

30 April 2026

IGB REIT

Mid Valley Southkey Leads Rental Reversion

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IGBREIT's 1QFY26 results and distribution came within expectations on strong earnings, thanks to the full quarter incorporation of Mid Valley Southkey (MVS) mall which was acquired on 20 Nov 2025, alongside positive rental reversion from all its assets. Post-model updates, we raise our FY26-27 earnings forecasts by 3% each, to reflect stronger-than-expected rental growth in MVS. With the full incorporation of MVS mall reflected in latest results, we note that the relatively young mall can continue to offer above-average rental reversions over the medium term, in line with the group's latest guidance. Consequently, we lower our yield spread from 2.5% to 2.0%, which raises our TP to RM2.81 from RM2.50 (+12%).

IGBREIT's 1QFY26 core net profit was within expectations, making up 28% and 29% of our full-year forecast and full-year consensus estimate, respectively. The group also declared a dividend of 4.0 sen, in line to meet our FY26F GDPU assumption of 15 sen.

YoY, both its revenue and net profit grew by 52%, mainly attributable to the full incorporation of MVS mall (acquired on 20 November 2025) alongside positive mid-single-digit rental reversions for all of the group's three assets.

QoQ, its revenue and net profit were higher by 25% and 35%, respectively, primarily driven by the abovementioned reasons. 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 stable retail spendings. The acquisition of Mid Valley Southkey mall from its sponsor IGB Bhd that was completed on Nov 2025, which besides enhancing the group's net DPU by up to an estimated 15% in FY26, 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. Post model updates, we increase our earnings forecast for FY26-27 by 3% each, to reflect above-average rental reversions for MVS mall at high-single-digit (versus the group's average of mid-single-digit rental reversion).

Valuations. With the full incorporation of MVS mall reflected in the 1Q results, we note that the mall remains relatively young and continues to offer room for above-average rental reversions over the medium term, in line with management guidance. Consequently, we lower our yield spread from 2.5% to 2.0%, which raises our TP to RM2.81 based on **FY26F GDPU of 15.4 sen** against a revised target yield of 5.50% (derived from a 2.0% 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 MVS that is anticipated to see further revenue upsides moving forward. We maintain our **MARKET PERFORM** call underpinned by a 1-year forward 5.5% dividend yield that is in-line with its historical averages. There is no adjustment to our TP based on ESG, given a 3-star rating as appraised by us.

MARKET PERFORM ↔

Price : RM2.83
Target Price : RM2.81 ↑

Share Price Performance



KLCI	1,720.42
YTD KLCI chg	2.4%
YTD stock price chg	3.7%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	IGBREIT MK Equity
Market Cap (RM m)	12,241.3
Shares Outstanding	4,325.5
52-week range (H)	3.01
52-week range (L)	2.24
3-mth avg. daily vol.	3,091,957
Free Float	44%
Beta	0.29

Major Shareholders

IGB Berhad	40.1%
Employees Provident Fund	9.5%
IGB Corp Bhd	5.7%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	705.1	997.1	1,055.9
EBIT	533.6	756.4	801.3
PBT	660.5	620.9	664.2
PATAMI	660.5	620.9	664.2
Core PATAMI	435.5	620.9	664.2
Consensus (NP)	419.0	570.4	597.2
Earnings Revision	-	2.9	2.9
Core EPS (sen)	10.1	14.4	15.4
Core EPS Growth (%)	-1.6	42.5	7.0
GDPS (sen)	11.8	15.4	16.6
BVPS (RM)	1.45	1.44	1.43
PER (x)	28.1	19.7	18.4
PBV (x)	2.0	2.0	2.0
Asset Gearing (x)	0.26	0.26	0.26
Div. Yield (%)	4.2	5.5	5.9

