

PROSPECTUS



AL-'AQAR KPJ REIT

(established in Malaysia under the Deed dated 27 June 2006 entered into between Damansara REIT Managers Sdn Berhad (formerly known as Ultimate Benchmark Sdn Bhd), a company incorporated in Malaysia under the Companies Act, 1965 and Amanah Raya Berhad)

PUBLIC ISSUE OF 180,000,000 UNITS COMPRISING:

- 15,000,000 UNITS AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM0.95 PER UNIT, PAYABLE IN FULL UPON APPLICATION; AND
- 165,000,000 UNITS AVAILABLE FOR APPLICATION BY SELECTED INVESTORS AT THE INSTITUTIONAL PRICE OF RM1.00 PER UNIT, PAYABLE IN FULL UPON APPLICATION

IN CONJUNCTION WITH THE LISTING OF AL-'AQAR KPJ REIT ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER

The Manager



Damansara REIT Managers Sdn Berhad
(formerly known as Ultimate Benchmark Sdn Bhd)
(Company No. 717704-V)

The Trustee



Amanah Raya Berhad
(Company No. 344986-V)

Adviser, Managing Underwriter & Sole Placement Agent

AmMerchant Bank Berhad

(Company No. 23742-V)

A member of



AmInvestment Group



AL-'AQAR KPJ REIT | PROSPECTUS

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE SEE "RISK FACTORS" IN SECTION 6.1.4 OF THIS PROSPECTUS

This Prospectus is dated 24 July 2006 and expires on 23 July 2007



AL-'AQAR KPJ REIT

(established in Malaysia under the Deed dated 27 June 2006 entered into between Damansara REIT Managers Sdn Berhad (formerly known as Ultimate Benchmark Sdn Bhd), a company incorporated in Malaysia under the Companies Act, 1965 and Amanah Raya Berhad)





Ampang Puteri Specialist Hospital Building

Address	No. 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor
Description	A purpose built private specialist hospital with a lower ground floor (comprising six (6) storey main building/ wards with a lower ground floor and a four (4) storey annexe block specialists' centre) together with open car parks erected on the leasehold land held under title no. HS(M) 26550, Lot No. PT 25119, Mukim of Empang, District of Hulu Langat, Selangor
Year of completion	1995
Registered Proprietor	Perbadanan Kemajuan Ekonomi Negeri Johor, now known as Johor Corporation
Occupancy	100% by Puteri Specialist Hospital Sdn Bhd, the owner and operator of Ampang Puteri Specialist Hospital
Land area	233,188 sq ft (21,664 sq m)
Gross Floor Area	(as at 21 September 2005)
Whole building:	423,675 sq ft (39,360 sq m)

Damansara Specialist Hospital Building

Address	No. 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor
Description	A six (6) storey purpose built hospital building with a basement level (inclusive of approximately one and a half (1 1/2) levels of shell floors) together with open car parks erected on the freehold land held under title no. HSD 146423, Lot No. PT 1856, Mukim of Sungai Buloh, District of Petaling, Selangor
Year of completion	1998
Registered Proprietor	Damansara Specialist Hospital Sdn Bhd
Occupancy	100% by Damansara Specialist Hospital Sdn Bhd, the owner and operator of Damansara Specialist Hospital
Land area	179,860 sq ft (16,710 sq m)
Gross Floor Area	(as at 4 October 2005)
Whole building:	445,131 sq ft (41,354 sq m)



Johor Specialist Hospital Building

Address	No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru, Johor
Description	A six (6) level with mezzanine floor main hospital building, a four (4) level physician consulting building together with two (2) level basement car parks and open car parks erected on the leasehold land held under title no. HS(D) 46353, Lot No. PTB 12319, Township of Johor Bahru, District of Johor Bahru, Johor
Year of completion	1981 for main hospital building and 2003 for Physician Consulting Building
Registered Proprietor	Kumpulan Perubatan Sdn Bhd, now known as Johor Specialist Hospital Sdn Bhd
Occupancy	100% by Johor Specialist Hospital Sdn Bhd, the owner and operator of Johor Specialist Hospital
Land area	217,800 sq ft (20,234 sq m)
Gross Floor Area	(as at 28 September 2005)
Whole building:	269,571 sq ft (25,044 sq m)

Ipoh Specialist Hospital Building

Address	No. 26, Jalan Raja DiHilir, 30350 Ipoh, Perak
Description	A 200-bed medical centre annex with an extension (66-bed, five (5) storey building with a basement which is under construction) erected on leasehold lands held under title nos. PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, District of Kinta, Perak
Year of completion	Existing building : 1980 Extension : under construction and expected to be completed by 31 March 2007
Registered Proprietor	Medical Associates Sdn Bhd
Occupancy	100% by Medical Associates Sdn Bhd, the owner and operator of Ipoh Specialist Hospital
Land area	142,902 sq ft (13,276 sq m)
Gross Floor Area	(as at 15 May 2006)
Whole building:	Existing building: 131,032 sq ft (12,173 sq m) Extension: 215,762 sq ft (20,044.76 sq m)





Puteri Specialist Hospital Building

Address	No. 33, Jalan Tun Abdul Razak (Susur 5), 80000 Johor Bahru, Johor Darul Takzim
Description	A six (6) storey purpose built private hospital building erected on the leasehold land held under title no. HS(D) 372199, Lot No. PTB 21513, Township of Johor Bahru, District of Johor Bahru, Johor
Year of completion	1986
Registered Proprietor	Medical Centre (Johore) Sdn Bhd
Occupancy	100% by Medical Centre (Johore) Sdn Bhd, the owner and operator of Puteri Specialist Hospital
Land area	71,903 sq ft (6,680 sq m)
Gross Floor Area	(as at 15 May 2006)
Whole building:	131,033 sq ft (12,173.34 sq m)

Selangor Medical Centre Building

Address	Lot 1, Jalan 20/1 (also known as Jalan Singa 20/1), Section 20, 40300 Shah Alam, Selangor
Description	A six (6)-storey private hospital building with basement erected on the leasehold land held under title no. HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor
Year of completion	1996
Registered Proprietor	Selangor Medical Centres Sdn Bhd
Occupancy	100% by Selangor Medical Centres Sdn Bhd, the owner and operator of Selangor Medical Centre
Land area	204,342 sq ft (18,984 sq m)
Gross Floor Area	(as at 15 May 2006)
Whole building:	209,455 sq ft (19,459.11 sq m)



KEY INVESTMENT HIGHLIGHTS

- Investment in a property portfolio at a discount to its appraised value**
 The purchase consideration for the acquisition of the Properties was RM461,250,000 whereas the appraised open market values of the Properties was RM481,000,000 (as appraised by the Independent Property Valuer). Hence, Al-'Aqar KPJ REIT acquired the Properties at a discount of approximately 4.12% to their open market values.
- High and stable distribution**
 Barring unforeseen circumstances, Al-'Aqar KPJ REIT intends to distribute up to 99% of the distributable income of Al-'Aqar KPJ REIT for FYE 31 December 2006 to FYE 31 December 2009.
 Based on the Retail Price of RM0.95 per unit and Institutional Price RM1.00 per unit respectively, the distribution per Unit and distribution yield for the FYE 31 December 2006 to FYE 31 December 2009 are as follows:-

	FYE 31 December			
	2006	2007	2008	2009
Dividend per unit (%)	7.25	7.32	7.52	7.70
Dividend yield per annum (%)				
- Institutional	7.25*	7.32	7.52	7.70
- Retail	7.63	7.71	7.92	8.11

Note:-

* Annualised

- Alignment interest with the Sponsor**
 There is substantial alignment of interest between the Sponsor and the Unitholders through its significant investment in Al-'Aqar KPJ REIT. The 47.06% holding of Sponsor shows its strong commitment in Al-'Aqar KPJ REIT and its intention to be a long term investor in Al-'Aqar KPJ REIT.
 The Sponsor has been in the healthcare industry for more than 25 years and it manages the largest private hospital network in Malaysia with 15 hospitals, 3 hospitals in Indonesia and 1 hospital in Dhaka, Bangladesh. This relationship is expected to accord Al-'Aqar KPJ REIT with competitive advantages and benefits towards achieving its long term objectives.
- Future Rental Renewal Policy**
 The rental of the Properties shall be reviewed on first (1st) January after every three (3) full financial years throughout the contractual term up to a maximum of fifteen (15) years and shall be negotiated between the landlord and the tenant. The first review will take place on 1 January 2010.

The review of the yearly rental amount for the next three (3) financial years shall be calculated based on the following formula:-

- | | | |
|---------------------------------------|---|--|
| 1st year of every review | : | (10-year Malaysian Government Securities + 238 basis points) x market value of the Properties at the point of review and subject to a minimum rental of RM33.0 million per annum and a maximum 2% incremental over the preceding year's rental amount. |
| 2nd year and 3rd year of every review | : | 2% incremental over the preceding year's rental amount. |

- 100% Occupancy Rate**

The Properties of Al-'Aqar KPJ REIT are 100% occupied by hospitals within the KPJ Group who has been in the healthcare industry for more than 25 years. Therefore, the ultimate tenant i.e KPJ Group, will assure stable rental income to the Al-'Aqar KPJ REIT.

Al-'Aqar KPJ REIT has also entered into Lease Agreements with the Tenants for fifteen (15) years with an option to renew for another fifteen (15) years to ensure its occupancy rate.

- Prospect for Future Growth**

The prospects for future growth of Al-'Aqar KPJ REIT are expected to be good as the Sponsor plans to inject more hospital buildings into Al-'Aqar KPJ REIT. Following is the list of hospitals managed by KPJ where some of the hospitals may be injected into Al-'Aqar KPJ REIT:-

- Hospitals in Malaysia
 - Tawakal Hospital, Kuala Lumpur
 - Seremban Specialist Hospital, Seremban, Negeri Sembilan
 - Hospital Penawar, Pasir Gudang, Johor
 - Kedah Medical Centre, Alor Setar, Kedah
 - Bukit Mertajam Specialist Hospital, Bukit Mertajam, Pulau Pinang
 - Kuantan Specialist Hospital, Kuantan, Pahang
 - Perdana Specialist Hospital, Kota Bharu, Kelantan
 - Kuching Specialist Hospital, Kuching, Sarawak
 - Damai Specialist Hospital, Kota Kinabalu, Sabah
- Hospitals in Indonesia
 - Rumah Sakit Bumi Sepong Damai, Jakarta
 - Rumah Sakit Permata Hijau, Jakarta
 - Rumah Sakit Selasih Husada Pratama, Padang
- Hospital in Bangladesh
 - United Hospital, Dhaka

RESPONSIBILITY STATEMENTS

Our Directors and the Sponsor have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statements herein misleading. Our Directors hereby accept full responsibility for the profit estimate, forecast and projections included in this Prospectus and confirm that the profit estimate, forecast and projections have been prepared based on assumptions made.

