

AmInvest Research retains Hold for Sunway REIT

ANALYST REPORTS

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KUALA LUMPUR: AmInvestment Research is retaining its Hold recommendation on Sunway REIT with a higher fair value of RM1.75 from RM1.68 based on an FY20 target yield of 6% following earnings revision on FY20 earnings.

It said on Monday it kept its FY19F numbers unchanged at RM281.3mil while raising FY20F–21F earnings forecasts by 3.5% and 4.2% to RM308.3mil and RM326.7mil respectively.

“Retail properties remain the key driver for Sunway REIT, especially Sunway Pyramid Mall which contributes 56% of total net property income (NPI).

“The company plans to increase contribution from other segments and geographical locations to diversify its earnings base,” it said.

AmlInvest Research said the recent acquisition of education properties comprising land and buildings known as Sunway University in December 2018 will be completed by 1HCY2019, with the full-year contribution expected in FY20.

Occupancy rates at Sunway Pyramid, Carnival and Putra Mall are strong at 99%, 98.2% and 91% respectively.

Both Sunway Pyramid and Carnival have captive markets surrounded by mature townships, making them the leading malls in their locality, offering a wide array of retailers.

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