

Sunway REIT Retail Revenue Soars 83.5% In Q1, Seeks To Grow Assets With Acquisition

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May 18, 2022



Sunway REIT released its financial results for the financial period ended 31 March 2022, its first-quarter unaudited results show strong financial performance with gross revenue climbing 47.7% year-on-year to RM154 million.

The jump was underpinned by higher revenue from all segments, with net property income (NPI) jumping 77.4% y-o-y to RM118.9 million from RM67 million in 3Q FP2021.

Gross revenue for the Retail segment soared 83.5% y-o-y to RM98.4 million in 1Q FY2022, from RM53.7 million in 3Q FP2021, primarily contributed by a strong performance from all retail malls on the back of pent-up demand, festive spending, relaxation of COVID-19 safety measures and marginal rental support. NPI jumped 193.5% y-o-y for the quarter under review to RM70.3 million, from RM23.9 million in the same period last year.

For the quarter under review, the Hotel segment's gross revenue increased 28.6% y-o-y to RM18.5 million, compared to RM14.4 million in 3Q FP2021, attributed to better performance for all hotels except Sunway Resort Hotel which remained close for

refurbishment since July 2020. The Hotel segment recorded an overall improvement in occupancy rates in 1Q FY2022, supported by higher domestic leisure and business travelers as well as a gradual increase in Meetings, Incentives, Conventions, and Exhibitions (MICE) activities. NPI for the Hotel segment improved in tandem to RM17.4 million in 1Q FY2022, from RM12.8 million in the corresponding period in the preceding year. Sunway Resort Hotel commenced its first phase of operations in May 2022.

The Office segment remained resilient for the quarter under review. Gross revenue increased marginally by 0.7% y-o-y to RM19.5 million in 1Q FY2022 compared to RM19.3 million in the corresponding period last year. NPI improved 2.2% y-o-y to RM13.7 million in 1Q FY2022, from RM13.4 million in the same period last year, reinforced by the commencement of new tenants and stable occupancy rates across the Office segment.

Gross revenue and NPI for the Services segment in 1Q FY2022 edged up 3.2% y-o-y to RM15.8 million, attributed to annual rental reversion for Sunway Medical Centre (Tower A & B) and Sunway University & college campus.

Dato' Jeffrey Ng, Chief Executive Officer of the Manager, commented, "we are optimistic that the positive trend will continue to sustain as the economy transitions to the endemic phase of the COVID-19. In addition, we are cautiously optimistic about the prospect of the Hotel segment, supported by the gradual recovery of the tourism industry following the reopening of international borders."

He added, "Improvement in NPI margin for the current quarter was attributed to the various measures initiated, including cost containment and leaner cost structure implemented during the COVID-19 pandemic. The Manager expects the financial performance of Sunway REIT to improve significantly in FY2022, supported by reopened international borders, stronger domestic economic growth, improved consumer sentiment on the back of stable employment prospects as well as the progressive re-opening of Sunway Resort Hotel, and completion of Sunway Carnival Shopping Mall's (new wing) expansion."

Dato' Jeffrey further elaborated on Sunway REIT's refreshed strategic roadmap, he said the refreshed strategic roadmap, now known as TRANSCEND 2027, has established the latest goals and targets for Sunway REIT. Sunway REIT aims to grow its property value to between RM14 and 15 billion by FY2027. At the same time, Sunway REIT targets to expand its asset allocation into Services and Industrial & Others segments to between 20% and 30% of property value, and diversify into foreign real estate market of between 10% to 20% of property value."

He concluded, "Sunway REIT is actively pursuing third-party acquisition opportunities and is confident in growing our asset portfolio via acquisition, asset management, and asset enhancement initiatives strategy towards achieving its TRANSCEND 2027 goals."