IGB Commercial REIT

Moderate Downward Rerating Following WHT Cessation

Newsbreak

- The Inland Revenue Board (IRB) has discontinued the 10% preferential withholding tax (WHT) rate on Real Estate Investment Trust (REIT) dividend distributions starting 2026. Under the new framework, resident individuals will be taxed based on their prevailing personal income tax rates, while foreign individuals will face a 30% tax rate and non-resident corporations a final withholding tax rate of 24%. The policy shift follows the government's view that Malaysia's REIT market has matured and may no longer require continued fiscal incentives.

M+ Global View

- We view this development as largely neutral to IGBCR fundamentals, as the change primarily affects investor taxation rather than the underlying earnings or cash flows of IGBCR. That said, local investors in higher income tax brackets and foreign investors may see reduced net yields following the removal of the 10% concessionary rate.

- The fundamentals of IGBCR remain intact, as the REIT continues to offer a gross yield of above 6–7%, supported by stable overall portfolio occupancy rate of >90%, increasing rental rate reversions with properties situated in prime asset locations like Mid Valley City and KL City.

- Hence, we believe the market reaction may be knee-jerk, with limited direct impact on IGBCR operating performance, although valuation multiples across the REIT sector could moderate slightly following the removal of the preferential tax treatment.

Valuation & Recommendation

- **Forecast.** Maintain.

- **Maintain BUY with a lower TP of RM0.67.** As the REIT sector lost its advantage of having 10% preferential tax treatment, we expect the sector to experience a moderate downward valuation rerating. While we maintain our Buy recommendation for IGBCR, we lowered down the TP from RM0.75 to RM0.67. The target price is derived based on a targeted yield of 6.0% (from 5.5%) on its FY26f EPU of 4.02 sen, implying a P/E multiple of 16.7x.

Company update

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BUY

Share price	**RM0.595**
Target price	RM0.670
Previous TP	RM0.750
Capital upside	12.6%
Dividend return	6.8%
Total return	19.4%

Company profile

Principally involved in the 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)	2421.2
Market Cap (m)	1440.6
52W High/Low	0.650/0.490
Est. Free float (%)	18.0
Beta (x)	0.4
3-mth avg vol ('000)	341.0
Shariah compliant	No

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

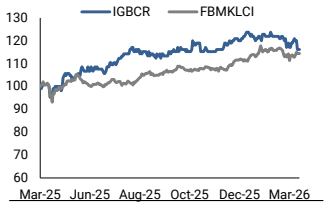
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	-7.1	-7.1	12.4
Relative	-4.6	-8.7	-1/0

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	95.5	98.9	103.4
EPU (sen)	4.0	4.1	4.3
P/E (x)	15.0	14.5	13.9

Relative performance chart



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As of **Tuesday, 24 Mar, 2026**, the analyst(s), Kieran Lim, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.

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