

Hot Stock

Sunway REIT climbs to near four-year high, analysts still bullish

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KUALA LUMPUR (Aug 16): Shares of Sunway Real Estate Investment Trust (KL:SUNREIT) rose to its highest in nearly four years following the latest results, while analysts largely stayed bullish on further upside ahead.

Sunway REIT edged up two sen or 1.2% to RM1.67 in morning trades on Friday, the highest since September 2020. The REIT was trading at RM1.66 at 10.30am, valuing the trust at about RM5.69 billion on Bursa Malaysia. Trading volume totalled 797,800 shares.

Net profit for the first half of 2024 accounted for about 45% of consensus estimates, though analysts expect earnings to catch up with forecasts in the coming two quarters, thanks to newly acquired assets and recent asset enhancement initiatives.

“We remain positive on Sunway REIT, as we see stable contribution from its retail division on the back of positive rental reversion and high shopper footfall,” said MIDF Amanah Investment Bank. “Besides, outlook for its hotel division is also improving, with expectation of higher tourist arrivals.”

Sunway REIT manages a diversified 25 properties worth RM9.66 billion, ranging from its flagship Sunway Pyramid Mall to office


towers and industrial complexes. The trust most recently acquired six Giant Hypermarkets for RM520 million in April.

Shares of Sunway REIT have gained about 8.4% year-to-date, and analysts are betting on more upside. A majority of 11 out of 15 research houses covering Sunway REIT have a “buy” call on the stock, while four have a “hold” call. The consensus 12-month target price is RM1.75, about 5% gain from current price.

Once the asset enhancement initiatives at Sunway Carnival and Sunway Pyramid are completed, the contribution from the two malls should see “strong improvement, supported by positive rental reversions,” said Hong Leong Investment Bank.

Further, retail spending is expected to be sustained from partial pension fund withdrawals and higher civil servant salaries, the house noted. For the hotel segment, the second-half performance should continue to be sustained, as tourist arrivals continue to improve, it added.

Sunway REIT’s net property income for the second quarter ended June 30, 2024 (2QFY2024) rose 11.3% to RM129.3 million from a year ago, while net profit more than



Analyst recommendations for Sunway REIT		
Broker	Recommendation	Target price (RM)
TA Securities Holdings	Buy	1.98
Hong Leong Investment Bank	Buy	1.81
Public Investment Bank	Neutral	1.55

Source: Bloomberg

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doubled year-on-year to RM145.1 million, due to a fair value gain of RM66.1 million from the purchase of the six hypermarkets.

For the first six months, Sunway REIT's net property income edged up 2.1% to RM259.8 million, with distributable income per unit growing to 4.67 sen, from 4.63 sen a year ago.

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Edited By Jason Ng