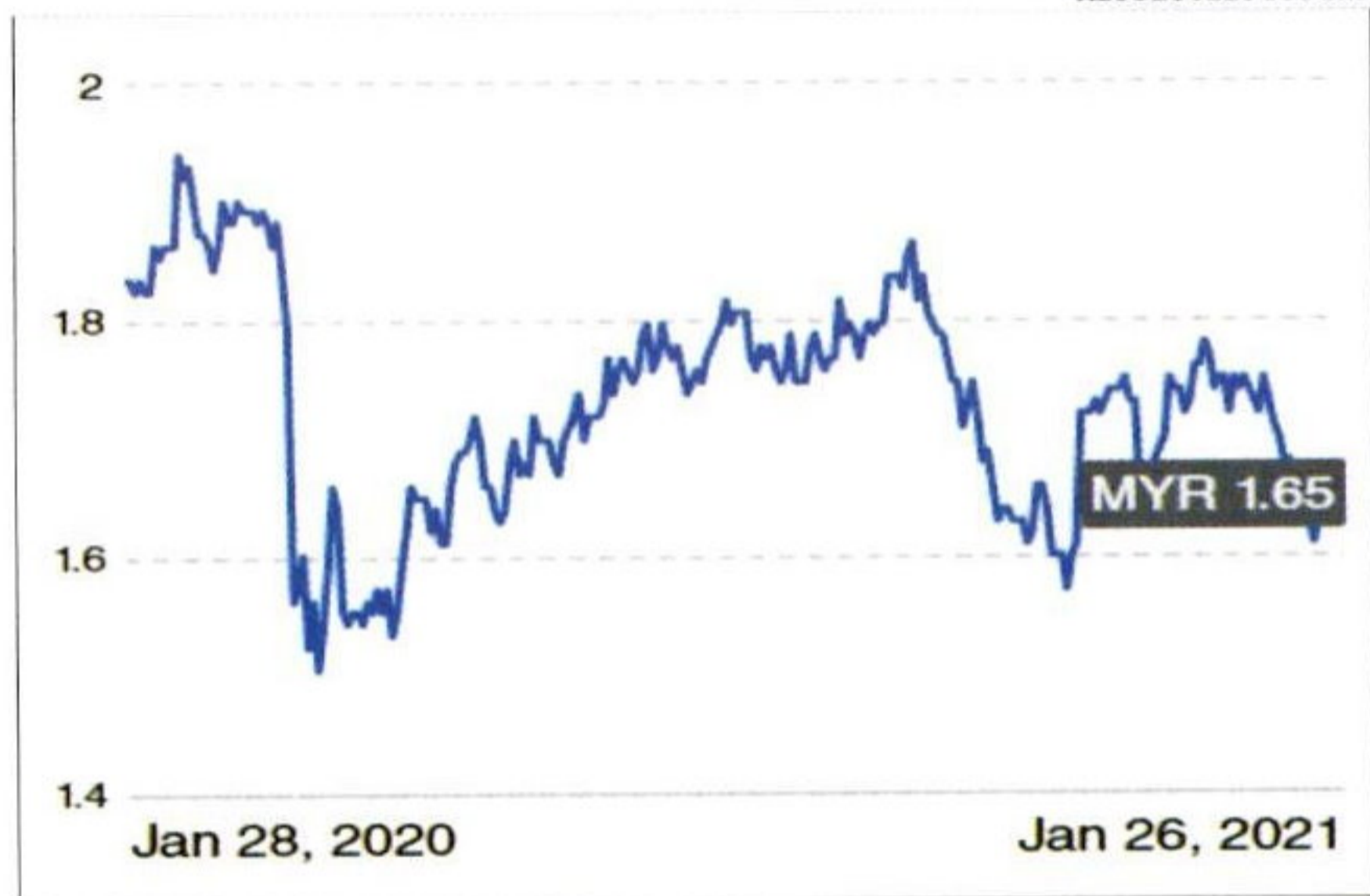


# IGB Real Estate Investment Trust

Fair value: **RM2.03 BUY**

ABSOLUTELY STOCKS



**AMINVESTMENT BANK RESEARCH (JAN 26):** We tweak our fair value down by 3%. Our valuation is based on a target yield of 4.5% over its FY22 distributable income. We cut our forecasts for FY21-FY22 by 8% and 3% to RM293.9 million and RM323.5 million respectively. This is largely to reflect the impact of the MCO 2.0 in 1QFY21, which will likely lead to another round of rental support given to tenants, followed by a slower recovery.

We have lowered our FY21-FY22 distribution projection to 8.3 sen and 9.1 sen versus 9 sen and 9.4 sen previously, while projecting FY23 distribution at 9.5 sen. This will translate into yields of 5.1%, 5.6% and 5.8% for FY21, FY22 and FY23 respectively.

IGB REIT's debt-to-asset ratio remains at 23%, which is well below the regulatory threshold of 60%. At the current level, we believe it still has headroom to gear up for future acquisitions. We like IGB REIT as we believe its long-term outlook remains positive given its strategically located assets in the heart of the Klang Valley and more balanced footfall profile, enabling it to capitalise on the recovery in domestic consumption while waiting for borders to reopen.