AmMerchant Bank Berhad, being the Adviser, Managing Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the initial public offering and is satisfied that the profit estimate, forecast and projections (*for which our Directors are fully responsible*) prepared for inclusion in the Prospectus have been stated by our Directors after due and careful enquiry and the profit estimate, forecast and projections have been duly reviewed by the Reporting Accountants.

The Syariah Committee Members in their capacity as the Syariah Advisers to Al-'Aqar KPJ REIT, acknowledge and have reviewed based on all the information provided to them, and to the best of their knowledge, are satisfied that the assets and the rental income that constitute Al-'Aqar KPJ REIT are not related to non-permissible activities according to the Syariah principles.

STATEMENTS OF DISCLAIMER

The Securities Commission ("SC") has approved the public issue in respect of the initial public offering and that the approval shall not be taken to indicate that the SC recommends the initial public offering.

The SC shall not be liable for any non-disclosure on the part of the Manager and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any parts of the contents of the Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

The valuation approved or accepted by the SC shall only be utilised for the purpose of the proposal submitted to and approved by the SC and shall not be construed as an endorsement by the SC on the value of the subject assets for any other purposes.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") shall not be liable for any non-disclosure on the part of Al-'Aqar KPJ REIT and takes no responsibility for the contents of this Prospectus, makes no representation as to its correctness or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of the invitation, Al-'Aqar KPJ REIT or its securities.

A copy of this Prospectus has been registered and lodged with the SC.

No Units will be issued or sold on the basis of this Prospectus later than one year after the date of this Prospectus.

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Propsectus are as per the contents of this Prospectus.

ADDITIONAL STATEMENTS

An application will be made to Bursa Securities for permission to deal in and for the listing of and quotation for all the units of Al-'Aqar KPJ REIT already issued as well as the IPO Units (*as defined herein*), which are the subject of this issue. Such permission will be granted when Al-'Aqar KPJ REIT has been admitted to the Official List of Bursa Securities. Acceptance of applications for the IPO Units will be conditional upon permission being granted to deal in and quotation for all the IPO Units of Al-'Aqar KPJ REIT. Monies paid in respect of any application for the IPO Units accepted will be returned if the said permission is not granted. Admission to the Official List is not to be taken as an indication of the merits of Al-'Aqar KPJ REIT or its units.

The Al-'Aqar KPJ REIT shall be governed by the SC Act, the Guidelines on REIT and the Guidelines for Islamic REIT.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

This Prospectus is not intended to be and will not be issued, circulated or distributed and the offer of the IPO Units (*as defined herein*) will not be made or deemed to be made in any country or jurisdiction other than Malaysia or to persons who are made subject to the laws of any countries or jurisdiction other than the laws of Malaysia. The IPO to which this Prospectus relates is only available to persons receiving this Prospectus electronically or otherwise within Malaysia.

The Manager will not, prior to acting on any acceptance in respect of the IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It shall be your sole responsibility if you are or may be subject to the laws or countries of jurisdictions other than Malaysia to consult your legal and/or other professional advisers as to whether the IPO would result in the contravention of any laws of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for the IPO would be in compliance with the terms of the IPO and would not be in contravention of any laws of countries or jurisdiction other than Malaysia to which you may be subjected to. The Manager will further assume that you had accepted the IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith.

However, the Manager reserves the right, in its absolute discretion, to treat any acceptance as invalid if the Manager believes that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that the Prospectus complies with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which the IPO you are or might be subjected to. The Manager, Adviser, Placement Agent, Managing Underwriter, Underwriters or any other advisers in relation to the IPO shall not accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

In respect of any reference in this Prospectus to Third Party Internet Sites (such internet sites are hereinafter referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, the applicant acknowledges and agrees that:-

- (i) the Manager does not endorse and is not affiliated in any way with the Third Party Internet Sites referred to in this Prospectus and is not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites, and that the applicant bears all risks associated with the access to or use of the Third Party Internet Sites:

- (ii) the Manager is not responsible for the quality of the products or services provided in the Third Party Internet Sites, for fulfilling any of the terms of the applicant's agreement in connection with the Third Party Internet Sites, if any, and any loss or damage or costs that the applicant may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites and the reliance on any data, information, files or other material provided thereon, and
- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at the applicant's own discretion and risk. The Manager shall bear no responsibility, liability or obligation whatsoever in respect of any damage to the applicant's computer system or loss of data resulting from the downloading of any such data, information, files or other material.

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Indicative Timetable

The indicative timing of events leading up to the listing of and quotation for Al-'Aqar KPJ REIT on the Main Board of Bursa Securities is set out below:

Event	Date
Opening of the Retail Offering and Institutional Offering	24 July 2006
Closing of the Retail Offering and Institutional Offering	31 July 2006
Balloting of applications for the Units issued pursuant to the Retail Offering	2 August 2006
Allotment of Units to successful applicants	9 August 2006
Listing of Al-'Aqar KPJ REIT on Bursa Securities	10 August 2006

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD FOR THE RETAIL OFFERING AND INSTITUTIONAL OFFERING WILL REMAIN OPEN UNTIL 5.00 P.M. ON 31 JULY 2006 OR FOR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS, THE SPONSOR TOGETHER WITH THE MANAGING UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY DECIDE.

SHOULD THE CLOSING DATE OF THE APPLICATION FOR THE RETAIL OFFERING AND INSTITUTIONAL OFFERING BE EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT AND LISTING OF AL-'AQAR KPJ REIT ON THE MAIN BOARD OF BURSA SECURITIES MIGHT BE EXTENDED ACCORDINGLY. ANY CHANGES TO THE APPLICATION PERIOD WILL BE NOTIFIED TO THE PUBLIC VIA AN ADVERTISEMENT IN A WIDELY CIRCULATED BAHASA MALAYSIA AND ENGLISH DAILY NEWSPAPERS.

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1. Definitions

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings:

- Acquisitions** : the Acquisition of Ampang Puteri Specialist Hospital Building, Acquisition of Damansara Specialist Hospital Building, Acquisition of Johor Specialist Hospital Building, Acquisition of Ipoh Specialist Hospital Building, Acquisition of Puteri Specialist Hospital Building and Acquisition of Selangor Medical Centre Building, collectively
- Acquisition of Ampang Puteri Specialist Hospital Building** : the acquisition of Ampang Puteri Specialist Hospital Building from JCorp and PSHSB for a total consideration of RM120,000,000 to be satisfied by the following:-
- (i) Issuance of 36,999,000 new Units at an issue price of RM1.00 per Unit; and
 - (ii) Cash consideration of RM83,001,000 to be raised from Islamic financing facilities and Public Issue
- Out of the total consideration of RM120.0 million, PSHSB will receive RM96.2 million being the registered lessee of 2.36 acres of Lot No. PT 25119 and the beneficial owner of the hospital building erected thereon in the following proportion:-
- (i) 36,999,000 new Units at an issue price of RM1.00 per Unit to PSHSB; and
 - (ii) Cash consideration of RM59,201,000 to be raised from Islamic financing facilities and Public Issue
- Acquisition of Damansara Specialist Hospital Building** : the acquisition of Damansara Specialist Hospital Building from DSHSB for a total consideration of RM105,000,000 to be satisfied by the following:-
- (i) Issuance of 33,000,000 new Units at an issue price of RM1.00 per Unit to DSHSB; and
 - (ii) Cash consideration of RM72,000,000 to be raised from Islamic financing facilities and Public Issue
- Acquisition of Johor Specialist Hospital Building** : the acquisition of Johor Specialist Hospital Building from JSHSB for a total consideration of RM75,250,000 to be satisfied by the following:-
- (i) Issuance of 23,000,000 new Units at an issue price of RM1.00 per Unit to JSHSB; and
 - (ii) Cash consideration of RM52,250,000 to be raised from Islamic financing facilities and Public Issue
- Acquisition of Ipoh Specialist Hospital Building** : the acquisition of Ipoh Specialist Hospital Building from MASB for a total consideration of RM66,000,000 to be satisfied by the following: -
- (i) Issuance of 38,000,000 new Units at an issue price of RM1.00 per Unit to MASB; and
 - (ii) Cash consideration of RM28,000,000 to be raised from Islamic financing facilities and Public Issue

1. Definitions (Cont'd)

Acquisition of Puteri Specialist Hospital Building	: the acquisition of Puteri Specialist Hospital Building from MCJSB for a total consideration of RM37,000,000 to be satisfied by the following :- (i) Issuance of 21,000,000 new Units at an issue price of RM1.00 per Unit to MCJSB; and (ii) Cash consideration of RM16,000,000 to be raised from Islamic financing facilities and Public Issue
Acquisition of Selangor Medical Centre Building	: the acquisition of Selangor Medical Centre Building from SMCSB for a total consideration of RM58,000,000 to be satisfied by the following: - (i) Issuance of 8,000,000 new Units at an issue price of RM1.00 per Unit to SMCSB; and (ii) Cash consideration of RM50,000,000 to be raised from Islamic financing facilities and Public Issue
Act	: the Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
Al-'Aqar KPJ REIT	: KPJ real estate investment trust, a collective investment scheme constituted as a real estate investment trust and authorised under the Guidelines on REIT and Guidelines for Islamic REIT and constituted under the Deed
AmMerchant Bank or the Adviser	: AmMerchant Bank Berhad (23742-V) (a member of AmInvestment Group)
Ampang Puteri Specialist Hospital Building	: a purpose built private specialist hospital with a lower ground floor (comprising six (6) storey main building/ wards with a lower ground floor and a four (4) storey annexed block specialists' centre) together with open car parks erected on the land held under title no. HS(M) 26550, Lot No. PT 25119, Mukim of Empang, District of Hulu Langat, Selangor ("Lot No. PT 25119") having a land area of approximately 21,664 sq m (233,188 sq ft) bearing postal address at No. 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan owned by the Trustee on trust on behalf of Al-'Aqar KPJ REIT following the completion of the Acquisition of Ampang Puteri Specialist Hospital Building
Application Form(s)	: the printed application form(s) for the application for the Units issued pursuant to the Retail Offering
ATM	: automated teller machine
BBA Facility	: Syndicated Bai Bithamin Ajil Facility
Board	: our Board of Directors
bps	: basis points
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System

