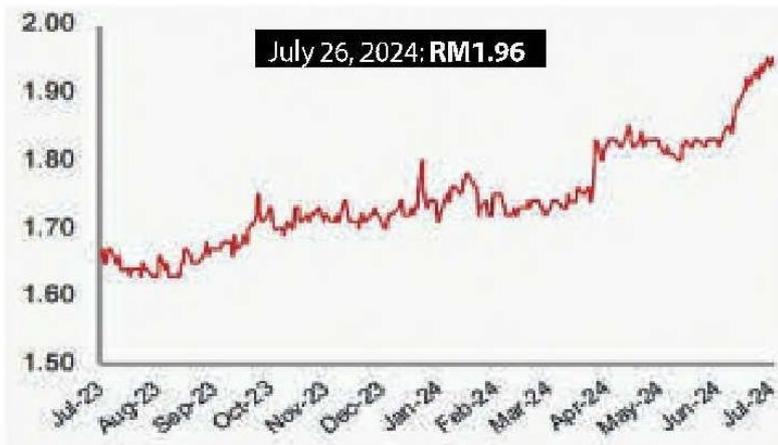


# IGB REIT

Market Perform. Target price: RM1.77



Source: Kenanga Research

**IGBREIT'S 1HFY24** results and distribution beat expectations due to stronger-than-expected rental reversions, which also drove an 8% YoY growth in its core net profit. Mid Valley Megamall is returning to full occupancy with new tenants taking up the floor space vacated by Metrojaya. We raise our FY24F-25F earnings forecasts by 3% and 15%, respectively.

1HFY24 core net profit of RM190.5 million made up 51% of both our full-year forecast and full-year consensus estimate. However, we consider the results above expectations as we expect a stronger 2H when the floor space in Mid Valley Megamall under reconfiguration comes back online. The variance against our forecast came largely from better-than-expected rental reversions.

It announced a net distribution of 2.31 sen, bringing its YTD net distribution to 4.98 sen DPU. This is on track to beat our full-year forecast of 9.72 sen.

YoY, its 1HFY24 revenue and core net profit grew by 6% and 8%, respectively, mainly driven by higher rental incomes from positive reversions with The Gardens Mall achieving occupancy close to 100% while that of Mid Valley Megamall was returning to close to full occupancy.

QoQ, its 2QFY24 topline fell 8% due to the high base from a seasonally strong 1Q. Its core earnings dropped by a steeper 14% on a higher reimbursement cost.

We continue to like IGBREIT for its resilient portfolio, evident from its high occupancy rates and ability to cater to a wide range of income groups and international tourists.

Maintain MARKET PERFORM, with new RM1.77 TP from RM1.68. – **Kenanga Research, July 26**