

# Sunway REIT's Q1 net property income up 16% to RM138mil

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Sunway REIT's Q1 FY2023 net property income grew 16.3% year-on-year to RM138.3 million.

PETALING JAYA: Sunway Real Estate Investment Trust's (Sunway REIT) net property income (NPI) for the first quarter ended March 31, 2023 (Q1 FY2023) jumped 16.3% year-on-year (y-o-y) to RM138.3 million from RM118.9 million.

The NPI increase was in line with the rise in revenue, which rose 18.7% y-o-y from RM153.97 million to RM182.8 million in Q1 FY2023 on the back of strong performance, particularly of the retail segment.

“The retail segment recorded (a) revenue of RM126.3 million and (an) NPI of RM90.0 million in Q1 2023, representing an upsurge of 28% y-o-y, largely contributed by the healthy growth across retail properties, coupled with increased retail footfall and encouraging retail sales during the festive shopping period,” Sunway REIT said in a filing with Bursa Malaysia yesterday.

Meanwhile, the hotel segment posted a marginally higher NPI of RM17.5 million in Q1 FY2023 from RM17.4 million in Q1 FY2022, underpinned by the improved performance of Sunway Resort Hotel upon its reopening in May 2022 and higher revenue from the REIT's other hotels.

The hotel segment's average occupancy rate increased to 59% in Q1 FY2023 from 42% in the same period last year.

“However, the encouraging performance in Q1 FY2023 was obscured by Q1 FY2022 results which included the guaranteed rent of RM2.4 million from Sunway Hotel Georgetown as well as the guaranteed rent of RM4.1 million and guaranteed NPI of RM7.4 million from Sunway Lagoon Hotel,” said Sunway REIT in its filing.

As for the office segment, its NPI for Q1 FY2023 decreased marginally by RM0.2 million or 1% to RM13.5 million in spite of improved revenue, mainly due to higher utility cost.

The services segment's revenue, in contrast, recorded a marginal increase of 1% to RM16 million due to the annual rental reversion for the Sunway University & College campus in accordance with the master lease agreement.

The industrial and other segments saw a 20% fall in NPI to RM1.4 million due to operating expenses in the group's Petaling Jaya 1 industrial property.

Sunway REIT CEO Jeffrey Ng said: “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.

“We have announced the proposed acquisition of six hypermarkets in the current quarter, which is slated for completion by the fourth quarter of 2023,” he said, commenting on Sunway REIT's recent acquisition of six Giant hypermarkets for RM520 million from Kwasa Properties Sdn Bhd, a subsidiary of EPF.

Sunway REIT's earnings per share fell to 2.67 sen from 2.96 sen a year earlier.

At press time, Sunway REIT's share price fell by 0.62% to RM1.60, valuing the trust at RM5.48 billion.