

IGB REIT - Sunny Days Ahead? - PublicInvest Research | I3investor

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IGB Real Estate Investment Trusts' (IGBREIT) 3QFY21 realised net profit was still weak at RM38.5m (-49.9% YoY, -13.0% QoQ) due to the various pandemic restrictions that curtailed footfall and necessitated the continuation of conditional rental support to eligible tenants. YTD, group realised net profit of RM126.6m (-23.2% YoY) is deemed in line with our but below consensus estimates at only RM126.6m (-23.2% YoY) which constitutes c.65% and c.60% of full year estimates respectively. With the recent relaxation in movement restrictions and more economic sectors reopening, we believe subsequent quarters should see stronger earnings with recovery of mall footfall. No change to our earnings estimates for now. Maintain **Neutral** call and **RM1.72 TP** as we are still wary over the risk of new waves that could derail recovery.

- **Revenue dropped 26.7% YoY** to RM95.8m with net property income and pre-tax profit correspondingly reduced by 42.8% YoY and 49.9% YoY to RM55.9m and RM38.5m respectively. This is due to higher rental support provided to tenants as well as higher allowance for impairment of trade receivables in 3QFY21 arising from the MCOs and/or NRP. QoQ, IGBREIT's gross revenue rose 12.8% however mainly due to the higher rental support provided to tenants in the immediate preceding quarter arising from the full lockdown. Despite the higher gross revenue in 3QFY21, net property income was lower by 11.4% QoQ at RM55.9m due to the aforementioned higher allowance for impairment of trade receivables

YTD, distributable income amounted to RM141.0m, consisting of realised profit of RM126.6m and the non-cash adjustments arising mainly from manager fee payable in units of RM13.4m. With the recent relaxation in movement restrictions and more economic sectors reopening, anecdotal evidence suggests that footfall is recovering but we would rather err on the side of caution on potential breakout of pandemic cases again.

Source: [PublicInvest Research](#) - 27 Oct 2021