

Stock Today: Sunway REIT Rises Amid Mixed Q2 Results And Positive Analyst Outlook

BT businessstoday.com.my/2025/08/13/stock-today-sunway-reit-rises-amid-mixed-q2-results-and-positive-analyst-outlook

August 13, 2025



Sunway Real Estate Investment Trust (Sunway REIT) shares edged up 0.47% to RM2.16 as of midday, buoyed by recent financial results and analyst optimism despite some segmental challenges.

For the second quarter ended June 2025, Sunway REIT reported an 11% decline in net profit to RM129 million, down from RM145 million a year earlier, even as revenue rose 20.4% to RM211.4 million. Net property income (NPI) increased 19.8% year-on-year to RM154.9 million, supported primarily by growth in the Retail and Industrial segments.

The Retail segment continued to perform strongly, with revenue jumping 29% to RM160 million and NPI surging 32% to RM114.1 million, driven by contributions from recently acquired assets and the expanded Sunway Pyramid Mall following the opening of its Oasis Wing in November 2024. However, the Hotel segment faced a 13% revenue decline to RM16.7 million and a 16% fall in NPI to RM15.6 million, impacted by lower occupancy due to fewer one-off events and regional airspace restrictions in June.

Office segment revenue eased slightly by 2% to RM20.4 million, with NPI dipping 6% amid marginal occupancy declines. The Industrial & Others segment nearly doubled its revenue to RM4.5 million and saw a 57% rise in NPI to RM3.2 million, boosted by rental income from new tenants and recent acquisitions.

Year-to-date Q2 revenue reached RM430.3 million, with NPI at RM312.1 million, underpinned by steady contributions from retail and industrial properties.

Analysts from RHB Investment Bank Bhd (RHB Research) and Hong Leong Investment Bank Bhd (HLIB) have maintained their BUY ratings on Sunway REIT, citing resilient growth prospects supported by ongoing acquisitions and asset enhancement initiatives. RHB Research raised its target price to RM2.42 from RM2.13, implying a 13% upside and about 6% yield, while HLIB kept its target price at RM2.31, reflecting a total expected return of approximately 12.7%.

RHB Research estimates Sunway REIT's half-year core profit at RM200.9 million, with HLIB's projection slightly higher at RM206.7 million. Both figures represent roughly half of the analysts' full-year earnings forecasts. The REIT declared a semi-annual distribution per unit of 5.7 sen for Q2 2025, up from 4.7 sen in the previous year.

Despite a 3.4% quarter-on-quarter revenue dip attributed to the absence of festive periods affecting retail footfall, core profit rose due to stronger interest income from advance rental collections ahead of the sales and service tax expansion.

Retail occupancy remained high at 97%, while hotel and industrial occupancies improved to 60% and 83% respectively. Analysts expect Q3 to remain seasonally soft for retail turnover rent but foresee potential benefits from an extra public holiday in September and government stimulus measures.

RHB Research forecasts high single-digit rental reversions for FY25, underpinned by full occupancy and strong landlord bargaining power. HLIB anticipates mid-single-digit reversions in line with management guidance. Both research houses flagged the hotel segment's ongoing challenges amid heightened competition and soft leisure demand, but anticipate a recovery ahead of Visit Malaysia 2026 and improved tourist arrivals following Malaysia–China visa exemptions.

Industrial and office assets continue to provide stable income streams, with occupancy rates steady or improving.

The REIT's acquisition pipeline remains a critical earnings growth driver, bolstered by its sponsor Sunway Bhd's active property development pipeline. RHB Research expects robust profit growth of 13.1% for FY25, while HLIB highlighted recent electricity cost savings as a positive development, albeit too early to include in forecasts.