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## **7. Current Properties of Al-'Aqar KPJ REIT**

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### **7.1 Ampang Puteri Specialist Hospital Building**

#### **7.1.1 Description**

Ampang Puteri Specialist Hospital Building is 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. It is situated to the east of the intersection of Jalan Ulu Kelang (part of Middle Ring Road II) and Jalan Mamanda 9, and Jalan Kolam Air Lama within the Municipal Council of Ampang Jaya, Selangor Darul Ehsan.

Ampang Puteri Specialist Hospital Building is constructed of reinforced concrete framework with the plastered walls, reinforced concrete floors, and a reinforced concrete flat/corrugated tiled roof. Ceiling is generally of acoustic fibre boards, flat sheets and fair face concrete. Ceiling to the lobby and reception areas is of fibrous plastered ceiling with recessed or concealed lightings. Doors are of automatic sliding glass doors to the main entrance, swing aluminium framed glass panels, solid wooden doors, fire-rated timber and plywood flush timber for other areas. Windows are generally of aluminium framed glass panels and glass louvres.

Vertical access within the building is by means of 8 passenger/service lifts (each with a capacity of 1,020 kg/15 persons or 1,565 kg/23 persons) and 1 bomba lift (with a capacity of 1,565 kg or 23 persons). Alternatively, access is by means of reinforced concrete staircases located at various locations within the building.

Other facilities included in the Property include the following:-

- Operating theatre suite and day theatre;
- Diabetes centre;
- Ophthalmology unit;
- Nuclear medicine centre;
- Intensive care and coronary care unit;
- Mother and baby centre;
- 24 hour accident and emergency unit;
- Laboratory;
- Physiotherapy;
- Diagnostic imaging centre;
- Renal dialysis centre; and
- Executive health screening centre and wellness clinic; and
- Home nursing

The building was completed since 1995 and it is easily accessible via Jalan Ampang, Jalan Ulu Kelang (part of Middle Ring Road II) and thereafter Jalan Mamanda 9. Ampang Puteri Specialist Hospital Building has a total gross built-up area of approximately 39,360 sq m (423,676 sq ft). For the purpose of Al-'Aqar KPJ REIT, Al-'Aqar KPJ REIT has acquired the Ampang Puteri Specialist Hospital Building owned by Puteri Specialist Hospital Sdn Bhd together with the whole parent lot which has a total land area of 21,664 sq m (233,188 sq ft) along with open car parks.

The appraised value of Ampang Puteri Specialist Hospital Building as at 21 September 2005 by the Independent Property Valuer is RM128,800,000.

#### **7.1.2 Location and Accessibility**

The postal address of Ampang Puteri Specialist Hospital Building is No. 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali, 68000 Ampang, Selangor Darul Ehsan.

Ampang Puteri Specialist Hospital Building is located about 6 kilometres by road due east of Kuala Lumpur city centre. It is easily accessible via Jalan Ampang, Jalan Ulu Kelang (part of Middle Ring Road II) and thereafter Jalan Mamanda 9.

## **7. Current Properties of Al-'Aqar KPJ REIT (Cont'd)**

The immediate locality of Ampang Puteri Specialist Hospital Building comprise predominantly 4-storey shopoffices, petrol filling and service stations and the residential areas of Taman Dato' Ahmad Razali and Ampang Jaya. Located adjoining to it due north-west and fronting Jalan Ulu Kelang (part of Middle Ring Road II) is the Mobil petrol filling and service station while another two petrol stations i.e. Petronas and BP are located due north and across Jalan Koiam Air Lama. Further along Jalan Kolam Air are the Kuala Lumpur International School, government offices and the residential schemes of Taman TAR and Ampang Jaya.

Ampang Point Shopping Centre and Ampang Triangle are located due south of Ampang Puteri Specialist Hospital Building. Located further to the south and across Jalan Ampang is Taman Ampang Utama, comprising individual designed detached houses, 3 to 6-storey shopoffices, and a condominium development known as One Ampang Avenue.

Located to the west and south-west of Ampang Puteri Specialist Hospital Building across the Middle Ring Road II are Ampang City Centre, a commercial cum residential development consisting of GCB Court, GCB Plaza, Flamingo Institution and Hotel, and Ampang City Apartments which is part of the development known as Impiana On The Waterfront. The Kuala Lumpur Elevated Highway (AKLEH) is situated to the northeast of the Ampang Puteri Specialist Hospital Building.

Other housing schemes in the larger neighbourhood include Ukay Heights, Sri Ukay, Wangsa Ukay, Taman Ampang Indah, Taman Kosas, Taman Dagang Jaya and Taman Sri Watan.

### **7.1.3 Particulars of Titles and Encumbrances**

Ampang Puteri Specialist Hospital Building is situated on a leasehold land expiring 17 April 2089 held under title no. HS(M) 26550, Lot No. PT 25119, Mukim of Empang, District of Hulu Langat, Selangor measuring approximately 21,664 sq m (233,188 sq ft) and it is free of encumbrances.

### **7.1.4 Income**

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

The breakdown of the gross revenue for PSHSB (the operator of Ampang Puteri Specialist Hospital Building) for the past three (3) financial years (*as extracted from the audited financial statements of PSHSB*) is as follows:-

<b>Period</b>	<b>RM</b>
FYE 31 December 2003	100,323,591
FYE 31 December 2004	111,411,730
FYE 31 December 2005	115,465,371

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## 7. Current Properties of Al-Aqar KPJ REIT (Cont'd)

### 7.1.5 Occupancy

The occupancy rate of Ampang Puteri Specialist Hospital Building is 100% from FYE 31 December 2003 to FYE 31 December 2005 as PSHSB is the only tenant.

Ampang Puteri Specialist Hospital Building has a maximum capacity of 218 beds. Currently, only 201 beds are operational. The apportionment of beds and room rates of Ampang Puteri Specialist Hospital Building are as follows:-

Category	Average Room Rates (RM)	No of beds
VIP	630	4
Single Bedded	302	65
Double Bedded	205	42
3 -bedded	175	9
4- bedded	145	68
5- bedded	110	5
8- bedded	110	8
ICU/HDU/NICU/CCU*	380	12
Dayward*	90	12
Nursery*	60	6
Operation Theatre*	Based on hourly rate	5
Labour Room*	195	6
<b>Total</b>		<b>242</b>

Note:

\* Excluded from the 201 operational beds.

The occupancy of the beds in Ampang Puteri Specialist Hospital Building from FYE 31 December 2003 to FYE 31 December 2005 is as follows:-

FYE 31 December	No of beds	Occupancy Rate (%)
2003	187	69
2004	201	64
2005	201	62

### 7.1.6 Tenant mix, Tenant Information and Expiries and Renewals

Ampang Puteri Specialist Hospital Building only has one long-term tenant, i.e. Puteri Specialist Hospital Sdn Bhd. Al-Aqar KPJ REIT has entered into a lease agreement with PSHSB for fifteen (15) years with an option to renew for another fifteen (15) years.

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## **7. Current Properties of Al-'Aqar KPJ REIT (Cont'd)**

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### **7.2 Damansara Specialist Hospital Building**

#### **7.2.1 Description**

Damansara Specialist Hospital Building is a six (6) storey purpose built private hospital building with basement (inclusive of approximately one and a half (1½) levels of shell floors) together with open car parks located approximately 12 kilometres by road to the west of Kuala Lumpur city centre and about 9 kilometers by road to the north-west of Petaling Jaya New Town Centre. The building is constructed of reinforced concrete framework, concrete floor slabs and reinforced concrete flat roof. The external façade is a mixture of plastered brickwalls and glass curtain walling.

Its windows are generally of aluminium framed glasses whilst the doors are automatic sliding glass panels, magnetic doors, timber flush, double leaf fire rated timber panels and aluminium framed glass panels. Ceilings are generally of suspended fibreboard, plastered cement and fairface concrete. Floor finishes are generally of marble slabs, vinyl tiles, ceramic tiles and cement rendered. The building is equipped with centralised air conditioning system, modern fire fighting services and telecommunication facilities. The building is served with five (5) passenger lifts and one (1) bomba lift. Several reinforced concrete staircases are provided within the building.

Other ancillary buildings erected on the land include a guardhouse, a refuse chamber, medical gas and TNB substation building.

The building which was completed since 1998 and is located off the western side of the SPRINT Highway (part of Jalan Damansara), to the eastern side of Lebuhraya Damansara Puchong (LDP) and the New Klang Valley Expressway (NKVE) and to the northern side of the Federal Highway. Damansara Specialist Hospital Building has a total gross area of approximately 41,354 sq m (445,131 sq ft). For the purpose of Al-'Aqar KPJ REIT, Al-'Aqar KPJ REIT has acquired the whole of Damansara Specialist Hospital Building owned by Damansara Specialist Hospital Sdn Bhd.

The appraised value of Damansara Specialist Hospital Building as at 4 October 2005 by the Independent Property Valuer is RM107,500,000.

#### **7.2.2 Location and Accessibility**

The postal address of Damansara Specialist Hospital Building is No. 119, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

Damansara Specialist Hospital Building is located off the western side of the SPRINT Highway (part of Jalan Damansara), to the eastern side of LDP and NKVE and to the northern side of the Federal Highway.

Access from Kuala Lumpur city centre is via Jalan Semantan, the SPRINT Highway, Jalan Damansara, Jalan SS 20/21 and thereafter onto Jalan SS 20/10 leading to Damansara Specialist Hospital Building. It also accessible from the NKVE via the Damansara interchange, SPRINT Highway, Jalan Damansara, Jalan SS 20/21 and thereafter onto Jalan SS 20/10 leading to Damansara Specialist Hospital Building. Alternatively, access from Petaling Jaya New Town Centre is via Jalan Gasing, Jalan Universiti, Jalan Dato Abu Bakar, the SPRINT Highway, Jalan Damansara, Jalan SS 20/21 and thereafter onto Jalan SS 20/10 leading to Damansara Specialist Hospital Building.

Damansara Specialist Hospital Building can also be accessible from the LDP via a u-turn at Taman Tun Dr Ismail ("TTDI") exit Jalan SS 20/21 and thereafter onto Jalan SS 20/10 leading to Damansara Specialist Hospital Building.

## **7. Current Properties of Al-Aqar KPJ REIT (Cont'd)**

The Damansara Specialist Hospital Building is located within the residential area of SS 20, Damansara Utama (SS 20). Its immediate surrounding comprises mainly double storey detached and semi-detached houses, double storey terraced houses and shophouses. Situated within walking distance to the west of the Damansara Specialist Hospital Building is Sekolah Menengah Damansara Utama.

To the north across Jalan Damansara is the established housing scheme, Taman Tun Dr Ismail. The residential area comprises single and double storey terraced houses, semi-detached houses, detached houses as well as condominiums. The commercial precinct comprises a wet market, Plaza IBM office tower and two (2) and three (3) storey shophouses.

Situated a short distance to the south-east and south of the Damansara Specialist Hospital Building are Desa Kiara Condominium, Bukit Kiara Muslim Cemetery, an office building known as Wisma Dijaya, the commercial development of Damansara Intan as well as residential areas of SS 2, SS 17 and SS 19, Petaling Jaya.

Located to the west across LDP is the Damansara Utama Commercial Centre comprising three and a half (3½) storey shophouses, twelve (12) storey office building known as Uptown 1, 2, 3, 5 and 7, a multi-storey car park and food court centre.

The newly established commercial precinct of Mutiara Damansara is situated to the north-west of the Damansara Specialist Hospital Building and includes Ikea Damansara Store, Ikano Power Centre, Tesco Hypermarket, The Curve and other commercial buildings under construction.

Residential schemes located to the west of the Damansara Specialist Hospital Building include Damansara Utama (SS 21), Damansara Jaya (SS 22), Sea Park (SS 2), Sunway Damansara, Damansara Indah Resort Homes, Kota Damansara and Tropicana Golf and Country Resort while other new and existing residential schemes are located to the north and north-west of the Damansara Specialist Hospital Building along LDP include Mutiara Damansara, Bandar Damansara Perdana, Bandar Utama and Bandar Sri Damansara.

