



16 AUG, 2024

Sunway-REIT pursuing asset enhancement initiatives

The Star, Malaysia

Page 1 of 2

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PETALING JAYA: Sunway Real Estate Investment Trust (Sunway-REIT), which saw its earnings double to RM145.07mil in the second quarter ended June 30, 2024 (2Q24), remains committed to its growth strategy, focusing on both organic and inorganic initiatives to bolster its performance in the coming quarters.

Sunway-REIT Management Sdn Bhd, the manager of Sunway-REIT, chief executive officer Clement Chen said the trust is actively pursuing asset enhancement initiatives (AEIs), which are expected to further enhance the retail segment's contribution.

At the same time, he said inorganic expansion through yield-accretive acquisitions will play a critical role.

He noted the strong performance in 2Q24 was driven by growth in the retail segment, supported by both organic and inorganic efforts.

"Organic growth was underpinned by positive rental reversions from existing tenants and is expected to be further amplified upon completion of the ongoing AEIs at Sunway Pyramid Mall and Sunway Carnival Mall," he said.

Chen added the recent contributions from six newly acquired hypermarkets reflect Sunway-REIT's focus on inorganic growth through yield-accretive acquisitions.

Looking ahead, he said the group will continue its acquisition strategy.

"Sunway-REIT will continue to proac-

tively identify and acquire properties that align with its investment criteria and generate attractive yields," he added.

To note, last week, Sunway-REIT entered into a conditional sale and purchase agreement with Tenaga Nusantara Sdn Bhd to acquire the Kluang Mall located in Kluang, Johor for RM158mil.

In 2Q24, Sunway-REIT's net property income (NPI) surged by 11% to RM129.3mil from RM116.2mil in the previous corresponding quarter.

Revenue for the quarter under review also increased by 5% to RM175.6mil, up from RM166.5mil in 2Q23.

The retail segment continued to show strong growth, with revenue climbing 12% to RM123.7mil in 2Q24, primarily attributed to new rental contributions from the six newly acquired hypermarkets, which began contributing on April 30, 2024.

The retail segment's positive trajectory is expected to continue, supported by the anticipated completion of AEIs at the Oasis section of Sunway Pyramid Mall in 4Q24 and sustained rental income from the hypermarkets, which are under triple-net master lease arrangements.

Meanwhile, the retail segment's NPI soared by 24% to RM86.2mil, from RM69.5mil in 2Q23.

Its hotel segment saw revenue improving by 10% to RM19.2mil in 2Q24, supported by an increase in foreign tourist arrivals and a steady recovery in interna-

tional business, alongside a sustained demand for meetings, incentives, conferences, and exhibitions activities.

Correspondingly, NPI for the segment grew 12% to RM18.5mil in 2Q24, from RM16.5mil in 2Q23.

The office segment's revenue edged up 2% to RM20.8mil, underpinned by a stable average occupancy rate of more than 80%.

NPI increased marginally to RM13mil in tandem with the growth of revenue in 2Q24.

Sunway-REIT said the resilience in earnings of the segment is commendable given the continued overhang of vacant office space amidst the incoming supply of new offices.

However, the services segment experienced a 40% drop in revenue to RM9.6mil, mainly due to the disposal of Sunway Medical Centre (Tower A & B) in August 2023.

On the other hand, the industrial and others segment reported a 32% increase in revenue to RM2.3mil, supported by rental contributions from a new tenant at Sunway-REIT Industrial – Petaling Jaya 1.

Sunway-REIT declared an interim income distribution of 4.66 sen per unit of which 4.14 sen per unit is taxable, 0.09 sen per unit is non-taxable and 0.43 sen per unit is tax exempt for the semi annual period ended June 30, 2024. The payment date is Oct 4.



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Page 2 of 2

SUMMARIES

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