

# Sunway REIT's 1Q net property income jumps 77% on strong pick up in business activities

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KUALA LUMPUR (May 18): Sunway Real Estate Investment Trust's (Sunway REIT) net property income (NPI) for the first quarter ended March 31, 2022 (1QFY22) jumped 77.4% year-on-year (y-o-y) to RM118.9 million from RM67.02 million driven by strong pick up in business activities for the retail and hotel segments due to the relaxation in movement restrictions.

Earnings per unit rose to 2.96 sen from 0.94 sen a year earlier, Sunway REIT informed Bursa Malaysia on Wednesday (May 18).

Quarterly revenue grew 47.67% to RM153.97 million from RM104.27 million underpinned by higher revenue from all segments.

Gross revenue for the retail segment soared 83.5% to RM98.4 million from RM53.7 million a year ago, primarily contributed by 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.

The hotel segment's gross revenue increased 28.6% y-o-y to RM18.5 million compared with RM14.4 million previously, due to improvement in occupancy rates supported by higher domestic leisure and business travels as well as gradual increase in Meetings,

Incentives, Conventions and Exhibitions (MICE) activities.

The office segment's gross revenue increased marginally by 0.7% y-o-y to RM19.5 million compared with RM19.3 million in the corresponding period last year.

“Gross revenue and NPI for the Services segment in 1QFY2022 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.

“Meanwhile, gross revenue and NPI for the Industrial & Others segment improved to RM1.7 million in 1QFY2022 from RM1.5 million, representing an increase of 10% y-o-y subsequent to a rental reversion in January 2022 for Sunway REIT Industrial – Shah Alam 1, in accordance with the master lease agreement,” said Sunway REIT.

### **Sunway REIT says worst is over; aims to grow property value by FY27**

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In a separate statement, the REIT manager's chief executive officer Datuk Jeffrey Ng said the worst is over for the company, and the group is optimistic that the positive trend will continue to sustain due to the country's transition to endemicity.

Given the anticipation of stronger retail sales, the manager expects marginal rental support provision in FY22, which in turn will contribute positively to the earnings of Sunway REIT.

“In addition, we are cautiously optimistic on the prospect of the hotel segment, supported by gradual recovery of the tourism industry following the reopening of international borders. The financial performance of the hotel segment will be further boosted by resumption of income contribution from our flagship Sunway Resort Hotel in Sunway City Kuala Lumpur,” according to Ng.

The manager expects the financial performance of Sunway REIT to improve significantly in FY22, 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.

In addition, Sunway REIT aims to grow its property value to between RM14 billion and RM15 billion by FY27.

At the same time, the group targets to expand its asset allocation into services and industrial as well as other segments to between 20% and 30% of property value, and diversify into foreign real estate markets to between 10% to 20% of property value.

“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,” Ng added.

On Wednesday, Sunway REIT's share price closed down five sen or 3.33% at RM1.45, with a market capitalisation of RM4.97 billion.

