

Enlarged portfolio boosts Sunway REIT's NPI by 11% in 2Q

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KUALA LUMPUR (Aug 15): Sunway Real Estate Investment Trust (KL:SUNREIT) said its net property income (NPI) for the second quarter ended June 30, 2024 (2QFY2024) surged 11.3% to RM129.3 million from RM116.2 million a year ago, underpinned by an enlarged property portfolio as well as improved performance from the retail and hotel segment.

Quarterly revenue rose 5.4% to RM175.6 million compared to a year ago.

Net profit for the quarter more than doubled year-on-year (y-o-y) to RM145.1 million from RM72.2 million, due to a fair value gain of RM66.1 million arising from the purchase of six

hypermarkets on April 30, 2024.

For the first six months (1HFY2024), Sunway REIT's NPI rose 2.1% y-o-y to RM259.8 million, while revenue inched up 1.4% to RM354.2 million.

The REIT declared distribution per unit of 4.66 sen, up from 4.62 sen last year. This as its distributable income per unit in 1HFY2024 grew 0.9% to 4.67 sen from 4.63 sen a year ago.

In terms of segment, the REIT shared that its retail segment's NPI soared 24% y-o-y to RM86.2 million, primarily attributable to new rental contributions from the six newly acquired hypermarkets which are all under triple-net master lease arrangements.

"The positive trajectory is expected to continue in the coming quarters, supported by the anticipated completion of asset enhancement initiatives (AEIs) for the Oasis section of Sunway Pyramid Mall in 4Q2024," it said.

NPI from its hotels, meanwhile, rose 12% to RM18.1 million thanks to higher tourist arrivals, while that of its offices was up 2% to RM20.8 million amid stable average occupancy rate of more than 80%.

At its services division, NPI dropped 40% primarily due to the disposal of the Sunway Medical Centre, which was completed on Aug 30, 2023, though rental contribution from its Sunway university and college campus increased by 2.3% via annual rental reversion.

The industrial segment, meanwhile, reported a 50% surge in NPI to RM2 million on rental contribution from a new tenant.

Sunway REIT CEO Clement Chen said in a statement that the group's organic growth is expected to be further amplified upon completion of the ongoing AEIs at the Sunway Pyramid Mall and Sunway Carnival Mall.

Chen also expressed the REIT's intention for more acquisitions "that align with its investment criteria and generate attractive yields".

"Continuing with our strategy to pursue more acquisitions, we are pleased to have recently announced the proposed acquisition of Kluang Mall in Johor for RM158 million

which we hope to complete by 4Q2024 and further add to our NPI for the current financial year,” he added.

In a separate note, the REIT said it took advantage of its robust credit ratings and had successfully issued the first-in-the-industry rated sustainability-linked medium-term notes (SLMTN) of RM400 million at a blended rate of 4.0%.

As of June 2024, Sunway REIT’s average cost of debt is 3.86%, compared to 3.69% a year ago.

Sunway REIT’s shares closed unchanged at RM1.65 on Thursday, giving it a market capitalisation of RM5.65 billion. The indicative dividend yield of the stock is about 5.6%.

Edited By Adam Aziz