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

Results Highlights

	1Q FY26	4Q FY25	QoQ Chg	1Q FY25	YoY Chg	3M FY26	3M FY25	YoY Chg
FYE Dec (RM m)								
Gross Lease Revenue	190.1	151.7	25.3%	125.4	51.5%	190.1	125.4	51.5%
Non-Lease Revenue	71.3	56.6	25.9%	46.0	55.0%	71.3	46.0	55.0%
Gross Revenue	261.3	208.3	25.4%	171.4	52.4%	261.3	171.4	52.4%
Property Operating Expenses	-54.3	-52.6	3.2%	-38.3	41.7%	-54.3	-38.3	41.7%
Net Property Income	207.0	155.7	33.0%	133.1	55.5%	207.0	133.1	55.5%
Interest & Investment Income	-2.6	243.2	-101.1%	-2.0	31.0%	-2.6	-2.0	31.0%
Net Investment Income	204.5	398.9	-48.7%	131.2	55.9%	204.5	131.2	55.9%
Non-operating expenses	-41.7	-33.2	25.6%	-24.6	69.4%	-41.7	-24.6	69.4%
Profit before tax	162.8	365.8	-55.5%	106.6	52.8%	162.8	106.6	52.8%
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
Net Profit	162.8	365.8	-55.5%	106.6	52.8%	162.8	106.6	52.8%
Distributable Income	177.4	131.9	34.5%	118.1	50.2%	177.4	118.1	50.2%
Core Net Profit	168.0	124.4	35.0%	110.6	51.9%	168.0	110.6	51.9%
Core Earnings Per Unit (sen)	3.88	2.88	34.9%	3.06	27.1%	3.88	3.06	27.1%
Gross Distribution Per Unit (sen)	4.00	2.97	34.7%	3.19	25.4%	4.00	3.19	25.4%
Net Asset Value Per Unit (RM)	1.46	1.45	0.6%	1.18	24.1%	1.46	1.18	24.1%
Key Operating Metrics:								
Net property income margin	79.2%	74.7%		77.6%		79.2%	77.6%	
Pretax margin	62.3%	175.6%		62.2%		62.3%	62.2%	
Net Gearing	21.6%	22.2%		16.6%		21.6%	16.6%	

Source: Company, Kenanga Research

Assets Breakdown

	1Q FY26	4Q FY25	QoQ Chg	1Q FY25	YoY Chg	3M FY26	3M FY25	YoY Chg
FYE Dec (RM m)								
Gross Revenue								
Mid Valley Megamall	123.9	115.1	7.7%	119.5	3.7%	123.9	119.5	3.7%
The Gardens Mall	56.8	52.5	8.3%	51.9	9.5%	56.8	51.9	9.5%
Mid Valley Southkey	80.6	40.7	98.0%	0.0	N.M.	80.6	0.0	N.M
TOTAL	180.7	167.6	7.8%	171.4	5.4%	180.7	171.4	5.4%
Net Property Income								
Mid Valley Megamall	100.3	90.7	10.6%	96.1	4.4%	100.3	96.1	4.4%
The Gardens Mall	41.1	32.3	27.4%	37.0	11.2%	41.1	37.0	11.2%
Mid Valley Southkey	65.6	32.7	100.5%	0.0	N.M.	65.6	0.0	N.M
TOTAL	141.4	123.0	15.0%	133.1	6.3%	141.4	133.1	6.3%
Net Property Margin								
Mid Valley Megamall	81.0%	78.8%		80.4%		81.0%	80.4%	
The Gardens Mall	72.4%	61.5%		71.3%		72.4%	71.3%	
Mid Valley Southkey	81.4%	80.3%		N.A.		81.4%	N.A.	
TOTAL	78.3%	73.4%		77.7%		78.3%	77.7%	

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.
Stocks Under Coverage																	
AL-AQAR REIT	MP	1.23	1.25	1.6%	1,032.7	Y	12/2026	8.1	8.3	5.8%	2.4%	15.2	14.9	1.0	6.4%	8.0	6.5%
AME REIT	MP	1.69	1.58	-6.5%	897.6	Y	03/2027	8.1	8.5	8.3%	5.5%	20.8	19.9	1.3	6.5%	9.0	5.3%
AXIS REIT	MP	1.98	1.93	-2.5%	4,009.3	Y	12/2026	10.6	11.1	6.2%	5.1%	18.7	17.8	1.2	6.3%	10.1	5.1%
CAPITALAND MALAYSIA TRUST	MP	0.630	0.650	3.2%	2,120.0	N	12/2026	5.2	5.4	10.1%	4.2%	12.1	11.6	0.7	5.4%	4.8	7.7%
IGB REIT	MP	2.83	2.81	-0.7%	12,241.3	N	12/2026	14.4	15.4	42.6%	7.0%	19.7	18.4	2.7	9.9%	15.4	5.5%
KLCCP STAPLED GROUP	MP	9.05	9.22	1.9%	16,338.3	Y	12/2026	47.8	49.2	5.8%	2.9%	18.9	18.4	1.2	6.1%	46.9	5.2%
PAVILION REIT	MP	1.79	1.73	-3.4%	7,031.0	N	12/2026	10.0	10.4	9.5%	3.9%	17.8	17.2	1.4	7.2%	10.7	6.0%
SUNWAY REIT	UP	2.42	2.17	-10.3%	8,288.0	N	12/2026	12.7	13.3	1.7%	5.3%	19.1	18.1	1.6	7.8%	12.5	5.2%
SECTOR AGGREGATE					51,958.2					12.5%	4.6%	18.9	18.1	1.4	6.9%		5.8%

Source: Kenanga Research

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Stock ESG Ratings:

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

☆ 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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