

# IGB REIT

## Mid Valley Southkey Onboarded

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IGBREIT's FY25 results and distribution came within expectations on strong earnings, thanks to maiden contribution from Mid Valley Southkey which was acquired on 20 Nov 2025, alongside positive rental reversion and higher rental income from new tenants occupying the reconfigured space in Mid Valley Mall (MVM) vacated by Metrojaya in 4QFY24. As we introduce new forecasts for FY27, we expect its NDFU to grow 24% and 8% for FY26-27. We keep our TP of RM2.52 and maintain our UNDERPERFORM call after a 65% share price rally since Jan 2024, where the stock is now trading at close to 2x PBV (highest among the REIT universe), suggesting that the potential upsides may have been fully reflected.

IGBREIT's FY25 full-year core net profit was within expectations, making up 103% and 104% of our full-year forecast and full-year consensus estimates, respectively. The group also declared an estimated after-tax dividend of 2.7 sen, bringing YTD total to 10.6 sen, in line with our FY25F NDFU assumption of 11 sen.

YoY, its FY25 revenue grew by 13% and net profit rose by 18%, mainly attributable to positive mid-single-digit rental reversions, maiden contribution from new asset, Mid Valley Southkey, acquired on 20 November 2025 alongside higher rental rates for the c.20 new tenants that took over the reconfigured space in MVM previously tenanted by Metrojaya, in 4QFY24. Overall tenant sales for both MVM and The Gardens Mall (TGM) also recorded positive gains.

QoQ, its revenue and net profit were higher by 26% and 21%, respectively, primarily driven by maiden contribution from new asset, Mid Valley Southkey alongside seasonally stronger 4Q. Meanwhile, its portfolio occupancy level remains close to 100%.

**Outlook.** Strong rental reversions for both Mid Valley Megamall and The Gardens Mall will likely be sustained, underpinned by ongoing more vibrant tenants post downsizing of Metrojaya in 4QFY24 and stable retail spendings. The acquisition of Mid Valley Southkey mall from its sponsor IGB Bhd has been completed on Nov 2025, besides enhancing the group's net DPU by up to an estimated 15% in FY26, the acquisition also offers geographical diversification to IGBREIT's predominantly KL-centric portfolio while allowing the group to tap into Johor's booming economy with the developments of Johor-Singapore SEZ and higher tourist influx from the upcoming commencement of the cross-border RTS Link.

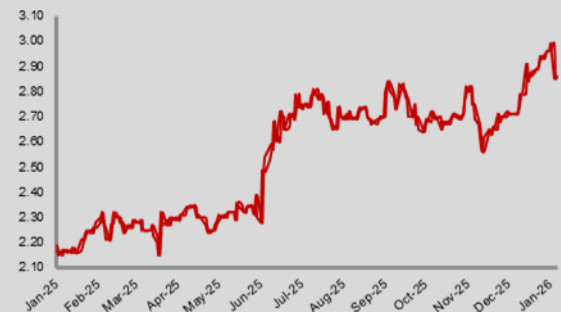
**Forecasts.** FY26F earnings are adjusted 2% upwards following model updates to incorporate FY25's reported numbers. Meanwhile, we introduce new numbers for FY27 which implies 7% net profit growth which we assumed a blended rental reversion of 6% across IGBREIT's three assets.

**Valuations.** We keep our TP of **RM2.52 based on FY26F NDFU of 13.2 sen** against an unchanged target yield of 5.25% (derived from a 1.75% yield spread above our 10-year MGS assumption of 3.50%). IGBREIT's fundamental remains intact stemming from its resilient portfolio, evident in its consistent high occupancy rates and ability to cater to a wide range of income groups, on top of the new acquisition of Mid Valley Southkey that is anticipated to see further revenue upsides moving forward. We maintain our **UNDERPERFORM** call after a 65% share price rally since Jan 2024. There is no adjustment to our TP based on ESG, given a 3-star rating as appraised by us.

