

# IGB BERHAD - Bumper Dividend Year - PublicInvest Research | I3investor

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IGB Berhad (IGB), with the one-off gain of ~RM193m in 4QFY21, saw its net profit balloon to RM233.8m. FY21 net profit of RM161.8m exceeded our and consensus estimates by 27% and >100% as losses in the hotel segment narrowed with higher occupancy achieved while better sales were seen from its completed property development projects, especially "Stonor 3". The Group also announced a second interim dividend of 5.0sen per ordinary share for FY21, bringing total dividends declared YTD to 17.0 sen per share or more than 90% payout ratio which is substantially higher than expected. The bumper dividend, in our view, is mainly due to the monetization of its asset in the UK. Maintain our Outperform call with TP of RM2.70, pegged at c.65% discount to our RNAV estimates as we still believe in the long-term attractiveness of its assets.

- **Revenue from retail assets (via IGBREIT)** 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. Separately, The Mall, Mid Valley Southkey, Johor Bahru contributed revenue of RM37.1m in 4QFY21, or higher by 12% YoY, with the asset registering pre-tax profit of RM9.1m (4Q2020: Loss RM2.1m) after accounting for depreciation of RM9.4m and finance cost of RM9.4m.
- **Property Investment – Commercial division** contributed gross revenue of RM40.4m (-7% YoY) with average occupancy rates above 70% and average rental rates at RM6.20psf. Office occupancies for its IGB Commercial REIT remain flat QoQ at 71.6% (from 71.4% in 3QFY21) with average rent hovering around RM6.28 psf. The asset that saw marked improvement was Southpoint which saw occupancy improve to 83% vs. 49% in FY20. Meanwhile, occupancies dropped in Centrepont North to 78% from 91% YoY and Boulevard Properties which eased from 92% to 69% YoY. As for Hotels, revenue for the segment rose 95% YoY to RM24.7m in 4QFY21. That said, average occupancy rates across all hotels in the Group remain low due to travel restrictions under the MCO imposed by the Government.

Source: [PublicInvest Research](#) - 28 Feb 2022