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Slight increase in payment to Sunway REIT unitholders

There is marginal growth in the trust's DPU in FY19

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PETALING JAYA: Sunway Real Estate Investment Trust (REIT) expects to record modest increase in the payment to its unitholders for the current financial year of 2020 (FY20), after the trust saw a marginal growth in distribution per unit (DPU) of 0.21% in FY19.

According to Sunway REIT Management Sdn Bhd chief executive officer Datuk Jeffrey Ng, the rise is due to the full year income recognition from the recent acquisition of Sunway university and college campus. The acquisition was completed on April 15.

"When we bought it, we only recognised about four months of the full year.

"In addition, the new wing of our Sunway Carnival Shopping Mall in Seberang Jaya will be completed towards the second quarter of FY2021. This means new (revenue) contribution of the assets will come in," Ng told reporters after Sunway REIT's AGM here yesterday.

Sunway REIT offered a DPU of 9.59 sen to its unitholders in FY19, slightly higher than the 9.57 sen a year earlier. The distribution yield in FY19 was 5.1%.

Over the next six years, Sunway REIT will embark on its mid-term strategic plan, Transcend 25, to be among the top three Malaysian REITs by 2025.

It also aimed to grow its total asset value to RM13bil - RM15bil as compared with RM8.05bil currently.

Sunway REIT planned to venture into foreign markets over the next six years, while expanding its footprint in Malaysia.



Aiming high: Ng with CFO Irene Sin at the AGM. Sunway REIT plans to be among the top three Malaysian REITs by 2025.

The geographical expansion is crucial considering the challenging property market domestically, he said.

In addition, Sunway REIT will increase its investments into emerging growth sub-sectors to capitalise on global mega trends.

Under the Transcend 25 plan, the trust planned to invest about 25% of its total asset value into high-potential emerging subsectors such as e-commerce warehousing, education and healthcare, among others.

"Three to four years ago, we have set about 15% of total asset value to invest in such emerging sector. With Transcend 25, this will

further increase to 25%. The target is what we have set today. But as we move along, we have to be agile enough depending on the opportunities," he said.

Ng also pointed out that Sunway REIT's assets would be more diversified under the Transcend 25 plan, as compared to the emphasis on the retail segment currently.

In FY19, the retail segment contributed about 74% of Sunway REIT's revenue.

"By 2025, retail is expected to contribute around 50% of revenue. But, we will see the emerging growth asset class to have a bigger share of revenue contribution," he said.