# UNDERPERFORM ↔

Price : **RM2.86**  
Target Price : **RM2.52** ↔

### Share Price Performance



KLCI	1,756.49
YTD KLCI chg	4.6%
YTD stock price chg	4.8%

### Stock Information

Shariah Compliant	No
Bloomberg Ticker	IGBREIT MK Equity
Market Cap (RM m)	12,364.1
Shares Outstanding	4,323.1
52-week range (H)	3.01
52-week range (L)	2.13
3-mth avg. daily vol.	2,480,115
Free Float	44%
Beta	0.24

### Major Shareholders

IGB Berhad	40.1%
Employees Provident Fund	9.3%
IGB Corp Bhd	6.4%

### Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	705.1	974.8	1,031.9
EBIT	533.6	739.1	782.5
PBT	660.5	603.6	645.6
PATAMI	<b>660.5</b>	<b>603.6</b>	<b>645.6</b>
Core PATAMI	<b>435.5</b>	<b>603.6</b>	<b>645.6</b>
Consensus (NP)	419.0	552.2	575.0
Earnings Revision	-	+2.2%	NEW
Core EPS (sen)	10.1	14.0	14.9
Core EPS Growth (%)	-1.6%	38.5%	7.0%
GDPS (sen)	11.8	15.0	16.1
NDPS (sen)	10.6	13.2	14.2
BVPS (RM)	1.45	1.44	1.43
PER (x)	28.2	20.4	19.0
PBV (x)	2.0	2.0	2.0
Asset Gearing (x)	0.26	0.26	0.26
Net Div. Yield (%)	3.7	4.7	5.0

29 January 2026

**Risks to our call include:** (i) higher-than-expected tenant sales, and (ii) lower-than-expected MGS yield.

**Results Highlights**

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Gross Lease Revenue	151.7	119.2	27.3%	113.3	34.0%	511.8	451.5	13.4%
Non-Lease Revenue	56.6	46.0	23.0%	45.0	25.7%	193.2	174.6	10.7%
<b>Gross Revenue</b>	<b>208.3</b>	<b>165.2</b>	<b>26.1%</b>	<b>158.3</b>	<b>31.6%</b>	<b>705.1</b>	<b>626.1</b>	<b>12.6%</b>
Property Operating Expenses	-52.6	-40.3	30.7%	-50.4	4.4%	-171.5	-170.4	0.6%
<b>Net Property Income</b>	<b>155.7</b>	<b>124.9</b>	<b>24.7%</b>	<b>107.9</b>	<b>44.3%</b>	<b>533.6</b>	<b>455.7</b>	<b>17.1%</b>
Interest & Investment Income	243.2	-4.9	>100%	235.6	3.2%	233.2	219.9	6.1%
<b>Net Investment Income</b>	<b>398.9</b>	<b>120.0</b>	<b>232.4%</b>	<b>343.5</b>	<b>16.1%</b>	<b>766.8</b>	<b>675.6</b>	<b>13.5%</b>
Non-operating expenses	-33.2	-24.4	35.8%	-24.5	35.3%	-106.3	-95.9	10.9%
<b>Profit before tax</b>	<b>365.8</b>	<b>95.6</b>	<b>282.5%</b>	<b>319.0</b>	<b>14.7%</b>	<b>660.5</b>	<b>579.8</b>	<b>13.9%</b>
Taxation	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
Minority interest	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
<b>Net Profit</b>	<b>365.8</b>	<b>95.6</b>	<b>282.5%</b>	<b>319.0</b>	<b>14.7%</b>	<b>660.5</b>	<b>579.8</b>	<b>13.9%</b>
<b>Distributable Income</b>	<b>131.9</b>	<b>102.8</b>	<b>28.2%</b>	<b>99.7</b>	<b>32.2%</b>	<b>460.0</b>	<b>405.7</b>	<b>13.4%</b>
<b>Core Net Profit</b>	<b>124.4</b>	<b>102.6</b>	<b>21.3%</b>	<b>85.5</b>	<b>45.5%</b>	<b>435.5</b>	<b>368.7</b>	<b>18.1%</b>
Core Earnings Per Unit (sen)	2.88	2.83	1.7%	2.36	21.7%	11.47	10.21	12.3%
Gross Distribution Per Unit (sen)	2.97	2.77	7.2%	2.50	18.8%	11.75	10.70	9.8%
Net Asset Value Per Unit (RM)	1.45	1.17	23.6%	1.18	23.2%	4.97	4.53	9.9%
<b>Key Operating Metrics:</b>								
Net property income margin	74.7%	75.6%		68.2%		75.7%	72.8%	
Pretax margin	175.6%	57.9%		201.5%		93.7%	92.6%	
Net Gearing	22.2%	17.0%		16.7%		22.2%	16.7%	

