Sunway-REIT 2Q net profit at RM129mil

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The trust's revenue for the quarter rose 20.4% year-on-year to RM211.4mil.

PETALING JAYA: Sunway Real Estate Investment Trust (Sunway-REIT) will continue to be cautious in view of the external challenges posed by the recently imposed US tariff barriers, which could dampen business confidence and weigh on consumer sentiment.

"We will continue to monitor the market closely in response and will intensify efforts to diversify our tenant mix, as well as to increase focus on domestic and regional travellers," it said in a Bursa Malaysia filing.

Releasing its results yesterday, the investment manager recorded a softer net profit of RM129.35mil for the second quarter ended June 30, 2025 (2Q25), compared with RM145.07mil in the corresponding quarter last year.

Its basic earnings per share also dropped from 4.21 sen in 3Q24 to 3.61 sen for the quarter in review.

Nonetheless, the trust's revenue for the quarter rose 20.4% year-on-year to RM211.4mil from RM175.57mil, underpinned by higher contributions from the retail and industrial, and other segments.

Net property income (NPI) was also higher at RM154.9mil versus RM129.3mil in the same quarter last year.

The retail segment remained the main growth driver, with revenue climbing 29.4% to RM160mil from RM123.7mil in 2Q24.

The performance was supported by income from retail assets acquired in 2024, higher tenant sales and footfall at Sunway Pyramid Mall following the opening of its Oasis wing, as well as the earlier-than-expected full reopening of Sunway Carnival Mall's existing wing.

NPI for the segment expanded to RM114.1mil from RM86.17mil previously.

The industrial and other segment posted a 99.7% surge in revenue to RM4.5mil from RM2.2mil, boosted by rental contributions from new tenants at Sunway-REIT Industrial – Petaling Jaya 1.

The addition of Sunway-REIT Industrial – Prai, acquired in October 2024, also lifted the segment's earnings.

The segment's NPI rose to RM3.19mil in 2Q25 from RM2.02mil previously.

The services segment delivered a modest 2.3% improvement in revenue to RM9.8mil from RM9.58mil.

However, the hotel segment's revenue fell 12.9% to RM16.74mil from RM19.21mil, weighed down by lower occupancy rates at Klang Valley hotels.

The office segment also saw a decline, with revenue easing 2.2% to RM20.36mil from RM20.82mil as occupancy rates slipped to 82% from 84% a year earlier.

For the first half of financial year 2025 (1H25), Sunway-REIT posted a net profit of RM233.67mil, marginally higher than RM232.05mil in the same period last year.

Basic earnings per share eased to 6.49 sen from 6.60 sen. Revenue for the six months rose to RM430.26mil from RM354.16mil previously, while NPI improved to RM312.1mil from RM259.8mil.

On a segmental basis, retail revenue for the 1H25 grew 31.3%, services rose 2.3%, while industrial and others recorded a 91.1% increase.

The hotel and office segments posted revenue declines of 14.3% and 3.1%, respectively, due to softer demand in the hospitality market and slightly weaker office occupancy.

Sunway-REIT declared a distribution per unit of 5.68 sen for the six months to June 30, 2025.

On a brighter note, the group said it views the latest overnight policy rate cut of 25 basis points by Bank Negara Malaysia to be a welcomed development.

"As a yield-focused investment vehicle, lower borrowing costs will help improve interest margins and support our capital management strategy.

“This monetary easing provides additional headroom to pursue yield-accretive acquisitions and asset enhancement initiatives, reinforcing our commitment to deliver sustainable returns to unitholders,” it added.