MBSB RESEARCH

Tuesday 11th. November 2025

Sunway REIT

(5176 | SREIT MK) Main | REIT

ESG 3 Stars

Corporate Update

Upgrade to BUY (from NEUTRAL)

Revised Target Price **RM2.34** (from RM2.10)

3QFY25 Results Review
Resilient Retail Segment

9MFY25 earnings above expectations. Sunway REIT 9MFY25 core net income of RM330.5m came in above expectations, making up 86% and 83% of our and consensus full year estimates respectively. The positive deviation was attributed to the stronger-than-expected performance of hotel division in 3QFY25. No distribution per unit was announced for 3QFY25 due to its bi-annual distribution policy.

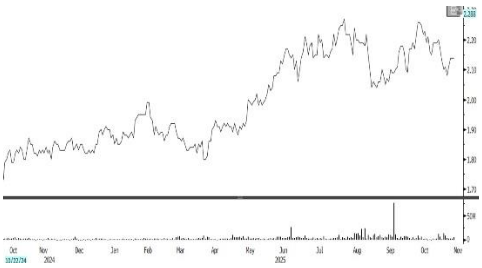
Higher sequential earnings driven by hotel division. On a sequential basis, 3QFY25 core net income increased to RM123.9m (+21%qoq) mainly due to higher contribution hotel and retail division. Net property income (NPI) of hotel division more than doubled to RM33.9m (+118%qoq) due to strong demand meetings, incentives, conferences, and exhibitions (MICE) which lifted hotel occupancy and F&B revenue. Note that occupancy rate of hotel increased to 76% in 3QFY25 from 64% in 2QFY25. Meanwhile, NPI of retail division was higher at RM121.9m (+6.8%qoq) mainly due to higher contribution from Sunway Pyramid Mall and Sunway Carnival Mall. Besides, contribution from newly acquired AEON Mall Seri Manjung also contributed to higher NPI of retail division.

Resilient retail segment. On a yearly basis, 3QFY25 core net income was higher (+38.9%yoy), bringing cumulative earnings in 9MFY25 higher at RM330.5m (+29.6%yoy). The earnings growth was mainly spurred by the resilient retail segment. NPI of retail segment recorded commendable growth of 33.2%yoy mainly due to higher rental from Sunway Pyramid Mall and contribution from newly acquired assets. Notably, Sunway Pyramid Mall and Sunway Carnival Mall recorded NPI growth of 19.8%yoy and 23.5%yoy respectively due to positive rental reversion. Meanwhile, NPI of hotel division was flattish (-0.5%yoy) despite the stronger quarter in 3QFY23 as leisure demand was softer in 1HFY25. Overall, we expect stronger earnings in 4QFY25 due to seasonally stronger shopper footfall in 4QFY25 and year-end holiday season

Upgrade to BUY with a revised TP of RM2.34. We revise our FY25/26/27F earnings estimate up by +17.3%/+18.4%/+17.5% to factor in the higher contribution from hotel division. Correspondingly, our TP is revised from RM2.10 to RM2.34. We upgrade our call on Sunway REIT to **BUY** from NEUTRAL as we see positive outlook for Sunway REIT mainly underpinning by the solid contribution from retail division. We see that the decent performance of Sunway Pyramid Mall and Sunway Carnival Mall will continue driving the performance of retail division. Distribution yield is attractive at 4.9% which is above average sector distribution yield of 4.5%.

