IGB Commercial REIT (IGBCR)

The Largest Standalone Office REIT in Malaysia

- **IGB Commercial REIT (IGBCR) is a Malaysian real estate investment trust principally involved in the investment of income-generating commercial assets. Its portfolio comprises 10 properties located across Mid Valley City and Kuala Lumpur City, with a combined net lettable area (NLA) of approximately 3.54m sqft.**
- **We project 3-year earnings CAGR of 4.8%, with distributable income expected to reach RM92.0-RM101.5m over the next three years. This growth is underpinned by the increasing occupancy rate and rental growth of IGBCR properties.**
- **We initiate IGBCR with a fair value of RM0.70 per share, indicating a 19.7% upside from the current share price of RM0.585. This valuation is based on a target yield of 5.5% (implying a P/E ratio of 18.2x) pegged to mid-FY26f DPU of 3.84 sen.**

Investment highlights

Strategic commercial footprint within core Klang Valley hubs. IGBCR owns a well-established portfolio of 10 prime office assets with a total NLA of approximately 3.54m sqft, strategically located across two major commercial zones, namely Mid Valley City (MVC) and KL City. These locations benefit from strong public transport access, dense working population, and proximity to established business ecosystems, attracting a steady flow of multinational corporations (MNCs), financial institutions, consultancy firms, and tech companies.

(i) **Mid Valley City (MVC)** – Houses 7 assets including the flagship Southpoint Offices & Retail, The Gardens North and South Towers and Menara IGB, forming an integrated commercial ecosystem with direct access to two major malls.
(ii) **KL City** – Offers strategic urban connectivity and caters to blue-chip tenants across GTower, Menara Tan & Tan, and Hampshire Place Office.

High occupancy rate driven by strategic locations. IGBCR recorded a healthy overall portfolio occupancy rate of 89.2% as at 31 March 2025 (vs. 80.5% in the previous year), with Mid Valley City (MVC) properties reaching 94.3% and Kuala Lumpur (KL) properties at 80.6%. This continued improvement reflects strong tenant stickiness, underpinned by the REIT's strategic asset locations within densely developed commercial zones.

Fig #1 Occupancy rate of IGBCR properties

OCCUPANCY RATE (%)	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	1Q25
Mid Valley City							
Southpoint Offices & Retail	39.9	48.8	83.1	95.9	98.2	100.0	100.0
The Gardens South Tower	92.4	89.2	80.2	80.5	91.0	90.4	90.3
The Gardens North Tower	82.3	79.5	72.5	75.4	76.3	86.6	89.8
Centrepoint North	92.8	91.0	77.8	89.1	92.4	96.7	97.3
Centrepoint South	97.6	87.0	82.4	89.3	98.9	100.0	98.0
Menara IGB & IGB Annexe	73.9	69.3	68.0	75.7	81.0	88.2	88.2
Boulevard Offices & Retail	92.6	92.0	68.6	88.8	94.7	94.7	100.0
KL City							
GTower	78.1	85.5	62.7	66.6	67.1	85.7	89.5
Menara Tan Tan	70.5	73.0	70.1	66.9	69.6	62.0	62.0
Hampshire Place Office	67.5	63.4	61.0	62.0	66.5	75.8	79.2

Source: IGB Commercial REIT

Company Initiation

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BUY

Share price	**RM0.585**
Target price	**RM0.700**
Previous TP	**-**
Capital upside	19.7%
Dividend return	6.4%
Total return	26.1%

Company profile

Listed since 2021, IGB Commercial REIT is primarily involved in income-generating commercial properties in Malaysia, with a portfolio comprising ten office towers in Mid Valley City and Kuala Lumpur City.

Stock information	
Bursa Code	5299
Bloomberg ticker	IGBCR MK
Listing market	MAIN
Share issued (m)	2410.1
Market Cap (m)	1409.9
Shariah compliant	NO

Major shareholders	%
IGB Berhad	49.9
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	7.2
Tan Chin Nam Sdn Bhd	4.2

Earnings snapshot

FYE (Dec)	FY24	FY25f	FY26f
DI (m)	88.2	92.0	96.7
DPU (sen)	3.6	3.7	3.9
P/E (x)	16.3	15.6	14.9

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Sustainable rental growth. IGBCR continues to demonstrate strong rental resilience across its portfolio, with average rental rates in Mid Valley City rising steadily from RM6.48 psf in FY19 to RM6.74 psf in FY24 (5-year CAGR of 0.8%) and further to RM6.80 psf in 1Q25. Similarly, KL City assets also saw rental stabilisation, with average rates holding at RM5.67 psf in 1Q25, up from RM5.44 psf back in FY19. This trend reflects positive rental reversions supported by limited supply of premium office space in the area, long-standing tenant relationships, and the location's superior connectivity and amenities.