### **7.2.3 Particulars of Titles and Encumbrances**

Damansara Specialist Hospital Building is situated on a freehold land held under title no. HSD 146423, Lot No. PT 1856, Mukim of Sungai Buloh, District of Petaling, Selangor measuring approximately 16,710 sq m (179,860 sq ft). 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.

### **7.2.4 Income**

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

The breakdown of the gross revenue for DSHSB (the operator of Damansara Specialist Hospital Building) for the past three (3) financial years (*as extracted from the audited financial statements of DSHSB*) is as follows:-

<b><u>Period</u></b>	<b><u>RM</u></b>
FYE 31 December 2003	67,673,175
FYE 31 December 2004	87,849,726
FYE 31 December 2005	98,211,227

## **7. Current Properties of Al-Aqar KPJ REIT (Cont'd)**

### **7.2.5 Occupancy**

The occupancy rate of Damansara Specialist Hospital Building is 100% from FYE 31 December 2003 to FYE 31 December 2005 as DSHSB is the only tenant.

Damansara Specialist Hospital Building has a maximum capacity of 250 beds. Currently, only 139 beds are operational. The apportionment of beds and room rates of Damansara Specialist Hospital Building are as follows:-

<b>Category</b>	<b>Average Room Rates (RM)</b>	<b>No of beds</b>
VVIP Suite	850	1
VIP Suite-4 <sup>th</sup> Floor	650	3
VIP Suite-3 <sup>rd</sup> Floor	480	3
Deluxe single	280	10
Standard Single	230	34
2 -bedded	160	56
4 -bedded	110	32
Intensive Care Unit*	N/A	6
NICU*	N/A	4
HDU*	N/A	4
CICU*	N/A	5
Day ward (1 <sup>st</sup> 4 hours)*	N/A	7
<b>Total</b>		<b>165</b>

Note:

\* Excluded from the 139 operational beds.

The occupancy of the beds in Damansara Specialist Hospital Building from FYE 31 December 2003 to FYE 31 December 2005 is as follows:-

<b>FYE 31 December</b>	<b>No of beds</b>	<b>Occupancy Rate (%)</b>
2003	112	59
2004	112	71
2005	139	58

### **7.2.6 Tenant mix, Tenant Information and Expiries and Renewals**

Damansara Specialist Hospital Building only has one long-term tenant, i.e. Damansara Specialist Hospital Sdn Bhd. Al-Aqar KPJ REIT has entered into a lease agreement with DSHSB for fifteen (15) years with an option to renew for another fifteen (15) years.

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## **7. Current Properties of Al-'Aqar KPJ REIT (Cont'd)**

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### **7.3 Johor Specialist Hospital Building**

#### **7.3.1 Description**

Johor Specialist Hospital Building is a purpose built private hospital comprising 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 located along Jalan Abdul Samad, approximately 3.5 kilometres north-west of the Johor Bahru city center. The building is constructed of reinforced concrete framework with concrete floors, plastered brickwalls and a steel pitched roof covered over with metal roofing sheets. The floors are generally finished with cement screed, vinyl tiles and ceramic tiles. Some offices and rooms are carpeted.

The main entrance is secured by an automatic glass sliding door. Internal doors are mainly of solid timber or flush timber types. Windows are of aluminium framed glass sliding type.

The building of the main hospital building is ventilated by a centralised air-conditioning system. Access to the upper floors is via four (4) passenger lifts and four (4) reinforced concrete staircases. Whilst three (3) passenger lifts together with three (3) reinforced concrete and steel structure staircases provide vertical access for the Physician Consulting Building. The building is equipped with intercom and nurse call system. It is also installed with a fire alarm system comprising heat and smoke detectors, sprinkler, hose reels and portable fire extinguishers.

Other ancillary buildings erected on the land include a TNB substation, sprinkler and pump house, 2 units of parking booths, a generator house and a refuse hut.

The building which was completed since 1981 and has a total gross floor area of approximately 269,571 sq ft. For the purpose of Al-'Aqar KPJ REIT, Al-'Aqar KPJ REIT has acquired the Johor Specialist Hospital Building owned by Johor Specialist Hospital Sdn Bhd.

The appraised value of Johor Specialist Hospital Building as at 28 September 2005 by the Independent Property Valuer is RM75,300,000.

#### **7.3.2 Location and Accessibility**

The postal address of Johor Specialist Hospital Building is No. 39-B, Jalan Abdul Samad, 80100 Johor Bahru, Johor Darul Takzim.

Johor Specialist Hospital Building is accessible from the Johor Bahru city centre via Jalan Tun Abdul Razak, Jalan Ulu Ayer Molek, Jalan Tasek Utara and then onto Jalan Abdul Samad. The other alternative route to Johor Specialist Hospital Building is via Jalan Yahya Awal, Jalan Mahmoodiah and then onto Jalan Abdul Samad.

The surrounding area is generally developed with residential and institutional users. Located to the immediate east and south of the Johor Specialist Hospital Building is an established housing scheme known as Taman Nong Chik. The scheme is developed upon with single and double storey semi-detached houses and detached houses of individual design.

Bukit Kesenangan, an exclusive housing estate comprising luxurious bungalows and the private residence of a Johor royal family is located to the south-east of the Johor Specialist Hospital Building. Other residential developments along Jalan Abdul Samad include Sri Mulia Condominium, The Habitat Condominium and Frinza Court Apartment.

## 7. Current Properties of Al-Aqar KPJ REIT (Cont'd)

The Radio Television Malaysia (RTM) transmitting station is located to the immediate north of Johor Specialist Hospital. Other institutional developments in the locality includes Agriculture Department, government health centre, former Maktab Perguruan Mohd Khalid, the Sultan Ismail and Aminuddin Baki secondary schools, Foon Yew Chinese Primary School and Jabatan Kimia.

Larkin Bus and Taxi Terminal cum market are located about 2 kilometres due north of the Johor Specialist Hospital Building.

### 7.3.3 Particulars of Titles and Encumbrances

Johor Specialist Hospital Building is situated on a leasehold land expiring 1 March 2079 held under title no. HS(D) 46353, Lot No. PTB 12319, Township of Johor Bahru, District of Johor Bahru, Johor measuring approximately 20,234.2824 sq m (217,800 sq ft) and it is free of encumbrances.

### 7.3.4 Income

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

The breakdown of the gross revenue for JSHSB (the operator of Johor Specialist Hospital Building) for the past three (3) financial years (as extracted from the audited financial statements of JSHSB) is as follows:-

<u>Period</u>	<u>RM</u>
FYE 31 December 2003	97,352,165
FYE 31 December 2004	103,384,544
FYE 31 December 2005	110,027,378

### 7.3.5 Occupancy

The average occupancy rate of Johor Specialist Hospital Building is 100% from FYE 31 December 2003 to FYE 31 December 2005 as Johor Specialist Hospital Sdn Bhd is the only tenant.

Johor Specialist Hospital Building has a maximum capacity of 201 beds. Currently, only 196 beds are operational. The apportionment of beds and room rates of Johor Specialist Hospital Building are as follows:-

<b>Category</b>	<b>Average Room Rates (RM)</b>	<b>No of beds</b>
VIP Suite	450	1
Single (maternity)	195	2
Single deluxe	310	4
Single VIP	290	2
Standard single	180	15
2-bedded	105	66
4-bedded (maternity)	95	4
6-bedded	75	84
6-bedded (non air con)	65	18
High dependency unit*	130/140	5
Intensive care unit/CCU*	135	3
ICU (in room)*	155	3
Cardiac intensive care unit*	175	4
NICU*	135	3
<b>Total</b>		<b>214</b>

Note:

\* Excluded from the 196 operational beds.



## **7. Current Properties of Al-Aqar KPJ REIT (Cont'd)**

The occupancy of the beds in Johor Specialist Hospital Building from FYE 31 December 2003 to FYE 31 December 2005 is at follows:-

<b>FYE 31 December</b>	<b>No of beds</b>	<b>Occupancy Rate (%)</b>
2003	215	63
2004	195	64
2005	195	63

### **7.3.6 Tenant mix, Tenant Information and Expiries and Renewals**

Johor Specialist Hospital Building only has one long-term tenant, i.e. Johor Specialist Hospital Sdn Bhd. Al-Aqar KPJ REIT has entered into a lease agreement with JSHSB for fifteen (15) years with an option to renew for another fifteen (15) years.

## **7.4 Ipoh Specialist Hospital Building**

### **7.4.1 Description**

Ipoh Specialist Hospital Building is a 200-bed medical centre annex with an extension of 66-bed, five (5) storey building with a basement ("Extension") having a provisional total land area of 13,276 sq m (142,902 sq ft).

The main building which was completed since 1980 and is located within an established area in Ipoh along Jalan Raja DiHilir about 1.6 kilometres by road to the south-east of Ipoh city centre. Ipoh Specialist Hospital Building has a total gross area of approximately 32,218 sq m (346,790 sq ft) upon completion of the Extension. For the purpose of Al-Aqar KPJ REIT, Al-Aqar KPJ REIT will acquire the whole of Ipoh Specialist Hospital Building owned by MASB.

The existing building is constructed of reinforced concrete framework with plastered brickwalls and metal decking pitched roof and concrete flat roof. Doors are of sliding aluminium framed glass panels, timber panel, flush timber, aluminium framed glass panels, metal, PVC and sliding gypsum board framed glass panel. Windows are of timber casements, aluminium framed glass panels, adjustable, fixed glass louvres and timber framed glass panels. Ceiling is generally of flat sheets, plaster glass incorporating concealed lighting and fairface concrete. Access between floors is by means of 4 passenger lifts and reinforced concrete staircases. Reinforced concrete fire escape staircases are also provided within each block of the buildings. The floor is generally of terrazzo, quarry tiles, vinyl, ceramic tiles, mosaic, carpet and cement render. The internal partitions of the buildings are of plastered brickwalls, aluminium framed glass panels and gypsum board. The existing hospital is also installed with fire fighting system comprising hose reel, alarm, fire extinguishers, smoke detector and hydrants. Other services such as 24-hour security, split-unit and centralised air conditioning, lifts and standby generator set are also provided. The total gross floor area of the building is approximately 12,173.34 sq m (131,032 sq ft).

The Extension upon completion will be constructed of reinforced concrete framework with plastered brickwalls and concrete roof. Doors will be of sliding tempered glass panels, laminated cubicles, timber panel, flush timber, fire-rated doors and timber louvres. Windows will be of aluminium casements with glass infill, adjustable and fixed glass louvres. Ceiling will be generally of flat sheets, plaster glass and fairface concrete. Access between floors will be by means of 5 passenger lifts and 4 reinforced concrete staircases. Reinforced concrete fire escape staircases will be provided within the building. Two car park lifts will be situated on the basement connecting to the ground floor. The floor will be generally of granite, homogeneous tiles, ceramic tiles, vinyl, carpet and cement render. The total gross floor area will be approximately 20,044.76 sq m (215,759 sq ft) and will add another 66 beds. It has a maximum capacity of another 33 beds.

## **7. Current Properties of Al-'Aqar KPJ REIT (Cont'd)**

The on-going construction of the Extension is expected to be completed together with issuance of a Certificate of Fitness For Occupation ("CFO") by 31 March 2007. The appraised value of Ipoh Specialist Hospital Building as at 15 May 2006 by the Independent Property Valuer is RM69,000,000.

### **7.4.2 Location and Accessibility**

Ipoh Specialist Hospital Building, bearing postal address No. 26, Jalan Raja DiHilir, 30350 Ipoh, Perak is situated along Jalan Raja DiHilir about 1.6 kilometres by road to the south-east of Ipoh city centre.

The Ipoh Specialist Hospital Building is located within an established area in Ipoh. Located to the east of the building are Prima Ipoh Condominium and Regency Terrace Condominium. Further to the east are Tambun Inn and Pantai Putri Hospital.

The Heritage Hotel, Perak Turf Club and Japanese Garden are located immediately to the south across Jalan Raja DiHilir. Located to the west are an army camp and the Perak Menteri Besar's residence.

