

# IGB shareholders approve listing of commercial REIT, sale of properties to the REIT | EdgeProp.my

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[Arjuna Chandran Shankar](#) / [theedgemarkets.com](http://theedgemarkets.com) April 29, 2021 | Updated 4 days ago

KUALA LUMPUR (April 29): IGB Bhd shareholders have approved the proposed listing of IGB Commercial Real Estate Investment Trust (REIT), as well the sale of 10 commercial properties to the new REIT.

The shareholders gave their approval during an extraordinary general meeting held virtually yesterday, the group said in a statement.

It added that shareholders will be given an option to subscribe to their entitlements in IGB Commercial REIT on the basis of two restricted offer for sale (ROFS) units for every five IGB shares held, at RM1 per ROFS unit.

Shareholders may also elect to partially subscribe or not subscribe to the ROFS units. Those who choose not to subscribe or engage in a partial subscription will receive the cash raised from the listing's institutional offering, after netting off the cash due to IGB and other applicable costs.

According to IGB, a shareholder who chooses to subscribe to all of his entitled ROFS units will hold 100 IGB Commercial REIT units, after only paying RM40 to subscribe to his 40 ROFS units.

This translates to only 40 sen per IGB Commercial REIT share, which is

60 sen cheaper than the offered RM1 per ROFS unit, the group noted.

"The ROFS provides the entitled shareholders an opportunity to participate directly in IGB Commercial REIT, while the DIS is to reward the entitled shareholders for their continuous support towards IGB," IGB chief executive officer Datuk Seri Robert Tan said in the statement.

"The decision to sell the 10 commercial properties to IGB Commercial REIT was to unlock value within the group and maximise returns to our shareholders," Tan added.

The 10 properties sold to IGB Commercial REIT for RM3.16 billion are Menara IGB and IGB Annexe, Centrepont South, Centrepont North, Boulevard Properties, Gardens South Tower, Gardens North Tower, Southpoint properties, Menara Tan and Tan, GTower and Hampshire Place Office.

IGB noted that the establishment of IGB Commercial REIT can also serve to enhance liquidity, as compared to the illiquid nature of the properties in the REIT's portfolio. It will also facilitate fundraising for new commercial properties via the capital market.

Moving forward, IGB said the commercial property market is expected to be soft due to the ongoing pandemic, which has spurred on flexible working location arrangements that have led to companies reassessing their space requirements.

However, a Savills KKS survey in May 2020 revealed that remote working could potentially lead to only a 10% reduction in office space.

"We are optimistic about the future of the commercial property sector, following the immunisation rollout and firmer business recovery. We will make efforts to keep up with evolving needs from the tenants to maintain our occupancy and rental rates. We have seen increased enquiries and expansion of office space from some of our tenants, such as those in the e-commerce businesses and global shared services centres," said Wong Khim Chon, the CEO of IGB Property Management Sdn Bhd.

Shares in IGB closed three sen or 1.04% lower at RM2.85 yesterday, valuing the group at RM2.53 billion. The counter saw 152,300 shares traded.

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