1. Definitions (Cont'd)

CDS Account	:	an account established at Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
CEI	:	capital/exempt income
Central Depositories Act	:	the Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
COF	:	cost of funds
Completion Date	:	The date of completion of the sale and purchase of the Properties pursuant to the Sale and Purchase Agreement
Damansara Specialist Hospital Sdn Bhd or DSHSB	:	Damansara Specialist Hospital Sdn Bhd (236067-T), operator of Damansara Specialist Hospital
Damansara Specialist Hospital Building	:	a six (6) storey purpose built hospital building with a basement level (inclusive of approximately one and a half (1½) levels of shell floors) together with open car parks erected on the land held under title no. HSD 146423, Lot No. PT 1856, Mukim of Sungai Buloh, District of Petaling, Selangor having a provisional land area of approximately 16,710 sq m (179,860 sq ft) bearing postal address at No. 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan owned by the Trustee on trust on behalf of Al-Aqar KPJ REIT following the completion of the Acquisition of Damansara Specialist Hospital Building
DBI	:	distributable business income
Deed	:	the deed dated 27 June 2006 between the Trustee and the Manager constituting Al-Aqar KPJ REIT
Depositor	:	a holder of a CDS Account
ECOF	:	effective cost of fund
Electronic Share Application	:	an application for the Units through Participating Financial Institutions
Establishment Date	:	28 June 2006, being the date of establishment of Al-Aqar KPJ REIT
FYE	:	the financial year ended or, as the case may be, ending
Guidelines on REIT	:	the Guidelines on Real Estate Investment Trusts (3 rd edition, 3 January, 2005) issued by the SC including any amendments or reissue
Guidelines for Islamic REIT	:	the Guidelines for Islamic Real Estate Investment Trusts (21 November 2005) issued by the SC including any amendments or reissue
Independent Property Valuer	:	C H Williams Talhar & Wong Sdn Bhd (18149-U)
Institutional Offering	:	the issuance of 165,000,000 IPO Units, subject to reallocation, to selected investors at the Institutional Price
Institutional Price	:	the price per IPO Units payable by selected investors pursuant to the Institutional Offering determined in accordance with Section 4.5 of this Prospectus

1. Definitions (Cont'd)

IPO	:	the initial public offering of the Units i.e. Public Issue
IPO Units	:	the Units to be issued pursuant to the Public Issue
Ipoh Specialist Hospital Building	:	a 200-bed medical centre annex with an extension (66-bed, five (5) storey building with a basement which is under construction) erected on leasehold lands held under title nos. PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, District of Kinta, Perak, having a provisional total land area of 13,276 sq m (142,902 sq ft) bearing a postal address at No. 26, Jalan Raja DiHilir, 30350 Ipoh, Perak Darul Ridzuan owned by the Trustee on trust on behalf of Al-'Aqar KPJ REIT following the completion of the Acquisition of Ipoh Specialist Hospital Building
Islamic REIT	:	REIT which complies with the Syariah principles and the Guidelines for Islamic REIT issued by the SC
JCorp	:	Johor Corporation, established in Malaysia on 28 May 1968 under the Johor State Economic Development Corporation Enactment No. 4 (1968) and as amended by Johor Corporation Enactment No. 5 (1995), Malaysia
Johor Specialist Hospital Sdn Bhd or JSHSB	:	Johor Specialist Hospital Sdn Bhd (45363-X), operator of Johor Specialist Hospital
Johor Specialist Hospital Building	:	a six (6) level with mezzanine floor main hospital building, a four (4) level physician consulting building together with a two (2) level basement car parks and open car parks erected on the land held under title no. HS(D) 46353, Lot No. PTB 12319, Township of Johor Bahru, District of Johor Bahru, Johor having a provisional land area of 20,234.2824 sq m (217,800 sq ft) bearing postal address at No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru, Johor Darul Takzim owned by the Trustee on trust on behalf of Al-'Aqar KPJ REIT following the completion of the Acquisition of Johor Specialist Hospital Building
KPJ or the Sponsor	:	KPJ Healthcare Berhad (247079-M), a company incorporated in Malaysia and listed on the Main Board of Bursa Securities, having its registered office at 13 th Floor, Menara Johor Corporation, KOTARAYA, 80000 Johor Bahru, Johor Darul Takzim
KPJ Group	:	KPJ and its group of companies
KPJSB	:	Kumpulan Perubatan (Johor) Sdn Bhd (170968-A)
Landlord or Lessor	:	the Trustee
Lease Agreement	:	the lease agreements dated 30 June 2006 entered into between (a) the respective Lessees; (b) the Lessor; and (c) the Manager as agent of the Lessor for the lease of the Properties
Listing	:	admission into the Official List and the listing of and quotation for 340,000,000 Units on the Main Board of Bursa Securities
Listing Requirements	:	the listing requirements of Bursa Securities
Listing Scheme	:	the Acquisitions, Public Issue and Listing collectively
LPD	:	28 June 2006, being the latest practicable date for the purposes of ascertaining certain information contained in this Prospectus

1. Definitions (Cont'd)

Maintenance Management Agreement	:	the maintenance management agreement dated 30 June 2006 entered into between HTS, the Trustee and the Manager pursuant to which the Maintenance Manager will provide certain maintenance and management services for the Properties
Maintenance Manager or HTS	:	Healthcare Technical Services Sdn Bhd (342111-A)
Malaysian FRS or FRS	:	the Financial Reporting Standards applicable to public companies issued by Malaysian Accounting Standards Board
Malaysian Public	:	citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Malaysian Public Portion	:	15,000,000 IPO Units, representing approximately 4.41% of the total size of Al-'Aqar KPJ REIT, to the Malaysian Public via balloting (of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions), for subscription at the Retail Price
Manager or DRMSB	:	Damansara REIT Managers Sdn Berhad (<i>formerly known as Ultimate Benchmark Sdn Bhd</i>) (717704-V)
Managing Underwriter	:	Managing Underwriter for the Retail Offering, namely AmMerchant Bank
Market Day	:	day on which Bursa Securities is open for trading
Medical Associates Sdn Bhd or MASB	:	Medical Associates Sdn Bhd (39586-A), operator of Ipoh Specialist Hospital
Medical Centre (Johore) Sdn Bhd or MCJSB	:	Medical Centre (Johore) Sdn Bhd (85603-H), operator of Puteri Specialist Hospital
MER	:	management expense ratio
MGS	:	Malaysian Government Securities
NAV	:	net asset value of Al-'Aqar KPJ REIT, determined by deducting the value of all Al-'Aqar KPJ REIT's liabilities from the value of Al-'Aqar KPJ REIT's assets, at the valuation point. For the purposes of computing the annual management fee and the annual trustee fee, the NAV of Al-'Aqar KPJ REIT should be inclusive of the management fee and trustee fee for the relevant day
NAV per Unit	:	NAV of Al-'Aqar KPJ REIT divided by the number of Units in circulation at the valuation point
Occupancy or Occupancy Rate	:	area occupied by tenants based on lease area
Ordinary Resolution	:	a resolution of Unitholders proposed and passed by a simple majority of the votes of those present and entitled to vote, but with a quorum of at least five (5) Unitholders or proxy of Unitholders holding at least 10% of Units in issue carrying the right to vote
Participating Financial Institution	:	refers to the participating financial institutions for Electronic Share Application as listed in Section 23.4(ii) of this Prospectus
Placement Agent	:	placement agent for the Institutional Offering, namely AmMerchant Bank

1. Definitions (Cont'd)

Promoter's Unit	:	1,000 Units issued on 28 June 2006 to the Manager at RM1.00 each payable in cash for the purpose of constituting Al-'Aqar KPJ REIT
Pro Corporate or Registrar	:	Pro Corporate Management Services Sdn Bhd (349501-M)
Prospectus	:	this prospectus dated 24 July 2006
Properties	:	six (6) properties comprising Ampang Puteri Specialist Hospital Building, Damansara Specialist Hospital Building, Johor Specialist Hospital Building, Ipoh Specialist Hospital Building, Puteri Specialist Hospital Building, and Selangor Medical Centre Building and "Property" refers to any one of them
Public Issue	:	the issue of 180,000,000 IPO Units to Retail Offering and Institutional Offering
Puteri Specialist Hospital Building	:	a six (6) storey purpose built private hospital building erected on the leasehold land held under title no. HS(D) 372199, Lot No. PTB 21513, Township of Johor Bahru, District of Johor Bahru in Johor, having a titled land area of 6,680 sq m (71,903 sq ft) bearing a postal address at No. 33, Jalan Tun Abdul Razak (Susur 5) 80000 Johor Bahru, Johor Darul Takzim owned by the Trustee on trust on behalf of Al-'Aqar KPJ REIT following the completion of the Acquisition of Puteri Specialist Hospital Building
Puteri Specialist Hospital Sdn Bhd or PSHSB	:	Puteri Specialist Hospital Sdn Bhd (115517-A), operator of Ampang Puteri Specialist Hospital
Real Estate Investments	:	the Properties and such other assets of Al-'Aqar KPJ REIT comprising Syariah-compliant real estate and/or single purpose companies which are Syariah-compliant (both as defined in the Guidelines for Islamic REIT) as may be acquired from time to time
REIT	:	real estate investment trust
Reporting Accountants	:	Deloitte KassimChan (AF0080)
Retail Offering	:	the issuance of 15,000,000 IPO Units, subject to reallocation, to the Malaysian Public at the Retail Price
Retail Price	:	RM0.95 per IPO Unit pursuant to the Retail Offering
RM	:	Ringgit Malaysia
Sale and Purchase Agreement	:	the conditional sale and purchase agreements entered into between (a) the respective Vendors and (b) the Trustee (as trustee of Al-'Aqar KPJ REIT) as purchaser for the sale and purchase of the Properties
SC	:	Securities Commission of Malaysia
SC Act	:	the Securities Commission Act 1993