The Greentown Business Centre, Ipoh Parade Shopping Mall, The Syuen Hotel and Majlis Bandaraya Ipoh office complex are located to the north and north-west respectively.

Other notable developments in the locality are Seri Malaysia hotel, Institut Belia usahawan, Sekolah Raja Perempuan Ta'ayah, Sekolah Menengah Convent, SMJK (C) Sam Tet and Casuarina Hotel.

### **7.4.3 Particulars of Titles and Encumbrances**

Ipoh Specialist Hospital Building is situated on the following leasehold lands in Town of Ipoh, District of Kinta, Perak measuring approximately 13,276 sq m (142,902 sq ft) and it is free of encumbrances.

- (a) Three (3) Lot Nos. 10259, 10490 & 34494:  
Leasehold 999 years expiring on 21 September 2894
- (b) One (1) Lot No. PT 161984:  
Leasehold 999 years expiring on 23 June 2894

### **7.4.4 Income**

The breakdown of the gross revenue for MASB (the operator of Ipoh Specialist Hospital Building) for the past three (3) financial years (as extracted from the audited financial statements of MASB) is as follows: -

<b>Period</b>	<b>RM</b>
FYE 31 December 2003	74,543,541
FYE 31 December 2004	80,373,600
FYE 31 December 2005	82,088,993

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## 7. Current Properties of Al-Aqar KPJ REIT (Cont'd)

### 7.4.5 Occupancy

The occupancy rate of Ipoh Specialist Hospital Building is 100% from FYE 31 December 2003 to FYE 31 December 2005 as MASB is the only tenant.

Ipoh Specialist Hospital Building has a maximum capacity of 183 beds. Currently, only 173 beds are operational. The apportionment of beds and room rates of Ipoh Specialist Hospital Building are as follows:-

Category	Average Room Rates (RM)	No of beds
Deluxe	250	6
Single	150	7
Semi private room (2-bedded)	80	24
Maternity room (3-bedded)	70	6
Maternity room (8-bedded)	55	15
3-bedded	70	15
3-bedded (non air-cond)	60	12
4-bedded	65	8
5-bedded	60	40
10-bedded	40	40
High dependency unit*	100	14
ICU/CCU*	150	5
ICU (in room)*	150	5
Cardiac intensive care unit*	200	3
<b>Total</b>		<b>200</b>

Note:

\* Excluded from the 173 operational beds.

The occupancy of the beds in Ipoh Specialist Hospital Building from FYE 31 December 2003 to FYE 31 December 2005 is as follows:-

FYE 31 December	No of beds	Occupancy Rate (%)
2003	179	68
2004	179	67
2005	173	64

### 7.4.6 Tenant mix, Tenant information and Expiries and Renewals

Ipoh Specialist Hospital Building only has one long-term tenant, i.e. Medical Associates Sdn Bhd. Al-Aqar KPJ REIT has entered into a Lease Agreement with MASB for fifteen (15) years with an option to renew for another fifteen (15) years.

## 7.5 Puteri Specialist Hospital Building

### 7.5.1 Description

The building which was completed since 1986 and is located at the junction of Jalan Tun Abdul Razak (Susur 5) and Jalan Sentosa, near Kampung Dato Onn, Larkin, approximately 4 kilometres north-west of the Johor Bahru city centre. Puteri Specialist Hospital Building has a provisional land area of 6,680 sq. m (71,903 sq ft). For the purpose of Al-Aqar KPJ REIT, Al-Aqar KPJ REIT has acquired the whole of Puteri Specialist Hospital Building owned by Medical Centre (Johore) Sdn Bhd.

## **7. Current Properties of Al-Aqar KPJ REIT (Cont'd)**

Puteri Specialist Hospital Building is a six (6) storey purpose built private hospital building having a total gross floor area of 10,454.85 sq m (112,535 sq ft). The original building is constructed of reinforced concrete framework with concrete floors, plastered brickwalls and a concrete flat roof. Ceilings are mainly of suspended mineral boards and plastered gypsum boards. The floor is generally finished with vinyl tiles and ceramic tiles. Some office rooms are carpeted. The main entrance is secured by an automatic glass sliding door. Internal doors are mainly of solid timber and timber flush types. Windows are of aluminium framed glass sliding. Access to upper floors is via one (1) passenger lift, one (1) fireman's lift, one goods lift and two (2) reinforced concrete staircases. The building is equipped with intercom and nurse call system. It is ventilated by a centralised air-conditioning system. It is also installed with modern fire-fighting system.

The extension building is constructed of reinforced concrete framework with concrete floors, plastered brickwalls incorporated with glass curtain wall and covered over partly with a concrete flat roof and partly with concrete roofing tiles. Ceilings are mainly of plastered gypsum boards, mineral fibre boards and timber panelling. The floor is generally finished with quality vinyl tiles, ceramic tiles and granite slab. The main entrance is secured by an automatic glass sliding door. Windows are of aluminium framed sliding glass and fixed glass. Access to upper floors is via two (2) passenger lifts and three (3) reinforced concrete staircases. The building is equipped with telecommunication, air-conditioning and fire protection systems similar to the original hospital building.

Other ancillary buildings erected on the land include pump house, TNB substation building, M&E plant building and trash centre.

The appraised value of Puteri Specialist Hospital Building as at 15 May 2006 by the Independent Property Valuer is RM39,000,000.

### **7.5.2 Location and Accessibility**

Puteri Specialist Hospital Building, bearing postal address No. 33, Jalan Tun Abdul Razak (Susur 5), 80000 Johor Bahru, Johor is located at the junction of Jalan Tun Abdul Razak (Susur 5) and Jalan Sentosa, near Kampung Dato Onn, Larkin, approximately 4 kilometres north-west of the Johor Bahru city centre.

Jalan Tun Abdul Razak (Susur 5) is a metalled road branching off Jalan Datin Halimah and lies parallel with Jalan Tun Abdul Razak.

Access from Johor Bahru city centre is via Jalan Tun Abdul Razak, Jalan Dato' Ja'afar and a left turning onto a metalled road before a mosque and Sekolah Jenis Kebangsaan Foon Yew (3), followed by a left turning again for a short distance and thereafter onto Jalan Tun Abdul Razak (Susur 5) leading to Puteri Specialist Hospital Building. Alternative access from Jalan Tun Abdul Razak is via a U-turn at the Larkin Interchange and then onto Jalan Tun Abdul Razak (Susur 5) leading to Puteri Specialist Hospital Building.

The surrounding area is under mixed developments comprising mainly landed residential, flats, petrol stations, institutional and public users.

Located immediately to the north-east is Kampung Dato Onn which comprises mainly detached houses of individual design. The MJB Public Swimming Pool Complex, Kompleks Budaya, Larkin Polyclinic and Tan Sri Haji Hassan Yunus Stadium are located further to the north-east of the subject property in the vicinity of Jalan Sentosa.

Properties to the south-east along Jalan Tun Abdul Razak (Susur 5) amongst others include a few petrol stations, Toyota car showroom, the Larkin Utama office building together with two blocks of service apartments and Menara Kastam.

## 7. Current Properties of Al-Aqar KPJ REIT (Cont'd)

The Johor Bahru District and Land Office, Larkin Bus and Taxi Station, Larkin Wet market, Hotel Sri Malaysia and Larkin Flats are located to the north of the subject property.

Maktab Perguruan Temenggung Ibrahim and the Sultan Ismail Library are located a short distance to the north-west along Jalan Datin Halimah.

The Larkin Interchange is located to the south-west of Puteri Specialist Hospital Building. Further south-west and west is the Royal Johor Golf Club.

### 7.5.3 Particulars of Titles and Encumbrances

Puteri Specialist Hospital Building is located on a leasehold land expiring on 31 December 2053 held under title no. HS(D) 372199, Lot No. PTB 21513, Township of Johor Bahru, District of Johor Bahru in Johor Darul Takzim measuring approximately 6,680 sq m (71,903 sq ft).

The encumbrance is as follows:-

- First legal charge for a fixed asset financing facility of RM10,500,000 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).

### 7.5.4 Income

The breakdown of the gross revenue for MCJSB (the operator of Puteri Specialist Hospital Building) for the past three (3) financial years (as extracted from the audited financial statements of MCJSB) is as follows: -

<u>Period</u>	<u>RM</u>
FYE 31 December 2003	47,181,455
FYE 31 December 2004	57,063,159
FYE 31 December 2005	68,016,938

### 7.5.5 Occupancy

The occupancy rate of Puteri Specialist Hospital Building is 100% from FYE 31 December 2003 to FYE 31 December 2005 as MCJSB is the only tenant.

Puteri Specialist Hospital Building has a maximum capacity of 135 beds. Currently, all beds are operational. The apportionment of beds and room rates of Puteri Specialist Hospital Building are as follows:-

<u>Category</u>	<u>Average Room Rates (RM)</u>	<u>No of Beds</u>
Executive Suite	280-380	10
Deluxe	250	5
Single	165	16
2-bedded	95	12
3-bedded	85	27
4-bedded	80	8
4-bedded (without bathroom)	75	24
5-bedded	75	15
6-bedded	70	6
6-bedded (without bathroom)	65	12
ICU/CCU*	150	7
NICU*	150	6
<b>Total</b>		<b>148</b>

Note:

\* Excluded from the 135 operational beds.

## **7. Current Properties of Al-'Aqar KPJ REIT (Cont'd)**

The occupancy of beds in Puteri Specialist Hospital Building from FYE 31 December 2003 to FYE 31 December 2005 is as follows:-

<b>FYE 31 December</b>	<b>No of beds</b>	<b>Occupancy Rate (%)</b>
2003	95	71
2004	109	81
2005	135	69

### **7.5.6 Tenant mix, Tenant information and Expiries and Renewals**

Puteri Specialist Hospital Building only has one long-term tenant, i.e. Medical Centre (Johore) Sdn Bhd. Al-'Aqar KPJ REIT has entered into a Lease Agreement with MCJSB for fifteen (15) years with an option to renew for another fifteen (15) years.

## **7.6 Selangor Medical Centre Building**

### **7.6.1 Description**

The building which was completed since 1996 and is located off the southern side of the Federal Highway, one of the major highways linking Kuala Lumpur and Klang and lies at the northern side of the Shah Alam Expressway (KESAS Highway). Selangor Medical Centre Building has a total gross floor area of approximately 19,459.11 sq m (209,455 sq ft). For the purpose of Al-'Aqar KPJ REIT, Al-'Aqar KPJ REIT has acquired the whole of Selangor Medical Centre Building owned by Selangor Medical Centres Sdn Bhd.

Selangor Medical Centre Building is a six (6) storey private hospital building with a basement level having a provisional land area of 18,984 square metres (204,342 square feet). The building is constructed of reinforced concrete framework, concrete floor slabs and covered with reinforced concrete flat roof incorporated with single curved shell roofs covered with colourbond metal deck roofing sheets on steel trusses. The external façade is a mixture of plastered brickwalls, plastered brickwalls clad with aluminium panels and glass curtain walling.

Its windows are generally of aluminium framed glass panels whilst the doors are of automatic sliding glass panels, swing dual leaf frameless tempered glass doors, double leaf fire rated timber panels, solid timber panels, timber incorporating glass panels, aluminium framed glass panels and flush timber.

Ceiling finishes are generally of plastered ceiling and suspended fibre board incorporated with recessed lightings, flat sheets and plastered concrete.

Floor finishes are generally of granite slabs, marble slabs, vinyl tiles, ceramic tiles, carpet and cement rendered.

Vertical access between floors is by means of four (4) units of Schindler brand lifts (each with a capacity of 23 persons or 1,600 kg) and seven (7) units of reinforced staircases finished with ceramic tiles located within the building.

Other ancillary buildings erected on the land include a gatehouse/parking booth and a waste centre.

The appraised value of Selangor Medical Centre Building as at 15 May 2006 by the Independent Property Valuer is RM61,400,000.

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## **7. Current Properties of Al-Aqar KPJ REIT (Cont'd)**

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### **7.6.2 Location and Accessibility**

Selangor Medical Centre Building, bearing postal address Lot 1, Jalan 20/1 (also known as Jalan Singa 20/1), Section 20, 40300 Shah Alam, Selangor, is located off the southern side of the Federal Highway, one of the major highways linking Kuala Lumpur and Klang and lies at the northern side of the Shah Alam Expressway (KESAS Highway).

