

## 30pc OVERALL REVENUE

# IGB REIT's Southkey deal poised to drive re-rating, boost revenue

**KUALA LUMPUR:** IGB Real Estate Investment Trust's (IGB REIT) planned acquisition of the Mid Valley Southkey Mall (MVS) is seen as a key driver for a potential re-rating and is expected to contribute around 30 per cent to its overall revenue.

According to RHB Investment Bank Bhd (RHB Research), the deal presents a meaningful boost through inorganic growth and offers a long-term opportunity for the company to diversify its earnings base.

"The purchase price translates to an attractive net property income (NPI) yield of 7.2 per cent. The acquisition of the property would significantly help diversify IGB REIT's earnings profile away from the more mature Klang Valley market to now include the growing Johor Baru market.

"We expect the property to contribute 30 per cent to IGB REIT's total revenue," it said.

RHB Research noted that IGB REIT is well-positioned to finance the acquisition, given its gross gearing level of 21 per cent up to the first quarter of 2025.

The firm has revised its earnings forecasts for the financial years 2026 and 2027 upwards by 36 per cent for each year.

Meanwhile, Maybank Investment Bank Bhd (Maybank IB) expressed a positive outlook on IGB REIT's long-term prospects, supported by its expanded portfolio of premium retail properties.

"MVS Mall's injection has been long awaited. Its integration within the Southkey development, 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, we see upside to valuations over time," it adds.