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IGB: RM1.5b cash pile to generate recurring income

[Business & Markets 2013](#)

Written by Charlotte Chong of theedgemaalaysia.com

Friday, 31 May 2013 10:25

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KUALA LUMPUR: With a cash pile of RM1.5 billion, IGB Corp Bhd plans to build PROPERTIES [], such as office buildings and malls that will generate recurring future income.

Speaking after the company AGM yesterday, managing director Robert Tan said the company would be taking more time to evaluate and acquire potential land as it is adopting a "build to keep" and not a "build to sell" concept.

IGB Corp has a listed real estate investment trust, IGB REIT, which owns assets built by the group. Currently, it has Mid Valley Megamall and The Gardens Mall in Kuala Lumpur in its asset portfolio.

Mid Valley Megamall is a one-stop mall for the masses, while The Gardens Mall is positioned as a premium fashion mall focused on higher income earners.

Tan said IGB REIT, 51% owned by the IGB Corp, is confident of achieving a double digit rental income as 54% of its net lettable area (NLA) at The Gardens Mall is coming up for renewal this year.

"The (rental) environment is challenging and we will try our best to enhance our rates," Tan said, adding that the company has managed to charge higher rental rates by bringing in new tenants in place of old ones who have moved elsewhere within the mall.

The company has also increased the NLA for the third floor of Mid Valley Megamall by 30,000 sq ft after revamping the old food court. This resulted in its net property income increasing by threefold.

IGB REIT CEO Antony Barragry said the company expects to see year-on-year increase in tenant growth at The Gardens Mall and Mid Valley Megamall.

IGB Corp is also building the RM6 billion Southkey Megamall in Johor Baru, which offers 1.5 million sq ft of NLA. The project is still at the preliminary stage.

Also in the pipeline is its Three28 Tun Razak project, with a GDV of RM96 million, and the Park Manor project with a GDV of RM97 million. Both projects are slated for completion in the third quarter of this year.

The group has spent RM500 million year-to-date, mainly on the construction of the last phase of a building at Mid Valley City in Kuala Lumpur called Southpoint — a mixed office and retail development slated to be completed in 2015.

IGB Corp reported a 16.3% fall in net profit to RM48.1 million for the first quarter (1Q) ended March 31 due to higher operating expenses.



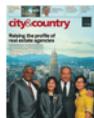
The group has spent RM500 million year-to-date, mainly on the CONSTRUCTION [] of the last phase of a building at Mid Valley City in Kuala Lumpur called Southpoint.

However, the group posted higher revenue of RM243 million against RM222.9 million a year earlier. The increase in the group's revenue was due to higher contributions from its property investment and hotel divisions.

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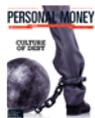
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