1. Definitions (Cont'd)

Selangor Medical Centre Building	:	a six (6)-storey private hospital building with basement erected on the leasehold land held under title no. HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor, having a provisional land area of 18,984 sq m (204,342 sq ft) bearing a postal address at Lot 1, Jalan 20/1 (also known as Jalan Singa 20/1), Section 20, 40300 Shah Alam, Selangor Darul Ehsan owned by the Trustee on trust on behalf of Al-'Aqar KPJ REIT following the completion of the Acquisition of Selangor Medical Centre Building
Selangor Medical Centres Sdn Bhd or SMCSB	:	Selangor Medical Centres Sdn Bhd (215179-P), operator of Selangor Medical Centre
Special Resolution	:	a resolution of Unitholders proposed and passed by a majority consisting of 75% or more of the votes of those present and entitled to vote, but with a quorum of at least five (5) Unitholders or proxy of Unitholders holding at least 15% of Units in issue carrying the right to vote
sq ft	:	square feet
sq m	:	square metres
Syariah Committee Members	:	(i) Dato' Haji Nooh bin Gadot (ii) Dato' Hj Md Hashim bin Hj Yahaya (iii) Prof. Madya Dr. Ab. Halim bin Muhammad
Taxation Adviser	:	Deloitte KassimChan Tax Services Sdn Bhd (36421-T)
Tenants or Lessee	:	the lessee of the Properties who are:- (i) PSHSB for Ampang Puteri Specialist Hospital Building; (ii) DSHSB for Damansara Specialist Hospital Building; (iii) JSHSB for Johor Specialist Hospital Building; (iv) MASB for Ipoh Specialist Hospital Building; (v) MCJSB for Puteri Specialist Hospital Building; and (vi) SMCSB for Selangor Medical Centre Building.
Trustee or ARB	:	Amanah Raya Berhad (344986-V), acting as Trustee for and on behalf of Al-'Aqar KPJ REIT
Underwriters	:	the Managing Underwriter and the Underwriter
Underwriting Agreement	:	the underwriting agreement dated 29 June 2006 between the Underwriters, Trustee and us for the underwriting of 15,000,000 Units under the Retail Offering
Unit	:	a unit of Al-'Aqar KPJ REIT
Unitholder	:	any person registered as holding a Unit including persons jointly registered in accordance with the provisions of the Deed

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1. Definitions (Cont'd)

Vendors : the vendors of the Properties, namely:-

- (i) JCorp and PSHSB for Ampang Puteri Specialist Hospital Building;
- (ii) DSHSB for Damansara Specialist Hospital Building;
- (iii) JSHSB for Johor Specialist Hospital Building;
- (iv) MASB for Ipoh Specialist Hospital Building;
- (v) MCJSB for Puteri Specialist Hospital Building; and
- (vi) SMCSB for Selangor Medical Centre Building.

PSHSB, DSHSB, JSHSB and MCJSB are wholly owned subsidiaries of KPJ. MASB and SMCSB are 98.4% and 60% owned subsidiaries of KPJ respectively.

All references to "Manager", "we", "us", "our" and "ourselves" in this Prospectus are to Damansara REIT Managers Sdn Berhad (*formerly known as Ultimate Benchmark Sdn Bhd*).

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2. Corporate Directory

MANAGER	: Damansara REIT Managers Sdn Berhad (<i>formerly known as Ultimate Benchmark Sdn Bhd</i>) (717704-V)
Registered Office	: 13 th Floor, Menara Johor Corporation, KOTARAYA, 80000 Johor Bahru, Johor Darul Takzim Tel: 607-223 2692 Fax: 607-223 3175
Principal Place of Business	: Lot G12-14, Level 5 Block G (North), Pusat Bandar Damansara 50490 Kuala Lumpur Tel: 603-2095 3252 603-2095 2626 Fax: 603-2092 5462
BOARD OF DIRECTORS	
Non-Independent Non-Executive Chairman	Tan Sri Dato' Muhammad Ali bin Hashim
Non-Independent Non-Executive Directors	Datin Paduka Siti Sa'diah Sheikh Bakir Jamaludin bin Md. Ali Mohd. Zam bin Mustaman
Independent Non-Executive Directors	Dato' Abdul Majit bin Ahmad Khan Dr Mohd Hafetz bin Ahmad
MANAGEMENT TEAM	: Yusaini bin Sidek, Chief Executive Officer Suhaimi Saad, Operation Executive Shazly bin Kamarulzaman, Senior Account Executive
COMPANY SECRETARY	: Salmah binti Hj Abd Wahab (LS 02140) 15 Jalan 5/15, Taman Setia Indah, 81100 Johor Bahru
MAINTENANCE MANAGER	: Healthcare Technical Services Sdn Bhd (342111-A) Mezzanine Floor, Bangunan PharmaCARE 129 Jalan Pahang Barat 53000 Kuala Lumpur Tel: 603-4021 2331 Fax: 603-4021 2337
TRUSTEE	: Amanah Raya Berhad (344986-V) Tingkat 15, Wisma AmanahRaya No. 2, Jalan Ampang 50450 Kuala Lumpur Tel: 603-2055 7388 Fax: 603-2072 8498
SYARIAH COMMITTEE MEMBERS	: Dato' Haji Nooh bin Gadot Dato' Hj Md Hashim bin Hj Yahaya Prof. Madya Dr. Ab Halim bin Muhammad

2. Corporate Directory (Cont'd)

- REGISTRAR AND TRANSFER OFFICE** : Pro Corporate Management Services Sdn Bhd (349501-M)
Suite 2, 17th Floor, KOMTAR
Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim
Tel: 607- 222 5044 / 4044
Fax: 607- 222 3044
- AUDITORS AND REPORTING ACCOUNTANTS** : Deloitte KassimChan (AF0080)
Level 19, Uptown 1
1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya, Selangor
Tel: 603-7723 6500 / 7726 1833
Fax: 603-7726 3986 / 8986
- TAXATION ADVISER** : Deloitte KassimChan Tax Services Sdn Bhd (36421-T)
Level 16, Uptown 1
1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya, Selangor
Tel: 603-7725 1888 / 7712 5100
Fax: 603-7725 7768 / 69
- SOLICITORS FOR THE IPO** : Abdul Raman Saad & Associates
Level 11, Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 603-2148 0022
Fax: 603-2141 5222 / 2143 1033
- PRINCIPAL BANKERS** : AmMerchant Bank Berhad (23742-V)
(a member of AmInvestment Group Berhad)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 603-2078 2633 / 44 / 55
Fax: 603-2070 8596
- Amlslamic Bank Berhad *(formerly known as AMBB Capital Berhad, formerly known as AmBank Berhad)* (295576-U),
Regional Business Centre - South,
31st Floor, Selesa Tower,
Jalan Dato'Abdullah Tahir,
80300 Johor Bahru, Johor.
Tel: 607-3348766
Fax: 607-3323843
- Public Bank Berhad (6463-H)
27th Floor
Menara Public Bank
Jalan Ampang
50450 Kuala Lumpur
Tel: 603-2176 6000 / 2176 6666
Fax: 603-2163 9916 / 2163 0623

2. Corporate Directory (Cont'd)

- INDEPENDENT PROPERTY VALUER** : C H Williams Talhar & Wong Sdn Bhd (18149-U)
32nd Floor Menara Tun Razak
Jalan Raja Laut
P.O. Box 12157
50768 Kuala Lumpur
Tel: 603-2693 8888
Fax: 603-2693 6565
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
12th Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603-2161 3355
Fax: 603-2162 8273
- ADVISER, MANAGING UNDERWRITER & PLACEMENT AGENT** : AmMerchant Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 603-2078 2633 / 44 / 55
Fax: 603-2070 8596
- UNDERWRITERS** : AmMerchant Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 603-2078 2633 / 44 / 55
Fax: 603-2070 8596
- AmSecurities Sdn Bhd (92977-U)
15th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 603-2078 2788
Fax: 603-2031 3827
- LISTING SOUGHT** : Main Board of Bursa Securities

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3. Executive Summary

The description on this section introduces you to Al-'Aqar KPJ REIT and helps you decide whether Al-'Aqar KPJ REIT fits your investment needs. The information on this section is only a summary of the salient information of Al-'Aqar KPJ REIT as derived from the full text of the Prospectus. Keep in mind, however, that no fund can guarantee it will meet its investment objective at all times, and no fund should be relied upon as a complete investment program.

3.1 Fund Information

Item	Brief Description
Name of Fund	Al-'Aqar KPJ REIT
Category of Fund	Real estate and real estate-related assets
Type of Fund	Income and growth
Investment Objective	Our key objective for Al-'Aqar KPJ REIT is to provide Unitholders with stable distributions per Unit with the potential for sustainable long term growth of such distributions and the NAV per Unit.
Investment Strategies	Our principal strategies shall be in accordance to Syariah and shall include : <ul style="list-style-type: none">• managing the Properties effectively;• maintaining net property income;• maximising the return and performance of each Properties and their growth via enhancements to the Properties;• raising the profile of the Properties;• acquiring property assets with good yield and growth potential both locally and abroad that meet the Manager's investment criteria; and• employing a optimum capital structure with appropriate debt and equity financing strategies.
Authorised Investments	<ul style="list-style-type: none">• at least 75% of Al-'Aqar KPJ REIT's total assets shall be invested in Syariah-compliant real estate, single-purpose companies which are Syariah-compliant, real estate-related assets or liquid assets which are Syariah-compliant;• at least 50% of Al-'Aqar KPJ REIT's total assets must be invested in Syariah-compliant real estate or single-purpose companies which are Syariah compliant; and• the remaining 25% of Al-'Aqar KPJ REIT's total assets may be invested in other Syariah compliant assets (<i>i.e. Syariah compliant real estate-related assets, Syariah compliant non-real estate-related assets or Islamic asset-backed securities</i>).
Financing Limit	Up to 50% of the total asset value of Al-'Aqar KPJ REIT at the time the financings are incurred
Investors' Profile	Best suited if you: - <ul style="list-style-type: none">• have funds but do not have the time or expertise to find, select, negotiate, purchase and profitably manage properties;• have limited funds who wish to, but cannot, finance investment in Syariah-compliant property on your own account;• wish to seek capital growth on a spread of Syariah-compliant real estate investments; and• do not want to see your fund eroded by inflation without some capital measure of capital appreciation whilst at the same time retaining reliable and ready access to your capital.
Approved Fund Size	340,000,000 Units

