

After regaining firm footing in FY2022, Sunway REIT eyes more positive upside from post-Covid reopening

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Sunway REIT chief executive officer Datuk Jeffrey Ng Tiong Lip: “Sunway REIT has recovered well from Covid-19 pandemic. We basically fell to the ground in 2020 and 2021. In 2022, we picked up and we started to run the way it should have been.”

SUNWAY (April 27): Sunway Real Estate Investment Trust (Sunway REIT) is cautiously optimistic on its outlook for the financial year ending Dec 31, 2023 (FY2023), underpinned by the continued growth momentum in its retail and hotel segments on the back of the full reopening of all economic sectors and international borders.

“Sunway REIT has recovered well from Covid-19 pandemic. We basically fell to the ground in 2020 and 2021. In 2022, we picked up and we started to run the way it should have been. I am glad to say we are now on very firm standing as reported in our FY2022 result. In 2023, I think we are in that position that we are able to stream quite well. So, we believe as economic activities move along and international borders continue to open up, there would be a positive upside that Sunway would be able to enjoy,” Sunway REIT chief executive officer Datuk Jeffrey Ng Tiong Lip told a press conference on Thursday (April 27).

For FY2022, Sunway REIT's net property income (NPI) grew 54.9% year-on-year (y-o-y) to RM500.24 million from RM322.98 million in FY2021, as annual revenue rose 37.9% to RM651.45 million from RM472.35 million.

It attributed the stellar performance to higher contribution from all its business segments, which was further buoyed by new income contribution from the new wing of the Sunway Carnival Mall and the resumption of lease rental from Sunway Resort Hotel as the hotel reopened in phases from May 2022.

Ng's optimism also stemmed from the pause in interest rate hike by Bank Negara Malaysia (BNM), which he said "augurs well" for the REIT sector as a whole.

"We have seen a pause in interest rates in the market. From an overall risk management perspective, the risk will be subdued compared to last year. If that is the case, this year will be more stable in terms of our financial performance," Ng added.

Ng further said the REIT's cost of funds is the lowest compared to its peers, with an average cost of debt of 2.98% as at end-Dec 2022.

BNM raised the overnight policy rate by a cumulative 100 basis points between May and November last year to 2.75%, from a historical low of 1.75%. The rate has been kept steady since November last year.

Meanwhile, Ng said Sunway REIT's gearing was around 40%, still below the 50% gearing limit imposed by regulators, which still provides the group some headroom to continue with its yield-accretive acquisition strategy going forward.

Sunway REIT's unit price rose one sen or 0.63% to close at RM1.60 on Thursday, valuing the trust at RM5.48 billion.