

Sunway REIT is looking into yield-enhancing acquisitions

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Sunway real estate investment trusts (Sunway REIT) is actively exploring acquisition opportunities presented by the pandemic's fallout, according to Sunway REIT Management Sdn Bhd chief executive officer Datuk Jeffrey Ng.

Ng said that Sunway REIT is in a good position to capitalise on yield-accretive acquisition opportunities due to its healthy balance sheet and debt headroom.



Sunway REIT Management Sdn Bhd chief executive officer Datuk Jeffrey Ng said that Sunway REIT can capitalise on yield-accretive acquisition opportunities due to its healthy balance sheet and debt headroom.

Sunway REIT is currently one of the largest diversified REITs in Malaysia with a diverse portfolio strategically located across integrated townships in Greater Kuala Lumpur, Penang, and Perak.

Its cash and bank balances as at September 30, 2021, stood at RM312.2 million.

The REIT owns a portfolio of 18 assets comprising four retail malls, six hotels, five offices, a medical centre, an industrial property, and an education asset with a combined property value of RM8.7 billion as at September 30, 2021.

Its assets are primarily in Sunway City where its flagship asset, Sunway Pyramid Shopping Mall, is located.

Other assets in Sunway City include Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Clio Property, Menara Sunway, The Pinnacle Sunway, Sunway Medical Centre, and Sunway University & college campus.

Sunway REIT owns four properties in Kuala Lumpur, namely Sunway Tower and the remaining three assets which constitute part of the 3-in-1 integrated development, Sunway Putra (comprising Sunway Putra Mall, Sunway Putra Hotel, and Sunway Putra Tower).

It also owns two properties in Shah Alam, namely, Wisma Sunway and Sunway REIT Industrial – Shah Alam 1.

In the northern region, Sunway REIT owns SunCity Ipoh Hypermarket in Perak, as well as Sunway Hotel Seberang Jaya, Sunway Hotel Georgetown, and Sunway Carnival Shopping Mall in Penang.

Ng stated in a statement that the pandemic had undoubtedly had a significant impact on the operations of Sunway REIT's tenants.

"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," he said.

Ng stated that as Malaysia gradually transitions from pandemic to endemic status, the company anticipates full economic reopening and further easing of inter-state border restrictions, followed by reopening of international borders.

According to him, this is critical for a genuine tourism industry restart.

Ng said that the management teams of the business units have launched appealing theme park-accommodation-retail promotional packages to entice visitors to Sunway City Kuala Lumpur to capture a share of the domestic leisure market.

"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.

Sunway REIT announced its cumulative fifteen months unaudited financial results for the period from July 1, 2020, to September 30, 2021 (15M FP2021).

It reported gross revenue of RM517.8 million and net property income of RM334 million for 15M FP2021.

The net profit of Sunway REIT for the 15-month period was RM179.291 million.

Ng said the overall performance for Sunway REIT during the period was impacted by the various phases of movement control orders.

Due to the change of financial year-end from June 30, to December 31, there is no comparative financial information available for the preceding year's corresponding period.