

MEDIA RELEASE

8 August 2024

SUNWAY REIT ACQUIRES KLUANG MALL FOR RM158 MILLION, EXPANDING ITS PRESENCE IN JOHOR

- *Sunway REIT expands its footprint further in Johor with the proposed acquisition of Kluang Mall, a retail mall located at Kluang, Johor, for a purchase consideration of RM158 million.*
- *The Property is 99% occupied, with over 130 tenants across a wide array of tenancy mix.*
- *Kluang Mall's NPI yield of 6.8% (FY2023) shall be yield accretive to Sunway REIT's portfolio.*
- *Kluang Mall is the Gold winner for the Non-Strata Retail (10 Years and Above) category at The Edge Malaysia Best Managed and Sustainable Property Awards 2023, demonstrating its strong ESG credentials and alignment with Sunway REIT's portfolio of sustainable properties.*

Sunway City Kuala Lumpur, 8 August 2024 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to inform that RHB Trustees Berhad, the trustee of Sunway REIT, has entered into a conditional sale and purchase agreement (“SPA”) with Tenaga Nusantara Sdn Bhd., to acquire a prime retail asset known as “Kluang Mall” (“Property”) located in Kluang, Johor for a purchase consideration of RM158 million (“Proposed Acquisition”).

Nestled in the heart of Kluang town, the Property caters to a catchment population of over 320,000 residents in the Kluang district and a potential market of around 1 million residents in central Johor, encompassing regions like Batu Pahat, Ayer Hitam, Kulai and Mersing, serving as a preferred shopping haven for the residents of central Johor.

The Property is a free-standing four-storey shopping complex with a gross floor area of approximately 808,000 sq. ft. and a net lettable area of approximately 360,000 sq. ft. It has approximately 920 car park bays. The Property is 99% occupied with over 130 tenants. The Property is anchored by Pacific Hypermarket & Department Store, supplemented by a wide spectrum of food and beverages (“F&B”) outlets, as well as lifestyle and entertainment offerings such as health and beauty services, cinema, bowling centre and many more. Key tenants include GSC Cinema, Ampang Superbowl, Popular, H&M, Starbucks, Skechers, Coffee Bean, KFC, Body Shop, Face Shop and Machines. The wide array of tenancy mix serves a mature residential market catchment and, in particular attracts families, students and working professionals from the central part of Johor.

The Property is income-generating and is envisaged to contribute positively to the future earnings and distribution per unit (“DPU”) of Sunway REIT as well as being yield accretive to Sunway REIT’s asset portfolio. The Property is expected to generate an indicative net property income (“NPI”) yield of approximately 6.8% based on the purchase consideration, in comparison to Sunway REIT’s portfolio NPI yield of 5.7% for the financial year ended 31 December 2023. Upon completion of the Proposed Acquisition, Sunway REIT’s assets under management (“AUM”) will increase to RM9.8 billion¹, maintaining its position as the second largest listed REIT in Malaysia, measured by AUM.

Clement Chen, the Chief Executive Officer of Sunway REIT Management Sdn. Bhd., commented, “We are pleased to be adding another asset to our growing portfolio and expanding our geographical footprint to central Johor. Kluang Mall has recorded strong and stable occupancy over the past years, supported by healthy growth in footfalls and a well-established presence in the area.”

He added, “Leveraging on Sunway’s strong branding and track record in retail management, we believe that the mall has the opportunity to be further enhanced through tenancy optimisation, proactive mall management and asset enhancement initiatives (“AEI”). Drawing on the success of our rejuvenation of Sunway Carnival Mall in Seberang Jaya, Penang, we are confident to similarly add value and unlock the potential of Kluang Mall in another potentially underserved area. We believe the Proposed Acquisition is an exciting opportunity to capitalise on the untapped potential within the central Johor area, which will soon benefit from the impending completion of the Gemas - JB Electrified Double Tracking rail project and ongoing road improvement works along the Batu Pahat - Ayer Hitam - Kluang federal route.”

