

Sunway Reit expects better days as economy reopens fully

nst.com.my/business/2021/11/743908/sunway-reit-expects-better-days-economy-reopens-fully

November 9, 2021



Sunway Real Estate Investment Trust (Sunway REIT) expects better days ahead as Malaysia is on track in achieving its vaccination target of close to 100 per cent of the adult's population with the full reopening of the economy.

KUALA LUMPUR: Sunway Real Estate Investment Trust (Sunway REIT) expects better days ahead as Malaysia is on track in achieving its vaccination target of close to 100 per cent of the adult's population with the full reopening of the economy.

Chief executive officer Datuk Jeffrey Ng said full reopening of the economy and further easing of inter-state border restrictions followed by the re-opening of the international borders would be paramount for a true restart of the tourism industry.

"We observed encouraging return of footfall within our assets portfolio, indicating green shoots of sustainable business recovery moving forward," he said in a statement today.

On Sunway REIT's retail and hotel segments, Ng said its tenants and employees were fully vaccinated, with the exception of those with health conditions.

Ng said the group had launched theme park-accommodation-retail promotional packages to entice visitations to Sunway City Kuala Lumpur.

"Taking cues from the recent surge in domestic flights and hotel reservations in key tourist destinations, strong demand for domestic tourism activities is expected to persist until the international border restriction is fully lifted," he said.

Meanwhile, Sunway REIT reported gross revenue of RM106.9 million in the fifth quarter of its unaudited financial results from July 1, 2021 to September 30 2021 (5Q) compared to RM107.4 million recorded in the first quarter.

The group's gross revenue was marginally lower due to lower contribution from the retail segment which was impacted by the implementation of Enhanced Movement Control Order (EMCO) and National Recovery Plan (NRP) Phase I.

However, it said this was partially mitigated by higher gross revenue from the office and services segments.

Net property income (NPI) increased 3.6 per cent year-on-year (YoY) from RM68.1 million in 1Q to RM70.5 million in 5Q on lower property operating expenses.

Its gross revenue for the retail segment eased 16.5 per cent YoY to RM64.9 million in 5Q from RM77.7 million in the same period last year, largely attributed to lower rental and carpark

income owing to movement restrictions imposed during EMCO and NRP.

Correspondingly, NPI decreased 17.1 per cent YoY in the quarter under review to RM36.6 million, from RM44.2 million in the same period last year.

Gross revenue for the hotel segment improved to RM6.2 million in 5Q, from RM2.8 million in the corresponding period last year, mainly attributed to guaranteed rent from Sunway Putra Hotel and quarantine business at Sunway Clio Hotel.

NPI for the hotel segment more than tripled to RM4.2 million from RM1.2 million.

Gross revenue for the office segment surged 80.8 per cent YoY to RM18.9 million in 5Q from RM10.5 million in the corresponding period in the preceding year.

NPI more than doubled to RM12.8 million from RM6.3 million.

Sunway REIT said the improved performance was boosted by new income contribution from the Pinnacle Sunway and largely stable average occupancy rate across all office properties in the group's asset portfolio.

Gross revenue and NPI for the services segment edged up 2.8 per cent YoY to RM15.3 million, attributed to annual rental reversion of Sunway Medical Centre (Tower A & B) and Sunway

university and; college campus.

Meanwhile, gross revenue and NPI for the industrial and, others segment remained stable at RM1.5 million in 5Q.

Sunway REIT reported gross revenue of RM517.8 million and NPI of RM334.0 million for the 15 months.

"Looking back, we are heartened that the asset managers proactively worked hand-in-hand to establish the rental and marketing assistance programme as well as a third-party financing programme for affected tenants.

"The bonds and trusts forged in this tumultuous period had allowed us to maintain a strong occupancy rate in our assets portfolio. We are confident that Sunway REIT is in a position of strength to ride on the economic recovery," Ng said.

Sunway REIT is exploring acquisition opportunities presented following the fallout of the pandemic.

"Sunway REIT is in a favourable position to capitalise on yield accretive acquisition opportunities given its healthy balance sheet and debt headroom," he said.