

IGB Real Estate Investment Trust



Current price: **RM1.97 (July 24)**

Target price: **RM1.90 NEUTRAL**

MIDF Research

IGB REIT 1H FY19 core net income of RM160.8 mil came in within expectations, making up 49% and 51% of our and consensus full-year estimates respectively. Meanwhile, the REIT announced a distribution per unit (DPU) of 2.26 sen for 2QFY19, bringing cumulative DPU to 4.66 sen for 1H FY19.

We maintain our earnings forecasts for FY19/20. We forecast earnings growth to remain in positive territory, underpinned by rental reversion of around +5% per annum in Mid Valley Megamall and the Gardens Mall.

We revise our TP for IGB REIT to RM1.90 from RM1.79 as we roll over our valuation base year. Our valuation is based on Dividend Discount Model (DDM) valuation (required rate of return: 7.5%, perpetual growth rate: 1.5%). We maintain neutral on IGB REIT due to limited upside.