

## Sunway REIT remains Affin Hwang's top pick

### ANALYST REPORTS

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KUALA LUMPUR: Affin Hwang Capital has reiterated its Buy rating on Sunway REIT with a lower price target of RM1.90, after lowering its growth forecasts and raising the cost of equity.

The research firm said Sunway REIT has a good mix of quality assets and its diversified, defensive retail stream is a virtue in prevailing property market conditions where offices are facing a supply glut and retail malls are seeing lower occupancy/weaker rental revisions.

"The retail-centric MREITs have seen rising equity beta in recent years, partly due to the weak retail mall market. In contrast, diversified Malaysian REITs(eg. KLCCSS) and manufacturing/logistic peers (eg. Axis REIT) have seen lower equity beta," it said.

Sunway REIT remains Affin Hwang's preferred pick among Malaysian REITs for its diversified asset portfolio.

"At a 5.4% distribution yield for 2018E, its valuation looks attractive, considering its lower earnings risk (vis-à-vis other MREITs) and attractive asset injection pipeline from its sponsor (Sunway Bhd )."

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