

Sunway REIT earnings momentum expected to continue in coming quarters

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KUALA LUMPUR: Sunway Real Estate Investment Trust  's (SunREIT) performance is expected to be bolstered by the festive season and holidays in the coming quarters.

According to Hong Leong Investment Bank (HLIB) Research, the hotel segment is expected to continue registering promising growth, driven by the positive average daily rate trend and sustained improvement in occupancy rates.

The impending full reopening of Sunway Resort Hotel also bodes well for the REIT's prospects, it said.

SunREIT posted a 3Q'FY22 core net profit of RM86.9mil, which was 141% higher year-on-year, bringing 9M'FY22 net profit to RM239.6mil, 148.2% improved over the same period last year.

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HLIB said the result was in line with its and street expectations at 76% and 78% respectively.

In its review, the research firm said the strong year-to-date performance was mainly owing to the sharp rebound in the retail and hotel segments due to the resumption of leisure activities and reopening of international borders.

Adding to the upside was the timely opening of Sunway Carnival Mall's new wing and phased reopening of Sunway Resort Hotel.

"We are delighted with the impressive performance registered by Sunway REIT thus far. On its retail segment, management guided that its rental reversion remains positive at a mid-single digit level.

"Footfall and tenant sales are expected to stay buoyant in the coming quarters on the back of festive seasons and holidays," said the research firm.



However, it noted that SunREIT's management has flagged some deferments in MICE and booking in 4Q22 as the General Election nears.

HLIB maintained its "buy" call on the stock with a target price of RM1.68

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