

Star Biz 25.7.06

KPJ Healthcare injects six hospitals into Islamic REIT

By IZWAN IDRIS
izwan@thestar.com.my

PUTRAJAYA: KPJ Healthcare Bhd has launched the world's first Islamic real estate investment trust (REIT) by injecting six of its hospitals with a total market value of RM481mil into a trust fund.

KPJ currently owns 15 hospitals, including three in Indonesia and one in Bangladesh.

"We foresee the potential of growing and injecting KPJ's nine other hospitals into this trust in the future and enlarging the trust fund to yield better return," managing director Siti Sa'diah Sheikh Bakir said at the prospectus launch yesterday.

KPJ would retain a 47% stake in the trust, called the Al-'Aqar KPJ REIT, and sell 180 million new units to institutional investors and the public.

The retail portion of 15 million units would be sold at 95 sen per unit, while the price for

institutional buyers was set at RM1 per unit, the company said in a statement.

The REIT is targeted for listing next month. AmMerchant Bhd is the main adviser and managing underwriter for the issue.

Siti Sa'diah said Al-'Aqar KPJ REIT, managed by Damansara REIT Managers Sdn Bhd, was expected to have a yield of more than 7% a year for the financial years ending Dec 31, 2007 to 2009.

"Subscribers are expected to enjoy consistent return from stable rental income and 100% occupancy rate," she said, adding that the healthcare industry had also proven to be a resilient and recession-proof sector, thus limiting any downside risk to investors.

The launch of Al-'Aqar KPJ REIT is part of KPJ's strategic exercise to unlock the value of its properties and raise funds for other investments as well as to reduce its borrowings.