

Results Note

RM2.51 @ 29 January 2026

"SREIT registered a 2025 DPU of 14.48sen – above estimates"

Share price performance



	1M	3M	12M
Absolute (%)	8.7	15.7	33.5
Rel KLCI (%)	5.5	7.7	19.8

	BUY	HOLD	SELL
Consensus	10	5	1

Stock Data

Sector	REIT
Issued shares (m)	3,424.8
Mkt cap (RMm)/(US\$m)	8596.3/2188.2
Avg daily vol - 6mth (m)	6.4
52-wk range (RM)	1.65-2.54
Est free float	50.2%
Stock Beta	0.63
Net cash/(debt) (RMm)	(3,766.4)
ROE (CY26E)	7.2%
Derivatives	No
Shariah Compliant	No
FTSE4Good Constituent	Yes
FBM EMAS (Top 200)	Top 26-50%
ESG Rank	
ESG Risk Rating	12.5 (4.2 yoy)

Key Shareholders

Sunway Berhad	40.9%
EPF	14.9%
KWAP	5.8%
PNB	4.4%

Source: Bloomberg, Affin Hwang, Bursa Malaysia, ESG
Risk Rating Powered by Sustainalytics

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Sunway REIT (SREIT MK)

HOLD (downgrade)

Up/Downside: -4%

Price Target: RM2.41

Previous Target (Rating): RM2.38 (BUY)

Downgrading: DPU beat forecasts but upside is limited

- SREIT's 2025 realised net profit grew a robust 19% yoy to RM410m on higher rental income from its active asset acquisitions and developments. The earnings were within consensus but above our expectations
- The 2025 DPU of 14.48 sen includes one-off gains from the disposal of Sun U. Looking ahead, we expect DPU to normalise to 12.7–13.5sen over 2026E-28E
- Downgrade SREIT to HOLD with a revised DDM-derived TP of RM2.41

2025 realised net profit grew a robust 19% yoy to RM410m – above estimates

2025 realised net profit rose 19.3% yoy to RM410.2m, driven by higher rental income from core retail reconfigurations and strategic acquisitions. This translated into a higher FY2025 DPU of 14.48 sen (FY2024: 10.0 sen). Excluding the one-off DPU from prior years' unrealised fair value gains on the disposal of Sunway University & College (Sun U), core DPU stood at 13.18 sen (+32% yoy). Sequentially, 4Q25 realised net profit increased 9.8% qoq to RM112.6m, supported by lower borrowing costs (-14.3% qoq) following a RM269.2m reduction in 2025 borrowings, mainly from the repayment of debt using proceeds from Sun U disposal. Nonetheless, 4Q25 NPI declined 8.8% qoq, reflecting higher operating expenses and lower revenue, largely due to weaker contributions from the hotel segment.

SREIT's 2026E-28E DPU is expected to normalize from a high base

SREIT's 2025 results were above ours but within consensus estimates, with core net profit representing 102-104% of consensus and our full-year forecasts. The earnings beat was due to higher-than-expected contribution from Sunway Pyramid Mall and Sunway Carnival Mall. Looking ahead, earnings growth is expected to be supported by (i) a full-year contribution from the completion of Sunway Carnival's Old Wing reconfiguration on 8 May 2025, and (ii) sustained higher rental rates from the refurbished Oasis section at Sunway Pyramid. That said, the positive earnings momentum is partly offset by a high base effect, following the one-off DPU uplift from disposal of Sun U in 2025. As a result, the improved earnings profile is not expected to translate into meaningful near-term DPU upside, with DPU normalising to 12.7–13.5sen over 2026E-28E.

Downgrade to HOLD with a revised 12-month TP of RM2.41

We raised SREIT's DDM-derived 12-month target price to RM2.41 (from RM2.38) after lifting our 2026E–27E earnings forecasts by 5–6%, reflecting higher revenue assumptions for Sunway Pyramid and Sunway Carnival on stronger rental rates. That said, we downgrade SREIT to HOLD (from Buy) as the recent share price run-up has narrowed upside and near-term earnings visibility appears largely priced in. While SREIT remains attractive for its diversified asset base and strong Sunway branding, we think near-term upside is limited as current valuations largely price in earnings growth. Upside/downside risks to our view include (i) delays/acceleration in acquisition execution, and (iii) lower/steeper-than-expected increases in OPR.