Fig #2 Average rental rate of IGBCR properties

AVERAGE RENTAL RATE (RM psf)							
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	1Q25
Mid Valley City (7 Subject Properties)	6.48	6.45	6.49	6.40	6.61	6.74	6.80
KL City (3 Subject Properties)	5.44	6.12	5.87	5.64	5.62	5.65	5.67

Source: IGB Commercial REIT

Proactive asset enhancement initiatives to drive long-term value. IGBCR continues to invest in proactive asset enhancement initiatives to maintain building competitiveness, tenant satisfaction, and operational efficiency. Recent upgrades completed in March 2025 include facade lighting at GTower, smart lighting installation and lift lobby refurbishment at Centrepoint North and Centrepoint South, and enhanced washroom facilities at Hampshire Place Office. Selected floors across multiple assets, including GTower, Menara Tan & Tan, and Hampshire Place Office, are also being refurbished into fully fitted multi-office spaces to attract quality tenants and command premium rents.

Potential future pipeline assets for injection by the Sponsor. IGBCR holds potential for future inorganic growth through sponsor pipeline assets in Johor Bahru, specifically two office towers located within the integrated Mid Valley Southkey development, namely the North Tower and South Tower. While no injection is expected in the near term, the inclusion of these quality commercial assets, strategically situated within Johor's premier lifestyle and business hub, could further diversify the REIT's geographic footprint and enhance income visibility over the longer term.

Malaysia's largest standalone office REIT. According to Bloomberg data, IGBCR is the largest office REIT in Malaysia in terms of market capitalisation, compared to its peers in the subindustry of office REITs. Meanwhile, IGBCR has a relatively lower gearing ratio compared to its peers, implying that investors perceive it as less risky, thereby warranting it a more premium valuation.

Fig #3 IGBCR's peers in the office REITs subindustry

Company	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	Dividend Yield (%)	Gearing Ratio (%)
IGB Commercial REIT	**MAIN**	**Dec**	**0.59**	**1,409.9**	***16.3**	****14.9**	**6.4**	**25.9**
Sentral REIT	MAIN	Dec	0.79	938.5	11.9	11.4	12.2	44.6
UOA Real Estate Investment Tru	MAIN	Dec	0.82	554.0	16.4	12.4	7.4	40.8
AmFIRST Real Estate Investment	MAIN	Mar	0.30	202.5	7.2	N/A	8.1	47.1
Tower Real Estate Investment T	MAIN	Jun	0.29	139.9	10.9	N/A	5.6	27.7
Avg ex-IGB Commercial REIT				**458.7**	**11.6**	**11.9**	**8.3**	**40.1**

*Source: M+ Research (*FY24, **FY26f), Bloomberg*

Company background

IGB Commercial REIT (IGBCR) is a Malaysia-listed real estate investment trust focused on delivering stable income and sustainable capital growth through investments in income-generating commercial properties. The REIT was listed on the Main Market of Bursa Malaysia on 20 September 2021.

IGBCR's portfolio comprised 10 strategically located commercial assets across the Klang Valley, with a total net lettable area (NLA) of approximately 3.54m sqft. Its properties are primarily concentrated in two key submarkets, namely (i) Mid Valley City and (ii) Kuala Lumpur City, positioning the REIT to benefit from high tenant demand and connectivity advantages.

