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INTERVIEW: Sunway REIT To Invest At Least MYR100 Mln To Expand Carnival Mall-CEO

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Nikkei Markets

KUALA LUMPUR (Jan 09) -- Malaysia's Sunway Real Estate Investment Trust, which focuses on retail assets, plans to invest at least 100 million ringgit (\$25.06 million) mostly to build the second phase of Sunway Carnival Shopping Mall in the north-western state of Penang, its chief executive said.

The property manager aims to start construction as soon as this quarter after securing approval from board of directors, Jeffrey Ng told Nikkei Markets. The expansion move will boost the property's net lettable area by 70% to 800,000 square feet in 2020, he said.

"At the moment, the mall is close to full occupancy and we do not have sufficient space to bring in international retailers to the mall," he said. "With the expansion, we will be able to introduce a slew of international retailers and transform the retail scene over there."

In June 2016, Sunway REIT bought a piece of land adjacent to Sunway Carnival Shopping Mall from its parent Sunway, for 17.2 million ringgit. The manager plans to build a nine-floor shopping mall including seven levels of car park.

Sunway REIT, one of the largest retail-focused REITs in Malaysia, has 15 assets across the country with a total property value of 6.69 billion ringgit. The trust's flagship property, Sunway Pyramid Shopping Mall in the Selangor state, attracted over 37 million shoppers in the past fiscal year.

Sunway REIT's Putra Mall however could see negative reversion rate amid persisting challenging environment, Ng said. Reversion is an industry term referring to revision in the rental rate when tenants renew their leases.

About 323,383 square feet in Putra Mall will be up for renewal in the financial year ending Jun. 30, 2018, said Ng, noting the trust renewed or replaced 3,626 square feet at negative reversion rate during the July-September quarter.

Sunway REIT opened the Putra Mall in May 2015 after a refurbishment exercise that lasted for almost two years. The property was bought in 2011 at 513.95 million ringgit in one of the largest public auctions in Malaysia.

Units of Sunway REIT were down 1.12% at 1.72 ringgit apiece in early Kuala Lumpur trading.

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