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## IGB REIT's 4Q distributable income slips 6.25%, declares 3.72 sen DPU

Chester Tay / theedgemarkets.com

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KUALA LUMPUR (Jan 26): IGB Real Estate Investment Trust (REIT)'s distributable income for its fourth quarter ended Dec 31, 2015 (4QFY15) slipped 6.25% year-on-year (y-o-y) to RM61.22 million from RM65.3 million, largely on higher borrowings costs.

As such, it announced a distribution per unit (DPU) for the second half ended Dec 31 (2HFY15) of 3.72 sen, compared to 3.9 sen in 2HFY14, to be paid on Feb 29, its bourse filing today showed.

Meanwhile, its quarterly financials showed that its revenue for 4QFY15 came in at RM121.43 million, 1.5% higher y-o-y from RM119.6 million, mainly due to higher total rental income in the current quarter, which, together with lower property upgrade costs, lifted its net property income by 6.3% y-o-y to RM81.2 million from RM76.4 million.

For the full year ended Dec 31 (FY15), IGB REIT's distributable income amounted to RM291 million, 8.25% higher from FY14's RM268.8 million; its DPU for FY15 was at 8.19 sen, compared with 7.79 sen a year ago.

Its FY15 net property income was 9.7% higher y-o-y at RM342.8 million from RM312.6 million, on lower upgrade costs and as its gross revenue came in 5.9% higher y-o-y at RM489.2 million from RM461.77 million, on higher total rental income.

IGB REIT consists of two investment properties under its portfolio, namely Mid Valley Megamall and The Gardens Mall.

Moving forward, the REIT expects to see the retail sector to be challenging, driven by factors like a weak oil price outlook, rising interest rates in the United States, capital outflow, and pressure on the ringgit, in addition to inflation impact on consumer purchasing power and high household debts.

"Retailers' performance could be hit by lower discretionary spending, weakened consumer sentiment and stiff competition," it said.

Therefore, IGB REIT is cautious about the economic headwinds and how it may impact its FY16 performance.

"Notwithstanding the above, IGB REIT would still focus on asset enhancement initiatives and proactive asset management in order to remain resilient and sustain the distribution yield," it pledged.

IGB REIT rose two sen or 1.47% to RM1.38 today, giving it a market capitalisation of RM4.72 billion.

*(Note: The Edge Research's fundamental score reflects a company's profitability and balance sheet strength, calculated based on historical numbers. The valuation score determines if a stock is attractively valued or not, also based on historical numbers. A score of 3 suggests strong fundamentals and attractive valuations.)*