Access from Kuala Lumpur is via the Federal Highway, Persiaran Selangor, Bulatan Sejahtera, Persiaran Tengku Ampuan, making a u-turn at Bulatan Megawati and thereafter onto Jalan 20/1 leading to Selangor Medical Centre Building.

It also accessible from Shah Alam Expressway (KESAS Highway) via the Hicom exit, Persiaran Kuala Selangor, Bulatan Megawati, Persiaran Tengku Ampuan and thereafter onto Jalan 20/1 leading to Selangor Medical Centre Building.

Alternatively, access from Shah Alam City Centre is via Persiaran Dato Menteri, Bulatan Kayangan, Persiaran Kayangan, Bulatan Melawati, Persiaran Tengku Ampuan, making a u-turn at Bulatan Megawati and thereafter onto Jalan 20/1 leading to Selangor Medical Centre Building.

The Selangor Medical Centre Building is located within the residential area of Section 20, Shah Alam. Its immediate surrounding comprises mainly single and double storey terraced houses, five storey walk-up flats as well as double and three storey shopoffices.

Situated within walking distance to the south-west of the subject property is Sekolah Kebangsaan Seksyen 20. Other learning institutions serving this area include Sekolah Menengah Seksyen 19, Sekolah Rendah Agama Seksyen 19 and Sekolah Menengah Seksyen 18, which are located to the south-west of Selangor Medical Centre Building within Sections 18 and 19 of Shah Alam. Sections 18, 19 and 24 Shah Alam residential areas are located to the west and south-west of Section 20 Shah Alam.

Located a short distance to the north is the established Section 15 industrial area of Shah Alam, comprising predominantly engineering workshops, vehicle assembly plants, electrical appliances assembly plants, factories, warehouses and a variety of other industrial premises located within contemporary purpose-built factories.

Other industrial schemes located within the vicinity include Section 21, Section 22 and Section 23 Shah Alam. Prominent industrial premises include JVC Malaysia Sdn Bhd, Ansell, Panasonic, Nippon, Silver Bird Techno Silver, Ahshin Steel and many others.

Taman Sri Muda, Section 25 Shah Alam, comprising a mixed development of residential and commercial properties is sited to the south of Selangor Medical Centre Building across Sungai Klang.

Located further to the north-west across the Federal Highway are the campus of University Teknologi Mara ("**UITM**"), the National Science and Industrial Research Centre and Pusat Piawai Malaysia ("**SIRIM**").

Shah Alam City Centre is located approximately 6 kilometres by road to the north-west of Selangor Medical Centre Building. It comprises government offices and high rise office buildings such as Plaza Perangsang, Wisma MBSA, Pusat Perdagangan UMNO, Bank Negara, Menara Darul Ehsan, Maybank Building and TNB Shah Alam Headquarters. Prominent hotels located within this vicinity include Grand Blue Wave, Quality Hotel and Concorde Hotel Shah Alam whilst other prominent buildings include PKNS Complex, Selangor State Library and Museum, Plaza Alam Sentral and Sultan Salahuddin Abdul Aziz Shah Mosque.

## 7. Current Properties of Al-Aqar KPJ REIT (Cont'd)

### 7.6.3 Particulars of Titles and Encumbrances

Selangor Medical Centre Building is situated on a leasehold land expiring on 1 July 2096 held under title no. HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor measuring approximately 18,984 sq m (204,342 sq ft).

The encumbrances are as follows: -

- (a) 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
- (b) 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.

### 7.6.4 Income

The breakdown of the gross revenue for SMCSB (the operator of Selangor Medical Centre Building) for the past three (3) financial years (as extracted from the audited financial statements of SMCSB) is as follows:-

<u>Period</u>	<u>RM</u>
FYE 31 December 2003	53,724,077
FYE 31 December 2004	57,438,507
FYE 31 December 2005	60,150,065

### 7.6.5 Occupancy

The occupancy rate of Selangor Medical Centre Building is 100% from FYE 31 December 2003 to FYE 31 December 2005 as SMCSB is the only tenant.

Selangor Medical Centre Building has a maximum capacity of 203 beds. Currently, only 143 beds are operational. The apportionment of beds and room rates of Selangor Medical Centre Building are as follows:-

<b>Category</b>	<b>Average Room Rates (RM)</b>	<b>No of Beds</b>
VIP	470	2
Junior VIP	325	4
Single	190	41
2-bedded	125	66
4-bedded	75	30
ICU/CCU*	300	7
Day ward*	65	12
Nursery*	60	12
Labour room*	250	5
<b>Total</b>		<b>179</b>

Note:

\* Excluded from the 143 operational beds.



## 7. Current Properties of Al-'Aqar KPJ REIT (Cont'd)

The occupancy of beds in Selangor Medical Centre Building from FYE 31 December 2003 to FYE 31 December 2005 is as follows:-

FYE 31 December	No of beds	Occupancy Rate (%)
2003	143	77
2004	143	77
2005	143	70

### 7.6.6 Tenant mix, Tenant information and Expiries and Renewals

Selangor Medical Centre Building only has one long-term tenant, i.e. Selangor Medical Centres Sdn Bhd. Al-'Aqar KPJ REIT has entered into a Lease Agreement with SMCSB for fifteen (15) years with an option to renew for another fifteen (15) years.

### 7.7 Basis of Arriving at the Rental Rate

Besides building and acquiring its own hospital buildings, KPJ also rents hospital buildings for its hospital operation. KPJ Group's policy to rent hospital buildings is consistent with the KPJ Group's vision to shift its focus from asset-based to knowledge-based industry, particularly its focus on the provision of quality healthcare services.

The properties, which are currently leased or to be leased by the KPJ Group are as follows:-

Properties	Rental p.a. (RM)	Construction cost (RM)	% of construction cost
<u>Currently on lease</u> Kuching Specialist Hospital	528,000	10.0 million	5.28
<u>To be leased</u> Bukit Mertajam Specialist Hospital	# 2,380,000	40.5 million	5.88
Puteri Nursing College *	1,200,000	16.83 million	7.13

Notes:

# For the first year

\* Inclusive of the campus and the hostel

As shown in the table above, the rental rate is arrived at between the Manager and the Tenants based on value/construction cost for the Properties which are comparable to the other properties currently rented by KPJ.

Additionally, the rental rates for FYE 31 December 2006 to 31 December 2009 as stated in Section 6.4(c) of this Prospectus to be paid by the Tenants is actually higher than the rental paid/payable by KPJ for its other hospitals.

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## **8. Financial Performance of Al-'Aqar KPJ REIT**

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### **8.1 Average Total Returns Since Inception**

There is no record on average total returns as Al-'Aqar KPJ REIT was only established on 28 June 2006.

### **8.2 Distribution Record**

There is no distribution record as Al-'Aqar KPJ REIT was only established on 28 June 2006.

### **8.3 Asset Allocation**

At present, the entire assets of Al-'Aqar KPJ REIT are invested in six (6) real estates which are acceptable under Syariah, namely, 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.

However, under the Guidelines on REITs, Al-'Aqar KPJ REIT may have the following asset allocations in the future:-

- (i) 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;
- (ii) 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
- (iii) the remaining 25% of Al-'Aqar KPJ REIT's total assets may be invested in other Syariah compliant assets (*i.e. Syariah compliant real estate-related assets, Syariah compliant non-real estate-related assets or Islamic asset-backed securities*).

### **8.4 Proforma Consolidated Profit Record**

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:-

<b>Properties</b>	<b>Owned by</b>
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 set out below are directly related to the operation of the Properties.

## 8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)

	←-----Year ended 31 December----->				
	2001	2002	2003	2004	2005
	RM	RM	RM	RM	RM
Rental revenue <sup>(1)</sup>	-	-	-	-	-
Expenses:					
Depreciation <sup>(2)</sup>	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 <sup>(3)</sup>	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.

#### (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.

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## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

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### **8.4.1 Significant Accounting Policies**

The following significant accounting policies will be adopted by Al-'Aqar KPJ REIT.

(a) **Basis of Preparation and Accounting**

The financial statements will be prepared in accordance with the provisions of the Act and the applicable Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia.

The financial statements of the Al-'Aqar KPJ REIT will also be prepared under the historical cost convention except for the revaluation of investment properties.

(b) **Investment Properties**

Investment properties, which are property held to earn rental and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit and loss for the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Investment properties are stated at fair value, which reflects market condition at the balance sheet date. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(c) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investment that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(d) **Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

### **(e) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue from rental of investment properties are recognised on an accrual basis.

### **(f) Impairment of Assets**

At each balance sheet date, Al-'Aqar KPJ REIT reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

### **(g) Profit-Bearing Financing Facilities**

Profit-bearing financing facilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective profit rate method. Any difference between the proceed (net of transaction costs) and the settlement or redemption of the facilities is recognised over the term of the financing in accordance with Al-'Aqar KPJ REIT's accounting policy for financing costs.

Financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income on the temporary investment of specific financing pending their expenditure on qualifying assets is deducted from the financing costs eligible for capitalisation.

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## 8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)

### 8.5 Profit Estimate, Forecast and Projections of Al-'Aqar KPJ REIT

Our Directors estimate, forecast and project that, barring unforeseen circumstances the profit estimate for the FYE 31 December 2006, profit forecast for the FYE 31 December 2007 and profit projections for FYE 31 December 2008 and FYE 31 December 2009 of Al-'Aqar KPJ REIT will be as follows:-

FYE 31 December	Estimate <sup>^</sup>	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.

<sup>^</sup> 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.

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## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

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### **8.6 Reporting Accountants' Letter on the Profit Estimate and Forecast of Al-'Aqar KPJ REIT Together with the Principal Bases and Assumptions thereon**

# **Deloitte.**

26 June 2006

The Board of Directors  
Damansara REIT Managers Sdn Berhad  
(Formerly known as Ultimate Benchmark Sdn Bhd)  
13th Floor, Menara Johor Corporation  
KOTARAYA  
80000 Johor Bahru  
Johor Darul Takzim

Deloitte KassimChan (AF 0080)  
Chartered Accountants  
Level 19, Uptown 1  
1 Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Malaysia

P. O. Box 10093  
50704 Kuala Lumpur  
Malaysia

Tel : +603 77236500, 77261833  
Fax : +603 77263986, 77268986  
myaaa@deloitte.com  
www.deloitte.com.my

Dear Sirs,

**DAMANSARA REIT MANAGERS SDN BERHAD  
(FORMERLY KNOWN AS ULTIMATE BENCHMARK SDN BHD)  
PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2006  
AND PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007**

We have reviewed the profit estimate and forecast of Al-'Aqar KPJ REIT, for which the Directors of Damansara REIT Managers Sdn Berhad (formerly known as Ultimate Benchmark Sdn Bhd) ("Manager") and KPJ Healthcare Berhad ("KPJ") are solely responsible, for the financial year ending 31 December 2006 and 2007, as set out in the Prospectus to be dated 24 July 2006, in accordance with the Malaysian Approved Standards on Auditing, AI 3400, The Examination of Prospective Financial Information, applicable to the review of financial forecasts. The profit estimate and forecast were prepared for inclusion in the Prospectus in connection with the following exercises:

- (i) Acquisition by Al-'Aqar KPJ REIT of the entire interest in the following properties from KPJ:
- Hospital and car park space located on leasehold land held under HS(M) 26550, Lot No. PT 25119, Mukim of Empang, district of Hulu Langat, Selangor, which is owned by Johor Corporation and Puteri Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Ampang Puteri Specialist Hospital Building");
  - Hospital and car park space located on freehold land held under HS(D) 146423, Lot No. PT 1856, Mukim of Sungai Buloh, district of Petaling, Selangor, which is owned by Damansara Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Damansara Specialist Hospital Building");
  - Hospital and car park space located on leasehold land held under HS(D) 46353, Lot No. PTB 12319, township of Johor Bahru, district of Johor Bahru, Johor, which is owned by Johor Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Johor Specialist Hospital Building");

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## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

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Deloitte KassimChan

Damansara REIT Managers Sdn Berhad

26 June 2006

- Hospital and car park space located on leasehold lands held under PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, district of Kinta, Perak, which is owned by Medical Associates Sdn Bhd, a 98.4% owned subsidiary company of KPJ, (“Ipoh Specialist Hospital Building”);
- Hospital and car park space located on leasehold land held under HS(D) 372199, Lot No. PTB 21513, Township of Johor Bahru, District of Johor Bahru, Johor, which is owned by Medical Centre (Johore) Sdn Bhd, a wholly-owned subsidiary company of KPJ, (“Puteri Specialist Hospital Building”); and
- Hospital and car park space located on leasehold land held under HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor, which is owned by Selangor Medical Centres Sdn Bhd, a 60% owned subsidiary company of KPJ, (“Selangor Medical Centre Hospital Building”)

for a total purchase consideration of RM461,250,000 satisfied partly by cash of RM301,251,000 and partly by the issuance of 159,999,000 new units in Al-'Aqar KPJ REIT at an issue price of RM1.00 per unit to be credited as fully paid-up;

- (ii) Public issue of 180,000,000 units in Al-'Aqar KPJ REIT 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; and
- (iii) Listing of the entire issued units in Al-'Aqar KPJ REIT on the Main Board of Bursa Malaysia Securities Berhad.

