

# HLIB: Sunway REIT's education asset sale frees up capital for future growth

**NST** [nst.com.my/business/corporate/2025/05/1211586/hlib-sunway-reits-education-asset-sale-frees-capital-future](https://nst.com.my/business/corporate/2025/05/1211586/hlib-sunway-reits-education-asset-sale-frees-capital-future)

Azanis Shahila Aman

May 5, 2025



The sale of the Sunway University and college campus — fully cash-based and slated for completion in the second half of financial year 2025 (FY25) — was priced at a 4.6 per cent premium to its independently assessed fair value.

KUALA LUMPUR: Sunway Real Estate Investment Trust's (Sunway REIT) RM613 million disposal of its education asset is expected to unlock capital for future acquisitions, according to Hong Leong Investment Bank Bhd (HLIB).

"Overall, we are neutral on this disposal, although Sunway REIT is losing a high NPI yielding asset, the deal is able to help free its capital for future acquisitions," HLIB said in a research note.

The sale of the Sunway University and college campus — fully cash-based and slated for completion in the second half of financial year 2025 (FY25) — was priced at a 4.6 per cent premium to its independently assessed fair value.

HLIB noted the transaction came as a surprise, as the firm had not anticipated Sunway REIT to divest its education assets in the near term.

The campus had contributed about 5.1 per cent of revenue and 6.9 per cent of NPI in FY2024.

"By disposing the education asset, total asset value will drop circa 5.2 per cent, if the net proceeds were used to pay down debts," it said.

According to Sunway REIT, the completion of the disposal, the net proceeds is intended for future yield accretive acquisitions.

It also said in the event of no new acquisitions/AEIs within 12 months, the net proceeds will be used to pay down its outstanding debts and thus, gearing ratio is expected to drop to 38 per cent (from 41 per cent).

HLIB believes this will allow Sunway REIT to have more capital/debt headroom to fund its future acquisitions such as Sunway Velocity (RM1 billion) in the pipeline.

In summary, the firm is neutral on the disposal of its education asset.

Although the deal is yield dilutive to Sunway REIT, HLIB said it will have a one off gain of RM21 million and also more capital to fund its future acquisitions, potentially reducing the dependency of equity funding for future acquisitions.

"Following the disposal of its education asset and annual report update, we cut FY25/FY26 estimates by 2.5 per cent/5.7 per cent, respectively. Besides, we introduce FY27 forecasts."

HLIB maintains a "Buy" call on Sunway REIT, albeit with a lower target price of RM2.00 (from RM2.04).