

RM1.94 TARGET PRICE

CGS-CIMB KEEPS 'ADD' STANCE ON IGB REIT

Tenant sales, footfall at malls have recovered to pre-pandemic levels

ASILA JALIL
KUALA LUMPUR
bt@nst.com.my

CGS-CIMB Research said IGB Real Estate Investment Trust's (REIT) net property income (NPI) grew 70 per cent year-on-year in its nine-month period to RM315 million, translating into an NPI margin of 77 per cent, which is on par with pre-Covid-19 pandemic levels.

"In terms of operating statistics, occupancy rates stood at 99.7 per cent for Mid Valley Megamall and 99.9 per cent for Gardens

Mall. These levels are well ahead of the retail sector's average of 65 to 70 per cent.

"Tenancy renewal outlook continues to improve, while expired tenancies in Mid Valley Megamall and the Gardens Mall for this year have all been renewed at marginally positive rental reversions, supported by buoyant retail activities," it said.

CGS-CIMB said Retail Group Malaysia had forecast retail sales

growth of 31.7 per cent this year.

For financial year 2023, 41 per cent of Mid Valley Megamall's net lettable area and 44 per cent of the Gardens Mall are due for renewal.

Additionally, it said tenant sales and footfall in the first nine months of this year had recovered to pre-pandemic levels.

CGS-CIMB has raised its financial years 2022-2024 earnings per share and distribution per unit forecasts by 1.8-12.2 per cent.

It has retained its "add" call on the company with a higher target price of RM1.94 from RM1.54 previously.

INFO BOX

31.7pc

Retail Group Malaysia's retail sales growth forecast for this year