

# Sunway REIT NPI Expands 9% For Q2 Driven By Solid Hotel and Retail Earnings

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Editor

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Sunway REIT, released its financial results for the second quarter that ended 30 June 2023 with a notable 15% y- o-y increase in revenue to RM166.5 million, from RM144.5 million in the same quarter of the preceding year (Q2 2022). Correspondingly, NPI expanded 9% y-o-y to RM116.2 million in Q2 2023, compared to RM106.9 million in Q2 2022. The solid growth was primarily driven by the outstanding performance from the Hotel segment, and resilient earnings from the Retail segment, alongside steady performance from the Office, Services, and Industrial & Others segments in Q2 2023.

For 1H 2023, the group recorded 17% and 13% y-o-y growth in revenue and NPI to RM349.3 million and RM254.5 million respectively.

The property manager said the hotel segment posted a remarkable surge in revenue to RM17.5 million in Q2 2023, up from RM6.0 million in Q2 2022. Accordingly, the NPI rose to RM16.5 million in Q2 2023, from RM5.0 million in Q2 2022. The significant y-o-y improvement of nearly three-fold in both revenue and NPI in Q2 2023 was contributed by the overall improved average occupancy rate of hotel properties and the full-quarter contribution from Sunway Resort Hotel which reopened in phases since May 2022. The stellar performance of the Hotel segment was also attributable to the gradual recovery of

the tourism industry which led to positive increase in domestic and international tourist arrivals, along with the demand for Meetings, Incentives, Conventions, and Exhibitions (MICE) activities.

The Retail segment of Sunway REIT registered revenue of RM110.9 million in Q2 2023, marking an upsurge of 9% y-o-y. The solid growth was driven by sustained retail sales and increased footfall particularly bolstered by encouraging growth momentum in consumer spending from Sunway Pyramid Mall and Sunway Carnival Mall. However, despite the revenue growth, the NPI for the Retail segment experienced a slight contraction of 3% to RM69.5 million in Q2 2023 due to increased operating expenses and utility costs which was partially cushioned by the Green Electricity Tariff Programme.

The Office segment recorded a marginal revenue growth of 4% y-o-y to RM20.5 million, underpinned by a stable average occupancy rate of above 80%. NPI grew marginally y-o-y from RM12.7 million to RM12.9 million in Q2 2023, in tandem with the revenue growth.

Sunway REIT's gearing stood at 38.1% as at 30 June 2023, in comparison to 37.6% as at 31 December 2022. Accordingly, the finance costs increased from RM43.6 million in 1H 2022 to RM65.9 million in 1H.

Sunway Carnival Mall had commenced the refurbishment for its existing wing (Phase 2) following the resounding success of its new wing which was completed in June 2022. The Phase 2 refurbishment was recently awarded to Sunway Construction Sdn. Bhd. for a contract sum of RM253 million and is targeted for phased completion between early 2024 to end.