

IGB's Q2 earnings surge 95 per cent as The Batai strong uptake boosted property development segment

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KUALA LUMPUR: IGB Bhd reported a 94.7 per cent year-on-year surge in net profit to RM146.7 million for the second quarter ended June 30, 2026 (Q2 FY26), driven by double-digit operational gains across its core business operations.

Group revenue expanded 16 per cent to RM525.2 million from RM452.4 million in Q2 FY26, buoyed by improved contributions across its retail, commercial office, hotel, and property development divisions, the group said in a Bursa filing today (Aug 28).

The property development division saw its revenue jumped 171 per cent to RM82.8 million, compared with RM30.6 million a year ago, due to strong buyer uptake at the newly launched The Batai project in Bukit Damansara, combined with a one-off disposal of overseas land by an associate company.

The segment's profit before tax (PBT) surged 438 per cent to RM64.6 million from RM12 million a year ago.

Meanwhile, higher rental rates boosted its retail segment under IGB Real Estate Investment Trust, with its profit after tax (PAT) increased 15.4 per cent year-on-year to RM133.6 million.

The commercial segment, mainly represented by IGB Commercial REIT, saw its PAT jump by 51 per cent to RM22.1 million in Q2 FY26, from RM14.6 million a year ago, fueled by improved occupancy rates, higher average rental rates and lower finance costs.

The hotel operations however, saw its PBT dipped to RM18.4 million, from RM23 million a year ago, with the decrease primarily attributable to impairment of an associate company arising from exceptional charges recognized during the quarter.

However, the hotel operations' revenue managed to record a seven per cent increase in revenue to RM88.5 million during the quarter, from RM82.6 million, driven by higher occupancy and improved average room rates.

On outlook, the group said the retail sector is expected to remain resilient supported by continued domestic economic growth, tourism activity and stable employment, although consumer spending is likely to remain selective.

"Against this backdrop, the group's portfolio of market-leading retail assets is well positioned to benefit from its prime locations, diversified tenant base, and active asset management approach," said IGB in a statement.

Meanwhile, it expects the ongoing "flight-to-quality" trend within the commercial real estate market continues to benefit its commercial segment through sustained leasing momentum and tenant demand for quality office space.

However, the group is cautiously optimistic regarding the future performance of its hotel segment, despite the extension of the Visit Malaysia 2026 until the end of 2027.

While the successful launch of The Batai in Bukit Damansara paves the way for future launches within the group, IGB said that it remains mindful of rising construction costs pressures across the industry.