

Sunway REIT NPI up 9% in Q2: Hotel segment surges, retail momentum sustained

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SUNWAY Real Estate Investment Trust (Sunway REIT) net property income (NPI) surged by 9% year-on-year (y-o-y) to RM116.2 million for the second quarter ended June 30, 2023 (Q22023), marking an improvement from RM106.9 million in Q22022.

Correspondingly, revenue witnessed a substantial 15% y-o-y increase, soaring to RM166.5 million from RM144.5 million in the same quarter of the previous year.

The driving force behind the improved performance was the exceptional showing of the hotel segment.

Sunway REIT's Hotel segment recorded a revenue surge, climbing from RM6 million in Q2 2022 to RM17.5 million in Q2 2023.

NPI mirrored this growth, rising from RM5 million to RM16.5 million during the same period.

These remarkable gains were attributed to improved average occupancy rates and the full-quarter contribution from the Sunway Resort Hotel, which reopened in phases since May 2022.

Its retail segment also contributed to the positive momentum, as revenue in the segment saw a 9% y-o-y increase, reaching RM110.9 million in Q2 2023.

However, despite the growth, NPI for the Retail segment experienced a slight 3% contraction to RM69.5 million in Q2 2023, primarily due to increased operating expenses.

Its office and services segments showed stability and modest growth, with marginal y-o-y revenue and NPI growth, while the industrial & others segment maintained steady revenue of RM1.7 million in Q2 2023.

Sunway REIT's strategic approach and continued growth were underlined by a 25 basis points increase in the Overnight Policy Rate by Bank Negara Malaysia on May 3, 2023.

Sunway REIT's gearing reached 38.1% as of June 30, 2023, compared to 37.6% as of December 31, 2022.

This was accompanied by an increase in finance costs from RM43.6 million in 1H 2022 to RM65.9 million in 1H 2023.

Sunway REIT's CFO Ng Bee Lien, noted the positive developments in the hotel and retail segments, leading to a distribution per unit (DPU) of 4.62 sen in 1H 2023, a 9.5% increase compared to 1H 2022.

Looking ahead, Ng remains cautiously optimistic about the hotel segment's sustained growth for the second half of 2023, buoyed by the ongoing recovery in the tourism sector.

Moreover, she said that Sunway Carnival Mall's commencement of Phase 2 refurbishment is anticipated to attract stronger brands and retailers, adding to the mall's allure in the northern region and contributing positively to Sunway REIT's future earnings upon completion. –