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**7. Tax (credit)/expense (cont'd.)**

Reconciliations of the tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Fund are as follows:

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Profit before tax | 72,781,553 | 13,624,360 | 46,601,801 | 50,125,877 |
| Tax at the statutory tax rate of 24% (2020: 24%) | 17,467,573 | 3,269,846 | 11,184,432 | 12,030,210 |
| Different tax rates in other country | (92,304) | (1,927,957) | - | - |
| Deferred tax recognised at different tax rate | (768,296) | 2,534,162 | (768,296) | 2,534,162 |
| Non-deductible expenses | 2,176,652 | 17,638,597 | 7,478,994 | 3,507,646 |
| Income not subject to tax | (14,203,104) | (11,855,678) | (12,248,450) | (2,504,932) |
| Income exempted from tax | (5,348,817) | (8,606,012) | (6,414,976) | (13,032,924) |
| Tax expense for the year | (768,296) | 1,052,958 | (768,296) | 2,534,162 |

Pursuant to the Section 61A of the Income Tax Act 1967 (ITA), where 90% or more of the total income of the unit trust is distributed to the unitholders, the total income of the unit trust for that year of assessment shall be exempted from tax. The Manager also expects to distribute the net income within two months from the end of each financial year and accordingly, no estimated current tax payable is required to be provided in the financial statements.

As at the date of this financial statements, the Fund has declared more than 90% of its distributable income to unitholders for the financial year ended 31 December 2021 accordingly. No provision for income tax expense has been made for the year.

Deferred tax liability has been provided for the investment properties held by the Fund at 10% (2020: 10%) which reflects the expected manner of recovery of the investment properties, i.e. recovered through sale.

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**7. Tax (credit)/expense (cont'd.)**

**Taxation of the Unitholders**

Pursuant to Section 109D(2) of the Malaysian Income Tax Act 1967, where 90% or more of the Real Estate Investment Trust's ("REIT") total taxable income is distributed by the REIT, income distributions (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

| **Unitholders** | **Tax rate** |
|---|---|
| Individuals and all other non-corporate investors such as | |
| Institutional investors | 10% |
| Non-resident corporate investors | 24% |

Resident corporate investors are required to report the income distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24% (2020: 24%).

**8. Earnings per unit**

The earnings per unit which are calculated based on the profit for the year of the Group, divided by the weighted average number of units in circulation as of 31 December 2021 and 2020, are as follows:

| | **Group** | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Earnings attributable to unitholders: | | |
| Profit for the year | 73,549,849 | 12,571,402 |
| Weighted average number of units | 735,985,088 | 735,985,088 |
| Earnings per unit (sen) | 9.99 | 1.71 |

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## 9. Income distributions

For the financial years ended 31 December 2021 and 2020, the Manager, with the approval of the Trustee, has declared the following income distributions:

| | Group and Fund 2021 RM | 2020 RM |
|---|---|---|
| **Income distributions on ordinary shares in respect of the current financial year** | | |
| First interim income distribution of 2.00 (2020: 2.06) sen per unit declared on 28 May 2021 (2020: 28 August 2020) and paid on 16 July 2021 (2020: 12 October 2020) | 14,719,695 | 15,161,285 |
| Second interim income distribution of 2.00 (2020: 1.30) sen per unit declared on 26 August 2021 (2020: 23 October 2020) and paid on 22 October 2021 (2020: 4 December 2020) | 14,719,696 | 9,567,804 |
| Third interim income distribution of 2.00 sen per unit declared on 26 November 2021 and paid on 20 January 2022 | 14,719,702 | - |
| | 44,159,093 | 24,729,089 |
| **Income distribution on ordinary shares in respect of the previous financial year** | | |
| Final income distribution of 3.45 (2019: 2.02) sen per unit declared on 26 January 2021 (2019: 31 January 2020) and paid on 26 February 2021 (2019: 28 February 2020) | 25,391,478 | 14,866,888 |
| | 69,550,571 | 39,595,977 |

The Manager had declared a final income distribution of 1.80 (2020: 3.45) sen per unit totaling RM13,247,732 for the financial year ended 31 December 2021 on 26 January 2022 (2020: 26 January 2021).

The financial statements for the current year do not reflect this final income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2021.

The total distributions (including proposed final income distribution) for the financial year ended 31 December 2021 amounting to RM57,406,825 (2020: RM50,120,567). Total income distribution is 7.80 (2020: 6.81) sen per unit.

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**9. Income distributions (cont'd.)**

Income distributions to unitholders is derived from the following sources:

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Net rental income | 108,221,873 | 109,614,226 | 98,405,378 | 97,974,342 |
| Investment revenue | 623,104 | 1,011,305 | 7,382,380 | 8,868,611 |
| Realised gain on foreign exchange | 11,182 | - | 11,182 | - |
| Other income | 532,331 | 1,414,273 | 532,303 | 1,414,273 |
| Interest accretion on tenant deposits | 1,018,526 | 140,228 | 1,018,526 | 140,228 |
| Less: Amortisation of deferred income | (347,829) | (972,751) | (347,829) | (972,751) |
| Less: Unbilled rental income | (2,843,801) | (2,843,801) | (2,843,801) | (2,843,801) |
| | 107,215,386 | 108,363,480 | 104,158,139 | 104,580,902 |
| Less: Expenses | (41,996,797) | (51,379,067) | (39,757,530) | (49,443,632) |
| Realised income for the year | 65,218,589 | 56,984,413 | 64,400,609 | 55,137,270 |
| Undistributed income brought forward | 67,155,702 | 49,767,266 | 65,842,421 | 50,301,128 |
| Less: Undistributed income | (62,823,720) | (67,155,702) | (60,692,459) | (65,842,421) |
| | 69,550,571 | 39,595,977 | 69,550,571 | 39,595,977 |

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## 10. Investment properties

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| At 1 January | 1,534,501,049 | 1,569,814,000 | 1,446,376,199 | 1,449,400,000 |
| Enhancements | - | 2,400,000 | - | 2,400,000 |
| Fair value adjustment | 5,536,199 | (47,772,461) | 5,536,199 | (5,423,801) |
| Foreign exchange differences | (1,826,850) | 10,059,510 | - | - |
| At 31 December | 1,538,210,398 | 1,534,501,049 | 1,451,912,398 | 1,446,376,199 |
| Land and buildings at fair value | 1,538,210,398 | 1,534,501,049 | 1,451,912,398 | 1,446,376,199 |

The carrying amount of the investment properties for the financial years ended 31 December 2021 and 2020 is based on the market value determined based on valuations, adjusted with accrued unbilled rental income, as follows:

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Investment properties - based on valuation report | 1,543,898,000 | 1,537,344,850 | 1,457,600,000 | 1,449,220,000 |
| Investment properties - accrued unbilled rental income (Note 12) | (5,687,602) | (2,843,801) | (5,687,602) | (2,843,801) |
| | 1,538,210,398 | 1,534,501,049 | 1,451,912,398 | 1,446,376,199 |

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**10. Investment properties (cont'd.)**

The investment properties are stated at fair value, which have been determined based on valuations performed by an independent professional valuer. The valuation method used in determining the valuations is the investment method.

The fair values of the Group's and of the Fund's investment properties have been arrived at on the basis of a valuation carried out by Messrs. CBRE Valuation Pty Limited ("CBRE"), independent professional valuers not related to the Group and the Fund. Messrs. CBRE is registered members of the Board of Valuers, Appraisers and Estate Agents, Malaysia, and they have appropriate qualifications and recent experience in the valuation of the properties in the relevant locations. The valuation of the Group's and of the Fund's investment properties were performed in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

There are no material events that affect the valuation between the valuation, data and financial year end.

**Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the data of the event or change in circumstances that caused the transfer.

**Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the investment property.

**Transfer between Level 1, 2 and 3 fair values**

There is no transfer between level 1, 2 and 3 fair values during the financial year.

Fair value of investment properties is classified as Level 3.

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**10. Investment properties (cont'd.)**

The fair value of the investment properties are classified as Level 3 for fair value hierarchy disclosure purposes. The significant unobservable inputs applied by the independent valuers in applying the investment method above are as follows:

| Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|
| Term yield ranging from 5.50% - 9.25% (2020: 6.00% - 8.00%) | - Higher term yield rates, lower fair value |
| Reversionary yield ranging from 6.00% - 7.50% (2020: 6.25% - 8.50%) | - Higher reversionary yield rates, lower fair value |
| Void rate of 5.00% - 10.00% (2020: 2.50% - 10.00%) | - Higher void rate, lower fair value |
| Discount rate of 5.50% - 9.25% (2020: 6.00% - 8.50%) | - Higher discount rate, lower fair value |

The fair values were determined based on the capitalisation of net income method ("investment method") and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The values estimated under this method are derived by ascertaining the market rent of the properties; deducting all reasonable annual operating expenses (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, takaful coverage and repairs and maintenance, are deducted from gross rental income together with allowance for void.

In estimating the fair values of the investment properties, the highest and best use of the investment properties is their current use.

The valuers had adopted market corroborated capitalisation rates, which is the most frequently adopted methodology by the property industry in Malaysia and in Australia, based on information pertaining to recent comparable sales which are publicly available, adjusted for the location, quality and characteristics of the investment properties.

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**10. Investment properties (cont'd.)**

A summary of the investment properties of the Group and of the Fund, as required to be disclosed by the SC Guidelines, is as follows:

| Description of property | Tenure of land | Term of lease Years | Remaining term of lease Years | Location | Date of valuation | 2021 Fair value RM | 2020 Fair value RM | Fair value hierarchy |
|---|---|---|---|---|---|---|---|---|
| KPJ Ampang Puteri Specialist Hospital ### | Leasehold | 99 | 67 | Ampang | 31 December 2021 | 137,000,000 | 137,000,000 | 3 |
| KPJ Damansara Specialist Hospital ### | Freehold | - | - | Damansara | 31 December 2021 | 138,000,000 | 135,000,000 | 3 |
| KPJ Johor Specialist Hospital ### | Leasehold | 99 | 57 | Johor Bahru | 31 December 2021 | 122,000,000 | 122,000,000 | 3 |
| KPJ Ipoh Specialist Hospital ### | Freehold | - | - | Ipoh | 31 December 2021 | 89,000,000 | 77,000,000 | 3 |
| KPJ Puteri Specialist Hospital | Leasehold | 99 | 32 | Johor Bahru | 31 December 2021 | 40,000,000 | 42,000,000 | 3 |
| KPJ Selangor Specialist Hospital ### | Leasehold | 99 | 75 | Shah Alam | 31 December 2021 | 84,000,000 | 82,000,000 | 3 |
| Kedah Medical Centre ### | Freehold | - | - | Alor Setar | 31 December 2021 | 52,500,000 | 52,000,000 | 3 |
| KPJ Perdana Specialist Hospital ### | Leasehold | 66 | 42 | Kota Bharu | 31 December 2021 | 42,000,000 | 42,120,000 | 3 |
| Kuantan Wellness Centre | Freehold | - | - | Kuantan | 31 December 2021 | 16,800,000 | 20,400,000 | 3 |
| KPJ Sentosa KL Specialist Hospital ### | Freehold | - | - | Kuala Lumpur | 31 December 2021 | 31,000,000 | 30,500,000 | 3 |
| KPJ Kajang Specialist Hospital ### | Freehold | - | - | Kajang | 31 December 2021 | 52,000,000 | 51,900,000 | 3 |

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**10. Investment properties (cont'd.)**

| Description of property | Tenure of land | Term of lease Years | Remaining term of lease Years | Location | Date of valuation | 2021 Fair value RM | 2020 Fair value RM | Fair value hierarchy |
|---|---|---|---|---|---|---|---|---|
| Taiping Medical Centre | Leasehold | 99 | 67 | Taiping | 31 December 2021 | 10,000,000 | 10,000,000 | 3 |
| Damai Wellness Centre | Leasehold | 99 | 52 | Kota Kinabalu | 31 December 2021 | 11,000,000 | 14,100,000 | 3 |
| KPJ International College, Penang ## | Freehold | - | - | Bukit Mertajam | 31 December 2021 | 14,600,000 | 15,400,000 | 3 |
| Tawakkal Health Centre ### | Leasehold | 99 | 56 | Kuala Lumpur | 31 December 2021 | 48,000,000 | 48,800,000 | 3 |
| KPJ Healthcare University College, Nilai # ## | Freehold | - | - | Seremban | 31 December 2021 | 102,000,000 | 106,500,000 | 3 |
| KPJ Seremban Specialist Hospital | Leasehold | - | - | Seremban | 31 December 2021 | 75,000,000 | 69,200,000 | 3 |
| KPJ Penang Specialist Hospital ### | Freehold | - | - | Bukit Mertajam | 31 December 2021 | 65,000,000 | 64,000,000 | 3 |
| KPJ Tawakkal Specialist Hospital ### | Freehold | - | - | Kuala Lumpur | 31 December 2021 | 139,000,000 | 139,800,000 | 3 |
| KPJ Haemodialysis Kluang | Leasehold | 99 | 79 | Kluang | 31 December 2021 | 4,700,000 | 4,700,000 | 3 |
| KPJ Klang Specialist Hospital ### | Leasehold | 99 | 71 | Klang | 31 December 2021 | 104,000,000 | 104,800,000 | 3 |
| KPJ Batu Pahat Specialist Hospital # | Freehold | - | - | Batu Pahat | 31 December 2021 | 74,312,398 | 77,156,199 | 3 |
| Total for the Fund | | | | | | 1,451,912,398 | 1,446,376,199 | |

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**10. Investment properties (cont'd.)**

| Description of property | Tenure of land | Term of lease Years | Remaining term of lease Years | Location | Date of valuation | 2021 Fair value RM | 2020 Fair value RM | Fair value hierarchy |
|---|---|---|---|---|---|---|---|---|
| Jeta Gardens Aged Care & Retirement Village | Freehold | - | - | Queensland | 31 December 2021 | 86,298,000 | 88,124,850 | 3 |
| Total for the Group | | | | | | 1,538,210,398 | 1,534,501,049 | |

\# The investment properties amounting to RM116,312,398 (2020: RM119,156,199) are used to secure against Commodity Murabahah Term Financing-i ("CMTF-i") issued by the Fund as disclosed in Note 18. The amount of RM116,312,398 represents the fair value of KPJ Batu Pahat Specialist Hospital and KPJ Healthcare University College, Nilai New Building (residential) amounting to RM74,312,398 (2020: RM77,156,199) and RM42,000,000 (2020: RM42,000,000) respectively.

\## The investment properties amounting to RM74,600,000 (2020: RM79,900,000) are used to secure against Commodity Murabahah Term Financing-II ("CMTF-ii") issued by the Fund as disclosed in Note 18. The amount of RM74,600,000 represents the fair value of KPJ International College, Penang and KPJ Healthcare University College, Nilai New Building (commercial) amounting to RM14,600,000 (2020: RM15,400,000) and RM60,000,000 (2020: RM64,500,000) respectively.

\### The investment properties amounting to RM1,103,500,000 (2020: RM NIL) are used to secure against Commodity Murabahah Term Financing-III ("CMTF-iii") issued by the Fund as disclosed in Note 18.

* Based on valuation carried out by independent professional valuer, Messrs. CBRE.

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## 11. Investments in subsidiaries

| | Fund 2021 RM | Fund 2020 RM |
|---|---|---|
| Unquoted shares, at cost | 42,492,186 | 42,492,186 |
| Less: Accumulated impairment losses | (39,058,753) | (15,000,000) |
| Net carrying amount | 3,433,433 | 27,492,186 |

The movement in the accumulated impairment losses is as follows:

| | 2021 RM | 2020 RM |
|---|---|---|
| At 1 January | 15,000,000 | 11,000,000 |
| Allowance for impairment losses | 24,058,753 | 4,000,000 |
| At 31 December | 39,058,753 | 15,000,000 |

Details of the subsidiaries are as follows:

| | | | Proportion of ownership interest and voting power held by the Group | |
|---|---|---|---|---|
| **Name of subsidiaries** | **Country of incorporation** | **Principal activities** | **2021 %** | **2020 %** |
| Al-`Aqar Capital Sdn Bhd (i) | Malaysia | Special purpose company for the purpose of raising Islamic Financing for the Fund | 100 | 100 |
| Al-Aqar Australia Pty Ltd (ii) | Australia | Special purpose company for the purpose of acquisition of Australian property for the Fund | 100 | 100 |

(i) Audited by Ernst & Young PLT
(ii) Audited by a firm other than Ernst & Young PLT

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## 12. Trade receivables, other receivables and prepaid expenses

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| **Trade receivables** | | | | |
| **Non-current** | | | | |
| Related company | - | 5,373,102 | - | - |
| **Current** | | | | |
| Related companies | 30,418,891 | 22,436,488 | 10,604,428 | 6,859,456 |
| Less: Allowance for expected credit losses (Note (a)) | - | - | - | - |
| | 30,418,891 | 22,436,488 | 10,604,428 | 6,859,456 |
| Unbilled rental income | 5,687,602 | 2,843,801 | 5,687,602 | 2,843,801 |
| | 36,106,493 | 25,280,289 | 16,292,030 | 9,703,257 |
| **Other receivables and prepaid expenses** | | | | |
| Other receivables | 67,419 | 46,258 | 66,955 | 19,729 |
| Prepayments | 507,168 | 112,808 | 507,168 | 112,808 |
| | 574,587 | 159,066 | 574,123 | 132,537 |
| **Total trade and non-trade receivables (non-current and current)** | 36,681,080 | 30,812,457 | 16,866,153 | 9,835,794 |
| Add: Amount due from subsidiaries | - | - | 122,309,571 | 116,226,223 |
| Add: Fixed deposits with licensed banks | 40,503,678 | 36,276,092 | 40,465,247 | 16,518,131 |
| Add: Cash and bank balances | 49,337,838 | 46,396,739 | 29,809,806 | 31,395,992 |
| Less: Prepayments | (507,168) | (112,808) | (507,168) | (112,808) |
| Less: GST receivable | - | (5,477) | - | (5,477) |
| **Total financial assets at amortised cost (debt instruments)** | 126,015,428 | 113,367,003 | 208,943,609 | 173,857,855 |

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**12. Trade receivables, other receivables and prepaid expenses (cont'd.)**

**(a) Trade receivables**

Trade receivables comprise rental receivable from lessees and unbilled rental income.

