

# SunREIT buying hypermarkets for RM520mil

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PETALING JAYA: Sunway Real Estate Investment Trust  (SunREIT) is acquiring six hypermarkets, five within the Klang Valley and one in Johor, for RM520mil.

In a statement yesterday, SunREIT said the hypermarkets are located in Kinrara, Putra Heights, USJ, Klang, Ulu Kelang and Plentong.



Collectively, the properties will have a total land area and total gross floor area of 56 acres and 2.35 million sq ft, respectively with GCH Retail (M) Sdn Bhd as the lessee.

SunREIT said its manager, Sunway REIT Management Sdn Bhd, had entered into a conditional sale and purchase agreement with Kwasa Properties Sdn Bhd, a wholly-owned subsidiary of the Employees Provident Fund, for the proposed acquisitions.

“The properties are strategically located in densely populated and matured residential areas in the Klang Valley and Johor, surrounded by high-population catchments and provide non-discretionary products and services to the local mass-market.”

SunREIT said its property value will increase to RM9.69bil upon completion of the proposed acquisition (from RM9.1bil as at Dec 31, 2022) and cement its position as the second-largest listed REIT in Malaysia.

“The proposed acquisition is expected to increase the income stability of SunREIT through fixed rental payments from the lessee under the triple-net lease agreements.

“The combined weighted average lease expiry (WALE) of the properties of 5.6 years will improve the WALE of SunREIT’s enlarged portfolio,” it said.

SunREIT added that the properties were income-generating and are envisaged to contribute positively to its future earnings and distribution per unit, as well as being yield-accretive to the asset portfolio of the group.

“The properties are expected to generate an indicative net property income (NPI) yield of approximately 8% based on the purchase consideration, in comparison to SunREIT’s portfolio NPI yield of 5.4% for the financial year ended Dec 31, 2022.”

Additionally, SunREIT said the proposed acquisition will be fully funded by its existing debt facilities and is targeted to be completed in the fourth quarter of 2023, subject to fulfilment of the conditions precedent under the sale and purchase agreement.

In the same statement, Sunway REIT Management chief executive officer Datuk Jeffrey Ng said the acquisition marked SunREIT’s maiden footprint in the southern region of Malaysia with the proposed acquisition of the Plentong property in Johor.

“This proposed acquisition fortifies our efforts towards achieving our ‘Transcend 2027’ property value target of RM14bil to RM15bil by 2027 and our plan to be the real estate proxy for Malaysia.

“Moving forward, we will continue to look out for investment opportunities across Malaysia.”

Ng added that the properties will provide SunREIT with a stable income stream, which is less susceptible to the effects of economic downturns.

“These well-located properties, supported by Sunway Group’s brand name, expertise and experience in mall management, will contribute to the long-term growth in SunREIT’s net asset value per unit.”

As the properties provide non-discretionary products and services that demonstrated high resilience and encountered minimal disruption during the pandemic, Ng said SunREIT will be introducing a new classification of asset segment, namely, the “essentials and services” segment.

He said this segment will be characterised by the nature of its tenants, which provide essential and non-discretionary products and services.

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