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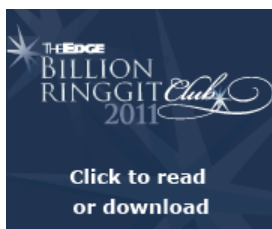
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IGB in JV for RM6b megamall

Written by Ben Shane Lim

Thursday, 29 March 2012 14:13



KUALA LUMPUR: Mid Valley City's developer, IGB Corp Bhd is partnering with Johor-based Selia Pantai Sdn Bhd to build a RM6 billion megamall in SouthKey, Johor Baru.

IGB and Selia Pantai yesterday entered into a conditional memorandum of understanding (MoU) to establish a 70:30 joint venture (JV) for Southkey Megamall, confirming The Edge Financial Daily's report on the project yesterday.

The megamall will be built on 36 acres (14.57ha) of leasehold land and it has a built-up area of 6 million sq ft. IGB group managing director Robert Tan said gross development value (GDV) for the project is expected to be around RM6 billion against a gross development cost (GDC) of about RM3 billion.

Southkey Megamall will be situated within the Johor Baru city Flagship "A" of Iskandar Malaysia, a five-minute drive from the Sultan Iskandar Customs, Immigration and Quarantine Complex. It will lie next to Jalan Tebrau, Jalan Bakar Batu and the Eastern Dispersal Link Highway.

Tan said the megamall's strategic development would draw Singaporeans from the other side of the causeway to shop and holiday in Malaysia.

Much like the Mid Valley City, Tan said the new development would be a mix of retail space, serviced apartments, offices and hotels.

Retail space has been tentatively set at a net lettable area of about 1.5 million sq feet with 7,000 parking lots to accommodate two major anchor tenants along with about 500 retail outlets. IGB will manage the megamall, said Tan.

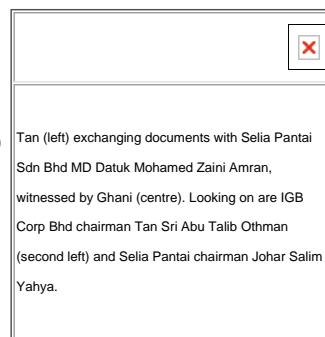
However, it is early days still in the development of the new megamall with most of the project's details still only tentative.

Tan noted that for the project to go ahead it would first need to settle some outstanding issues over the land. As a result, he could not disclose the land acquisition cost.

Selia Pantai, which is a public-private partnership between Selia Group Sdn Bhd and Kumpulan Prasarana Rakyat Johor Sdn Bhd, will be acquiring the land for the project. The land had formerly housed a military base. It is understood that the land will be parked under the JV once the issues are finalised.

"We plan to finalise all the components and details of the project over the next six to nine months," said Tan, who aims for development works to take off by next year.

He said IGB would be conducting thorough research on consumer behaviour in the area to aid with planning and designing the megamall.



Tan (left) exchanging documents with Selia Pantai Sdn Bhd MD Datuk Mohamed Zaini Amran, witnessed by Ghani (centre). Looking on are IGB Corp Bhd chairman Tan Sri Abu Talib Othman (second left) and Selia Pantai chairman Johar Salim Yahya.

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"It took us 15 years to get Mid Valley Megamall to where it is today. Hopefully with the lessons we have learnt from Mid Valley, we can complete Southkey in about five to six years from the starting date," said Tan.

Johor Menteri Besar Datuk Abdul Ghani Othman, who witnessed the MoU signing, noted that property development made up RM95 billion or 30% of committed capital in Iskandar, while services made up another 30% and manufacturing the balance.

IGB fell 7 sen or 2.5% to RM2.78 with a volume of 854,000 shares traded yesterday. The group's net profits had risen 36% y-o-y to RM237.65 million for the year ended Dec 31, 2011 while revenue increased 7.3% y-o-y to RM772.13 million.

This article appeared in The Edge Financial Daily, March 29, 2012.

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