Unbilled rental income consist of unbilled incremental lease rental receivable from Pasir Gudang Specialist Hospital ("KPJ Batu Pahat"). The lease rental receivables from KPJ Batu Pahat is incremental by 10% every 3 years from the commencement date up to the term of 30 years. This rental income is recognised on straight-line basis over the lease term of 30 years.

The credit period granted by the Group and the Fund on rental receivable from lessees ranges from 1 to 7 days (2020: 1 to 7 days).

Ageing analysis of trade receivables

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| 1 to 30 days past due | 3,124,723 | 2,396,024 | 2,595,451 | 1,342,841 |
| 31 to 60 days past due | 2,708,751 | 2,046,442 | 2,184,885 | 964,035 |
| 61 to 90 days past due | 1,949,811 | 1,281,364 | 1,421,583 | 187,377 |
| More than 90 days past due | 22,635,606 | 22,085,760 | 4,402,509 | 4,365,203 |
| | 30,418,891 | 27,809,590 | 10,604,428 | 6,859,456 |

Movement in allowance for expected credit losses of trade receivables:

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| At 1 January | - | - | - | - |
| Derecognition of past lease receivables (Note (i)) | 5,806,073 | 9,801,166 | 4,514,732 | 8,423,133 |
| Written off | (5,806,073) | (9,801,166) | (4,514,732) | (8,423,133) |
| At 31 December | - | - | - | - |

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**12. Trade receivables, other receivables and prepaid expenses (cont'd.)**

**(a) Trade receivables (cont'd.)**

**(i) Derecognition of past lease receivables**

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The rapid spread of ongoing COVID-19 pandemic throughout the country has a significant impact on the overall economy.

During the year, the Group and the Fund provided COVID-19 related rental support of RM5,806,073 (2020: RM9,801,166) and RM4,514,732 (2020: RM8,423,133) respectively to its tenants.

**13. Amount due from subsidiaries**

| | Fund | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| **Non-current** | | |
| Amount due from a subsidiary | 99,147,701 | 99,147,701 |
| **Current** | | |
| Amount due from subsidiaries | 24,464,889 | 17,078,522 |
| | 123,612,590 | 116,226,223 |
| Less: Allowance for expected credit losses | (1,303,019) | - |
| | 122,309,571 | 116,226,223 |

Movement in allowance for expected credit losses on amount due from subsidiaries:

| | Fund | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| At 1 January | - | - |
| Allowance for expected credit loss | 1,303,019 | - |
| At 31 December | 1,303,019 | - |

Amount due from subsidiaries represents unsecured advances given to a subsidiary from the proceeds raised from Islamic Financing and issuance of new units in previous years for the purpose of purchase of an investment property in Australia and profit sharing on the advances receivable from the subsidiary. It is non-trade, unsecured, non-interest bearing and repayable on demand.

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## 14. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following items:

| | Group 2021 RM | Group 2020 RM | Fund 2021 RM | Fund 2020 RM |
|---|---|---|---|---|
| Islamic fixed deposits with licensed banks | 40,503,678 | 36,276,092 | 40,465,247 | 16,518,131 |
| Cash and bank balances | 49,337,838 | 46,396,739 | 29,809,806 | 31,395,992 |
| | 89,841,516 | 82,672,831 | 70,275,053 | 47,914,123 |
| Less: Restricted cash | (6,885,761) | (21,523,715) | (6,885,761) | (1,771,438) |
| | 82,955,755 | 61,149,116 | 63,389,292 | 46,142,685 |

At the reporting date, the weighted average deposit rate per annum and average remaining maturity period of fixed deposits with licensed banks are as follows:

| | Group 2021 | Group 2020 | Fund 2021 | Fund 2020 |
|---|---|---|---|---|
| Weighted average deposit rate (%) | 1.68 | 1.74 | 1.67 | 1.60 |
| Average remaining maturity period | 38 | 21 | 28 | 17 |

Included in cash and bank balances and fixed deposits with licensed banks of the Group and the Fund are deposits of RM6,885,761 (2020: RM21,523,715) and RM6,885,761 (2020: RM1,771,438) respectively which are placed as reserve for repayment of finance costs on long-term Islamic financing and hence, are not available for general use as mentioned in Note 18.

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**15. Payables**

| | Group | | Fund | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| **Non-current** | | | | |
| Tenant deposits | 8,301,075 | 3,951,224 | 8,301,075 | 3,951,224 |
| Deferred lease income | 5,174,129 | 5,570,199 | 5,174,129 | 5,570,199 |
| | 13,475,204 | 9,521,423 | 13,475,204 | 9,521,423 |
| **Current** | | | | |
| Amount due to the Trustee | 32,422 | 32,033 | 32,422 | 32,033 |
| Amount due to the Manager | 155,531 | 152,430 | 155,531 | 152,430 |
| Amounts due to related companies | 622,839 | 150,682 | 622,839 | 89,429 |
| Other payables | 242,761 | 534,698 | 105,018 | 286,992 |
| Third interim income distribution payable (Note 9) | 14,719,702 | - | 14,719,702 | - |
| Accrued finance costs on Sukuk Ijarah Programme (Note 18) | - | 4,611,254 | - | - |
| Other accrued expenses | 4,839,794 | 3,372,239 | 4,624,150 | 3,325,625 |
| | 20,613,049 | 8,853,336 | 20,259,662 | 3,886,509 |
| **Total payables (non-current and current)** | 34,088,253 | 18,374,759 | 33,734,866 | 13,407,932 |
| Less: Deferred lease income | (5,174,129) | (5,570,199) | (5,174,129) | (5,570,199) |
| Add: Amount due to a subsidiary | - | - | - | 555,233,358 |
| Add: Islamic financing (Note 18) | 683,876,967 | 683,587,255 | 683,876,967 | 109,069,690 |
| **Total financial liabilities carried at amortised costs** | 712,791,091 | 696,391,815 | 712,437,704 | 672,140,781 |

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**15. Payables (cont'd.)**

**(a) Deferred lease income**

Deferred lease income relates to the excess of the principal amount of security deposits received over their fair value which is accounted for as prepaid lease income and amortised over the lease term on a straight line basis.

**(b) Amount due to the Trustee, the Manager and related companies**

Amount due to the Trustee, the Manager and related companies are non-trade, unsecured, non-interest bearing and repayable on demand.

**16. Amount due to a subsidiary**

In the previous financial year, the amount due to a subsidiary represents unsecured advances received from the proceeds raised from Islamic Financing by the subsidiary and expenses. The finance costs and repayment terms of the unsecured advances mirror the finance costs and repayment terms of the Islamic financing of Sukuk Ijarah raised by the said subsidiary as disclosed in Note 18.

Also, in the previous financial year, included in the amount due to a subsidiary are cash reserves retained by the subsidiary, the accrued profit from the cash reserves and expenses paid on behalf for the subsidiary totalling RM19,067,340 that are presented as net amount as there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**17. Deferred tax liabilities**

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| At 1 January | 2,534,162 | 1,453,008 | 2,534,162 | - |
| Recognised in profit or loss (Note 7) | (768,296) | 1,052,958 | (768,296) | 2,534,162 |
| Foreign exchange differences | - | 28,196 | - | - |
| At 31 December | 1,765,866 | 2,534,162 | 1,765,866 | 2,534,162 |

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**17. Deferred tax liabilities (cont'd.)**

The components and movements of deferred tax assets and liability during the financial year are as follows:

**Deferred tax liability - Group**

| | Investment properties RM |
|---|---|
| At 1 January 2021 | 2,534,162 |
| Recognised in profit or loss | (768,296) |
| At 31 December 2021 | 1,765,866 |
| | |
| At 1 January 2020 | (5,640,120) |
| Recognised in profit or loss | 8,174,282 |
| At 31 December 2020 | 2,534,162 |

**Deferred tax asset - Group**

| | Unrealised loss on foreign exchange RM |
|---|---|
| At 1 January 2020 | 7,093,128 |
| Recognised in profit or loss | (7,121,324) |
| Foreign exchange difference | 28,196 |
| At 31 December 2020 | - |

**Deferred tax liability - Fund**

| | Investment properties RM |
|---|---|
| At 1 January 2021 | 2,534,162 |
| Recognised in profit or loss | (768,296) |
| At 31 December 2021 | 1,765,866 |
| | |
| At 1 January 2020 | - |
| Recognised in profit or loss | 2,534,162 |
| At 31 December 2020 | 2,534,162 |

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### 17. Deferred tax liabilities (cont'd.)

The deferred tax liability relates to fair value gain on investment properties which is expected to be recovered through sale. The amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Based on the Finance Act 2019 which was gazetted in December 2019, it was clarified that the RPGT rate of 10% is prescribed for disposal of investment properties held for more than 5 years for a trustee of a trust.

### 18. Islamic financing

| | Group | | Fund | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| **Non-current** | | | | |
| Commodity Murabahah Term Financing-i I ("Commodity Murabahah - I") | 80,000,000 | 80,000,000 | 80,000,000 | 80,000,000 |
| Commodity Murabahah Term Financing-I II ("Commodity Murabahah - II") | 29,994,050 | 29,994,050 | 29,994,050 | 29,994,050 |
| Commodity Murabahah Term Financing-I III ("Commodity Murabahah - III") | 580,000,000 | - | 580,000,000 | - |
| | 689,994,050 | 109,994,050 | 689,994,050 | 109,994,050 |
| Less: Transaction costs | (6,117,083) | (924,360) | (6,117,083) | (924,360) |
| **Total (non-current)** | 683,876,967 | 109,069,690 | 683,876,967 | 109,069,690 |

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**18. Islamic financing (cont'd.)**

| | Group 2021 RM | Group 2020 RM | Fund 2021 RM | Fund 2020 RM |
|---|---|---|---|---|
| **Current** | | | | |
| Sukuk Ijarah - Islamic Medium Term Notes ("IMTNs") | - | 575,000,000 | - | - |
| Less: Transaction costs | - | (482,435) | - | - |
| **Total (current)** | - | 574,517,565 | - | - |
| **Total (non-current and current)** | 683,876,967 | 683,587,255 | 683,876,967 | 109,069,690 |

***Sukuk Ijarah***

| | Nominal value 2020 RM | Rating | Profit rate (%) |
|---|---|---|---|
| **Non-current** | | | |
| **Issue II - Tranche 1** | | | |
| Issued on 4 May 2018 | | | |
| Class A IMTNs | 220,000,000 | AAA | 4.64 |
| Class B IMTNs | 23,000,000 | AA2 | 4.95 |
| Class C IMTNs | 220,000,000 | Unrated | 5.60 |
| Total | 463,000,000 | | |
| **Issue II - Tranche 2** | | | |
| Issued on 20 December 2018 | | | |
| Class A IMTNs | 75,000,000 | AAA | 4.68 |
| Class B IMTNs | 37,000,000 | AA2 | 4.98 |
| Total | 112,000,000 | | |
| | 575,000,000 | | |

The Company has fully redeemed Sukuk Ijarah Issue II of RM575,000,000 on the maturity date of 4 May 2021. Following the redemption of the Sukuk Ijarah Issue II, the facilities has been cancelled on 10 December 2021.

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**18. Islamic financing (cont'd.)**

***Commodity Murabahah-I***

The Commodity Murabahah - I is payable over a period of 60 months from the date of first disbursement with bullet repayment of the principal sum on the 60th month.

The Commodity Murabahah - I bears a profit rate of 1.25% (2020: 1.25%) per annum above the bank's Cost of Funds ("COF"). As at reporting date, the profit rate for the Commodity Murabahah is 3.35% (2020: 3.35%) per annum.

The Commodity Murabahah - 1 was secured against the investment properties which amounting to RM116,312,398 (2020: RM119,156,199) as disclosed in Note 10.

***Commodity Murabahah-II***

The Commodity Murabahah - II is payable over a period of 60 months from the date of first disbursement with bullet repayment of the principal sum on the 60th month.

The Commodity Murabahah - II bears a profit rate of 1.25% (2020: 1.25%) per annum above the bank's COF. As at reporting date, the profit rate for the Commodity Murabahah is 3.35% (2020: 3.35%) per annum.

The Commodity Murabahah - II was secured against the investment properties which amounting to RM74,600,000 (2020: RM79,900,000) as disclosed in Note 10.

***Commodity Murabahah-III***

On 4 May 2021, the Group and the Fund obtained the Commodity Murabahah - III is payable over a period of 60 and 84 months for Tranche 1 and Tranche 2 respectively from the date of first disbursement with bullet repayment of the principal sum on the 60th and 84th months respectively.

The Commodity Murabahah - II bears a profit rate of 1.15% and 1.25% (2020: Nil) per annum for Tranche 1 and Tranche 2 respectively above the bank's Cost of Funds ("COF"). As at reporting date, the profit rate for the Commodity Murabahah is 3.32% and 3.44% (2020: Nil) per annum for Tranche 1 and Tranche 2 respectively.

The Commodity Murabahah - II was secured against the investment properties which amounting to RM1,103,500,000 (2020: RM NIL) as disclosed in Note 10.

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## 18. Islamic financing (cont'd.)

Changes in liabilities arising from financing activities:

| | At 1 January 2021 RM | Cash flows RM | Charged to profit or loss RM | Reclassification RM | At 31 December 2021 RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Non-current** | | | | | |
| Commodity Murabahah - I | 80,000,000 | - | - | - | 80,000,000 |
| Commodity Murabahah - II | 29,994,050 | - | - | - | 29,994,050 |
| Commodity Murabahah - III | - | 580,000,000 | - | - | 580,000,000 |
| | 109,994,050 | 580,000,000 | - | - | 689,994,050 |
| Less: Transaction costs on Islamic financing | (924,360) | (6,209,872) | 1,017,149 | - | (6,117,083) |
| | 109,069,690 | 573,790,128 | 1,017,149 | - | 683,876,967 |
| **Current** | | | | | |
| IMTN | 575,000,000 | (575,000,000) | - | - | - |
| Less: Transaction costs on Islamic financing | (482,435) | (67,450) | 549,885 | - | - |
| | 683,587,255 | (1,277,322) | 1,567,034 | - | 683,876,967 |

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## 18. Islamic financing (cont'd.)

Changes in liabilities arising from financing activities (cont'd.):

| | At 1 January 2020 RM | Cash flows RM | Charged to profit or loss RM | Reclassification RM | At 31 December 2020 RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Non-current** | | | | | |
| IMTN | 575,000,000 | - | - | (575,000,000) | - |
| Commodity Murabahah - I | 80,000,000 | - | - | - | 80,000,000 |
| Commodity Murabahah - II | - | 29,994,050 | - | - | 29,994,050 |
| | 655,000,000 | 29,994,050 | - | (575,000,000) | 109,994,050 |
| Less: Transaction costs on Islamic financing | (1,360,942) | (404,744) | 358,891 | 482,435 | (924,360) |
| | 653,639,058 | 29,589,306 | 358,891 | (574,517,565) | 109,069,690 |
| **Current** | | | | | |
| IMTN | - | - | - | 575,000,000 | 575,000,000 |
| Murabahah Tawarruq | 29,900,000 | (29,900,000) | - | - | - |
| Less: Transaction costs on Islamic financing | (103,474) | - | 103,474 | (482,435) | (482,435) |
| | 683,435,584 | (310,694) | 462,365 | - | 683,587,255 |

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**18. Islamic financing (cont'd.)**

Changes in liabilities arising from financing activities (cont'd.):

| | At 1 January 2021 RM | Cash flows RM | Charged to profit or loss RM | At 31 December 2021 RM |
|---|---|---|---|---|
| **Fund** | | | | |
| **Non-current** | | | | |
| Commodity Murabahah - I | 80,000,000 | - | - | 80,000,000 |
| Commodity Murabahah - II | 29,994,050 | - | - | 29,994,050 |
| Commodity Murabahah - II | - | 580,000,000 | - | 580,000,000 |
| Transaction costs on Islamic financing | (924,360) | (6,209,872) | 1,017,149 | (6,117,083) |
| | 109,069,690 | 573,790,128 | 1,017,149 | 683,876,967 |

| | At 1 January 2020 RM | Cash flows RM | Charged to profit or loss RM | At 31 December 2020 RM |
|---|---|---|---|---|
| **Fund** | | | | |
| **Non-current** | | | | |
| Commodity Murabahah - I | 80,000,000 | - | - | 80,000,000 |
| Commodity Murabahah - II | - | 29,994,050 | - | 29,994,050 |
| Transaction costs on Islamic financing | (660,000) | (403,078) | 138,718 | (924,360) |
| **Current** | | | | |
| Murabahah Tawarruq | 29,900,000 | (29,900,000) | - | - |
| Transaction costs on Islamic financing | (103,474) | - | 103,474 | - |
| | 109,136,526 | (309,028) | 242,192 | 109,069,690 |

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## 19. Unitholders' capital

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **No. of units** | **RM** | **No. of units** | **RM** |
| **Group and Fund** | | | | |
| **Issued and fully paid-up:** | | | | |
| At 1 January/ 31 December | 735,985,088 | 731,398,126 | 735,985,088 | 731,398,126 |

Details of units held by the Manager's directors and unitholders, and related parties which comprise companies related to Johor Corporation and KPJ Healthcare Berhad, substantial unitholders of the Fund, and their market value as of 31 December 2021 and 31 December 2020 respectively based on the Record of Depositors are as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **No. of units** | **RM** | **No. of units** | **RM** |
| **Related parties:** | | | | |
| Pusat Pakar Tawakal Sdn Bhd | 54,648,534 | 63,392,299 | 54,648,534 | 71,589,580 |
| Bandar Baru Klang Specialist Hospital Sdn Bhd | 36,115,266 | 41,893,709 | 36,115,266 | 47,310,998 |
| Selangor Medical Centre Sdn Bhd | 35,000,000 | 40,600,000 | 35,000,000 | 45,850,000 |
| Seremban Specialist Hospital Sdn Bhd | 23,731,000 | 27,527,960 | 23,731,000 | 31,087,610 |
| Ampang Puteri Specialist Hospital Sdn Bhd | 21,013,739 | 24,375,937 | 21,013,739 | 27,527,998 |
| Medical Associates Sdn Bhd | 19,055,000 | 22,103,800 | 19,055,000 | 24,962,050 |
| Sentosa Medical Centre Sdn Bhd | 15,653,000 | 18,157,480 | 15,653,000 | 20,505,430 |
| Kedah Medical Centre Sdn Bhd | 15,000,000 | 17,400,000 | 15,000,000 | 19,650,000 |
| Johor Specialist Hospital Sdn Bhd | 12,203,000 | 14,155,480 | 12,203,000 | 15,985,930 |
| Puteri Specialist Hospital Sdn Bhd | 12,000,000 | 13,920,000 | 12,000,000 | 15,720,000 |

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## 19. Unitholders' capital (cont'd.)