Fig #4 SWOT analysis of IGBCR

Strength	Weakness
• Prime asset portfolio • High occupancy rate • Diverse tenant mix • Growing rental income	• Aged office buildings • Lack of diversification
Opportunity	**Threat**
• Potential Sponsor-backed pipeline assets for injections in the future • Leverage on IGB ecosystem • Continuous AEI to uplift rental rates and attract new tenants	• Hybrid work trend • Competition within Klang Valley • Macroeconomic risks

Source: IGB Commercial REIT, M+ Research

Fig #5 IGBCR's revenue and net property income segmentation



Source: IGB Commercial REIT

Substantial Shareholders and Key Senior Management

1. Dato' Seri Robert Tan Chung Meng – Non-Independent Executive Chairman

Dato' Seri Robert Tan, aged 72, was redesignated as Executive Chairman of IGB Commercial REIT on 19 March 2025. He has over 30 years of experience in property development, retail design, hotel construction, and corporate leadership within the IGB Group. Formerly the Group CEO of IGB Berhad and Group MD of IGB Corporation Berhad, he has held various senior roles since 1995, including a decade-long tenure as

MD of IGB REIT Management. He was instrumental in the development of Mid Valley Megamall and The Gardens Mall. He studied Business Administration in the UK and was attached to a firm of chartered surveyors before returning to Malaysia. His contributions have earned him notable accolades, including The Edge Malaysia Outstanding Property CEO Award 2019 and Personality of the Year at the Des Prix Infinitus ASEAN Property Developer Awards 2021/2022.

2. Chai Lai Sim – Chief Executive Officer (CEO)
Ms. Chai, aged 64, was appointed CEO of IGB Commercial REIT on 2 May 2025. She brings over 30 years of experience in audit, corporate finance, treasury, taxation, and capital management within the property development, retail, commercial real estate, and hospitality sectors. She previously served as Group CFO of IGB Berhad and was the CFO of both IGB REIT and IGB Commercial REIT since their respective listings in 2012 and 2021. Ms. Chai began her career PwC and later joined Tan & Tan Developments Berhad as Group Financial Controller in 1993, before progressing into senior roles within IGB Corporation and IGB Berhad following corporate restructuring.

3. Irene Sin May Lin – Joint Deputy Chief Executive Officer (Commercial)
Ms. Irene Sin was appointed JDCEO (Commercial) on 2 May 2024 and is responsible for overseeing the commercial operations of IGBCR. She brings over 25 years of experience across the property, real estate, and corporate sectors, focusing on strategic business and financial management roles across diversified industries both domestically and regionally. Prior to joining the Manager, she held senior leadership roles including CFO of Sunway REIT and CEO of an asset management division within a diversified group. She began her career with PwC Assurance and holds a Bachelor of Business from the University of Technology, Sydney. Irene is a Chartered Accountant (MIA) and Fellow of CPA Australia, and currently serves on MIA's Professional Accountants in Business Committee.

4. Chow Yeng Keet – Chief Financial Officer
Mr. Chow was appointed CFO on 1 May 2024. He previously served as Head of Investment for the Manager and has extensive experience in corporate finance, M&A, capital management, and restructuring. He began his career at Sime Merchant Bankers and held various roles at CIMB Investment Bank before joining IGB Corporation in 2004. He holds a Bachelor of Economics (First Class Honours) from University of Malaya and is a Fellow of ACCA and a member of MIA.

5. Tan Mei Sian – Head of Investment (HOI)
Ms. Tan was redesignated as HOI on 1 May 2024 after serving over 4 years as Head of Strategy and Risk. She is also Deputy Group CEO of IGB Berhad and Exco Chair of Group Property Investment (Commercial). Prior roles include Engagement Manager at Oliver Wyman and Non-Independent Executive Director of Goldis. She holds a Bachelor of Science in Economics from the London School of Economics and Political Science.

6. Gabrielle Tan Hui Chween – Chief Marketing Officer (TGM & MVM)
Ms. Gabrielle Tan has served as CMO of The Gardens Mall and Mid Valley Megamall since January 2025. She joined Mid Valley City Gardens Sdn Bhd in 2008 as Head of Marketing. She oversees advertising, promotions, and public relations at both malls. Gabrielle holds a Bachelor of Arts in Business Economics from the University of Exeter and a Bachelor of Fine Arts in Fashion Design and Marketing from American Intercontinental University, London.

