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# IGB REIT sees 5%-8% revenue, profit growth

The Editor / TheEdge

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KUALA LUMPUR: The management for IGB Real Estate Investment Trust (IGB REIT) has estimated an annual growth of between 5% and 8% in revenue and bottom line for the company ahead of its listing on Sept 21.

IGB Corp Bhd group managing director Robert Tan told reporters at the launch of IGB REIT's IPO prospectus yesterday that the group would look at optimising the rental and occupancy rates of the two properties under its management presently to drive returns for investors.

The two properties under IGB REIT are Mid Valley Megamall and The Gardens Mall. "Mid Valley Megamall and The Gardens Mall still have a long way to go in terms of bottom line. We have to make sure these two properties are well-managed so that investors will see a year-on-year growth," Tan said.

According to the prospectus, IGB REIT forecasts total revenue for the six

months ending Dec 31, 2012 to be RM197.8 million and RM408.1 million for the full year 2013.

NEW REIT ON THE BLOCK... (From left) Hong Leong Investment Bank MD/CEO Lee Jim Leng, IGB REIT Management MD Robert Tan and CIMB Investment Bank Bhd deputy CEO Kong Sooi Lin pose with the prospectus of the newly launched IGB REIT yesterday.

Distributable income for the period ending Dec 31, 2012 and 2013 is forecast at RM108.7 million and RM230.5 million respectively.

Both malls will be acquired from IGB Corp subsidiary KrisAssets Holdings Bhd for RM4.61 billion, of which RM1.21 billion will be in cash and the rest in shares.

Subsequently, the proceeds of the disposals will be distributed to KrisAssets shareholders at RM2.43 per share and 5.24 IGB REIT shares for each KrisAssets share.

Although, IGB REIT will only have Mid Valley Megamall and The Gardens Mall under its roof, it will also look at other developments such as IGB Corp's latest venture, Southkey Megamall, to expand its portfolio. "We [IGB Corp] recently signed an agreement for the development of Southkey Megamall in Johor. Eventually after three to five years from now, it will hopefully be pumped into IGB REIT," said Tan. "We prefer to construct and manage the mall ourselves and inject it into the REIT once it is fully leased."

Group chief financial officer Chai Lai Sim said it will also look at acquisitions both locally and overseas.

"We will not rule out acquisitions as well if the opportunities arise and if they blend with IGB REIT's strategy. If there are opportunities we will consider them," Chai said.

The listing will make IGB REIT the largest retail REIT in Malaysia by asset value and is set to raise some RM837.5 million from the offer of 670 million units at a retail price of RM1.25 per unit.

The offer price translates into a forecast annualised distribution yield of 5.1% for its remaining six months of 2012 and 5.37% for the full year 2013.

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