

IGB REIT declares 2.56 sen distribution as NPI rises 6.5% in 2Q

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KUALA LUMPUR (July 25): IGB Real Estate Investment Trust's (KL:IGBREIT) net property income (NPI) for the second quarter ended June 30, 2024 (2QFY2024) rose 6.5% to RM109.48 million from RM102.79 million a year ago, due to higher rental income.

Its revenue increased 5.95% to RM149.97 million from RM141.54 million, said IGB REIT, which owns the Mid Valley Megamall and The Gardens Mall, in a bourse filing.

Net profit inched up 0.71% to RM81.55 million in 2QFY2024, from RM80.97 million a year ago, while earnings per unit improved to 2.26 sen in 2QFY2024 from 2.25 sen previously.

Its distributable income rose to RM94.69 million in the quarter under review, from RM87.25 million in 2QFY2023.

It declared a distribution per unit (DPU) of 2.56 sen for 2QFY2024, versus the 2.37 sen declared for the same period last year. This raised its year-to-date DPU to 5.52 sen, versus 5.17 sen a year before. The income distribution is payable on Aug 30, 2024.

For the first half of FY2024 (1HFY2024) IGB REIT's NPI increased by 5.59% to RM233.72 million, from RM221.35 million in 1HFY2023, as

revenue expanded 5.53% to RM312.53 million from RM296.16 million during the same period.

Net profit rose 2.24% to RM181.16 million, from RM177.20 million in 1HFY2023.

Looking forward, the REIT said the primary challenge for Malaysia's retail sector is still the escalating cost of living affecting consumers across income brackets.

"A 10% sales tax on online sales of imported goods has contributed to the uptick in retail prices. Additionally, the service tax rate on goods and services rose from 6% to 8%, affecting the retail expenditure," it said.

The fuel subsidy rationalisation and e-invoicing are also expected to have an inflationary impact on retailers from higher input costs, it added.

"Notwithstanding the above, the combination of wage growth policy, Employees Provident Fund's (EPF) flexible account and Rahmah cash assistance could still set a more favourable stage for a sustainable growth in retail spending during the latter half of 2024," it said.

IGB REIT closed one sen or 0.5% higher at RM1.95 on Thursday, giving the REIT a market capitalisation of RM7.04 billion. Year-to-date, the REIT has gained 13%.

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