

Sunway REIT's 2Q NPI rises 9%; declares 4.62 sen DPU

 theedgemaalaysia.com/node/679092

17 August 2023

Sunway REIT's 2Q NPI rises 9%; declares 4.62 sen DPU

By [Syafiqah Salim](#) / theedgemaalaysia.com

17 Aug 2023, 08:31 pm



KUALA LUMPUR (Aug 17): Sunway Real Estate Investment Trust (Sunway REIT)'s net property income (NPI) for the second quarter ended June 30, 2023 (2QFY2023) increased by 8.7% to RM116.18 million from RM106.89 million a year earlier, primarily driven by its hotel, retail, services as well as industrial and other segments.

Quarterly revenue grew 15.2% to RM166.53 million from RM144.51 million, Sunway REIT's filing on Thursday (Aug 17) showed.

It declared an interim income distribution of 4.62 sen to be paid on Sept 15.

Accelerating and digitalising ESG with Bursa Malaysia's Centralised Sustainability Intelligence Platform

Globally, the emphasis on and recognition of ESG (environmental, social and governance) factors have grown significantly in recent years, leading to increased demand for transparency on ESG by companies.

Its hotel segment registered revenue of RM17.5 million, more than double the RM5.98 million achieved in 2QFY2022, while NPI rose to RM16.5 million from RM5.05 million boosted by improved average occupancy rate of hotel properties and contribution from Sunway Resort Hotel which reopened in phases since May last year.

The retail segment's revenue increased to RM110.9 million from RM101.35 million due to sustained retail sales and increased footfall particularly bolstered by encouraging growth momentum in consumer spending from Sunway Pyramid Mall and Sunway Carnival Mall. NPI, however, slipped to RM69.46 million from RM71.64 million amid higher operating expenses and utility costs.

The office segment's revenue rose to RM20.5 million from RM19.72 million, underpinned by a stable average occupancy rate of above 80%. NPI grew slightly to RM12.9 million from RM12.7 million.

"The revenue and NPI for the services segment edged up to RM16 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 2QFY2023 with the last rent review of Sunway REIT Industrial — Shah Alam 1 effected on Jan 1, 2022," said Sunway REIT in a statement.

For the first half ended June 30, Sunway REIT's NPI advanced 12.7% to RM254.49 million from RM225.81 million as revenue climbed 17% to RM349.33 million from RM298.48 million.

Looking ahead, Sunway REIT said it remains cautiously optimistic for sustained growth momentum for the hotel segment in the second half of 2023.

Sunway Carnival Mall commenced the refurbishment for its existing wing (Phase 2) in early July. The Phase 2 refurbishment was recently awarded to Sunway Construction Sdn Bhd (SunCon) for a contract sum of RM253 million and is targeted for phased completion between early 2024 to end 2025.

The Phase 2 refurbishment presents an opportunity for Sunway Carnival Mall to attract a plethora of stronger brands and retailers, further solidifying its position as a shopping destination of choice in the northern region as well as to contribute positively to the future earnings of Sunway REIT upon its completion, said Ng Bee Lien, the chief financial officer of Sunway REIT Management Sdn Bhd.

The project is deemed a related party transaction by virtue of Sunway and its founder Tan Sri Jeffrey Cheah and his family being SunCon's major shareholders and Sunway REIT's major unitholders. Cheah is SunCon's largest shareholder with a direct stake of 0.61% and an indirect stake of 64.65% via Active Equity Sdn Bhd, Sungei Way Corp Sdn Bhd, Sunway Holdings Sdn Bhd, and children.

Shares of Sunway REIT closed unchanged at RM1.50 on Thursday, with a market capitalisation of RM5.14 billion.

