



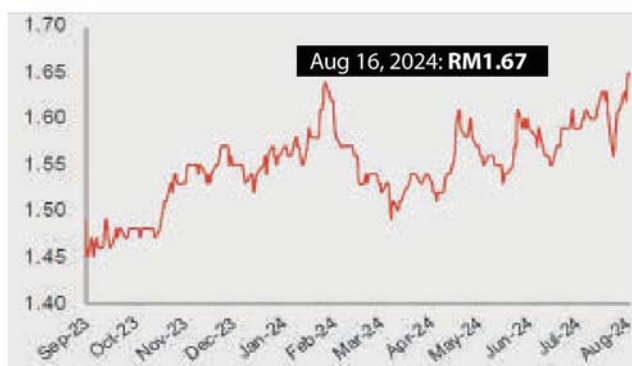
19 AUG, 2024

Sunway REIT Market perform. Target price: RM1.69



The Sun, Malaysia

Sunway REIT Market perform. Target price: RM1.69



Source: Kenanga Research

SUNREIT'S 1HFY24 results met expectations. Its core net profit grew by a marginal 1% YoY as new income streams were largely offset by earnings gap arising from the disposal of Sunway Medical Centre. 2Q rental reversion for Sunway Carnival Mall was impressive coming in at above 10%.

SUNREIT's 1HFY24 core net profit came in at RM160 million, making up 45% of both our full-year forecast and the full-year consensus estimate with a stronger 2H period ahead. The group also declares a net income distribution of 4.25 sen which is on track to meet our full-year net dividend forecast of 8.8 sen.

YoY, its 1HFY24 revenue recorded only a marginal 1% growth. Property income contribution from newly acquired hypermarkets (which was completed in April 2024) and much stronger performance from Sunway Carnival Mall were largely offset by the absence of contribution from the disposal of Sunway Medical Centre. We note that Sunway Pyramid Mall was flattish due to its ongoing reconfiguration from ex-anchor tenant space. Coupled with higher borrowing expenses, net profits were also relatively stagnant.

QoQ, its revenue was lower by 2% due to a seasonally weaker 2Q period due to higher festive spendings in 1Q, while core net profit fell by 5% mainly attributable to the higher borrowing cost mentioned above.

We are positive on the outlook. Being the landlord of multiple retail and hospitality assets in prime location, SUNREIT is expected to see a boost in performance from the boom in tourism. We will continue to closely monitor the retail sector given the sustained elevated inflation that eats into consumer spending power, and anxiety ahead of the implementation of the fuel subsidy rationalisation.

Maintain MARKET PERFORM and RM1.69 TP. – **Kenanga Research, Aug 16**



19 AUG, 2024

Sunway REIT Market perform. Target price: RM1.69

The Sun, Malaysia

SUNWAY®

Page 2 of 2

SUMMARIES

SUNREIT'S 1HFY24 results met expectations. Its core net profit grew by a marginal 1% YoY as new income streams were largely offset by earnings gap arising from the disposal of Sunway Medical Centre. 2Q rental reversion for Sunway Carnival Mall was impressive coming in at above 10%.