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | No. of units | RM | No. of units | RM |
| **Related parties (cont'd.):** | | | | |
| Pusat Pakar Darul Naim Sdn Bhd | 11,789,000 | 13,675,240 | 11,789,000 | 15,443,590 |
| KPJ Healthcare University College Sdn Bhd | 7,758,620 | 8,999,999 | 7,758,620 | 10,163,792 |
| Kuantan Specialist Hospital Sdn Bhd | 5,000,000 | 5,800,000 | 5,000,000 | 6,550,000 |
| Kajang Specialist Hospital Sdn Bhd | 4,487,000 | 5,204,920 | 4,487,000 | 5,877,970 |
| Jeta Gardens (Qld) Pty Ltd | 3,786,924 | 4,392,832 | 3,786,924 | 4,960,870 |
| Kota Kinabalu Specialist Hospital Sdn Bhd | 3,500,000 | 4,060,000 | 3,500,000 | 4,585,000 |
| Taiping Medical Centre Sdn Bhd | 3,334,000 | 3,867,440 | 3,334,000 | 4,367,540 |
| Johor Ventures Sdn Bhd | 173,219 | 200,934 | 173,219 | 226,917 |

## 20. Management Expense Ratio ("MER")

| | Fund | |
|---|---|---|
| | 2021 | 2020 |
| | % | % |
| MER | 0.29 | 0.32 |

The calculation of MER is based on the total fees of the Fund incurred for the year, including the Manager's fees, Trustee's fees, audit fee, tax agent's fee and administration expenses, to the average net asset value of the Fund during the year calculated on a monthly basis. Since the average net asset value is calculated on a monthly basis, comparison of the MER of the Fund with other Real Estate Investment Trusts ("REITs") which use a different basis of calculation may not be an accurate comparison.

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## 21. Significant related party transactions

Parties are considered to be related to the Group if the parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operation decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Fund derive all their rental income as disclosed in Note 4 from related parties.

Significant related party charges/(credits) other than those disclosed in Note 4 are as follows:

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| Manager's fee | 1,845,342 | 1,837,356 | 1,845,342 | 1,837,356 |
| Maintenance fee | 1,010,176 | 1,012,400 | 1,010,176 | 1,012,400 |
| Other income | (532,000) | (532,000) | (532,000) | (532,000) |

Other income relates to the compensation received from Selangor Medical Centre Sdn Bhd for loss of opportunity and annual loss of potential income due to the deferment for the transfer of a Physician Consultant Building to the Fund.

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

## 22. Operating leases - Group as lessor

The Group and the Fund lease out their investment properties under operating leases. The future minimum lease receivable under non-cancellable leases are as follows:

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| Less than one year | 115,451,639 | 92,333,647 | 109,723,524 | 80,897,143 |
| Between one and five years | 446,089,551 | 193,428,006 | 422,480,505 | 159,118,494 |
| | 561,541,190 | 285,761,653 | 532,204,029 | 240,015,637 |

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## 23. Financial risk management objectives and policies

The Group and the Fund are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, financing rate risk and foreign currency risk.

The Group and the Fund have taken measures to minimise their exposure to risks associated with their financing, investing and operating activities and operate within clearly defined guidelines as set out in the SC Guidelines.

The following sections provide details regarding the Group's and the Fund's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks:

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its contractual obligations. Credit risk arises from cash and cash equivalents, amount due from a subsidiary as well as credit exposures primarily from outstanding trade and other receivables.

The Group and the Fund adopt the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including tenancy deposits, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. For other financial assets (including cash and bank balances and fixed deposits with licensed banks), the Group and the Fund minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group and the Fund seek to invest cash assets safely and profitably. The Group and the Fund have no significant concentration of credit risk and it is not the Group's and the Fund's policy to hedge their credit risks. The Group and the Fund have in place, for significant operating subsidiaries, policies to ensure that sales of products and services are made to customers with an appropriate credit history and sets limits on the amount of credit exposure to any one customer. For significant subsidiaries, there were no instances of credit limits being materially exceeded during the reporting periods and management does not expect any material losses from non-performance by counterparties.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Group's and the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 12.

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**23. Financial risk management objectives and policies (cont'd.)**

**(a) Credit risk (cont'd.)**

Credit risk concentration profile

Other than the amounts due from the subsidiary, the Group and the Fund are not exposed to any significant concentration of credit risk in the form of receivables due from a single debtor or from groups of debtors.

Impairment of financial assets

The Group's and the Fund's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables, other receivables and amount due from a subsidiary. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be insignificant.

*Trade receivables using the simplified approach*

The Group and the Fund apply the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

*Amount due from a subsidary*

The Fund provides unsecured advances to the subsidiary. The Fund monitors the results of the subsidiary regularly. As at the end of the reporting period, the maximum exposure to credit risk was represented by their carrying amounts in the statements of financial position.

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## 23. Financial risk management objectives and policies (cont'd.)

### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Fund will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Fund's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Fund's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group and the Fund manage their operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of their overall liquidity management, the Group and the Fund maintain sufficient levels of cash and bank balances to meet their working capital requirements.

As at the date of the financial statements, the Group is assessing the available options and will finalise the refinancing plan by the maturity date in May 2021. Taking into consideration the viability of these available options, the Group is confident in materialising its refinancing plan before the maturity date. Accordingly, the Manager are of the opinion going concern basis used in the preparation of financial statements is appropriate.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Fund's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

| | On demand or within one year RM | One to five years RM | More than five years RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **As at 31 December 2021** | | | | |
| **Financial liabilities** | | | | |
| Other payables | 20,613,049 | - | 13,637,031 | 34,250,080 |
| Islamic financing | 22,924,406 | 469,751,406 | 314,434,192 | 807,110,004 |
| | 43,537,455 | 469,751,406 | 328,071,223 | 841,360,084 |
| **As at 31 December 2020** | | | | |
| **Financial liabilities** | | | | |
| Other payables | 8,853,336 | - | 10,353,946 | 19,207,282 |
| Islamic financing | 593,017,275 | 121,797,213 | - | 714,814,488 |
| | 601,870,611 | 121,797,213 | 10,353,946 | 734,021,770 |

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## 23. Financial risk management objectives and policies (cont'd.)

### (b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

| | On demand or within one year RM | One to five years RM | More than five years RM | Total RM |
|---|---|---|---|---|
| **Fund** | | | | |
| **As at 31 December 2021** | | | | |
| **Financial liabilities** | | | | |
| Other payables | 20,259,662 | - | 13,637,031 | 33,896,693 |
| Islamic financing | 22,924,406 | 469,751,406 | 314,434,192 | 807,110,004 |
| | 43,184,068 | 469,751,406 | 328,071,223 | 841,006,697 |
| **As at 31 December 2020** | | | | |
| **Financial liabilities** | | | | |
| Other payables | 3,886,509 | - | 10,353,946 | 14,240,455 |
| Amount due to a subsidiary | 586,512,235 | - | - | 586,512,235 |
| Islamic financing | 3,626,982 | 121,797,213 | - | 125,424,195 |
| | 594,025,726 | 121,797,213 | 10,353,946 | 726,176,885 |

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**23. Financial risk management objectives and policies (cont'd.)**

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Fund's financial instruments will fluctuate because of changes in the market interest rates.

The Group and the Fund manage their financing rate exposure by maintaining a prudent mix of fixed and floating rate of borrowings. The Group and the Fund place cash deposits on short-term basis and therefore this allows the Group and the Fund to respond to significant changes of financing rate promptly.

The interest rate mentioned below will have an impact on the management of the Group and the Fund, regardless of whether it is an Islamic fund or otherwise. It does not in any way suggest that the Group and the Fund will invest in conventional financial instruments. All the investments and placements carried out for the Group and the Fund are in accordance with Shariah requirements.

Sensitivity analysis for profit rate risk

At the end of the reporting period, a change of 25 basis points ("bp") in financing rates would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| Financing rate | | | | |
| - 25 bp increase | 1,608,433 | 1,618,278 | 1,608,529 | 1,619,462 |
| - 25 bp decrease | (1,608,433) | (1,618,278) | (1,608,529) | (1,619,462) |

**(d) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. It is not the Group's policy to hedge foreign currency translation risk. The Group and the Fund also maintain bank accounts denominated in foreign currencies, primarily in AUD, as a natural hedge against foreign currency risk.

**Al-`Aqar Healthcare REIT and its subsidiaries**
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## 23. Financial risk management objectives and policies (cont'd.)

### (d) Foreign currency risk (cont'd.)

The Group's and the Fund's exposure to foreign currency risk, based on carrying amounts of assets and liabilities as at the end of the reporting period was:

| | Group | | Fund | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| **Denominated in AUD** | | | | |
| Trade receivables | 19,814,463 | 20,950,135 | - | - |
| Cash and cash equivalents | 26,732,251 | 22,459,995 | 7,205,394 | 10,369,231 |
| Other receivables | - | - | - | - |
| Other payables | (351,539) | (343,726) | - | - |
| Net exposure in the statements of financial position | 46,195,175 | 43,066,404 | 7,205,394 | 10,369,231 |

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Fund's profit/(loss) net of tax to a reasonably possible change in the AUD exchange rates against the functional currency of the Group and the Fund, with all other variables held constant.

| | Other comprehensive income | | | |
|---|---|---|---|---|
| | Group | | Fund | |
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| **AUD** | | | | |
| Strengthened 5% | 2,309,759 | 2,153,320 | 360,270 | 518,462 |
| Weakened 5% | (2,309,759) | (2,153,320) | (360,270) | (518,462) |

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## 24. Segment reporting

The Group has a single operating segment. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has two reportable segments as follows:

(i) Malaysia
(ii) Australia

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit.

The Group's segmental information is as follows:

| | Malaysia RM | Australia RM | Total RM |
|---|---|---|---|
| **31 December 2021** | | | |
| Gross rental | 104,245,507 | 9,826,994 | 114,072,501 |
| Property expenses | (5,840,129) | (10,499) | (5,850,628) |
| **Net property income** | 98,405,378 | 9,816,495 | 108,221,873 |
| Investment revenue | 623,104 | - | 623,104 |
| Realised gain on foreign exchange | 11,182 | - | 11,182 |
| Unrealised gain on foreign exchange | - | - | - |
| Other income | 532,303 | 28 | 532,331 |
| Fair value adjustment on investment properties | 5,536,199 | - | 5,536,199 |
| **Total income** | 105,108,166 | 9,816,523 | 114,924,689 |
| Trust expenditure | (11,951,060) | (2,187,306) | (14,138,366) |
| **Operating profit** | 93,157,106 | 7,629,217 | 100,786,323 |
| Finance costs | (28,004,770) | - | (28,004,770) |
| **Profit before tax** | 65,152,336 | 7,629,217 | 72,781,553 |
| Tax | 768,296 | - | 768,296 |
| **Profit after tax** | 65,920,632 | 7,629,217 | 73,549,849 |
| Total assets | 1,539,093,674 | 125,639,320 | 1,664,732,994 |
| Total liabilities | 719,379,547 | 351,539 | 719,731,086 |

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## 24. Segment reporting (cont'd.)

| | Malaysia RM | Australia RM | Total RM |
|---|---|---|---|
| **31 December 2020** | | | |
| Rental | 103,918,211 | 11,792,068 | 115,710,279 |
| Property expenses | (5,943,869) | (152,184) | (6,096,053) |
| **Net property income** | 97,974,342 | 11,639,884 | 109,614,226 |
| Investment income | 1,011,305 | - | 1,011,305 |
| Unrealised gain on foreign exchange | 736,084 | - | 736,084 |
| Other income | 1,414,273 | - | 1,414,273 |
| Fair value adjustment on investment properties | (5,423,801) | (42,348,660) | (47,772,461) |
| **Total income** | 95,712,203 | (30,708,776) | 65,003,427 |
| Expenditure | (14,283,068) | (1,841,909) | (16,124,977) |
| **Operating profit** | 81,429,135 | (32,550,685) | 48,878,450 |
| Financing costs | (35,254,090) | - | (35,254,090) |
| **Profit before tax** | 46,175,045 | (32,550,685) | 13,624,360 |
| Tax | (2,534,162) | 1,481,204 | (1,052,958) |
| **Profit after tax** | 43,640,883 | (31,069,481) | 12,571,402 |
| Total assets | 1,526,820,587 | 121,165,750 | 1,647,986,337 |
| Total liabilities | 704,152,450 | 343,726 | 704,496,176 |

## 25. Capital management

The Group and the Fund manage their capital to ensure that entities in the Group and the Fund will be able to continue as going concerns while maximising the return to unitholders through the optimisation of the debt and equity balance.

The capital structure of the Group and of the Fund consists of net debt (borrowings as detailed in Note 18) offset by cash and cash equivalents and unitholders' fund of the Group and of the Fund (comprising unitholders' capital and undistributed income).

Gearing ratios are calculated based on the proportion of total borrowings to the total asset value in accordance with Securities Commission Malaysia ("SC") Guidelines. On 12 August 2020, the SC announced that it will temporarily increase the gearing limit for Malaysian REITs from 50% to 60%, effective immediately until 31 December 2022. Notwithstanding, the Fund's total borrowings may exceed this limit with the sanction of the unit holders by way of an ordinary resolution.

The Manager's risk management committee reviews the capital structure of the Group and of the Fund on a regular basis to ensure that the SC Guidelines are complied with.

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**25. Capital management (cont'd.)**

Gearing ratio

The Group's and the Fund's gearing ratio are calculated based on the proportion of total borrowings to the total asset value. The gearing ratio at the end of the reporting period is as follows:

| | Group | | Fund | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Total borrowings | 683,876,967 | 683,587,255 | 683,876,967 | 664,303,048 |
| Total assets value | 1,664,732,994 | 1,647,986,337 | 1,664,796,608 | 1,647,844,525 |
| Total borrowings to total assets value ratio | 41.08% | 41.48% | 41.08% | 40.31% |

**26. Portfolio turnover ratio ("PTR")**

| | Fund | |
|---|---|---|
| | 2021 RM | 2020 RM |
| PTR (times) | - | - |

The calculation of PTR is based on the average of total acquisitions and total disposals of investments in the Fund for the year to the average net asset value during the year calculated on a monthly basis.

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## 27. Contingent liabilities

On 25 January 2022, Al-Aqar Australia Pty Ltd, a subsidiary of the Group, has received a Failure To Lodge on time ("FTL") penalty of AUD1,554,000 (equivalent to RM4,755,240) in relation to late lodgement of several Business Activity Statements ("BAS") from the Australian Taxation Authority ("ATO") for the months of April 2021 to August 2021.

The Group also faces potential exposure to additional penalties for the following:

(i) False or misleading statements with regard to failure to disclosure the status of its subsidiary as a Significant Global Entity ("SGE"). These penalties could range from Nil to AUD106,560 (equivalent to RM326,074); and

(ii) FTL penalties relating to failure to lodge General Purpose Financial Statements ("GPFS") for the financial years ended 31 December 2017, 31 December 2018, 31 December 2019 and 31 December 2020. These penalties would likely be approximately AUD2,200,000 (equivalent to RM6,732,000).