Source: Company, Kenanga Research

**Assets Breakdown**

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
<b>Gross Revenue</b>								
Mid Valley Megamall	115.1	114.1	0.9%	111.5	3.2%	460.6	435.3	5.8%
The Gardens Mall	52.5	51.1	2.7%	46.8	12.2%	203.7	190.8	6.8%
Mid Valley Southkey	40.7	0.0	N.M	0.0	N.M.	40.7	0.0	N.M
<b>TOTAL</b>	<b>167.6</b>	<b>165.2</b>	<b>1.5%</b>	<b>158.3</b>	<b>5.9%</b>	<b>664.3</b>	<b>626.1</b>	<b>6.1%</b>
<b>Net Property Income</b>								
Mid Valley Megamall	90.7	89.4	1.5%	82.8	9.5%	363.7	333.5	9.1%
The Gardens Mall	32.3	35.5	-9.0%	25.1	28.7%	137.2	122.2	12.3%
Mid Valley Southkey	32.7	0.0	N.M	0.0	N.M.	32.7	0.0	N.M
<b>TOTAL</b>	<b>123.0</b>	<b>124.9</b>	<b>-1.5%</b>	<b>107.9</b>	<b>14.0%</b>	<b>500.9</b>	<b>455.7</b>	<b>9.9%</b>
<b>Net Property Margin</b>								
Mid Valley Megamall	78.8%	78.4%		74.3%		79.0%	76.6%	
The Gardens Mall	61.5%	69.5%		53.6%		67.4%	64.0%	
Mid Valley Southkey	80.3%	N.A.		N.A.		80.3%	N.A.	
<b>TOTAL</b>	<b>73.4%</b>	<b>75.6%</b>		<b>68.2%</b>		<b>75.4%</b>	<b>72.8%</b>	

Source: Company, Kenanga Research

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
AME REIT	MP	1.72	1.68	-2.3%	912.0	Y	03/2026	7.6	8.0	17.3%	4.8%	22.6	21.6	1.6	6.9%	7.6	4.4%
AXIS REIT	MP	1.98	1.96	-1.0%	4,009.0	Y	12/2025	10.4	10.6	28.1%	2.0%	19.1	18.7	1.2	6.3%	9.6	4.8%
CAPITALAND MALAYSIA TRUST	MP	0.670	0.650	-3.0%	2,232.0	N	12/2025	5.2	5.4	10.1%	4.2%	12.9	12.3	0.7	5.4%	4.8	7.2%
IGB REIT	UP	2.86	2.52	-11.9%	12,364.0	N	12/2025	10.1	14.0	18.1%	38.6%	28.4	20.5	2.7	12.6%	10.6	3.7%
KLCCP STAPLED GROUP	MP	9.16	8.93	-2.5%	16,537.0	Y	12/2025	47.6	48.8	9.8%	2.5%	19.3	18.8	1.3	6.3%	45.7	5.0%
SUNWAY REIT	UP	2.48	2.22	-10.5%	8,494.0	N	12/2025	12.0	12.5	16.8%	3.8%	20.7	19.9	1.6	7.2%	10.8	4.4%
<b>SECTOR AGGREGATE</b>					<b>44,548.0</b>					<b>14.6%</b>	<b>10.3%</b>	<b>20.9</b>	<b>19.0</b>	<b>1.5</b>	<b>7.6%</b>		<b>5.0%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

	Criterion	Rating			
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	☆
	Community Investment	★	★	☆	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	★
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	☆	
<b>SPECIFIC</b>	Effluent/Waste Management	★	★	★	
	Water Management	★	★	★	
	Energy Efficiency	★	★	★	
	Green Buildings	★	★	★	
	Tenant Management	★	★	★	☆
	Supply Chain Management	★	★	☆	
<b>OVERALL</b>		★	★	★	

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:**

**Stock Recommendations**

- OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
- MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
- UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

- OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
- NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
- UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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