

# IGB plans to inject Johor assets into REIT in 5 years

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*IGB plans to retain some assets to diversify its recurring income base, says managing director C.M. Tan*

**KUALA LUMPUR:** IGB Corp Bhd is set to grow its real estate investment trust (IGB REIT), currently valued at RM4.5 billion, by injecting assets from its property development ventures in Johor in about five years.

Group managing director Robert C.M. Tan said it is in IGB's plan to retain some assets to diversify its recurring income base.

"We do not have large tracts of land like other developers, that is why we are looking at other avenues such as recurring income to improve our earnings.

"Over the years, we have built our infrastructure and we can now manage hotels and malls ourselves. When we retain the assets, there is a possibility to inject some of them into a REIT. And when we do that, the value of the REIT will go up," Tan said.

IGB has two projects in Johor, valued at between RM8 billion and RM9 billion.

The first project is a RM6 billion mixed development dubbed Southkey Mega Mall, slated to commence construction this year.

IGB will jointly develop the project, the exact replica of Mid Valley Mega Mall here, with privately-held developer Selia Pantai Sdn Bhd.

The second project, reportedly

called 18@Medini, is a 7.2ha mixed development worth more than RM2 billion in Medini. It will comprise up to four residential towers, an office block, a hotel, and shop units.

IGB will develop 18@Medini jointly with landowner Distinctive Group, which is controlled by Datuk Dr David Koh.

The group inked a deal yesterday to acquire "a 50 per cent plus one share stake" in Distinctive Ace Sdn Bhd for RM33 million.

Distinctive Ace, which has a paid-up capital of RM2 million, will undertake the development of 18@Medini.

"We are submitting our plans for the project and hope to launch it by the end of this year or early next year. We will sell the residential components and retain the rest of the properties," Tan said.

Currently, recurring income contributes about 80 per cent to IGB's net profit. The rest comes from its property development activities.

For fiscal year 2012, IGB registered a net profit of RM180.2 million.