

Sunway-REIT posts strong 1Q25 results

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PETALING JAYA: Sunway Real Estate Investment Trust (Sunway-REIT) remains cautious about its prospects going forward in view of the worldwide tariff situation, which it says will carry risks of heightened inflationary pressure that could erode business and consumer confidence.

The investment manager said it will continue to monitor the market closely in response and will intensify efforts to diversify its tenant mix to include more regional and local brands, and to increase focus on domestic and regional travellers.

Releasing its results for the first quarter ended March 31, 2025 (1Q25) yesterday, Sunway-REIT saw net profit springboarding by 20% year-on-year (y-o-y) to RM104.3mil, as revenue also grew 22.6% to RM218.9mil.

It attributed the improved performance primarily to a 33% jump in its retail segment, specifically due to new rental contribution from the six Sunway-REIT Hypermarkets, Sunway 163 Mall and Sunway Kluang Mall which were acquired in 2024, as well as higher revenue from Sunway Pyramid Mall with the opening of its Oasis wing in November 2024.

As a result of the stronger 1Q25 showing, earnings per share went up y-o-y from 2.39 sen to 2.88 sen.

On the other hand, Sunway-REIT said income growth was partially offset by lower interest income due to reduced cash balances and higher finance costs of RM4.9mil with increased borrowings.

Compared to the preceding quarter ended Dec 31, 2024 (4Q24), although revenue has remained competitive from the RM220.9mil garnered in 4Q24, net profit was halved from the RM203.6mil it had registered in the final quarter of last year.

Sunway-REIT said this was due to an unrealised profit of RM104.4mil compared to RM56,000 in 1Q25.

Looking ahead, the investment manager believes acquisition opportunities will continue to prevail.

It reiterated that it is prepared for any opportunistic acquisitions to diversify and expand its portfolio mix, especially in the retail, logistics and services sectors.

“In line with our Transcend 2027 Strategy, we will also actively review our portfolio for any asset recycling opportunities to enhance portfolio yield,” it said in a filing with Bursa Malaysia.

Commenting on its retail business, Sunway-REIT said the measures taken in 2024 will provide it with a strong foundation to tap into the expected increase in consumer spending.

It pointed out that the new retail asset acquisitions last year and the Sunway Pyramid Oasis wing have expanded the diversity of the REIT’s offerings and geographic footprint, enabling it to serve new pools of consumers.

“With a greater network of malls, we also have greater leverage with tenants to bring in the best and latest brands to our properties which will further increase footfall.

“Hence, the prospects for our retail segment looks bright aided by full-year contributions from these new initiatives,” it added.