Fig #6 Substantial unitholders

Name	Direct		Deemed*	
	No. of Units	% of Units	No. of Units	% of Units
IGB Berhad	1,199,890,022	49.87	98,648,053	4.10
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	174,080,712	7.24	1,326,536,162	55.14
Tan Chin Nam Sendirian Berhad	99,941,523	4.15	1,569,395,394	65.23
Tan Kim Yeow Sendirian Berhad	67,735,407	2.82	1,500,616,874	62.37
Pauline Tan Suat Ming	4,227,385	0.18	1,568,352,281	65.19
Dato' Seri Robert Tan Chung Meng	15,330,424	0.64	1,568,352,281	65.19
Tony Tan Choon Keat	-	-	1,568,352,281	65.19

Source: IGB Commercial REIT, Annual Report 2024

Fig #7 Corporate milestones

Year	Milestones
2012	• IGB Berhad listed IGB REIT, comprising Mid Valley Megamall and The Gardens Mall, to unlock the value of its retail assets.
2021	• IGB Commercial REIT (IGBCR) was listed on the Main Market of Bursa Malaysia Securities Berhad on 20 September 2021, as Malaysia's first pure-play office REIT. The REIT was established to unlock the value of IGB Group's commercial office assets. • IGBCR listed with a portfolio of 10 office buildings totalling approximately 3.5m sq ft of NLA: o Mid Valley City (MVC): Southpoint Offices & Retail, The Gardens South Tower, The Gardens North Tower, Centrepoint North, Centrepoint South, Menara IGB & IGB Annexe, Boulevard Offices & Retail o KL City: GTower, Menara Tan & Tan, Hampshire Place Office
2024	• Maiden acquisition of Southpoint Offices Level 8 and 9 for RM62.4m.
2025	• As at 31 March 2025, the REIT achieved a total portfolio occupancy of 89.2%, with Mid Valley City properties reaching 94.3%, reinforcing its prime location advantage.

Source: IGB Commercial REIT, M+ Research

Business overview

(i) Mid Valley City Properties (68.9% of FY24 revenue)

Mid Valley City portfolio comprises seven commercial properties, namely (i) Menara IGB & IGB Annexe, (ii) Centrepoint South, (iii) Centrepoint North, (iv) Boulevard Offices & Retail, (v) The Gardens South Tower, (vi) The Gardens North Tower, and (vii) Southpoint Offices & Retail. These assets span a combined NLA of approximately 2.2m sqft and collectively serve as an integrated office and retail hub.

The properties range in age from 6 to 24 years and are a mix of master-titled and strata-titled assets. As at 31 March 2025, the occupancy rate of Mid Valley City properties is around 94.3%, with Southpoint Office & Retail and Boulevard Offices & Retail leading at 100% occupancy level.

(ii) Kuala Lumpur City Properties (31.1% of FY24 revenue)

KL City portfolio comprises three office buildings, namely (i) Menara Tan & Tan, (ii) GTower, and (iii) Hampshire Place Office, collectively offer a total NLA of 1.3m sqft. Menara Tan & Tan and GTower are also located along the prominent Jalan Tun Razak stretch.

The buildings range in age from 14 to 27 years, and are a mix of individual-titled and strata-titled freehold properties. As at 31 March 2025, the occupancy rate of KL City properties stood at 80.6%, with GTower leading at 89.5% occupancy level.

Fig #8 Business Overview of IGB Commercial REIT



Source: IGB Commercial REIT

Financials

Revenue and income highlights. IGBCR reported a RM15.8m or 7.4% YoY growth in revenue, increasing from RM215.1m in FY23 to RM231.0m in FY24. This increase was driven by both rental income and revenue from contracts with customer, which includes service charge, car park income, utilities recoverable and others. The rental income segment rose by RM5.7m or 4.2% YoY while contracts with customer segment increased by RM3.8m or 12.7% YoY. Following its higher revenue, the REIT also recorded a higher distributable income of RM88.2m in FY24, up RM3.8m or 4.6% from RM84.3m in FY23. In its recent quarterly announcement, IGBCR recorded a revenue increase of RM6.4m or 11.4% YoY, from RM56.0m in 1Q24 to RM62.3m in 1Q25. Similarly, distributable income also saw a RM3.1m or 13.3% YoY growth, from RM23.3m in 1Q24 to RM26.3m in 1Q25.

Balance sheet. For 1Q25, the REIT saw a slight increase in total asset from RM3.28bn in FY24 to RM3.34bn as at 1Q25, primarily contributed by the increase in value of investment properties and also increase in cash and bank balances. The REIT is in a net debt position of 0.3 times, with net debt amounting to RM796.6m as of 1Q25.

