

IGB REIT's 3Q NPI jumps 81%, declares 2.44 sen DPU | The Edge Markets

Clipped from: <https://www.theedgemarkets.com/article/igb-reits-3q-npi-jumps-81-declares-244-sen-dpu>



KUALA LUMPUR (Nov 3): IGB Real Estate Investment Trust's (IGB REIT) net property income (NPI) for the third quarter rose 80.95% to RM101.19 million from RM55.92 million a year earlier, mainly due to lower rental support to tenants arising from the economic reopening and improved retail sales of tenants.

The REIT, which owns the Mid Valley Megamall and The Gardens Mall, declared a distribution per unit of 2.44 sen for the quarter ended Sept 30, 2022 versus 1.18 sen previously. Total distributable income doubled to RM89.6 million from RM43.14 million.

Quarterly revenue jumped 46.27% to RM140.12 million from RM95.8 million previously, according to the group's filing with Bursa Malaysia.

For the nine months ended Sept 30, IGB REIT logged an NPI of RM314.61 million, 73.39% higher than the RM181.44 million in the corresponding period last year. Cumulative revenue climbed 45.52% to RM407.69 million from RM280.16 million.

Going forward, IGB REIT said the group will stay resilient and remain committed to bringing about long-term value for its stakeholders, in spite of the backdrop of rising prices of retail products affecting consumer purchasing power, and the manpower shortage affecting sales and operation of retail outlets.

"With a broad subsidisation policy keeping inflation down, retail sales have been surging partly on a low-base effect and also arising from the pent-up demand, reflective particularly festivity-driven spending.

"The retail industry is expected to stay relatively buoyant for the time being, amid risks of higher inflation, more interest rate hikes and possible recession which could further reduce consumers' disposable income and spending," IGB REIT said, adding that retail sales growth is expected to normalise beyond 2022.

Meanwhile, its sister REIT, IGB Commercial REIT, posted an NPI of RM25.84 million for the third quarter, on revenue of RM45.48 million. Distributable income amounted to RM17.4 million.

"Current year quarter results are not comparable with preceding year quarter results as the preceding year quarter results were for 14 days from Sept 17, 2021 (date of completion of acquisition of properties) to Sept 30, 2021," IGB Commercial REIT noted.

For the nine-month period, IGB Commercial REIT logged an NPI of RM86.4 million, while revenue stood at RM141 million.

The REIT said that while there are positive signs in the commercial office market, the headwinds presented by the continued supply of office space, rising interest rates and political uncertainties cannot be neglected.

"IGB Commercial REIT will strive to deliver long-term sustainable value to unitholders, riding on the successful strategies that have been implemented, while remaining vigilant and agile in facing the future competitive business environment," it added.

IGB REIT and IGB Commercial REIT are owned 48.38% and 51.54% respectively by property firm IGB Bhd.

IGB REIT closed two sen or 1.28% lower at RM1.54 on Thursday (Nov 3), valuing the group at RM5.52 billion. Meanwhile, IGB Commercial REIT finished unchanged at 54.5 sen, giving it a market capitalisation of RM1.26 billion.