of the Thirty-Second Annual General Meeting of KPJ scheduled to be held at the same venue and on the same day at 10:00 a.m., whichever is later, or at any adjournment thereof.

Resolutions	Description of Resolution	For	Against
Ordinary Resolution 1	Proposed Sale		
Ordinary Resolution 2	Proposed Leaseback		
Ordinary Resolution 3	Proposed Lease Renewal		

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy shall vote or abstain from voting at his/her discretion)

** Strike out whichever is not applicable*

Signed this __________day of __________2025

Signature and/or Seal

Notes:-

Record of Depositors

1. In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at 19 June 2025 shall be eligible to attend the EGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries in the Record of Depositors after the said date shall be disregarded in determining the rights of any person to attend and vote at the EGM.

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2. A member of the Company, who is entitled to attend, participate and vote at the EGM, is entitled to appoint a proxy or attorney or in the case of a corporation, a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

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5. Where a member of the Company is an exempt authorised nominee, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act, which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies ("**Proxy Form**").

7. The appointment of proxy may be made in hard copy form or by electronic means in the following manner, and must be deposited with and received by the Company at least forty-eight (48) hours before the time appointed for holding the EGM:-

   (a) In hard copy form
   In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the poll administrator of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, drop it into the Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

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    (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

       (i) at least two (2) authorised officers, of whom one (1) shall be a director; or

       (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
UNIT 32-01, LEVEL 32, TOWER A
VERTICAL BUSINESS SUITE, AVENUE 3
BANGSAR SOUTH, NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR
MALAYSIA

1st fold here