Our review has been undertaken to enable us to form an opinion as to whether the profit estimate and forecast are, in all material respects, properly prepared on the basis of the assumptions made by the Directors of the Manager and KPJ and, are presented on a basis consistent with the accounting policies to be adopted in the preparation of the financial statements of Al-'Aqar KPJ REIT. The Directors of the Manager and KPJ are solely responsible for the preparation and presentation of the profit estimate and forecast and the assumptions on which the profit estimate and forecast are based.

Estimate and forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the financial estimate and forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variation could be material.



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## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

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Deloitte KassimChan

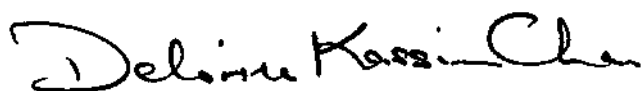
Damansara REIT Managers Sdn Berhad  
26 June 2006

Subject to the matters stated in the preceding paragraphs:

- (i) Nothing has come to our attention which causes us to believe that the assumptions made by the Directors of the Manager and KPJ, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit estimate and forecast; and
- (ii) In our opinion, the profit estimate and forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies to be adopted by the Al-'Aqar KPJ REIT in the preparation of financial statements of Al-'Aqar KPJ REIT.

We understand that this report will be used solely for inclusion in the Prospectus in connection with the abovementioned exercise. As such, this report should not be used or referred to, in whole or in part, for any other purpose without our prior written consent.

Yours very truly,



Enclosure

## 8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)



**DAMANSARA REIT MANAGERS SDN BERHAD** (717704-V)  
(FORMERLY KNOWN AS ULTIMATE BENCHMARK SDN BHD)  
(A MEMBER OF JOHOR CORPORATION GROUP)  
Lot G 12-14, Level 5, Block G (North), Pusat Bandar Damansara, 50490 Kuala Lumpur  
Tel : 03-2095 3252 / 2626 Fax : 03-2092 5462

### AL-'AQAR KPJ REIT PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2006 AND PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007

Barring unforeseen circumstances and on the bases and assumptions set out below, the Board of Directors of Damansara REIT Managers Sdn Berhad (formerly known as Ultimate Benchmark Sdn Bhd) ("Manager") and KPJ Healthcare Berhad ("KPJ") estimate and forecast that the profit of the Al-'Aqar KPJ REIT prepared for illustrative purposes for the financial year ending 31 December 2006 and 2007 will be as follows:

	Estimate 2006 RM'000	Forecast 2007 RM'000
Revenue	14,783	35,700
Profit before tax	10,331	25,015
Income tax expense	-	-
Profit after tax	10,331	25,015
Units in issue ('000)	340,000	340,000
Earnings per unit (sen)	3.04	7.36

#### Principal Bases and Assumptions

The principal bases and assumptions upon which the profit forecast has been prepared are as follows:

##### General

- The acquisition by Al-'Aqar KPJ REIT of the entire interest in the following properties from KPJ:
  - Hospital and car park space located on leasehold land held under HS(M) 26550, Lot No. PT 25119, Mukim of Empang, district of Hulu Langat, Selangor, which is owned by Johor Corporation and Puteri Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Ampang Puteri Specialist Hospital Building");
  - Hospital and car park space located on freehold land held under HS(D) 146423, Lot No. PT 1856, Mukim of Sungai Buloh, district of Petaling, Selangor, which is owned by Damansara Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Damansara Specialist Hospital Building");
  - Hospital and car park space located on leasehold land held under HS(D) 46353, Lot No. PTB 12319, township of Johor Bahru, district of Johor Bahru, Johor, which is owned by Johor Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Johor Specialist Hospital Building");

Stamped for the purpose of  
identification only  
**26 JUN 2006**  
Deloitte KassimChan  
Kuala Lumpur/Petaling Jaya

## 8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)

- Hospital and car park space located on leasehold lands held under PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, district of Kinta, Perak, which is owned by Medical Associates Sdn Bhd, a 98.4% owned subsidiary company of KPJ, ("Ipoh Specialist Hospital Building");
- Hospital and car park space located on leasehold land held under HS(D) 372199, Lot No. PT 21513, Township of Johor Bahru, District of Johor Bahru, Johor, which is owned by Medical Centre (Johore) Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Puteri Specialist Hospital Building"); and
- Hospital and car park space located on leasehold land held under HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor, which is owned by Selangor Medical Centres Sdn Bhd, a 60% owned subsidiary company of KPJ, ("Selangor Medical Centre Hospital Building")

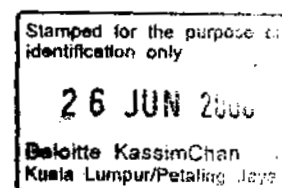
(collectively referred to as the "Properties")

for a total purchase consideration of RM461,250,000 satisfied partly by cash of RM301,251,000 and partly by the issuance of 159,999,000 new units in Al-'Aqar KPJ REIT at an issue price of RM1.00 per unit to be credited as fully paid-up ("Acquisitions") is expected to be completed on 10 August 2006.

2. Renovation and expansion works with contract value totalling RM5.145 million currently being carried out on the Properties by KPJ are expected to be completed on 10 August 2006. The said renovation and expansion costs will be funded by KPJ and shall be reimbursed by Al-'Aqar KPJ REIT on 10 August 2006.
3. The public issue of 180,000,000 units in Al-'Aqar KPJ REIT 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

is expected to be completed on 10 August 2006.

4. The listing of the entire issued units in Al-'Aqar KPJ REIT on the Main Board of Bursa Malaysia Securities Berhad is expected to be completed on 10 August 2006.
5. There will be no significant changes in the prevailing economic and political conditions in Malaysia and elsewhere that may directly or indirectly affect the activities or performance of the Al-'Aqar KPJ REIT.
6. There will be no material changes in present legislation and government regulations, including taxation and guidelines of regulatory authorities which will affect the Al-'Aqar KPJ REIT's activities or the markets in which the Al-'Aqar KPJ REIT operates.



## **8. Financial Performance of Al-Aqar KPJ REIT (Cont'd)**

7. Inflation rates will remain at current levels and there will not be any material fluctuation in prevailing exchange rates of foreign currencies against Ringgit Malaysia.
8. Existing financing facilities will remain available and the level of interest rates will not change materially from those presently prevailing.
9. There will be no major industrial disputes or any abnormal factors or changes, both domestic and overseas, which will adversely affect the Al-Aqar KPJ REIT's operations.
10. There will be no significant changes in the principal activities, management structure and accounting policies to be adopted by Al-Aqar KPJ REIT.

### Revenue

11. The Properties are expected to be rented to KPJ in accordance with a tenancy agreement to be entered into between KPJ and Al-Aqar KPJ REIT ("Tenancy Agreement").
12. The occupancy rate is forecasted to remain at 100% throughout the estimate and forecast period/year and in accordance with the said Tenancy Agreement, the rental amount for the financial period ending 31 December 2006 and the 3 financial years ending 31 December 2007, 2008 and 2009 are as follows:

<b>Financial period/years ending 31 December</b>	<b>Total rental amount per annum (RM'000)</b>	<b>Total rental amount per month (approximately) (RM'000)</b>
2006	35,480	2,957
2007	35,700	2,975
2008	36,430	3,036
2009	36,960	3,080

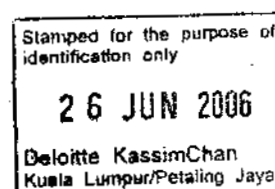
The yearly rental rate will be reviewed on the first (1st) January after every three (3) full financial years in accordance with the said Tenancy Agreement. The first review is expected to take place on 1 January 2010.

13. The Tenancy Agreement will be for a period of 15 years with an option to extend for another 15 years period. It is assumed that the Tenancy Agreement will be in effect throughout the forecast period and there will be no breach of terms and condition of the Tenancy Agreement.

### Operating Expenses

14. **Quit rent, Assessment and Insurance**

It is assumed that the quit rent, assessment and insurance charges for the Properties during the forecast period is consistent with current actual expenses.



## **8. Financial Performance of Al-Aqar KPJ REIT (Cont'd)**

### **15. Management Fees**

Management fees comprise fees for the Manager and the Maintenance Manager, Healthcare Technical Services Sdn Bhd.

The Manager's fees is estimated to be RM502,000 per annum. The Manager is entitled to a management fee of up to 0.15% per annum of the Net Asset Value of Al-Aqar KPJ REIT based on the trust deed to be entered into between the Manager and Amanah Raya Berhad ("Trustee") ("Trust Deed") and is accrued and paid in accordance with the Trust Deed.

The Maintenance Manager fees is estimated to be RM402,000 per annum in accordance with a maintenance management agreement to be entered into between the Manager and Maintenance Manager ("Maintenance Agreement") and is accrued and paid in accordance with the Maintenance Agreement.

### **16. Trust Expenses**

Trust expenses include recurring expenses such as Trustee fee, registrar costs, annual listing fees, audit and tax advisors' fees and other miscellaneous expenses.

Trustee fee, excluding out of pocket expenses, is estimated to be RM100,000 per annum, equivalent to approximately 0.03% per annum of the Net Asset Value, and is accrued and paid in accordance with the Trust Deed.

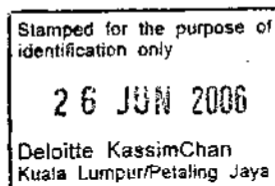
### **17. Repair and Maintenance**

It is assumed that there will be no major defects, repair or refurbishment work to be done on the Properties during the forecast period. No repair and maintenance expenses are forecasted during the forecast period as such expenses will be borne by KPJ in accordance with the Tenancy Agreement.

18. It is assumed that valuation of the Properties will be performed every 3 years. The next valuation is scheduled to be performed during the financial year ended 31 December 2008 and 31 December 2009 at an estimated cost of RM150,000 and RM120,000, respectively.

19. All rentals are assumed to be collectible and no allowance for doubtful debts is necessary.

20. The Properties will not be depreciated and are reviewed at each balance sheet date to determine whether there is any indication of impairment in accordance with Malaysian Financial Reporting Standard 140, Investment Properties, If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are charged to the income statement. It is assumed that there will be no significant impairment in the carrying amounts of the Properties held by the Al-Aqar KPJ REIT during the estimate and forecast period.



## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

### Financing Facility

21. The financing facility comprises a syndicated Bai Bithamin Ajil facility ("BBA Facility") totalling RM134,000,000 which will be used to part finance the Acquisitions as follows:

<b>Tranche</b>	<b>RM'000</b>	<b>Profit Rate (%)</b>
1	105,000	5.50
2	<u>29,000</u>	5.65
<b>Total</b>	<b><u>134,000</u></b>	

The profit sharing expenses in respect of the BBA Facility are accrued and paid in the year it is incurred. The BBA Facility will be repaid in full with a bullet repayment at the end of five (5) years from the date of the first drawdown.