3. Executive Summary (Cont'd)

Item	Brief Description
Distribution Policy	For each distribution period, we shall distribute all (or such lower percentage as we may determine in our absolute discretion) of the DBI and CEI of Al-Aqar KPJ REIT within two (2) months after Al-Aqar KPJ REIT's book closure date. Maintain minimum distribution of at least 95% of its distributable income.
Revaluation Policy	The real estates will be revalued at least once every three (3) years from the date of last valuation.
Redemption Policy	Unitholders have no right to request us to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their listed Units through trading on Bursa Securities. Listing of the Units on Bursa Securities does not guarantee a liquid market for the Units.
Board Lot	100 Units per board lot.
Minimum Initial Investment	100 Units or such amount as we may from time to time decide subject to the minimum board lot size of 100 Units or other board lot size as determined by Bursa Securities.
Minimum Additional Investment	100 Units or such amount as we may from time to time decide subject to the minimum board lot size of 100 Units or other board lot size as determined by Bursa Securities.
Salient Terms of the Lease Agreement	<p>The salient terms of the Lease Agreement are as follows:-</p> <p>(a) The contractual term of the Lease Agreement shall be fifteen (15) years commencing from the date of the Lease Agreement with an option to renew the lease for another fifteen (15) years subject to the terms and conditions to be agreed upon by the Trustee and Tenants of each Property;</p> <p>(b) The rental of the Demised Premises (i.e. the Properties) shall be reviewed on first (1st) January after every three (3) full financial years throughout the Contractual Term up to a maximum of fifteen (15) years and shall be negotiated between the Landlord and the Tenant. The first review will take place on 1 January 2010; and</p> <p>(c) The review of the yearly rental amount for the next three (3) financial years shall be calculated based on the following formula:-</p> <p>1st year of every review : (10-year MGS + 238 bps) x market value of the Properties at the point of review and subject to a minimum rental of RM33.0 million per annum and a maximum 2% incremental over the preceding year's rental amount.</p> <p>2nd year and 3rd year of every review : 2% incremental over the preceding year's rental amount.</p> <p>(as defined in the Lease Agreement)</p>

3. Executive Summary (Cont'd)

Item	Brief Description															
Total Rental Amount	The rental amount for the financial period ending 31 December 2006 and three (3) full financial years ending 31 December 2007, 31 December 2008 and 31 December 2009 are as follows:- <table border="1" data-bbox="513 409 1345 640"><thead><tr><th>Financial period/years ending 31 December</th><th>Total rental amount per annum (RM' mil)</th><th>Total rental amount per month (RM' mil)</th></tr></thead><tbody><tr><td>2006 *</td><td>35.48</td><td>approx. 2.96</td></tr><tr><td>2007</td><td>35.70</td><td>approx. 2.98</td></tr><tr><td>2008</td><td>36.43</td><td>approx. 3.04</td></tr><tr><td>2009</td><td>36.96</td><td>approx. 3.08</td></tr></tbody></table>	Financial period/years ending 31 December	Total rental amount per annum (RM' mil)	Total rental amount per month (RM' mil)	2006 *	35.48	approx. 2.96	2007	35.70	approx. 2.98	2008	36.43	approx. 3.04	2009	36.96	approx. 3.08
Financial period/years ending 31 December	Total rental amount per annum (RM' mil)	Total rental amount per month (RM' mil)														
2006 *	35.48	approx. 2.96														
2007	35.70	approx. 2.98														
2008	36.43	approx. 3.04														
2009	36.96	approx. 3.08														
<p><i>Note * The rental rate is approximately 7.38% of the gross market value of the Properties.</i></p>																

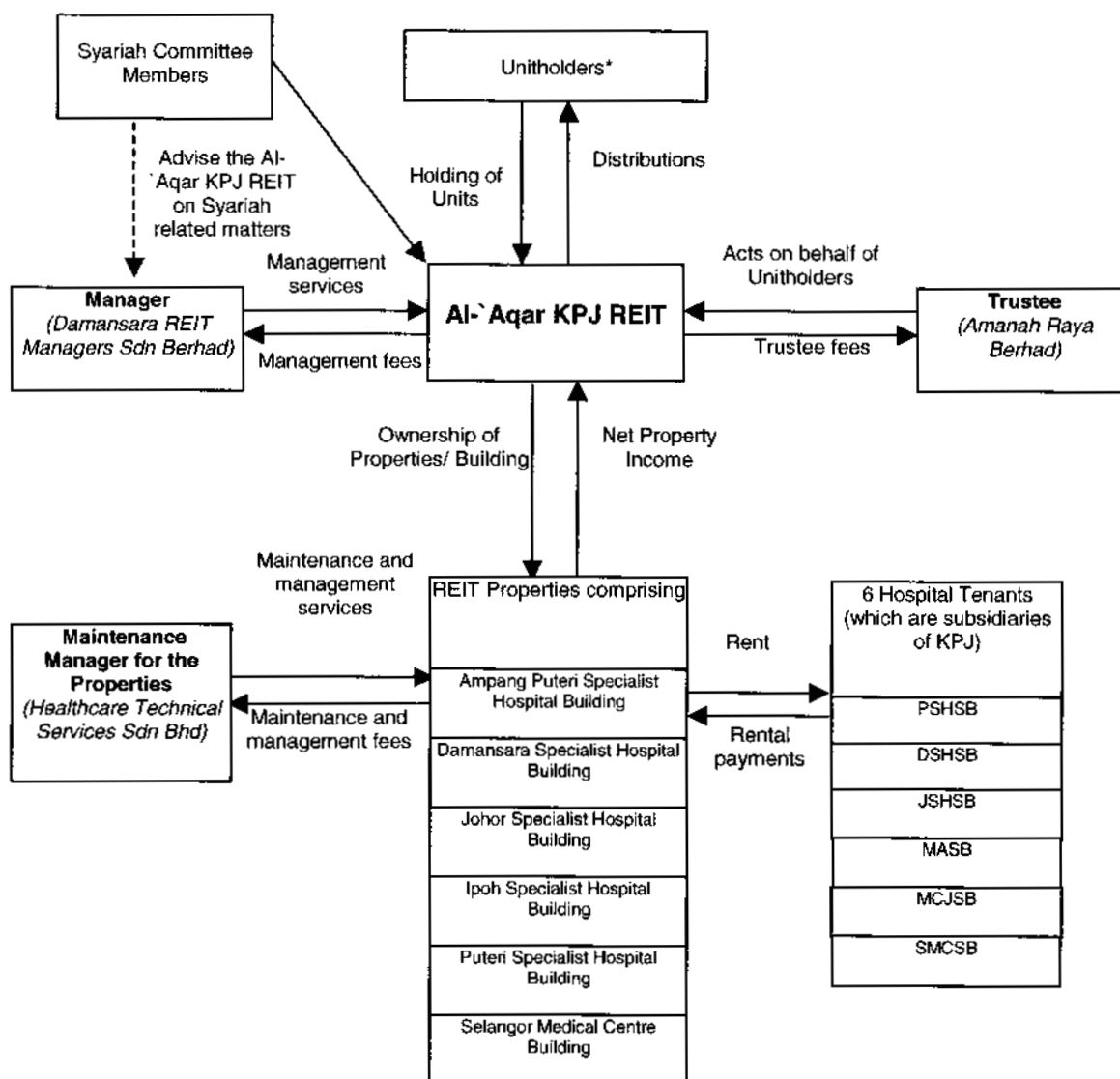
The Syariah Committee Members had on 3 April 2006 and 8 June 2006 given their endorsement that the Properties of Al-'Aqar KPJ REIT in compliance with the Syariah principles and that the rental income of the Al-'Aqar KPJ REIT is derived from permissible activities according to the Syariah principles.

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3. Executive Summary (Cont'd)

3.2 Overview of Al-'Aqar KPJ REIT Structure

The following illustrates the structure of Al-'Aqar KPJ REIT:



Note * where KPJ will indirectly own 47.06% of the Units

3.2.1 The Manager

We were incorporated in Malaysia under the Act on 8 December 2005. We have one (1) shareholder, namely Damansara Assets Sdn Bhd (formerly known as Damansara Town Centre Sdn Bhd) which owns 100% equity interest. As at the LPD, we have a paid-up capital of RM1,000,000. Our principal activity is to manage Al-'Aqar KPJ REIT.

Our appointment has been approved by the SC.

Please refer to Section 11 of this Prospectus for further details about us.

3. Executive Summary (Cont'd)

3.2.2 The Maintenance Manager

HTS was incorporated in Malaysia under the Act on 29 April 1995 as a private limited company under the name of Mobimatic Industries Sdn Bhd and subsequently changed its name to TPM Healthcare Services Sdn Bhd on 16 October 1995 and assumed its present name on 14 August 1997. As at the LPD, HTS has an authorised share capital of 500,000 ordinary shares of RM1.00 each, of which 250,000 ordinary shares of RM1.00 each are fully paid-up. As at the LPD, HTS does not have any subsidiary or associated companies.

HTS is involved principally in the business of project management, maintenance and other related services.

Please refer to Section 12 of this Prospectus for further details about the Maintenance Manager.

3.2.3 The Trustee

The Trustee of Al-'Aqar KPJ REIT is Amanah Raya Berhad. ARB was established in 1995 when the Department of Public Trustee and Official Administrator Malaysia which existed since 1921 was corporatised. ARB was incorporated on 29 May 1995 under the Act and established under the Public Trust Corporation Act 1995. The current issued and paid-up capital of ARB is RM6,000,002 made up of 6,000,002 shares of RM1 each with an authorised capital of RM10 million. ARB is wholly owned by the Government of Malaysia and its shares are held by the Minister of Finance (Incorporated) and the Federal Land Commissioner. ARB has more than 40 years of experience as trustee to unit trust funds since 1966.

Please refer to Section 13 of this Prospectus for further details about the Trustee.

