

Analysts upbeat about Sunway REIT, citing strong growth potential

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Analysts remain optimistic about Sunway Real Estate Investment Trust's (Sunway REIT) prospects for the financial year 2025 (FY25). NSTP/ASWADI ALIAS

KUALA LUMPUR: Analysts remain optimistic about Sunway Real Estate Investment Trust's (Sunway REIT) prospects for the financial year 2025 (FY25), citing strong growth potential driven by rising tourist arrivals.

HLIB Research attributed this positive outlook to initiatives like the Asean Chairmanship 2025 and promotional efforts leading up to Visit Malaysia 2026.

"These factors are likely to benefit its hotel assets, which currently have an average occupancy rate of only 65 per cent.

"In addition, its retail performance is expected to benefit from income boosting policies like the minimum wage increase, pay hikes for civil servants, and the Employees' Provident Fund (EPF) Account 3 withdrawal," it said.

The firm added that the full-year contributions from Sunway Oasis and Kluang Mall, along with the potential mid-year injection of Aeon Mall Seri Manjung, will further boost earnings.

Sunway REIT reported a net profit of RM524.75 million for the financial year ended Dec 31, 2024 (FY24).

The company said the growth was driven by contributions from nine newly acquired properties during the year, as well as strong performance in the retail and hotel segments, complemented by stable results from other segments.

HLIB Research has raised Sunway REIT's FY25 and financial year 2026 (FY26) forecasts by 4.6 per cent and 4.3 per cent respectively, to reflect the injection on Kluang Mall into its portfolio in late December 2024.

Meanwhile, CIMB Securities Sdn Bhd said that Sunway REIT's announcement of its acquisition of AEON Mall Seri Manjung, could boost its FY25-FY26 earnings projections by 0.3 to 0.7 per cent.

"Although the earnings accretion from this asset is not significant, estimated at 1.4 per cent of the group's total property value, we view the acquisition positively owing to its fair purchase consideration (4.8 per cent below market value) and the resulting expansion and diversification of Sunway REIT's earnings base," it said.

CIMB Securities projects the company's FY25 earnings to increase by 11.6 per cent year-on-year (YoY).

The firm said the growth is expected to be driven by record-high acquisitions totaling RM899 million completed in FY24, the completion of asset enhancement initiatives (AEI) at Sunway Pyramid Mall and Sunway Carnival Mall, as well as higher occupancy rates and positive rental reversions.

Both firms have maintained their 'Buy' recommendations on Sunway REIT, with HLIB setting a target price of RM2.04 and CIMB Securities raising its target price to RM2.11 from RM2.09.