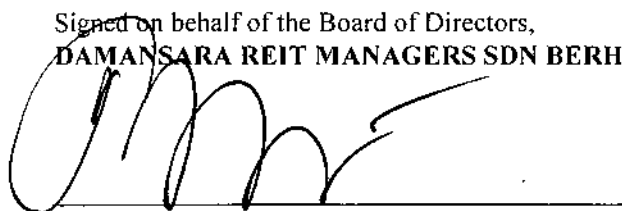
It is assumed that Al-'Aqar KPJ REIT will incur an one off expense of RM772,000 in arranging for the said BBA Facility, which will be amortised over the term of the BBA Facility, and annual expenses of RM40,000 per annum.

### Taxation

22. The taxation of the Al-'Aqar KPJ REIT is based on the statutory tax rate of 28% on the profit before tax of Al-'Aqar KPJ REIT that is undistributed at the end of each financial year.

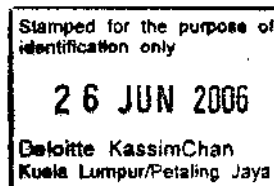
No current tax liabilities is forecasted during the forecast period as it is assumed that significant portion of the profit before tax will be distributed and that there will be sufficient capital allowance from the Investment Properties to offset against any chargeable income which may arise from undistributed income.

Signed on behalf of the Board of Directors,  
**DAMANSARA REIT MANAGERS SDN BERHAD**



**Jamaludin bin Md. Ali**  
Director

26 June 2006



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## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

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### **8.7 Reporting Accountants' Letter on the Profit Projections of Al-'Aqar KPJ REIT Together with the Principal Bases and Assumptions thereon**

# **Deloitte.**

26 June 2006

The Board of Directors  
Damansara REIT Managers Sdn Berhad  
(Formerly known as Ultimate Benchmark Sdn Bhd)  
13th Floor, Menara Johor Corporation  
KOTARAYA  
80000 Johor Bahru  
Johor Darul Takzim

Deloitte KassimChan (AF 0080)  
Chartered Accountants  
Level 19, Uptown 1  
1 Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Malaysia

P. O. Box 10093  
50704 Kuala Lumpur  
Malaysia

Tel : +603 77236500, 77261833  
Fax : +603 77263986, 77268986  
myaaa@deloitte.com  
www.deloitte.com.my

Dear Sirs,

**DAMANSARA REIT MANAGERS SDN BERHAD  
(FORMERLY KNOWN AS ULTIMATE BENCHMARK SDN BHD)  
PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2008  
AND 2009**

We have reviewed the profit projections of Al-'Aqar KPJ REIT, for which the Directors of Damansara REIT Managers Sdn Berhad (formerly known as Ultimate Benchmark Sdn Bhd) ("Manager") and KPJ Healthcare Berhad ("KPJ") are solely responsible, for the financial years ending 31 December 2008 and 2009, as set out in the Prospectus to be dated 24 July 2006, in accordance with Malaysian Approved Standards on Auditing, AI 3400, The Examination of Prospective Financial Information, applicable to the review of financial projections. The profit projections were prepared for inclusion in the Prospectus in connection with the following exercises:

- (i) Acquisition by Al-'Aqar KPJ REIT of the entire interest in the following properties from KPJ:
- Hospital and car park space located on leasehold land held under HS(M) 26550, Lot No. PT 25119, Mukim of Empang, district of Hulu Langat, Selangor, which is owned by Johor Corporation and Puteri Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Ampang Puteri Specialist Hospital Building");
  - Hospital and car park space located on freehold land held under HS(D) 146423, Lot No. PT 1856, Mukim of Sungai Buloh, district of Petaling, Selangor, which is owned by Damansara Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Damansara Specialist Hospital Building");
  - Hospital and car park space located on leasehold land held under HS(D) 46353, Lot No. PTB 12319, township of Johor Bahru, district of Johor Bahru, Johor, which is owned by Johor Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Johor Specialist Hospital Building");

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## 8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)

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Damansara REIT Managers Sdn Berhad

26 June 2006

- Hospital and car park space located on leasehold lands held under PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, district of Kinta, Perak, which is owned by Medical Associates Sdn Bhd, a 98.4% owned subsidiary company of KPJ, ("Ipoh Specialist Hospital Building");
- Hospital and car park space located on leasehold land held under HS(D) 372199, Lot No. PT 21513, Township of Johor Bahru, District of Johor Bahru, Johor, which is owned by Medical Centre (Johore) Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Puteri Specialist Hospital Building"); and
- Hospital and car park space located on leasehold land held under HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor, which is owned by Selangor Medical Centres Sdn Bhd, a 60% owned subsidiary company of KPJ, ("Selangor Medical Centre Hospital Building")

for a total sale consideration of RM461,250,000 satisfied partly by cash of RM301,251,000 million and partly by the issuance of 159,999,000 new units in Al-'Aqar KPJ REIT at an issue price of RM1.00 per unit to be credited as fully paid-up;

- (ii) Public issue of 180,000,000 units in Al-'Aqar KPJ REIT 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; and
- (iii) Listing of the entire issued units in Al-'Aqar KPJ REIT on the Main Board of Bursa Malaysia Securities Berhad.

We would emphasise that the profit projections cover an extended future period for which there are inherent risks, and therefore, should be treated with caution. These profit projections cannot be regarded as forecast of profits and we do not express or imply any opinion as to the possibility of their achievement.

Subject to the foregoing, in our opinion, the profit projections, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors of the Manager and KPJ, as set out in the accompanying statement, and are presented on a basis consistent with the accounting policies to be adopted by the Al-'Aqar KPJ REIT in the preparation of financial statements of Al-'Aqar KPJ REIT.



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**8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

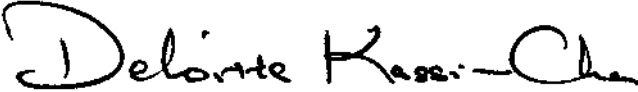
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Deloitte KassimChan

Damansara REIT Managers Sdn Berhad  
26 June 2006

We understand that this report will be used solely for inclusion in the Prospectus in connection with the abovementioned exercise. As such, this report should not be used or referred to, in whole or in part, for any other purpose without our prior written consent.

Yours very truly,



Enclosure

## 8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)



**DAMANSARA REIT MANAGERS SDN BERHAD** (717704-V)  
(FORMERLY KNOWN AS ULTIMATE BENCHMARK SDN BHD)  
(A MEMBER OF JOHOR CORPORATION GROUP)  
Lot G 12-14, Level 5, Block G (North), Pusat Bandar Damansara, 50490 Kuala Lumpur  
Tel : 03-2095 3252 / 2626 Fax : 03-2092 5462

### AL-'AQAR KPJ REIT PROFIT PROJECTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2008 AND 2009

Barring unforeseen circumstances and on the bases and assumptions set out below, the Board of Directors of Damansara REIT Managers Sdn Berhad (formerly known as Ultimate Benchmark Sdn Bhd) ("Manager") and KPJ Healthcare Berhad ("KPJ") project that the profit of the Al-'Aqar KPJ REIT prepared for illustrative purposes for the financial years ending 31 December 2008 and 2009 will be as follows:

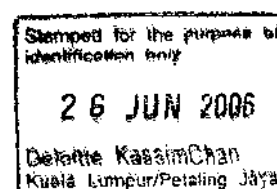
	2008 RM'000	2009 RM'000
Revenue	36,430	36,960
Profit before tax	25,745	26,155
Income tax expense	-	-
Profit after tax	25,745	26,155
Units in issue ('000)	340,000	340,000
Earnings per unit (sen)	7.57	7.69

#### Principal Bases and Assumptions

The principal bases and assumptions upon which the profit projections have been prepared are as follows:

##### General

- The acquisition by Al-'Aqar KPJ REIT of the entire interest in the following properties from KPJ:
  - Hospital and car park space located on leasehold land held under HS(M) 26550, Lot No. PT 25119, Mukim of Empang, district of Hulu Langat, Selangor, which is owned by Johor Corporation and Puteri Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Ampang Puteri Specialist Hospital Building");
  - Hospital and car park space located on freehold land held under HS(D) 146423, Lot No. PT 1856, Mukim of Sungai Buloh, district of Petaling, Selangor, which is owned by Damansara Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Damansara Specialist Hospital Building");
  - Hospital and car park space located on leasehold land held under HS(D) 46353, Lot No. PTB 12319, township of Johor Bahru, district of Johor Bahru, Johor, which is owned by Johor Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Johor Specialist Hospital Building");



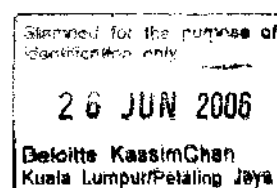
## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

- Hospital and car park space located on leasehold lands held under PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, district of Kinta, Perak, which is owned by Medical Associates Sdn Bhd, a 98.4% owned subsidiary company of KPJ, ("Ipoh Specialist Hospital Building");
- Hospital and car park space located on leasehold land held under HS(D) 372199, Lot No. PT 21513, Township of Johor Bahru, District of Johor Bahru, Johor, which is owned by Medical Centre (Johore) Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Puteri Specialist Hospital Building"); and
- Hospital and car park space located on leasehold land held under HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor, which is owned by Selangor Medical Centres Sdn Bhd, a 60% owned subsidiary company of KPJ, ("Selangor Medical Centre Hospital Building")

(collectively referred to as the "Properties")

for a total purchase consideration of RM461,250,000 satisfied partly by cash of RM301,251,000 and partly by the issuance of 159,999,000 new units in Al-'Aqar KPJ REIT at an issue price of RM1.00 per unit, to be credited as fully paid-up ("Acquisitions") is expected to be completed on 10 August 2006 .

2. Renovation and expansion works with contract value totalling RM5.145 million currently being carried out on the Properties by KPJ are expected to be completed on 10 August 2006. The said renovation and expansion costs will be funded by KPJ and shall be reimbursed by Al-'Aqar KPJ REIT on 10 August 2006.
3. The public issue of 180,000,000 units in Al-'Aqar KPJ REIT 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;is expected to be completed on 10 August 2006.
4. The listing of the entire issued units in Al-'Aqar KPJ REIT on the Main Board of Bursa Malaysia Securities Berhad is expected to be completed on 10 August 2006.
5. There will be no significant changes in the prevailing economic and political conditions in Malaysia and elsewhere that may directly or indirectly affect the activities or performance of the Al-'Aqar KPJ REIT.
6. There will be no material changes in present legislation and government regulations, including taxation and guidelines of regulatory authorities which will affect the Al-'Aqar KPJ REIT's activities or the markets in which the Al-'Aqar KPJ REIT operates.



## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

7. Inflation rates will remain at current levels and there will not be any material fluctuation in prevailing exchange rates of foreign currencies against Ringgit Malaysia.
8. Existing financing facilities will remain available and the level of interest rates will not change materially from those presently prevailing.
9. There will be no major industrial disputes or any abnormal factors or changes, both domestic and overseas, which will adversely affect the Al-'Aqar KPJ REIT's operations.
10. There will be no significant changes in the principal activities, management structure and accounting policies to be adopted by Al-'Aqar KPJ REIT.

### Revenue

11. The Properties are expected to be rented to KPJ in accordance with a tenancy agreement to be entered into between KPJ and Al-'Aqar KPJ REIT ("Tenancy Agreement").
12. The occupancy rate is projected to remain at 100% throughout the projection years and in accordance with the said Tenancy Agreement, the rental amount for the financial period ending 31 December 2006 and the 3 financial years ending 31 December 2007, 2008 and 2009 are as follows:

<b>Financial period/years ending 31 December</b>	<b>Total rental amount per annum (RM'000)</b>	<b>Total rental amount per month (approximately) (RM'000)</b>
2006	35,480	2,957
2007	35,700	2,975
2008	36,430	3,036
2009	36,960	3,080

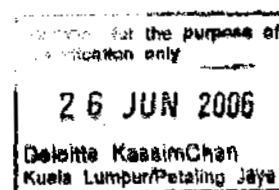
The yearly rental rate will be reviewed on the first (1st) January after every three (3) full financial years in accordance with the said Tenancy Agreement. The first review is expected to take place on 1 January 2010.

