IGB REIT

(5227 | IGBREIT MK) Main | REIT

3 Stars

FTSE4Good

Corporate Update

Maintain NEUTRAL

Revised Target Price **RM2.84**
(from RM2.70)

4QFY25 Results Review
Positive Earnings Outlook

FY25 results within expectations. IGB REIT FY25 net income of RM435.5m came in within expectations, making up 104% of our and consensus full year estimates. IGB REIT announced distribution per unit (DPU) of 2.97sen for 4QFY25, bringing total DPU to 11.75sen in FY25 and translating into distribution yield of 4.1%.

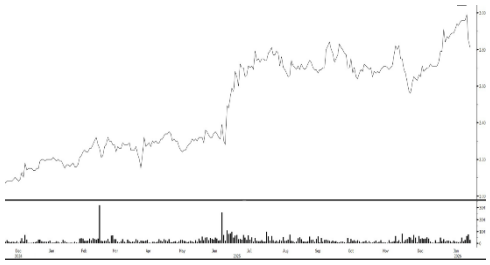
Earnings lifted by Mid Valley Southkey Mall. On a sequential basis, 4QFY25 core net income increased to RM124.4m (+21.3%qoq), mainly due to maiden contribution from Mid Valley Southkey Mall. Note that acquisition of Mid Valley Southkey Mall was completed on 20th November 2025. Meanwhile, borrowing cost was higher (+33%qoq) due to borrowings incurred for acquisition of Mid Valley Southkey Mall. Besides, the higher sequential earnings were sustained by the seasonally higher shopper footfall in 4Q amid year-end holiday seasons. On a yearly basis, 4QFY25 earnings were higher at RM124.4m (+45.5%yoy), bringing FY25 core net income higher at RM435.5m (+18.1%yoy). The earnings growth was driven by positive rental reversion of Mid Valley Megamall and The Gardens Mall. Additionally, the maiden contribution from Mid Valley Southkey Mall lifted earnings growth in FY25.

Positive earnings outlook. We see better earnings outlook for IGB REIT for FY26 as contribution from Mid Valley Southkey Mall is expected to lift earnings of IGB REIT. Rental reversion outlook for Mid Valley Southkey Mall is expected to be positive due to strategic location of the mall in Johor Bahru. Besides, the organic growth of positive rental reversion for Mid Valley Megamall and The Gardens Mall will drive earnings growth. We see sustained positive rental reversion outlook for Mid Valley Megamall and The Gardens Mall mainly due to high shopper footfall and high occupancy rate of the malls. On another note, gearing of IGB REIT increased marginally from 0.21x to 0.26x after the acquisition of Mid Valley Southkey Mall which we deem remain healthy.

Maintain NEUTRAL with a revised TP of RM2.84. We make no changes to our earnings forecast for FY26/27. We also introduce our earnings forecast for FY28. We revise our TP for IGB REIT to RM2.84 from RM2.70 as we rollover our valuation to FY27. Our TP is based on Dividend-Discount Model. While earnings outlook for IGB REIT remains promising, gross distribution yield is unexciting at 4.5%, hence we maintain our **NEUTRAL** call on IGB REIT.

RETURN STATISTICS	
Price @ 28 Jan 2026 (RM)	2.86
Expected share price return (%)	-0.1
Expected dividend yield (%)	+4.5
Expected total return (%)	+4.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.7	-1.1
3months	2.9	-5.2
12 months	29.5	14.4

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	944	971	1,006
Operating Profit	695	718	745
PBT	708	733	763
Core Net Income	553	574	599
Core EPU (sen)	12.80	13.27	13.86
Gross DPU (sen)	11.56	11.98	12.50
Dividend Yield	4.5%	4.7%	4.9%

KEY STATISTICS

FBM KLCI	1,756.49
Issue shares (m)	3,615.39
Estimated free float (%)	44.17
Market Capitalisation (RM'm)	12,147
52-wk price range	RM2– RM3.01
3-mth average daily volume (m)	2.43
3-mth average daily value (RM'm)	6.66
Top Shareholders (%)	
IGB Berhad	40.10
EPF	9.27
IGB Corp	5.73
KWAP	5.44
IGB REIT Management Sdn Bhd	5.18

Analyst

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IGB REIT: 4QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative Results	
	4QFY25	%YoY	%QoQ	FY25	%YoY
Gross Revenue	208.3	31.6%	26.1%	705.1	12.6%
Net Property Income (NRI)	155.7	44.3%	24.7%	533.6	17.1%
Net Investment Income	397.9	15.8%	231.5%	765.8	13.3%
Net Income	365.8	14.7%	282.5%	660.5	13.9%
Core Net Income (CNI)	124.4	45.5%	21.3%	435.5	18.1%
Realised EPU (sen)	8.5	-4.1%	220.7%	16.6	3.4%
Core EPU (sen)	2.9	21.7%	1.7%	11.5	12.3%
Gross DPU (sen)	3.0	18.8%	7.2%	11.8	9.8%

Source: Company, MBSB Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	626	705	944	971	1,006
Operating Profit	456	534	695	718	745
PBT	676	766	708	733	763
Net Income	580	660	554	576	602
Core Net Income	369	435	553	574	599
Core EPU (sen)	10.2	10.1	12.8	13.3	13.9
Core PER (x)	28.0	28.4	22.3	21.5	20.6
NAV/unit (RM)	1.18	1.45	1.41	1.42	1.43
P/NAV (x)	2.43	1.97	2.03	2.01	1.99

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
Investment Properties	5,436	8,369	8,141	8,181	8,222
Total non-current assets	5,438	8,371	8,142	8,182	8,223
Cash	258	305	284	312	376
Other Assets	45	82	379	493	579
Total Assets	5,741	8,758	8,804	8,987	9,179
LT Borrowings	1,200	2,229	2,315	2,430	2,552
ST Borrowings	15	19	56	57	60
Other Liability	63	63	63	63	63
Total Liability	1,486	2,490	2,722	2,848	2,981
Unitholders' capital	4,576	6,247	6,240	6,240	6,240
Other Equity	(321)	21	(158)	(101)	(42)
Total Equity	4,255	6,268	6,082	6,139	6,198
Equity + Liability	5,741	8,758	8,804	8,987	9,179

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
Cash flows from operating activities					
Net income before taxation	580	660	554	576	602
Net cash from operating activities	460	530	679	773	808
Cash flows from investing activities					
Interest received	9	9	8	9	10
Net cash used in investing activities	-30	-1051	-4	-3	-2
Cash flows from financing activities					
Net cash from/(used in) financing activities	-448	566	-663	-742	-743
Net increase/(decrease) in cash and cash equivalents	-17	46	12	28	64
Cash and cash equivalent at 1 January	243	226	272	284	312
Cash and cash equivalent at 1 December	226	272	284	312	376

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
PBT margin	107.9%	108.6%	75.0%	75.5%	75.9%
Core net income margin	58.9%	61.8%	58.6%	59.1%	59.6%
ROE	8.9%	8.3%	9.0%	9.4%	9.7%
ROA	6.6%	6.0%	6.3%	6.4%	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