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IGB REIT, IGB Commercial REIT raise income distributions by more than 25% on higher property income

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30 Oct 2026, 07:38 pm



The Mid Valley Southkey contributed RM78.7 million in revenue and RM61.9 million in net property income in the third quarter.

KUALA LUMPUR (Oct 30): IGB REIT's (KL:IGBREIT) net property income (NPI) surged 48.3% year-on-year (y-o-y) during the latest quarterly earnings, thanks to better contribution from its mall in Johor named The Mall, Mid Valley Southkey.

NPI for the quarter ended Sept 30, 2026 (3QFY2026) increased to RM185.2 million from RM124.9 million a year earlier, while revenue climbed 50.9% to RM249.3 million from RM165.2 million, according to its quarterly results filing.

The Mid Valley Southkey, whose acquisition was completed on November 2025, contributed RM78.7 million in revenue and RM61.9 million in NPI during the quarter. The REIT's two other malls — Mid Valley Megamall and The Gardens Mall in Kuala Lumpur — meanwhile generated combined revenue of RM170.6 million, up about 3.3% from a year earlier. Their combined NPI, however, slipped about 1.3% to RM123.3 million.

The three malls collectively recorded an occupancy rate of 98.5% at end-September.

The REIT declared income distribution of 3.51 sen per unit, up 26.7% y-o-y, for a total payout of RM152.2 million. Payment is scheduled on Nov 30. IGB REIT had cash and bank balances of RM334 million against borrowings of RM2.24 billion at end-September.

"Malaysia's retail sector is expected to maintain moderate growth for the remainder of 2026, supported by resilient domestic consumption, tourism and government measures that support household spending," the REIT said on its outlook. "Nevertheless, consumers remain price-conscious, while rising operating costs, increasing retail competition and global economic uncertainties may temper growth."

For the first nine months of FY2026, NPI increased 51.7% to RM573.4 million while revenue grew 51.3% to RM751.6 million.

IGB Commercial REIT chalked highest earnings to date

Separately, its sister company IGB Commercial REIT (KL:IGBCR) that focused on office portfolio reported a 21.6% y-o-y increase in third-quarter NPI to RM45.8 million from RM37.6 million, supported by higher occupancy and rental rates. Revenue rose 14.3% to RM73.4 million from RM64.2 million.

Portfolio occupancy across its office buildings improved to 95% at end-September from 92% a year earlier, while the average monthly rental rate rose to RM6.74 per sq ft from RM6.53. The commercial REIT also reported positive rental reversions and a lease renewal rate of about 91% by net lettable area.

IGB Commercial REIT approved a distribution of 1.37 sen per unit, up from 1.03 sen a year earlier, for a total payout of RM33.3 million. Payment is scheduled for Nov 30. IGB Commercial REIT had cash and bank balances of RM90.7 million and borrowings of RM889.8 million at end-September.

The REIT said office tenants continued to favour higher-quality buildings with sustainability credentials, transport access and amenities. Its initiatives include improvements to common areas, building systems and energy monitoring to maintain the competitiveness of its properties.

For the first nine months, its NPI grew 18.1% to RM135.3 million on an 11.7% increase in revenue to RM213.5 million.

IGB REIT units closed one sen or 0.37% lower at RM2.72 on Friday, valuing the trust at RM11.8 billion. IGB Commercial REIT units slipped half a sen or 0.82% to 60.5 sen, giving it a market capitalisation of RM1.47 billion.

Edited By Presenna Nambiar