

KPJ HEALTHCARE BERHAD (“KPJ” OR “COMPANY”)

- (I) PROPOSED DISPOSAL OF TWO (2) PARCELS OF FREEHOLD LANDS TOGETHER WITH BUILDINGS ERECTED THEREON (COLLECTIVELY, “PROPERTIES”) BY PUTERI NURSING COLLEGE SDN BHD, A WHOLLY OWNED SUBSIDIARY OF KPJ (“PNCBS” OR “VENDOR”) TO AL-`AQAR HEALTHCARE REIT (“AL-`AQAR” OR “REIT”) FOR A TOTAL CONSIDERATION OF RM77,800,000 (“PROPOSED DISPOSAL”); AND
- (II) PROPOSED LEASEBACK OF THE PROPERTIES TO PNCBS AFTER THE COMPLETION OF THE PROPOSED DISPOSAL SUBJECT TO THE TERMS AND CONDITIONS OF THE LEASE AGREEMENT (“PROPOSED LEASEBACK”)

(COLLECTIVELY REFERRED TO AS “PROPOSALS”)

We refer to the announcement dated 3 October 2014 (“**Earlier Announcement**”) in relation to the Proposals.

Unless otherwise stated, defined terms in this announcement shall carry the same meanings as defined in the Earlier Announcement.

1. Introduction

On behalf of the Board of Directors of KPJ Healthcare Berhad (“**KPJ**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”) wishes to announce that PNCBS had on 12 February 2015, exchanged letter with the Purchaser, to vary the terms of the Deferred Consideration Units (“**Exchange Letter**”) for the inclusion of the following terms:-

(i) Minimum issue price for the Deferred Consideration Units

The issue price of the Deferred Consideration Units shall not be below RM1.04, based on the net assets value per unit of Al-`Aqar of RM1.15 as at 30 September 2014, being the latest available quarterly results of Al-`Aqar as at the date of the Exchange Letter, incorporating ten percent (10%) discount.

(ii) Abnormal Market Condition

The Deferred Consideration Units shall not be issued during abnormal market conditions.

Items (i) and (ii) shall be referred to as “**Proposed Variation**”.

2. Details of the Proposed Variation

(i) Minimum issue price for the Deferred Consideration Units

The issue price of the Deferred Consideration Units shall not be below RM1.04, based on the net assets value per unit of Al-`Aqar of RM1.15 as at 30 September 2014, being the latest available quarterly report on consolidated results of Al-`Aqar as at the date of the Exchange Letter, incorporating ten percent (10%) discount.

In the event the issue price computed based on the five (5)-day VWAP of the Al-`Aqar Units prior to the Price Determination Date, incorporating not more than ten (10%) percent discount (“**Market Unit Price**”) is below RM1.04, the Balance Purchase Consideration shall be settled in cash as a full and final settlement of the Balance Purchase Consideration. In such event, the Settlement Date shall be extended to another six-(6) months from the Price Determination Date.

However, if the Market Unit Price is below RM1.04, and if the Vendor intends to receive the Deferred Consideration Units at the issue price which is equivalent to the Market Unit Price as settlement for the Balance Purchase Consideration, the Purchaser shall, at the request of the Vendor, seek prior approval from the SC, if required, for the issuance of the Deferred Consideration Units.

In the event the SC's approval for the issuance of Deferred Consideration Units in relation to the above is not obtained, the Purchaser shall settle the Balance Purchase Consideration in cash as a full and final settlement of the Balance Purchase Consideration. In such event, the Settlement Date shall be extended to another six-(6) months from the date of SC's decision.

Any fractional units arising from the settlement of the Balance Purchase Consideration shall be disregarded.

(ii) Abnormal Market Conditions*

The Deferred Consideration Units shall not be issued during Abnormal Market Conditions (as defined herein).

In the event the Abnormal Market Condition occurs, the Purchaser or the Vendor shall provide a written notice to inform the other party that the Abnormal Market Condition has occurred and hence, the Balance Purchase Consideration shall be settled in cash. In such event, the Settlement Date shall be extended to another six-(6) months from the date of the said notice.

However, notwithstanding the occurrence of the Abnormal Market Conditions, if the Vendor intends to receive the Deferred Consideration Units as settlement for the Balance Purchase Consideration, the Purchaser shall, at the request of the Vendor, seek prior approval from the SC, if required, for the issuance of the Deferred Consideration Units.

In the event, the SC's approval for the issuance of Deferred Consideration Units in relation to the above is not obtained, the Purchaser shall settle the Balance Purchase Consideration in cash as a full and final settlement of the Balance Purchase Consideration. In such event, the Settlement Date shall be extended to another six-(6) months from the date of SC's decision.

Note:-

* **“Abnormal Market Conditions”** is defined as abnormal market condition resulting from the occurrence of any one or more of the following conditions:-

- (a) any material and adverse change in the business or financial condition, prospects, results of operations, properties or assets of Al-`Aqar or Al-`Aqar and its subsidiaries (**“Al-`Aqar Group”**) which would result in Al-`Aqar or the Al-`Aqar Group to cease or threatens to cease to carry on the whole or any substantial part of its business;
- (b) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing which would have a significant adverse impact on both the FTSE Bursa Malaysia KLCI and the Al-`Aqar units price;

- (c) any situation resulting from the implementation of any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority or any event or series of events beyond the reasonable control of Al-'Aqar (including without limitation, acts of God, national disorder, declaration of a state of national emergency, acts of terrorism, declaration of pandemic, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents) which would prohibit or impede the obligations of Al-'Aqar to issue the Deferred Consideration Units; or
- (d) the imposition of any material restriction on trading of units or securities of Al-'Aqar by Bursa Securities for more than ten (10) consecutive business days. For clarification, this does not include request by Al-'Aqar for the suspension of trading or units or securities of Al-'Aqar in relation to the release of material announcement.

Barring unforeseen circumstances, the Proposed Disposal is expected to be completed by the second (2nd) quarter of 2015.

This announcement is dated 13 February 2015.