The directors, upon consultation with their tax advisors, are of the view that ATO will reduce the penalty amount as this is the Group's first infringement. Based on the tax advisors' previous experience of dealing with the ATO on similar matters, it is probable that the Group may be liable for a penalty of AUD150,000 (equivalent to RM459,000) for failure to lodge BAS on time. It is also probable that the Group will have no further penalties relating to non-disclosure of its status as an SGE and late lodgements of GPFS from 2016 to 2020 under a prompt voluntary disclosure.

Based on the above, management recognised a provision of RM459,000 based on their best estimate of the probable outcome as at the reporting date.

## 28. Capital commitments

| | Group | | Fund | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| Capital expenditure - authorised but not contracted for | 296,000,000 | - | 296,000,000 | - |

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Chartered Surveyors
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14 July 2022

**KPJ HEALTHCARE BERHAD**
Level 15, Menara KPJ,
Jalan Tun Razak,
**50400 KUALA LUMPUR**

Dear Sirs,

**CERTIFICATE OF VALUATION OF**

a. **A PURPOSE BUILT PRIVATE SPECIALIST MEDICAL CENTRE KNOWN AS KPJ PASIR GUDANG SPECIALIST HOSPITAL ("Property No. 1")**

b. **AN EIGHT (8) STOREY PRIVATE CONSULTANT BLOCK, AN ANNEXED SIX (6) STOREY PRIVATE MEDICAL CENTRE WITH A GROUND FLOOR CAR PARK, A DOUBLE (2) STOREY MECHANICAL & ELECTRICAL BUILDING, A SINGLE STOREY MEDICAL GAS STORAGE BUILDING AND A SINGLE STOREY REFUSE CHAMBER BUILDING (BUILDINGS ONLY) BEING PART OF KPJ SEREMBAN SPECIALIST HOSPITAL ("Property No. 2")**

c. **AN AMBULATORY CARE CENTRE KNOWN AS TMC HEALTH CENTRE (BUILDING ONLY) ("Property No. 3")**

**("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 and the details of the valuations are contained in our Valuation Reports bearing reference nos. V/KPJ4P/SC/6522821/I to V/KPJ4P/SC/6522821/III (inclusive), all dated 14 July 2022.

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 prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

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## 1.0 VALUATION METHODOLOGY

In arriving at our opinion of the Market Values of the abovementioned properties, we have adopted the Income Approach by Profits Method (Discounted Cash Flow / "DCF") as the primary valuation methodology and Cost Approach as check for Property No. 1 whilst Depreciated Replacement Cost ("DRC") Method as the sole valuation methodology for Properties Nos. 2 and 3.

### 1.1 Income Approach by Profits Method (DCF) (KPJ Pasir Gudang Specialist Hospital ("PGSH") Property No. 1 Only)

This method is adopted where revenues/earnings, expenses and profits are the essence to the value of the property (business based property) and capitalises future net profit as a basis for estimating the market value of the Property No. 1 as a going concern inclusive of goodwill, hospital operating equipments, furniture, fittings, plant, machinery and equipments.

We have used a 5-year discounted cash flow and have forecasted the profit for a 5-year period, after which we have calculated the terminal value based on the fifth year's net profit for the remaining term of the tenure. We have obtained profit and loss statements of the Property No. 1 from the Client. We were also made available with the future projections of the medical centre by the Client. We have forecasted the 5-year revenues and operating expenditures of the Property No. 1 based on the analysis of its past operating performances. We have taken into consideration of the projections of the Client, made necessary due diligence and have arrived at our independent projections as per the practice in the industry.

We note that the private specialist medical centre sector is affected by the global economic crisis caused by the Covid-19 pandemic. The gross revenue of the Property No. 1 has declined due to the movement control order ("MCO"), conditional MCO (CMCO) and recovery MCO (RMCO) announced by the Malaysian government to control the spread of the virus. We have taken into consideration of the above factor in our projections of the 5-year DCF.

Generally, in arriving at the revenues of the various departments of the medical centre, we have made indebt analysis of thier historical performances.

In analysing the past years performances of the Property No. 1, we note that the revenues and expenses of years 2020, 2021 and as at July 2022 have been impacted by the coronavirus disease 2019 ("Covid-19") pandemic. In light of the above, we have analysed and taken cognizance of the performances of years 2020, 2021 and as at July 2022 which have been substantially hampered by the Covid-19 pandemic. However, the performances of years 2020, 2021 and as at July 2022 have been excluded from the historical performances analysis as they do not reflect the real performance of PGSH. Our projections of the revenues and expenses for the 5-year cash flow have taken into consideration of the Covid-19 pandemic impact on PGSH with recovery from the pandemic phase for the initial years and gradual increase to return to normalcy phase at latter years. The parameters adopted are noted to be fair and reflective of the performance of PGSH.

We have adopted the following parameters in arriving at the market value of Property No. 1 using the Income Approach by Profits Method (DCF).

**Summary of Parameters Adopted**

| | |
|---|---|
| Beds Available | The number of beds available in a year is derived by multiplying operational beds available for the year with 365 days. |
| Occupancy Rate of Beds | The occupancy rate is derived based on the historical occupancy rate achieved by PGSH since years 2015 to 2021 (inclusive). We foresee the impact of Covid-19 pandemic to continue albeit on a much lower scale to year 2022. Thus, we have reflected a lower occupancy rate for year 2022. We have gradually increased the occupancy rate for the average occupancy rate to return to normalcy in line with the recovery in the Malaysian economy. |
| No. of Inpatients Admitted Days | The number of inpatients admitted days in a year is derived from the total beds occupied divided by the number of inpatients admitted. We have adopted the past 3 years (excluding years 2020, 2021 and as at July 2022) average from years 2017 to 2019 (inclusive) which is considered reasonable to project the number of inpatients admitted days in our 5-year DCF projection. |
| Ratio of No. of Outpatients / Inpatients | We have adopted average ratio of no. of outpatients / inpatients of past 3 years (excluding years 2020, 2021 and as at July 2022) of years 2016, 2017 and 2019 which is considered reasonable to project the number of outpatients for the 5-year DCF projection. |
| **Revenue** | |
| Consultant Inpatient Revenue Per Occupied Bed ("CRPOB") | The revenue is derived by multiplying the total beds occupied for the year with the estimated revenue per occupied bed. We have analysed CRPOB of past 5 years from years 2016 to 2021 (inclusive). We have adopted the average of the past 3 years (excluding years 2020, 2021 and as at July 2022) from years 2017 to 2019 (inclusive) as fair representation. |
| Consultant Outpatient Revenue (COR) | The revenue is derived by multiplying the total outpatients visited for the year with the outpatient revenue per patient per year. We have adopted the average of the past 3 years (excluding years 2020, 2021 and as at July 2022) from years 2017 to 2019 (inclusive) as fair representation. |

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| | |
|---|---|
| Hospital Inpatient Revenue Per Occupied Bed | The revenue is derived by multiplying the total beds occupied for the year with the revenue per occupied bed. We have adopted the average of the past 3 years (excluding years 2020, 2021 and as at July 2022) from years 2017 to 2019 (inclusive) as fair representation. |
| Hospital Outpatient Revenue | The revenue is derived by multiplying the total outpatients visited for the year with the outpatient revenue per patient per year. We have adopted the average of the past 3 years (excluding years 2020, 2021 and as at July 2022) from years 2017 to 2019 (inclusive) as fair representation. |
| **Expenses** | |
| Cost Of Sales | We have analysed and adopted the past five years cost of sales of PGSH i.e. material, direct staff cost, operating overhead and adopted their average of years 2017 to 2019 (inclusive). 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. As the occupancy of the medical centre increases, so does the cost of sale, thus, both the revenue and cost of sale have a direct relationship. |
| Undistributed Operating Expenses | We have analysed the past five years expenses i.e. administrative & general, sales & marketing, property operations maintenance & energy cost ("POMEC") and adopted their average of years 2017 to 2019 (inclusive) of PGSH. From our analysis of the historical expenses, we note that the undistributed operating expenses moved in tandem with the Total Operating Revenue. As the occupancy of the medical centre increases, so does the undistributed operating expenses, thus, both the revenue and undistributed operating expenses have a direct relationship. |
| Hospital Management Fee | We have adopted the actual rate being charged by KPJHB as hospital management fee which is in line with the management fees adopted for similar medical centres and other profit orientated real estate assets. |
| Quit Rent & Assessment | We have adopted the actual quit rent and assessment of PGSH. |
| Insurance | To insure against total and partial damage / loss caused by fire ("F") and other insurable perils i.e. burglary ("B"), plate glass ("PG"), machinery breakdown ("MB"), public liability ("PL"), consequential loss ("CL"), all risk ("AR") and medical malpractice ("MM"). |
| Incentive Management Fee | The incentive management fee to reflect operator's risk, management advisory and skill to operate the various income generating resources of the medical centre. It is adopted based on the percentage of gross operating profit of the medical centre. |
| Capital Reserve Fund For The Replacement Of Furniture Fitting Equipment ("FFE"), Hospital Operating Equipment ("HOE") And Capital Expenditure ("CAPEX") | We have analysed the historical expenditures incurred by the similar type of KPJ medical centres and PGSH. Based on our analysis, we note that the average expenditures of the capital reserve fund of the medical centres are lower in the intial years, grows gradually and thereafter flattens to a consistent level once the medical centre reaches its stabilization period. The capital reserve fund grows in line with the growth of the medical centre until it reaches its stabilization period where it flattens. PGSH is about 10 years old and we have anlaysed its historical expenditures of capital reserve fund. Based on our analysis of expenditures incurred for similar type of medical centres at various ages and PGSH, we have diligently adopted the capital reserve fund of PGSH in our 5-year projection. |
| Terminal Capitalisation Rate / All Risk Yield | In arriving at the terminal value, the resultant net revenue (profit) of the 5th year projection is capitalised by an appropriate capitalisation rate / rate of return (an 'all risk yield') to arrive at the terminal value of PGSH. The capitalisation rate adopted is the rate which reflects the investor's / entrepreneur's expected investment rate of return of PGSH. We wish to inform that we have adopted a market corroborated capitalisation rate to arrive at the capital value of PGSH. 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 for investment purposes (with the availability of rental and lease details) 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 medical centres are 9.79% and 7.19%, respectively.<br><br>Exercising judgment based on our experience in the industry, we have compared the relative investment characteristics of PGSH and the sales. We have made necessary diligent adjustments to arrive at the capitalisation rate of PGSH. We have given emphasis on the time, location, quality, characteristics and tenure of PGSH. We have also taken into account the current economic condition as impacted by the Covid-19 pandemic, the existing and future demand and supply of the private specialist medical centre segment in arriving at the capitalisation rate. The Rate is adopted after taking into consideration of the risk involved in the operation of the medical centre to obtain the net profit. We have reflected the above factors accordingly and have adopted fair capitalisation rate to capitalise the net profit to arrive at the terminal value of PGSH which is 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 in Malaysia. |
| Discount Rate | The discount rate is based on the perceived risk on the future projection 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 PGSH, the prospect of the Malaysian healthcare industry and the Malaysian economy. The discount rate adopted is within the range of the industry averages of medical centres in Malaysia and reflective of all the physical and investment characteristics of PGSH. |

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**1.2 Cost Approach by Comparison Method - Land Component and DRC Method - Building Component**

In essence, this approach entails the summation of the market value of land which is derived from Comparison Method and depreciated replacement cost of the building by DRC Method. 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.

| No. | Property No. 1 (PGSH) | Properties Nos. 2 and 3 |
|---|---|---|
| 1.2.1 | **By Comparison Method - Land Component**<br>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.<br>In determination of value of the commercial land by this method, a survey was made of property sales that have occurred in this or similar areas within the recent past. These comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, corner/end premium, size/quantum allowance, tenure and conversion premium from development land to commercial land to render the sold properties as similar as possible with PGSH. | Not applicable. |

| No. | Property No. 1 | Properties Nos. 2 and 3 |
|---|---|---|
| 1.2.2 | **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 and Arcadis Construction Cost Handbook Malaysia 2021. 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: -

**Properties Nos. 1, 2 and 3**

| No. | Description | Year of Construction | Construction Cost (RM Mil) | Analysis (RM psf over total GFA) |
|---|---|---|---|---|
| **A** | **Government Hospital** | | | |
| | Public Sector in Kuala Lumpur as at fourth quarter (4th Quarter) 2021 | 2021 | - | 332 to 484 |
| **B** | **Private Hospital / Medical Centre** | | | |
| 1 | KPJ Batu Pahat Specialist Hospital *1 | 2018 - 2019 | 64.57 | 371.85 |
| 2 | KPJ Perlis Specialist Hospital | 2014 | 50.13 | 407.56 |
| 3 | An eight (8) storey private consultant block, an annexed six (6) storey private medical centre with a ground floor car park, a double (2) storey M&E building, a single storey medical gas storage building and a single storey refuse chamber building | 2016 - 2018 | 88.29 | 410.07 |
| 4 | An ambulatory care centre known as TMC Health Centre | 2016 - 2017 / 2019 - 2020 (Extension) | 15.24 | 472.33 |
| 5 | KPJ Miri Specialist Hospital | 2017 - 2018 | 90.00 | 573.25 |
| 6 | KPJ BDC (Kuching) Specialist Hospital | 2018 - 2019 | 118.27 | 463.80 |

*Source: Bursa Malaysia Securities Berhad' website / JUMB and Arcadis Construction Cost Handbook Malaysia 2022 / KPJ's Annual Report / Cheston's Research*

Notes: *1 As at the date of transaction, the covering of the interior floor, ceiling and wall of level 7 were still unfinished whilst level 5 were partly finished.

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**1.3 Reconciliation of Values and Valuation Rationale**

**Property No. 1 (PGSH)**

Private specialist medical centre is a specialised property of providing quality, highly skilled and with utilization of technologically advanced medical equipment health centre with the various sources of revenues generated from operating the property as a business entity which 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 highest and best use value, 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 like PGSH. Based on our investigation and analysis, we note that there are adequate sale evidences of similar type of commercial land in the immediate vicinities and larger neighbourhood with similar locational benefit of PGSH which can be relied upon to arrive at the accurate market value of the land component using the Market/Comparison Approach. The details of the sale evidences are easily available from the Valuation And Property Services Department, Ministry Of Finance. The building component is derived from the DRC where the development cost of medical centres are easily available. The summation of the land and building values is adopted as the market value.

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 quantity, it will be difficult to make adjustments using the Market/Comparison Approach.

The market value of an income generating commercial property is a function of the future income stream derived from its operation and is only 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 PGSH. 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 PGSH. However, the Cost Approach can provide a good guide on the market value of PGSH 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 PGSH supported by the Cost Approach.

**Properties Nos. 2 and 3**

The DRC Method is the most commonly 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. Properties Nos. 2 and 3 comprise parts of the respective medical centres developed by KPJ as the long term Lessee on the remaining undeveloped land 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 inappropriate to be applied as they include the land component and the nature of the Subject Properties being the unsold building component only. Properties Nos. 2 and 3 were completed in end of 2018 and both were only in operation since year 2019 and year 2021, respectively, thus, there were insufficient past performance records to adopt the Income Approach by Profits Method (DCF). In addition, the operation of the Properties Nos. 2 and 3 were carried out together with the respective medical centres and therefore the income and expenses cannot be segregated or apportioned which requires complicated analysis. Insufficient and inaccurate data may lead to distorted result on the market value.

Hence, in arriving at our opinion of the market value of Properties Nos. 2 and 3, we have adopted the DRC Method as the reliable sole valuation methodology which reflects fair representation of the market values of Properties Nos. 2 and 3.

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

The unprecedented Covid-19 pandemic which began in early 2020 with waves of infections globally and the impositions of various forms of MCOs nationwide, necessitating containment measures to prevent the spread, have affected the Malaysian economy, the property market and the healthcare industry. The Malaysian economy contracted by 5.6% in year 2020, however, rebounded by 3.1% in year 2021. The healthcare industry which requires physical presence has also been impacted. The number of patients seeking treatment at private medical centres had declined in years 2020, 2021 and as at 1H 2022. The outbreak also had been resulted in international border closure from early 2020 until April 2022 and affected people's confidence to travel that had restricted medical tourism.

Since the Covid-19 outbreak in early 2020, the Government has implemented various fiscal and monetary measures, economic stimulus packages to mitigate the impact. The Malaysian economy registered strong growth of 8.9% in the 2Q 2022 (1Q 2022: 5.0%) supported by normalizing economic activity as the country moved towards endemicity, reopened international borders, continued recovery in labour market conditions, policy support and tourism related sectors. For the whole year of 2022, Bank Negara Malaysia (BNM) has projected the Malaysian economy to achieve growth of about 5% to 6%.

Nevertheless, going forward, in year 2023, the global economy is threatened with recession fears, rising inflation, tighter global financial conditions, volatility in the global security and foreign exchange markets, escalation of geopolitical conflicts and supply chain disruptions. BNM has projected the Malaysian economy to continue to expand in year 2023, albeit at a slower pace, stem from the abovementioned external weaknesses.

In year 2020, the Malaysian property market was affected by the Covid-19 pandemic and declined with a total of 295,968 transactions worth RM119.07 billion, showing decrease of 9.9% in volume and 15.8% in value compared to year 2019, which recorded 328,647 transactions worth RM141.403 billion. In year 2021, the Malaysian property market performance recorded a slight improvement with a marginal increase. A total of 300,497 transactions worth RM144.86 billion were recorded, showing an increase of 1.53% in volume and 21.66% in value compared to year 2020. However, the Malaysian property market activity had yet to recover to pre-covid level as the volume of transactions in year 2021 was still lower of about 8.6% compared to the pre-covid year of 2019.

