

Sunway REIT's Retail Segment Carried Its Robust NPI Growth Of 16.3%

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Chong SM

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Sunway REIT started the financial year 2023 with a steady financial performance. Revenue increased 19% year-on-year to RM182.8 million in quarter one 2023, attributable to the strong performance from the retail segment and resilient performance across all segments.

In addition, net property income (NPI) saw a corresponding rise of 16% year-on-year to RM138.3 million in quarter one 2023 as compared to RM118.9 million in the same quarter of the preceding year.

The retail segment recorded revenue of RM126.3 million and NPI of RM90 million in quarter one 2023, representing an upsurge of 28% year-on-year, largely contributed by the healthy growth across retail properties, coupled with increased retail footfall and encouraging retail sales during the festive shopping period.

The performance was further supported by the strong growth momentum from Sunway Pyramid Mall and the ramp-up business performance from Sunway Carnival Mall following its opening of the new wing in June 2022.

Revenue and NPI for the Hotel segment stood at RM18.5 million and RM17.5 million in quarter one 2023 respectively, which maintained at the same levels as quarter one 2022.

The performance was backed by the improved average occupancy rate of 59% in quarter one 2023 as compared to 42% in quarter one 2022, along with the encouraging performance contributed by the re-opening of Sunway Resort Hotel since May 2022.

The solid performance of the hotel segment in quarter one 2023 was obscured by the absence of top-up of guaranteed NPI from Sunway Lagoon Hotel in the same quarter of the preceding year, which has since ceased.

Overall, the encouraging performance in quarter one 2023 was also predominantly supported by the arrival of domestic and international tourists as well as the demand for Meetings, Incentives, Conventions and Exhibitions (MICE) activities.

The office segment recorded a moderate revenue growth of 5% year-on-year to RM20.4 million, underpinned by a stable average occupancy rate exceeding 80%. NPI contracted marginally year-on-year from RM13.7 million to RM13.5 million in quarter one 2023, mainly due to the impact of higher utility costs arising from the increase in Imbalance Cost Pass-Through (ICPT).

For the quarter under review, revenue and NPI for the services segment grew marginally year-on-year to RM16.0 million on the back of annual rental reversion for Sunway University and college campus.

The industrial and others segment reported a stable revenue of RM1.7 million in quarter one 2023, with the last rent review of Sunway REIT Industrial – Shah Alam 1 conducted in the corresponding quarter of the preceding year.

Sunway REIT CEO Dato' Jeffrey Ng said, "We are pleased to share that Sunway REIT has delivered a set of solid financial performance for quarter one 2023. The retail segment sustained its strong retail footfall and retail sales momentum on the back of festive spending."

"Amidst growing economic headwinds and rising interest costs, we are cautiously optimistic about the outlook for 2023 as we closely monitor the evolving market conditions and remain agile in responding to emerging possibilities and opportunities," he said.

"As part of our continued commitment to deliver value to our unitholders, we have announced the proposed acquisition of six hypermarkets in the current quarter, which is slated for completion by the fourth quarter of 2023. We remain steadfast in identifying and pursuing potential opportunities that align with our values and strategic objectives to achieve the targets of TRANSCEND 2027," he added.