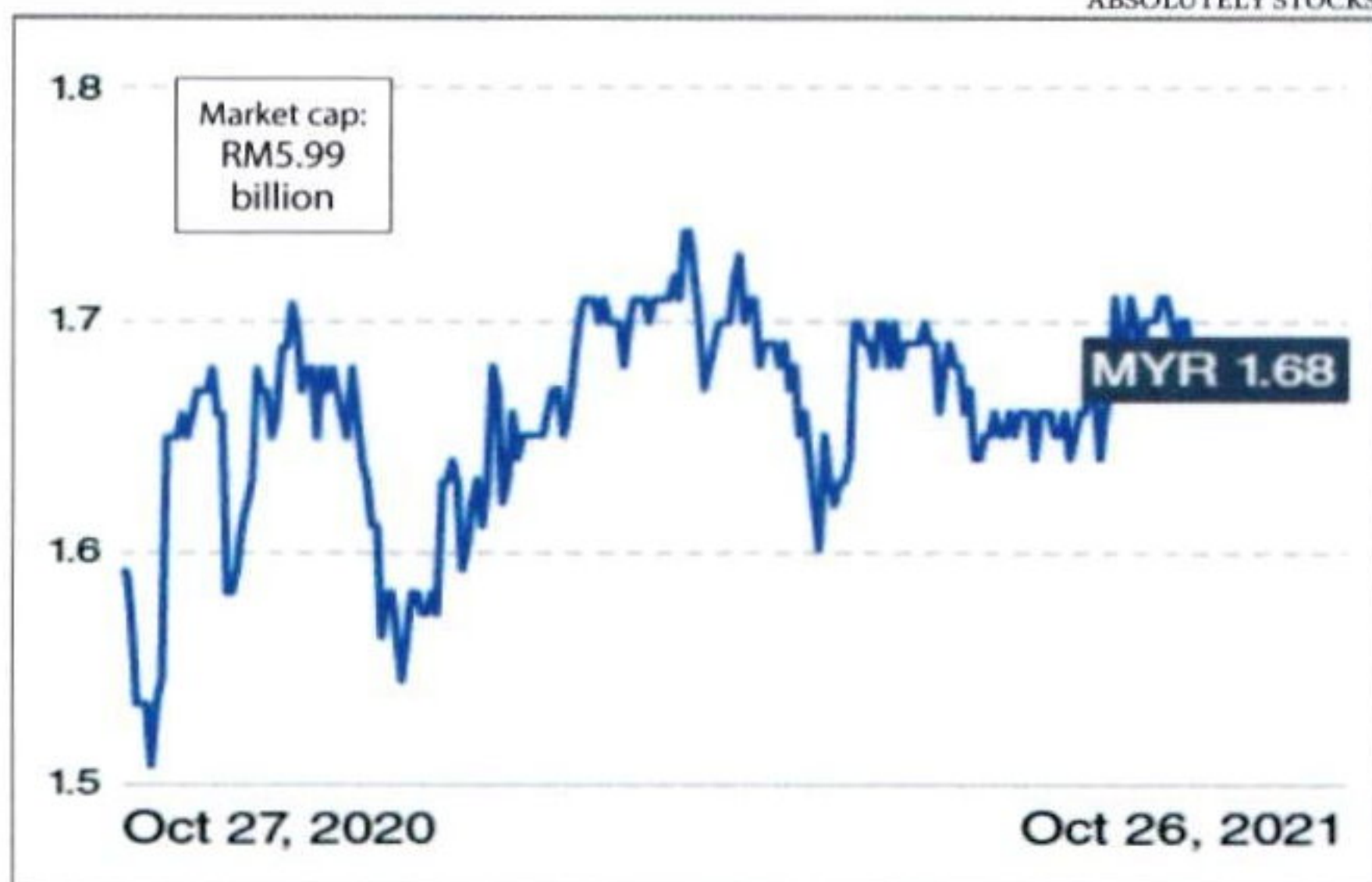


IGB Real Estate Investment Trust

Target price: **RM1.88 ADD**

ABSOLUTELY STOCKS



CGS-CIMB RESEARCH (OCT 27): IGB REIT's 9MFY21 results made up 70% of our and consensus full-year forecasts. We deem the performance as broadly in line as we project robust q-o-q growth in earnings in 4QFY21F, supported by: 1) easing rental support, and 2) strong recovery in car park income — benefitting from the full economic reopening under the National Recovery Plan (NRP) Phase 4 and the lifting of the interstate travel ban.

Revenue in 3QFY21 fell by a steep 27% y-o-y but grew 13% q-o-q as rental support sequentially eased in September from its peak in June to July. 9MFY21 net property income margin slipped 5.6 percentage points y-o-y to 65% but is on track to improve in 4QFY21F. We gather that Mid Valley Megamall and The Gardens Mall (TGM) managed to sustain healthy occupancy rates of over 90%, while average weekend footfall since late September has improved to 80% to 85% versus pre-Covid-19 levels, particularly since NRP Phase 3 began on Oct 1.

Prospects are looking brighter towards end-2021 and the group is cautiously optimistic about a recovery in the retail space and consumer spending in 4QFY21F. Rental support risks will gradually diminish in the coming months and the priority will also be on tenants in the luxury goods space at TGM. However, rental reversion outlook remains in negative territory (single-digits) in FY21F for both malls.