

IGB third quarter earnings drop to RM66.45mil

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PETALING JAYA: IGB Bhd's net profit fell 2.7% to RM66.45mil in the third quarter ended Sept 30, 2019 (3Q19) from RM68.28mil a year ago on lower contribution from the property investment-commercial and hotel divisions.

In a filing with Bursa Malaysia, the company said the hotel division revenue fell 10% to RM70.6mil for the quarter compared to RM78.6mil a year ago, dragged down by lower average occupancy rates and lower average room rates by a majority of the hotels in the group.

"The hospitality sector is very competitive and hopefully, the government's efforts to promote tourism will contribute positively to the

sector," it added.

However, IGB's revenue was up 3.1% to RM364.35mil in the quarter compared to RM353.21mil in the corresponding period last year due to the property investment-commercial and property investment-retail divisions.

"In the property investment-commercial division, average occupancy rates in 3Q19 for the group's commercial buildings were above 80%, with average rental rates at RM6 per square foot which is comparable to the previous year," it said.

Meanwhile, its property investment-retail division, which is mainly represented by IGB REIT, posted a higher gross revenue and net property income of RM136.3mil and RM100.7mil, respectively.

In the near term, IGP expects its

property investment segment to be challenging, given the increase in the supply of new retail space and slower demand for office space in Kuala Lumpur.

"However, with the prime location of the group's retail malls and office buildings, the board expects contribution from this segment to be satisfactory," it said.

For 2019, the group foresees the property development segment to be challenging, given the weak property development market sentiment.

Meanwhile, IGB has also proposed to list its commercial real estate investment trust, IGB Commercial REIT, on the Main Market to unlock the value of its commercial property portfolio.

"The initial investment portfolio of IGB Commercial REIT will com-

prise of its commercial properties owned by the subsidiaries of IGB in Kuala Lumpur," it said.

The properties include Menara IGB, Centrepont South, Centrepont North, The Gardens South Tower, The Gardens North Tower, Menara Southpoint excluding the residential units, Boulevard Offices (Blocks 25 and 27) in Mid Valley City, as well as Menara Tan & Tan and GTower on Jalan Tun Razak.

On the proposed listing of IGB Commercial REIT, the group said the listing would be subjected to the valuation of the properties to be conducted, the finalisation of the structure, terms and conditions, the necessary approvals, waivers and consent from the relevant authorities and the approval of the shareholders of IGB.