


Optimistic outlook for Sunway-REIT

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PETALING JAYA: Analysts are generally upbeat about the prospects of Sunway Real Estate Investment Trust  (Sunway-REIT), particularly after it announced an agreement to dispose of its Sunway College and University campus to Sunway College (KL) Sdn Bhd.

The proposal, which was announced in a bourse filing last Friday, will see Sunway College, itself a subsidiary of Sunway Education Group Sdn Bhd, acquiring the asset, comprising a new 13-storey university block and associated facilities, for RM613mil.

CGS International Research (CGSI Research) said it views the deal positively as it will allow the REIT to crystallise past fair value gains while improving debt headroom for other high-growth assets.

“Upon completion of the deal in the second half of this year (2H25), Sunway-REIT is expected to recognise a gain on disposal of RM21mil, according to the announcement.

“The disposal consideration is also at a premium of 4.6% over the asset’s current market value of RM586mil.

“Meanwhile, compared with the cost of investment of RM564mil, the disposal will crystallise a total gain of RM41mil,” the research house said yesterday.


Despite the absence of contributions from the Sunway University and College campus leading to a slight dip in earnings from 2H25 onwards, CGSI Research said believes this would be mitigated by lower finance costs and maiden earnings contribution from newly acquired assets, including Sunway-REIT Hypermarkets, Sunway 163 Mall, Sunway-REIT Industrial Prai and Sunway Kluang Mall.

At the same time, Maybank Investment Bank Research (Maybank IB) reported that the asset is currently tenanted under a 30-year triple-net lease to Sunway Education Group, set to expire in 2048, with fixed annual rental escalation of 2.3%.

The research house said, while the lease structure provides stable income, Sunway-REIT sees limited rental-revision potential from the asset, and therefore the sale is viewed as a strategic recycling move, unlocking a low-yielding asset to reinvest into higher-yielding ones.

Meanwhile, Kenanga Research is keeping a neutral view of the transaction, saying that while the asset divested is of high quality, it is confident in Sunway-REIT's ability to recycle capital into other yield-accretive opportunities and sustain its dividend payouts.

“At this juncture, we understand that management continues to be actively looking at potential acquisitions.

“A potential example is the injection of Sunway Velocity Mall from its sponsor, [Sunway Bhd](#) , though in this example injection may occur in the medium term once the asset reaches maturity,” Kenanga Research said.

CGSI Research, Maybank IB and Kenanga Research have effective “buy” calls on the stock, with target prices of RM2.03, RM2.13 and RM2.07, respectively.