

Sunway REIT proposes to dispose of university campus for RM613m

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The latest valuation of the Sunway University and College campus as of December 2024 was RM586 million.

PETALING JAYA: Sunway REIT Management Sdn Bhd, the manager of Sunway Real Estate Investment Trust (Sunway REIT), announced that RHB Trustees Bhd, the trustee of Sunway REIT, has entered into a conditional sale and purchase agreement with Sunway College (KL) Sdn Bhd, to dispose of the Sunway University and College campus for a consideration of RM613 million.

Acquired by Sunway REIT on April 15, 2019 for RM556 million, the REIT has spent additional capital expenditure of RM8 million over the years to refurbish and enhance the asset.

Accordingly, the campus has since appreciated in value with the latest valuation of the property as of December 2024 being RM586 million, translating to fair value gains of RM20 million for Sunway REIT over the years. The disposal price of RM613 million represents a premium of 4.6% over its latest valuation and Sunway REIT will record additional gains on disposal of RM21 million (including estimated incidental costs on disposal) in its current financial year upon the completion of the transaction, which is expected to be in the second half of 2025.

The proposed disposal forms part of Sunway REIT's strategic asset recycling initiative aimed at optimising portfolio yield and unlocking capital for future growth. This move is expected to be positive for unitholders by enhancing financial flexibility and enabling Sunway REIT to explore new investment opportunities with higher yields. Additionally, it will help ease Sunway REIT's gearing position to approximately 37.8%, allowing Sunway REIT to explore further portfolio acquisitions.

Sunway REIT Management Sdn Bhd CEO Clement Chen said, "The proposed disposal aligns with our proactive portfolio management strategy to unlock the underlying value of our assets and recycle capital into investments with higher yield or growth potential. Coupled with the current uncertainties in the global economy, we believe the proposed disposal is a timely and prudent step to firstly, strengthen our balance sheet and secondly, to give Sunway REIT substantial financial flexibility in pursuing acquisition opportunities should they arise in such volatile times."

Proceeds from the disposal have been earmarked for potential acquisitions, asset enhancements, and debt repayment, reinforcing Sunway REIT's commitment to maintaining a resilient and diversified portfolio.