

Sunway REIT quarterly net profit down on finance costs

PETALING JAYA: Sunway Real Estate Investment Trust (Sunway REIT) posted a net profit of RM73mil for the first quarter ended Sept 30, down 7.9% as compared with the corresponding period last year, mainly due to higher finance costs.

In a filing with Bursa Malaysia, Sunway REIT said net property income for the quarter was lower by 0.5% compared with the same quarter last year, despite a 1.8% higher gross revenue of RM2.5mil, mainly attributable to higher fit-out cost and maintenance expenses for the retail segment.

“Gross revenue for the quarter under review was higher due to better performance from the retail segment (Sunway Pyramid Mall) and office segment (Sunway Putra Tower).

“This is partially offset against weaker performance from hotel segment, which includes income disruption from the ongoing refurbishment works of Sunway Resort Hotel and Spa’s grand ballroom, meeting, and function rooms,” said Sunway REIT in the statement.

Sunway REIT has proposed an interim income distribution of 100% of the realised distributable income amounting to RM73.04mil or 2.48 sen per unit, for the first quarter of financial year 2019.

The retail segment is expected to see higher income contribution from Sunway Pyramid Shopping Mall, however partially offset by Sunway Putra Mall which remains challenging.

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This comprises taxable and tax exempt amount of 1.98 sen per unit and 0.5 sen per unit respectively.

The book closure and payment dates in respect of the proposed interim income distribution will be fixed on Nov 19 and Dec 4, 2018 respectively.

On the back of the quarter’s financial performance and interest cost, Sunway REIT maintained a cautious outlook for the

remaining FY19 in view of the general market uncertainties.

Sunway REIT’s dividend per unit is expected to dip in FY19 due to flattish growth in the retail and hotel segment, although it will be slightly offset by gradual improvement in the overall occupancy of the office segment, mainly attributable to continued improvement at Sunway Putra Tower and Wisma Sunway.

“The retail segment is expected to see higher income contribution from Sunway Pyramid Shopping Mall, however partially offset by Sunway Putra Mall which remains challenging.

“Income contribution from the hotel segment will be affected primarily due to the soft market environment impacting the hospitality industry with the expectation of lower tourist arrivals and including income disruption in the meetings, incentives, conferences, and exhibitions and corporate segments due to the refurbishment activities at Sunway Resort Hotel and Spa,” said Sunway REIT.

The company pointed out that it remained committed to distributing 100% of its distributable net income for FY19.

Sunway REIT closed unchanged at RM1.69, traded on a volume of 2.36 million shares.