IGB REIT

(5227 | IGBREIT MK) Main | REIT

3 Stars

FTSE4Good

Maintain **NEUTRAL**

Unchanged Target Price **RM2.84**

Corporate Update

1QFY26 Results Review

Festive Spending Fuels Strong Earnings

1QFY26 results within expectations. IGB REIT 1QFY26 core net income of RM168m deemed within expectations, despite making up 30% of our earnings forecast as earnings in the coming quarters are expected to normalise from the strong earnings in 1QFY26. IGB REIT announced distribution per unit (DPU) of 4sen for 1QFY26.

Festive spending fuels strong earnings. On a sequential basis, 1QFY26 earnings were strong at RM168m (+35%qoq), in line with the surge in topline (+25.4%qoq). The jump in earnings was mainly due to festive spending for Chinese New Year and Hari Raya Aidilfitri in 1QFY26. The higher consumer spending translated into higher income in the form of higher turnover rent. Besides, the higher earnings were also due to contribution from Mid Valley Southkey Mall which was acquired on 20th November 2025. Going forward, we see that earnings to normalise in 2QFY26 due to lack of festive boost.

Solid earnings. On a yearly basis, 1QFY26 core net income was higher at RM168m (+51.9%yoy), as earnings were exceptionally strong in 1QFY26 due to festive boost from Chinese New Year and Hari Raya Aidilfitri. Besides, the jump in earnings were also contributed by contribution from the newly acquired Mid Valley Southkey Mall. In addition, the earnings growth was also attributable to the positive rental reversion which was underpinned by the strong shopper footfall and high occupancy rate. Meanwhile, borrowing cost was higher (+72.5%yoy) due to borrowings incurred for acquisition of Mid Valley Southkey Mall.

Stable long-term prospect. We continue to see stable long-term prospect for IGB REIT as rental reversion outlook for Mid Valley Megamall and The Gardens Mall should remain positive on the back of strong shopper footfall and high occupancy rates. Besides, the newly acquired Mid Valley Southkey Mall is expected to remain stable with positive rental reversion outlook due to strategic location of the mall in Johor Bahru.

Maintain NEUTRAL with an unchanged TP of RM2.84. We make no changes to our earnings forecast for FY26/27/28. We maintain our TP for IGB REIT at RM2.84, based on Dividend-Discount Model. While we see positive long-term prospect for IGB REIT, gross distribution yield is modest at 4.6% while net yields (10% - 30 % tax rate) range from 4.1%-3.2%. Hence, we maintain our **NEUTRAL** call on IGB REIT.

RETURN STATISTICS	
Price @ 29 April 2026 (RM)	2.83
Expected share price return (%)	+0.4
Expected dividend yield (%)	+4.5
Expected total return (%)	+4.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	4.0	2.2
3months	2.5	-0.9
12 months	21.5	8.7

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	1,720.42
Issue shares (m)	4,323
Estimated free float (%)	44.20
Market Capitalisation (RM'm)	12,241
52-wk price range	RM2.00– RM3.06
3-mth average daily volume (m)	3.09
3-mth average daily value (RM'm)	8.67
Top Shareholders (%)	
IGB Berhad	40.08
EPF	9.53
IGB Corp	5.73
KWAP	5.44
IGB REIT Management Sdn Bhd	5.18

Analyst

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IGB REIT: 1QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative Results	
	1QFY26	%YoY	%QoQ	FY26	%YoY
Gross Revenue	261.3	52.4%	25.4%	261.3	52.4%
Net Property Income (NRI)	207.0	55.5%	33.0%	207.0	55.5%
Net Investment Income	204.5	55.9%	-48.6%	204.5	55.9%
Net Income	162.8	52.8%	-55.5%	162.8	52.8%
Core Net Income (CNI)	168.0	51.9%	35.0%	168.0	51.9%
Realised EPU (sen)	3.8	27.8%	-55.5%	3.8	27.8%
Core EPU (sen)	3.9	27.1%	34.9%	3.9	27.1%
Gross DPU (sen)	4.0	25.4%	34.7%	4.0	25.4%

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)	27.8	28.1	22.1	21.3	20.4
NAV/unit (RM)	1.18	1.45	1.41	1.42	1.43
P/NAV (x)	2.40	1.95	2.01	1.99	1.97

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