IGB, IGB Commercial REITs post strong 4Q property income on higher rentals

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KUALA LUMPUR (Jan 28): IGB Real Estate Investment Trust (KL:IGBREIT) and its sister trust, IGB Commercial REIT (KL:IGBCR) posted stronger net property income (NPI) for the fourth quarter (4Q), driven by higher rental income.

Retail-focused IGB REIT saw its NPI surge 44.3% year-on-year to RM155.7 million for the quarter ended Dec 31, 2025 (4QFY2025), from RM107.88 million previously. Revenue climbed 31.6% to RM208.34 million from RM158.3 million, according to its bourse filing.

The REIT said the quarterly performance was supported by higher rental income as well as additional contributions from the Mid Valley Southkey Mall, following the completion of its RM2.65 billion acquisition in November last year.

In a separate filing, IGB Commercial REIT — which focuses on office assets including Menara IGB, GTower and Menara Tan & Tan — recorded a 37.5% increase in NPI to RM38.75 million from RM28.19 million a year earlier. Revenue rose 14.3% to RM68.77 million from RM60.2 million.

IGB REIT declared a distribution of 97.5% of its distributable income, amounting to RM128.4 million or 2.97 sen per unit. This lifted its total distribution per unit (DPU) for FY2025 to 11.75 sen, up from 10.70 sen in the previous year.

IGB Commercial REIT declared a distribution of 95% of its distributable income, amounting to RM26.4 million or 1.10 sen per unit. Total DPU for the year rose to 4.23 sen, compared with 3.62 sen a year earlier.

Both distributions will be paid on Feb 27.

For the full FY2025, IGB REIT's NPI rose 17.1% to RM533.58 million from RM455.71 million, while revenue increased 12.6% to RM705.07 million from RM626.1 million.

IGB Commercial REIT's full-year NPI grew 17.5% to RM153.32 million from RM130.53 million, as revenue rose 12.5% to RM259.87 million from RM230.99 million.

Looking ahead, IGB REIT said the retail operating environment entering 2026 is expected to remain broadly supportive, underpinned by the resilient domestic consumption, improving consumer purchasing power and a stable monetary backdrop. External demand is also expected to strengthen on the back of tourism growth and deeper cross-border economic integration, benefiting well-located destination assets such as the Mid Valley Southkey Mall.

At the same time, it noted that consumer behaviour is becoming increasingly selective, with steady demand for essential goods, more cautious discretionary spending and continued momentum in digital and omnichannel retail.

While overall demand conditions remain constructive, the IGB REIT said margin pressures from rising operating costs and evolving compliance requirements underscore the need for continued operational efficiency, cost discipline and asset productivity.

"In 2026, the focus will remain on maintaining portfolio resilience through active asset management, tenant mix optimisation and disciplined cost management. IGB REIT remains optimistic with the first full financial year's revenue contributions from MVS Mall," it added.

Meanwhile, IGB Commercial REIT said its performance continues to be supported by effective leasing strategies, with portfolio occupancy at 92% during the quarter.

Having achieved a fully green-certified portfolio, IGB Commercial REIT said it is well positioned to meet the market's shift towards a more selective, value-driven landscape that prioritises cost efficiency, workplace quality and sustainability.

AskEdge data shows IGB REIT has the highest price to earnings ratio among its peers at 29.5 times, followed by Pavilion REIT (KL:PAVREIT) at 20.8 times and IGB Commercial REIT coming in at 15.8 multiples.

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