Earnings & Valuation Summary

FYE 31 Dec (RMm)	2024	2025	2026E	2027E	2027E
Revenue	756.9	894.3	915.4	932.7	952.0
Net property income	559.4	658.0	679.0	697.2	711.1
Reported net profit	504.3	520.8	433.3	450.5	463.5
EPU (sen)	15.0	15.2	12.7	13.2	13.5
Distributable profit	343.8	410.2	433.3	450.6	463.6
Realised net profit	343.8	410.2	433.3	450.5	463.5
Realised EPU (sen)	10.0	12.0	12.7	13.2	13.5
Realised EPU chg (%)	7.7	19.3	5.6	4.0	2.9
Realised PER (x)	25.0	21.0	19.8	19.1	18.5
DPU (sen)	10.0	14.5	12.7	13.2	13.5
Distribution Yield (%)	4.0	5.8	5.0	5.2	5.4
P/RNAV (x)	1.6	1.6	1.6	1.6	1.6

Chg in distr. EPU (%)

+5.0

+5.5

New

Affin/Consensus (x)

1.0

1.0

N/A

Source: Company, Bloomberg, Affin Hwang forecasts

Fig 1: Results Comparison

FYE Dec (RMm)	4Q24	3Q25	4Q25	QoQ % chg	YoY % chg	2024	2025	YoY % chg	Comments
Revenue	210.6	236.4	227.6	-3.7	8.1	756.9	894.3	18.2	Stronger 2025 revenue yoy on higher rental income from retail segment due to full-year contributions from (i) 6 Sunway REIT hypermarkets, (ii) Sunway 163 Mall and (iii) Sunway Kluang, alongside strong performance from Sunway Pyramid and Sunway Carnival post-refurbishment
									Lower 4Q25 revenue qoq due to weaker revenue across hotel segment (-14.6% qoq)
Op expenses	-55.3	-55.5	-62.7	12.9	13.4	-197.4	-236.4	19.7	
Net Property Income	155.3	180.9	165.0	-8.8	6.2	559.4	658.0	17.6	Lower 4Q25 NPI qoq due to higher opex and weaker revenue
<i>NPI margin (%)</i>	<i>73.7</i>	<i>76.5</i>	<i>72.5</i>	<i>-4.0</i>	<i>-1.3</i>	<i>73.9</i>	<i>73.6</i>	<i>-0.3</i>	
Revaluation surplus / others	100.4	8.5	67.1	>100	-33.1	176.6	110.9	>100	
Net Invest. Income	255.6	189.4	232.1	22.5	-9.2	736.0	768.9	4.5	
Int expense	-45.5	-42.3	-36.2	-14.3	-20.3	-166.6	-164.9	-1.1	Lower 4Q25 interest expense yoy as average cost of debt reduced to 3.79% (4Q24: 3.89%) amid lower OPR
REIT's expenses	-14.0	-14.9	-14.0	-5.8	0.2	-52.0	-56.3	8.3	
Pretax Profit	196.2	132.3	181.8	37.5	-7.3	517.4	547.7	5.9	
Net profit	188.8	121.9	172.2	41.3	-8.8	504.3	520.8	3.3	
Realised net profit	94.7	102.6	112.6	9.8	18.9	343.8	410.2	19.3	
Distributable income	94.7	143.6	112.6	-21.6	18.9	343.8	410.2	19.3	
EPU (sen)	5.51	3.56	5.03	41.3	-8.8	14.72	15.21	3.3	
Realised EPU (sen)	2.76	2.99	3.29	9.9	19.2	10.04	11.98	19.3	
DPU (sen)	5.34	0.00	8.80	n.m.	64.8	10.00	14.48	44.8	Excluding the one-off DPU due to prior years' unrealized fair value gains upon disposal of Sun U, 2025 core DPU stood at 13.18sen (+32% yoy)

Source: Affin Hwang, Company

Fig 2: Segmental breakdown

FYE 31 Dec (RMm)	2Q CY24	3Q CY24	4Q CY24	1Q CY25	2Q CY25	3Q CY25	4Q CY25	QoQ % chg	YoY % chg
Revenue*									
Retail	123.7	130.6	149.0	168.4	160.0	167.2	173.1	3.5%	16.2%
Hotel	19.2	29.2	27.9	16.1	16.7	35.0	29.9	-14.6%	7.2%
Office	20.8	20.5	20.5	20.4	20.4	20.1	19.9	-0.9%	-3.0%
Industrial	2.2	2.3	3.5	4.2	4.5	4.4	4.7	7.2%	34.9%
Services	9.6	9.6	9.7	9.8	9.8	9.7	0.0	n.m.	n.m.
NPI*									
Retail	86.2	91.8	103.5	116.8	114.1	121.9	121.2	-0.6%	17.0%
Hotel	18.5	28.1	26.8	15.0	15.6	33.9	28.7	-15.2%	7.3%
Office	13.0	12.9	12.4	12.4	12.2	11.8	11.5	-2.7%	-6.8%
Industrial	2.0	1.9	2.9	3.2	3.2	3.6	3.5	-1.1%	20.1%
Services	9.6	9.6	9.7	9.8	9.8	9.7	0.0	n.m.	n.m.

Source: Company, Affin Hwang

*Excluded unrealised rental income (in relation to unbilled lease income receivable)

Important Disclosures and Disclaimer

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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