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## Sunway REIT declares 2.15 sen DPU as NPI rises 1.8%

BY WONG EE LIN

KUALA LUMPUR: Sunway Real Estate Investment Trust (REIT), which registered a 5.36% year-on-year fall in net profit from RM218.84 million to RM207.11 million in the fourth quarter ended June 30, 2018 (4QFY18), has warned of the “fundamentally challenging oversupply situation” due to the tremendous new supply of retail, hotel and commercial space in the market.

This has been exacerbated by lacklustre foreign direct investments and tourism activities, it said.

An improved performance of the office segment, however, nudged its net property income (NPI) 1.8% higher to RM100.27 million from RM98.52 million before, according to its exchange filing.

The REIT’s office-segment NPI gained 27.55% to RM5.41 million from RM4.24 million a year ago,

contributed mainly by Sunway Putra Tower. Its “others” segment improved 28.66% to RM7.16 million from RM5.57 million on the back of the new contribution from Sunway REIT Industrial — Shah Alam 1 of RM1.4 million.

“Our acquisition growth strategy has yielded the desired results. The two newly completed properties (namely Sunway REIT Industrial — Shah Alam 1 and Sunway Clio Property) have contributed positively to the income stream and cushioned the softer performance of some existing properties,” said Sunway REIT Management Sdn Bhd chief executive officer Datuk Jeffrey Ng in a separate statement.

The REIT declared a distribution per unit (DPU) of 2.15 sen in 4QFY18 totalling RM63.32 million, payable on Sept 12, compared with 2.27 sen in the same period last year.

Ng said while the retail and hotel segments are expected to grow moderately, growth will be partially offset by income disruption from the ongoing refurbishment activities at Sunway Resort Hotel & Spa.

Revenue in the fourth quarter rose 2.8% to RM136.25 million from RM132.54 million before, supported by higher average gross rent at the Sunway Pyramid shopping mall.

“In view of a global interest rate normalisation cycle, the manager is cautious about the prospects and endeavours to maintain the DPU in FY19,” he said. The manager is committed to a full payout of its distributable net income for FY19.

For the full year, the REIT’s NPI rose 8% y-o-y to RM419.93 million from RM388.82 million. Its net profit rose marginally to RM427.69 million from RM424.48 million, while revenue grew 7.18% to RM560.41 million from RM522.87 million.