The Malaysian property market performance rebounded strongly in the first half ("1H") of year 2022 compared to 1H 2021. A total of 188,002 transactions worth RM84.40 billion were recorded, exhibiting an increase of 34.5% in volume and 36.1% in value compared to 1H 2021, which recorded 139,754 transactions worth RM62.03 billion. The 1H 2022 performance was better than the pre-covid level of 1H 2019 which marked that, for the whole year of 2022, the Malaysian property market performance is expected to surpass the pre-covid level in year 2019. Notwithstanding, moving forward, for year 2023, the Malaysian property market is forecasted to be moderated due to the anticipated softening of global economy and other external factors.

Malaysia, which has dual healthcare system of private and public sectors, has immense potential as a preferred healthcare travel destination in the world due to quality and affordable medical treatment, convenient healthcare travelling by airline companies, travel agencies, hospitality industries and tourism incentives. Prior to the Covid-19 pandemic, the Malaysian healthcare sector had robust growth and this sector has one of the highest multipliers in the Malaysian economy. Moving forward, post Covid-19 pandemic, the Malaysian healthcare sector is expected to regain its resilient amid strong demand from the demographic shifts among which are the increase in aging Malaysian population, rising affluence, increasing life expectancy and growing healthcare insurance.

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 5.0% to 6.3% whilst the net rental yields of IGB Commercial REIT which was launched in April 2021 ranged between 3.16% to 5.47%.

The rental rates of the newly 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 RM1.60 psf to RM2.34 psf which translated to the net rental yield of about 5.3%.

In light of the above, taking into consideration of the current state of the Malaysian economy, property market and healthcare industry which have been impacted by the Covid-19 pandemic, looming global recession fears and the geopolitical risk, the current cost of financing rates, short to long term securities rates and after making comparisons with the broad spectrum of various types of residential, commercial, industrial and agricultural properties in Malaysia, we are of the view that the fair net rental yields of the Subject Properties are between 5.0% to 6.0%.

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## 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 purpose built private specialist medical centre known as PGSH | 92,600,000 |
| 2 | An eight (8) storey private consultant block, an annexed six (6) storey private medical centre with a ground floor car park, a double (2) storey mechanical & electrical building, a single storey medical gas storage building and a single storey refuse chamber building (buildings only) being part of KPJ Seremban Specialist Hospital | 84,500,000 |
| 3 | An ambulatory care centre (building only) known as TMC Health Centre | 14,300,000 |
| | **TOTAL** | **191,400,000** |

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

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

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## APPENDIX 'A' – SALIENT DETAILS OF THE SUBJECT PROPERTIES

**Property No. 1**

**a. Salient Details**

| | |
|---|---|
| Date of Inspection and Valuation: | 23 May 2022 |
| Identification / Type of Property / Property Address: | A purpose built private specialist medical centre known as PGSH identified as Lot 198635 (formerly PTD 204781), Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim, held under Title No. Pajakan Negeri 70767 (formerly HS(D) 478087), bearing postal address PTD 204781 (New Lot 198635), Jalan Persiaran Dahlia 2, Taman Bukit Dahlia, 81700 Pasir Gudang, Johor Darul Takzim. |
| Title Particulars: | Tenure: 99-year leasehold interest expiring on 28 December 2108 (unexpired term of about 86.66 years)<br>Title Land Area: 13,144 square metres ("sq. m.") / 141,480.83 square feet ("sq. ft.")<br>Registered Proprietor: Pasir Gudang Specialist Hospital Sdn. Bhd.<br>Category of Land Use: Building<br>Encumbrance / Endorsement: Nil |

**Location**

PGSH is located within the commercial centre of Taman Bukit Dahlia, Pasir Gudang and is sited along the northern (left) side of Jalan Besar, travelling from Pasir Gudang Highway/Jalan Pekeliling/Jalan Besar junction towards Johor Port. It is located about 21 kilometres ("km") (13.05 miles) to the north-east of Johor Bahru city centre. Johor Port, Pasir Gudang is located about 6 km (3.73 miles) to the south-east. PGSH enjoys frontages onto Jalan Besar, Jalan Persiaran Dahlia 1 and Jalan Persiaran Dahlia 2. It is easily accessible from various parts of Johor Bahru city centre and the common accessibility is via Johor Bahru – Pasir Gudang Highway, Jalan Pekeliling and Jalan Besar. Alternatively, it is also accessible from North-South Highway (PLUS Highway) via exiting at Pasir Gudang interchange, thence continuing onto Pasir Gudang Highway and Jalan Besar or via continuing onto Johor Bahru Eastern Dispersal Link Expressway (EDL) and exiting at Bakar Batu, thence continuing onto Johor Bahru – Pasir Gudang Highway and Jalan Besar. The commercial area of Taman Bukit Dahlia within which PGSH located comprises mainly of two to three storey terraced shop/offices, a three storey detached commercial building of Bukit Dahlia Badminton Club, KFC and Pizza Hut Pasir Gudang with drive-thru facility, Petronas petrol filling and service station and Proton showroom and service centre. Prominent developments in the immediate vicinity include KIP Mart Masai located about 650 metres to the north-west, Kite Hill Recreational Park and Museum located about 1.5 km to the east, Pasir Gudang Motor Racing Circuit located about 2 km to the north-east and Johor Port Authority Office located about 950 metres to the south-east of the subject property.

Prominent private medical centres and government hospitals located in the neighbourhood are as follows: -

| Name | Capacity (Bed) | Location | Distance from PGSH (km) |
|---|---|---|---|
| **Private Medical Centre** | | | |
| Regency Specialist Hospital | 188 | Jalan Suria, Bandar Seri Alam, 81750 Masai | 4.5 |
| Columbia Asia Hospital Tebrau | 33 | Persiaran Southkey 5, Kota Southkey, 80150 Johor Bahru | 21.1 |
| Kempas Medical Centre | 47 | Jalan Kempas Baru, 81200 Johor Bahru | 22.2 |
| KPJ Puteri Specialist Hospital | 158 | Jalan Tun Abdul Razak (Susur 5), 80350 Johor Bahru | 22.0 |
| KPJ Johor Specialist Hospital | 26 | Jalan Abdul Samad, 80100 Johor Bahru | 23.4 |
| KPJ Bandar Dato' Onn Specialist Hospital | 34 | Jalan Bukit Mutiara, Taman Bukit Mutiara, 81100 Johor Bahru | 22.8 |
| Columbia Asia Hospital – Iskandar Puteri | 135 | Persiaran Afiat, Taman Kesihatan Afiat, 79250 Iskandar Puteri | 33.6 |
| Kensington Green Specialist Centre Sdn Bhd | 39 | Jalan Ceria 20, Taman Nusa Indah, 79100 Iskandar Puteri | 34.6 |
| Gleneagles Medini | 159 | Jalan Medini Utara 4, Medini Iskandar, 79250 Iskandar Puteri | 39.6 |
| **Government Hospital** | | | |
| Hospital Sultanah Aminah | | Dataran Larkin 2, Larkin Jaya, 80350 Johor Bahru | 22.8 |
| Hospital Permai Johor Bahru | | Persiaran Kempas Baru, Kempas Banjaran, 81200 Johor Bahru | 25.3 |
| Hospital Sultan Ismail | | Jalan Mutiara Emas Utama, Taman Mount Austin, 81100 Johor Bahru | 16.3 |
| Hospital Penawar | | Jalan Bandar, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang | 1.8 |
| The Under Construction Pasir Gudang General Hospital | | Jalan Gunung 1, Bandar Baru Seri Alam, 81750 Masai | 7.7 |

*Source: Ministry of Health ("MOH")*

**The Site**

The subject site comprises a parcel of corner plot, rectangular in shape, generally flat in terrain and lies at about the same level as the frontage metalled roads.

**The Buildings**

Brief details of the development, extensions and renovations of PGSH are as follows: -

| Year of Construction / Approval | Development / Extension / Renovation | Date / Reference No. of the Approved Plan / Certificate of Completion and Compliance ("CCC") |
|---|---|---|
| 2010 / 2011 | An eight (8) storey private medical centre building | Approved by Majlis Perbandaran Pasir Gudang ("MPPG") vide plan no. MPPG : JBGN/242/2008 (PG) on 14 July 2010. CCC bearing certificate no. LAM/S/No. 3233 was issued by MPPG on 29 November 2012. |
| 2016 / 2017 | Renovation of the level 3 (second floor) (Hemodialysis Unit) of the eight (8) storey private medical centre building. | Approved by MPPG vide plan no. MPPG : JBGN/221/2015 (PG) on 6 January 2016. CCC bearing certificate no. LAM/J/No. 8589 was issued by MPPG on 15 March 2017. |

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| | | |
|---|---|---|
| 2019 / 2020 | Extension and renovation of the Cath Lab & Endoscope Unit at the level 2 (first floor) and a new word of Diamond Ward at the level 8 (seventh floor) of the eight (8) storey private medical centre building. | Approved by MPPG vide plan no. MPPG : JBGN/90/2018 (PG) on 2 October 2018 and 30 November 2019. CCC bearing certificate no. LAM/J/No. 9174 was issued by MPPG on 19 February 2020. |
| November 2021 (Future Extensions) | Proposed future extensions - Application for Amendment to the Approved Plans dated 18 May 2011 for the proposed extension of levels 2 and 3 (Hemodialysis Unit and office area), V. E tank, pump house, refuse chamber and scheduled refuse chamber. | Vide a Development Order (DO) by Majlis Bandaraya Pasir Gudang (MBPG) formerly MPPG bearing reference no. MBPG : JPB/KM/35/2010 (PG) (Pind. 1) (7) dated 28 February 2022, the building plans have been approved by MBPG under plan no. MBPG : JPB/KM/35/2010 (PG) (Pind. 1) (6) dated 28 February 2022. This proposed extension works yet to be completed. |

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

| | |
|---|---|
| Buildings: | Constructed of reinforced concrete frame with brick infills rendered externally and plastered internally supporting a reinforced concrete flat roof concealed behind parapet walls. |
| Ceilings: | Generally of plaster boards incorporating downlights and air-conditioning ductings, plaster boards with cornices incorporating downlights and air-conditioning ductings, mineral fibre boards incorporating fluorescent lights and air-conditioning ductings and cement plaster. |
| Internal Walls: | Generally of gypsum boards and gypsum boards incorporating glass panels. The internal walls of the main entrance lobby, kitchen area and lift lobbies are generally lined with glazed wall tiles up to the ceiling height. The internal walls of the male and female toilets at the level 1 (ground floor) are lined with acoustical wall panels up to the ceiling height whilst the part of internal walls of the ward areas are decorated with decorative wall papers and colourful wall paintings. |
| Doors: | Generally, the main entrance to the reception area on the ground floor is fitted with an automatically operated sliding tinted glass panelled door. Other doors are generally of fire rated timber door, timber flush door, timber panelled door, solid timber door, glass door, aluminium framed door incorporating glass panels, automatically operated sliding door and PVC doors. |
| Windows: | Generally of aluminium casements incorporating tinted glass panels, aluminium framed powder coated fixed glass panels and top hung units. |
| Floors: | Generally finished ceramic tiles, homogenous tiles, vinyl 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 access between floors is by means of four (4) units of passenger lifts (each with a capacity of 1,635 kilogrammes / 24 persons), a service/cargo lift (with a capacity of 1,635 kilogrammes / 24 persons) and three units of reinforced concrete staircases. The buildings are equipped with medical gas supply system, nurse call button / intercom system and private automatic branch exchange ("PABX") system. Generally, all the buildings are equipped with the required fire fighting systems.

Note: Based on approved building plans, we note that the subject property should provide seven (7) units of vertical lifts including one (1) unit of service/cargo lift. However, during our inspection, we noted only five (5) units of vertical lifts including one (1) unit of service/cargo lift. We were informed that the Sale and Leaseback is subject to KPJHB undertake to install the two (2) additional lifts. In arriving at our opinion of the market value of the subject property, we have assumed that KPJHB will install the two (2) lifts of similar quality and capacity of the existing passenger's lift.

**Car Park Bays**

There are 223 car park bays (including 27 sheltered bays) together with 5 disabled person (Orang Kurang Upaya / "OKU") bays, an ambulance bay and 42 sheltered motorcycle park bays provided within PGSH at the northern portion and at the periphery of the site. There is also a buggy as complimentary for customer and patients to and from the car park area.

**Gross Floor Area ("GFA")**

The GFA of the buildings computed by Arkitek Zawawi and provided by Pasir Gudang Specialist Hospital Sdn Bhd ("PGSHSB") 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) An eight (8) storey private medical centre building | 18,885.34 | 203,280.10 | 9.48 |
| ii) A double (2) storey mechanical & electrical ("M&E") building | 375.07 | 4,037.22 | |
| iii) A single storey pump house building | 50.00 | 538.20 | |
| iv) Three units of single storey refuse chambers | 49.83 | 536.37 | |
| **Total** | **19,360.24** | **208,391.89** | |

**Beds**

Vide a licence to operate bearing licence no. 130102-00252-01/2021 (Borang 4 No. Siri: 005594) with 2 years validity from 18 April 2021 to 17 April 2023 as approved by MOH on 21 April 2021, we note that PGSH has been permitted to operate 148 beds (inclusive of 5 intensive care unit ("ICU") beds and 6 daycare ward beds), 1 cot, 1 phototherapy cot, 3 basinets and 11 dialysis chairs (inclusive of coronary care unit ("CCU"). We note that PGSH accommodates 137 operational beds whilst 5 beds are allocated for ICU and 6 beds are being used as daycare. The beds are classified into very important person ("VIP") suite, single deluxe diamond, single superior diamond, single bedded, double bedded diamond, double bedded and four bedded. The configuration of hospital beds, number of rooms and rates are as follows: -

| Bed | Rate Per Bed Per Night (RM) | No. of Room | No. of Bed |
|---|---|---|---|
| VIP (Diamond) | 688 | 1 | 1 |
| Premier Single<br>- Single Deluxe Diamond<br>- Single Superior Diamond | <br>300 – 500<br>240 – 300 | <br>3<br>3 | <br>3<br>3 |
| Single Bedded | 195 – 250 | 42 | 42 |
| Double Bedded | 130 – 150 | 38 | 76 |
| Four Bedded | 95 – 110 | 3 | 12 |
| **Total (Operational Beds)** | | **90** | **137** |

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| | | | |
|---|---|---|---|
| ICU (including Isolation Room) | 200 | 5 | 5 |
| Daycare | 100 | | 6 |
| **Total** | | **95** | **11** |
| **Grand Total (Licenced Beds)** | | | **148** |

*Source: PGSHSB*

**Facilities and Services:**

Other medical facilities comprise as follows: -

| Other medical facilities | No. of Room / Bed / Cot / Chair |
|---|---|
| Operation Theatre (OT) Room | 2 |
| Labour Room | 3 |
| Nursery | 3 |
| Dialysis Centre | 11 |

*Source: PGSHSB*

PGSH provides the following services: -

| Clinical Disciplines | Facilities and Services |
|---|---|
| • Anaesthesiology<br>• General Surgery<br>• Obstetrician & Gynaecology<br>• Orthopaedic<br>• Otolaryngology (Ears, Nose & Throat)<br>• Paediatrics<br>• Physician<br>• Cardiology<br>• Gastroenterology<br>• Nephrologist<br>• Radiology & Imaging<br>• Respiratory | • 3D & 4D Fetal Ultrasound<br>• Ambulance Services<br>• Accident & Emergency Services<br>• Ear, Nose & Throat Services<br>• General Blood Screening / Health Screening Packages<br>• General Medical / Cardiology Services<br>• Neonatal and Paediatric Services<br>• Hemodialysis<br>• Obstetric & Gynaecological Services<br>• Orthopaedic and traumatology Services<br>• Physiotherapy Services<br>• Stress Test<br>• Endoscopy<br>• Phamacy<br>• Diagnostic Imaging<br>• Laboratory services |

*Source: PGSHSB*

**Consultants / Clinics:** PGSH is supported by 19 consultants / doctors.

**Planning Details:** PGSH is 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:** PGSH is currently being operated/occupied by PGSHSB.

**b. Valuation**

1. Income Approach By Profits Method (DCF)

Parameters Adopted

a) Occupancy Rate

The occupancy rate is derived based on the historical occupancy rates achieved by PGSH since years 2015 to as at July 2022 (inclusive) as per the table below:

Historical Occupancy Rate of PGSH

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | As at July 2022 |
|---|---|---|---|---|---|---|---|---|
| Beds in Operation | 61 | 61 | 81 | 96 | 101 | 101 | 137 | 137 |
| Beds Available | 22,265 | 22,326 | 29,565 | 35,040 | 36,865 | 36,966 | 50,005 | 29,044 |
| No. of Inpatient Admitted | 5,811 | 7,600 | 9,871 | 12,349 | 13,907 | 10,723 | 9,857 | 8,151 |
| Total Occupied Beds | 12,072 | 16,272 | 21,093 | 26,586 | 28,740 | 22,432 | 20,394 | 17,883 |
| Occupancy Rate | 54.22% | 72.88% | 71.34% | 75.87% | 77.96% | 60.68% | 40.78% | 61.57% |

*Source: PGSHSB*

We note that the occupancy rates for years 2015 and 2016 based on the available beds of 61 were about 54.22% and 72.88%, respectively. In years 2017, 2018 and 2019, the occupancy rates based on the increased available beds of 81, 96 and 101 were about 71.34%, 75.87% and 77.96%, respectively.

