

# Sunway to acquire medical centre from Sunway REIT

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PETALING JAYA: Sunway Bhd is acquiring property from Sunway Real Estate Investment Trust (Sunway REIT) for RM430mil.

In a filing with Bursa Malaysia, Sunway said Sunway Medical Centre Sdn Bhd (SMCSB) had entered into a conditional sale and purchase agreement with RHB Trustees Bhd (as trustee for Sunway REIT) for the proposed acquisition of the properties.

“The proposed acquisition entails the purchase of the lands and buildings known as “Tower A&B of Sunway Medical Centre”, together with the plant and machinery and all fixtures and fittings affixed or located or used in the buildings.

“The property is currently leased and used by SMCSB to operate a medical centre. The property is a seven-storey purpose-built hospital building with lower ground floor annexed with a multi-storey car park block and a convention centre.”

Sunway said the proposed acquisition is part of Sunway Healthcare Group’s plan to rationalise and streamline its decision on capital expenditure enhancement and value preservation on its assets by having full ownership and control.

“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.

“Over the longer term horizon, the effect of the proposed acquisition is expected to outweigh a long term lease.”

Sunway said the proposed acquisition is synergistic to the overall capacity expansion of SMCSB in solidifying its current position as one of the largest medical centres in Malaysia.

“It is expected to strengthen its position as the flagship medical centre under the “hub-and-spoke” model of Sunway Healthcare Group in the provision of tertiary and quaternary care and to cater to the anticipated increase in demand for healthcare services such as major surgeries, treatment of complex medical illnesses and increase in medical tourism post pandemic and reopening of international borders.”

Meanwhile, in a separate filing, Sunway REIT said the proposed disposal will allow the company to unlock value and realise its investment in the property.

“Sunway REIT is expected to recognise a gross gain on disposal of RM60mil.

Sunway REIT said the disposal consideration represents a premium of 16.2% over the market, carrying value of the property of RM370mil.

“Meanwhile, compared to the cost of investment of RM320mil, the proposed disposal will crystallise gross gains of RM110mil.”

Sunway REIT said the net proceeds from the proposed disposal is intended to be redeployed for yield accretive investments in order to build the company’s asset portfolio towards its “Transcend 2027” targets.

“In the event no new investment is secured within the next 12 months, the manager will utilise the proceeds to repay the borrowings of Sunway REIT, of which it is expected to reduce the gearing of Sunway REIT from 37.2% to 34% and result in financing cost savings of approximately RM17mil per annum.”

Sunway REIT said the proposed disposal is expected to contribute positively to its the earnings and earnings per unit for the financial year ending Dec 31, 2022, arising from the increase in fair value of the property by RM60mil based on the sale and purchase agreement.

SMCSB, a 99.99%-owned subsidiary of Sunway Healthcare Holdings Sdn Bhd, which in turn is a 90.26%-owned joint venture of Sunway City Sdn Bhd (which is a wholly-owned subsidiary of Sunway) had entered into a conditional sale and purchase agreement with RHB Trustees for the proposed acquisition of the property.

