

Sunway REIT cautiously optimistic about FY23 outlook

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KUALA LUMPUR: Sunway Real Estate Investment Trust  (Sunway REIT) is cautiously optimistic about the outlook for 2023 underpinned by stable gross domestic product growth projection of 4.5% announced in the recent re-tabling of Budget 2023.

“The outlook is further supported by the expectation of sustained growth momentum of the retail segment, further recovery in the hotel segment, full year income contribution from the new wing of Sunway Carnival Mall and Sunway Resort Hotel upon full completion of its refurbishment in 1Q23,” Sunway REIT said in a filing with Bursa Malaysia.

Nevertheless, it said the full impact of 100 basis points overnight policy rate hikes in 2022 will be seen in 2023.

“The outlook for interest rates moving forward also remains uncertain due to volatilities in the global economic environment. The manager proactively optimises its capital management strategy to minimise the impact of interest rate fluctuations and strives to improve net property income (NPI) moving forward to offset the impact of higher finance costs.

In the first quarter ended March 31, Sunway REIT’s net profit fell 9.3% to RM96.4mil from RM106.3mil a year ago.

Its revenue increased 19% year-on-year to RM182.8mil in 1Q23, attributable to the strong performance from the retail segment and resilient performance across all segments.

In addition, NPI saw a corresponding rise of 16% y-o-y to RM138.3mil in 1Q23 as compared to RM118.9mil in the same quarter of the preceding year 1Q22.

Sunway REIT Management Sdn Bhd chief executive officer Datuk Jeffrey Ng said the retail segment sustained its strong retail footfall and retail sales momentum on the back of festive spending.

On the outlook, he said: “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.”

“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,” Ng said.

