

Sunway REIT sells university campus to Sunway College for RM613m, proceeds to be reinvested

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KUALA LUMPUR (May 2): Sunway Real Estate Investment Trust (KL:SUNREIT), partially owned by Sunway Bhd (KL:SUNWAY), announced the sale of Sunway University and college campus to Sunway Education Group's Sunway College (KL) Sdn Bhd for RM613 million in cash.

In a statement on Friday, Sunway REIT said the sale is part of Sunway REIT's strategy to recycle assets. RM605 million of the proceeds will be used for new investments within a year; otherwise, the funds will go towards repaying borrowings. This is expected to reduce its gearing from 41% to 38%, saving RM24 million in annual financing costs.

In a filing with Bursa Malaysia, Sunway REIT said the sale may slightly reduce its income distribution per unit for 2025 from 10 sen to 9.66 sen, and the impact will be offset by income from newly acquired assets like Sunway REIT Hypermarkets, Sunway 163 Mall, and others in 2024. The total income distribution is projected to decrease to RM331 million from RM342.48 million.

Sunway REIT initially bought the property for RM550 million in 2019 and spent an additional RM8 million on upgrades. By December 2024, its value had increased to RM586 million, with a fair value gain of RM20 million. The sale price of RM613 million is 4.6% above this valuation, and Sunway REIT expects to make an additional RM21 million gain upon completion of the transaction in the second half of 2025.

Datin Paduka Sarena Cheah, a major unitholder and the daughter of Tan Sri Dr Jeffrey Cheah, abstained from any involvement in the sale decision to uphold corporate governance. Neither she nor her father holds direct equity in Sunway Education Group or Sunway College.

Sunway REIT units closed up three sen or 1.6% to RM1.92, valuing the REIT RM6.58 billion.