

IGB REIT staying resilient through pandemic

PETALING JAYA: IGB Real Estate Investment Trust (REIT) saw its net profit for the first quarter ended March 31, 2021 fall by some 36% year-on-year (y-o-y) due to the continued effects of the Covid-19 pandemic.

“The lower gross revenue, net property income and profit after taxation are 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 and resultant movement control orders,” it said in a filing with Bursa Malaysia.

Net profit had fallen to RM43.72mil during the quarter from RM68.36mil a year ago while basic earnings per unit fell to 1.23 sen from 1.93 sen.

IGB REIT’s revenue for the first quarter fell to RM99.44mil from RM125.01mil in the same quarter a year ago.

The trust announced a 1.33 sen income distribution per unit for the first quarter with

the ex-date on May 10 and a payment date of May 31.

It said that net property income was RM62.4mil, which is a decrease of 29.4% compared with the corresponding quarter in 2020 of RM88.4mil.

“The distributable income for the current quarter amounted to RM48.6mil, consisting of realised profit of RM43.7mil and the non-cash adjustments arising mainly from manager fee payable in units of RM4.5mil,” it said.

IGB REIT’s managers said it had issued a total of 3.42 million new units as payment for manager fee in the current period-to-date.

Citing the Malaysia Retailers Association and the Retail Group Malaysia (RGM), the managers said the retail sector is expected to contract by 13.4% for the first quarter of 2021.

“RGM has revised downwards its 2021 retail sales growth projection to 4.1% from

4.9% previously, mainly due to the re-implementation of the MCO in January 2021. More retail businesses have been allowed to open from March 2020.

“Nevertheless, movement restrictions continue to affect shopping traffic. Further, interstate travel ban is expected to be enforced for a longer period and it has been affecting domestic tourism spending,” it added.

The trust’s managers also noted that vaccination progress for the majority of the population would take some time.

It expects movement restrictions and social distancing measures will remain until the end of 2021.

“Although the outlook for business recovery for the retailers as well as the shopping centre owners/operators does not look promising, IGB REIT is determined to stay resilient throughout the Covid-19 pandemic.

“It remains committed to bringing about long-term value for its stakeholders,” it said.