

Sunway REIT 4Q NPI rises 9.3%; declares higher DPU

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KUALA LUMPUR: Sunway Real Estate Investment Trust (REIT) saw a 9.3% rise in its net property income (NPI) to RM98.52 million in the fourth quarter ended June 30, 2017 (4QFY17), from RM90.17 million a year earlier, thanks to contributions from the retail and hotel segments and gradual improvement in the office segment.

Revenue grew 7.2% to RM132.54 million in 4QFY17 from RM123.59 million in 4QFY16.

In a statement, Sunway REIT said the higher income from the hotel segment was attributable to stronger demand for meetings, incentives, conferences and exhibitions at Sunway Resort Hotel & Spa and Sunway Pyramid Hotel, upon full completion of its refurbishment in 4QFY17.

The REIT's manager, Sunway REIT Management Sdn Bhd, declared a final distribution per unit

(DPU) of 2.27 sen for FY17, 7.1% higher compared with the same period a year ago, to be paid on Sept 12. This brought its FY17 DPU to 9.19 sen, a marginal 0.1% higher than FY16's.

For the full FY17, Sunway REIT's NPI grew 4% to RM388.82 million from RM373.85 million in FY16, while revenue improved 3.1% to RM522.87 million from RM507.01 million.

The REIT updated that it completed the acquisition of its maiden industrial property in Shah Alam last Tuesday. Last Thursday, it announced the proposed acquisition of the mixed-use Sunway Clio property comprising a four-star hotel, a retail podium and car park bays for a purchase consideration of RM340 million.

Its combined property value will increase to RM7.12 billion, achieving its targeted RM7 billion, on completion of both buys.

On its outlook, Sunway REIT

Management chief executive officer Datuk Jeffrey Ng said the REIT is well positioned to capitalise on the recovery in consumer sentiment and business confidence based on its diversified portfolio of properties.

"Indicators are pointing towards a gradual recovery in consumer sentiment and business confidence, supported by continuous growth in the domestic economy," Ng said.

He expects the REIT's DPU to grow moderately in FY18, supported by moderate growth in the retail segment, resumption in income contribution from Sunway Pyramid Hotel following the full completion of its refurbishment in June 2017, and gradual improvement in the overall occupancy of the office segment.

"In addition, we expect new income contribution from the recent acquisitions to contribute positively to the DPU in FY18 and beyond."