

IGB REIT is best performer in terms of unit price year-to-date

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sen, translating into a yield of 6.64% based on the year-end unit price of 42 sen.

Net property income also shrank in the five-year period, from RM64.96 million in FY2021 to RM61.04 million in FY2025, although FY2025 is a 6.7% year-on-year improvement over FY2024's RM57.21 million.

The REIT says in its annual report that its performance reflects improving rental contributions, despite a marginal increase in property expenses due to higher maintenance and operational costs.

Sentral REIT (KL:SENTRAL), another high-yielding REIT, has mainly office assets and offers a trailing 12-month distribution yield of 8%. The REIT has a NLA of 2.56 million sq ft and an average occupancy rate of 84%, according to its 2024 annual report. Some of its properties are Sentral Building 1 to 4, located in Cyberjaya; Menara Shell, in Jalan Tun Sambanthan in Kuala Lumpur; and Platinum Sentral, in Jalan Stesen Sentral in KL.

Despite the office glut in the Klang Valley, Sentral REIT has remained resilient, with a five-year earnings compound annual growth rate of 2.1%, notes Hong Leong Investment Bank Research in a May 12 report. It maintains a "hold" rating, viewing the stock as fairly valued.

Analysts say Sentral REIT's move to diversify beyond pure office assets bodes well for the long term.

"It alleviates investor concerns on the challenging office market, but we highlight that its gearing ratio may increase further in the near term, depending on the timing of upcoming acquisitions and disposals," says RHB Research in a May 14 report on Sentral REIT.

RHB Research has a "buy" call on the stock, with a target price of 93 sen and a forecast DPU yield of 9% for 2025.

Sentral REIT reported a gearing of 45% in the first quarter ended March 31, 2025. However, its interest coverage remains healthy at

2.58 times, says RHB Research, adding that the potential disposal of its vacant Wisma Sentral Inai — valued at RM150 million — could lower gearing to 41%.

Sentral REIT's management has said that while it is open to leasing out Wisma Sentral Inai, it would prefer to divest it to redeploy the proceeds for future acquisitions.

Over the last five financial years, the net realised income of Sentral REIT has been uneven. While it grew in FY2021 to RM84.49 million from RM80.95 million in FY2020, net realised income fell to RM73.63 million in FY2022 before picking up again in FY2023 to RM74.22 million and growing to RM79.82 million in FY2024.

Its DPU was generally on a downtrend over five years, declining from 7.08 sen per

unit in FY2020 to 6.36 sen in FY2024. At the same time, its unit price has doubled over five years.

So far this year, Sentral REIT has gained 5.16% to close at 80 sen last Tuesday, valuing the REIT at RM950.4 million.

Meanwhile, the best performer in terms of unit price year-to-date is IGB REIT, having gained close to 32% since the start of the year. At the close last Tuesday, the REIT settled at RM2.74 per unit, bringing its market cap to RM9.92 billion.

While IGB REIT has been paying out higher DPU over the last five years, from 6.75 sen in FY2020 to 10.7 sen in FY2024, the unit price has also been running higher in the same period, more than doubling from RM1.34 on July 23, 2020.

In the recent quarter ended March 31, 2025 (1QFY2025), IGB REIT declared a DPU of 3.19 sen. Based on a trailing 12-month DPU of 10.92 sen and unit price of RM2.74 last Tuesday, the trailing 12-month DPU yield is 3.97%, among the lowest of the 20 REITs listed on Bursa Malaysia.

Among analysts covering the REITs surveyed by *The Edge*, FY2025 yield forecasts ranged between 4.6% and 5.1%.

CGS International Securities, which has a dividend yield forecast of 5.1% for FY2025, observes in a June 25 report that it is lower than the sector average of 5.8% and could limit near-term upside potential.

Maybank IB Research points out that the acquisition from its sponsor IGB Bhd had been long awaited. "Its integration within the [Mid Valley Southkey development in Johor Bahru], which includes office towers, hotels and residential units, is expected to drive consistent footfall and retail traffic, supporting occupancy and rental stability. Coupled with the mall's proximity to Singapore, [these factors support] upside to valuations over time," adds the research house.

Analysts view the acquisition as a positive, as it is expected to enhance the REIT's income and geographical profile over the long term.

In the last five financial years, IGB REIT's net property income has increased to RM455.71 million in FY2024 from RM316.67 million in FY2020. Net profit rose to RM579.76 million in FY2024 from RM236.79 million in FY2020.

In 1QFY2025, net property income increased 7.1% y-o-y to RM133.12 million and net profit gained 6.9% y-o-y to RM106.58 million. ■

Twenty selected stocks with dividend yields higher than or comparable to REITs

COMPANY	DIVIDEND YIELD TTM (%)	DIVIDEND PER SHARE TTM (SEN)	PRICE AS AT JULY 22 (RM)	YTD PRICE GAIN/ (LOSS) (%)	MARKET CAP (RM BIL)
British American Tobacco Bhd	12.20	56.50	4.63	(35.6)	1.32
Uchi Technologies Bhd	9.48	29.50	3.11	(16.6)	1.44
Sime Darby Bhd	8.59	14.00	1.63	(29.3)	11.11
Ta Ann Holdings Bhd	7.92	30.00	3.79	(7.6)	1.67
Hap Seng Consolidated Bhd	7.81	20.00	2.56	(24.5)	6.37
CIMB Group Holdings Bhd	7.17	47.00	6.55	(17.2)	70.44
RHB Bank Bhd	7.00	43.00	6.14	(0.8)	26.78
Heineken Malaysia Bhd	6.60	155.00	23.50	(0.8)	7.10
Malayan Banking Bhd	6.40	61.00	9.53	(3.4)	115.13
Kim Loong Resources Bhd	6.38	15.00	2.35	(3.3)	2.31
Hong Leong Industries Bhd	6.15	80.00	13.00	(4.3)	4.15
United Plantations Bhd	6.09	134.00	22.00	10.3	13.69
Gas Malaysia Bhd	6.07	26.19	4.31	4.4	5.53
Oriental Holdings Bhd	5.78	40.00	6.92	(0.9)	4.29
Bursa Malaysia Bhd	5.76	44.00	7.63	(11.5)	6.17
AEON Credit Service (M) Bhd	5.56	28.75	5.17	(15.0)	2.64
LPI Capital Bhd	5.54	80.00	14.44	19.6	5.75
Carlsberg Brewery Malaysia Bhd	5.52	101.00	18.30	(9.1)	5.60
Petronas Dagangan Bhd	5.12	109.00	21.28	12.5	21.14
Public Bank Bhd	4.87	21.00	4.31	(2.7)	83.66