

IGB aims to be Malaysia's biggest listed REIT through IPO

IGB Real Estate Investment Trust (IGB REIT) is targeting a market value of RM4.25 billion when it lists in Kuala Lumpur next month, making it Malaysia's biggest-listed property trust.

The unit of Malaysian property developer IGB Corp Bhd plans to offer 670 million new units to both individuals and institutions, according to a sales document posted on the Securities Commission's website. IGB's indicative price for individuals is RM1.25 apiece, at which the whole offering would raise RM837.5 million.

IGB REIT is joining a resurgence in initial public offerings

(IPOs) after the benchmark FTSE Bursa Malaysia KLCI Index (FBM KLCI) rose to a record last month.

Palm oil producer Felda Global Ventures Holdings Bhd raised US\$3.3 billion (RM10.28 billion) when it listed in Kuala Lumpur in July, while hospital operator IHH Healthcare Bhd raised US\$2 billion. Institutional demand for shares outstripped supply for both sales.

"IGB REIT's large asset base will allow it to raise capital in larger amounts to fund future acquisitions, thus placing it in a better competitive position to capitalise on future investment opportunities," the company

said in its prospectus.

The trust owns two Kuala Lumpur shopping malls — the Gardens Mall and Mid Valley Megamall — which it acquired from IGB Corp's subsidiary KrisAssets Holdings Bhd.

It will generate distributable income of RM108.7 million this year, which is expected to rise to RM230.5 million in 2013, according to the sales document.

IGB shares rose as much as 3% in Kuala Lumpur trading last Friday to RM2.74, the most in almost five months, before paring gains to RM2.70 at the 12:30pm break. KrisAssets was 2.2% higher at a record RM9.15, compared to a 0.1% in the

benchmark FBM KLCI.

IGB REIT's offering comes after Pavilion REIT, another Kuala Lumpur shopping centre owner, raised RM710 million in an IPO in November to become the country's second-biggest property trust by market value. It overtook CapitaMalls Malaysia Trust, a unit of Singapore's CapitaLand Ltd, which raised RM852 million through an IPO in 2010.

KLCC Property Holdings Bhd, the owner of Malaysia's 88-storey Petronas Twin Towers, said in June that it's also considering a property trust to boost shareholder value. — *Bloomberg*