

## AL-'AQAR KPJ REAL ESTATE INVESTMENT TRUST

## Plan to surpass RM1b mark

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AL-'AQAR KPJ REIT, the world's first Islamic healthcare property trust, said it plans to inject nine more properties into the trust, raising its asset size to just over RM1 billion by year-end from RM651 million now.

Of the nine properties, it will buy six hospital buildings and one nursing college from KPJ Healthcare Bhd for RM305.9 million.

The remaining two properties it plans to buy are a hotel and office tower, Hotel Selesa and Metropolis Tower, which company officials said will be complementary to the healthcare tourism industry.

If regulators approve the deal, it will be the first time in the world that a hotel is included in an Islamic REIT.

Under syariah guidelines, hotels cannot be included.

"The hotel is well-positioned to benefit from health tourism sec-

tor growth and its operations are in accordance with syariah principles," KPJ chairman Tan Sri Muhammad Ali Hashim said at a media briefing yesterday.

The REIT's syariah committee had last month approved the proposed purchase, he said.

Some RM392.9 million will go towards the purchase of the nine new assets. This will be satisfied by RM249 million cash and the issuance of 151.4 million new REIT units at 95 sen each.

KPJ will use funds from the sale to Al-'Aqar to build and acquire more hospitals, as well as reduce borrowings.

"We have RM200 million to RM300 million available to build and acquire hospitals, and we can also raise more cash by reducing our stake in the REIT," Muhammad Ali told reporters at a briefing yesterday.

For now, he wants KPJ to maintain a stake of about 49 per cent in the REIT.

KPJ owns or manages 18 hos-



MUHAMMAD ALI: Wants KPJ to maintain a stake of about 49 per cent in the REIT.

pitals in Malaysia and six overseas. Hospitals overseas may later be injected to the REIT, but "not at this juncture".

The seven buildings that KPJ is selling to the REIT are the Serem-

ban Specialist Hospital, Taiping Medical Centre, Kota Kinabalu Specialist Hospital, Bukit Mertajam Specialist Hospital, KPJ Tawakal Specialist Hospital new building, KPJ Penang Specialist Hospital and PNC International College of Nursing and Health Science.

This will be the third injection of properties into the REIT and it is expected to be completed by year-end.

Meanwhile, the REIT yesterday declared a dividend of four sen a unit for the first half of the year ended June 30 2008. Net income for the first half grew by 16.6 per cent to RM14.4 million.

Yesterday, the KPJ board also approved expansion plans for the Nilai college, where it recently bought a nine-hectare piece of land.

For the first phase, KPJ will spend RM22 million to build facilities to accommodate up to 3,000 students from 1,200 currently.

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