


Sunway REIT acquires six hypermarkets for RM520mil

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Sunway REIT Management chief executive officer Datuk Jeffrey Ng

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

In a statement, Sunway REIT 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.

Sunway REIT 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 Klang Valley and Johor, surrounded by high-population catchments and provide non-discretionary products and services to the local mass-market.”

Sunway REIT 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 income stability of Sunway REIT through fixed rental payments from the lessee (GCH Retail (Malaysia) Sdn Bhd) 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 Sunway REIT’s enlarged portfolio.”

Sunway REIT added that the properties are 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 Sunway REIT’s portfolio NPI yield of 5.4% for the financial year ended Dec 31, 2022.”

Additionally, Sunway REIT 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 marks Sunway REIT’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 Sunway REIT 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 Sunway REIT’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 Sunway REIT 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 their tenants, which provide essential and non-discretionary products and services.