

# IGB REIT's 1Q net profit down on lower rental income

IGB Real Estate Investment Trust's (IGB REIT) net profit for its first quarter ended March 31, 2021 (1Q21), fell 36% year-on-year (YoY) to RM68.36 million from RM43.72 million in 1Q20, underpinned by lower rental income from tenants.

Turnover for the quarter declined by 20.5% YoY to RM99.44 million which pushed its earnings per share down to 1.23 sen (from 1.93 sen in 1Q20), its bourse filing yesterday showed.

IGB REIT's net property income was RM62.4 million compared to

RM88.4 million in the corresponding quarter in 2020.

The lower gross revenue, net property income and profit after taxation were mainly due to the rental support provided to tenants, lower car park income and higher allowance for impairment of trade receivables arising from the Covid-19 pandemic.

IGB REIT owns the Mid Valley Megamall and The Gardens Mall in Kuala Lumpur.

The trust's manager has approved the distribution of 97.5% of IGB REIT's quarterly distributa-

ble income amounting to RM47.4 million or 1.33 sen per unit to be paid on May 31, 2021.

IGB REIT expects the prolonged Covid-19 pandemic to result in sluggish economic and business conditions which would have a material adverse impact on its income for the financial year ending Dec 31, 2021 (FY21).

This is mainly due to the rental support programme and the increase in expected credit losses arising from the resultant Movement Control Orders (MCOs).

The rising number of Covid-19 cases have severely impacted the footfall and vehicle traffic volume to retail malls.

Citing figures by the Malaysia Retailers Association and the Retail Group Malaysia (RGM), IGB REIT expects the retail sector to contract by 13.4% for the 1Q21.

RGM has revised its 2021 retail sales growth projection downwards to 4.1% from 4.9% previously, mainly due to the re-implementation of MCO in January 2021.

"Movement restrictions continue

to affect shopping traffic. The interstate travel ban is expected to be enforced for a longer period and it has been affecting domestic tourism spending.

"Vaccination on the majority of the population will take a while. Movement restrictions and social-distancing measures will remain until end-2021," it said.

IGB REIT shares ended one sen or 0.57% higher at RM1.77 yesterday, giving it a market capitalisation of RM6.31 billion. — *by NUR HANANI AZMAN*