RETURN STATISTICS	
Price @ 10 Nov 2025 (RM)	2.14
Expected share price return (%)	+9.3
Expected dividend yield (%)	+4.9
Expected total return (%)	+14.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.3	-5.6
3months	1.9	-7.4
12 months	17.6	16.3

INVESTMENT STATISTICS			
FYE Dec	2025E	2026F	2027F
Revenue	885	909	931
Net Rental Income	691	709	725
Net Investment Income	697	715	731
Core Net Income	449	476	502
Core EPU (sen)	13.12	13.89	14.67
Net DPU (sen)	10.44	10.53	10.98
Dividend Yield	4.9%	4.9%	5.1%

KEY STATISTICS	
FBM KLCI	1627.38
Issue shares (m)	3,424
Estimated free float (%)	50.15
Market Capitalisation (RM'm)	7,329
52-wk price range	RM1.65– RM2.32
3-mth average daily volume (m)	7.43
3-mth average daily value (RM'm)	15.88
Top Shareholders (%)	
Sunway Berhad	40.89
EPF	13.51
KWAP	6.00

Analyst
Jessica Low Jze Tieng
jessica.low@midf.com.my
03-2173 8391

Sunway REIT: 3QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative Results	
	3QFY25	%YoY	%QoQ	FY25	%YoY
Gross Revenue	236.4	23.1%	11.8%	666.7	22.0%
Net Rental Income (NRI)	180.9	25.3%	16.8%	493.0	22.0%
Net Investment Income	189.4	29.8%	1.2%	536.8	11.8%
Net Income	127.7	43.2%	-1.3%	361.4	12.5%
Core Net Income (CNI)	123.9	38.9%	21.0%	330.5	29.6%
Realised EPU (sen)	3.7	43.2%	-1.3%	10.6	12.5%
Core EPU (sen)	3.6	38.9%	21.0%	9.7	29.6%
Gross DPU (sen)	0.0	N/A	-100.0%	5.7	21.9%

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Gross Revenue	716	767	885	909	931
Net Rental Income	527	570	691	709	725
Net Investment Income	527	746	697	715	731
Net Income	338	525	444	476	503
Core Net Income	338	351	449	476	503
Core EPU (sen)	9.9	10.3	13.1	13.9	14.7
Core PER (x)	21.7	20.9	16.3	15.4	14.6
NAV/unit (RM)	1.61	1.71	1.73	1.75	1.78
P/NAV (x)	1.33	1.25	1.24	1.22	1.20

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Investment Properties	8,912	10,385	10,395	10,405	10,415
Total non-current assets	8,990	10,472	10,409	10,419	10,429
Cash	425	290	363	368	543
Other Assets	123	41	70	153	70
Total Assets	**9,539**	**10,803**	**10,842**	**10,940**	**11,041**
LT Borrowings	2,000	2,730	2,800	2,762	2,717
ST Borrowings	1,637	1,737	1,789	1,843	1,898
Other Liability	386	464	324	331	337
Total Liability	4,023	4,931	4,913	4,935	4,952
Unitholders' capital	3,434	3,434	3,434	3,434	3,434
Other Equity	2,082	2,438	2,495	2,570	2,655
Total Equity	5,516	5,872	5,929	6,004	6,089
Equity + Liability	**9,539**	**10,803**	**10,842**	**10,940**	**11,041**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities					
Cash Receipt from Customers	727	771	894	918	941
Net cash from operating activities	446	544	712	738	761
Cash flows from investing activities					
Subsequent Expenditure of Inv Properties	-200	-313	-170	-157	-10
Net cash used in investing activities	135	-1210	-164	-148	3
Cash flows from financing activities					
Net cash from/(used in) financing activities	-407	530	-475	-586	-589
Net increase/(decrease) in cash and cash equivalents	174	-136	74	5	175
Cash and cash equivalent at 1 January	251	425	290	363	368
Cash and cash equivalent at 1 December	425	290	363	368	543

Profitability Margin	2023A	2024A	2025E	2026F	2027F
Profitability Margins	73.6%	97.3%	78.7%	78.6%	78.5%
Net Investment Income margin	47.3%	45.8%	50.8%	52.4%	54.0%
Core net income margin	6.6%	6.8%	8.5%	8.7%	9.1%
ROE	3.6%	3.5%	4.2%	4.4%	4.6%

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad)

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology