Corporate Update

IGB REIT

(5227 | IGBREIT MK) Main | REIT

3 Stars

FTSE4Good

NEUTRAL

Revised Target Price **RM2.22** (from RM2.10)

1QFY25 Results Review
A Strong Quarter

Maintain NEUTRAL on IGB REIT with a revised TP of RM2.22. IGB REIT 1QFY25 core net earnings came in within expectations. Earnings growth in 1QFY25 was solid at 29.4%qoq and 8.1%yoy, driven mainly by seasonally higher shopper footfall in 1Q and positive rental reversion. Earnings outlooks remain positive due to high occupancy rate of Mid Valley Megamall and The Gardens Mall. We remain **NEUTRAL** on IGB REIT due to limited upside. Distribution yield is estimated at 4.3%.

1QFY25 earnings within expectations. IGB REIT 1QFY25 core net income of RM110.6m came in within expectations, making up 29% and 27% of our and consensus full year estimates respectively. IGB REIT announced distribution per unit (DPU) of 3.19sen for 1QFY25 which is higher than DPU of 2.96sen in 1QFY24.

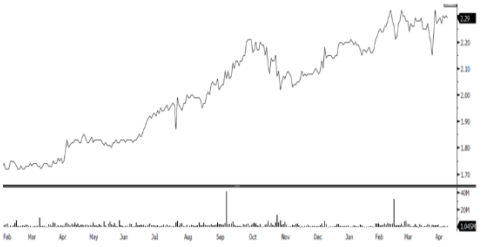
A strong quarter in 1QFY25 driven by festive season. Sequentially, 1QFY25 core net income climbed to RM110.6m (+29.4%qoq) in line with the higher topline (+8.3%qoq). The earnings growth was mainly due to seasonally higher shopper footfall in 1QFY25 due to festive season and school holidays. Besides, earnings growth on sequential basis was also helped by lower property operating expenses (-24%qoq) which led by decline in upgrading cost. On yearly basis, 1QFY25 core net income was higher (+8.1%yoy), underpinned by higher topline (+5.5%yoy). Rental growth was stable in 1QFY25 due to positive rental reversion and sustained high shopper footfall of Mid Valley Megamall and The Gardens Mall.

Earnings forecast maintained. We make no changes to our earnings forecast for FY25F/26F/27F. Despite earnings is expected to normalise in 2QFY25 due to seasonally lower shopper footfall, earnings growth in FY25 is expected to be stable at +4.6%yoy mainly due to organic growth of positive rental reversion. Rental growth outlook for Mid Valley Megamall and The Gardens Mall stays positive due to high occupancy rates of the malls and high shopper footfall which will sustain tenant sales.

Target price revised to RM2.22. We revise our TP for IGB REIT to RM2.22 from RM2.10 as we rollover valuation base year in our Dividend Discount Model. While earnings outlook for IGB REIT is expected to remain stable going forward, we think that positives are largely priced in with limited upside. Hence, we maintain our NEUTRAL call on IGB REIT. Meanwhile, distribution yield is estimated at 4.3%.

RETURN STATISTICS	
Price @ 23 April 2025 (RM)	2.29
Expected share price return (%)	-3.1
Expected dividend yield (%)	+4.3
Expected total return (%)	+1.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	0.3
3months	1.8	9.9
12 months	26.5	31.6

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	643	654	667
Operating Profit	482	489	498
PBT	493	502	513
Core Net Income	386	392	399
Core EPU (sen)	10.69	10.85	11.04
Net DPU (sen)	9.78	9.94	10.12
Dividend Yield	4.3%	4.3%	4.4%

KEY STATISTICS

FBM KLCI	1,501.19
Issue shares (m)	3,615.39
Estimated free float (%)	44.22
Market Capitalisation (RM'm)	8,286.19
52-wk price range	RM7.26 – RM2.34
3-mth average daily volume (m)	2.52
3-mth average daily value (RM'm)	5.69
Top Shareholders (%)	
IGB Berhad	47.91
EPF	11.01
KWAP	6.97

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IGB REIT: 1QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	1QFY25	%YoY	%QoQ	FY25	%YoY
Gross Revenue	171.4	5.5%	8.3%	171.4	5.5%
Net Property Income (NRI)	133.1	7.1%	23.4%	133.1	7.1%
Net Investment Income	131.2	6.0%	-61.8%	131.2	6.0%
Net Income	106.6	7.0%	-66.6%	106.6	7.0%
Core Net Income (CNI)	110.6	8.1%	29.4%	110.6	8.1%
Realised EPU (sen)	2.9	6.6%	-66.6%	2.9	6.6%
Core EPU (sen)	3.1	7.7%	29.3%	3.1	7.7%
Gross DPU (sen)	3.2	7.8%	27.6%	3.2	7.8%

Source: Company, MIDF Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	604	626	643	654	667
Operating Profit	448	455	482	489	498
PBT	612	676	493	502	513
Net Income	518	580	386	393	401
Core Net Income	359	369	386	392	399
Core EPU (sen)	10.0	10.2	10.7	10.8	11.0
Core PER (x)	23.0	22.5	21.4	21.1	20.7
NAV/unit (RM)	1.12	1.18	1.17	1.19	1.20
P/NAV (x)	2.04	1.95	1.95	1.92	1.90

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Investment Properties	5,186	5,436	5,463	5,491	5,518
Total non-current assets	5,188	5,438	5,464	5,492	5,519
Cash	274	258	320	431	546
Other Assets	43	45	64	65	37
Total Assets	**5,505**	**5,741**	**5,848**	**5,988**	**6,102**
LT Borrowings	1,199	1,200	1,224	1,285	1,349
ST Borrowings	15	15	38	39	39
Other Liability	55	63	63	63	63
Total Liability	1,468	1,486	1,605	1,675	1,749
Unitholders' capital	4,550	4,576	4,618	4,648	4,648
Other Equity	(514)	(321)	(375)	(335)	(295)
Total Equity	4,037	4,255	4,243	4,313	4,353
Equity + Liability	**5,505**	**5,741**	**5,848**	**5,988**	**6,102**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities					
Net income before taxation	518	580	386	392	399
Net cash from operating activities	433	460	511	519	529
Cash flows from investing activities					
Interest received	5	9	7	8	9
Net cash used in investing activities	-27	-30	-5	-4	-3
Cash flows from financing activities					
Net cash from/(used in) financing activities	-422	-448	-412	-405	-411
Net increase/(decrease) in cash and cash equivalents	-15	-17	94	111	115
Cash and cash equivalent at 1 January	258	243	226	320	431
Cash and cash equivalent at 1 December	243	226	320	431	546

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
PBT margin	101.3%	107.9%	76.7%	76.8%	77.0%
Core net income margin	59.4%	58.9%	60.1%	60.0%	59.9%
ROE	9.1%	8.9%	9.1%	9.2%	9.2%
ROA	6.6%	6.6%	6.7%	6.6%	6.6%

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

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MIDF AMANAH 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