3.3 Overview of Properties

The initial investments of Al-'Aqar KPJ REIT comprise the following properties where the Tenants are operating as specialist hospitals. The activities involved healthcare sector which are permissible according to Syariah and which have been approved by the Syariah Committee Members:

- (a) A purpose built private specialist hospital with a lower ground floor (comprising six (6) storey main building / wards with a lower ground floor and a four (4) storey annexed block specialists' center) together with open car parks erected on the land held under title no. HS(M) 26550, Lot No. PT 25119, Mukim of Empang, District of Hulu Langat, Selangor having a land area of approximately 21,664 sq m (233,188 sq ft) bearing postal address No. 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan;
- (b) A six (6) storey purpose built hospital building with a basement level (inclusive of approximately one and a half (1½) levels of shell floors) together with open car parks erected on the land held under title no. HSD 146423, Lot No. PT 1856, Mukim of Sungai Buloh, District of Petaling, Selangor having a provisional land area of approximately 16,710 sq m (179,860 sq ft) bearing postal address No. 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan;
- (c) A six (6) level with mezzanine floor main hospital building, a four (4) level physician consulting building together with a two (2) level basement car parks and open car parks erected on the land held under title no. HS(D) 46353, Lot No. PTB 12319, Township of Johor Bahru, District of Johor Bahru, Johor having a provisional land area of 20,234.2824 sq m (217,800 sq ft) bearing postal address No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru, Johor Darul Takzim;

3. Executive Summary (Cont'd)

- (d) A 200-bed medical centre annex with an extension (66-bed, five (5) storey building with a basement which is under construction) erected on leasehold lands held under title nos. PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, District of Kinta, Perak, having a provisional total land area of 13,276 sq m (approximately 142,902 sq ft) bearing a postal address No. 26, Jalan Raja DiHilir, 30350 Ipoh, Perak Darul Ridzuan;
- (e) A six (6) storey purpose built private hospital building erected on the leasehold land held under title no. HS(D) 372199, Lot No. PTB 21513, Township of Johor Bahru, District of Johor Bahru in Johor, having a titled land area of 6,680 sq m (71,903 sq ft) bearing a postal address No. 33, Jalan Tun Abdul Razak (Susur 5) 80000 Johor Bahru, Johor Darul Takzim; and
- (f) A six (6)-storey private hospital building with basement erected on the leasehold land held under title no. HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor, having a provisional land area of 18,984 sq m (204,342 sq ft) bearing a postal address Lot 1, Jalan 20/1 (also known as Jalan Singa 20/1), Section 20, 40300 Shah Alam, Selangor Darul Ehsan.

A summary of the Properties is as follows:

Ampang Puteri Specialist Hospital Building	
Address	No. 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor
Description	A purpose built private specialist hospital with a lower ground floor (comprising six (6) storey main building/ wards with a lower ground floor and a four (4) storey annexe block specialists' centre) together with open car parks erected on the leasehold land held under title no. HS(M) 26550, Lot No. PT 25119, Mukim of Empang, District of Hulu Langat, Selangor.
Year of completion	1995
Registered Proprietor	Perbadanan Kemajuan Ekonomi Negeri Johor ("PKENJ"), now known as JCorp
Occupancy	100% by PSHSB, the owner and operator of Ampang Puteri Specialist Hospital
Land area	233,188 sq ft (21,664 sq m)
Gross Floor Area ^	(as at 21 September 2005)
Whole building:	423,675 sq ft (39,360 sq m)
Appraised value (as at 21 September 2005)	RM128,800,000
Purchase consideration	RM120,000,000
Gross revenue for PSHSB* (for FYE 31 December 2005)	RM115,465,371
Title	Leasehold 99 years expiring 17 April 2089
Encumbrances	Nil

Notes:-

- * There is no rental revenue recorded for the Ampang Puteri Specialist Hospital Building for FYE 2005 as the hospital building was owner occupied and utilised.

3. Executive Summary (Cont'd)

[^] Net useable area is approximately 70% of the gross floor area.

Further information on Ampang Puteri Specialist Hospital Building is set out in Section 7.1 of this Prospectus.

Damansara Specialist Hospital Building	
Address	No. 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor
Description	A six (6) storey purpose built hospital building with a basement level (inclusive of approximately one and a half (1½) levels of shell floors) together with open car parks erected on the freehold land held under title no. HSD 146423, Lot No. PT 1856, Mukim of Sungai Buloh, District of Petaling, Selangor.
Year of completion	1998
Registered Proprietor	DSHSB
Occupancy	100% by DSHSB, the owner and operator of Damansara Specialist Hospital
Land area	179,860 sq ft (16,710 sq m)
Gross Floor Area [^] Whole building:	(as at 4 October 2005) 445,131 sq ft (41,354 sq m)
Appraised value (as at 4 October 2005)	RM107,500,000
Purchase consideration	RM105,000,000
Gross revenue for DSHSB* (for FYE 31 December 2005)	RM98,211,227
Title	Freehold
Encumbrances	@

Notes:-

* There is no rental revenue recorded for the Damansara Specialist Hospital Building for FYE 2005 as the hospital building was owner occupied and utilised.

[^] Net useable area is approximately 70% of the gross floor area.

@ The first legal charge and second legal charge for the term loan facilities granted by Public Merchant Bank Berhad and Malayan Banking Berhad respectively had been fully settled on 26 November 2004 and 28 June 2005 respectively. The first legal charge and second legal charge are in the process of being discharged.

Further information on Damansara Specialist Hospital Building is set out in Section 7.2 of this Prospectus.

Johor Specialist Hospital Building	
Address	No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru, Johor
Description	A six (6) level with mezzanine floor main hospital building, a four (4) level physician consulting building together with two (2) level basement car parks and open car parks erected on the leasehold land held under title no. HS(D) 46353, Lot No. PTB 12319, Township of Johor Bahru, District of Johor Bahru, Johor.

3. Executive Summary (Cont'd)

Johor Specialist Hospital Building	
Year of completion	1981 for main hospital building and 2003 for Physician Consulting Building
Registered Proprietor	Kumpulan Perubatan Sdn Bhd, now known as JSHSB
Occupancy	100% by JSHSB, the owner and operator of Johor Specialist Hospital
Land area	217,800 sq ft (20,234 sq m)
Gross Floor Area [^]	(as at 28 September 2005)
Whole building:	269,571 sq ft (25,044 sq m)
Appraised value (as at 28 September 2005)	RM75,300,000
Purchase consideration	RM75,250,000
Gross revenue for JSHSB* (for FYE 31 December 2005)	RM110,027,378
Title	Leasehold 99 years expiring on 1 March 2079
Encumbrances	Nil

Notes:-

* There is no rental revenue recorded for the Johor Specialist Hospital Building for FYE 2005 as the hospital building was owner occupied and utilised.

[^] Net useable area is approximately 70% of the gross floor area.

Further information on Johor Specialist Hospital Building is set out in Section 7.3 of this Prospectus.

The information above for Ampang Puteri Specialist Hospital Building, Damansara Specialist Hospital Building and Johor Specialist Hospital Building was extracted from the respective valuation reports dated 15 November 2005 and as provided by the management of the respective hospitals.

Ipoh Specialist Hospital Building	
Address	No. 26, Jalan Raja DiHilir, 30350 Ipoh, Perak
Description	A 200-bed medical centre annex with an extension (66-bed, five (5) storey building with a basement which is under construction) erected on leasehold lands held under title nos. PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, District of Kinta, Perak
Year of completion	Existing building : 1980 Extension : under construction and expected to be completed by 31 March 2007
Registered Proprietor	MASB
Occupancy	100% by MASB, the owner and operator of Ipoh Specialist Hospital
Land area	142,902 sq ft (13,276 sq m)

3. Executive Summary (Cont'd)

Ipoh Specialist Hospital Building	
Gross Floor Area ^	(as at 15 May 2006)
Whole building:	Existing building: 131,032 sq ft (12,173 sq m) Extension: 215,762 sq ft (20,044.76 sq m)
Appraised value (as at 15 May 2006)	RM69,000,000
Purchase consideration	RM66,000,000
Gross revenue for MASB* (for FYE 31 December 2005)	RM82,088,993
Title	<ul style="list-style-type: none">• Three (3) Lot Nos. 10259, 10490 & 34494: Leasehold 999 years expiring on 21 September 2894• One (1) Lot No. PT 161984: Leasehold 999 years expiring on 23 June 2894
Encumbrances	Nil

Notes: -

* There is no rental revenue recorded for the Ipoh Specialist Hospital Building for FYE 2005 as the hospital building was owner occupied and utilised.

^ Net useable area is approximately 70% of the gross floor area.

Further information on Ipoh Specialist Hospital Building is set out in Section 7.4 of this Prospectus.

Puteri Specialist Hospital Building	
Address	No. 33, Jalan Tun Abdul Razak (Susur 5), 80000 Johor Bahru, Johor Darul Takzim
Description	A six (6) storey purpose built private hospital building erected on the leasehold land held under title no. HS(D) 372199, Lot No. PTB 21513, Township of Johor Bahru, District of Johor Bahru, Johor.
Year of completion	1986
Registered Proprietor	MCJSB
Occupancy	100% by MCJSB, the owner and operator of Puteri Specialist Hospital
Land area	71,903 sq ft (6,680 sq m)
Gross Floor Area^	(as at 15 May 2006)
Whole building:	131,033 sq ft (12,173.34 sq m)
Appraised value (as at 15 May 2006)	RM39,000,000
Purchase consideration	RM37,000,000
Gross revenue for MCJSB* (for FYE 31 December 2005)	RM68,016,938
Title	Leasehold 99 years expiring on 31 December 2053

3. Executive Summary (Cont'd)

Puteri Specialist Hospital Building	
Encumbrances	First legal charge for a fixed asset financing facility of RM10,500,000.00 over a parcel of land held under HS(D) 372199, Lot No. PTB 21513, Township of Johor Bahru, District of Johor Bahru in Johor Darul Takzim in favour of Bank Pembangunan Malaysia Berhad (formerly known as Bank Pembangunan dan Infrastruktur Malaysia Berhad).

Notes: -

* There is no rental revenue recorded for the Puteri Specialist Hospital Building for FYE 2005 as the hospital building was owner occupied and utilised.

^ Net useable area is approximately 70% of the gross floor area.

Further information on Puteri Specialist Hospital Building is set out in Section 7.5 of this Prospectus.