In year 2021, level 8 was renovated and completed with 36 additional beds and thus the total available beds have been increased to 137.

The occupancy rates had declined to 60.68% in year 2020 and 40.78% in year 2021 and recorded 61.57% (unaudited) as at July 2022 due to the impact of the Covid-19 pandemic on the world and Malaysian economy.

We have excluded the occupancy rates for the years 2020, 2021 and as at July 2022 due to the impact of Covid-19 pandemic and the occupancy rate of up to July 2022 was still unaudited.

We also have analysed the occupancy rates of similar types of private medical centres as follows:-

**Analysis of Occupancy Rate of PGSH And Similar Type Of Private Medical Centres**

| No. | Name of Hospital | Age (Year) | Occupancy Rate | | | | | | Average 3 Years (2017-2019) |
|---|---|---|---|---|---|---|---|---|---|
| | | | Year 2017 | Year 2018 | Year 2019 | Year 2020 | Year 2021 | As At July 2022 | |
| 1 | KPJ Pasir Gudang Specialist Hospital ("PGSH") | 10 | 71.34% | 75.87% | 77.96% | 60.68% | 40.78% | 61.57% | 75.06% |
| 2 | KPJ Johor Specialist Hospital ("JSH") | 41 | 75.14% | 69.95% | 72.62% | 48.73% | 40.30% | 50.20% | 72.57% |
| 3 | KPJ Puteri Specialist Hospital ("PSH") | 36 | 72.07% | 73.88% | 82.19% | 59.71% | 45.80% | 49.40% | 76.05% |
| 4 | KPJ Selangor Specialist Hospital ("SSH") | 26 | 66.19% | 64.21% | 75.16% | 46.27% | 46.30% | 61.90% | 68.52% |
| 5 | KPJ Ampang Puteri Specialist Hospital ("APSH") | 30 | 80.21% | 73.24% | 71.29% | 44.74% | 45.80% | 54.40% | 74.91% |
| 6 | KPJ Ipoh Specialist Hospital ("ISH") | 41 | 91.37% | 84.84% | 79.29% | 73.74% | 52.30% | 64.60% | 85.17% |

*Source: KPJ Healthcare Berhad*

We note that the average occupancy rates of PGSH from years 2017 to 2019 was about 75.06% whilst the similar medical centres ranged between 68.52% to 85.16%.

In our projections of the occupancy rates of PGSH, we have taken into consideration of the impact of the Covid-19 pandemic which has resulted in the decline in the Malaysian economic growth and the occupancy rate of PGSH. The occupancy rates had declined to 60.68% in year 2020 (GDP: -5.6%) and 40.78% in year 2021 (GDP: 3.1%), however, recorded 61.57% (unaudited) as at July 2022 with the Malaysian economy rebounded in the 1Q 2022 (5%), 2Q 2022 (8.9%) and expected to achieve overall growth for the year of about 5 to 6% with the gradual normalizing of economic activity, reopening of the international borders and recovery in the labour market.

However, in year 2023, the Malaysian economy is expected to be impacted by weaker global growth amid recession fear, volatility in the security and foreign exchange markets and geo political conflicts.

In light of the above, we have reflected a lower occupancy rate for year 1 of our projections for year 2022/2023 of 55%. We have gradually increased the occupancy rate at 5.00% per annum for the occupancy rate to return to normalcy which PGSH had achieved prior to the Covid-19 pandemic (at an average rate of 75%) for year 5 (2026/2027).

**Occupancy Rate Adopted**

| Year | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 | 2026/2027 |
| Occupancy Rate Adopted | 55.00% | 60.00% | 65.00% | 70.00% | 75.00% |

The occupancy rates forecasted are fair, reasonable and in line with the occupancy rates of other similar private medical centres.

We have adopted the following parameters in arriving at the market value of PGSH using the Investment Approach by Profits Method (DCF). Generally, in arriving at the revenues and expenses of PGSH, we have made analysis of its historical performance. We have adopted the average of the immediate past three years performance as fair revenue and expenses.

In arriving at the average past three years performance of PGSH, we did not take into consideration of years 2020, 2021 and as at July 2022 revenue and expenses as these years were impacted by the Covid-19 pandemic. However, we have analysed and noted that the performances of years 2020, 2021 and as at July 2022 which have been substantially hampered by the Covid-19 pandemic as the floor level of benchmark. Our projections of the revenue and expenses for the 5-year cash flow have taken into consideration of the Covid-19 with recovery from the pandemic phase and gradual increase to return to normalcy phase.

We wish to highlight that the revenues and expenses of every medical centre differ depending on the location and demographical area, number of beds, different type of medical services and facilities provided, years in operation and age. As such, we have projected the revenues and expenses of PGHS's based on the analysis of its past performances from years 2017 to 2019 (inclusive) which reflects its inherent potential which are also in line with other similar type of medical centres.

The parameters adopted for PGSH are as follows:-

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| | | |
|---|---|---|
| b) | No. of Inpatient Admitted Days | 2.12 |
| c) | Ratio of No. of Outpatient / Inpatient | 3.94 |

Revenue

| | | |
|---|---|---|
| a) | Consultant Inpatient Revenue Per Occupied Bed | RM 741 |
| b) | Consultant Outpatient Revenue Per Person | RM 116 |
| c) | Hospital Inpatient Revenue Per Occupied Bed | RM2,047 |
| d) | Hospital Outpatient Revenue Per Person | RM 220 |

Expenses

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| a) | Cost of Sales | | | | | | |
| | i) Material | 25.1% | of Hospital Inpatient and Outpatient Revenues | | | | |
| | ii) Direct Staff Cost | 13.6% | of Gross Operating Revenue Before Hospital Discount And Appropriation To Consultant | | | | |
| | iii) Operating Overhead | 6.3% | | | | | |
| b) | Undistributed Operating Expenses | | | | | | |
| | i) Administrative & General | 11.1% | of Gross Operating Revenue After Hospital Discount And Appropriation To Consultant | | | | |
| | ii) Sales & Marketing | 0.4% | | | | | |
| | iii) POMEC | 7.5% | | | | | |
| c) | Quit Rent & Assessment Per Annum (Actual) | | RM224,544 | | | | |
| d) | Insurance Premium to cover F, B, PG, MB, PL, CL, AR and MM Per Annum (Actual) | | RM327,552 | | | | |
| e) | Capital Reserve Fund For The Replacement Of FFE, HOE And CAPEX | | **2022** | **2023** | **2024** | **2025** | **2026** |
| | | | RM25,000 per bed | RM30,000 per bed | RM35,000 per bed | RM40,000 per bed | RM45,000 per bed |
| f) | Terminal Capitalisation Rate | 8.5% | PGSH has an unexpired leasehold interest of about 86.66 years | | | | |
| g) | Discount Rate | 10.5% | | | | | |

2. Cost Approach

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

| Description | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 |
|---|---|---|---|---|
| Lot No. / Town / Mukim / District / State: | Lot 63136 / Mukim of Plentong / District of Johor Bahru / Johor Darul Takzim | Lot 156682 / Mukim of Plentong / District of Johor Bahru / Johor Darul Takzim | PTD 238752 (New Lot 212849) / Mukim of Plentong / District of Johor Bahru / Johor Darul Takzim | PTD 210466 (New Lot 207315) / Mukim of Plentong / District of Johor Bahru / Johor Darul Takzim |
| Title No.: | Geran 427805 | Geran 164926 | HS(D) 591621 | HS(D) 499883 (new Title Geran 542910) |
| Property Type: | A parcel of commercial land (intermediate) | A parcel of development land zoned for commercial use (intermediate) | A parcel of commercial land (intermediate) | A parcel of commercial land (intermediate) |
| Location: | Caltex Plentong Petrol Station, KM 18.4, Off Pasir Gudang Highway, Taman Perindustrian Sri Plentong, Masai, Johor Darul Takzim. | Lot 156662, Jalan Permas Jaya, Taman Permas Jaya, Masai, Johor Darul Takzim. | Jalan Tasek, Bandar Baru Seri Alam, Masai, Johor Darul Takzim. | Jalan Suria 1, Off Jalan Persiaran Seri Alam, Bandar Baru Seri Alam, Masai, Johor Darul Takzim. |
| Category Of Land Use: | Building | Nil | Building | Nil |
| Town Planning: | Commercial | Commercial | Commercial | Commercial |
| Tenure: | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity |
| Land Area (sq. ft.): | 61,214.36.00 | 463,591.53 | 140,153.75 | 52,269.55 |
| Consideration: | RM4,460,000.00 | RM46,347,840.00 | RM11,212,344.00 | RM4,441,344.00 |
| Date of Transaction: | 8 January 2020 | 3 May 2019 | 31 October 2018 | 7 June 2017 |
| Vendor: | Chevron Sdn Bhd | Straits View Development Sdn Bhd | Seri Alam Properties Sdn Bhd | Seri Alam Properties Sdn Bhd |
| Purchaser: | Sim Teong Huat Sdn Bhd | Khong Guan (M) Sdn Bhd | Consomac Sdn Bhd | Regency Specialist Hospital Sdn Bhd |
| Analysis (per square foot / "psf"): | RM72.86 | RM99.98 | RM80.00 | RM84.97 |
| Adjustment Factors Considered: | Market condition due to the impact of the Covid-19 pandemic (Time), location and accessibility, corner/end premium, conversion premium/planning approval/development order, restriction in interest, size/quantum allowance, shape and tenure. | | | |
| Adjusted Value Of Land (psf): | RM84.59 | RM90.32 | RM87.33 | RM84.55 |

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| | |
|---|---|
| Market Value of Land: | We have analysed and made diligent adjustments for differences of the comparable land sale transactions against the subject property. We note that the sale evidences range from RM72.86 psf to RM99.98 psf. After making the necessary adjustments, the adjusted values range from RM84.55 psf to RM90.32 psf. In arriving at the market value using the Market/Comparison Approach, we have adopted the adjusted value of **RM84.59 psf** from the adjustments of Comparable 1 which the latest sale transaction as fair representation which translates into a market value of the commercial land of **RM11,967,683.41**. |

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

Based on the bills of quantities (BOQ) of the development cost prepared by Quantity Surveyor, KPK Quantity Surveyor Sdn Bhd, we note that the total actual development cost of PGSH in years 2010-2012 and the extensions and renovations in years 2018-2020 together with estimated cost for installing 2 units of vertifical lifts was RM68,200,000. The analysis of the development cost over the GFA is about RM3,441.91 per sq. m. ("psm") or RM319.76 psf.

However, we note that the abovementioned development cost includes the cost of fit out works and lessee'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 considered in our valuation is RM67,009,489.60, which is analysed to RM3,381.83 psm or RM314.18 psf over the GFA.

We note from the JUBM and Arcadis Construction Cost Handbook Malaysia 2022, the construction cost of government hospitals range from RM332 psf to RM484 psf. Our analysis of the development cost of private medical centres from years 2014 to 2020 revealed within the range of RM371.85 psf to RM573.25 psf.

In arriving at GCRCN of the subject property, we have adopted RM442.24 psf as a fair development cost. The GCRCN of the buildings is RM92,160,189.21. Depreciation is adopted at a rate of 2% per annum. The depreciation of the buildings is RM17,482,661.65. The DRC of the buildings is RM74,677,527.57. Thus, the Market Value derived from the Cost Approach is RM86,645,210.98 and we have rounded down to RM86,600,000.00.

3. Reconciliation and Opinion of Values

| Method of Valuation | Market Value Derived | Market Value Adopted | |
|---|---|---|---|
| Income Approach by Profits Method (DCF) | RM92,600,000 | **RM92,600,000** | 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 PGSH supported by the Cost Approach. |
| Cost Approach | RM86,600,000 | | |

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**Property No. 2**

**a. Salient Details**

| | |
|---|---|
| Date of Inspection and Valuation: | 24 May 2022 |
| Identification / Type of Property / Property Address: | An eight (8) storey private consultant block, an annexed six (6) storey private medical centre with a ground floor car park, a double (2) storey M&E building, a single storey medical gas storage building and a single storey refuse chamber building (buildings only) being part of KPJ Seremban Specialist Hospital ("KPJSSH"), identified as Parent Lot 50604, Section 2 (Formerly Lots 17522, 17523, 24007 and 50459), Pekan Bukit Kepayang, District of Seremban, Negeri Sembilan Darul Khusus, held under Parent Title No. Geran 277698, bearing postal address Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan Darul Khusus.<br><br>The subject property forms part of KPJSSH and is sited on Parent Lot 50604. 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 Seremban Specialist Hospital Sdn Bhd (as Lessee), we note that KPJSSH (old buildings) together with Parent Lot 50604 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 in year 2018 on part of Parent Lot 50604. The Lessee has proposed to enter into a Sale and Leaseback arrangement of the subject property 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 the subject property. |
| Title Particulars of the Parent Lot: | Tenure: Interest in perpetuity<br>Title Land Area: 22,470 sq. m. / 241,865 sq. ft.<br>Registered Proprietor: AmanahRaya Trustees Berhad (as Trustee)<br>Category of Land Use: Building<br>Encumbrance: Nil |

**Location**

The subject property forms part of KPJSSH which 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 (1.5 miles) to the south-west of Seremban city centre and 0.65 km (0.41 mile) to the north-east of Seremban exit of North-South Expressway.

KPJSSH 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 KPJSSH 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 the subject property (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) | 62 | Lot 3900, Jalan Tun Dr. Ismail, 70200 Seremban | 3.0 |
| Mawar Medical Centre | 30 | No. 71, Jalan Rasah, 70300 Seremban | 4.5 |
| Salam Senawang Specialist Hospital | 100 | 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 site is a parcel of corner plot, irregular in shape, generally flat in terrain and lies above the level of the frontage metalled roads.

**The Buildings**

Brief details of the development, extensions and renovations of the subject property are as follows: -

| Year of Construction / Approval | Development / Extension / Renovation | Date / Reference No. of the Approved Plan / CCC |
|---|---|---|
| 2017 / 2018 | An eight (8) storey private consultant block<br><br>An annexed six (6) storey private medical centre with a ground floor car park<br><br>A double (2) storey M&E building<br><br>A single storey medical gas storage building<br><br>A single storey refuse chamber building | Approved by Majlis Perbandaran Seremban (MPS) vide plan no. 115/2012 on 22 March 2012 and amended the approved building plans bearing plan no. KM MPS/OSC/0071/18/02/PB on 17 July 2018.<br><br>CCC bearing certificate no. LAM/NS/No. 3982 was issued by MPPJ on 26 November 2018. |

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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 three units of passenger lifts (each with a capacity of 750 kilogrammes / 11 persons), a Bomba lift (with a capacity of 1,360 kilogrammes / 15 persons), two units of service lifts (each with a capacity of 1,565 kilogrammes / 21 persons) and five units of reinforced concrete staircases. The buildings are equipped with medical gas supply system, nurse call button / intercom system and PABX system. Generally, all the buildings are equipped with the required fire fighting systems.

**Car Park Bays**

There are 284 surface car park bays comprising 245 car park bays within Parent Lot 50604 and 27 car park bays on the ground floor/level 1 of the annexed six (6) storey private medical centre. The surface car park area within Parent 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 the buildings are tabulated as follows: -

| Building | GFA | | Age (Year) |
|---|---|---|---|
| | sq. m. | sq. ft. | |
| i) An eight (8) storey private consultant block | 13,191.32 | 141,990.14 | 3.49 |
| ii) An annexed six (6) storey private medical centre with a ground floor car park | 6,054.58 | 65,171.00 | |
| iii) A double (2) storey M&E building | 669.18 | 7,203.00 | |
| iv) A single storey medical gas storage building | 65.03 | 700.00 | |
| v) A single storey refuse chamber building | 23.23 | 250.00 | |
| **Total** | **20,003.34** | **215,314.14** | |

**Beds**

Vide a licence to operate bearing Licence No. 130505-00024-01/2021 (Borang 4 No. Siri: 005487) with 2 years validity from 26 March 2021 to 25 March 2023 as approved by MOH on 10 March 2021, we note that SSH has been permitted to operate 206 beds, 9 basinets, 1 cot and 34 dialysis chairs. However, the subject property is permitted to operate 61 beds (inclusive of isolation room), 9 basinets, 1 cot and 34 dialysis 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 |
|---|---|---|---|
| Single Bedded | 200 | 58 | 58 |
| Isolation Room | 280 | 3 | 3 |
| **Total** | | **61** | **61** |

*Source: SSHSB*

Facilities and Services:

Other medical facilities comprise as follows: -

| Other medical facilities | No. of Room / Bed / Cot / Chair |
|---|---|
| Treatment Room | 3 |
| Labour Room | 5 |
| Nursery | 10 |
| Dialysis Centre | 34 |

*Source: SSHSB*

The subject property provides the following services: -

| Clinical Disciplines | Facilities and Services |
|---|---|
| • Anaesthetist<br>• Cardiologist<br>• Dermatologist<br>• ENT, Head & Neck Surgeon<br>• General Surgeon<br>• General & Vascular Surgeon<br>• Physician & Neurologist<br>• Neuro Surgeon<br>• Obstetrics & Gynaecologist<br>• Orthopaedic<br>• Opthamologist | • 24 hours Accident & Emergency Services<br>• Delivery Suites<br>• Diagnostic Imaging which includes Magnetic Resonance Imaging (MRI), Mammography, X-Ray and Ultrasound<br>• Ultrasound Endoscopy & OGDS, Colonoscopy and ERCP procedure<br>• Catheterization Laboratory equipped with Angiogram for Angioplasty and other Interventional Cardiology such as Echocardiogram Test, Trans Oesophagus Echo, Electrocardiogram (ECG), Stress ECG & etc. |

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| | |
|---|---|
| | **Clinical Disciplines**<br>• Paediatrician<br>• Paediatrician (Paediatric Infectious Diseases)<br>• General Physician<br>• Physician Nephrologist<br>• Physician Respiratory & Internal medicine<br>• Physician & Cardiologist<br>• Psychiatrist<br>• Urologist<br>• Cardiothoracic Surgeon<br><br>**Facilities and Services**<br>• Dietetic Counseling Service<br>• 3D Ultrasound<br>• Heart Centre<br>• Home Nursing; Physiotherapy & Nursing Care<br>• Intensive Care Unit / Cardiac Care Unit / High Dependency Care Unit<br>• Immunization and Vaccination<br>• In House 24 Hour Pharmacy<br>• 24 hours Laboratory Services<br>• Neonate ICU / Neonate HDU<br>• Operation Theatres and Day Care Surgery<br>• Premier Screening & Wellness Centre<br>• Rehabilitation Medicine<br>• Renal & Dialysis Centre<br>• Special Care Nursery<br>• Special Diagnostic Centre<br>• Special Outpatient Centre<br>• Bone Mineral Densitometry<br><br>*Source: SSHSB* |
| Consultants / Clinics: | SSH is supported by 40 consultants / doctors. |
| Planning Details: | The subject property is located within an area designated for commercial use for 'Private Hospital Building' purposes.<br>All the buildings and renovation works are issued with CCC as per the details in the description of the buildings. |
| Occupancy Status: | The subject property is currently being operated/occupied by SSHSB. |

**b. Valuation**

1. Depreciated Replacement Cost (DRC) Method

Based on the bills of quantities (BOQ) 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 in years 2016 to 2018 (inclusive) was RM88,294,331.67. The analysis of the development cost over the GFA is about RM4,413.98 psm or RM RM410.07 psf.

