

IGB REITs report higher 1Q earnings but warn of challenges ahead

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KUALA LUMPUR (April 23): IGB REIT and IGB Commercial REIT reported higher earnings in the first quarter ended March 31, 2025, but warned investors of challenges ahead.

The two REITs, which run malls and office buildings, said economic uncertainty and possible fuel subsidy cuts may lower mall spending and hurt tenants, while office space faces too much supply and demand for newer buildings.

Retail-focused IGB REIT reported a 7.1% increase in net property income (NPI) to RM133.1 million for the first quarter ended March 31, 2025 (1QFY2025), up from RM124.2 million a year earlier, supported by higher rental income at Mid Valley Megamall and The Gardens Mall.

Revenue for the quarter rose 5.4% to RM171.4 million from RM162.6 million, it said in a bourse filing.

Distributable income for the quarter amounted to RM118.1 million, comprising

RM110.6 million in profit, RM4 million in non-cash fair value gains on investment properties, and RM7.2 million in management fees payable in units.

IGB REIT declared a distribution per unit (DPU) of 3.19 sen for 1QFY2025, up from 2.96 sen a year ago, payable on May 29, 2025. This represents an annualised distribution yield of 5.75%, based on the unit price of RM2.25 as of March 31.

IGB Commercial REIT reported higher earnings for the quarter ended March 31, 2025, driven by an 8.7 percentage point rise in occupancy to 89% and a 1.5% increase in average rental rates to RM6.42 per square foot.

Its portfolio consists of office buildings such as Menara IGB, GTower and Menara Tan & Tan.

Its NPI rose 13.5% to RM38.9 million from RM34.23 million a year earlier, while revenue grew 11.4% to RM62.3 million from RM56 million.

Distributable income stood at RM26.3 million, comprising RM24.0 million in profit and RM2.2 million in non-cash adjustments for 50% of management fees payable in units.

It declared a DPU of 1.07 sen for 1QFY2025, up from 0.96 sen in the same period last year, also payable on May 29, 2025.

On Wednesday, shares of IGB REIT slipped one sen or 0.4% to close at RM2.29, giving it a market capitalisation of RM8.3 billion. IGB Commercial REIT rose half a sen or 1% to end at 52 sen, valuing it at RM1.3 billion.