

# IGB Berhad - No Surprises | I3investor

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IGB Berhad (IGB) registered another strong quarter with 4QFY23 profit of RM85.8m (+>100% YoY, -23.5% QoQ), attributed mainly to the stellar performance from its retail investment assets. Excluding foreign exchange losses of RM58.9m, Group core net profit is estimated at about RM253.0m, or 102% of our full year estimates. No change to our earnings estimates. As for property development, we understand that it is looking to unveil the residential portion of Mid Valley Southkey this year. All told, we maintain our **Underperform** recommendation, with **TP** unchanged at **RM2.00**, pegged at c.40% discount to NTA (or at 10-year discount to PBV).

- **Revenue from retail assets (via IGBREIT) rose 8.6% YoY** to RM604.3m, while NPI was higher by 6.6% YoY to RM447.9m and profit after taxation grew 30.7% YoY to RM517.6m. The higher total revenue and net property income were mainly due to the higher rental income achieved during the year. Meanwhile, the higher profit after taxation was mainly due to the higher rental income and the net fair value changes of RM158.6m in relation to two mall assets in FY23. Average gross monthly rental income for Mid Valley Megamall is now at about RM16.28psf (from RM16.26psf in 3QFY23 and RM15.28psf in FY22). Meanwhile, The Gardens Mall's average rent increased to RM15.59psf from RM15.43psf in 3QFY23 (visa-vis RM13.39psf in FY22). For FY23, Mid Valley Megamall has 234 leases up for renewal (40.2% of total net lettable area (NLA)) while The Gardens Mall has 113 leases expiring in FY23 (26.7% of total NLA). We believe it will maintain its healthy occupancy throughout FY24 again
- **Property Investment – Commercial division** via its IGB Commercial REIT reported gross revenue growth of 13% YoY to RM215.1m while NPI also improved by 12% YoY to RM127.8m. The increase in revenue was mainly contributed by higher average property occupancy. The occupancy rate and average rental rate of the investment properties were 81.3% (from 77.5%) and RM6.26psf (MR6.18psf). As for the Hotel segment, we understand that the Group hopes to capitalise on the increase in hotel guests with its newly refurbished rooms in the 390-room Boulevard Hotel, which reopened on 31 August 2023, 189-room in Cititel Express Ipoh and 180-room in Cititel Express Kota Kinabalu which completed the renovation in August 2023 and February 2024 respectively.

Source: [PublicInvest Research](#) - 1 Mar 2024