

# Sunway REIT's net profit surged 213.9pc to RM50.82mil in Q4

[nst.com.my/business/2023/01/874889/sunway-reits-net-profit-surged-2139pc-rm5082mil-q4](https://nst.com.my/business/2023/01/874889/sunway-reits-net-profit-surged-2139pc-rm5082mil-q4)

By [Asila Jalil](#) - January 30, 2023 @ 3:26pm



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KUALA LUMPUR: Sunway Real Estate Investment Trust (REIT) net profit surged 213.9 per cent year-on-year (YoY) to RM50.82 million in the fourth quarter (Q4) ended December 31, 2022, from RM16.19 million a year ago, on the back of higher revenue from all segments.

The company posted a revenue of RM186.73 million, up 18 per cent YoY from RM157.8 million on the back of improved business performance.

The retail and hotel segments substantially contributed to the improvement in revenue.

Correspondingly, net property income (NPI) increased by 19 per cent YoY to RM146.2 million in Q4 2022 compared to RM123.1 million in the same quarter of the previous year.

The retail segment continued to thrive for the quarter, underpinned by higher retail footfall and encouraging retail sales during the festive season.

The segment recorded a revenue of RM116.7 million in Q4, up 26 per cent YoY, while NPI rose 29 per cent to RM84.7 million in Q4 2022.

Revenue for the hotel segment soared 107 per cent to RM20.4 million in Q4 2022, from RM9.8 million in the same quarter of the preceding year.

NPI surged 129 per cent, from RM8.5 million in Q4 2021 to RM19.4 million in Q4 2022.

Higher lease rentals led to the improved performance of Sunway Resort Hotel and Sunway Pyramid Hotel on the back of an improvement in the average occupancy rate.

Sunway REIT's net profit rose 153.6 per cent YoY for the full financial year to RM323.56 million from RM127.59 million in 2021.

Revenue for the period increased 37.9 per cent to RM651.45 million versus RM472.35 million the previous year, primarily underpinned by higher contributions from all segments.

New income contributions further buoyed the financial performance of Sunway Carnival Mall (New Wing), and the resumption of lease rental from Sunway Resort Hotel as the hotel reopened in phases from May 2022.

The retail segment recorded a jump in revenue by 58 per cent from RM269.5 million to RM426.9 million, driven by a significant reduction in rental rebate, higher turnover rent, promotion and car park income as retail footfall and retail sales returned to normalcy.

The hotel segment demonstrated encouraging recovery signs as business and leisure activities picked up during the year.

Revenue and NPI leapt 62 per cent YoY and 83 per cent YoY to RM63.3 million and RM59.4 million last year.

Sunway REIT increased its income distribution payout to 100 per cent in Q4 2022, from 95 per cent for the first nine months in 2022, as distributable income per unit has normalised to pre-pandemic levels in the financial year 2019 (FY19).

The manager proposed a distribution per unit (DPU) of 5.00 sen for the six months from July 1, 2022, to December 31, 2022, representing a substantial increase of 79 per cent compared to the same period last year.

Total DPU doubled to 9.22 sen for FY22.

"It is heartening that Sunway REIT's financial performance in FY22 has surpassed the pre-pandemic level in FY19.

"As a result of the improved financial performance and cash flow, Sunway REIT has increased its income distribution payout to 100 per cent in Q4 2022 and endeavours to maintain an income distribution payout of 100 per cent in FY23," said chief executive officer Datuk Jeffrey Ng.

He added that Sunway REIT maintained a positive outlook for FY23, underpinned by stable domestic economic growth, sustained growth momentum for the retail segment, further recovery in the hotel segment, and full-year income contribution from Sunway Carnival Mall (New Wing) and Sunway Resort Hotel.

"Although inflation has tapered in recent months, we closely monitor inflationary and interest rate trends.

"We strive to negate the impact of higher interest costs through a dynamic capital management strategy and achieve a higher NPI from our existing asset portfolio and new acquisitions.

"Sunway REIT is actively pursuing acquisition opportunities, and we aim to make headway on the acquisition front in this financial year.

"Sunway REIT's healthy gearing of 37.6 per cent and debt headroom of approximately RM1.2 billion will enable us to fund yield accretive acquisitions," said Ng.