

IGB Commercial REIT earnings to remain stable for FY22, says HLIB Research

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KUALA LUMPUR: IGB Commercial Real Estate Investment Trust's (REIT) earnings for the financial year 2022 (FY22) is expected to remain stable, backed by minimal rental support provided by the economic recovery.

Hong Leong Investment Bank (HLIB) Research said IGB Commercial REIT will continue its efforts on maintaining the physical conditions of the portfolio.

This will include assurance of indoor air quality while embarking on intense marketing, supported by attractive, flexible rental packages to boost occupancies, it said.

"Following the economic recovery, we foresee rental support to remain minimal.

"Moreover, as we understand for its KL Suburban properties, around 70-75 per cent of the workforce has returned back to work, thus painting a promising picture of recovery," the bank-backed research firm said.

The research house said the company's fourth-quarter (Q4) 2021 net profit of RM18.7 million has brought the FY21 results to RM21.5 million.

"The quarter results were within our expectations at 24 per cent of FY21 forecast, assuming that the REIT had been in existence for the full year.

"We maintain our forecasts as quarterly results were within expectations," it said.

HLIB Research has maintained a Buy call on IGB Commercial REIT with an unchanged target price of 79 sen.

"In our opinion, the premium is fair considering that IGB Commercial REIT's properties are more strategically located vs peers, and it is the largest standalone office REIT, with a market value asset of RM3.2 billion," it added.