IGB REIT

(5227 | IGBREIT MK) Main | REIT

3 Stars

FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM2.90**

Corporate Update

3QFY26 Results Review

Consistent Earnings Delivery

9MFY26 results within expectations. IGB REIT 9MFY26 core net income of RM459m came in within expectations, making up 78% and 76% of our and consensus full year estimates respectively. IGB REIT announced distribution per unit (DPU) of 3.51sen for 3QFY26, bringing total DPU to 10.95sen in 9MFY26.

Sequential earnings improvement. On a sequential basis, 3QFY26 net income was higher at RM147.1m (+2.2%qoq), supported by a recovery from the weaker earnings recorded in 2QFY26. The softer 2QFY26 performance was largely due to the normalisation of consumer spending after the stronger festive season in 1QFY26, which had temporarily boosted sales and earnings. Meanwhile, earnings growth was partly negated by higher operating expenses (+7.2%qoq) which mainly led by increase in maintenance expenses and upgrading costs.

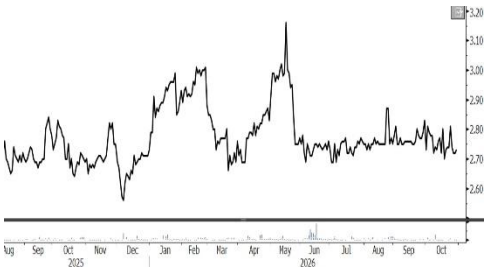
Stable performance in 9MFY26. On a year-on-year basis, 3QFY26 earnings remained solid at RM147.1m (+43.4%yoy), bringing cumulative 9MFY26 earnings higher at RM459m (+47.6%yoy). The solid 9MFY26 earnings were supported by the stable performance of Mid Valley Megamall and The Gardens Mall. Earnings growth was also boosted by the contribution from Mid Valley Southkey Mall, which was acquired on 20 November 2025. Rental reversions at Mid Valley Megamall and The Gardens Mall remained positive, underpinned by strong shopper traffic and high occupancy rates. However, the earnings growth was partly offset by higher borrowing costs incurred to finance the acquisition of Mid Valley Southkey Mall.

Stable earnings outlook. We remain positive on IGB REIT's long-term outlook, supported by continued positive rental reversion prospects at Mid Valley Megamall and The Gardens Mall. Both malls benefit from strong shopper traffic, high occupancy rates and their position as premier retail destinations, which should support sustainable rental growth. In addition, Mid Valley Southkey Mall is expected to deliver stable earnings and healthy rental reversions, backed by its strategic location in Johor Bahru. Collectively, these factors should provide a resilient earnings base and support IGB REIT's long-term growth trajectory.

Maintain BUY with an unchanged TP of RM2.90. We maintain our earnings forecast for FY26/27/28. We also maintain our we **TP** for IGB REIT at **RM2.90**. Our TP is based on Dividend-Discount Model. We remain positive on IGB REIT as its key malls continue to enjoy strong shopper traffic and tenant demand, which support positive rental reversions. This should help drive steady earnings growth and sustainable distributions going forward. Hence, we maintain our **BUY** call on IGB REIT.

RETURN STATISTICS	
Price @ 30 Oct 2026 (RM)	2.72
Expected share price return (%)	+6.6
Expected dividend yield (%)	+5.0
Expected total return (%)	+11.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.2	-0.2
3months	-3.5	4.9
12 months	0.7	0.8

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	970	1,007	1,036
Operating Profit	732	765	788
PBT	745	780	806
Core Net Income	589	619	639
Core EPU (sen)	13.62	14.31	14.79
Gross DPU (sen)	13.63	14.31	14.78
Dividend Yield	5.0%	5.3%	5.4%

KEY STATISTICS

FBM KLCI	1,615.60
Issue shares (m)	4,323
Estimated free float (%)	43.80
Market Capitalisation (RM'm)	11,783
52-wk price range	RM2.51– RM3.16
3-mth average daily volume (m)	2.28
3-mth average daily value (RM'm)	6.29
Top Shareholders (%)	
IGB Berhad	40.02
EPF	10.40
IGB Corp	5.72
IGB REIT Management Sdn Bhd	5.37

Analyst

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IGB REIT: 3QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative Results	
	3QFY26	%YoY	%QoQ	9MFY26	%YoY
Gross Revenue	249.3	50.9%	3.5%	751.6	51.3%
Net Property Income (NRI)	185.2	48.3%	2.3%	573.4	51.7%
Net Investment Income	185.6	54.6%	3.3%	569.6	54.8%
Net Income	144.2	50.8%	3.5%	446.2	51.4%
Core Net Income (CNI)	147.1	43.4%	2.2%	459.0	47.6%
Realised EPU (sen)	3.3	26.1%	3.4%	10.3	26.7%
Core EPU (sen)	3.4	20.0%	2.1%	10.6	23.5%
Gross DPU (sen)	3.5	26.7%	2.0%	11.0	24.7%

Source: Company, MBSB Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	626	705	970	1,007	1,036
Operating Profit	456	534	732	765	788
PBT	676	766	745	780	806
Net Income	580	660	590	621	642
Core Net Income	369	435	589	619	639
Core EPU (sen)	10.2	10.1	13.6	14.3	14.8
Core PER (x)	26.6	26.9	19.9	18.9	18.3
NAV/unit (RM)	1.18	1.45	1.41	1.42	1.44
P/NAV (x)	2.30	1.87	1.93	1.91	1.89

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	285	316	383
Other Assets	45	82	382	499	586
Total Assets	5,741	8,758	8,809	8,997	9,192
LT Borrowings	1,200	2,229	2,315	2,430	2,552
ST Borrowings	15	19	57	60	61
Other Liability	63	63	63	63	63
Total Liability	1,486	2,490	2,724	2,850	2,982
Unitholders' capital	4,576	6,247	6,240	6,240	6,240
Other Equity	(321)	21	(155)	(93)	(30)
Total Equity	4,255	6,268	6,085	6,147	6,210
Equity + Liability	5,741	8,758	8,809	8,997	9,192

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
Cash flows from operating activities					
Net income before taxation	580	660	590	621	642
Net cash from operating activities	460	530	715	820	851
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	-698	-787	-782
Net increase/(decrease) in cash and cash equivalents	-17	46	13	31	67
Cash and cash equivalent at 1 January	243	226	272	285	316
Cash and cash equivalent at 1 December	226	272	285	316	383

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
PBT margin	107.9%	108.6%	76.8%	77.5%	77.8%
Core net income margin	58.9%	61.8%	60.7%	61.5%	61.7%
ROE	8.9%	8.3%	9.5%	10.1%	10.3%
ROA	6.6%	6.0%	6.7%	7.0%	7.0%

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MBSB 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