13. The Tenancy Agreement will be for a period of 15 years with an option to extend for another 15 years period. It is assumed that the Tenancy Agreement will be in effect throughout the projection periods and there will be no breach of terms and condition of the Tenancy Agreement.

### Operating Expenses

#### **14. Quit rent, Assessment and Insurance**

It is assumed that the quit rent, assessment and insurance charges for the Properties during the projection periods is consistent with current actual expenses.



## **8. Financial Performance of Al-Aqar KPJ REIT (Cont'd)**

### **15. Management Fees**

Management fees comprise fees for the Manager and the Maintenance Manager, Healthcare Technical Services Sdn Bhd.

The Manager's fees is estimated to be RM502,000 per annum. The Manager is entitled to a management fee of up to 0.15% per annum of the Net Asset Value of Al-Aqar KPJ REIT based on the trust deed to be entered into between the Manager and Amanah Raya Berhad ("Trustee") ("Trust Deed") and is accrued and paid in accordance with the Trust Deed.

The Maintenance Manager fees is estimated to be RM402,000 per annum in accordance with a maintenance management agreement to be entered into between the Manager and Maintenance Manager ("Maintenance Agreement") and is accrued and paid in accordance with the Maintenance Agreement.

### **16. Trust Expenses**

Trust expenses include recurring expenses such as Trustee fee, registrar costs, annual listing fees, audit and tax advisors' fees and other miscellaneous expenses.

Trustee fee, excluding out of pocket expenses, is estimated to be RM100,000 per annum, equivalent to approximately 0.03% per annum of the Net Asset Value, and is accrued and paid in accordance with the Trust Deed.

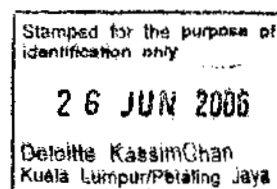
### **17. Repair and Maintenance**

It is assumed that there will be no major defects, repair or refurbishment work to be done on the Properties during the projection periods. No repair and maintenance expenses are projected during the forecast period as such expenses will be borne by KPJ in accordance with the Tenancy Agreement.

18. It is assumed that valuation of the Properties will be performed every 3 years. The next valuation is scheduled to be performed during the financial year ended 31 December 2008 and 31 December 2009 at an estimated cost of RM150,000 and RM120,000, respectively.

19. All rentals are assumed to be collectible and no allowance for doubtful debts is necessary.

20. The Properties will not be depreciated and are review at each balance sheet date to determine whether there is any indication of impairment in accordance with Malaysian Financial Reporting Standard 140, Investment Properties, If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are charged to the income statement. There will be no significant impairment in the carrying amounts of the Properties held by the Al-Aqar KPJ REIT during the projection periods.



## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

### Financing Facility

21. The financing facility comprises a syndicated Bai Bithamin Ajil facility ("BBA Facility") totalling RM134,000,000 which will be used to part finance the Acquisitions as follows:

Tranche	RM'000	Profit Rate (%)
1	105,000	5.50
2	29,000	5.65
Total	134,000	

The profit sharing expenses in respect of the BBA Facility are accrued and paid in the year it is incurred. The BBA Facility will be repaid in full with a bullet repayment at the end of five (5) years from the date of the first drawdown.

It is assumed that Al-'Aqar KPJ REIT will incur an one off expense of RM772,000 in arranging for the said BBA Facility, which will be amortised over the term of the BBA Facility, and annual expenses of RM40,000 per annum.

### Taxation

22. The taxation of the Al-'Aqar KPJ REIT is based on the statutory tax rate of 28% on the profit before tax of Al-'Aqar KPJ REIT that is undistributed at the end of each financial year.

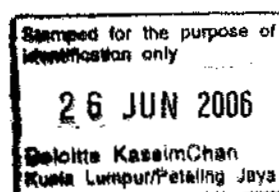
No current tax liabilities is forecasted during the forecast period as it is assumed that significant portion of the profit before tax will be distributed and that there will be sufficient capital allowance from the Investment Properties to offset against any chargeable income which may arise from undistributed income.

Signed on behalf of the Board of Directors,  
**DAMANSARA REIT MANAGERS SDN BERHAD**



**Jamaludin bin Md. Ali**  
Director

26 June 2006



## 8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)

### 8.8 Sensitivity Analysis

The profit estimate, forecast and projections included in this Prospectus are based on a number of assumptions that have been outlined in Sections 8.6 and 8.7 of this Prospectus. The profit estimate, forecast and projections are also subject to a number of risks as outlined in Section 6.1.4 of this Prospectus.

You should be aware that future events cannot be predicted with any certainty and that deviations from the figures estimated, forecasted or projected in this Prospectus are to be expected. Depicted below is the impact on Al-'Aqar KPJ REIT's profit and distribution as a result of changes in revenue for FYE 31 December 2006 to 31 December 2009. The assumptions for revenue have been set out in Sections 8.6 and 8.7 of this Prospectus.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Variance	-5%	-1%	0%	1%	5%
	RM	RM	RM	RM	RM
<b>FYE 31 December 2006*</b>					
Earnings before/after tax	9,592,352	10,183,685	10,331,519	10,479,352	11,070,685
% change	-7.15%	-1.43%	-	1.43%	7.15%
Distribution to Unitholders	9,536,008	10,123,868	10,270,833	10,417,798	11,005,658
% change	-7.15%	-1.43%	-	1.43%	7.15%
<b>FYE 31 December 2007</b>					
Earnings before/after tax	23,230,645	24,658,645	25,015,645	25,372,645	26,800,645
% change	-7.14%	-1.43%	-	1.43%	7.14%
Distribution to Unitholders	23,112,108	24,532,822	24,888,000	25,243,178	26,663,892
% change	-7.14%	-1.43%	-	1.43%	7.14%
<b>FYE 31 December 2008</b>					
Earnings before/after tax	23,924,145	25,381,341	25,745,645	26,109,945	27,567,145
% change	-7.07%	-1.41%	-	1.41%	7.07%
Distribution to Unitholders	23,759,068	25,206,214	25,568,000	25,929,786	27,376,932
% change	-7.07%	-1.41%	-	1.41%	7.07%
<b>FYE 31 December 2009</b>					
Earnings before/after tax	24,307,645	25,786,041	26,155,645	26,525,245	28,003,645
% change	-7.07%	-1.41%	-	1.41%	7.07%
Distribution to Unitholders	24,330,279	25,810,056	26,180,000	26,549,944	28,029,721
% change	-7.07%	-1.41%	-	1.41%	7.07%

Note \* Al-'Aqar KPJ REIT is expected to be listed on 10 August 2006. Accordingly, the earnings before/after tax and distribution to Unitholders for FYE 31 December 2006 are for a period of five (5) months.

## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

### **8.9 Our Directors' Comments on the Profit Estimate, Forecast and Projections**

Our Directors expect Al-'Aqar KPJ REIT's revenue to be strong for the FYE 31 December 2006 to FYE 31 December 2009 due to the long term lease signed with the Lessee. The operating expenses are expected to be maintained as the main costs, which are repairs and maintenance of the building, are borne by the Lessee and the other administration costs for the next three (3) years have been fixed. With the implementation of our operating strategy as detailed in Section 6.1.3 and given the positive growth potential exhibited by the private healthcare industry in Malaysia, the 100% tenancy rates of the Properties will be maintained over the next few years via the long term Lease Agreements.

Our Board confirms that the profit estimate, forecast and projections of Al-'Aqar KPJ REIT and the underlying bases and assumptions stated herein have been reviewed by our Directors after due and careful inquiries, and that our Directors, having taken into account the future prospects of the industry, the future direction of Al-'Aqar KPJ REIT and its level of gearing, liquidity and working capital requirements as well as the underlying bases and assumptions used in preparing the profit estimate, forecast and projections, are of the opinion that the profit estimate, forecast and projections of Al-'Aqar KPJ REIT are fair and reasonable.

Nevertheless, the underlying bases and assumptions used in preparing the profit estimate, forecast and projections cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside our control. Therefore, certain assumptions used in the preparation of the profit estimate, forecast and projections may differ significantly from the date of this Prospectus and this may have a material impact on the profit estimate, forecast and projections.

### **8.10 Distribution Estimate, Forecast and Projections**

Based on the profit estimate, forecast and projections of Al-'Aqar KPJ REIT and the total Units in issue of 340,000,000 Units, our Directors anticipate that they will be in a position to propose the distribution of up to 99% of Al-'Aqar KPJ REIT's net profit for FYE 31 December 2006 to FYE 31 December 2009, as follows:-

<b>FYE 31 December</b>		<b>Estimate 2006</b>		<b>Forecast 2007</b>	<b>Projections 2008</b>	<b>2009</b>
Distribution amount	<i>(RM)</i>	10,270,833	10,270,833	24,888,000	25,568,000	26,180,000 <sup>^</sup>
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

*Notes:-*

\* *Annualised.*

<sup>^</sup> *The distribution amount is made up from the net profit for FYE 31 December 2009 and the retained earnings of the preceding years.*

Please refer to Section 6.1.7 of this Prospectus for our distribution policy.



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## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

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### **8.11 Reporting Accountants' Letter on the Proforma Balance Sheets of Al-'Aqar KPJ REIT together with the notes thereto**

# **Deloitte.**

26 June 2006

The Board of Directors  
Damansara REIT Managers Sdn Berhad  
(Formerly known as Ultimate Benchmark Sdn Bhd)  
13th Floor, Menara Johor Corporation  
KOTARAYA  
80000 Johor Bahru  
Johor Darul Takzim

Deloitte KassimChan (AF 0080)  
Chartered Accountants  
Level 19, Uptown 1  
1 Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Malaysia

P. O. Box 10093  
50704 Kuala Lumpur  
Malaysia

Tel : +603 77236500, 77261833  
Fax : +603 77263986, 77268986  
myaaa@deloitte.com  
www.deloitte.com.my

Dear Sirs,

#### **DAMANSARA REIT MANAGERS SDN BHD (FORMERLY KNOWN AS ULTIMATE BENCHMARK SDN BHD) PROFORMA BALANCE SHEET AS OF DATE OF ESTABLISHMENT**

We have reviewed the presentation of the proforma balance sheets of Al-'Aqar KPJ REIT as of date of establishment, together with the notes thereto, for which the Directors of Damansara REIT Managers Sdn Berhad (formerly known as Ultimate Benchmark Sdn Bhd) ("Manager") and KPJ Healthcare Berhad ("KPJ") are solely responsible, as set out in the Prospectus to be dated 24 July 2006 in connection with the following exercises:

- (i) Acquisition by Al-'Aqar KPJ REIT of the entire interest in the following properties from KPJ:
- Hospital and car park space located on leasehold land held under HS(M) 26550, Lot No. PT 25119, Mukim of Empang, district of Hulu Langat, Selangor, which is owned by Johor Corporation and Puteri Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Ampang Puteri Specialist Hospital Building");
  - Hospital and car park space located on freehold land held under HS(D) 146423, Lot No. PT 1856, Mukim of Sungai Buloh, district of Petaling, Selangor, which is owned by Damansara Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Damansara Specialist Hospital Building");
  - Hospital and car park space located on leasehold land held under HS(D) 46353, Lot No. PTB 12319, township of Johor Bahru, district of Johor Bahru, Johor, which is owned by Johor Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ ("Johor Specialist Hospital Building");
  - Hospital and car park space located on leasehold lands held under PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, district of Kinta, Perak, which is owned by Medical Associates Sdn Bhd, a 98.4% owned subsidiary company of KPJ, ("Ipoh Specialist Hospital Building");

## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

Deloitte KassimChan

Damansara REIT Managers Sdn Berhad

26 June 2006

- Hospital and car park space located on leasehold land held under HS(D) 372199, Lot No. PTB 21513, Township of Johor Bahru, District of Johor Bahru, Johor, which is owned by Medical Centre (Johore) Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Puteri Specialist Hospital Building"); and
- Hospital and car park space located on leasehold land held under HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor, which is owned by Selangor Medical Centres Sdn Bhd, a 60% owned subsidiary company of KPJ, ("Selangor Medical Centre Hospital Building")

for a total purchase consideration of RM461,250,000 satisfied partly by cash of RM301,251,000 and partly by the issuance of 159,999,000 new units in Al-'Aqar KPJ REIT at an issue price of RM1.00 per unit to be credited as fully paid-up;

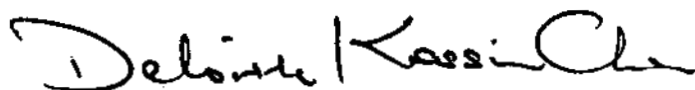
- (ii) Public issue of 180,000,000 units in Al-'Aqar KPJ REIT comprising:
- 15,000,000 units available for application by the Malaysian public at the retail price of RM0.95 per unit, payable in full upon application; and
  - 165,000,000 units available for application by selected investors at the institutional price of RM1.00 per unit, payable in full upon application; and
- (iii) Listing of the entire issued units in Al-'Aqar KPJ REIT on the Main Board of Bursa Malaysia Securities Berhad.

