Corporate Update

IGB REIT

(5227 | IGBREIT MK) Main | REIT

3 Stars

FTSE4Good

Maintain **NEUTRAL**

Unchanged Target Price **RM2.70**

3QFY25 Results Review
Solid Earnings

9MFY25 results within expectations. IGB REIT 9MFY25 net income of RM311m came in within expectations, making up 77% and 75% of our and consensus full year estimates respectively. IGB REIT announced distribution per unit (DPU) of 2.77sen for 3QFY25, bringing total DPU to 8.78sen in 9MFY25.

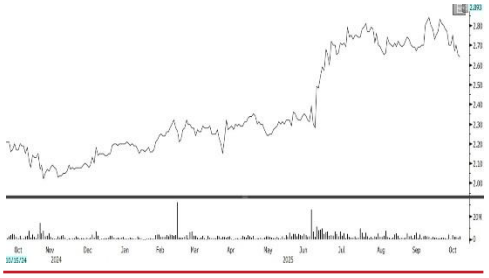
Solid earnings in 9MFY25. On a sequential basis, 3QFY25 core net income increased to RM102.6m (+4.9%qoq), in line with higher topline (+3.2%qoq). The higher earnings were due to pick up in shopper footfall in 3QFY25 from a quieter quarter in 2QFY25. The lower earnings were also helped by lower utilities expenses (-14%qoq). On yearly basis, 3QFY25 earnings remains solid at RM102.6m (+10.7%yoy) which brought cumulative 9MFY25 core net income higher at RM311m (+9.8%yoy). Earnings of IGB REIT remains resilient due to positive rental reversion and solid tenant sales which were supported by the high shopper footfall.

Decent earnings prospect. Earnings outlook for IGB REIT is expected to remain positive, underpinning by the high occupancy rate of Mid Valley Megamall and The Gardens Mall. Earnings prospect beyond FY26 will also be supported by contribution from Mid Valley Southkey Mall as the acquisition of Mid Valley Southkey Mall is yield accretive with NPI yield of 7.2%. The acquisition of Mid Valley Southkey Mall is expected to complete by end-November 2025.

Maintain NEUTRAL with an unchanged TP of RM2.70. We revise our FY25 earnings forecast by +3.8% to incorporate one month earnings contribution from Mid Valley Southkey Mall in December 2025. Meanwhile, we make no changes to our earnings forecast for FY26/27. We maintain our TP for IGB REIT at RM2.70, based on Dividend-Discount Model. While we see decent earnings prospect for IGB REIT which underpin by the high-quality assets, distribution yield tapered to 4.4% following the rally in share price. Hence, we maintain our **NEUTRAL** call on IGB REIT.

RETURN STATISTICS	
Price @ 22 Oct 2025 (RM)	2.64
Expected share price return (%)	+2.3
Expected dividend yield (%)	+3.8
Expected total return (%)	+6.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.2	-2.2
3months	-5.0	-8.7
12 months	20.0	23.0

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	676	944	971
Operating Profit	513	695	718
PBT	524	708	734
Core Net Income	417	553	574
Core EPU (sen)	11.52	12.80	13.29
Net DPU (sen)	10.51	11.56	12.00
Dividend Yield	4.0%	4.4%	4.5%

KEY STATISTICS

FBM KLCI	1,602.69
Issue shares (m)	3,615.39
Estimated free float (%)	37.78
Market Capitalisation (RM'm)	9,567
52-wk price range	RM2– RM2.86
3-mth average daily volume (m)	2.55
3-mth average daily value (RM'm)	6.96
Top Shareholders (%)	
IGB Berhad	47.84
EPF	10.06
KWAP	6.64
IGB REIT Management Sdn Bhd	6.18

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IGB REIT: 3QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative results	
	3QFY25	%YoY	%QoQ	9MFY25	%YoY
Gross Revenue	165.2	6.4%	3.2%	496.7	6.2%
Net Property Income (NRI)	124.9	9.5%	4.2%	377.9	8.6%
Net Investment Income	120.0	16.2%	2.9%	367.9	10.8%
Net Income	95.6	20.2%	3.4%	294.7	13.0%
Core Net Income (CNI)	102.6	10.7%	4.9%	311.0	9.8%
Realised EPU (sen)	2.6	19.8%	3.3%	8.1	12.6%
Core EPU (sen)	2.8	10.3%	4.8%	8.6	9.4%
Gross DPU (sen)	2.8	3.4%	-1.8%	8.8	7.1%

Source: Company, MBSB Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	604	626	676	944	971
Operating Profit	448	456	513	695	718
PBT	612	676	524	708	733
Net Income	518	580	417	553	576
Core Net Income	359	369	417	552	574
Core EPU (sen)	10.0	10.2	11.5	12.8	13.3
Core PER (x)	26.5	25.9	22.9	20.6	19.9
NAV/unit (RM)	1.12	1.18	1.17	1.37	1.38
P/NAV (x)	2.36	2.24	2.25	1.93	1.91

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Investment Properties	5,186	5,436	8,113	8,141	8,181
Total non-current assets	5,188	5,438	8,114	8,142	8,182
Cash	274	258	358	362	379
Other Assets	43	45	3	141	266
Total Assets	5,505	5,741	8,475	8,645	8,828
LT Borrowings	1,199	1,200	2,224	2,315	2,430
ST Borrowings	15	15	40	56	57
Other Liability	55	63	63	63	63
Total Liability	1,468	1,486	2,607	2,722	2,848
Unitholders' capital	4,550	4,576	6,240	6,240	6,240
Other Equity	(514)	(321)	(372)	(317)	(260)
Total Equity	4,037	4,255	5,868	5,923	5,980
Equity + Liability	5,505	5,741	8,475	8,645	8,828

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities					
Net income before taxation	518	580	417	552	574
Net cash from operating activities	433	460	541	673	769
Cash flows from investing activities					
Interest received	5	9	7	8	9
Net cash used in investing activities	-27	-30	-1026	-4	-3
Cash flows from financing activities					
Net cash from/(used in) financing activities	-422	-448	616	-664	-749
Net increase/(decrease) in cash and cash equivalents	-15	-17	131	5	17
Cash and cash equivalent at 1 January	258	243	226	358	362
Cash and cash equivalent at 1 December	243	226	358	362	379

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
PBT margin	101.3%	107.9%	77.5%	75.0%	75.5%
Core net income margin	59.4%	58.9%	61.6%	58.5%	59.1%
ROE	9.1%	8.9%	9.8%	10.9%	9.6%
ROA	6.6%	6.6%	7.2%	7.6%	6.6%

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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