

Al-'Aqar KPJ REIT to expand portfolio

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KUALA LUMPUR: Al-'Aqar KPJ real estate investment trust (REIT), which made its debut on the Bursa Malaysia main board yesterday, plans to inject more properties into its portfolio, said KPJ Healthcare Bhd chairman Tan Sri Muhammad Ali Hashim.

"As it is, we still have nine other properties in Malaysia and four overseas. And definitely we will want to take advantage of the situation before long," Ali, who is also Al-'Aqar KPJ REIT chairman, said but declined to give details.

Managed by Damansara REIT Managers Sdn Bhd, the world's first Islamic healthcare REIT was set up by KPJ Healthcare which injected six of its hospitals with a total market value of RM481mil into a trust fund. Al-'Aqar KPJ REIT made a total issue of 340 million units, of which KPJ Healthcare holds 160 million or 47%.

On expectations of a tax break for the property trust sector in the upcoming Budget 2007, Ali said: "All in the industry must improve, both the private and public sectors.



Tan Sri Muhammad Ali Hashim and AmBank group chairman Tan Sri Azman Hashim looking at the share price of Al-'Aqar KPJ REIT yesterday

"The government wants to make us more competitive in the region. A tax break is definitely one of the means for us to be more competitive."

Al-'Aqar KPJ REIT shares opened yesterday at 99 sen, a 4 sen premium on its issue price of 95 sen. The counter ended the day 3.5 sen, or 3.68%, higher at 98.5 sen. It recorded the second highest volume yesterday with 16 million units traded.

Commenting on the opening price, Ali said

the company was encouraged by the investor response.

"In a sense, we are taking a risk in issuing (the REIT) at this juncture with the current market conditions, but we are in for the long haul.

"We are confident the very effective yield that the REIT offers will make the difference."

Of the REIT's 340 million units, institutional investors took up 165 million units at RM1 per unit while retail investors received 15 million units at 95 sen each.

The exercise raised about RM180mil in proceeds.

On KPJ Healthcare's plans for the year, Ali said with the funds received through the REIT, the

group was looking at more healthcare properties via taking over existing hospitals and/or setting up new centres in joint ventures with other parties.

Last year the group acquired three new properties, one in Seremban in a joint venture with the Negri Sembilan government and two acquired in the open market - the Damai Specialist Centre in Kota Kinabalu, Sabah and the Selangor Medical Centre in Shah Alam, Selangor.