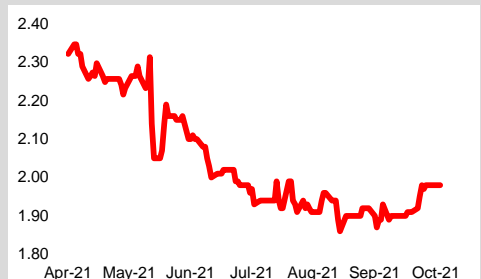


**DESCRIPTION**

IGB Berhad is an asset builder focused on harnessing recurring income from its property investment and hospitality businesses. The Group also invests in and manages a diverse portfolio of long term commercial, retail, residential and hospitality assets in Asia, Australia, the United States and Europe.

12-Month Target Price	RM2.70
Current Price	RM1.98
Expected Return	+36%
Market Sector	Main Property
Bursa Code	5606
Bloomberg Ticker	IGBB MK
Shariah-compliant	No

SHARE PRICE CHART

52 Week Range (RM)	1.85 – 2.41
3-Month Average Vol ('000)	91.3

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	5.9	1.0	-15.6
Relative Returns	0.6	-3.5	-14.8

KEY STOCK DATA

Market Capitalisation (RM m)	2,143.7
No. of Shares (m)	895.6

MAJOR SHAREHOLDERS

	%
Tan Chin Nam Sdn Bhd	22.0
Wah Seong (M) Trading	15.7
Tan Kim Yeow Sdn Bhd	9.8

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Sells London Asset For RM1.2bn

IGB Berhad announced that Verokey Sdn Bhd (VSB, an indirect wholly-owned subsidiary) and Tower Ray Limited who each held a 50% stake in Black Pearl Ltd (BPL), have entered into a sale and purchase agreement with HNG Blackfriars 1 Ltd to dispose BPL for c.£208.75m (or c.RM1.2bn). To recap, BPL owns a freehold title to the land known as 18 Blackfriars Road, SE1, London which was purchased back in 2014 for about £122m. News to dispose of the said asset was first disclosed in 2019 (where it signed a non-binding heads of terms agreement with Hero Inc Ltd, Staycity Ltd and BSW Land and Property Ltd). The deal was subsequently aborted. We understand that the latest carrying amount of VSB's investment in BPL was RM370.0m which included shareholder's advance to BPL of RM376.5m. We are positive on the monetization exercise as fund raised can be redeployed for more yield and value accretive investments. We understand that the transaction will result in an increase in the Group's net assets per share and earnings per share by ~RM0.21 each upon completion. Maintain our earnings for now pending deal completion. All told, we maintain our **Outperform** call with TP of RM2.70, pegged at c.65% discount to our RNAV estimates.

§ **Timely exit.** Verokey and Tower Ray each hold a 50% stake in Black Pearl, which is the owner of a freehold title to a land known as 18 Blackfriars Road, SE1 in London — a property asset initially earmarked for a mixed-development. The land in London was initially purchased for about £122m in 2014. Project launch was deferred initially due to the change of design to meet authorities' requirements. In 2018, it submitted planning application to the Greater London Authority to build six buildings ranging from 5 to 53-storeys each on the site that measures 0.80ha in total. This would have included an office space, a 548-room hotel, 288 residential units, a flexible retail component, a restaurant, a music venue, and car parks, among others, which was again delayed by the uncertainties of Brexit and then the Covid-19 pandemic.

Subsequently, the JV signed a non-binding heads of terms agreement with Hero Inc Ltd, Staycity Ltd and BSW Land and Property Ltd, who wanted to buy their entire stakes in Black Pearl for £235m but the deal subsequently lapsed. Albeit the latest deal is c.11% lower, we believe it is fair given current market conditions.

KEY FORECAST TABLE

FYE Dec (RM m)	2019A	2020A	2021F	2022F	2023F	CAGR (%)
Revenue	1,436.8	1,016.4	1,062.5	1,082.7	1,200.0	-4.4%
Operating Profit	598.4	315.2	288.8	395.0	461.3	-6.3%
Pre-tax Profit	463.1	147.7	139.6	238.8	308.3	-9.7%
Net Profit	208.7	9.3	21.2	99.6	151.7	-7.7%
EPS (Sen)	23.7	1.0	2.4	11.3	17.2	-7.7%
P/E (x)	8.3	186.8	81.5	17.4	11.4	
DPS (Sen)	3.0	2.0	1.0	2.0	2.0	
Dividend Yield (%)	1.5	1.0	0.5	1.0	1.0	

Source: Company, PublicInvestResearch estimates

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Dec (RM m)	2019A	2020A	2021F	2022F	2023F
Revenue	1,436.8	1,016.4	1,062.5	1,082.7	1,200.0
Gross Profit	560.1	225.9	215.2	278.9	340.5
Operating expenses	38.2	89.2	73.6	116.0	120.8
Operating Profit	598.4	315.2	288.8	395.0	461.3
Other Gains / (Losses)	37.7	14.0	6.7	12.5	9.2
Finance Costs	-173.0	-181.5	-155.9	-168.7	-162.3
Pre-tax Profit	463.1	147.7	139.6	238.8	308.3
Income Tax	-106.8	-48.9	-45.3	-63.4	-82.0
Effective Tax Rate (%)	23.1	33.1	32.5	26.6	26.6
Minorities	-157.5	-89.5	-94.9	-100.6	-106.6
Net Profit	208.7	9.3	21.2	99.6	151.7
Growth					
Revenue (%)	10.3	-29.3	7.9	2.0	10.7
Gross Profit (%)	3.8	-59.7	1.2	38.1	13.2
Net Profit	-11.4	-95.6	380.0	182.7	28.1

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RM m)	2019A	2020A	2021F	2022F	2023F
Property, Plant & Equipment	1,428.7	1,531.5	1,546.9	1,562.3	1,577.9
Cash and Cash Equivalents	693.8	793.2	736.0	708.7	606.6
Receivables	0.0	0.0	0.0	0.0	0.0
Other Assets	6,522.3	6,260.1	6,600.5	6,663.6	6,874.1
Total Assets	8,644.8	8,584.8	8,883.3	8,934.6	9,058.6
Payables	843.1	656.2	749.7	702.9	726.3
Borrowings	3,843.5	4,033.0	3,964.6	3,998.8	3,981.7
Deferred Tax	150.1	147.6	148.8	148.2	148.5
Other Liabilities	96.4	74.2	81.4	77.8	79.6
Total Liabilities	4,933.1	4,911.0	4,944.6	4,927.8	4,936.2
Shareholders' Equity	3,711.7	3,673.8	3,938.7	4,006.8	4,122.4
Total Equity and Liabilities	8,644.8	8,584.9	8,883.3	8,934.6	9,058.6

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2019A	2020A	2021F	2022F	2023F
Book Value Per Share	4.2	4.2	4.5	4.5	4.7
NTA Per Share	4.2	4.2	4.5	4.5	4.7
EPS (Sen)	23.7	1.0	0.3	10.2	15.6
DPS (Sen)	3.0	2.0	1.0	2.0	2.0
Payout Ratio (%)	12.7	190.6	357.1	19.6	12.8
ROA (%)	2.4	0.1	0.0	1.0	1.5
ROE (%)	5.6	0.3	0.1	2.2	3.3

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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