Cash flow. IGBCR recorded a higher net cash from operations, increasing from RM129.3m in FY23 to RM137.2m in FY24. Cash flow from investing activities recorded a net outflow of RM4.8m, compared to net inflow of RM1.6m. The outflow was attributed to the capital expenditure used to upgrade, improve and refurbish its existing investment properties. Cash flow from financing activities recorded a higher outflow of RM157.9m in FY24 compared to an outflow of RM121.2m in FY23 following higher distribution paid to unitholders. Meanwhile, as of 1Q25, IGBCR continued to show healthy net cash flow, with a net increase of RM1.1m in cash and cash equivalents.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 4.8%, with distributable income expected to reach RM92.0m, RM96.7m, and RM101.5m over the next three years, largely supported by the increasing occupancy rate and rental growth of IGBCR properties.

Fig #9 Financial Highlights

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Cash	129	103	114	120	127
Receivables	6	16	12	12	13
PPE	3,161	3,161	3,161	3,161	3,161
Others	6	16	12	12	13
Assets	**3,296**	**3,280**	**3,287**	**3,293**	**3,301**
Debts	853	850	849	848	846
Payables	146	141	145	151	158
Others	-	-	(2)	(2)	(2)
Liabilities	**1,000**	**991**	**992**	**997**	**1,002**
Unitholder's equity	2,296	2,289	2,294	2,296	2,298
Minority interest	-	-	-	-	-
Equity	**2,296**	**2,289**	**2,294**	**2,296**	**2,298**

Cash Flow Statement

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Profit before taxation	65	63	69	74	80
Changes in working ca	10	(15)	8	6	6
Share of JV profits	-	-	-	-	-
Taxation	-	-	-	-	-
Others	54	89	-	-	-
Operating cash flow	**129**	**137**	**77**	**80**	**86**
Net capex	-	-	-	-	-
Others	2	(5)	-	-	-
Investing cash flow	**2**	**(5)**	**-**	**-**	**-**
Changes in borrowings	1	(3)	(1)	(1)	(1)
Issuance of shares	16	17	4	-	-
Dividends paid	(83)	(87)	(90)	(95)	(99)
Others	(55)	(85)	-	-	-
Financing cash flow	**(121)**	**(158)**	**(88)**	**(96)**	**(101)**
Net cash flow	**10**	**(25)**	**11**	**6**	**7**
Forex	-	-	-	-	-
Others	-	-	-	-	-
Beginning cash	119	129	103	114	120
Ending cash	129	103	114	120	127

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	**215**	**231**	**243**	**254**	**265**
Net investment income	129	125	132	137	143
Net finance income/ (cost)	(46)	(45)	(45)	(45)	(45)
Profit before tax	**65**	**63**	**69**	**74**	**80**
Tax	-	-	-	-	-
Net profit	**22**	**63**	**65**	**63**	**69**
Minority interest	-	-	-	-	-
Distributable income	**84**	**88**	**92**	**97**	**101**
Exceptional items	-	-	-	-	-
Distributed income	79	83	87	90	95

Valuation & Ratios

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
EPU (sen)	3.5	3.7	3.8	4.0	4.2
P/E (x)	17.1	16.3	15.6	14.9	14.2
EV/EBITDA (x)	16.8	17.2	16.4	15.7	15.1
DPU (sen)	3.4	3.6	3.7	3.9	4.1
Distribution yield	5.9%	6.1%	6.4%	6.7%	7.1%
BVPS (RM)	0.95	0.95	0.95	0.95	0.95
P/B (x)	0.6	0.6	0.6	0.6	0.6
Net investment income margin	59.9%	54.2%	54.1%	54.1%	54.0%
PBT margin	30.3%	27.1%	28.3%	29.3%	30.3%
Net margin	39.2%	38.2%	37.8%	38.1%	38.3%
ROE	3.7%	3.8%	4.0%	4.2%	4.4%
ROA	2.6%	2.7%	2.8%	2.9%	3.1%
Net gearing	31.6%	32.7%	32.0%	31.7%	31.3%

M+ Research

Valuations

We derive a fair value of RM0.70 for IGBCR, based on a targeted yield of 5.5% on its mid-FY26F DPU of 3.84 sen, implying a P/E ratio of 18.2x. While this represents a premium to the average dividend yields of office REIT peers (8.3%) and broader REIT peers (6.1%), we believe it is justified, given IGBCR's unique positioning within the established and growing Mid Valley City ecosystem. The REIT benefits not only from being an office-centric asset but also from its strategic proximity to two of the Klang Valley's premier retail destinations, namely Mid Valley Megamall and The Gardens Mall, allowing it to ride on the long-term commercial vibrancy and footfall-driven demand of the integrated development. This, combined with its high portfolio occupancy rate of 89.2%, prime city-centre office locations in both MVC and KL City, and conservative gearing level of 25.9% (versus the broader peer average of 38.4% and the office peer average of 40.1%), underpins the sustainability of its income stream.