However, we note that the abovementioned development cost includes the cost of fit out works and lessee'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 considered in our valuation is RM87,854,813.67, which is analysed to RM4,392.01 psm or RM408.03 psf over the GFA.

We note from the JUBM and Arcadis Construction Cost Handbook Malaysia 2022, the construction cost of government hospitals range from RM332 psf to RM484 psf. Our analysis of the development cost of private medical centres from years 2014 to 2020 revealed within the range of RM371.85 psf to RM573.25 psf.

In arriving at the GCRCN of the subject property, we have adopted RM421.89 psf as a fair development cost. The GCRCN of the buildings is RM90,837,950.06. Depreciation is adopted at a rate of 2% per annum. The depreciation of the buildings is RM6,346,212.95. The DRC of the buildings is RM84,491,737.11. Thus, the Market Value derived from the DRC Method is RM84,491,737.11 and we have rounded up to RM84,500,000.

2. Valuation Rationale and Opinion of Value

| Method of Valuation | Market Value Derived | Market Value Adopted | |
|---|---|---|---|
| Depreciated Replacement Cost (DRC) Method | RM84,500,000 | **RM84,500,000** | 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. |

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**Property No. 3**

**a. Salient Details**

| | |
|---|---|
| Date of Inspection and Valuation: | 25 May 2022 |
| Identification / Type of Property / Property Address: | A four storey private ambulatory care centre (building only) known as TMC Health Centre ("TMCHC"), identified as Lot 3140, Town of Taiping and District of Larut & Matang, Perak Darul Ridzuan, held under Title No. Pajakan Negeri 361304, bearing postal address Medan Taiping, 34000 Taiping, Perak Darul Ridzuan.<br><br>Lot 3140 is a parcel of commercial land located to the immediate north-west of KPJ Taiping Medical Centre ("KPJTMC"). Prior to the construction of the subject property, Lot 3140 had been fully utilised as an open car park area of KPJTMC. Vide a Lease Agreement dated 1 May 2009 made between Al-Aqar Healthcare REIT (being represented by its trustee AmanahRaya Trustees Berhad) (as Lessor) and Taiping Medical Centre Sdn Bhd (as Lessee), we note that KPJTMC and Lot 3140 have been leased for an initial term of fifteen (15) years commencing on 1 May 2009 with an option to renew for a further term of fifteen (15) years. The Lessee has constructed the subject property on part of Lot 3140 with the remaining part continued to be used as an open car park area. The Lessee has proposed to enter into a Sale and Leaseback arrangement of the subject property 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 the subject property. |
| Title Particulars of Lot 3140: | Tenure: 99-year leasehold interest expiring on 25 July 2088 (unexpired term of about 66.21 years)<br>Title Land Area: 3,554 sq. m. / 38,255 sq. ft.<br>Registered Proprietor: AmanahRaya Trustees Berhad (as Trustee)<br>Category of Land Use: Building<br>Encumbrance: Nil<br>Endorsement: Nil |

**Location**

TMCHC is located within Medan Taiping, Taiping town and is sited about 1.5 km (0.75 mile) 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 TMC. 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 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 beds | Jalan Taming Sari, 34000 Taiping | 1.5 |

*Source: MOH*

**The Site**

The subject site is a parcel of commercial plot, near triangular in shape, generally flat in terrain and lies at the same level as the frontage metalled roads.

**The Buildings**

Brief details of the development, extension and renovation of TMCHC are as follows: -

| Year of Construction / Approval | Development / Extension / Renovation | Date / Reference No. of the Approved Plan / CCC / CPC |
|---|---|---|
| 2016 / 2017 (Phase 1) * | A 4-storey ambulatory care centre<br>The M&E building accommodating a main switch board room, a generator set ("genset") room, a telephone room and a metre room<br>A medical gas building | Approved by Majlis Perbandaran Taiping ("MPT") vide plan no. M.P.T G4/C/6/2015 on 28 September 2017. CCC bearing certificate no. LAM/Pk/No. 11581 was issued by MPT on 13 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 | Approved by MPT vide plan no. M.P.T G5/C/12/2019 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 13 September 2018 whilst Phase 2 was completed in June 2020.

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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 building is equipped with cassette type air-conditioning system, air-conditioning ducting system with some rooms are fitted with additional split-unit air conditioners. Vertical movement between floors is by means of a unit of passenger lift and a unit of service lift (each with a capacity of 1,635 kilogrammes / 24 persons) and two units of reinforced concrete staircases. The buildings are equipped with medical gas supply system, nurse call button / intercom system and PABX system. 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. | |
| i) A 4-storey private ambulatory care centre | 2,927.68 | 31,513.28 | 3.70 |
| ii) M&E building accommodating a main switch board room, a genset room, a telephone room and a metre room | 56.21 | 605.00 | |
| iii) A medical gas building | 14.40 | 155.00 | |
| **Total** | **2,998.29** | **32,273.28** | |

| | |
|---|---|
| Planning Details: | TMCHC is located within an area designated for commercial use.<br>All the buildings, extension and renovation works are issued with CCC/CPC as per the details in the description of the buildings. |
| Occupancy Status: | TMCHC is currently being operated/occupied by PSHSB. |

**b. Valuation**

1. Depreciated Replacement Cost (DRC) Method

Based on the bills of quantities (BOQ) of the development cost prepared by Quantity Surveyor, ARH Jurukur Bahan Sdn Bhd, we note that the total actual development cost of the four storey private ambulatory care centre (building only) in years 2016-2017 and the extension and renovation works in years 2019-2020 was RM15,243,601.03. The analysis of the development cost over the GFA is about RM5,084.10 psm or RM472.33 psf.

However, we note that the abovementioned development cost includes the cost of fit out works and lessee'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 considered in our valuation is RM14,459,815.13, which is analysed to RM4,822.69 psm or RM448.04 psf over the GFA.

We note from the JUBM and Arcadis Construction Cost Handbook Malaysia 2022, the construction cost of government hospitals range from RM332 psf to RM484 psf. Our analysis of the development cost of private medical centres from years 2014 to 2020 revealed within the range of RM371.85 psf to RM573.25 psf.

In arriving at GCRCN of the subject property, we have adopted RM479.64 psf as a fair development cost. The GCRCN of the buildings is RM15,479,507.20. Depreciation is adopted at a rate of 2% per annum. The depreciation of the buildings is RM1,145,059.44. The DRC of the buildings is RM14,334,447.76. Thus, the Market Value derived from the DRC Method is RM14,334,447.76 and we have rounded down to RM14,300,000.

2. Valuation Rationale and Opinion of Value

| Method of Valuation | Market Value Derived | Market Value Adopted | |
|---|---|---|---|
| Depreciated Replacement Cost (DRC) Method | RM14,300,000 | **RM14,300,000** | We have considered the market value derived from the Depreciated Replacement Cost (DRC) Method as fair and accurate representation of the market value of TMCH. |

This Rental Revision (as defined herein) is provided for information only and is not the subject matter of this Circular and is not subject to shareholders' approval. For information, KPJ had on 15 October 2021 announced a rental revision of the properties leased from Al-`Aqar Australia Pty Ltd, the details of which are set out below.

## 1. INTRODUCTION

KPJ had on 15 October 2021 through its wholly owned subsidiary, Jeta Gardens (Qld) Pty Ltd ("**JGPL**"), entered into an amendment to lease with Al Aqar Australia Pty Ltd ("**AAA**") to vary the existing lease agreement dated 25 October 2011 (including any amendment, supplemental or variation to the existing lease agreement) ("**JGPL Lease Agreement**") for the properties owned by AAA ("**Amendment to Lease**"). The Amendment to Lease is to, amongst others, reflect the terms of the rental rate revision in respect of the lease of the **JG Properties** (as defined below) ("**Rental Revision**").

## 2. DETAILS OF THE RENTAL REVISION

### 2.1 Background Information on the proposed properties of the revised rent revision

The properties owned by AAA comprise of the Jeta Gardens Aged Care Facility, Jeta Gardens Retirement Village and the development land (collectively, "**JG Properties**"). The JG Properties are located in the suburb of Bethania and situated at the western end of Clarendon Avenue, about 27 kilometres south of the Brisbane Central Business District ("**CBD**"). The JG Properties are located on a land with freehold interest covering an area of 119,580 square metres and are leased to JGPL for a term of 99 years commencing 2 November 2011, with options in favour of both parties to terminate every 15 years.

The JG Properties form an integrated aged care and retirement village containing a 106-bed residential aged care facility ("**RACF**"), 23 independent living units ("**ILUs**"), 32 independent living apartments ("**ILAs**") and community facilities.

The village also contains development land which includes plans for an additional 22 ILUs and 57 ILAs plus land for development of a 72-bed RACF (Stage 1) and 96-bed RACF extension site (Stage 2). As at 31 December 2020, JGPL has developed 10 of the 22 ILUs and the 72bed RACF (Stage 1) ("**New Improvements**").

### 2.2 Basis and justification for arriving at the Revised Rental Rate

The revised rental rate was arrived at on a negotiated basis and after considering the following:

(i) The valuation of the JG Properties at AUD28.5 million (or RM86.0 million) which was arrived at based on the market rental assessment and adopted capitalisation rate, after reflecting the relevant variables, nature, location and tenancy profile of the JG Properties when compared with current market investment criteria *(Source: Independent valuer appointed by AAA);*

(ii) The capitalisation rate of 6.5% which was determined after taking into consideration recent investment transactions involving freehold RACF located in Queensland, Victoria and Western Australia with initial yields ranging between 5.50% and 7.56% *(Source: Independent valuer appointed by AAA)*;

(iii) The low current interest rate environment in Australia, whereby the yields on the 10year Australian Government Bonds have reduced from 5.10% as at 22 September 2010, being the date of announcement by Al-`Aqar of the acquisitions of the JG Properties, to 1.49% as at the 30 September 2021 *(Source: Reserve Bank of Australia 2021)*.

(iv) Dividend yields of listed aged care companies and listed real estate investment trusts in Australia with a market capitalisation of less than AUD2.0 billion (or RM6.0 billion), which ranges from nil to 7.9% and a median of 5.0%, as follows:

| Name | Principal Activities | Dividend Yield |
|---|---|---|
| Estia Health Limited | Provides aged care services and operates a network of retirement homes, providing housing, nursing, food preparation, community building, and related services throughout Victoria, Australia. | 0.0 |
| Regis Healthcare Limited | Provides residential aged care services in Australia. | 1.0 |
| Japara Healthcare Limited | Operates and develops residential aged care homes in Australia. | 0.0 |
| APN Convenience Retail REIT | Operates as a real estate investment trust. The company invests in service stations and convenience retail stores in Australia. | 6.2 |
| APN Industria REIT | Operates as a real estate investment trust. The company invests in and owns interest in real estate properties throughout Australia, focusing on industrial, technology park, and business office assets. | 5.0 |
| Charter Hall Social Infrastructure REIT | Operates as a real estate investment trust. The company invests in social infrastructure properties, as well as provides assets and capital management services in Australia and New Zealand. | 4.4 |
| GARDA Diversified Property Fund | This is a stapled entity whereby shares in GARDA Holdings Limited are stapled to units in GARDA Diversified Property Fund. The company invests in commercial offices and industrial facilities, as well as provides fund management and real estate advisory services in Australia. | 5.0 |
| Centuria Office REIT | Operates as a real estate investment trust. The company invests in commercial properties via a listed property trust, as well as owns and manages office assets in Australia. | 6.6 |
| Elanor Retail Property Fund | Manages real estate investment fund. The company invests in Australian retail property, focusing on neighbourhood and sub-regional shopping centres. It owns a portfolio of retail shopping centres located in New South Wales, Queensland, and Tasmania. | 7.9 |
| Australian Unity Office Fund | Operates as a real estate investment trust. The company owns a diversified portfolio of office properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane, and Canberra. | 6.4 |

*(Sources: Bloomberg as at the 30 September 2021 and announcements made by the relevant companies to the Australian Stock Exchange)*

**2.3 Salient Terms of the Revised Rental Rate**

Pursuant to the Amendment to Lease, KPJ and AAA have agreed to reduce the base rental rate to be charged for the lease of the JG Properties from 8.5% per annum to 6.5% per annum ("**Revised Rental Rate**") to be applied on the market value of the JG Properties. The Revised Rental Rate will take effect from 2 October 2021 and end on 1 November 2026.

Under the Amendment to Lease, AAA and JGPL agreed, amongst others:-

(i) that in respect of the rental period from 2 November 2020 until 1 November 2023 ("**Fourth Rental Period**"), the Revised Rental Rate will be applied from 2 October 2021 until the expiry of the Fourth Rental Period;

(ii) that the market value of the JG Properties to be adopted to determine the revised base rental for the period from 2 October 2021 until the expiry of the Fourth Rental Period shall be AUD28.5 million;

(iii) to apply the Revised Rental Rate for the next succeeding rental period from 2 November 2023 until 1 November 2026 ("**Fifth Rental Period**");

(iv) that an additional rental will be payable by JGPL upon payment by AAA of the consideration amount for the New Improvements developed by JGPL on the JG Properties during either the Fourth Rental Period or the Fifth Rental Period. Such additional rental will be calculated based on 6.5% per annum of the consideration amount (including goods and services tax) paid by AAA and for a period from the date of such payment until the expiry of the relevant rental period during which the payment was made; and

(v) that the rental payable in respect of the subsequent rental periods after the Fifth Rental Period will be determined in accordance with the original provision in the JGPL Lease Agreement and the Revised Rental Rate will not apply.

For the avoidance of doubt, the above terms shall apply from 2 October 2021 until the expiry of the Fifth Rental Period despite anything contained in the JGPL Lease Agreement to the contrary and will prevail to the extent of any such inconsistency.

AAA and KPJ have also agreed to the market value of the JG Properties as at 30 June 2021 to be AUD28.5 million (or RM86.0 million) as appraised by the appointed independent valuer, CBRE Valuations Pty Ltd ("**CBRE VPL**").

**2.4 Information of the Parties**

**(i) AAA**

AAA, a wholly-owned subsidiary of Al-`Aqar, was incorporated in Australia on 22 December 2010 and is the property owner of Jeta Gardens Retirement Village as follows:

- The Opal (106 bed RAC facility)
- 23 units Independent Living Unit
- 32 units Independent Living Apartment
- Land identified as 2/SP240417, 3/SP240417 and 4/SP240417

The directors of AAA as at the 30 September 2021 are Wan Azman Ismail and Matthew Shane Zauner.

The directors of AAA do not hold any shares in AAA as at the 30 September 2021.

**(ii) JGPL**

JGPL was incorporated in Australia on 27 November 2002 and is primarily involved in the operation of Jeta Gardens Retirement Village. JGPL's majority owned subsidiary, Jeta Gardens Aged Care (Qld) Pty Ltd, is primarily involved in the operation of Jeta Gardens Aged Care Facility.

