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IGB Corp to fund growth with REIT listing proceeds

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KUALA LUMPUR: [IGB Corp Bhd](#) is expecting to raise some RM800mil in cash from the upcoming listing of its retail real estate investment trust (REIT), which is expected to happen in mid-August.

IGB Corp group [managing director Robert Tan](#) said the proceeds would be used for future expansion activities, which “are in the pipeline.”

Tan also confirmed a recent *StarBiz* report that said IGB Corp was mulling over another two REITs to unlock the value of its office and hotel assets.

“If this (the listing of the retail REIT) goes well, we will look at the possibility of the office/commercial and hotel/hospitality REITs.

“It is a question of the timeline or timing. Now, the demand is good for a retail REIT but an office REIT is not the flavour of the month.

“Also, the office/commercial and hotel/hospitality REITs would have different investors with different expectations,” he told reporters after the group's EGM.

To recap, the listing of IGB's maiden REIT, the retail REIT, in the third quarter of this year is to unlock the value of its two prime retail assets - Mid Valley Megamall and The Gardens Mall.

Both the malls are currently parked under IGB Corp's 75%-owned unit, [KrisAssets Holdings Bhd](#).

KrisAssets Holdings has proposed to sell both the retail malls and their related assets to its parent IGB Corp for RM4.6bil.

The disposal would be satisfied via cash and the issuance of 3.4 billion units in IGB REIT.

KrisAssets had also proposed an offer for sale of 670 million consideration units by [Mid Valley City Gardens Sdn Bhd](#) via the initial public offering (IPO) of IGB REIT.

KrisAssets said it wanted to distribute 2.73 billion consideration units, as well as the remaining cash proceeds from the sale of the two properties and the IPO to its entitled shareholders at a date to be determined and announced later.

KrisAssets' board has no intention of maintaining the company' listing status after the completion of the proposed disposal of its two malls.

Meanwhile, the group's hotel division including associates, reported revenue of RM424.2mil in 2011, which was up 14.5% compared with RM370.5mil in 2010.

In its annual report, IGB Corp also said last year, rental revenue from office buildings was within expectation with an improved contribution of RM112.2mil, compared with RM105.8mil in 2010.

Tan also said IGB Corp was looking at mergers and acquisitions, both locally and abroad.

“We are in an opportunistic mode,” he said.

Tan also said the group would continue to focus on centrally located city hotels.

“We do not want to compete with resort operators.

“We will continue to focus on our strength, which is city hotels.

“Location is central,” he added.

Meanwhile, the group has a remaining land bank of 2,000 acres with the bulk in Selangor.

In its annual report, IGB Corp stated that its property development unit had seen encouraging sales for its mixed commercial development G Residence, which was launched in Feb 2012.

To date, 85% of G Residence units have been sold.

Located off Jalan Ampang Hilir, Kuala Lumpur, G Residence comprising 474 service apartments and 26 retail shops, has a gross development value (GDV) of RM430mil.

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