Fig #10 IGBCR's peers in the office REITs subindustry

Company	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	Dividend Yield (%)	Gearing Ratio (%)
IGB Commercial REIT	**MAIN**	**Dec**	**0.59**	**1,409.9**	***16.3**	****14.9**	**6.4**	**25.9**
Sentral REIT	MAIN	Dec	0.79	938.5	11.9	11.4	12.2	44.6
UOA Real Estate Investment Tru	MAIN	Dec	0.82	554.0	16.4	12.4	7.4	40.8
AmFIRST Real Estate Investment	MAIN	Mar	0.30	202.5	7.2	N/A	8.1	47.1
Tower Real Estate Investment T	MAIN	Jun	0.29	139.9	10.9	N/A	5.6	27.7
Avg ex-IGB Commercial REIT				**458.7**	**11.6**	**11.9**	**8.3**	**40.1**

*Source: M+ Research (*FY24, **FY26f), Bloomberg*

Fig #11 IGBCR's peers in the broader REITs industry

Company	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	Dividend Yield (%)	Gearing Ratio (%)
IGB Commercial REIT	**MAIN**	**Dec**	**0.59**	**1,409.9**	***16.3**	****14.9**	**6.4**	**25.9**
Pavilion Real Estate Investmen	MAIN	Dec	1.67	6,549.0	14.6	18.2	5.7	37.2
Sunway Real Estate Investment	MAIN	Dec	2.14	7,329.1	12.0	18.6	4.7	41.3
IGB Real Estate Investment Tru	MAIN	Dec	2.70	9,778.3	16.6	23.7	4.0	21.2
KLCCP Stapled Group	MAIN	Dec	8.81	15,905.0	31.1	18.2	5.1	23.1
Axis Real Estate Investment Tr	MAIN	Dec	2.00	4,041.5	16.9	19.6	4.7	33.3
Capitaland Malaysia Trust	MAIN	Dec	0.66	1,928.2	9.9	12.9	7.2	41.2
YTL Hospitality REIT	MAIN	Jun	1.11	1,891.9	11.2	11.2	8.9	42.6
Al-'Aqar Healthcare REIT	MAIN	Dec	1.25	1,049.5	18.2	15.6	5.7	41.3
Sentral REIT	MAIN	Dec	0.79	938.5	11.9	11.4	12.2	44.6
KIP REIT	MAIN	Jun	0.85	678.8	11.4	11.8	7.9	37.3
UOA Real Estate Investment Tru	MAIN	Dec	0.82	554.0	16.4	12.4	7.4	40.8
Atrium Real Estate Investment	MAIN	Dec	1.31	347.9	8.0	N/A	6.8	41.6
Hektar Real Estate Investment	MAIN	Dec	0.44	312.1	13.8	18.3	4.3	41.7
AmanahRaya Real Estate Investm	MAIN	Dec	0.38	217.8	68.5	N/A	3.9	42.0
Al-Salam Real Estate Investmen	MAIN	Dec	0.42	243.6	41.6	20.0	2.2	48.6
AmFIRST Real Estate Investment	MAIN	Mar	0.30	202.5	7.2	N/A	8.1	47.1
Tower Real Estate Investment T	MAIN	Jun	0.29	139.9	10.9	N/A	5.6	27.7
Avg ex-IGB Commercial REIT				**3,065.1**	**18.9**	**16.3**	**6.2**	**38.4**

*Source: M+ Research (*FY24, **FY26f), Bloomberg*

Investment risks

Competitive risk in office market. The Klang Valley office market remains highly saturated, with continued new supply exacerbating tenant competition. The group's performance is sensitive to tenant turnover, as newer buildings offering attractive terms and amenities may draw tenants away. A failure to differentiate its offerings could impact occupancy rates and rental income.

Exposure to macroeconomic and market volatility. Revenue and net property income are influenced by broader economic conditions, business sentiment, and shifts in tenant preferences such as hybrid working trends. Rising operating costs and inflationary pressures further erode margins if not offset by increased efficiency or rental growth. Prolonged market softness may adversely affect leasing activity and tenant retention.

