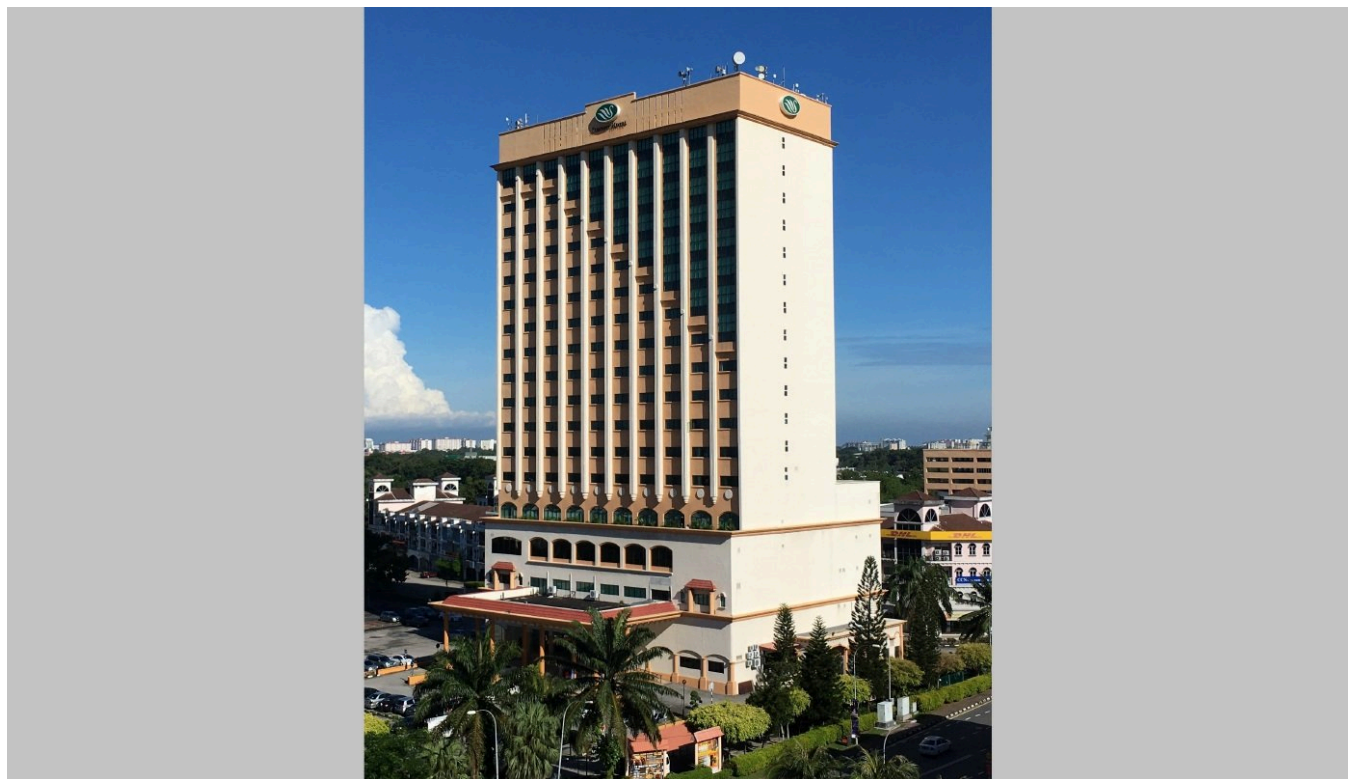


Sunway Reit offloads Penang hotel for RM60mil

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Sunway Real Estate Investment Trust (Sunway Reit) will dispose of Sunway Hotel Seberang Jaya for RM60 million to Sunway Medical Centre Penang Sdn Bhd under a conditional sale and purchase agreement.

KUALA LUMPUR: Sunway Real Estate Investment Trust (Sunway Reit) will dispose of Sunway Hotel Seberang Jaya for RM60 million to Sunway Medical Centre Penang Sdn Bhd under a conditional sale and purchase agreement.

Originally acquired in 2010 for RM52 million, with RM15 million invested in asset enhancements over the years, the disposal price represents a 9.1 per cent premium over the latest appraised value.

Sunway Reit expects to record a gain of approximately RM4 million, excluding incidental costs, upon completion.

In a statement, its manager Sunway Reit Management Sdn Bhd said the move is part of the trust's capital recycling strategy to optimise portfolio quality and reinvest in higher-yielding assets.

Proceeds will fund the development of a new integrated Sunway Hotel Seberang Jaya atop the existing Sunway Carnival Mall, featuring upgraded facilities, a ballroom and direct mall connectivity to strengthen its meetings, incentives, conferences and exhibitions offerings in

mainland Penang.

Rather than investing to refurbish the 27-year-old existing hotel, the capital will be more effectively deployed towards the construction of the new hotel, offering improved returns and future-proofing the asset.

The asset disposal, at a capitalisation rate of 5.3 per cent based on 2024 net property income, allows Sunway REIT to monetise the asset at an attractive value and reinvest in a more strategically aligned development.

Acting chief executive officer Ng Bee Lien, who is also the chief financial officer, said the proposed asset disposal is part of the management's proactive portfolio rebalancing strategy to unlock value and redeploy capital into future assets.

"By investing in a brand-new integrated hotel atop Sunway Carnival Mall, we aim to enhance asset synergy, elevate guest experience and capture greater demand from the business and MICE segments in mainland Penang," she added.