The substantial shareholders of JGPL and their respective shareholdings in JGPL as at 30 September 2021 are as follows:

| | Shareholdings | | | |
|---|---|---|---|---|
| | Direct | | Indirect | |
| **Name** | **No. of Shares** | | **No. of Shares** | |
| | **('000)** | **%** | **('000)** | **%** |
| Kumpulan Perubatan (Johor) Sdn Bhd ("**KPJSB**") | 3,676 | 57.16 | - | - |
| Chung Brisbane Pty Ltd | 766 | 11.91 | - | - |
| Colemont Pty Ltd | 371 | 5.76 | - | - |
| Five Pty Ltd | 360 | 5.60 | - | - |
| KPJ | - | - | 3,676(1) | 57.16 |
| JCorp | - | - | 3,676(2) | 57.16 |

***Notes:***

*(1) Deemed interested by virtue of its shareholdings in KPJSB pursuant to Section 8 of the Act.*

*(2) Deemed interested by virtue of its interest in KPJ, JCorp Capital Solutions Sdn. Bhd., Kulim (Malaysia) Berhad, Johor Land Berhad and Johor Ventures Sdn Bhd pursuant to Section 8 of the Act.*

The directors of JGPL as at 30 September 2021 are Ahmad Shahizam Bin Mohd Shariff, Ahmad Nasirruddin Bin Harun, Mohd Sahir Bin Rahmat and Gunasingam Retnasabapathy.

The directors of JGPL do not hold any shares in JGPL as at 30 September 2021.

## 3. RATIONALE FOR THE REVISED RENTAL RATE

The rationale for the Rental Revision is to address the following:

(i) Disparity between the following:-

(a) current rental rate of 8.5% charged to JGPL and the average market rental rate of 6.5% adopted by CBRE VPL; and

(b) market value of the JG Properties of AUD45.5 million (or RM137.2 million) as at 7 March 2011 (as set out in the circular to Al-`Aqar's unitholders dated 28 July 2011) and AUD28.5 million (or RM86.0 million) as at 30 June 2021.

(ii) The uncertainties faced by the aged care industry following the establishment of Royal Commission into Aged Care Quality and Safety ("**Royal Commission**").

On 8 October 2018, the Australian Government established the Royal Commission to inquire into the quality and safety of aged care in Australia. While the aged care industry may have been publicly welcoming of the Royal Commission, its formation created an increased level of uncertainty within the industry. Many providers appeared to be apprehensive as to the direction of the reforms, timing and the expectations regarding the level and quality of aged care services.

(iii) The uncertainties faced by the aged care industry as a result of the on-going COVID-19 pandemic.

The outbreak of COVID-19 pandemic has worsened the Australian aged care industry. About 74% of Australian COVID-19 pandemic deaths in 2020 were reported to occur in aged care facilities. This has impacted the aged care industry as a whole, as there is a general apprehension by new tenants to commit to enter into aged care facilities.

Even though there were no COVID-19-related deaths in the JG Properties, the pandemic has negatively impacted the number of new tenants to JG Properties. As a result of the events as mentioned in Sections 3(i) and (iii) above, the average occupancy rate of JG Properties fell from 95% as at 31 December 2018 to 79% as at 31 December 2020.

*(Sources: Australian Government Aged Care Financing Authority: Eighth Report on Funding and Financing in the Aged Care Industry, July 2020, Royal Commission into Aged Care Quality and Safety - Aged care and COVID19: a special report, September 2020 and JGPL)*

## 4. RISK IN RELATION TO THE REVISED RENTAL RATE

KPJ Group is subject to risks inherent in the real estate and healthcare industries and the senior living/aged-care sector, which include the following risks in respect of the JGPL:

(i) Default in Operations: The non-rental revision will hinder JGPL to continue its on-going operations of the JG Properties which would adversely affect the financial performance of KPJ Group.

(ii) Industry risk: The Australian Government Response to the Final Report of the Royal Commission into Aged Care Quality and Safety issued in May 2021 led to more uncertainties which could adversely affect the aged-care business model and competitiveness in the aged care industry.

(iii) Default risk: Higher operating costs incurred in order to comply with regulations imposed on aged care providers to combat the spread of COVID-19 or in providing extra medical treatment for the tenants of the JG Properties will affect JGPL's profitability and ability to continue operations.

## 5. OVERVIEW OF THE AUSTRALIAN ECONOMY

Australia's economic recovery had been stronger than earlier expected, prior to the recent outbreaks of COVID-19. Gross domestic product ("GDP") had exceeded its pre-pandemic level and the unemployment rate declined further over the June 2021 quarter to be below its level prior to the pandemic. The broad-based rebound in private domestic demand has been supported by accommodative fiscal and monetary policy, and timely indicators suggest growth in private demand remained strong in the June 2021 quarter. The lockdowns in several states will weigh heavily on activity and the labour market in the September 2021 quarter. The Australian Government and state and territory governments have introduced substantial additional fiscal measures to support households and businesses through this period.
The near-term outlook is highly uncertain and largely dependent on health outcomes; however, past experience of these events, both in Australia and elsewhere, suggests the negative effects on the economy will be temporary. Beyond the near term, the outlook is a little stronger than expected at the time of the previous Statement on Monetary Policy by the Reserve Bank of Australia. The closure of the international border and other pandemic-related disruptions will continue to have a significant effect on some parts of the economy.

The Australian economy grew by 1.8% in the March 2021 quarter, to be around 1% above its level at the end of 2019. The outbreaks of the Delta variant of COVID-19 and accompanying lockdowns will depress economic activity, especially in the September 2021 quarter, and temporarily reverse the improvement in the labour market. Output in the September 2021 quarter is expected to contract by at least 1% − instead of rising by a similar amount as expected prior to the lockdowns − with some but not all of the decline recovered in the December 2021 quarter (assuming limited further lockdowns).

The policy measures implemented by the Reserve Bank of Australia since March 2020 continue to underpin very low interest rates in the Australian economy. These measures include the reductions in the cash rate, the use of forward guidance, the yield target, the bond purchase program and the Term Funding Facility (TFF). In recent months, banks' funding costs and lending rates have declined a little further to new lows. Long-term Australian government bond yields have declined over recent months, returning to be close to levels seen in the early months of the year. This has occurred alongside declines in bond yields globally.

*(Source: Reserve Bank of Australia, Statement on Monetary Policy, August 2021)*

## 6. EFFECTS OF THE REVISED RENTAL RATE

### 6.1 Share capital and substantial shareholder's shareholdings

The Rental Revision will not have any effect on the share capital as well as substantial shareholders' shareholdings in KPJ as the Proposed Sale and Leaseback does not involve issuance of shares in KPJ.

### 6.2 NA, NA per share and gearing

Based on KPJ's consolidated audited statement of financial position as at 31 December 2020 and on the assumption that the Rental Revision had been effected on that date, there will be no impact on the consolidated NA per share and gearing of KPJ.

### 6.3 Earnings and EPS

For illustrative purposes only, based on the audited consolidated financial statements of KPJ for the FY 31 December 2020 and assuming that the Rental Revision was effected at the beginning of that financial year, the pro forma consolidated earnings and EPS would have been as follows:

| Proforma Effects | Audited FY 2020 RM'000 |
|---|---|
| Profit attributable to owners of the KPJ | 110,443 |
| Add: Reduction in depreciation and finance charge – MFRS16(lease impact) | 6,391 |
| Pro forma profit | **116,834** |
| Existing basic/diluted EPS (sen)[v] | 2.54/2.48 |
| Proforma basic/diluted EPS (sen)[v] | 2.73/2.62 |

## 7. APPROVALS REQUIRED

The Rental Revision is not subject to the approvals of any regulatory authorities and shareholders of KPJ.

## 8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Save as disclosed below, none of the Directors, Major Shareholders of the Company and/or persons connected to them have any interest, either direct or indirect, in the Rental Revision:-

### 8.1 Interested Major Shareholders' Interest

The direct and indirect shareholdings of the Major Shareholder in KPJ as at 30 September 2021 are as follows:-

| | Direct | | Indirect | |
|---|---|---|---|---|
| | No. of shares '000 | % | No. of shares '000 | % |
| JCorp | 1,545,916 | 35.96 | 109,404 | [i]2.54 |

***Note:-***

*(i) Deemed interested by virtue of its shareholdings in Kulim (Malaysia) Berhad, Johor Ventures Sdn. Bhd., RHB Nominees (Tempatan) Sdn. Bhd. for JCorp Capital Solutions Sdn. Bhd. and Johor Land Berhad.*

JCorp is a Major Shareholder of KPJ. JCorp is deemed interested in the Rental Revision ("**Interested Major Shareholder**") in view of JCorp being a Major Shareholder of KPJ and also the holding company of DRMSB, the manager of Al-`Aqar. DRMSB is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, which in turn is a wholly-owned subsidiary of JCorp.

### 8.2 Interested Directors' Interest

(i) Tan Sri Dr. Ali Bin Hamsa in a Non-Independent Non-Executive Chairman of KPJ and also Deputy Chairman of JCorp;

(ii) Rozaini Bin Mohd Sani is a Non-Independent Non-Executive Director of KPJ and also a senior management of JCorp;

(iii) Shamsul Anuar Bin Abdul Majid is a Non-Independent Non-Executive Director of KPJ, a Non-Independent Non-Executive Director of DRMSB and also a senior management of JCorp; and

(iv) Dato' Mohd Redza Shah Bin Abdul Wahid, is a Senior Independent Non-Executive Director of KPJ and also an Independent Non-Executive Chairman of DRMSB

(collectively referred to as "**Interested Directors**")

Accordingly, the Interested Directors have abstained from deliberating and voting on the resolution pertaining to the Rental Revision at the relevant Board meetings.

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

## 9. DIRECTORS' OPINION

The Board, save for the Interested Directors, after having considered all aspects of the Rental Revision, including the rationale for the Rental Revision, the salient terms of the Amendment to Lease and the independent valuation by CBRE VPL is of the opinion that the Rental Revision is:-

(i) in the best interest of KPJ

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of KPJ

## 10. ESTIMATED TIMEFRAME FOR COMPLETION

The Amendment to Lease is deemed completed on 15 October 2021, being the date of signing of the Amendment to Lease.

## 1. RESPONSIBILITY STATEMENT

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

All information relating to Al-`Aqar as set out in Appendix III of this Circular has been obtained from publicly available documents. The sole responsibility of the Board has been to ensure that the said information has been reproduced accurately.

## 2. CONSENT

### 2.1 AmInvestment Bank Berhad

AmInvestment Bank, being the Adviser for the Proposed Sale and Leaseback, 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 Adviser in respect of the Proposed Sale and Leaseback.

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 LPD, the AmBank Group has extended credit facilities of which the amount outstanding is approximately RM47.5 million to KPJ Group.

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

(i) AmInvestment Bank's role in the Proposed Sale and Leaseback is undertaken in the ordinary course of business; and

(ii) AmInvestment Bank undertakes each of its roles on an arm's length basis and its conduct is regulated by Bank Negara Malaysia and the SC and governed under, inter alia, the Financial Services Act 2013, the Capital Markets and Services 2007, and AmBank Group's Chinese Wall policy and internal controls and checks.

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

### 2.2 BDO Capital Consultant Sdn Bhd

BDOCC, being the independent adviser for the Proposed Sale and Leaseback, 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 given a written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the independent adviser in respect of the Proposed Sale and Leaseback.

**2.3 Cheston International (KL) Sdn Bhd**

Cheston, being the independent valuer for the Proposed Sale and Leaseback, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the valuation certificates in respect of the Properties as set out in Appendix IV 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 Proposed Sale and Leaseback.

## 3. MATERIAL COMMITMENTS

Save as disclosed below, as at LPD, there are no other 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 | 61,863 |
| - Approved by the Directors but not contracted | 260,199 |
| Total | 322,062 |
| | |
| Analysed as follows:- | |
| - Building | 66,750 |
| - Medical equipment | 155,190 |
| - Other property, plant and equipment | 100,122 |
| Total | 322,062 |

## 4. CONTINGENT LIABILITIES

There are no contingent liabilities incurred or known to be incurred by KPJ Group as at 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 following the date of this Circular from Mondays to Fridays (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;

(iv) the Valuation Reports of the Properties;

(v) the material contracts referred to in Section 6 of Appendix III;

(vi) the audited consolidated financial statements of KPJ for FY 2020 and FY 2021 and unaudited consolidated financial statements of KPJ for 6-months FP 30 June 2022; and

(vii) the letter of consent referred to in Section 2 above.

**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 the Extraordinary General Meeting ("**EGM**") of KPJ Healthcare Berhad ("**KPJ**" or the "**Company**") will be conducted virtually using the remote participation and voting ("**RPV**") facilities of TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) on Monday, 12 December 2022 at 2.30 p.m. or 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 2 September 2022 entered with AmanahRaya Trustees Berhad, being the trustee for and on behalf of Al-`Aqar Healthcare REIT ("**Al-`Aqar**") ("**SPA**"), 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 RM192,000,000 (inclusive of RM25,010,816.18 in the form of 20,500,669 new units in Al-`Aqar ("**Consideration Units**")):-

| **Subsidiaries** | **Properties to be disposed** | **Consideration** |
|---|---|---|
| | | **RM** |
| Pasir Gudang Specialist Hospital Sdn. Bhd. | KPJ Pasir Gudang Specialist Hospital land and building located at PTD 204781 (New Lot 198635), Jalan Persiaran Dahlia 2, Taman Bukit Dahlia, 81700 Pasir Gudang, Johor. | 93,000,000 (inclusive of the Consideration Units) |
| Penang Specialist Hospital Sdn. Bhd. | TMC Health Centre building located at T/K PT 1106, Medan Taiping, 34000 Taiping, Perak. | 14,300,000 |
| Maharani Specialist Hospital Sdn. Bhd. | A new building forming part of KPJ Seremban Specialist Hospital located at Lot 6219 & 6220, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan. | 84,700,000 |
| | **Total** | **192,000,000** |

**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 AMANAHRAYA TRUSTEES BERHAD (FOR AND ON BEHALF OF AI-`AQAR HEALTHCARE REIT 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 AmanahRaya Trustees Berhad, being the trustee for and on behalf of Al-`Aqar and Damansara REIT Managers Sdn Berhad, being the manager of Al-`Aqar, to lease the following properties back to the subsidiaries subsequent to the completion of the Proposed Sale:-

| Subsidiaries | Properties to be leaseback |
|---|---|
| Pasir Gudang Specialist Hospital Sdn. Bhd. | KPJ Pasir Gudang Specialist Hospital land and building located at PTD 204781 (New Lot 198635), Jalan Persiaran Dahlia 2, Taman Bukit Dahlia, 81700 Pasir Gudang, Johor. |
| Penang Specialist Hospital Sdn. Bhd. | TMC Health Centre building together with its land located at T/K PT 1106, Medan Taiping, 34000 Taiping, Perak. |
| Maharani Specialist Hospital Sdn. Bhd. | A new building forming part of KPJ Seremban Specialist Hospital together with its land located at Lot 6219 & 6220, Jalan Toman 1, Kemayan Square, 70200 Seremban, Negeri Sembilan. |

**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."

**By Order of the Board,**
**KPJ HEALTHCARE BERHAD**

**HANA BINTI AB RAHIM @ ALI, ACIS (MAICSA 7064336)**
**(SSM Practising Certificate 202008003378)**
Company Secretary

Kuala Lumpur
Dated: 22 November 2022

## Notes:-

Remote participation and voting

1. The EGM of the Company will be conducted virtually using the RPV facilities of TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the **Administrative Guide** in order to register, participate and vote remotely via the RPV facilities. No members/proxies/corporate representatives from the public will be allowed to be physically present at the premises of the Company, the poll administrator or the venue where the Chairman will be for the purpose of the EGM.

Record of Depositors

2. In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at 5 December 2022 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 ad vote at the EGM.

Appointment of Proxy

3. 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.

4. A member of the Company is entitled to appoint more than 1 proxy to attend, participate and vote at the EGM.

5. 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 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.

6. Where a member of the Company is an exempt authorised nominee, which holds ordinary shares in the Company for multiple beneficial owners in one 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.

7. Where a member appoints more than 1 proxy the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. A member who has appointed a proxy or attorney or authorised representative to attend, participate and vote at the EGM must request his/her proxy to register himself/ herself for RPV at TIIH Online website at https://tiih.online. Please follow the procedures for the RPV in the Administrative Guide for the EGM.

9. 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 not less than 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, the Customer Service Centre at Unit G-3, 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.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the proxy form is **Saturday, 10 December 2022 at 2.30 p.m.**

12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited 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 its Customer Service Centre at Unit G-3, 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 not less than 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.

13. 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 its Customer Service Centre at Unit G-3, 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; or

    (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 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.

# Proxy Form

**KPJ HEALTHCARE BERHAD**
19920105575 (247079-M)

I/We

| Full Name (in block capitals) | CDS account no.: | No. of shares held: |
|---|---|---|
| | | |
| Address: | NRIC/ Passport/Company no.: | Contact no.: |
| | | |

Being a member of KPJ Healthcare Berhad, do hereby appoint:

| Full Name (in Block and as per NRIC/Passport) | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares held | % |
| | | | |
| Address: | | | |

and / or *(please delete as appropriate)*

| Full Name (in Block and as per NRIC/Passport) | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares held | % |
| | | | |
| Address: | | | |

And/or failing him/her, the Chairperson of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at Extraordinary General Meeting ("**EGM**") of the Company to be conducted virtually using the remote participation and voting ("RPV") facilities of TIIH Online website at https://tiih.online or https://tiih.com,my (Domain registration number with MYNIC: D1A282781) on Monday, 12 December 2022 at 2.30 p.m. or any adjournment thereof.

| No. | Description of Resolution | For | Against |
|---|---|---|---|
| 1 | Proposed Sale | | |
| 2 | Proposed Leaseback | | |

Signed this __________day of __________2022

-------------------------------------------------
Signature and/or Seal

## Notes:-

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  (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