Lease expiry clustering risk. A high concentration of lease expiries within similar timeframes may result in sudden occupancy dips or rental renegotiations under less favourable conditions. Effective lease spreading and proactive renewals are essential to mitigate this risk.

Increasing compliance and regulatory scrutiny. IGBCR must navigate a complex regulatory environment, spanning health and safety, anti-bribery, data privacy, and anti-competition laws. Non-compliance can lead to financial penalties, operational disruption, and reputational harm. Growing regulatory complexity may also increase the cost of compliance.

Aging infrastructure and system reliability. Mechanical, electrical, and plumbing (MEP) systems are critical to service delivery and tenant satisfaction. Failures or insufficient maintenance may lead to service disruptions, reputational damage, and occupancy risk. Continuous asset enhancement initiatives (AEIs) and preventive maintenance are required to ensure long-term asset quality.

Health, safety, and security vulnerabilities risk. The REIT's reputation and tenant confidence depend on robust health, safety, and security measures. Any lapse, such as a serious incident, fire, or environmental hazard, could have significant financial and reputational consequences.

Environmental, Social and Governance (ESG) Practices

Environmental:

Energy efficiency and carbon emissions. IGBCR continues to invest in building upgrades to improve energy efficiency, including the installation of LED lighting with motion sensors, chilled water fan coil units, and enhanced Building Automation Systems (BAS). Carbon emissions across Scope 1, 2 and 3 were also tracked as part of its broader net-zero ambition. IGBCR secured new Gold GreenRE certifications for The Gardens North and South Towers, and renewed its Gold GreenRE certification for GTower and GBI-Silver certification of Southpoint Offices & Retail, coupled with management actions in achieving entire portfolio properties green certification within the next 12 months.

Water conservation. To reduce water usage, the group installed water-efficient fittings and rainwater harvesting systems. In FY24, cold water plumbing systems were upgraded at Menara Tan & Tan and Hampshire Place Office.

Sustainable buildings. IGBCR aligns with the national 2050 carbon neutrality goal and actively monitors building-level performance to reduce its carbon footprint. This includes investing in green-certified upgrades and preventive maintenance to prolong asset efficiency.

Social:

Diversity and fair labour practices. IGBCR promotes equal opportunity employment, maintains at least 30% female representation on its Board and management, and complies fully with local labour laws. IGBCR also upholds the International Labour Organisation's (ILO) core labour standards, including zero tolerance for discrimination, forced labour, and child labour.

Occupational safety and health (OSH). Regular fire drills, safety audits, and quarterly inspections are conducted at all properties. Safety defects are monitored closely, with rectifications targeted within 14 days. All staff receive ongoing OSH training covering first aid, emergency response and hazard control.

Employee development. IGBCR fosters continuous learning through internal and external training, tuition reimbursements, and scholarships. Staff also benefit from structured onboarding, mobility opportunities, and high internal engagement—reflected by a 97.4% employee satisfaction rate in FY24.

Governance:

Code of conduct and ethics. IGBCR adheres to a Directors' Code of Ethics, prioritising transparency, accountability and compliance. All employees are bound by the IGB Group Code of Conduct and undergo ethics training during onboarding and annual refreshers.

Whistleblowing policy. A secure whistleblowing mechanism is in place to allow employees and stakeholders to report misconduct safely and anonymously.

Anti-bribery and corruption. IGRCR enforces a strict zero-tolerance policy against corruption, consistent with the Malaysian Anti-Corruption Commission Act. All tenancy agreements contain anti-bribery clauses, and zero incidents of corruption were recorded to date.

Overall ESG comments: IGB Commercial REIT is rated 3-star under the FTSE Russell ESG framework. We view the IGBCR's ESG practices as fair and acceptable. Governance appears sound, with well-established frameworks for whistleblowing,

anti-bribery, and Board-level oversight, supported by zero reported incidents of corruption. Socially, IGBCR prioritises occupational safety and employee wellbeing, underpinned by structured training programmes, high employee satisfaction recorded in FY24, and strong labour practices aligned with ILO standards. On the environmental front, we like IGBCR's plans to pursue full green certification for all of its buildings this year, demonstrating management's clear commitment toward sustainable property management.

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Stock recommendation guide	
BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned