

IGB Reit takes conservative approach

Property developer to acquire assets in Europe and US due to low replacement cost of properties

IGB REIT Management Sdn Bhd, a unit of property developer IGB Corp Bhd, is looking "conservatively" at a year-on-year growth of between 5% and 8% to the group's revenue and bottomline from its two major retail malls, Mid Valley Megamall and The Garden Mall.

"Both malls still have a long way to go when it comes to bottomline. We have to make sure that these two properties are well managed and hopefully the investors will see the year-on-year growth and after that we will consider acquisitions," said its managing director Robert Tan at the launch of IGB REIT prospectus yesterday.

IGB Corp recorded a net profit of RM113.42 million in

its six months ended June 30, this year.

Revenue increased by 34% to RM483.72 million due to contributions from all divisions compared to the first six months of 2011 at RM361.04 million.

In the property investment division, Mid Valley Megamall and The Garden Mall registered turnover growth of 6% and 10% respectively in the six months period while total rental income from the group's office buildings has increased by 9% compared to the same period in 2011.

"Of course, we face a lot of competition from other malls. (But) We are still seeing increase in the turnover (from our malls). We have to make sure that our shoppers here

have a different experience," he said.

Tan said the company was looking to acquire properties in Europe and the US due to low replacement cost of properties in those areas.

"At the moment, you can look at Europe and the US where we can get good deals there. We can get some properties way below replacement cost. That will be the area that we can pursue for acquisitions.

"What we prefer is to construct the mall on our own and manage it ourselves and later on we can inject into the REIT once it is fully leased," he said.

The listing of IGB REIT on Bursa Securities is scheduled for Sept 21.

The initial public offering

(IPO) involves 670 million units at an initial retail price of RM1.25 a piece.

Following the IPO, IGB REIT will have a total of 3.4 billion units in issue. Of these, 469 million units will be offered to institutional investors and selected investors while the remaining 201 million units will be offered to the Malaysian public.

The opening date for the retail offering started yesterday until Sept 4 while opening of the institutional offering starts today and will last until Sept 6.

The portfolio of IGB REIT comprises Mid Valley Megamall and The Gardens Malls with a total net lettable area of over 2.5 million sq ft. — The Malaysian Reserve



MODEST GROWTH: (From left) Hong Leong Investment Bank managing director Lee Jim Leng, Tan and CIMB Investment Bank deputy chief executive officer Kong Sooi Lin at the prospectus launch — Pic: ISMAIL CHE RUS