

IGB REIT's 1Q distributable income up 19%

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KUALA LUMPUR: IGB Real Estate Investment Trust (IGB REIT), which has Mid Valley Megamall and The Gardens Mall in its portfolio, sees a distributable income for the three months ended March (1QFY15) at RM79.6 million, up 19.4% year-on-year from RM66.67 million, due to higher total rental income and lower property costs in the current quarter.

In its filing with Bursa Malaysia yesterday, IGB REIT (fundamental: 2.8; valuation: 0.65) said its distributable income per unit for 1QFY15 was 2.29 sen compared with 1.89 sen in the immediate preceding quarter.

But no distribution was declared for 1QFY15 as the REIT's manager

"intends to distribute 100% of distributable income on a half-yearly basis for the six-month period ending June 30, 2015 and Dec 31, 2015."

IGB REIT said its net property income for 1QFY15 was RM90.05 million, up 16.21% from RM77.48 million a year ago. Gross revenue

for 1QFY15 was RM125.4 million, up 9.9% against 1QFY14's RM114.1 million, which it said was mainly due to higher total rental income in the current quarter.

On prospects, the REIT said it could see a slowdown in the retail sector, especially in terms of consumer discretionary spending in view of the implementation of the goods

and services tax. It pointed out that the retail industry already had a disappointing showing with retail sales contracting 0.85% in the last quarter

of 2014, according to Retail Group Malaysia, which has revised downwards its projected 2015 retail sales growth to 4.9% from 5%.

"[Nevertheless] the manager remains optimistic that given the current satisfactory performance of IGB REIT's existing business portfolio, the operational results of IGB REIT for the financial year 2015 is expected to be satisfactory," it said.

The REIT closed up two sen at RM1.37 yesterday, giving it a market capitalisation of RM4.73 billion.