

Sunway REIT 2Q net property income up 10% y-o-y, proposes 2.38 sen DPU

Syahirah Syed Jaafar/theedgemarkets.com

February 06, 2018 19:58 pm +08

KUALA LUMPUR (Feb 6): Sunway Real Estate Investment Trust (Sunway REIT)'s net property income (NPI) grew 10% year-on-year to RM103.37 million for the second quarter ended Dec 31, 2017 (2QFY18) on higher revenue mainly from its hotel segment.

Quarterly revenue increased 11.5% to RM141.47 million from RM126.88 million.

The group proposed an income distribution per unit (DPU) for 2QFY18 of 2.38 sen, payable on March 8.

In a statement today it said the hotel segment reported revenue growth of 54.5% y-o-y to RM22.9 million in 2Q FY2018 while NPI increased correspondingly by 57.3% y-o-y to RM21.9 million, thanks to higher revenue from most of its hotels.

Its office properties, however, saw flattish revenue due to competitive rental rates offered to tenants in a highly challenging office sub-sector environment, despite having seen higher average occupancy rates during the quarter under review.

Revenue from the retail segment increased 5% y-o-y to RM103.8 million, however this was offset by higher property operating expenses largely attributable to increase in maintenance expenses and allowance for doubtful debts, the group said. As a result, NPI was marginally higher by 0.2% y-o-y to RM70.9 million.

Meanwhile, the group reported NPI growth of 12.7% y-o-y for its first cumulative half (1HFY18), while revenue increased 10.5% y-o-y.

Moving forward, Sunway REIT Management Sdn Bhd's chief executive officer, Datuk Jeffrey Ng, said earnings will further be strengthened with the new income contribution from acquisitions of Sunway REIT Industrial — Shah Alam 1 as well as Sunway Clio Property which is targeted to be completed in the first quarter of the calendar year.

He added that Sunway REIT is expected to register moderate growth in DPU in FY2018 after taking into account expected higher average cost of debt affecting floating rate borrowings.

“The growth in DPU is supported by Sunway Pyramid Hotel operating with full rooms inventory following the full completion of its refurbishment in June 2017 and moderate growth in the retail segment underpinned by Sunway Pyramid Shopping Mall,” Ng said.

Sunway REIT units closed up one sen or 0.58% to RM1.72, with a market capitalisation of RM5.07 billion.