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KUALA LUMPUR (Oct 28): Sunway Real Estate Investment Trust (KL:[SUNREIT](#)) is selling back its hotel in Penang — Sunway Hotel Seberang Jaya — to its parent company Sunway Bhd (KL:[SUNWAY](#)) for RM60 million, as part of a capital recycling exercise to fund new projects in Seberang Perai.

Sunway Group owns a 41% stake in Sunway REIT.

In a filing with Bursa Malaysia on Tuesday (Oct 28), Sunway REIT said that it has entered a conditional sale and purchase agreement (SPA) with Sunway Medical Centre Penang Sdn Bhd, which is a unit of Sunway Healthcare Holdings Bhd, which in turn is an 84%-owned subsidiary of Sunway City Sdn Bhd. Sunway City is a wholly-owned subsidiary of Sunway.

It should be noted that Sunway REIT acquired the Sunway Hotel Seberang Jaya from the Sunway group's hotel operator unit, Sunway Hotel (Seberang Jaya) Sdn Bhd, for RM51.9 million in July 2010.

The acquisition also includes Sunway Hotel (Seberang Jaya) leasing back the property from Sunway REIT for 10 years starting July 7, 2020. The master lease agreement will be terminated upon completion of the latest SPA.

The deal's RM60 million price tag represents a 9.1% premium to the property's market value of RM55 million appraised by an independent registered valuer in July 2025. Sunway REIT expects a gain on disposal of RM4 million from the sale.

Proceeds from the sale will go towards building a new hotel atop its shopping mall Sunway Carnival Mall, which is also in Seberang Perai.

Sunway REIT pointed out that the move is part of its strategic capital recycling initiative.

"Instead of refurbishing the ageing property, net proceeds from the proposed disposal will be deployed to partially fund the construction of a new hotel atop Sunway Carnival Mall," it said.

The deal is a related-party transaction, given that Sunway executive chairman Tan Sri Jeffrey Cheah Fook Ling and his daughter Sunway REIT director Datin Paduka Sarena Cheah Yean Tih are major shareholders and unitholders of both Sunway and Sunway REIT.

The deal is expected to be completed in the fourth quarter of 2027.

In a separate filing, Sunway REIT said the new hotel atop Sunway Carnival Mall has an estimated development cost of RM140 million.

It added that the group is also working on another redevelopment project at the Sunway Pier in Port Klang, which is expected to have an estimated development cost of RM462 million.

Units in Sunway REIT ended one sen or 0.46% higher at RM2.20, valuing the trust at RM7.53 billion.

Sunway shares closed two sen or 0.36% lower at RM5.48, giving the group a market capitalisation of RM34.36 billion.

Edited ByIntan Farhana Zainul