


Bullish outlook on Sunway REIT continues in 2023

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31 January 2023



KUALA LUMPUR: The positive outlook on Sunway Real Estate Investment Trust  's (REIT) retail and hotel segments is being brought forward into 2023 amid the country's post-Covid economic recovery.

Hong Leong Investment Bank (HLIB) Research said it expects the REIT's segments to deliver further improvements on the back of anticipated positive rental reversions from retail malls and improving hotel occupancy rates.


"We believe the footfall and tenancy sales for its shopping malls should remain buoyant in 1H23, spurred by festive seasons and holidays.

"Rental reversion stood at positive mid-single digit in 2022 for its retail portfolio and management targets to achieve the same level of reversion in FY23," it said in a company update.

In the hotel segment, HLIB said the average daily rate for Sunway Resort Hotel, which is expected to complete its refurbishment in 1Q23, should stay slightly above RM600 with targeted 70% occupancy rate in 2023.

It added that the occupancy level of the REIT's hotel properties are expected to return to pre-pandemic level by 2024.

The research firm noted also that management is on the lookout for assets, mainly from the industrial and services sectors, to fill the temporary void left behind by the ongoing disposal of Sunway Medical Centre.

On Dec 29, 2022, the REIT announced the disposal of Towers A and B of the medical centre to [Sunway Bhd](#) , with the transaction expected to be completed in 1H23.

Sunway REIT recorded a core net profit of RM86.5mil in 4QFY22, which lifted its entire FY22 bottomline to RM326mil, or about double the previous year's result.

HLIB said the results were in line with expectations at 103% and 102% of its and consensus estimates.

Pending completion of the disposal of Sunway Medical Centre, the research firm maintained its "buy" call and target price of RM1.68.

Meanwhile, MIDF Research said it lowered its FY23 earnings forecast for Sunway REIT by 1.3% to reflect the loss of income from Sunway Medical Centre.

However it maintained its "buy" call with an unchanged target price of RM1.73 on expectations of solid earnings from the retail and hotel divisions in FY23.

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