

# Solid portfolio to support IGB-REIT's performance



CORPORATE NEWS

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MBSB Research said the earnings outlook for IGB-REIT is expected to remain positive.

PETALING JAYA: [IGB Real Estate Investment Trust](#) 's (IGB-REIT) earnings outlook is expected to remain positive, anchored by a strong asset portfolio with high occupancy rates and high rental income, analysts say.

“We like IGB-REIT for its resilient portfolio, evident in its consistent high occupancy rates and ability to cater to a wide range of income groups,” Kenanga Research said in a research note.

The research house said that IGB REIT's results and distribution for the first nine months of this year (FY25) came in within expectations, boosted by strong earnings.

It added that the group also declared an estimated after-tax dividend of 2.5 sen, bringing the year-to-date total to 7.9 sen, in line with its FY25 net dividend per unit (DPU) assumption of 11 sen.

Kenanga Research said the better earnings were mainly due to positive rental revisions alongside higher rental income from new tenants occupying the reconfigured space in Mid Valley Megamall (MVM) vacated by department store Metrojaya in the fourth quarter of FY24.

“We recently visited MVM and are assured by the reconfiguration of the space previously occupied by Metrojaya. The revitalisation followed the opening of approximately 20 new tenants, including brands like Urban Revivo and Love Bonito last year,” the research house said.

Following the reconfiguration, the research house expects the affected floor space of about 10% of total net lettable area that has been fully occupied by higher yielding tenants in November last year, to be one of the key earnings drivers in the year ahead for IGB-REIT.

The research house added that the REIT’s overall tenant sales saw positive improvement year-on-year (y-o-y) despite a dip in luxury spending.

“The injection of Mid Valley Southkey to its portfolio is slated to be completed by the end of this year and we see this acquisition as highly yield accretive while allowing the group to tap into Johor’s booming economy,” it said.

Kenanga Research highlighted that the occupancy level for IGB-REIT’s portfolio remained at 99%.

“Aside from that, we also gathered that the group has been able to pass through the additional 8% sales and service tax charges on rent to its tenants, alongside the usual rent revisions,” it said.

The acquisition of Mid Valley Southkey mall from its sponsor [IGB Bhd](#)  is slated to be completed by the end of this year.

“Besides enhancing the group’s net DPU by up to 15% in FY26, the acquisition also offers geographical diversification to IGB-REIT’s KL-centric portfolio while allowing the group to tap into Johor’s booming economy with the developments of Johor-Singapore Special Economic Zone and the Rapid Transit System link.

Kenanga Research kept its target price at RM2.52 but upgraded its call to “market perform” from “underperform”, following a share price correction from its peak of RM2.86.

Similarly, MBSB Research said the earnings outlook for IGB-REIT is expected to remain positive, underpinned by the high occupancy rate of MVM and The Gardens Mall.

“Earnings prospects beyond FY26 will also be supported by contribution from Mid Valley Southkey Mall as the acquisition is yield accretive, with net property income yield of 7.2%,” the research house added.

It maintained its “neutral” call with an unchanged target price of RM2.70 for IGB-REIT.

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“While we see decent earnings prospects for IGB-REIT, which are underpinned by the high-quality assets, distribution yield tapered to 4.4% following the rally in share price,” it added.

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