

Sunway REIT to sell Sunway Medical Centre buildings back to Sunway's healthcare arm for RM430 mil

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Sunway REIT to sell Sunway Medical Centre buildings back to Sunway's healthcare arm for RM430 mil. (Photo by Sunway Group)

KUALA LUMPUR (Dec 29): Sunway Real Estate Investment Trust is going to sell a seven-storey purpose-built hospital and land it bought for RM310 million a decade ago from Sunway Bhd's healthcare arm under a sale-and-lease-back arrangement — known as Tower A & B of Sunway Medical Centre — back to the latter for RM430 million.

The proposal comes as the 10-year master lease agreement that commenced on Dec 31, 2012 is set to expire on Dec 30 this year, according to a bourse filing by Sunway REIT.

The REIT has, via its trustee RHB Trustees Bhd, inked a conditional sale and purchase agreement with the Sunway unit, Sunway Medical Centre Sdn Bhd which is currently using the property that occupies two parcels of leasehold plots to operate a medical centre, for the disposal.

It expects to record a gross disposal gain of RM60 million from the transaction. It plans to use the net proceeds from the deal for yield-accretive investments. If no new investment is secured in 12 months, its manager will use the funds to repay the REIT's borrowings.

In a separate filing announcing the deal, Sunway said the acquisition is part of Sunway Healthcare Holdings Sdn Bhd's plan to rationalise and streamline its decision on capital expenditure enhance and value preservation on its assets by having full ownership and control.

SMCSB is 99.99%-owned by Sunway Healthcare Holdings, which in turn is a 90.26%-owned joint venture of Sunway City Sdn Bhd, a wholly-owned subsidiary of Sunway.

"Furthermore, the proposed acquisition will enable SMCSB to improve the operational efficiency of the hospital by having more flexibility in managing its operating and financing costs," Sunway's filing read, adding the effect of the proposed acquisition is expected to outweigh a long-term lease.

The transaction is expected to be completed by the first half of 2023.

Sunway's share price closed two sen or 1.26% higher at RM1.61 on Thursday, valuing the group at RM7.94 billion. Sunway REIT closed unchanged at RM1.47, valuing the trust at RM5.03 billion.