In our opinion:

- (i) the proforma balance sheets, which have been prepared for illustrative purposes only, have been properly compiled on the bases of preparation stated;
- (ii) such bases are consistent with the proposed accounting policies to be adopted in the preparation of the financial statements of Al-'Aqar KPJ REIT; and
- (iii) the adjustments as explained in Notes to the Proforma Balance Sheets are appropriate for the purposes of the proforma balance sheets.

We understand that this report will be used solely for inclusion in the Prospectus in connection with the abovementioned exercise. As such, this report should not be used or referred to, in whole or in part, for any other purpose without our prior written consent.

Yours very truly,



Enclosure

## 8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)



**DAMANSARA REIT MANAGERS SDN BERHAD** (717704-V)  
 (FORMERLY KNOWN AS ULTIMATE BENCHMARK SDN BHD)  
 (A MEMBER OF JOHOR CORPORATION GROUP)  
 Lot G 12-14, Level 5, Block G (North), Pusat Bandar Damansara, 50490 Kuala Lumpur  
 Tel : 03-2095 3252 / 2626 Fax : 03-2092 5462

### PROFORMA BALANCE SHEETS OF AL-'AQAR KPJ REIT

	As of date of establishment (Unaudited) RM'000	Adjustments RM'000	Proforma RM'000
<b>Non-Current Asset</b>			
Investment properties	-	466,395	466,395
<b>Current Asset</b>			
Cash and bank balances	1	1,154	1,155
<b>Long-Term Liability</b>			
Borrowings – non current portion	-	(133,228)	(133,228)
	<u>1</u>		<u>334,322</u>
<b>Unitholders' Funds</b>			
Units in issue	1*	334,322	334,322
Accumulated surplus/(deficit)	-	-	-
	<u>1</u>		<u>334,322</u>
<b>Number of units in issue ('000)</b>	<u>1</u>		<u>340,000</u>
<b>Net asset value ("NAV") per unit (RM)</b>	<u>1.00</u>		<u>0.98</u>

\* Represents promoter's unit issued at the date of establishment comprising 1,000 units in Al-'Aqar KPJ REIT at an issue price of RM1.00 per unit.

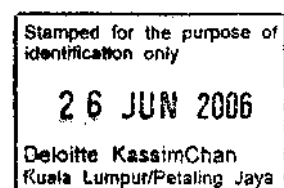
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26 JUN 2006
Deloitte KassimChan Kuala Lumpur/Petaling Jaya

## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

### **NOTES TO THE PROFORMA BALANCE SHEETS OF AL-'AQAR KPJ REIT**

The proforma consolidated balance sheets have been presented on the following bases:

1. The proforma balance sheets of Al-'Aqar KPJ REIT are based on the assumption that the Al-'Aqar KPJ REIT is in existence on the date of establishment. The accounting policies, basis and assumption used in the preparation of the proforma balance sheet are consistent with the proposed accounting policies to be adopted in the preparation of the financial statements of Al-'Aqar KPJ REIT.
2. The proforma balance sheets are prepared for illustrative purposes to reflect the effects on the financial position of Al-'Aqar KPJ REIT as of date of establishment had the following been completed on the same date:
  - (i) Acquisition by Al-'Aqar KPJ REIT of the entire interest in the following properties from KPJ:
    - Hospital and car park space located on leasehold land held under HS(M) 26550, Lot No. PT 25119, Mukim of Empang, district of Hulu Langat, Selangor, which is owned by Johor Corporation and Puteri Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Ampang Puteri Specialist Hospital Building");
    - Hospital and car park space located on freehold land held under HS(D) 146423, Lot No. PT 1856, Mukim of Sungai Buloh, district of Petaling, Selangor, which is owned by Damansara Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Damansara Specialist Hospital Building");
    - Hospital and car park space located on leasehold land held under HS(D) 46353, Lot No. PTB 12319, township of Johor Bahru, district of Johor Bahru, Johor, which is owned by Johor Specialist Hospital Sdn Bhd, a wholly-owned subsidiary company of KPJ ("Johor Specialist Hospital Building");
    - Hospital and car park space located on leasehold lands held under PN 6451, PN 6450, PN 154468 and HSD 103622, Lot Nos. 10259, 10490, 34494 and PT 161984, Town of Ipoh, district of Kinta, Perak, which is owned by Medical Associates Sdn Bhd, a 98.4% owned subsidiary company of KPJ, ("Ipoh Specialist Hospital Building");
    - Hospital and car park space located on leasehold land held under HS(D) 372199, Lot No. PTB 21513, Township of Johor Bahru, District of Johor Bahru, Johor, which is owned by Medical Centre (Johore) Sdn Bhd, a wholly-owned subsidiary company of KPJ, ("Puteri Specialist Hospital Building"); and



## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

- Hospital and car park space located on leasehold land held under HSD 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, Selangor, which is owned by Selangor Medical Centres Sdn Bhd, a 60% owned subsidiary company of KPJ, ("Selangor Medical Centre Hospital Building")

(collectively referred to as the "Properties")

for a total purchase consideration of RM461,250,000 satisfied partly by cash of RM301,251,000 and partly by the issuance of 159,999,000 new units in Al-'Aqar KPJ REIT at an issue price of RM1.00 per unit to be credited as fully paid-up ("Acquisitions");

(ii) Public issue of 180,000,000 units in Al-'Aqar KPJ REIT 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 ("Retail Issue"); 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 ("Institutional Issue"); and

(iii) Listing of the entire issued units in Al-'Aqar KPJ REIT on the Main Board of Bursa Malaysia Securities Berhad.

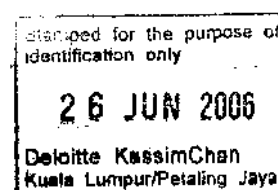
3. The notes to the proforma balance sheets are as follows:

(a) Investment properties

Investment properties comprise the cost of acquisition of the Properties and any subsequent costs of renovation and expansion works, when it is probable that the future economic benefits that are associated with the expansion works will flow to Al-'Aqar KPJ REIT and that the cost of the renovation and expansion works can be measured reliably.

Renovation and expansion works on the Properties with contract value totalling RM5.145 million currently being undertaken by KPJ will be borne by Al-'Aqar KPJ REIT upon completion. The cost will be capitalised in the carrying amounts of the Properties ("Renovation and Expansion").

The investment properties will not be depreciated and are reviewed at each balance sheet date to determine whether there is any indication of impairment in accordance with Malaysian Financial Reporting Standard 140, Investment Properties. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are charged to the income statement.



## 8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)

(b) Cash and bank balances

The movements in cash and bank balances of the Al-'Aqar KPJ REIT are as follows:

	RM'000
Per unaudited financial statements as of date of establishment	1
Proceeds from public issue:	
Retail Issue	14,250
Institutional Issue	165,000
Proceeds from borrowings	134,000
To part finance the Acquisitions	(301,251)
To finance the Renovation and Expansion of Properties	(5,145)
Estimated borrowing expenses	(772)
Estimated listing expenses	(4,928)
<b>Proforma</b>	<b><u>1,155</u></b>

(c) Financing Facility

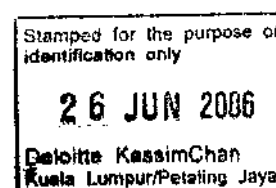
The financing facility comprises a syndicated Bai Bithamin Ajil facility ("BBA Facility") totalling RM134,000,000 which will be used to part finance the Acquisitions as follows:

Tranche	RM'000	Profit Rate (%)
1	105,000	5.50
2	<u>29,000</u>	5.65
Total	<u>134,000</u>	

The profit sharing expenses in respect of the BBA Facility are accrued and paid in the year it incurred. The BBA Facility will be repaid in full with a bullet repayment at the end of five (5) years from the date of the first drawdown.

It is assumed that Al-'Aqar KPJ REIT will incur a one off expense of RM772,000 in arranging for the said BBA Facility, which will be amortised over the term of the BBA Facility, and annual expenses of RM40,000 per annum.

For purpose of the proforma balance sheets, the estimated one off borrowing expenses of RM772,000, which will be amortised over the term of the BBA Facility of five (5) years, is set off against the liability of RM134,000,000.



## **8. Financial Performance of Al-'Aqar KPJ REIT (Cont'd)**

(d) Units in issue

The movements of units in issue are as follows:

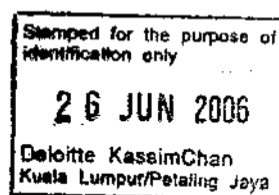
	RM'000
Per unaudited financial statements as of date of establishment	1
Issue of units:	
To part finance the Acquisitions	159,999
Public issue:	
Retail Issue	14,250
Institutional Issue	165,000
Estimated listing expenses	<u>(4,928)</u>
<b>Proforma</b>	<b><u>334,322</u></b>

On behalf of the Board of Directors,  
**DAMANSARA REIT MANAGERS SDN BERHAD**



**Jamaludin bin Md. Ali**  
Director

26 June 2006



## **8. Financial Performance of Al-Aqar KPJ REIT (Cont'd)**

### **8.12 Value of the Properties of Al-Aqar KPJ REIT**

The Properties have been valued by the Independent Property Valuer on its appraised date respectively. The appraised values of the Properties are set out in the following table:

<b>Properties</b>	<b>Net book value as at 31 December 2005 (RM)</b>	<b>Appraised value (RM)</b>	<b>Percentage of aggregate appraised value of Properties (%)</b>
Ampang Puteri Specialist Hospital Building	102,458,518	128,800,000	26.78
Damansara Specialist Hospital Building	105,000,000	107,500,000	22.35
Johor Specialist Hospital Building	75,250,000	75,300,000	15.65
Ipoh Specialist Hospital Building	44,261,373	69,000,000	14.35
Puteri Specialist Hospital Building	35,020,608	39,000,000	8.11
Selangor Medical Centre Building	46,331,106	61,400,000	12.76
<b>Total</b>	<b>408,321,605</b>	<b>481,000,000</b>	<b>100.00</b>

The above valuations were based on Profits Method and as a check Depreciated Replacement Cost Method. Please refer to Section 17 for the valuation certificate on the Properties prepared by the Independent Property Valuer.

We intend to obtain a valuation of the Properties at least once every three (3) years. The likely date for the next valuation for Ampang Puteri Specialist Hospital Building, Damansara Specialist Hospital Building and Johor Specialist Hospital Building would be on 21 September 2008, 4 October 2008 and 28 September 2008 respectively while the next valuation for Ipoh Specialist Hospital Building, Puteri Specialist Hospital Building and Selangor Medical Centre Building would be on 15 May 2009.

In the event that the assets of Al-Aqar KPJ REIT are divested, the proceeds from the divestment may be returned to the Unitholders or reinvested.

As disclosed in Section 4.9 of this Prospectus, Al-Aqar KPJ REIT will reimburse capital expenditure of RM5.145 million incurred by the Sponsor. This capital expenditure is contracted for the on-going expansion and renovation for the Properties.

**Past performance of the fund is not an indication of future performance.**

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