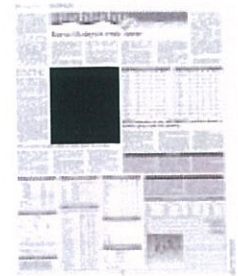


Headline	Sunway REIT starting out strong in FY18		
MediaTitle	Borneo Post (Kuching)		
Date	03 Nov 2017	Language	English
Circulation	89,224	Readership	267,672
Section	Business	Page No	B4
ArticleSize	157 cm ²	Journalist	N/A
PR Value	RM 6,423		



Sunway REIT starting out strong in FY18

KUCHING: Sunway Real Estate Investment Trust (REIT) is starting out strong in financial year 2018 (FY18) with a core net income (CNI) of RM78.7 million in its first quarter (1Q).

In a review, analysts from MIDF Amanah Investment Bank Bhd (MIDF Research) said that this CNI had surpassed both theirs and consensus forecasts as it accounted for 27.5 and 28.4 per cent of FY18 full year forecasts, respectively.

"The higher CNI is largely attributable to: growth in all segments, which led to revenue growth of 6.8 per cent year over year (y-o-y), lower maintenance expenses at Sunway Pyramid which are expected to normalise in the coming quarters, and contribution from its Shah Alam industrial asset," guided the research arm.

In segments, the group's hotel net property income (NPI) grew the fastest at 44.3 per cent increase year over year (y-o-y) to RM22.2 million due to the completion of refurbishment at Sunway Pyramid Hotel in June, 2017.

"(This) led to higher inventory and NPI contribution of RM4.4

million as average occupancy rate rose to 71 per cent from 62 per cent in 4Q17," explained the research arm.

But besides that, the increase in NPI was also attributed to the higher than average occupancy and daily rates at Sunway Putra Hotel thanks to the SEA Games and ASEAN Para Games in August and September.

"And from 3QFY17 onwards, we also expected contribution to begin from Sunway Clio Hotel," added the research arm.

However, the biggest contributor to the better performance this quarter came from the group's retail segment as its biggest mall, Sunway Pyramid, saw a 9.7 y-o-y increase in NPI to RM62.1 million as its average occupancy rates increased by 0.9 ppt to 98.8 per cent alongside a positive rental reversion.

Similarly, its smaller Sunway Carnival also saw an NPI growth of 10.8 per cent to RM8.2 million due to positive rental reversions and lower allowance for doubtful debts – albeit at a drop in occupancy rates of -1.3 ppt.