

Analysts raise Sunway REIT earnings forecasts after AEON Mall acquisition in Perak

theedgemalaysia.com/node/741985

January 22, 2025



KUALA LUMPUR (Jan 22): Analysts are positive on Sunway Real Estate Investment Trust's (KL:SUNREIT) acquisition of AEON Mall Seri Manjung in Perak, prompting revisions of their earnings forecasts.

MIDF Research, which noted the RM138 million acquisition as earnings-accretive, added that the purchase price is below the mall's market value of RM145 million.

The deal also delivers a net property income yield of 6.5%, significantly surpassing Sunway REIT's average cost of debt, which stands at 3.9%.

Following the acquisition, Sunway REIT's gross gearing is expected to rise slightly from 0.43 times in September 2024 to 0.44 times.

Taking into account the projected earnings contribution, MIDF has adjusted its earnings forecasts, raising them by 0.8% for the financial year ending Dec 31, 2025 (FY2025) and 0.6% for FY2026.

Among research houses covering the REIT, four have issued 'buy' calls, while one has maintained its 'hold' rating. According to the *Bloomberg* consensus, the average 12-month target price stands at RM1.99 for the REIT, suggesting a potential upside of 5.9% from its current price.

Maybank Investment Bank shared a similar positive outlook, noting that the property, with a gross floor area of 681,600 sq ft, is fully tenanted by AEON Co (M) Bhd (KL:[AEON](#)), ensuring stable rental income for the next 12 years until December 2037.

The research firm expects the acquisition to boost Sunway REIT's earnings by 0.3% for FY2025 and 0.7% for FY2026.

However, Maybank analysts cited limited upside potential for the target price, maintaining their 'hold' call on the REIT.

In the near term, both research houses foresee Sunway REIT's earnings growth being predominantly driven by its retail portfolio.

This growth is underpinned by recent acquisitions — including Giant hypermarkets, the Sunway 163 Mall, Prai Industrial, and Sunway Kluang Mall — as well as a recovery in international leisure travel, corporate events, and MICE (meetings, incentives, conferences, and exhibitions) activities.

On Tuesday, YNH Property Bhd (KL:[YNHPROP](#)) had disposed of AEON Mall Seri Manjung, a two-storey shopping centre in Perak, to Sunway REIT for RM138 million.

A sale and purchase agreement was inked between YNH Property's wholly owned units, Kar Sin Bhd and YNH Hospitality Sdn Bhd, with RHB Trustees Bhd, the trustee of Sunway REIT, for the asset sale.

Units of Sunway REIT reached their highest at RM1.91 on Jan 8, before easing to RM1.88 at the time of writing on Wednesday. The counter has gained nearly 28% over the past year.