Selangor Medical Centre Building	
Address	Lot 1, Jalan 20/1 (also known as Jalan Singa 20/1), Section 20, 40300 Shah Alam, Selangor
Description	A six (6)-storey private hospital building with basement erected on the leasehold land held under title no. HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor
Year of completion	1996
Registered Proprietor	SMCSB
Occupancy	100% by SMCSB, the owner and operator of Selangor Medical Centre
Land area	204,342 sq ft (18,984 sq m)
Gross Floor Area [^]	(as at 15 May 2006)
Whole building:	209,455 sq ft (19,459.11 sq m)
Appraised value (as at 15 May 2006)	RM61,400,000
Purchase consideration	RM58,000,000
Gross revenue for SMCSB* (for FYE 31 December 2005)	RM60,150,065
Title	Leasehold 99 years expiring on 1 July 2096
Encumbrances	The encumbrances are as follows: - <ul style="list-style-type: none"> • First legal charge for the sale price of an Al-Bai Bithaman Ajil Facility of RM63,059,375-56 over a parcel of land held under HS(D) 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor in favour of HSBC Bank Malaysia Berhad; and • Second legal charge for a general banking facilities in the form of an open monies charge over a parcel of land held under HS(D) 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor also in favour of HSBC Bank Malaysia Berhad.

3. Executive Summary (Cont'd)

Notes: -

* There is no rental revenue recorded for the Selangor Medical Centre Building for FYE 2005 as the hospital building was owner occupied and utilised.

^ Net useable area is approximately 70% of the gross floor area.

Further information on Selangor Medical Centre Building is set out in Section 7.6 of this Prospectus.

The information for Ipoh Specialist Hospital Building, Puteri Specialist Hospital Building and Selangor Medical Centre Building was extracted from the respective valuation reports dated 22 May 2006 and as provided by the management of the respective hospitals.

3.4 Fees and Charges

There are fees and charges involved and investors are advised to consider the fees and charges before investing in Al-'Aqar KPJ REIT.

(i) Charges imposed on sale and purchase of Units

Other than the charges you may incur arising from the trading of the Units on Bursa Securities, e.g. brokerage, clearing fee and stamp duty, there are no other charges imposed on the sale and purchase of Units.

Further information on the charges you may incur from the trading of the Units on Bursa Securities may be found at Bursa Securities' website at www.bursamalaysia.com.

(ii) Fees and expenses that Al-'Aqar KPJ REIT incurs

The following table describes the main fees and expenses that Al-'Aqar KPJ REIT incurs:-

Fees	%
Annual management fee	up to 0.15% per annum of the NAV (approximately RM502,000 per annum based on the proforma NAV)
Maintenance and management fees	up to 0.08% per gross value of the Properties (approximately RM402,000 per annum based on the gross value of the existing Properties)
Annual trustee fee	up to 0.03% per annum of the NAV (approximately RM100,000 per annum based on the proforma NAV)
Syariah Committee Members fee	The Syariah Committee Members receive a fee of RM1,800 per sitting per annum for references and consultations to the Manager on permitted investments as provided in the Guidelines for Islamic REIT, and monitoring and ensuring that the Islamic REIT has been managed and administered in accordance with Syariah principles.
A list of other expenses directly or indirectly related to the fund including the followings:-	<ul style="list-style-type: none">- Auditor's fees- Valuation fees- Relevant professionals' fees- Profit payment and expenses in respect of the Islamic financing facility- Printing, posting, general and operating expenses for the administration of the Fund

Please refer to Section 9 of this Prospectus for further details on the fees and charges.

3. Executive Summary (Cont'd)

3.5 Financial Highlights

The summary of the proforma consolidated financial data of Al-'Aqar KPJ REIT for the five (5) FYE 31 December 2001 to FYE 31 December 2005 set out below are based on the information extracted from the audited financial statements and accounting records of the following companies which owned the Properties at a point of time:-

Properties	Owned by
Ampang Puteri Specialist Hospital Building	JCorp and PSHSB
Damansara Specialist Hospital Building	DSHSB
Johor Specialist Hospital Building	JSHSB
Ipoh Specialist Hospital Building	MASB
Puteri Specialist Hospital Building	MCJSB
Selangor Medical Centre Building	SMCSB

The summarised proforma combined income statements of the Properties set out below are based on the extracts of the accounting records of the respective companies which owned the Properties at one point of time and have been presented for illustrative purposes only on the assumption that the Properties had been in existence as a single entity or group throughout the period/years under review and based on the representation of the Directors of the Sponsor who are of the opinion that the proforma combined income statement are directly related to the operation of the Properties.

	←-----Year ended 31 December----->				
	2001 RM	2002 RM	2003 RM	2004 RM	2005 RM
Rental revenue ⁽¹⁾	-	-	-	-	-
Expenses:					
Depreciation ⁽²⁾	4,959,715	5,405,972	5,825,214	6,195,889	6,401,797
Assessment and quit rent	1,051,712	1,076,450	1,113,798	1,100,766	1,132,841
Insurance	307,130	327,679	380,125	302,408	327,438
Repair and maintenance expenses ⁽³⁾	1,350,151	1,566,100	1,852,527	2,765,442	2,917,107
Total expenses	7,668,708	8,376,201	9,171,664	10,364,505	10,779,183
Property Expenses	7,668,708	8,376,201	9,171,664	10,364,505	10,779,183

Notes:-

(1) Rental Revenue

No rental revenue is recognised for the five (5) financial years ended 31 December 2005 as the Properties were owner occupied and utilised.

It is also not practicable to estimate the proforma rental revenue for the five (5) financial years ended 31 December 2005 given that there are no reasonable basis to determine historical rental rate and the estimated, forecasted and projected future rental rates are based on a valuation done for Ampang Puteri Specialist Hospital Building on 21 September 2005, for Damansara Specialist Hospital Building on 4 October 2005, for Johor Specialist Hospital Building on 28 September 2005, while valuation of Ipoh Specialist Hospital Building, Puteri Specialist Hospital Building and Selangor Medical Centre Building are on 15 May 2006.

3. Executive Summary (Cont'd)

(2) Depreciation

The Properties were classified as property, plant and equipment for the five (5) financial years ended 31 December 2005 as the Properties were owner occupied and utilised. Accordingly, the Properties were subject to depreciation.

However, for Al-'Aqar KPJ REIT, the Properties will be classified as investment properties and will not be depreciated but are reviewed for impairment in accordance with Malaysian Financial Reporting Standard 140, Investment Properties.

(3) Repair and Maintenance

Future repair maintenance expenses will be borne by KPJ in accordance with the Lease Agreement.

The extraction of expenses above consists of expenses directly related to the operations of the Properties. In view that Al-'Aqar KPJ REIT was constituted on 28 June 2006, the Property Income does not include the expenses specifically incurred by a REIT, e.g. trustee fees and maintenance and management fees etc.

Please refer to Section 8.4 of this Prospectus for further details on the financial highlights.

3.6 Proforma Balance Sheets of Al-'Aqar KPJ REIT

The proforma balance sheets set out below have been prepared for illustrative purposes only to show the effects of the Listing Scheme on the balance sheet of Al-'Aqar KPJ REIT.

	As of the Establishment Date (unaudited) RM'000	Proforma After the Acquisitions and Public Issue RM'000
Non-Current Asset		
Investment properties	-	466,395
Current Asset		
Cash and bank balances	1	1,155
Long-Term Liability		
Islamic financing facilities - non current portion	-	(133,228)
	1	334,322
Unitholders' Funds		
Units in issue	1*	334,322
Accumulated surplus/ (deficit)	-	-
	1	334,322
No. of Units in Issue ('000)	1	340,000
NAV per Unit (RM)	1.00	0.98

Note:-

* Represents Promoter's Units issued as of the Establishment Date comprising 1,000 Units in Al-'Aqar KPJ REIT at an issue price of RM1.00 per Unit.

Please refer to Sections 8.11 of this Prospectus for further details on the proforma consolidated balance sheets of Al-'Aqar KPJ REIT as well as the Reporting Accountants' letter thereon.

3. Executive Summary (Cont'd)

3.7 Risk Factors

An investment in the Units involves a number of risks, some of which could be substantial and inherent in the business of Al-'Aqar KPJ REIT.

You should rely on your own evaluations and to carefully consider the investment considerations before buying any of the IPO Units, which are the subject of this Prospectus.

The investment considerations that should be considered include, but are not limited to, the following:

(i) Risks relating to Al-'Aqar KPJ REIT's organisation and operations

- Neither Al-'Aqar KPJ REIT nor us, as new entities, have an established operating history;
- Our operations are subject to regulation;
- We may not be able to implement our strategies successfully;
- There are limitations on Al-'Aqar KPJ REIT's ability to leverage;
- There are risks associated with financing facilities;
- We may change Al-'Aqar KPJ REIT's investment strategies;
- The performance of Al-'Aqar KPJ REIT is dependent on our key executives;
- Potential conflicts relating to the future acquisition of properties from the Sponsor;
- Potential conflicts and competition between Al-'Aqar KPJ REIT and KPJ Group;
- Al-'Aqar KPJ REIT is wholly dependent on the performance and operations of the KPJ Group for its revenue; and
- Related party transactions between the Tenants, the Sponsor and the Manager.

(ii) Risks relating to investment in real estate

- General risks attached to investment in real estate;
- Properties held by Al-'Aqar KPJ REIT may be subject to increases in operating and other expenses;
- Al-'Aqar KPJ REIT is wholly dependent on a single tenant, ie KPJ Group;
- There may be uninsured or under-insured losses; and
- Al-'Aqar KPJ REIT may be adversely affected by the illiquidity of real estate investments.

(iii) Risks relating to Al-'Aqar KPJ REIT's Properties

- The Properties or part thereof may be acquired compulsorily;
- The sale price for Properties may be less than its current valuation or the purchase price paid by Al-'Aqar KPJ REIT;
- Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow;
- Al-'Aqar KPJ REIT's Properties are located entirely in Malaysia, which exposes Al-'Aqar KPJ REIT to geographic and market concentration risk; and
- Al-'Aqar KPJ REIT's Properties are single purpose buildings.

