

Sunway-REIT cautiously optimistic about outlook

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PETALING JAYA: [Sunway Real Estate Investment Trust](#)  (Sunway-REIT) is cautiously optimistic about its outlook for the financial year 2023 (FY23), underpinned by a healthy gross domestic product growth projection of 4% for this year.

In a filing with Bursa Malaysia yesterday, Sunway-REIT said its outlook was underpinned by the expectation of sustained growth momentum in the retail segment, improvement in the hotel segment, full-year income contribution from Sunway Carnival Mall (new wing) and Sunway Resort Hotel from the full completion of refurbishment.

Nevertheless, the company would maintain its dynamic capital management stance and seek opportunities to capitalise on any change in direction in managing its borrowing cost.

For the third quarter ended Sept 30, 2023 (3Q23), Sunway-REIT registered a 6% increase year-on-year (y-o-y) in revenue to RM175.8mil.

Net property income (NPI) expanded 7% y-o-y to RM136.8mil in 3Q23 compared with RM128.2mil in 3Q22.

Basic earnings per share stood at 2.54 sen compared with 2.54 sen previously.

In a statement, Sunway-REIT said its performance was on the back of a strong upsurge in the hotel segment's revenue and NPI, boosted by robust domestic and international leisure business and full room inventory at Sunway Resort Hotel since July.

With the exception of the services segment due to the disposal of Sunway Medical Centre (Towers A and B) that was completed in August, all segments registered higher revenue and NPI.

Sunway-REIT Management Sdn Bhd chief executive officer Clement Chen said the company is confident the new offerings at Sunway Resort Hotel will expand the breadth of its clientele and grow its market share.

"We are pleased with the continued recovery in the hotel segment and are delighted to reap the benefits of Sunway Resort Hotel's transformation.

"While the hotel segment performance has yet to fully return to pre-pandemic levels, the manager is optimistic that it will continue its strong growth trajectory in the final quarter of 2023," he said.

Sunway-REIT is benefiting from a recovery in the meeting, incentive, conference and exhibition activities and expansion of its food and beverage offerings.

"In particular, we are pleased with the opening of Rumah Makan Nusantara, an authentic Indonesian cuisine restaurant which was launched in Sunway Putra Hotel on Oct 1, 2023, offering gastronomical delights from different provinces across Indonesia," he said.

For 3Q23, revenue and NPI for Sunway-REIT's retail segment came to RM111.8mil and RM81.8mil respectively, compared with RM110.3mil and RM80.5mil respectively in 3Q22.

This was due to sustained retail sales and footfall for all retail malls, further bolstered by Sunway Carnival Mall's strong performance due to the low base in the preceding year before the launch of its new wing in June 2022.

Additionally, SunCity Ipoh Hypermarket had renewed the lease for its anchor tenant in June 2023, with a positive rental reversion.

In the hotel division, average occupancy rate increased from 54% for 3Q22 year-to-date (y-t-d) to 63% for 3Q23 y-t-d.

Revenue for the segment rose by 51% y-o-y to RM27.9mil in 3Q23, from RM18.4mil in 3Q22.

NPI went up by 53% y-o-y to RM26.9mil in 3Q23.