



MIDF reaffirms 'neutral' on IGB REIT

MIDF Research has maintained its “neutral” call on IGB Real Estate Investment Trust (IGB REIT) based on the lack of any near-term catalysts, with its expected new asset injection, the South Key Mall, to be completed only in 2018.

The REIT registered a first quarter FY14 net income of RM57.7 million (within MIDF Research’s expectations), while its net property income (NPI) was up by 12.1 per cent year-on-year to RM77.51 million in the same period, mirroring its 12.6 per cent growth in revenue.

IGB REIT’s growth was driven mainly by a 12.7 per cent year-on-year higher rental income derived from Mid Valley Megamall and the Gardens Mall, as well as supported by other income, which advanced by 12.4 per cent year-on-year.

However, growth in the fourth quarter of FY13 outpaced that of NPI by advancing 17.1 per cent year-on-year to RM57.7 million, which came on the back of a modest two per cent year-on-year increase in trust expenses.

“No income distribution was proposed this quarter as IGB REIT distributes its income half yearly,” MIDF Research said in the note yesterday. “Hence, we are expecting a full distribution to be proposed in the next quarter (Q2 FY14).”

The full FY14 distribution of 7.5 sen per unit translates into an increase of 6.5 per cent distribution yield at current market price.