

Sunway REIT climbs to new record high after 1Q surprise

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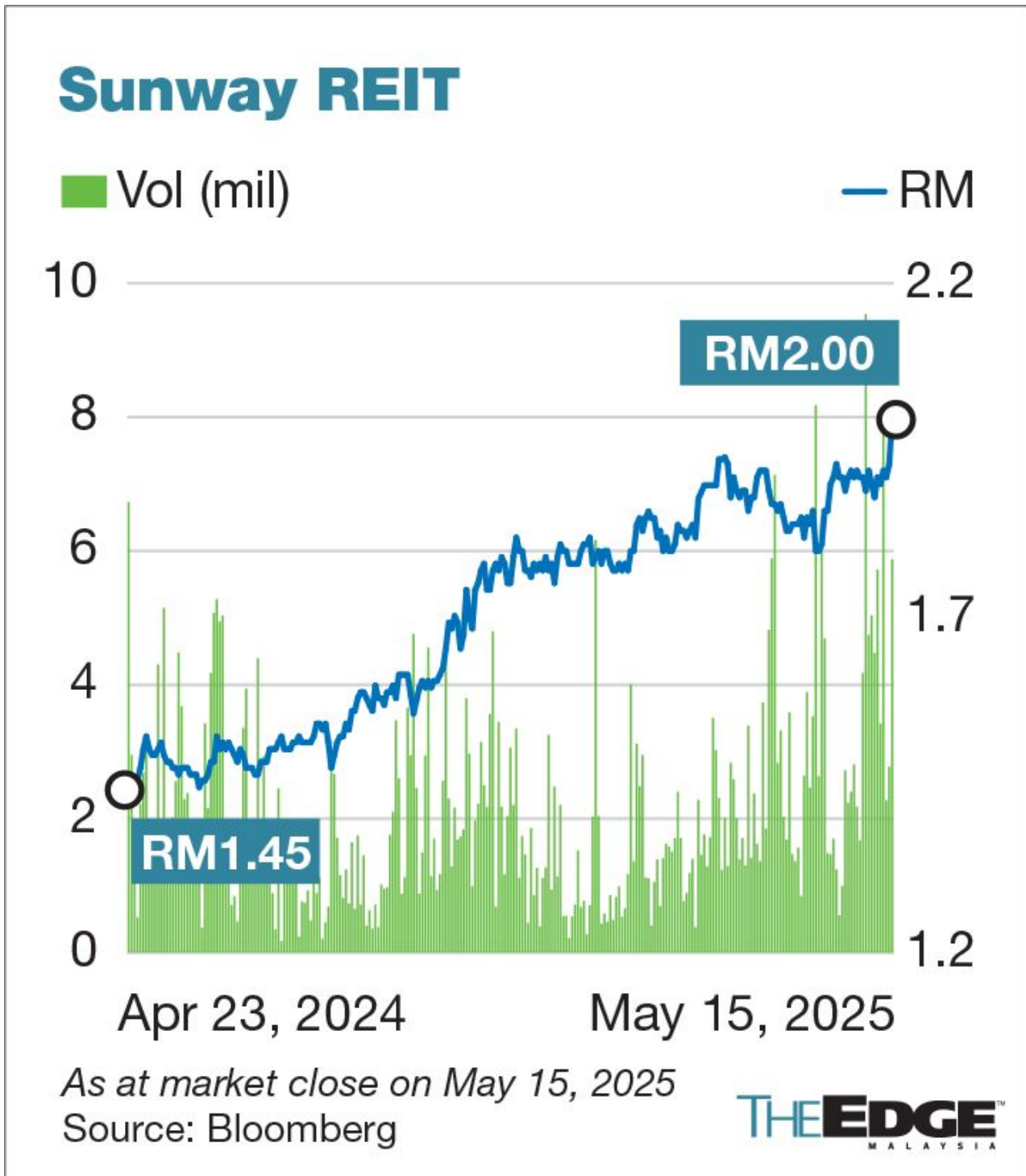
KUALA LUMPUR (May 15): Sunway Real Estate Investment Trust (KL:SUNREIT) rose on Thursday to a new record high, following a strong start to 2025 with a 20% year-on-year increase in its first-quarter net property income (NPI).

Sunway REIT's unit price climbed as much as 10 sen or 5.18% to RM2.03, before paring some gains to close at RM2, after 5.88 million units were traded. At the closing price, the trust had a market capitalisation of RM6.85 billion.

The trust reported 1QFY2025 NPI of RM157.19 million, up from RM130.54 million a year earlier, driven by contributions from new asset acquisitions in 2024. Quarterly revenue rose 22.6% to RM218.86 million, up from RM178.59 million, lifted by new retail assets and the reopening of Sunway Pyramid Mall's Oasis wing.

Hong Leong Investment Bank (HLIB) noted that the retail segment performed better-than-expected, with the group's management guiding for high single-digit to low-teens rental reversion, supported by the full reopening of Sunway Carnival Mall (post-refurbishment) expected within a month.

Accordingly, HLIB raised its earnings forecasts by 8.4% for FY2025, 10.8% for FY2026, and 11.4% for FY2027.



HLIB also said that earnings will be supported by full-year contributions from Sunway Oasis, Sunway 163 Mall, six hypermarkets, and new assets including Kluang Mall and the upcoming AEON Mall Seri Manjung acquisition, targeted for completion in August.

The hotel segment is expected to recover in the coming quarters, driven by the Visit Malaysia 2026 campaign and the mutual visa exemption between Malaysia and China, HLIB added.

TA Securities said that Sunway REIT's RM613 million sale of Sunway University and College Campus will slightly lower its total property value to below RM10 billion. However, this won't affect its goal of reaching RM14 billion to RM15 billion in assets by FY2027, thanks to a strong pipeline of future acquisitions.

After the sale, and including the RM138 million purchase of AEON Mall Seri Manjung plus ongoing asset upgrades, Sunway REIT's gearing (debt level) is expected to drop slightly from 41.8% to just under 40%.

Analysts' recommendations on Sunway REIT		
Firm	Recommendation	Target price (RM)
CIMB Securities	Buy	2.11
Kenanga Investment Bank	Outperform	2.11
CGS International	Add	2.03
Maybank Investment Bank	Buy	2.13
RHB Research	Buy	2.13
AmInvestment Bank	Buy	2.09
Public Investment Bank	Neutral	1.80
MIDF Amanah Investment Bank	Buy	2.10
TA Securities Holdings	Buy	2.19
UOB KayHian (Equity)	Buy	2.05
CLSA	Accumulate	2.17
Hong Leong Investment Bank	Buy	2.17
Nomura	Buy	2.20
Affin Hwang Investment Bank	Buy	2.06
JP Morgan	Neutral	1.85

Source: Bloomberg

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TA forecasts Sunway REIT's dividend yield to improve, rising from 5.9% in FY2025 to 6.1% in FY2026 and 6.3% in FY2027.

Sunway REIT currently owns 28 properties worth RM10.5 billion, including its flagship Sunway Pyramid Mall, along with office towers and industrial assets.

Its unit price has gained 7.4% year-to-date, with 13 out of 15 research houses rating it a 'buy', and two a 'hold'. The consensus 12-month target price is RM2.08, indicating a 4% upside.

Edited By Presenna Nambiar & Jason Ng