(iv) Syariah non-compliance risk

(v) Risks relating to an investment in the Units

- The price of the Units may decline after the IPO;
- Unitholders will be effectively subordinated to all existing and future claims of creditors of Al-'Aqar KPJ REIT;
- Distributions to Unitholders will be subject to cash flow availability of Al-'Aqar KPJ REIT;
- Property yield on real estate to be held by Al-'Aqar KPJ REIT is not equivalent to yield on the Units;
- The NAV of the Units will be diluted if further issues are priced below the NAV;

3. Executive Summary (Cont'd)

- Unitholders have no right to require the redemption of their Units;
- Failure and/or delay in the Listing;
- The Units may be delisted from Bursa Securities;
- Forward-looking statements; and
- Changes to accounting standards may result in changes in the future as to how Al-Aqar KPJ REIT's results and financial position are prepared and presented.

Please refer to Section 6.1.4 of this Prospectus for further details on the risk factors.

3.8 Principal Statistics Relating to the IPO

3.8.1 Total Issued Units

	No. of Units
Promoter's Units as at the date of this Prospectus	1,000
To be issued pursuant to the Acquisitions	159,999,000
To be issued pursuant to the Public Issue	180,000,000
Total issued Units upon Listing	<u>340,000,000</u>

3.8.2 Information on the IPO

Item	Brief Description
IPO	The IPO comprises:- (a) 15,000,000 IPO Units, subject to reallocation, to the Malaysian Public via balloting (of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions), for subscription at the Retail Price under the Retail Offering; and (b) 165,000,000 IPO Units, subject to reallocation, to selected investors for subscription at the Institutional Price under the Institutional Offering.
Minimum Subscription	There is no minimum subscription to be raised from the IPO. Completion of the Retail Offering and Institutional Offering are inter-conditional.
Clawback and Reallocation	The allocation of IPO Units between and within the Retail Offering and Institutional Offering is subject to adjustment. For instance, in the event the Retail Offering is over-subscribed and the Institutional Offering is under-subscribed, the IPO Units may be clawed back from the Institutional Offering and reallocated to the Retail Offering and vice versa. The clawback and reallocation shall not apply in the event of an over-subscription in both the Institutional Offering and Retail Offering.
Retail Price	RM0.95 per IPO Unit (5% discount of Institutional Price)
Institutional Price	RM1.00 per IPO Unit

Please refer to Section 4 of this Prospectus for further details on the IPO.

3. Executive Summary (Cont'd)

3.8.3 Proforma NAV

Proforma NAV (after taking into consideration the listing expenses of RM4.928 million)	RM'000	334,322
Proforma NAV per Unit (based on total issued Units upon Listing)	RM	0.98

Please refer to Section 8.11 of this Prospectus for further details on the proforma NAV.

3.8.4 Profit Estimate, Forecast and Projections

The summary of the profit estimate for FYE 31 December 2006, profit forecast for FYE 31 December 2007 and profit projections for FYE 31 December 2008 and 31 December 2009 of Al-'Aqar KPJ REIT are set out below:-

FYE 31 December	Estimate [^]	Forecast	Projections	
	2006 (RM'000)	2007 (RM'000)	2008 (RM'000)	2009 (RM'000)
Revenue	14,783	35,700	36,430	36,960
Less: Operating expenses				
- Quit rent, assessment and fire insurance	721	1,730	1,730	1,730
- Maintenance manager	167	402	402	402
- Manager	209	502	502	502
- Trustee	42	100	100	100
- Miscellaneous*	224	537	537	657
Earnings before interest and income tax	13,420	32,429	33,159	33,569
Less: Profit sharing expenses	3,089	7,414	7,414	7,414
Profit before tax	10,331	25,015	25,745	26,155
Income tax expense	-	-	-	-
Profit after tax	10,331	25,015	25,745	26,155
Units in issue ('000)	340,000	340,000	340,000	340,000
Earnings per unit (sen)	3.04	7.36	7.57	7.69

Notes: -

* Inclusive of valuation fee for Ampang Puteri Specialist Hospital Building, Damansara Specialist Hospital Building and Johor Specialist Hospital Building of RM150,000 for FYE 31 December 2008 and Ipoh Specialist Hospital Building, Puteri Specialist Hospital Building and Selangor Medical Centre Building of RM120,000 for 31 December 2009.

[^] Al-'Aqar KPJ REIT is expected to be listed on 10 August 2006. Accordingly, the profit estimate for FYE 31 December 2006 reflects Al-'Aqar KPJ REIT's operations for a period of five (5) months.

Please refer to Sections 8.5 to 8.7 of this Prospectus for further details on the profit estimate, forecast and projections, Reporting Accountants' letter on the profit estimate, forecast and projections as well as the principal bases and assumptions upon which the profit estimate, forecast and projections of Al-'Aqar KPJ REIT are made of.

3. Executive Summary (Cont'd)

3.8.5 Distribution Estimate, Forecast and Projections

Barring any unforeseen circumstances, it is our intention to distribute up to 99% of the distributable income of Al-'Aqar KPJ REIT for FYE 31 December 2006 to FYE 31 December 2009. Distribution estimate, forecast and projections are as follows:-

FYE 31 December		Estimate 2006	Forecast 2007	Projections 2008	Projections 2009	
Distribution per Unit	<i>Sen</i>	3.02	7.25*	7.32	7.52	7.70
Distribution yield based on the Retail Price of RM0.95 per Unit	<i>(%)</i>	3.18	7.63*	7.71	7.92	8.11
Distribution cover	<i>Times</i>	1.00	1.00	1.00	1.00	1.00

Note:-

* Annualised.

Please refer to Section 8.10 of this Prospectus for further details on the distribution estimate, forecast and projections.

3.9 Utilisation of Proceeds

The Public Issue is expected to raise gross proceeds of RM179.25 million which shall accrue to Al-'Aqar KPJ REIT as follows:-

	No. of Units (<i>'000</i>)	Price (RM)	Amount (RM' <i>000</i>)
Retail Offering	15,000	0.95	14,250
Institutional Offering	165,000	1.00	165,000
Total	180,000		179,250

We intend to utilise the proceeds in the following manner: -

	Application of proceeds (RM)	Timeframe for utilisation
Part funding for the Acquisitions	167,250,000	Immediate
Syariah-compliant working capital	1,155,000	Within 12 months
Financing of renovation and expansion of Properties	5,145,000	Immediate
Estimated expenses for the BBA Facility taken to part finance the Acquisitions	772,000	Immediate
Estimated listing expenses	4,928,000	Immediate
Total	179,250,000	

Please refer to Section 4.9 of this Prospectus for further details on utilisation of proceeds.

3. Executive Summary (Cont'd)

3.10 Unitholdings of the Sponsor, Substantial Unitholders, Our Directors and Our Key Management in Al-'Aqar KPJ REIT

The Sponsor, substantial unitholders (those holding 5% or more of the total Units upon the Listing), our Directors and key management unitholdings in Al-'Aqar KPJ REIT as at LPD and after the IPO are as follows:-

Name	Designation	As at LPD*				Proforma After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Units '000	%	No. of Units '000	%	No. of Units '000	%	No. of Units '000	%
Sponsor									
KPJ ⁽¹⁾⁽²⁾	Not applicable	-	-	-	-	1	*	159,999	47.06
Substantial Unitholders									
DRMSB	Not applicable	1	100.00	-	-	-	-	-	-
PSHSB	Not applicable	-	-	-	-	36,999	10.88	-	-
DSHSB	Not applicable	-	-	-	-	33,000	9.71	-	-
JSHSB	Not applicable	-	-	-	-	23,000	6.76	-	-
MASB	Not applicable	-	-	-	-	38,000 ⁽⁵⁾	11.18	-	-
MCJSB	Not applicable	-	-	-	-	21,000	6.18	-	-
SMCSB	Not applicable	-	-	-	-	8,000	2.35	-	-
KPJSB ⁽³⁾	Not applicable	-	-	-	-	-	-	98,999	29.12
JCorp ⁽⁴⁾	Not applicable	-	-	1	100.00	-	-	160,000	47.06
Our Directors									
Tan Sri Dato' Muhammad Ali bin Hashim	Non-Independent Non-Executive Chairman	-	-	-	-	-	-	-	-
Datin Paduka Siti Sa'diah Sheikh Bakir	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-
Dato' Abdul Majit bin Ahmad Khan	Independent Non- Executive Director	-	-	-	-	-	-	-	-
Jamaludin bin Md. Ali	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-
Mohd. Zam bin Mustaman	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-
Dr Mohd Hafetz bin Ahmad	Independent Non- Executive Director	-	-	-	-	-	-	-	-
Our Key Management									
Yusaini bin Sidek	Chief Executive Director	-	-	-	-	-	-	-	-
Suhaimi Saad	Operation Executive	-	-	-	-	-	-	-	-
Shazly bin Kamarulzaman	Senior Account Executive	-	-	-	-	-	-	-	-

3. **Executive Summary (Cont'd)**

Notes:-

- * *Negligible*
- (1) *Deemed interested pursuant to Section 6A of the Act by virtue of its substantial shareholdings in KPJSB, which in turn has substantial shareholdings in PSHSB, DSHSB, MCJSB and SMCSB.*
- (2) *Deemed interested pursuant to Section 6A of the Act by virtue of its substantial shareholdings in JSHSB and MASB, which in turn are substantial unitholders of Al-'Aqar KPJ REIT.*
- (3) *Deemed interested pursuant to Section 6A of the Act by virtue of its substantial shareholdings in PSHSB, DSHSB, MCJSB and SMCSB, which in turn are substantial unitholders of Al-'Aqar KPJ REIT.*
- (4) *Deemed interested pursuant to Section 6A of the Act by virtue of its substantial shareholding in KPJ, which in turn has substantial shareholdings in KPJSB and JSHSB.*
- (5) *24,800,000 Units out of the 38,000,000 Units will be held by the Trustee under a trust account on behalf of KPJ until completion of the extended facilities of Ipoh Specialist Hospital Building and Certificate of Fitness For Occupation is obtained, which is not more than one (1) year from the listing date of Al-'Aqar KPJ REIT.*

Please refer to Sections 11.1.2 and 11.1.3 of this Prospectus for further details on our Directors and key management respectively.

Prospective Unitholders should read and understand the contents of the Prospectus and, if necessary, consult their adviser(s).

Unit prices and distributions payable, if any, may go down as well as up.

Please also note that:-

- **The rental yield on real estate held by Al-'Aqar KPJ REIT is not equivalent to the yield of the Units.**
- **The current rental receipts and yields may not sustain.**
- **The value of the real estate may rise as well as fall.**

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