

# Hotel income boosts Sunway REIT 2Q earnings

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**KUALA LUMPUR:** Sunway Real Estate Investment Trust's (REIT) net property income (NPI) grew 10% year-on-year (y-o-y) 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 — up 4.4% from the same period last year — to be paid on March 8.

This brings its year-to-date DPU to 5.05 sen from 4.55 sen in the

same period last year, an 11% increase.

In a statement yesterday, it said the hotel segment reported a revenue growth of 54.5% y-o-y to RM22.9 million in 2QFY18 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 seeing higher average occupancy rates during the quarter under review.

Revenue from the retail segment increased 5% y-o-y to RM103.8 mil-

lion; 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 the first half of FY18, while revenue increased 10.5% y-o-y.

Moving forward, Sunway REIT Management Sdn Bhd chief executive officer Datuk Jeffrey Ng said earnings will be further strengthened with the new income contribution from acquisitions of Sunway REIT Industrial — Shah Alam 1 as well as Sunway Clio Property tar-

geted to be completed in the first quarter of the calendar year.

He added that Sunway REIT is expected to register a moderate growth in DPU in FY18 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-room 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 one sen or 0.58% higher at RM1.72 yesterday, with a market capitalisation of RM5.07 billion.