

IGB REIT to grow retail assets

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IGB Real Estate Investment Trust (REIT), a unit of property developer IGB Corporation Bhd and en route to a listing on Bursa Malaysia's Main Market, will focus actively on growing its two retail assets as its main strategy in the next few years besides considering potential acquisitions overseas.

IGB Corp's 75 per cent subsidiary KrisAssets Holdings Bhd, which owns the two retail assets under the IGB REIT -- Mid Valley Megamall and The Gardens Mall -- has formed IGB REIT Management Sdn Bhd to manage and set the strategic direction of the trust.

"Both the assets have a long way to go as it takes time for the properties to mature.

"After listing, we have to make sure these properties are well managed and investors see a year-to-year growth of about 5-8 per cent of our revenue given the increasing competition," IGB REIT Management Sdn Bhd Managing Director Robert C M Tan told reporters at the trust's prospectus launch.

However, if any potential opportunities arise for acquisition locally or overseas, the manager would look into it under the REIT, he said.

"At the moment, the Europe and United States markets have good deals and we can look at some properties there for acquisition, preferably completed or mostly completed properties," he said adding that it would prefer to construct and manage the properties.

He also said the recent acquisition of Southkey Megamall Sdn Bhd would take about three to five years from now to develop.

IGB REIT is set to be Malaysia's largest retail REIT by asset value with the listing slated on Sept 21.

The trust, which offers 670 million units at an initial retail price of RM1.25 per unit, is expected to raise RM837.5 million from the initial public offering with a forecast 5.1 per cent yield annualised.

"The offer price is a fair deal looking at other REITs' performance, and we are very conservative when it comes to pricing," Tan said.

He said the listing would provide an avenue for investors to invest in one of the largest REITs in Malaysia with a total net lettable area of approximately 2.5 million sq ft (232,258 sq m).

Upon listing, IGB REIT is expected to achieve a market capitalisation of RM4.25 billion.

IGB Corp is optimistic of its retail property market given the continuous earnings growth against the backdrop of uncertainties in the global economy and competition, he added. -- Bernama