“We are also pleased to share that the proposed acquisition of Kluang Mall is very much in line with Sunway REIT’s ESG goals. The mall won Gold for Non-Strata Retail (10 Years and Above) category at The Edge Malaysia Best Managed and Sustainable Property Awards 2023, demonstrating its commitment to good property management and sustainability practices, including the use of energy-efficient lighting, investments in its chiller plants and deployment of state-of-the-art CCTV systems utilising artificial intelligence to deter crime within premises.”

Tenaga Nusantara Sdn. Bhd.’s Chief Executive Officer and Executive Director Tey Fui Kien commented, “I am thankful for the team’s contribution shown over the years as Kluang Mall represents the culmination of years of their hard work and dedication, led by our shared values of leading in truth, competence and care. I am also deeply grateful for the support and trust placed in us by our tenants, stakeholders and the community. I am confident that the foundation we’ve built together will continue to thrive and grow under Sunway’s excellent stewardship.”

Barring any unexpected event, the Proposed Acquisition is expected to be completed by Q4 2024.

¹ Based on unaudited AUM as at 31 March 2024, including six Sunway REIT Hypermarkets which acquisition was completed on 30 April 2024 but does not include the effects of the following proposed acquisitions, which are pending completion:-

- proposed acquisition of an industrial asset in Prai for RM66.8 million announced on 18 December 2023; and
- proposed acquisition of a retail asset in Mont' Kiara for RM215.0 million announced on 26 January 2024.

Photo of Kluang Mall



About Sunway Real Estate Investment Trust

Sunway Real Estate Investment Trust (“Sunway REIT or Trust”) is one of the largest diversified real estate investment trusts (“REITs”) in Malaysia with a diverse portfolio strategically located across award-winning integrated townships in key locations in Greater Kuala Lumpur, Penang, and Perak.

Sunway REIT was first listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 8 July 2010. The market capitalisation of Sunway REIT stood at RM5.2 billion as at 31 March 2024.

Sunway REIT owns a diversified portfolio of 25 properties comprising 11 retail properties (including a property designated for re-development into a retail-centric tourist destination and seven hypermarkets), six hotels, five offices, an education property and two industrial properties, with a combined property value of RM9.6 billion after the successful completion of six hypermarkets on 30 April 2024.

Sunway REIT’s properties are primarily in Sunway City where its flagship retail property, Sunway Pyramid Mall, is located. Other properties in Sunway City include Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Lagoon Hotel, Menara Sunway, Sunway Pinnacle and Sunway university & college campus.

Sunway REIT in Kuala Lumpur owns namely Sunway Tower an office building, a hypermarket in Ulu Kelang and lastly three properties which constitute part of the three-in-one integrated development, Sunway Putra. Sunway Putra consists of Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.

Sunway REIT also owns eight properties in Selangor, namely Wisma Sunway, Sunway REIT Industrial – Shah Alam 1, Sunway Pier (which is planned for re-development into a retail-centric tourist destination), Sunway REIT Industrial – Petaling Jaya 1 and four Sunway REIT Hypermarket in Kinrara, USJ1, Putra Height and Klang.

In the northern region, Sunway REIT owns SunCity Ipoh Hypermarket in Perak, as well as Sunway Hotel Seberang Jaya, Sunway Hotel Georgetown and Sunway Carnival Mall in Penang.

In the southern region, its first foray in this region, Sunway REIT owns Sunway REIT Hypermarket – Plentong.

Important notice

This media release may contain certain forward-looking statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; cost of capital and capital availability including the availability of financing in the amounts and the terms necessary to support future business; availability of real estate properties; competition from other companies; changes in operating expenses including employee wages, benefits and training, property expenses, government and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements which are based on the Management's current view of future events. Past performance is not necessarily indicative of future performance.

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