

'Market perform' stance maintained on IGB Reit

KUALA LUMPUR: IGB Real Estate Investment Trust's (Reit) realised net income of RM88 million in the first half of financial year 2021 comes broadly within its expectation at 42 per cent, said Kenanga Research.

It said the results came below consensus' expectation at 34 per cent.

It also said this was due to its expectation of earnings picking up in the fourth quarter with the reopening of the economy.

This was premised on the high rollout of Covid-19 vaccinations in the third quarter and in conjunction with the seasonally strong fourth-quarter period.

The firm said the second-quarter dividend of 1.35 sen declared was within estimates at 44 per cent.

It said the impact of a wors-

ening Covid-19 situation in financial year 2021 would continue to exert pressure on IGB Reit in the first to third quarters.

"Financial years 2021 to 2022 will see minimal expiries for both malls (Mid Valley Megamall and Gardens Mall), at less than 30 per cent, which provides some comfort during the current economic conditions.

"We do not expect the acquisition of Southkey Mall in Johor to happen in the near term and believe it will take at least one reversion cycle or longer in light of the pandemic for the asset to stabilise before being acquired by IGB Reit, likely by financial years 2022 or 2023."

The firm has kept its "market perform" call on IGB Reit with an unchanged target price of RM1.70.